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## **19 Questions You (or Your Advisor) Should Ask About The Mutual Fund You Own.**

By Steve Pomeranz, CFP

- 1) Describe the fund's investment philosophy
  - a) Describe the universe from which stocks are screened,
  - b) Describe the Fund's stock analysis and selection process, and the Fund's buy and sell criteria.
  - c) What is unique about the Fund's philosophy?
- 2) What is the fund's investment time horizon?
- 3) What is the expected holding period during which an investment usually held?
- 4) What are the Fund's performance goals?
- 5) What is the best benchmark to compare the fund to?
- 6) How has the fund performed relative to this benchmark,
- 7) Have there been any manager changes within the past 5 years?
  - If so,
    - a) Does the current portfolio manager follow a similar investment philosophy?
    - b) What is this manager's track record?
- 8) What is the Fund's investment style? (Growth, Value, Blend?)
- 9) How has the Fund's style changed over the past five years?
- 10) If the Fund's investment style goes out of favor, what action will it take?
- 11) How does the Fund's firm define risk?



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- 12) How does the Fund control risk in the portfolio?
  - 13) To what extent does the Fund use cash? What is the minimum and maximum amount of cash the Fund would hold? Under what conditions would this position fluctuate
  - 14) What percentage of assets is invested in illiquid securities?
  - 15) What is the current exposure to foreign markets? Emerging markets? What is the maximum that could be invested in foreign and emerging markets?
  - 16) What is the policy, either formal or informal, regarding industry diversification?
  - 17) What is the fund's current expense ratio? What are the components of the expense ratio, including any 12b-1 fees.
  - 18) How many stocks, on average does the fund hold?
  - 19) What specific measures does the fund take to minimize taxes? Is tax efficiency a goal of the fund?