

Macquarie Private Wealth soars to top of rankings in annual brokerage firm poll

Macquarie Private Wealth has landed in first place in the national independents category of the 2011 Investment Executive Brokerage Report Card, the brokerage industry's leading annual survey of advisors and the firms in which they practice. The poll, which has a high degree of credibility (firms do not supply the names of those to be polled), is considered the most important measure of broker satisfac-

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tion in the country. It surveyed more than 600 advisors from 15 brokerages. Macquarie took first place in the national independents category with the top score in 20 of the 36 measured categories while achieving of a 9.3 score overall out of 10. The score placed Macquarie third over-

all (behind one "boutique" and one "regional independent" firm). Particular mention was given by advisors to the firm's strategic focus, culture and ethics. "We're thrilled that the time and resources we've poured into building a stronger technology platform, advisor support structure and articulating a clear vision have borne results," says Earl Evans, CEO and head of Macquarie Private Wealth Canada.

ADVANCED INVESTOR

MAKING THE RIGHT CONNECTION

By DAVID CHILTON

Trust your advisor. That's no less true for the advanced investor than it is for anyone else with a portfolio.

In fact, says Michael Lynds, head of products and services for Macquarie Private Wealth Canada in Toronto, both the advanced investor and those with less sophisticated asset mixes need to feel that they are working with someone they can trust. Further, says Mr. Lynds, anyone who works with a professional advisor wants to feel some sort of connection with him or her, to understand and feel comfortable with them. And in today's investment environment establishing that level of connection can be challenging given its increasing complexity.

"If you're going to be working with an advisor it's vital that the advisor demonstrates a capability of simplifying a lot of that complexity for the investor to make good decisions and to use good judgment in those decisions," Mr. Lynds says.

His colleague, David Stovel, division director and portfolio manager at Macquarie, says working with the novice investor takes a little more of the advisor's time since plans and strategies need to be clearly explained, even if their portfolios are simpler than some others. The advanced investor is going to understand right away, however, Mr. Stovel says, so that level of communication isn't required.

As for the differences in advice for the novice and advanced investor, Mr. Stovel says the former is likely to have a more conservative portfolio because advisors shouldn't expose them to something they may not understand. For the advanced investor, he says more sophisticated strategies can be used.

Nevertheless, Mr. Lynds adds, alluding to the value of professional advice, it is not always clear or correct that investors who consider themselves sophisticated in financial matters actually are. It's a delicate process finding out, Mr. Lynds says, and he would encourage any advisor to ensure that these investors are all they say they are. A little learning can sometimes be a dangerous thing, he points out.

"I think what distinguishes professionals from the sophisticated investor is that it is an even deeper knowledge set [that they have]," Mr. Lynds says. So, he notes, although advanced investors say they get it and are anxious to sign off on a particular product or strategy, he says it's imperative that the advisor makes certain that they do.



David Stovel, portfolio manager with Macquarie Private Wealth, left, and Michael Lynds, head of products and services for the firm, note the importance of ensuring the even advanced investors understand the strategy of their advisors.

"One of the things that we try to do is exactly that — in our first meeting," Mr. Stovel says. "I don't think it takes very long for you to dig underneath and figure out really whether they [putative advanced investors] understand it or not."

Trying out a couple of financial phrases on these investors, say, or asking them about their investment history and whether they've handled their own portfolios or had someone else do it is another way to determine their sophistication, he says.

That's also a good approach to finding out what's gone wrong with their investments, Mr. Stovel notes, implying that here, again, the value of

professional advice should be apparent.

"They're obviously coming to see [an advisor] for a reason," he says.

Sometimes, sophistication can become confused with knowledge, Mr. Lynds says. So

just because the advanced investor understands the latest and greatest strategy or technique, he or she can overlook the fundamentals, he says.

It's the fundamentals and the simpler parts of investing that can save the investor, and innovation and leading-edge products may be just so much noise, Mr. Lynds says.

What the professional advisor can do is turn down the

volume, Mr. Lynds says, so should that be an overriding principle or should it be a principle protected or principle at risk note.

"I think sometimes that's lost on investors," he says.

Another demonstration of the value of professional advice for any investor of whatever level of sophistication is the advisor's experience and track record, Mr. Stovel says. Making an investor — any investor — comfortable with a strategy is one of the advisor's challenges, he says.

What he or she really needs to understand is that the advisor has been through the wars, he says, whether it was the tough investment years of 1987 or 2002 or 2008; that the

advisor knows what the tech bubble was.

"I think it's critical to making them feel comfortable," Mr. Stovel says.

This experience of some hard slogging has particular currency now, Mr. Stovel points out. There's always something going on that can cause financial uncertainty, he says, and the professional advisor's exposure to such conditions in the past allows him to stand back and look at the larger picture. Yes, he can reassure his client, investment has hit a rough patch at the moment but it can be worked through.

"That's basically what we've been telling our clients for the last month and a half. We try to communicate [that message] as much as we can."

Of course, how Mr. Stovel and his colleagues at Macquarie and in the investment industry more broadly inform their respective clients about the necessity of staying the course depends on the client. He says with the newer clients — those who've been with him for six months or a year — communication is frequent and usually done by telephone.

Clients who have been with the firm longer, sometimes much longer, receive a letter each quarter detailing their portfolios although if the markets are very volatile, as they are now, then there are follow-up phone calls as well as the quarterly letter.

"It's all part of making them comfortable," Mr. Stovel says.

Yet, paradoxically, this emphasis on comfort may cause clients some discomfort, because Mr. Stovel says candor is an important piece of the professional's advice. If the advisor thinks the market is going to take a downturn, he has to tell the client and set about raising cash and explain why he's doing so.

The client's comfort is a subject much on Mr. Lynds' mind, too. He says what makes for a successful relationship between investors and their professional advisors is determining their expectations and then fulfilling them.

If a client wants to be contacted when markets are in an uproar then make a phone call, Mr. Lynds says, expressing his amazement that some advisors don't bother picking up the receiver.

The true professionals running a successful practice have years and years of discipline built into their service model for such an eventuality, he continues. It's in these cases, Mr. Lynds points out, where professional advisors earn their spurs.

Or in other words, the value of trusted advice from a financial professional, as experience shows, can't be over-emphasized.

What distinguishes professionals from the sophisticated investor is the deeper knowledge set they have

volume by demonstrating a good grasp of, and a great respect for, those fundamentals, he says.

Asset allocation is one ex-