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WHAT QUALITY OF SERVICE SHOULD YOU EXPECT FROM YOUR FINANCIAL ADVISOR?

Recently I had the opportunity to participate in a Fidelity Investments conference. I like to attend these events, not only because the investment perspectives are invariably helpful and enlightening, but because the investment companies always provide other informational sessions that are relevant to being an effective and responsible financial partner with clients.

One of the most interesting presentations dealt with the “simple act” of looking after your clients. Interestingly enough although rated important, underperforming portfolios with lacklustre returns were not considered by clients to be nearly as upsetting as being ignored; nor was not managing risk effectively. This was a surprise for me considering the time I spend each day looking after these issues. Perhaps too many long-term investors recall some of the staggering returns generated in the 1990s before Bre-X and Enron turned their investment portfolios topsy-turvy. Nobody needs misadventure in their long term financial plans.

Yet, the presenter stated that after considerable research, it was determined that 68% of people who change advisors do so because of perceived indifference by the advisor. This study applied across the board from financial institutions to well established advisors. This might seem surprising given the congeniality that is generally developed in the majority of initial meetings between clients and advisors. Characteristically in the first get together, the advisor tends to promise the new client that their needs will be an absolute priority and communications will be stellar. This is the way it should be.

Needless to say, this session inspired me to have a closer look at my own practices and spruce them up if necessary. After all, when you believe you have nurtured good relationships, nothing is more personally devastating than having a client leave for any reason; to have them leave because of poor communications or a feeling that you don’t care is from my perspective, inexcusable.

So what is my client servicing protocol?

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WHAT QUALITY OF SERVICE SHOULD YOU EXPECT FROM YOUR FINANCIAL ADVISOR? continued

First, I make a personal commitment to be effective and responsible. To me, this is a personal attitude that should be continually expressed throughout the client/advisor relationship. Being a financial advisor is not a one night stand, it is a lifetime dedication to client needs. That is my responsibility to my clients.

Second, and equally important, are effective communications. This includes ready accessibility and the expectation by clients that they will be informed if there are any concerns, whether positive or negative. Not being able to make contact with your advisor in a reasonable time frame when you have concerns has to be very disheartening. Not feeling informed or kept up to date must also undermine confidence.

Third, I keep very good records of meetings held with clients and monitor any adjustments that are required. The notes I take during meetings and summaries developed after the meetings are to keep me up to date with my client's needs and changing circumstances.

I maintain a personal quarterly newsletter that is specific to my clients. The newsletter has to deal with current issues and must always bring relevant topics to the attention of clients. I need to know that clients are informed and they need to know I am informed.

I consistently work on increasing my knowledge, developing my skills and enhancing my educational resources. For example, I am currently just completing my life insurance designation. Life insurance and related concepts are important to all clients but are crucial in appropriate tax planning and structuring for businesses, particularly if those businesses are part of a succession plan or will be sold on retirement.

If this does describe your experience with me or my office, then I want to know. There is no room for that 68% in my office.

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THE FEMALE FINANCIAL PARADOX

"The Female Financial Paradox" is a term now mentioned regularly in discussions concerning retirement and the personal management of investments. The concept is not new by any means, but with changing demographics, the impact of this phenomenon is becoming much more apparent and out of sync with the realities of current social patterns. The female financial paradox is residue from old attitudes and gender role casting that just shouldn't be an active force today.

The whole notion developed from the clear distinction of financial roles within traditional families. Historically the family unit tended to address finances at two different levels. In most families, the husband was the primary bread winner and as such, was responsible for the long term financial well-being of the family. If the family was fortunate enough to have investments, the man of the house was expected to understand the sophisticated intricacies of how these worked and with this knowledge make sound judgements about their growth and the long-term security of the family. His responsibility was to understand economics, politics and world order. This was classically not the realm of women who were deemed to lack the same level of aptitude as men in these matters.

Women were the keepers of the household. These women dedicated their financial expertise to making the very best of the day to day family finances. This meant pinching pennies, hunting down sales, clipping coupons and making do for the family when times were tougher. Despite being clever in these financial concerns, the same women were generally excluded from discussions involving finances, the economy and investments – a world considered much too complicated for women. With this perspective prevailing for generations, many women were left without any level of confidence or experience with investing. Consequently not only did the mother of the house lack the knowledge and experience to handle investments, but the daughters were also similarly handicapped. This overall shortcoming of experience and practical application of knowledge plus an ingrained acceptance of this attitude form the basis of the female financial paradox.

So what is happening?

With the aging of baby boomers and the difference in lifespans between men and women, many women with the passing of their spouses are being forced into the unfamiliar territory of managing their own investments. With husbands available to look after these seemingly complex matters, there was no need for women to develop a full understanding of this aspect of the family's life. However with the husband no longer available for direction, these surviving women either have to learn quickly or find a trusted adviser to give them guidance.

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THE FEMALE FINANCIAL PARADOX continued

Unfortunately, widows and single women constrained with this mind set, characteristically only take on the investment side of their finances when they are left to cope after a significant life changing event such as that passing of a spouse or the collapse of a marriage. Needless to say with the emotional stress involved, this is not the best environment to learn and leaves many women susceptible to either unqualified or suspect advice.

As a second consequence, many younger women still struggle with the residue of these conventional perspectives. This is truly a paradox as younger women have more power and earning potential than ever before. According to the Boston Consulting Group, women will earn $6 trillion in income over the next five years. This trend will undoubtedly continue as women now qualify for more college and university degrees than men and are increasingly moving their way up in company management structures.

Having at the very least, an adequate understanding of how your investments grow and the risk factors involved in generating that growth is absolutely paramount to your long-term well-being. Equally important is having a financial advisor that you, not only trust, but who is committed to your financial empowerment. If “the female financial paradox” applies to you, every visit to your adviser should not only be an update, but a dedicated learning experience. You must always be willing to ask questions and should never accept answers you do not fully understand. In case you are wondering, this thought applies equally to men.

AS ALWAYS YOUR REFERRALS ARE TRULY APPRECIATED

I have thanked all of you before for the generosity and trust you show in me when referring friends, relatives and other important people in your lives to me for financial and investment advice. There is never a greater complement than being referred. In every instance, I dedicate myself to representing your faith in me to the best of my ability by providing, what I believe to be, the most competent and responsible financial solutions to those individuals who have been referred.

I do my utmost to be an educated listener and to understand the needs and goals of those individuals or couples who have come to me for assistance. I am very pro-active in generating the best outcomes possible using my knowledge, experience and resources. This I believe will meet your best expectations and allow me to competently represent your confidence in me.

Again, thank you for your trust. It is always noted and appreciated.

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A CHANGE OF LOCATION IS IN THE WORKS

For those of you who are not already aware, I am re-locating my office.

The new office will be opening on **May 1, 2017** and will be located at **108 George Street** in Hamilton (Hess Village).

This new location offers:

- centrally located in downtown Hamilton
- there is dedicated on-site parking for clients
- the office is located on the ground floor

There will be an "office warming" get together - more information will follow as the move-in date approaches.

In the meantime, I would welcome any comments or suggestions.

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CURRENT MARKET OBSERVATIONS

In the past month, rising global stock markets have surprised many investors. Equally surprising was the outcome of the US election with the ascendency of President-elect, Donald Trump. This has resulted in investors sharply favouring areas of the economy they believe will fuel strong economic growth and to an extent, the exclusion of conservative, income-based assets.

The current assessment regarding the Trump administration's tax and infrastructure plans will have a mildly positive impact on the US economy toward the second half of 2017 and into 2018. Given the potentially serious negative consequences of Mr. Trump's possible trade policies, firms will tend to remain cautious until there is greater clarity on both his economic and tax plans.

- **United States.** In the U.S., tax cuts and infrastructure spending should provide a modest improvement to growth when implemented. Growth is expected to remain otherwise largely supported by mildly improving consumer spending, solid job growth, rising wages, and income gains, as well as by stronger industrial activity after a period of inventory de-stocking. Moving into 2018, the US growth forecast is expected to increase as a result of infrastructure spending, as well as personal and corporate tax cuts. This should sustain a stronger than previously forecast recovery in domestic demand.

  The Federal Reserve is forecast to increase its Fed funds rate target by 25bps at the December 14 meeting, continuing a path that will lift the upper end of the Fed funds rate target range to 2% by end-2018. A stronger US dollar is expected to inject some of the effects of a more fiscal stance and possible deregulation on growth.

- **Canada.** Slower than previously anticipated recoveries in Canada's non-energy exports and business investment, combined with developments in the US and their near-term effect on corporate spending plans, have prompted many economists to lower their GDP estimates going into 2017. Canadian output growth estimates in 2018, however, have been edged up from 1.9% to 2.0% alongside expectations of stronger US economic performance, the lagged effects of a weaker CAD, and continued follow-through by the Canadian government on its planned fiscal stimulus. Growth in 2018 will likely remain a bit weaker than in the US owing to an expected moderation in Canadian consumer and housing activity linked to softer employment and income gains, as well as modestly higher borrowing costs.

  Many believe that the Bank of Canada will hold rates until 2018. Current uncertainty about trade policies and more durable increases in market determined long-run borrowing costs, may dampen the recovery in Canada's economic activity.

- **Mexico.** In Mexico, the outlook for 2017 will be closely tied to the US economy. With Mexico's own ongoing economic adjustments further increases in the policy rate are expected. This is in response to continued changes in administered fuel prices and moderate pass-through from currency movements. Over the medium-term, there is reason to remain positive about Mexico's underlying strengths, which include attractive demographics, improved competitiveness, economic-policy coherence, and the expected benefits of structural reforms that should boost growth once the uncertainties hanging over a joint trade with the US are lifted.

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CURRENT MARKET OBSERVATIONS continued

- **Currencies.** The USD will strengthen in 2017, supported by growth optimism and shifting Fed policy risks in the aftermath of the US election. The USD will remain well-supported against the main European currencies. The Brexit aftermath is expected to be an ongoing challenge for the GBP, especially with respect to the activation of Article 50 early next year. The CAD profile should reflect a larger and longer decline against the USD next year. This is due to expectations of broader strengthening in the USD, ongoing growth challenges at home, and the absence of any rate increases from the Bank of Canada until 2018.

- **Commodities. C**ommodity forecasts are unchanged due to a lot of uncertainty. While a weak agreement amongst OPEC members to limit production and attempts by a new Trump administration to re-impose sanctions on Iran could be mildly supportive for oil prices, any bump in price expectations is moderated by the anticipation of weaker US regulatory oversight and increased supply from American shale production. Recent price increases in copper, some of which preceded the US election, is likely to be relaxed, barring any significant supply disruptions or further stimulus efforts in China.

I believe that the ongoing shift from bonds into stocks will continue. Long-term interest rates have jumped since the election, suggesting that investors expect Trump and Republicans in Congress to overhaul the tax code, possibly ushering in a period of growth and boosting earnings for corporations. Additionally, it seems almost certain the Fed will hike rates after wrapping up its next meeting in mid-December. As a result this will put downward pressure on the price of bonds (especially long maturity bonds).

For this reason, I will be doing ongoing reviews of all client accounts to see if any accounts need readjusting. I believe it is important to take a longer-term approach, and to be diversified amongst all sectors, and assets, thereby reducing risk in portfolios. I recommend that any fresh money coming in should have a bias towards the US markets.

If you have any questions regarding your accounts or my thoughts on the current economic markets, please do not hesitate to contact me.

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