

INVESTMENT FUNDS

ADVICE

Importance of financial advisors on the rise

Robert Frances has no trouble remembering what it was like to be a financial advisor 20 or 30 years ago.

“An advisor was essentially a salesperson,” says the president and CEO of PEAK Financial Group, “someone who specialized in something, whether it be securities, mutual funds or insurance.”

Not anymore. The financial services industry has become increasingly complex, and today the single-product advisor is largely a thing of the past.

“Advisors have become experts in a broad range of products, and ultimately that’s been a good thing for clients, because it has allowed advisors to integrate the various parts of a client’s financial life,” says Mr. Frances, a past chair of The Investment Funds Institute of Canada.

A good financial advisor establishes a relationship with clients, becoming a confidante in all major financial decisions.

“In addition to asking about financial goals, an advisor today needs to know when clients plan on using their money, how solid they are financially and what an

Today's advisor is “much more focused on the person and the relationship ... an advisor is not just going to look at your insurance needs or your retirement needs or your savings, but at all of them. He or she is going to try and integrate your mortgage into the plan, as well as help you save for your children’s education...”

Greg Pollock
is president and CEO of Advocis, The Financial Advisors Association of Canada

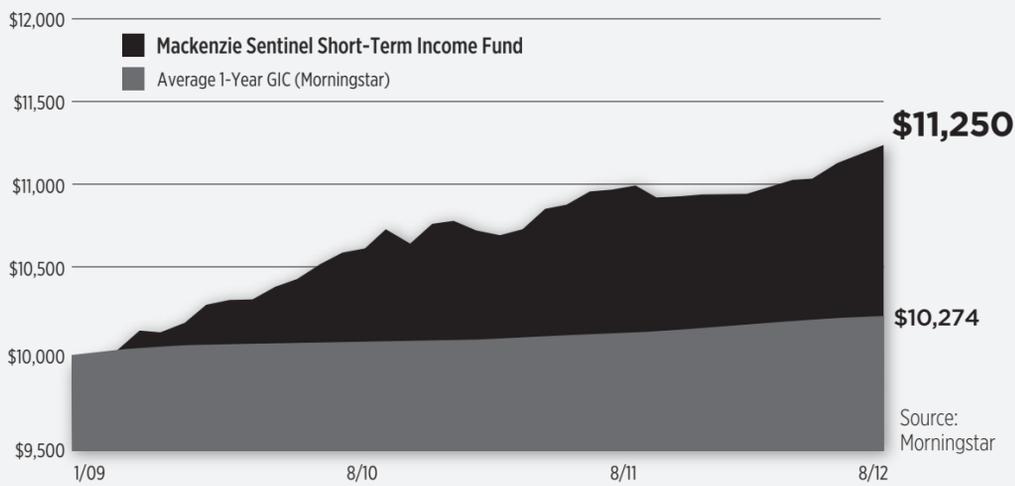


A good financial advisor establishes a relationship with clients, becoming a confidante in all major financial decisions. PHOTO: ISTOCKPHOTO.COM

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	1 Year	3 Years	5 Years	Since Inception 11/24/06
Mackenzie Sentinel Short-Term Income Fund	1.3%	2.6%	3.7%	3.6%
Average 1-Year GIC (Morningstar)	1.0%	0.8%	1.1%	1.4%

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individual’s capacity is for risk tolerance,” notes Mr. Frances. “They’ll ask you how likely it is that you could lose your job or face some other financial calamity. ‘Tell me about your parents,’ they’ll say. ‘Are you going to have to support them or are you counting on some form of inheritance?’ These are the types of things you didn’t have to know 20 or 30 years ago.”

Greg Pollock, president and CEO of Advocis, The Financial Advisors Association of Canada, says another trend has been that advisors no longer spend their entire career working for one company.

“Today we see more and more independent advisors selling a range of ever-more complex products from different companies,” says Mr. Pollock. “That creates more opportunity for consumers, because there is a lot more competition between the various providers than ever before.”

In the past, most business between client and advisor was transactional, he adds.

“It was more of a product business than a people business,” he explains. “Today it’s much more focused on the person and the relationship. It’s more holistic, if you will, in that an advisor is not just going to look at your insurance needs or your retirement needs or your savings, but at all of them. He or she is going to try and integrate your mortgage into the plan, as well as help you save for your children’s education, and they are going to do so using a wide range of tools.”

This new approach requires advisors to be educated in all aspects of financial planning, and to be good educators in return, capable of explaining the virtues, pitfalls and implications of various strategies to clients.

Some things never change though, and one is the persistent belief by many Canadians that you need a certain level of assets to engage an advisor.

It’s not the case, says Mr. Pollock. In fact, research indicates that it is having an advisor and saving regularly that makes the difference. “There are 90,000 advisors in Canada, many in banks and credit unions, and studies show that those who receive advice have about three times the assets of the non-advised.”

VALUE

The mutual fund value proposition

Mutual funds offer Canadians a superior means of accumulating wealth through a broad range of personalized investment solutions that are based on sound investing principles and are offered in a regulated environment.

There are nine qualities that together demonstrate the mutual fund value proposition.

1. Professional portfolio management.
2. Managing risk through diversification.
3. Opportunities for foreign and domestic investment.
4. Oversight.
5. Low entry amount.
6. Solutions that meet a wide range of needs.
7. Easy to buy and sell.
8. Streamlined/convenient administration.
9. Many mutual funds (more than 85%) are sold through advisors; the cost of professional advice is included in their fee structure, making advice available to all Canadians.