
The IAM Process

1. CLIENT PROFILE

In this initial stage we gather information regarding your current and future financial situation as well as your investment profile. Your investment profile is determined by your tolerance for risk (as measured by volatility and also downside risk) as it relates to your portfolio investments, any constraints you might like to place on your portfolio holdings, and special considerations.

Your client profile will allow us to determine your risk tolerance as it relates to your portfolio investments and will serve as an input into the financial plan.

- Client Profile questionnaire
- Interview
- Lifestyle considerations
- Special circumstances
 - Concentrated stock
 - Locked-up investments
 - SRI

2. FINANCIAL PLAN

This is an optional but highly recommended step.

The financial plan takes your current and expected financial situation and projects it into the future based upon a number of assumptions including inflation rates, rates of return on investments, and your future income and expenses. The plan incorporates any goals you might have such as funding liabilities, large purchases, etc.

The financial plan will help estimate the rate of return on your investments necessary to fund your future goals and lifestyle and results in a current and projected personal balance sheet, income and cash flow statements. This provides valuable input into how your investments should be allocated. For example, the financial plan might indicate that you do not need to assume as much investment risk as you are currently in order to achieve your goals – in which case we might consider a more conservative investment strategy.

In addition to providing insight into investment decisions, the financial plan is also useful for planning future lifestyle events for you and your family. Important considerations such as funding children's education, retirement spending, or the purchase of a future home are addressed.

Estate planning considerations such as leaving a legacy for your loved ones or charity, as well as personal risk management such as planning for unexpected disability or death can also be incorporated into the financial plan.

Special circumstances such as managing concentrated wealth in a privately owned business or in substantial employer share holdings, or cross-border considerations arising from citizenship/residency issues or owning property in multiple countries may also be an important part of your financial plan.

3. INVESTMENT POLICY STATEMENT

At this stage we are ready to bring together your risk tolerance, return expectations and investment constraints, and translate them into a portfolio asset allocation. Hopefully we can devise a portfolio that will satisfy your needs but if your risk tolerance is too low compared to your return expectations or if we are limited in which asset classes we can invest, then we may need to discuss adjustments to some of your expectations.

The Investment Policy Statement is a summary of how your portfolio is to be managed. In most cases IAM manages portfolios on a discretionary basis, which means that your portfolio manager will choose and change the specific investments within your portfolio without specific direction from you. The IPS is your assurance that whatever investments are selected for you, they will always be in keeping with the strategy that you have approved.

The Investment Policy Statement results in what we call your “strategic” asset allocation. This is the asset allocation that we expect will allow us to meet your stated goals with respect to risk and return over time and it forms the basis for the benchmark we use as a performance comparison for your portfolio. While the future is inherently uncertain, and therefore investment results cannot be guaranteed, we can make reasonable assumptions based on the historical performance of various asset classes.

- Risk tolerance
- Return expectations
- Constraints
- Asset class selection
- Benchmark selection
- Reporting requirements

4. TACTICAL ASSET ALLOCATION

This is an optional but highly recommended step where we modify the strategic asset allocation based upon our perception of which asset classes are likely to outperform given the current economic picture and based on our investment research. A tactically managed asset allocation makes better sense than just relying on a passive allocation to achieve the investment results we want but it means that your portfolio allocation may deviate from that outlined in your Investment Policy Statement. This, in turn, can mean that you may actually be more (or less) exposed to investment risk and volatility than that expected based on the strategic asset allocation and your IPS.

- Economic outlook
- Industry outlook
- Geographical allocation
- Interest rate movements
- Currency movements

5. VALUE-ADD ACTIVITIES

Within the framework of the strategic and tactical asset allocations we add value through such activities as tax-loss selling and tax-sensitive investing. Research of individual holdings rather than just investing in mutual funds or other outsourced investments or depending on broad market tracking vehicles also benefits our clients as we can buy and sell each investment based on its own merits and we understand the benefits and risks of each investment we recommend. We are also constantly looking at further diversifying our clients' portfolios as new asset classes become available that can reduce portfolio risk while enhancing or maintaining returns.

We also add value through cost-control measures such as placing your account with a discount brokerage firm where transaction costs are minimized and by avoiding high-cost mutual funds that may not add value compared to individual investments or lower-cost exchange-traded funds.

Finally, we feel that our clients benefit from our global investment approach; which includes a multi-currency account and superior access to global investment markets and our own global investment research.

- Research
- Tax sensitive investing
- Efficient frontier expansion by adding new asset classes
- Cost control

6. MONITORING, REPORTING, & ACCOUNT MANAGEMENT

The final step in the process is monitoring your portfolio and reporting results to you in a timely manner. We issue quarterly portfolio updates and an in-depth yearly performance summary and portfolio review. In addition you have online access to your account where you can download statements directly from your brokerage custodian and track portfolio allocation and performance if you wish.

Importantly, your account is held at a firm that is independent of IAM and you always have direct and independent access to the brokerage custodial firm where your investment account is housed. At any time you can take personal control of your account just by contacting the custodial firm, or you can initiate cash transfers into or out of your investment account.

- Ensuring portfolio is continually aligned with your risk/return expectations
- Ensuring portfolio continues to reflect changes in your financial goals
- Reporting investment results vs. personal and market benchmarks
- Independent access to firm that houses your investment account