Morningstar's Investment Policy Worksheet

An Investment Policy Statement forces you to put your investment strategy in writing and commit to a disciplined investment plan. Here are just a few of the issues and concepts you should clarify before you put together your IPS.

1 Executive Summary

What are the current assets of my portfolio today? $ ____________

How much do I plan to invest each month? $ ____________

How many years will I be investing? Years ____________

How much do I expect my portfolio to return each year over inflation? % ____________

How much of a loss can I accept over:
a three-month period? % ____________
a one-year period? % ____________
a five-year period? % ____________

What is my target asset allocation?
Cash % ____________
Bonds % ____________
Large-company stocks % ____________
Small-company stocks % ____________
Foreign stocks % ____________

What are the benchmarks for my portfolio? ____________

2 Investment Objectives

What is my financial goal? ____________

How long will I need to be funding this goal? Years ____________

How much will this goal cost every year? $ ____________

3 Investment Philosophy

What's important to me as an investor?

What's my philosophy about risk?

What's my philosophy about core versus noncore investments?

What's my philosophy about diversification?

What's my philosophy about trading?

What's my philosophy about costs?

❸ Investment Philosophy Continued

What's my philosophy about taxes?

❹ Investment Selection Criteria

What are the investment selection criteria for my mutual funds?

What are the investment selection criteria for my stocks?

❺ Monitoring Procedures

How often will I monitor my portfolio?

How will I determine how well my individual investments are doing?

How will I determine how well my overall portfolio is doing?

How will I determine if my portfolio is meeting my expected return?

How will I determine whether losses fall within my accepted range?