



Ask Questions

Questions You Should Ask
About Your Investments



OFFICE of INVESTOR
EDUCATION and ADVOCACY

Ask Questions

That's the best advice we can give you about how to invest wisely. We see too many investors who might have avoided trouble and losses if they had asked basic questions from the start.

We encourage you to thoroughly evaluate the background of any investment professional with whom you intend to do business—before you hand over your hard-earned cash.

It doesn't matter if you are a beginner or have been investing for many years, it's never too early or too late to start asking questions. It's almost impossible to ask a dumb question about how you are investing your money. Don't feel intimidated. Remember, it's *your* money at stake.

A good investment professional will welcome your questions, no matter how basic. Investment professionals know that an educated client is an asset, not a liability. They would rather answer your questions before you invest, than confront your anger and confusion later.

In this brochure, you'll find some questions that you should ask about investment products, the people who sell those products, and the people who provide investment advice to you. We've also included some tips on how to monitor your investments and handle any problems.

Keep this brochure on hand when considering an investment and *use* it by asking the right questions before you buy.

Investor Tip

The investment professional you select is very important for several reasons. You'll want to know before doing business with an investment professional or firm whether they are registered and whether they have a history of complaints or problems with regulators.

Questions About Products

- Is this investment product registered with the SEC or my state securities agency?
- Does this investment match my investment goals? Why is this investment suitable for me?
- How will this investment make money? (dividends? interest? capital gains?) What could cause this investment to increase or decrease in value? (for example, changes in interest rates, real estate values, or market share?)
- What are the total fees to purchase, maintain, and sell this investment? Are there ways that I can reduce or avoid some of the fees that I'll pay, such as purchasing the investment directly? After all the fees are paid, how much does this investment have to increase in value before I break even?

- How liquid is this investment? How easy would it be to sell if I needed my money right away?
- What are the specific risks associated with this investment? What is the maximum I could lose? (for example, what will be the effect of changing interest rates, economic recession, high competition, or stock market ups and downs?)
- How long has the company been in business? Is its management experienced? Has management been successful in the past? Have they ever made money for investors before?
- Is the company making money? How are they doing compared to their competitors?
- Where can I get more information about this investment? Can I get the latest reports filed by the company with the SEC: a prospectus or offering circular, or the latest annual report and financial statements?

FOR MUTUAL FUNDS AND ETFS

- How has this fund performed over the long run? Where can I find an independent evaluation of this fund?
- What specific risks are associated with this fund?
- What type of securities does the fund hold? How often does the portfolio change?
- Does this fund invest in any type of securities that could cause the value to go up or down rapidly in a short period of time? (for example, derivatives?)
- How does the fund perform compared to other funds of the same type or to an index of the same type of investment?
- How much will the fund charge me when I buy shares? What ongoing fees are charged? How much will the fund charge me when I sell shares?
- Is the fund portable? If I move my assets to another firm, will I be able to continue holding the fund or will I need to liquidate it?

Investor Tip

You can verify your investment professional's disciplinary history by visiting **Investor.gov**. Your state securities regulator may also have information, so you will want to check with them as well. You'll find contact information for your state securities regulator on the website of the North American Securities Administrators Association at **www.nasaa.org**.

Questions For People Who Sell Investments

- Are you registered with our state securities regulator? Have you ever been disciplined by the SEC, a state regulator, or other organization (such as FINRA) or one of the stock exchanges?
- How long has your firm been in business? How many arbitration awards have been filed against your firm?
- What training and experience do you have? How long have you been in the business? What other firms have you been registered with? What is the status of those firms today?
- Have you personally been involved in any arbitration cases? What happened?
- What is your investment philosophy?
- Describe your typical client. Can you provide me with some names and telephone numbers of your long-term clients?

- How do you get paid? By commission? By the amount of assets you manage? By another method?
- Do I have any choices on how to pay you? Should I pay you by the transaction? Or a flat fee regardless of how many transactions I have?
- Do you make more if I buy this stock, bond, mutual fund, or ETF, rather than another? If you weren't making extra money, would your recommendation be the same?
- Are you participating in a sales contest? Is this purchase really in my best interest?
- You've told me what it costs me to buy this stock, bond, mutual fund, or ETF; how much will I receive if I sell it today?
- Where do you send my order to be executed? Can we get a better price if we send it to another market?
- If your broker changes firms, ask: Did they pay you to change firms? Do you get anything for bringing me along?

Questions About the Progress of Your Investments

- How frequently do I get statements? Do I understand what the statement tells me?
- Is the return on my investment meeting my expectations and goals? Is this investment performing as I was led to believe?
- How much money will I get back if I sell my investment today?
- How much am I paying in commission or fees?
- Have my goals changed? If so, are my investments still suitable?
- What criteria will I use to decide when to sell?

How to Handle Problems

Act promptly! By law, you only have a limited time to take legal action. Follow these steps to solve your problem:

1. Talk to your investment professional and explain the problem. Where is the fault? Were communications clear? What did the investment professional tell you?
2. If your investment professional can't resolve your problem, then talk to the investment professional's supervisor (which, for brokers, is often the firm's branch manager).
3. If the problem is still not resolved, write to the compliance department at the firm's main office. Explain your problem clearly, and how you want it resolved. Ask the compliance office to respond to you within 30 days. If you're still not satisfied:



4. Send a copy of your letter to your states securities administrator or to the Office of Investor Education and Advocacy at the SEC.

At the SEC, we will review your complaint, contact the firm or person you have complained about and ask them to respond to your specific complaint or question. Sometimes our intervention yields a satisfactory result. If these steps don't work, you may need to take legal action on your own. We can send you information on mediation and arbitration, and suggest how to locate a lawyer if you need one.



SEC

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CONTACT US:

U.S. Securities and Exchange Commission

Office of Investor Education
and Advocacy

100 F Street, NE

Washington, DC 20549-0213

Telephone: (800) 732-0330 (toll-free)

Email: help@sec.gov

Website: Investor.gov

***Ask a question or report
a problem concerning your
investments, investment
account, or an investment
professional:***

sec.gov/complaint/question.shtml

Report a possible securities fraud:

sec.gov/complaint/tipscomplaint.shtml



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