



How to Select an Investment Advisor

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1) Ask and check for certification. The [CFA program](#) is a globally-recognized, graduate-level certification program that provides real-world investment analysis and portfolio management skills. Three of District Capital Management's partners are CFA charterholders.

2) Ask about fiduciary obligation. It's very common for industry professionals to only provide "suitable" advice or products. These are professionals that work as securities agents and/or brokers who often have the title as financial advisor but aren't obligated to provide the *best* advice to the client. We know about fiduciary obligations very well from our experience managing multi-billion dollar pension funds. It means always acting in the best interest of the client and giving the best possible advice available. We also abide by the [CFA Code of Ethics](#).

3) Find the fees. Excessive mutual fund fees, transaction costs, and taxes from frequent trading are a big drag on investment return. We cannot control the market, but we can control costs.

4) Make sure you receive quarterly performance reports. While past performance is no guarantee of future results, clients still deserve to know the performance of their portfolios from their advisors. This will help keep both parties accountable. Unfortunately, many advisors have gotten into the habit of not providing performance on client accounts.

5) Ask about risk in your portfolio. Not all returns are made equal. Over the long-term, uncompensated risk is a drag on compound return. Additionally, risky portfolios will likely experience sharper corrections during market downturns. DCM seeks to achieve the highest risk-adjusted return possible. Does your advisor [measure the risk](#) in your portfolio?

6) Ask how diversified your portfolio is. [Research](#) suggests that individual investors tend to hold undiversified portfolios. [Diversification](#) is key to reducing risk and improving investment performance. Choice of asset classes is more important than individual security selection in determining investment performance. Are you exposed to major global asset classes?