

# TOUCHSTONE Strategy

Richmond | Goodman Wealth Management

---

By Phil Richmond & Doug Goodman

## Our Value Add

We had a really good question posed to us the other day by a potential new client:

*"I get why you do what you do – but I'm unsure of what it's worth to me as an investor. Why can I not do the same thing that you do – read, learn, write, invest – as an individual, and save fees by doing it myself".*

This cuts to the quick question that everybody faces in the service industry – that you must be able to answer: **What is your Value Proposition?** Tough questions deserve good thoughtful answers. Here is ours.

Firstly, you *can* do it yourself. Everyone absolutely has the freedom to manage their own investments – we've never assumed otherwise. It is demanding and requires discipline and hard work, and understanding of your own psychology and temperament. But you can definitely do it.

However – you *knew* a 'however' was coming – it is much more of a challenge than many people realize. This is supported by broad research of individuals' investment performance that most people cannot manage their own investments well. For example, a large US fund company revealed a few years ago that a certain 'grouping' of their client base exceeded all other groups in terms of performance. That group had one thing in common – [they were dead](#). For legal purposes we must warn you that joining this group, in order to seek better performance is probably hazardous to your health.

We have designed our practice around a Value Proposition that is our offering to all of our clients:

## **Behaviour Management**

Over 30 odd years reviewing incoming portfolios, and forensically trying to ascertain what went wrong with their previous advisor (or themselves) we have boiled it down to three 'issues': 1) Lack of Discipline, 2) Cognitive error, 3) emotional factors: or some combination of all three.

We built our practice to exorcise these demons – to avoid the major surprises that make 'Buy and Hold' so difficult to endure. We engineered our decision making process to be rational, decisive and cut through excessive noise and opinion. We offer direct advice investing – which ensures our fee structures stay low and competitive. Finally, we engage a third-party pension consultant to tell us in no uncertain terms how we are doing.

## **Communication and Understanding:**

We insist on a preliminary, open presentation of our investment process – before our relationships begin. We endeavour to return frequently to clients and reiterate, review, and improve our process as we move

forward. We try to debunk *bad ideas* thoughtfully, fairly and with humour where possible. Because we are highly organized in our strategies we do our best to update you with both good developments, and bad (with our learning).

#### **Have a Financial Plan. Execute it well.**

We believe that everybody needs a Wealth Strategy – composed of a Wealth Plan, and a well-executed Investment Strategy. We bring to bear our best thinking & resources to a customized plan that gives purpose and focus to accomplishing your wealth goals. A good plan grounds a relationship when the times get challenging.

#### **Better Investment Strategies and Portfolios:**

If you don't bother to measure performance against peers and benchmarks – how can you possibly 1) objectively assess how you are doing, and 2) understand how to improve when the inevitable bumps in the road appear? Our three decades (each) of experience gets assessed every quarter by the largest global pension consultant. So we actually know if we are doing a good job for our clients – or where we need to learn and improve. We have invested and built our 'organizational alpha' to know how to use all of our tools to our clients' greatest benefit.

#### **Costs do matter over time.**

We think very hard about staying lean and ensuring that we are very competitive with client alternatives. This principle has guided us to keep our frugal direct portfolio structure intact – despite the alluring ease of becoming a pooled fund. Costs matter – and we do everything we can to keep execution costs low, tax deductible where possible, and fair.

#### **Monitoring of Portfolios and Updates.**

We 'live' our portfolio strategies every single day. We are organized so that clients with similar objectives and risk tolerances get the same treatment over time. Because we manage the assets directly (generally without middlemen) our active management competes with the time available for client service – we do our very best to strike a good balance between looking after your money – and looking after you.

#### **Professional Network**

Three decades of experience have helped us amass a broad network of reliable, competent and capable resource people. If we can attend to your needs directly we do, if we need additional expertise we look to our firm's resources – and outside. We believe that the best decisions are made with perspective and consultation of trusted points of view: we are privileged to be included in our clients' inner circle. We do our best to be a respected and level headed sounding board to sometimes emotional situations. If you have a problem or need – we will do our very best to help.

This is only a partial list of the major ways we add value to our clients. There are many small detailed interactions that are specific and valuable to each investor/client. Our team culture and philosophy begins with adding value – and it never ends.

The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of Richardson GMP Limited or its affiliates. Assumptions, opinions and estimates constitute the author's judgment as of the date of this material and are subject to change without notice. We do not warrant the completeness or accuracy of this material, and it should not be relied upon as such. Before acting on any recommendation, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. Past performance is not indicative of future results.

Richardson GMP Limited, Member Canadian Investor Protection Fund. Richardson is a trade-mark of James Richardson & Sons, Limited. GMP is a registered trade-mark of GMP Securities L.P. Both used under license by Richardson GMP Limited.