

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?	_____	

Morningstar's Investment Policy Worksheet (continued)

3 Investment Philosophy Continued

What's my philosophy about taxes?

4 Investment Selection Criteria

What are the investment selection criteria for my mutual funds?

What are the investment selection criteria for my stocks?

5 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?