

10 QUESTIONS ALL INVESTORS SHOULD ASK

Q1. Do you understand my financial needs and objectives?

Financial institutions are equipped with tools to help you understand your financial health and investment needs. It is important to go through this financial health check with your financial institution before embarking on any investment product discussions.

Q2. Do you know my risk profile?

Financial institutions are also equipped with analysis tools to help you understand your risk profile better. This - together with the fact finding process - should be conducted by the financial institution before introducing products to you.

Q3. How risky is the product?

Usually, the first question investors ask is "what kind of returns will I get?" It is important for you to know all the risks of the product first, before knowing the returns. Find out what is the worst case scenario. Ask for details of the various risk factors that may affect your returns or put your principal at risk.

Q4. What are the expected returns on the product?

You should be familiar with the conditions attached to the payment of returns, especially for structured products. If you receive information on attractive past returns, it is not much use to you if there is limited certainty of those returns being replicated in the future.

Q5. How does this product fit my investment needs and portfolio?

The financial institution should focus not just on how good the products are but also how well they fit your needs. All investments should be considered together with the rest of your portfolio. This will ensure that your investment portfolio is well diversified and not unnecessarily skewed by any investments.

Q6. What are the various fees and charges? Does the product provider have the discretion to change the fees and charges at any time?

This will help you to understand how much you are paying to invest in the product and the principal amount that is actually invested. It can also help you to assess how the financial institution and its sales staff are incentivised and compensated for selling the product.

Q7. How often will you update me on the product after the investment?

You should ensure that you receive product updates from your financial institutions regularly regardless of financial or economic conditions. This will allow you to make adjustments to your portfolio through the investment period. Customers should check their monthly statements and raise any questions that arise to their financial institutions.

Q8. How long must I stay invested? What are the penalties, restrictions and procedures if I decide to liquidate some or all of my investments earlier?

It is important for you to understand the length of time you must be invested in order to benefit from the product. This will help investors to plan their cash flows. Make sure that you have sufficient savings set aside before investing in any products.

Q9. What alternative products offer similar benefits? How does the recommended product compare with alternative products?

You should pro-actively ask for product comparisons. This will enable you to compare their risk and return profiles to make an informed decision on the product that is better suited for your needs and financial situation.

Q10. Have I read and understood all the information, including the prospectus/term sheet/benefit illustration and product summary as well as warnings, exclusions and disclaimers, relating to the product I am considering?

Make sure you read and understand the documents relating to the product. Note that you may be asked to indicate that you have read and understood the material in the transaction documents. Do not invest in a product if you do not understand it or are not comfortable with the risks.

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