



# ANNUAL INVESTMENT PHYSICAL

INVESTMENT ESSENTIALS COURSE





## Annual Investment Physical



You're now armed with all the knowledge and process you need to evaluate and understand the health of your investments. Now is the time you begin to take control of your investments by becoming an active participant instead of a spectator.

Conducting the AIP for your investments will not only answer the three key questions, but also help you develop the discipline to become a successful investor.



**ONLINE VERSION:** We recommend using the online version of the AIP tool for its benefits of automation. You'll find this on our website <https://classroom.objectivemeasure.org/>. A tutorial is available online as well; it will show you how to use the tool.

**NOTE:** No website is completely impenetrable, but in terms of security, all data is encrypted, stored behind a firewall, and scanned for malware daily. Not even the administrators have access to passwords, so no one else will see information you enter.



### THE AIP TOOL: REQUIRED INFORMATION

Whether you opt for the online or paper version of the AIP, you'll need to have the following information ready:

- beginning balance
- ending balance after 12 months
- contributions made during the 12-months
- withdrawals made during the 12-months
- brokerage expenses
- custodial expenses
- financial professional expenses
- ticker symbols for each stock, bond, and/or fund in your account.

If you don't have any current statements and balances, please feel free to use our mock statements on page 28. These will allow you to still experience the tool.





## Take a moment to consider what you're about to find in completing your AIP.

- Are you excited or nervous?
- Is there anything that worries you?
- Before completing the AIP, how would you answer, "how am I doing?"

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**YOUR HOMEWORK IS TO COMPLETE YOUR AIP**



### SHARING ABOUT OUR INVESTMENT HEALTH CAN BE DIFFICULT AND UNCOMFORTABLE.

There are multiple areas of our lives where health is vital, and some are easier to talk about than others. Some examples are our:

- Physical health
- Relational health
- Emotional health
- Spiritual health
- Occupational health
- Financial health

Take a moment to consider the following questions.

- Which of the above topics do you think is the most taboo? Why is that?

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- How can we have accountability when we may not want to even discuss this with our spouse?

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- If we've made financial mistakes, how can our kids learn from them if we don't talk about it?

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- If we've had success in this area, how can others learn from us if we don't share our stories?

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## Three Key Questions: Recap



In this session, we've equipped you with the key questions to ask for healthy investing. Keep these in mind for each of your investments going forward, your investment health is dependent on it!

### 1 WHERE AM I NOW?

**KEY TAKEAWAY:** You must know your current asset mix and who has custody of your money.

**ACTION ITEM:** The AIP tool will calculate your asset mix, so make sure it's what suits you. As you pick through your statements for the AIP tool, determine who controls your money.

### 2 WHAT IS IT COSTING ME?

**KEY TAKEAWAY:** You must determine how much your investments cost you if you are to maximize your rate of return.

**ACTION ITEM:** As you pick through your statements for the AIP tool, figure out what every one of your expenses is and account for them. You must determine how much your investments cost you if you are to maximize your rate of return.

### 3 HOW AM I DOING?

**KEY TAKEAWAY:** No matter your dollar value, your rate of return (after expenses) should be at least 6%, averaged over five years.

**ACTION ITEM:** Use the AIP tool to determine your return rate. We showed you two options for completing the AIP: the paper version and the online version. We gave you a list of what you need to complete it. Now, your homework is to take your Annual Investment Physical! Get excited to find the answer to: How am I doing?





# Annual Investment Physical

## Examine the Health of Your Investments

The Annual Investment Physical is a 12-month snapshot of your investments, giving you access to information that is often overlooked and easily buried in the busyness of life. By answering three essential questions for investment performance (How am I doing? What is it costing me? What is my asset mix?), and with simple-to-follow, step-by-step instructions for answering them, you are equipped to make good decisions based on accurate information.

To get started, you'll need to be able to list your current investment accounts and have access to performance statements for each of them. As you walk through the physical, the information contained in these statements will be the building blocks of the health report of your investments. So make sure you have access to the details of your various investments, and the rest will be built out as you follow the steps within the physical.

Good decisions can be made when you have the right information. The AIP is not meant to provide you with everything you need for investment direction, but is instead an essential tool to have in your financial and investment toolbox. With the knowledge gained from this simple tool, you're equipped to make more informed decisions and be more engaged in your financial future.



# Mock Statements

If you don't have any current statements and balances, please feel free to use these mock statements to still experience the tool.

**ARK ISLAND INVESTMENT GROUP**

**Investment Portfolio Statement**  
January 1, 2021 to December 31, 2021

Ark Island Investment Group  
1121 Summit Avenue  
Suite 221B  
Lansing, MI 48864

Account #: 005642193325  
Yearly Statement  
Financial Consultant:  
James Wallace Nelson

**Portfolio Summary**

Value on Jan. 1, 2021	Value on Dec. 31, 2021	Returns
\$1,200.00	\$1,810.10	\$610.10 ▲

**Portfolio Details**

Mutual Fund Name	Symbol	Quantity	Price	Current Value	Total Returns
Pinnacle Growth Fund	PNCL	100	5.25	600.00	+75.00
GreenStone 500 Index Fund	GST	50	7.00	450.00	+100.00
Tectonic Growth Fund of America	TCTN	75	4.333	350.00	+25.00

**Account Summary**

Starting Value	2021 Totals
Total Change in Value of Assets	+\$610.10
Contributions	\$400.00
Outflows	—
Dividends	\$20.00
Interest	\$0.10
Capital Gains	—
Other Distributions	—
Fees / Expenses	(\$10.00)
Market Fluctuations	200.00
<b>Total Ending Value (Dec. 31, 2021)</b>	<b>\$1,810.10</b>







## QUESTION 3

## How am I doing?

RATE OF RETURN		Items in light blue can be found by utilizing your statements.	
		<b>EXAMPLE</b>	
Ending Market Value (12/31/2018) Enter this amount on the Total Allocation Worksheet on page XX		<b>\$50,000</b>	<b>\$</b>
Subtract Beginning Market Value (12/31/2017)		<b>- \$38,000</b>	<b>- \$</b>
Subtract Total Contributions*		<b>- \$8,000</b>	<b>- \$</b>
Add Total Withdrawals**		<b>+ \$0.00</b>	<b>+ \$</b>
<b>Net Profit or Loss (as a dollar amount)</b> If a negative number, it's a loss. If a positive number, it's a profit.		<b>\$4,000</b>	<b>\$</b>
Net Profit or Loss (as a dollar amount)		<b>\$4,000</b>	<b>\$</b>
Divided by Average Market Value***		<b>÷ \$50,000</b>	<b>÷ \$</b>
<b>Net Profit or Loss/Rate of Return (as a %)</b>		<b>8%</b>	<b>%</b>

\*Total contributions: Total amount of money that you added to your account during the year.

\*\*Total withdrawals: Total amount of money that you took out of your account during the year.

\*\*\*Average Market Value: (Beginning Market Value + Ending Market Value) ./. 2

Looking for a 6+% return.