



WEALTHSHIELD

The Investment Committee

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When determining your rules for asset allocation and portfolio construction, we think that having an investment committee can be extremely valuable. Managing a portfolio by committee catches a lot of criticism these days when timing and speedy execution are highly sought after necessities. Nevertheless, having a committee to set policy as it pertains to portfolio construction rules and procedures is a worthwhile idea.

An investment committee is an advisory board of sorts, except their main role and function is to set investment policy, and guide the rules and procedures that govern your investment approach. Investment committees are often made up of senior investment professionals within a firm and these individuals meet at predetermined intervals to discuss portfolios, markets, decision-making.

As a financial advisor, you may or may not have the large-scale staff to formalize a completely internal investment committee. Do not get discouraged though, you can easily form an investment committee using outside resources. Think about it as an advisory board, where you pull together centers of influence in the investment management arena to serve as members. You could pull together wholesalers you work with, analysts from a custodian, or other investment contacts work to help you set policy.

The purpose of these meetings is to challenge one another and to properly test each and every recommendation. You need independent thinkers with varying viewpoints to make sure that you effectively challenge each and every opinion. These meetings can be held over the phone, web, or in person. The main thing is that you hold these meetings at a regular interval. Furthermore, you should also set term limits for external members.



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Use the investment committee every year to set asset allocation strategy and document the rules. Make sure you keep minutes from these meetings and substantiate any changes with solid reasoning.

When we partner with a financial advisor or advisory firm at WealthShield, we often become members of the advisor's investment committee. We enjoy this aspect of our services because we are able to interact with bright, growth-oriented advisors who are looking to challenge the status quo and deliver superior results to their clients. The process is intellectually stimulating and the client greatly benefits from the fact that you have an investment committee setting the investment processes and procedures.