"I'M ON THEIR SIDE"

Frank Ortencio of Richardson GMP discusses his simple approach of earning clients' trust to become one of Canada's Top 50 Financial Advisors
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ISSUE 4.01

CONTENTS

UPFRONT

04 Editorial
A look ahead to the issues that will define 2016

06 Head to head
Should advisors also sell life insurance?

08 Opinion
Who’s afraid of the big bad robo-advisor?

10 Statistics
Where advisors can provide the most value for consumers

12 News analysis
Will the retainer-fee model gain any traction in Canada?

14 Intelligence
This month’s big movers, shakers and new products

16 Alternative investment update
Why it pays to invest in infrastructure this year

18 ETF update
New research casts a pall on active managers

PEOPLE

54 Career path
As a mechanical engineer or a financial advisor, Eric Albertini lives to serve the members of his Yukon community

56 Other life
Putting out fires with Shelly Lairar

PEOPLE

ADVISOR PROFILE
Jessica Kemp brings the lessons she learned on the basketball court to her role as a financial advisor

THE TOP 50

Top 50 Advisors
Wealth Professional highlights the 50 Canadian financial advisors who had a banner year

WE ARE

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CHECK IT OUT ONLINE
At Dynamic Funds, we firmly believe that legitimately active asset management matters. We consider it to be the cornerstone of exceptional portfolio construction. Leave conventional thinking to the rest of the pack and see the difference true active management can make.
Welcome to 2016 – it’s already shaping up to be a big year for financial advisors.

It’s been a long time coming, but without a doubt, the biggest event in 2016 will be the implementation of the final phase of CRM2 on July 15. Once this phase is complete, advisors’ dealers will have to disclose to clients on an annual basis all the compensation received during a given year, including trailer fees paid by mutual fund companies. The other major piece of CRM2 is an annual performance report that highlights the money-weighted rate of return for a client in a calendar year.

These two final pieces of CRM2 are where the rubber meets the road for advisors. Those not delivering the goods will quickly be revealed as nothing more than product pushers – but advisors providing real value should see nothing but clear sailing.

A second issue for advisors to keep an eye on in 2016 is embedded commissions. Will they or won’t they be eliminated, as has already happened in Australia and UK?

Those not delivering the goods will be quickly revealed as nothing more than product pushers

“Much opposition to embedded commissions is due to no or poor disclosure, especially in the case of DSCs,” said former IIAC managing director Barb Amsden in 2015. “CRM2 pre-trade disclosure and annual fee reporting should address these concerns.”

The thriving ETF market has made headlines over the past couple of years, and the trend shows no signs of slowing in 2016. A recent study from Cerulli Associates projects ETF assets under management in the US will hit $6 trillion by 2020. Look for ETFs in Canada to follow that growth pattern as well.

Following on the heels of ETF growth will be the continued encroachment by robo-advisors as millennials and other tech-savvy investors look to simplify their investments while also lowering the cost of advice. ETFs are built for automated advice; as they go, so go the robo-advisors.

Finally, another regulatory issue that could gain momentum in 2016 is a potential merger of the MFDA with IIROC. While the MFDA looks to educate its advisors on how to sell ETFs so that dealers can roll out ETF-enabled platforms, IIROC has floated the idea of its own IIROC-light licence that would allow advisors to sell ETFs and mutual funds only.

There will no doubt be other issues that arise in the coming year, but for our money, these are the key ones to watch in 2016.

The Wealth Professional team
INVESTING IS NOT A SPECTATOR SPORT.

ALWAYS ACTIVE, NEVER PASSIVE.

Legitimately active growth investing requires the expertise that comes from years of experience and a disciplined process to uncover compelling investments in markets worldwide.

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<tr>
<th>SERIES F</th>
<th>1 YR</th>
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<td>Dynamic Power Canadian Growth Fund*</td>
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<td>Dynamic Power Global Navigator Class</td>
<td>20.4%</td>
<td>16.7%</td>
<td>22.6%</td>
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<td>9.0%</td>
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SEE THE DIFFERENCE LEGITIMATELY ACTIVE MANAGEMENT CAN MAKE. dynamic.ca/Power

Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealer.

* Corporate class versions of these funds are also available. Performance for the class version and a trust version of a fund may differ due to differences in inception dates, and there is no guarantee that the funds will deliver similar returns. Performance as at December 31, 2015. Inception date for Series F of Dynamic Power American Growth Fund, Dynamic Power Global Growth Class, Dynamic Power Balanced Fund and Dynamic Power Canadian Growth Fund is March 4, 2002. Inception date for Series F of Dynamic Power Global Balanced Class and Dynamic Power Global Navigator Class is July 2, 2008. Commissions and trailing commissions are not payable on Series F units of the Fund but management fees and expenses may be associated with these investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Dynamic Funds® is a registered trademark of its owner, used under license, and a division of 1832 Asset Management LP.
Should financial planners also sell life insurance?

Life insurance is an important part of a client’s financial future – but does that mean advisors should be the ones to sell it?

**Q**

**Jason M. Pereira**
Senior financial consultant
Woodgate Financial & IPC Investment Corp.

“There are insurance products that provide investment opportunities, specifically universal life and whole life products, that are very effective tax investment tools. If you do not have access to that, you’re limiting the options you can offer clients.

On top of the tax sheltering aspects of life policies, there are also the seg funds that advisors won’t have access to. Non-insurance-licensed advisors also don’t have access to annuities, which become very valuable for retirees.

I think advisors should at least be licensed and aware of what’s going on. If they don’t want to sell the products themselves because they don’t understand the process, team up with someone else.”

**Heather Phillips**
Vice president of business development
Sterling Mutuals

“I think it’s a very good idea, because it is a complimentary licence. There are two sides to the financial services business: the wealth side (mutual funds, ETFs, stocks and bonds) and the risk management side (life insurance products).

Segregated funds can be considered a life insurance product and a wealth product. If a client wants to invest in mutual funds, has no tolerance for volatility and wants their principal guaranteed, then segregated funds may meet the client’s objectives. When you are a certified financial planner, you have an obligation to talk about [both] wealth products and insurance products with your client.”

**Ken MacCoy**
Principal
RitePartner Financial Services

“If you specialize in financial planning, then you’re only concerned with one regulatory body and continuing education requirements for one licence. But who is taking care of your client’s risk planning?

If you are committed to taking care of all of your client’s planning, you need to be dual-licensed. Dual licensing allows you to offer your client more products and services, making you much more versatile in a competitive market. However, it also means more regulatory concerns and CE requirements.

I recommend specializing in financial planning and partnering with an independent risk planning specialist, such as myself. It’s a win-win for all.”

---

**THE FULL FINANCIAL PICTURE**

As the industry enters the final stretch of CRM2 implementation, many advisors are looking for ways to maximize the bang clients receive for their now-in-plain-view bucks. A life insurance licence enables advisors to offer clients a wider range of products that can improve their financial well-being – from access to segregated funds and annuities to life insurance policies and tax investment strategies. Estimates suggest more than half of all financial advisors are already dual licensed, though some believe many dual licensees might opt to focus solely on life insurance as CRM2 tightens the regulations around financial planning.
DO NOT BE BOUND BY BOUNDARIES.

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Dynamic’s Core Equity Team brings together their global expertise with an active, disciplined, business owner approach to deliver a world of opportunities.

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<th>5 YR</th>
<th>10 YR</th>
<th>INCEPTION</th>
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<tbody>
<tr>
<td>DYNAMIC GLOBAL BALANCED FUND</td>
<td>15.2%</td>
<td>10.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10.2%</td>
</tr>
<tr>
<td>DYNAMIC GLOBAL EQUITY FUND</td>
<td>22.9%</td>
<td>15.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15.6%</td>
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Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealer. Performance as at December 31, 2015. Inception date for Series F of Dynamic Global Balanced Fund and Dynamic Global Equity Fund is November 29, 2013. Commissions and trailing commissions are not payable on Series F units of the Fund but management fees and expenses may be associated with these investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Dynamic Funds® is a registered trademark of its owner, used under license, and a division of 1832 Asset Management L.P.
Don’t fear the robo-advisor

There’s no shortage of debate surrounding robo-advisors, but as George Christison points out, the arguments sound oddly familiar.

IN MY 31 years as an advisor, I have witnessed some pretty amazing changes. But one thing that hasn’t changed is the constant din from pundits about how every new technological advance is going to be the death of advisors. With so much talk about the new robo-advisors, who’s to know what’s really going to happen? But from where I sit, there are a handful of truths I feel certain about.

The ongoing hype about robo-advisors being a game-changer is the same as what was said about discount brokers when they first emerged in the 1980s, or when rebalancing mutual funds became available in the 1990s, or when ETFs were created in the 2000s. In other words, robo-advisors are just another tool available to Canadian investors.

Automated investing has been around for decades. It first appeared in the mid-1990s when banks and mutual fund companies started using computers to automatically rebalance clients’ investments. Everyone said they would outperform and eventually replace traditional investment advisors. (They didn’t.)

As for claims that robo-advisors will be a big threat to discount brokers and bank branch channels, most of these investors are already tech-savvy, comfortable making decisions on their own and require minimal personal contact with investment professionals. The banks, recognizing this threat, are quickly creating their own robo services.

Initially, robo-advisors were created as a simple, stand-alone technology platform with no human content. But robos have quickly realized that the market for a purely technology-driven investment platform is very small, and without a dedicated sales force, it’s very difficult to grow. Robos have started adding a human component to their business model, acknowledging that investors (surprise!) want more than just a computer screen. This second generation of robo-advisors is now called digital advisors.

Just like the discount brokers and ETFs before them, the robo-advisor platform will be successful, and they will have an important place within the investment industry (especially with those investors between 18 and 54 years of age). And I believe the robos have the potential to attract billions of dollars from Canadian investors.

So where does that leave us? In Canada, most investors choose to work with an advisor. Why? Because most Canadians find they lack the financial knowledge or the time required to research all of their available options. Clients rely on professional advisors to help carry that part of the investing and planning workload. Advisors shouldn’t think of robo-advisors as a threat, but rather as yet another opportunity to think bigger. Here’s how:

1. Do your homework. Be prepared to answer client questions about robo-advisors. After all, giving advice is a knowledge game. Knowing about robo-advisors will help cement your reputation as a knowledgeable professional and will help build the relationship a majority of Canadians desire.

2. Approach robo-advisors with a positive attitude. Just as with any service or product, there are some not-so-good ones and some really great ones. Learn who they are. That way, if your client wants to try one, you’re ready to help with positive, unbiased advice. When you’re open to new ideas from clients, they’ll leave feeling that you truly are looking out for their interests.

3. Harness the momentum to build your client book. Just as many advisors have developed a business model based on the use of ETFs, you might be able to build a business around the services of a robo-advisor. Soon many firms will have access to robo-advisor platforms. If you have access, check them out!

4. Build and strengthen your client relationships. After all, a relationship with an advisor is what Canadians really want and what robo services will struggle to develop. Over the decades, I’ve come to understand that Canadian investors prefer to work with a professional advisor. They want a relationship with someone they trust, someone they can comfortably speak to, and someone who has their and their family’s best interests at heart — all things a robot will have difficulty providing.

George Christison, STI, CIM, FMA, FCSI, is a retirement planner with IFM Planning Services. A three-decade industry veteran, Christison also founded the financial resources website InvestingForMe.
STATUS QUO SHOULD NEVER BE YOUR STATUS.

In ever-evolving market conditions, not all income solutions are created equal. Managed by some of Canada’s most experienced investment minds, our alternative income solutions can help reduce volatility and provide attractive yields in ways that traditional solutions cannot.

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<th>5 YR</th>
<th>10 YR</th>
<th>INCEPTION</th>
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</thead>
<tbody>
<tr>
<td>DYNAMIC ALTERNATIVE YIELD FUND</td>
<td>6.4%</td>
<td>10.7%</td>
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<td>–</td>
<td>11.0%</td>
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<tr>
<td>DYNAMIC PREMIUM YIELD FUND</td>
<td>8.3%</td>
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<td>–</td>
<td>–</td>
<td>12.3%</td>
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dynamic.ca/EquityIncome
Valued advice
As the value of advisors comes under increased scrutiny, a new Advocis survey offers promising findings

ONCE CRM2 is fully implemented in July, value will be the currency advisors trade in. The ability to offer something more is what will allow advisors to thrive in the new regulatory landscape.

Advisors will be glad to hear, then, that the vast majority of Canadians see the value of working with a financial advisor. In fact, according to the 2015 Advocis Consumer Voice Survey, almost 92% of respondents said the financial advice they receive is “very valuable” or “somewhat valuable.” There is also a strong correlation between clients receiving advice from an advisor and then putting it into practice.

With worries about fee transparency an issue in the industry at the moment, just over half of respondents were “very informed” or “somewhat informed” about the fees or compensation they were paying to their advisor.

The Decision-Making Process

Generally speaking, there are two camps when it comes to consumers’ level of engagement with their advisor: about half follow the advisor’s suggestions, while the other half make decisions with their advisor.

<table>
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<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>47%</td>
<td>You and your financial advisor make investment decisions together</td>
</tr>
<tr>
<td>1%</td>
<td>You research and provide your financial advisor with your investment choice</td>
</tr>
<tr>
<td>49%</td>
<td>You follow the investment advice provided by your financial advisor</td>
</tr>
<tr>
<td>3%</td>
<td>Your professional financial advisor makes the decisions for you</td>
</tr>
</tbody>
</table>

Advice Given Is Advice Taken

The scope of what an advisor helps with is vast, from investments to budgeting – but no matter what the subject, most clients end up putting that advice into practice.
BETTER OFF

The real value of financial advice boils down to a simple question: Are clients better off for having worked with an advisor? The overwhelming majority of respondents said yes.

4% Neither agree nor disagree
2% Somewhat disagree
16% Somewhat agree
2% Completely disagree
76% Completely agree

THE FEE CONFLICT

It’s the big conflict in the industry right now: Does the way an advisor is paid result in a conflict of interest? Luckily for advisors, most survey respondents said it’s a non-issue.

7% Definitely
26% Probably not
28% Definitely not
16% Never thought about it
18% Maybe
7% Probably
5% Definitely
13% Never thought about it
13% Maybe
15% Probably
15% Definitely

Source: Advocis Consumer Voice Survey 2015
The great fee debate

The retainer-fee model is gaining steam in the US because it allows advisors to provide conflict-free advice to clients – but that might not be enough to get them to change their stripes on this side of the border.

Millennials are missing out on free money – and data suggests current advisor compensation models are partially to blame.

A recent survey from TD Bank found that 36% of millennials don’t know if their employers offer a matching RRSP contribution – and where a company does offer a matching contribution of some kind, 58% of millennials aren’t taking advantage of this ‘free’ money. By contrast, only 23% of Gen Xers and 19% of those older than 51 are missing out.

“We believe that any fee that somebody sees, they’re in a better position to assess whether they’re continually getting value for those fees”

Paul Tyers, Wealth Steward

Unfortunately, the two major compensation models – fee-based and embedded commission – reduce an advisor’s desire to help remedy that situation, putting millennials behind the eight ball before they’ve even started to earn serious income.

“Financial advisors generally sell products and are paid when clients invest with them,” says Jason Heath, managing director at Objective Financial Partners. “If their clients invest money in their group plans instead of with them, they don’t get paid. This creates a disincentive from determining if group plans are being underutilized and an incentive for investment advisors to outright ignore group plans.”

The retainer-fee model – by which an advisor is paid per project, hourly, quarterly or even yearly – removes this disincentive.

“We believe that any fee that somebody sees, they’re in a better position to assess whether they’re continually getting value for those fees”

Paul Tyers, Wealth Steward

“Financial planning is ‘free toaster’ of the industry,” Bob Veres, publisher of Inside Information, told a packed house at the National Association of Personal Financial Advisors conference in San Diego in 2015. “Within the next five years, I think you’ll see advisors migrating to something else.”

That something else could be the retainer-fee model, which means advisors charging a percentage of assets under management are increasingly becoming dinosaurs in a wealth management industry that’s commoditizing asset management in favour of nuts-and-bolts financial planning. In other words, the value proposition of the future has little to do with stocks or ETFs or mutual funds.

“We will do the planning and the implementation, but what we’ve done is we’ve carved out the two fees,” says Paul Tyers, managing director of Wealth Stewards. “Our financial planning engagement is just that. It’s got an upfront fee because that’s where a lot of the work is done, but after a bit of a holiday, it’s got a recurring monthly fee.

“We believe that any fee that somebody sees, they’re in a better position to assess whether they’re continually getting value [for those fees],” he continues. “It’s a bit of a defensive move. We believe that investment management fees are headed south at a pretty
quick rate. So, to bundle them together hides the value, while separating them provides some protection where we can say, ‘The most work is on the planning side.’

In a sense, Tyers is already operating on a retainer-fee model with a secondary asset management fee – which ultimately could disappear if the retainer model were to take hold in Canada.

“In a perfect world, I think there’s a model for an investment firm that charges a flat dollar amount to manage investments rather than a percentage amount,” Heath says. “It always struck me that it doesn’t take that much more work to manage $100,000 versus a million versus a $10 million account.

“I think there’s a good business opportunity for an investment firm that can do it all for a flat fee, regardless of the account size”

Jason Heath, Objective Financial Partners

The industry isn’t keen to give up the upside on a larger account. I think there’s a good business opportunity for an investment firm that can do it all for a flat fee, regardless of the account size.”

Of course, this is an area where robo-advisors are already making headway. Their algorithms won’t discriminate between dollar amounts, suggesting the retainer-fee model is the only way to go under the commoditization of investment management.

“The financial planning industry is growing significantly because clients are looking for financial planning, sometimes more so than they are for investment management, whether they have a financial advisor or are do-it-yourself,” Heath says. “You’re starting to see more firms offering financial planning services in response to client interest. If [dealers/brokers] are providing financial planning and other value-adds to the client, it at least takes a little bit of the magnifying glass off the ups and downs of the markets.”

Under these circumstances, the retainer-fee model appears inevitable.
**CORPORATE**

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<tr>
<td>AGF Management</td>
<td>FFCM</td>
<td>AGF has acquired a majority stake in the Boston-based ETF advisor and asset management firm, whose expertise is delivered through a family of alternative and smart-beta ETFs and a number of ETF-managed solutions</td>
</tr>
<tr>
<td>Berkley Capital Management</td>
<td>Calidus Capital</td>
<td>Berkley has acquired an additional 223,500 common shares of the nontraditional lender and now controls 10.3% of the outstanding stock</td>
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<tr>
<td>BMO Financial Group</td>
<td>GE Capital</td>
<td>BMO has completed its acquisition of GE Capital’s transportation finance business, which enhances BMO’s commercial banking franchise with the addition of North America’s largest financier to the truck and trailer segment</td>
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<tr>
<td>Grupo Odinsa S.A. and CCR S.A.</td>
<td>Aecon Group</td>
<td>The infrastructure developer has sold its 45.5% interest in the Quito International Airport’s concessionaire</td>
</tr>
<tr>
<td>Nasdaq</td>
<td>Chi-X Global Holdings</td>
<td>The New York-based company announced that it was buying Chi-X Canada’s alternative trading system from its parent, marking Nasdaq’s return to the Canadian marketplace after an 11-year absence</td>
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<tr>
<td>Polar Asset Management</td>
<td>Silver Bullion Trust</td>
<td>Polar has acquired additional trust units on behalf of the Polar Multi-Strategy Master Fund and now owns approximately 12.07% of the closed-end fund’s outstanding units</td>
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<td>Scotiabank</td>
<td>N/A</td>
<td>Scotiabank has launched its integrated Scotia Wealth Management brand as a means of better serving clients’ wealth management needs while also bringing its various wealth management businesses under one roof</td>
</tr>
<tr>
<td>Shaw Communications</td>
<td>WIND Mobile</td>
<td>The wireless industry just got more competitive with the news that Shaw is entering the business through its acquisition of the venture-backed entity</td>
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<tr>
<td>XPlornet Communications</td>
<td>Platinum Communications</td>
<td>Canada’s leading rural high-speed Internet service provider continues its push westward by acquiring the Calgary-based company</td>
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**PRODUCTS**

**CI Investments cuts fees on several funds**

CI Investments has announced that it is reducing the maximum management fee on six funds offered in its private investment management program for high-net-worth investors. The cuts range from 10 to 20 basis points, depending on the fund and series. CI’s program is available for a minimum investment of $100,000 per fund, with tiered pricing starting at household balances of $250,000. The program offers a comprehensive selection of investment mandates in three classes (E, O and EF), and includes a wide choice of corporate class and T-class options.

**Mackenzie announces several manager changes**

Mackenzie Investments’ Rick Weed, senior vice president and head of systematic strategies, is taking over management of three funds: the Mackenzie Global Small Cap Growth Fund, the Mackenzie Global Small Cap Growth Class and the Mackenzie Growth Fund. At the same time, Chuck Bastyr, vice president and portfolio manager, has departed Mackenzie to pursue other opportunities. Other management changes include JP Morgan’s Emerging Markets and Asia Pacific Equities team taking over the Mackenzie Emerging Markets Opportunities Class and Mackenzie Emerging Markets Opportunities funds; Austin Forey and Leon Eidelman will be the lead portfolio managers.

**CIBC folds its tent on American Century**

CIBC has sold its 41% interest in Kansas City mutual fund company American Century, generating an 11% internal rate of return for share- holders. CIBC tried to acquire majority control in the company over the four years it owned a minority stake, but the medical research facility that held control of American Century was unwilling to sell. As a result, CIBC reached out to Japanese financial services firm Nomura Holdings to unload its investment so it can focus on other opportunities in the US that may offer greater long-term growth.
**Manulife hits milestone in Canada**

Manulife’s asset management division has announced that it passed the $100 billion AUM mark in Canada. The 58% year-over-year increase is a testament to Manulife’s work with both institutional and retail clients, but it also highlights the importance of its Standard Life acquisition in 2014. Manulife’s Canadian asset management business oversees a wide range of public and private Canadian asset classes, including public equity, fixed income, asset allocation, liability-driven investing, private placement debt, commercial mortgage loans, real estate, farmland and timberland.

**Sentry Investments makes a number of moves**

After reviewing its entire mutual fund lineup, Sentry Investments has announced that it is raising the annual distribution rates for three mandates and lowering them for four others, affecting a total of 10 mutual funds. In addition, Sentry has announced name changes to 15 mutual funds, representing 11 different mandates. The goal of the distribution changes is to ensure consistent and sustainable cash flow for investors, while the name changes were made in order to more clearly reflect the funds’ objectives, strategies and underlying exposures.

**Excel to carry out fund merger**

In a move that suggests Brazil, Russia, India and China have lost their investment lustre, Excel has announced that it will merge its Excel BRIC Fund into the Excel Emerging Markets Fund, subject to obtaining all the necessary unitholder and regulatory approvals. Unitholders of each series of the Excel BRIC Fund will receive securities of the equivalent series of the Excel Emerging Markets Fund, determined on a dollar-for-dollar basis. The Excel BRIC Fund will be wound up as soon as possible following the merger. Unitholder approval for the merger will be sought at a special meeting to be held on or about Feb. 11.

**PEOPLE**

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMPANY</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Randy Brown</td>
<td>Sun Life Financial</td>
<td>The former managing director of Deutsche Asset &amp; Wealth Management’s insurance and pension solutions takes over as chief investment officer, overseeing $135 billion in assets</td>
</tr>
<tr>
<td>Robert Corbally</td>
<td>Manulife Asset Management</td>
<td>The company continues to bolster its European arm with the appointment of Corbally to the role of managing director for the firm’s global product team in London</td>
</tr>
<tr>
<td>Diane Gard</td>
<td>National Bank</td>
<td>The bank announced that its executive vice president for personal and commercial banking was among Canada’s 100 Most Powerful Women for the second consecutive year</td>
</tr>
<tr>
<td>Glenn Gatcliffe</td>
<td>Raymond James</td>
<td>Raymond James has hired the veteran investment banker as managing director of its consumer, agriculture/chemicals and manufacturing sector</td>
</tr>
<tr>
<td>Steven Luckie</td>
<td>Novantas</td>
<td>The banking veteran joins the financial services advisory to help expand the company’s relationships with senior financial executives in the Canadian market</td>
</tr>
<tr>
<td>Jean-Francois Perrault</td>
<td>Scotiabank</td>
<td>The Bank of Canada and Department of Finance veteran takes over as chief economist, replacing longtime Scotia veteran Warren Justin</td>
</tr>
<tr>
<td>Darlene Shaw</td>
<td>Collins Barrow</td>
<td>Bringing more than 10 years of US tax experience to the role, Shaw will head up Collins Barrow’s US tax practice in Halifax</td>
</tr>
<tr>
<td>Daniel Thompson</td>
<td>Lorne Steinberg Wealth Management</td>
<td>One of Canada’s most experienced and respected investment industry executives has been appointed vice president and portfolio manager at the Montreal-based wealth management firm</td>
</tr>
</tbody>
</table>

**Adam Donsky takes over as Goodman & Company CIO**

Parent company Dundee Corporation has announced that portfolio manager Adam Donsky is returning to the company in the new position of chief investment officer at Goodman & Company Investment Counsel. Goodman & Company is central to Dundee’s wealth management strategy and caters to high-net-worth and ultra-high-net-worth markets; Donsky’s hiring marks another step in Dundee’s wealth management growth plan. A CFA charterholder, Donsky was previously vice president and lead portfolio manager at 1832 Asset Management. Donsky originally joined Dynamic Funds in 2004.

**Bill Morneau takes top finance job in the country**

Shortly after winning a landslide election in late October, Prime Minister Justin Trudeau quickly appointed rookie MP Bill Morneau as the new finance minister, replacing Conservative Joe Oliver. A millionaire business leader and former pension executive at Morneau Shepell, the Toronto native will have his hands full as the Liberal government implements several tax changes, including rolling back TFSA contribution limits from $10,000 to $5,500 in 2016. Morneau’s pension experience should come in handy as provinces like Ontario look to deliver their own pension plans.
**GOVERNMENTS AROUND** the world are undertaking crucial public-private infrastructure projects—and nowhere is it more needed than in North America.

“From a macro policy standpoint, you’ve got fiscal deficit issues that are at all-time highs, and funding’s not getting any better,” says Sprott Asset Management portfolio manager Michael Underhill, who manages five funds for Sprott, including its Global Infrastructure Fund. “Trudeau’s struggling with a $1.5 billion budget shortfall, which is going to impact the infrastructure investment program in Canada. If you were to take a look at the Society of American Engineers’ annual report for 2014, we’ve got a $2.2 trillion dollar infrastructure shortfall just in the US, and because of fiscal deficit issues, that will not be met.”

The upside is that funding for schools, roads, bridges, utilities, water and other vital infrastructure in both the US and Canada will have to come from private investment. Recent statistics suggest that one-third of the assets in Canada’s 10 largest public pensions are directed toward alternative investments such as private equity, real estate and infrastructure.

So where are these infrastructure opportunities? “You have to start out top-down and look at country and currency and monetary policy, because all politics are local and all infrastructure investing is local,” Underhill says. “And then rule of law, which just means enforceable property rights. You don’t want to invest in a country ... like China or Russia, where you put your money in and then they expropriate your investment.”

“One example of a major essential infrastructure asset is sewage and clean running water. Unean water is the number-one cause of death in emerging markets. India’s prime minister won the 2014 election on the platform of ‘a toilet in every house.’ Currently, more than half the homes in India lack toilets, so the opportunities in this one area alone are significant in emerging markets.

Advisors keen on taking advantage of infrastructure investment should look to the Macquarie Global Infrastructure Index, which is composed of 243 publicly-traded infrastructure companies out of perhaps 800 total around the world.

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**Hedge funds expanding on a global basis in 2016**

A global survey by PwC and the Alternative Investment Management Association has found that 50% of hedge funds intend to launch a new fund by the end of 2016, and that most are seeing an increase in assets. In the survey of fund managers worldwide, 61% reported rising assets in their hedge funds, while more than 80% of firms that have liquid alternatives funds said those products are growing. The results suggest that hedge fund managers are thinking strategically about what channels they wish to sell to.

**Hedge funds buying into Canadian SPACs**

New research indicates that hedge funds have become particularly attracted to the SPAC structure, an investment vehicle that’s still relatively new to Canada but has become quite popular in recent years in the US. SPACs, or Special Purpose Acquisition Companies are investment vehicles that combine the voting rights of a blind pool with the acquisition focus of private equity. To date, five SPACs have raised equity capital in Canada, scooping up more than $1 billion; Acasta Enterprises alone raised $402.5 million.
Crowdfunding real estate investments

Why does real estate make sense for crowdfunding?
Investors are looking for exposure to high-quality real estate because it’s a hard asset that is universally understood and tangible. Whether you rent or own, we are all familiar with real estate, and the returns can be very, very attractive. Real estate is less volatile than equities, generates higher returns than bonds, and provides geographic diversification, meaning that there is almost always a good market for real estate somewhere in the world.

Crowdfunding technology is democratizing the real estate market and opening the door for individuals to engage in a cost-efficient way. And investors and capital raisers are responding – global real estate crowdfunding is on track to reach $2.6 billion this year, year-over-year growth of 150%.

Why should Canadians consider investing in commercial real estate?
Until now, most Canadians did not have access to commercial real estate – these investments were typically reserved for institutional and well-connected high-net-worth individuals. The capital requirements alone made it impossible for most individual investors to own this asset class. From a return perspective, commercial real estate does not generally move in line with residential real estate, and the risk/return profile can be more attractive if you partner with the right developers. Many investors are looking to grow and/or diversify their real estate exposure, and adding commercial real estate ... is a promising strategy.

As alternative investments go, how does real estate stack up to commodities or private equity?
It’s important for investors to realize that not all real estate investments, developers or crowdfunding platforms are created equally. As an investor, you should be asking yourself questions like: Is the platform regulated? Who are you investing with? How are the deals selected? How transparent is the process? Does management have the right experience? What happens after you invest?

We asked ourselves these questions when we built NexusCrowd. Each of these questions is directly related to our core objectives of protecting investors and providing them with exclusive, high-quality deals.

Do you think crowdfunding will ever be institutionalized to allow advisors to put their clients into investments such as NexusCrowd?
Yes. This space has huge potential, and we are actively exploring ways to partner with dealers. Advisors currently do not have access to most of these great private investment opportunities because they are not yet approved by dealers. Partnering with dealers creates a mutually beneficial relationship – we provide their clients with unique, exclusive deal flow, and they provide us with a gateway to investors. Dealers and investors are realizing that crowdfunding is not a passing fad and by not ‘institutionalizing’ it, they risk losing assets.

Top 10 Canadian pension funds triple in size
According to Boston Consulting Group, Canada’s 10 biggest public pension funds now manage assets worth more than $1.1 trillion, and have tripled in size since 2003. Much of this growth is due to pension funds moving more assets into alternative investments such as private equity, real estate and infrastructure – about one-third of the top 10 funds’ investments are in alternative asset classes.
Some pension experts suggest these assets have done a good job offsetting some of the volatility in global equity investments.

Alt investments get technological advance
eFront, a leading software provider of financial solutions for managing alternative investments, has announced that the eFront Investor Cloud [EIC] solution now processes performance reports for more than 1,000 funds every quarter. This milestone comes after the onboarding of Alternative Investment Capital Limited, the newest EIC client. This growth further strengthens the offering and establishes it as the leader for enabling limited partners [LPs] to quickly and thoroughly analyze their portfolios of alternative investments.

Family-owned venture capital firm sets up shop
The Walter Group of Companies has launched Walter Capital Partners, a private equity firm operating out of Montreal that will cater to established companies looking for growth capital and a source of expertise to support their ongoing expansion. The Walter Group is allocating an initial $100 million to the newly created firm in order to support the growth of small and medium-sized businesses. Additional capital will be contributed by other sources, including the managing partners, who will also invest in the transactions.

Q&A
Hitesh Rathod
CEO and co-founder
NEXUSCROWD
Mackenzie launches exclusive private wealth solution
Mackenzie Investments has launched Mackenzie Private Wealth Pools, a suite of eight unique mandates that combine long-term strategic asset allocation with a multi-manager structure that employs experienced professionals from Mackenzie’s investment boutiques. Four of the pools provide investors with a tax-efficient corporate class structure. Intended to provide high-net-worth investors with an attractive combination of risk and return, the pools are provided through Mackenzie’s Private Wealth Solutions division and are exclusively for investors with a minimum initial investment of $150,000.

Manulife Asset Management awarded $8 billion mandate
Manulife’s asset management division has been awarded an $8 billion mandate to manage four fixed-income solutions offered by MD Financial Management, a Canadian Medical Association-owned wealth management organization. The funds under management include the MD Short Term Bond Fund, MD Bond Fund, MDPIM Canadian Long Term Bond Pool and MDPIM Canadian Bond Pool. Manulife Asset Management’s Canadian Fixed Income team, led by Terry Carr, and the Global Multi-Sector Fixed Income team, led by Daniel S. Janis III, will oversee management of the assets.

Sun Life ups its private client offerings
Sun Life has introduced an auto-enrolment feature into the company’s private client program for investors who invest a minimum of $100,000 in its series A, F, T5, T8, AT5, AT8 and AH mutual funds purchased on a front-end sales basis. Once in the program, investors will automatically receive management fee reductions based on the market value of their account and may be eligible for additional private client services and features, including specialized statements and account linking.

SEC looks to limit use of derivatives by mutual funds
US regulators are looking to outlaw or minimize the use of derivatives by mutual funds, aiming to protect investors in funds that rely on the high-risk transactions. The proposal is currently out for public comment; the SEC could formally adopt it sometime after the comment period ends on March 28, and Canada could face a similar rule next. An analysis by SEC economists found that some funds rely heavily on derivatives, sometimes carrying up to 10 times as many potentially risky investments in their portfolios as the total amount of assets. However, it’s been found that most mutual funds don’t use them extensively.

Vanguard goes global with two new ETFs
Vanguard has announced the creation of two new ETFs, bringing its Canadian ETF offerings to 23. The two ETFs are the Vanguard FTSE Developed All Cap ex North America Index ETF and a second version hedged to the Canadian dollar. The new ETFs provide investors with exposure to developed markets (excluding Canada and the US) and follow all-capitalization benchmarks that include large-, mid-, and small-cap stocks. Once the transition is complete, Vanguard will offer 13 all-cap ETFs, providing investors with greater diversification and lower vulnerability to market swings.

Active managers lose badly in 2015
Based on last year’s data, a new report has tipped the argument toward passive investing.

A new report from Goldman Sachs suggests active management could be ready for the trash bin. The investment bank’s analysis of large-cap core funds in the US found that they seriously underperformed the S&P 500 in 2015 – only 27% beat the index in a year where stock pickers were supposed to be in the driver’s seat.

Apparently active managers missed out on the two biggest performers in the S&P 500 – Netflix and Amazon – which were up 140% and 120%, respectively, as of December 30. About the only winner for mutual fund managers was Alphabet, which was up 45% through the end of the year.

WP reached out to Ottawa advisor Ben Felix with PWL Capital for his reaction to the news about active management.

“Each article touches on something interesting that is often overlooked when considering active managers: Active managers have the job of correctly selecting the securities in a market that will do better than the benchmark index, but we know empirically that index returns tend to be driven by a small number of stocks in the index,” Felix says. “The high probability of missing the top-performing stocks is a major hurdle for active managers; engaging in stock selection disproportionately increases the chance of underperformance relative to the chance of outperformance. So, even before fees are considered, the odds are
A read on the ETF market

How does an ETF provider stand out in a crowded marketplace?

There seem to be a few approaches to this. First, there are the fee-conscious ETFs; they market or advertise the low-cost products. This stands out, of course. Second, there are the smart-beta folks, who educate on their process and usually show back-testing to highlight the outperformance of their models over time or their risk metrics compared to the market cap-weighted index. These performance graphs usually grab attention pretty quickly – I’ve never seen a (published) back-test that didn’t look amazing. Lastly, there are the old-fashioned wholesaling efforts, and those are picking up, as I’m seeing a lot more effort from the ETF companies to hit the pavement and to develop relationships that could foster more attention for their products.

Do you think the market is becoming oversaturated at the moment?

While I think there’s a lot of product out there, and we’re likely near a max point, it’s probably not saturated yet. One has always had to do comparisons between investments, and this is especially required for the main indices and the ETFs that represent them – it takes a lot more work to find the differentiators and to study why they are different and where the advisor lies in his or her beliefs about what structure is best. This can certainly be nebulous at times and difficult to determine … good luck to the DIY investor who has to try to figure this out. My guess is they don’t, and they’ll use the household name product.

What should an advisor look for when choosing which ETF to use?

A fair number of things … and I’m probably forgetting many. First, cost is key. Second, tracking error is huge – trying to get a proper NAV tracking tool for smart-beta or other non-published indices is tough. And third, liquidity of the underlying investments is paramount and often overlooked, as this dictates the liquidity of the ETF itself and smaller spreads. Wide spreads create liquidity challenges and challenges with cost drag that many investors don’t understand.

Q&A

A read on the ETF market

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What’s the most important thing for an advisor to keep in mind?

Liquidity of the underlying investment is likely key. If it’s not liquid, the market makers won’t post decent spreads, and tracking error will increase and trading will be hard. Truly understanding what is being tracked is part of this and is of utmost importance. It can be hard now with new product development to track the underlying NAV (if it’s a composite or smart-beta or custom portfolio design), and that’s a challenge to understanding performance metrics, risk metrics, etc.
ETF volumes and liquidity
The market maker: ensuring liquidity and fair pricing through arbitrage

AT ITS most basic, liquidity is defined as the ability to sell an asset in a timely manner at a fair price. It’s a fundamental characteristic that underpins all investments, whether financial in nature (such as stocks, bonds and hedge funds) or hard assets such as oil, wheat, real estate and even niche areas such as art and fine wine. It is for this very reason that ETFs have gained traction: They are simple, rules-based, efficient, transparent and liquid investment vehicles.

ETFs allow for instantaneous price discovery and intraday trading flexibility

as art and fine wine. It is for this very reason that ETFs have gained traction: They are simple, rules-based, efficient, transparent and liquid investment vehicles.

What separates ETFs from mutual funds is that they offer two levels of liquidity. The first is by issuing (redeeming) shares through creations and redemptions via authorized participants [APs]. The second is through the secondary market, which trades like a stock throughout the day – investors and market makers (which can also be APs) buy and sell, thus creating markets. The bid ask spread represents their profit.

ETFs allow for instantaneous price discovery and intraday trading flexibility. Here’s a hypothetical scenario: A mutual fund holds Apple (AAPL), and the company announces a new product launch unexpectedly in the middle of a trading day. The stock jumps 10% and then closes down 5% because, upon closer scrutiny, analysts surmise it would take too much R&D to be viable. If you trade the underlying ETF, you can take advantage of the upswing to take profits in the sector intraday. In a mutual fund, you are beholden to the closing net asset value [NAV].

But is liquidity necessarily synonymous with volume? Intuitively, yes: The more buyers and sellers, the more liquid the asset. Looking deeper, one realizes the notion of ‘volume equals liquidity’ may be a miscon-ception. This is true at least in the case of ETFs, where arbitrage and the role of the market maker assure that an ETF not only trades efficiently (i.e., at a fair price), but also has a buyer when an investor wishes to sell.

The market maker is a financial institution that is contractually obligated to provide bids and offers when no other exist. Their incentive is to buy low and sell high, essentially competing for customer order flow. This means there is always a fair bid.

The second mechanism that assures fair pricing is arbitrage. It is to capital markets as discipline is to boxing; it’s what keeps everyone honest. Simply put, step out of line and you take a hit. ETFs, like any collective investment scheme, have a natural NAV per share, which is the total value of all assets divided by the number of shares outstanding. Theoretically, the price of an ETF should trade at or near its NAV throughout the day. If an ETF trades below its NAV (discount), then a participant should be able to simultaneously buy the ETF and sell the underlying constituent securities for a riskless profit.

This process, naturally, is not without its hurdles. One is borrowing costs. Shorting any security has a cost involved. One has to borrow the stock or bond, which carries a fee. Trading costs, such as commissions and technology, are also major factor.

Volume is one indication of liquidity in the assessment of an ETF. However, more important in the price discovery that ETFs provide is the arbitrage mechanism and the role of the market maker. Together they combine to ensure that investors get fair pricing and liquidity as supported by fair bid/ask spreads.

ETF volumes and liquidity
The market maker: ensuring liquidity and fair pricing through arbitrage

James Youn, CFA, is a senior portfolio manager with Questrade Wealth Management.
On January 28, an expert income panel will deliver clarity on the income markets.

Clément Gignac
MA, M.E.Sc.
Senior Vice President, Portfolio Manager and Chief Economist, IAIM

Pierre Trottier
MBA, CFA
Vice President, Portfolio Manager, IAIM

Dan Bastasic
MBA, CFA
Senior Vice President, Portfolio Manager
IA Clarington Investments Inc.

Jeff Sujitno
HBA, CPA, CIM
Vice President, Portfolio Manager
IA Clarington Investments Inc.

David Rolley
CFA
Vice President, Portfolio Manager
Loomis, Sayles & Company

Eileen Riley
CFA
Vice President, Co-Portfolio Manager
Loomis, Sayles & Company

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A BOOK changed everything.

After spending a large part of the ’80s and ’90s in the mutual fund industry, Howard Atkinson was taking a break after leaving CI Financial.

“I was really minding my own business,” he says. “I was renovating a house and working on my golf game in the summer, and I was reading this book called The New, New Thing.”

It was Michael Lewis’ book about Jim Clark, whose achievements include the founding of three separate billion-dollar companies.

“I was reading this and I’m going, ‘This is exactly what I’m looking for in financial services. I need to be a part of it,” he says. “And the rest, as they say, is history.”

Within a few days, Atkinson received a call from a firm telling him about a job at Barclays Global Investors. “It was about something called ETFs, and they’re launching this thing called iShares,” he recalls.

He wasn’t really looking for a new job, but he went to the interview and listened to their proposal.

“I said, ‘Holy smokes! This is the new, new thing in financial services. I need to be a part of it,’” he says. “And the rest, as they say, is history.”

At the forefront

Atkinson’s initial foray into ETFs was just over 15 years ago – and a lot has changed since then. When Atkinson first started in ETFs, there was only one in Canada, representing $3.5 billion in assets. Today there are close to 400 and $85 billion in assets.

While ETFs have come a long way, it wasn’t always smooth sailing.

“Some people laughed at me at the beginning, but it turns out that ETFs democratized investing,” Atkinson says. “I can’t think of any other security or financial product, with the exception of individual stocks and bonds that an individual will own, that an advisor will put in client’s portfolios and institutions will own. I thought they

Horizons ETFs. After joining in 2006, he helped grow the company to the point where it now has more than $5.1 billion in assets under management and 70 ETFs listed on the Toronto Stock Exchange. But he stepped away from the company at the end of 2015.

“Howard Atkinson has not only been the face of Horizons ETFs for the last decade, but in many ways has also been the face of the Canadian ETF industry,” says Steven Hawkins, co-CEO of Horizons ETFs.

Horizons ETFs...
Name: Howard Atkinson
Company: Horizons ETFs Management (Canada)
Title: Retiring president
Years in the industry: 29
Fast fact: Has authored four books, including *The New Investment Frontier III: A Guide to Exchange Traded Funds for Canadians*
Accolades: In February 2010, Atkinson was recognized by ACTIF, Quebec’s premier financial education co-operative, as a Top Educator for his efforts to foster financial literacy among Canadians
were a game-changer at the time.”

But it took a long time to change the game. The first hurdle was a credibility issue: Before the companies in the space could compete against each other, they had to work together to ensure their fledgling product gained acceptance in the industry. It was a similar situation to what the mutual fund world went through a decade or two earlier.

“ETFs were only going to get recognized and adopted if there’s competition and more than one provider,” Atkinson says. “Otherwise you kind of say, ‘Ah, it’s a one-off.”

The turning point came in 2005 when Claymore, Horizons and others entered the market, offering serious competition. “That’s when the industry really started to innovate, and we started to have a wide array of choices in ETFs – you start with fee compression, and it really became the industry that it is today.”

But not only did they have to overcome a rigid industry, they also had to contend with the scourge of many an advisor: regulators.

When Barclays launched their products, the OSC wouldn’t allow them to be called iShares, instead insisting on iUnits. The regulator claimed they were legally mutual fund trust units, and therefore using the word ‘shares’ might confuse investors into thinking they’re stock shares.

“Everywhere in the world, it was and continues to be iShares, but in Canada for the first five years or so, we were forced to use the term iUnits,” Atkinson says. The OSC eventually relented and agreed to the name iShares after a regime change.

**ETFs and CRM2**

Perhaps, then, it’s ironic that regulation is now giving ETFs the opportunity to thrive.

“CRM2 is a game-changer that plays into the hands of low-fee funds, including ETFs,” Atkinson says. “With the eye-opening experience of CRM2 for many investors and some advisors, that’s going to lend itself to more ETFs.”

The advent of MFDA-licensed dealers being able to sell ETFs and the rise of digital wealth managers also bode well. “Those are all strong trends in favour of ETFs going forward to continue this good growth rate, I think, for the foreseeable future,” Atkinson says.

But while ETFs are seemingly poised for continued growth, Atkinson is ready to slow down.

“I’m going to take a break and catch my breath,” he says. “I think my wife has a big long list of stuff for me to do. I do have some stuff to take care of on the home front … I want to spend some more family time.”

Despite having plenty to keep him busy, the book that inspired him once might yet drive the next chapter of Atkinson’s life.

“I am going to look around for … the new, new, new thing and see what’s out there.”

**AN ASSOCIATION OF “CO-OPETITION”**

For Howard Atkinson, a large part of building the ETF industry has been overseeing the Canadian ETF Association.

“It was an idea that came to me, really born out of the mutual fund industry, about having a ‘co-opetition,’ if you will, and getting the players together and saying let’s build the ETF industry for everyone’s benefit rather than try to go it alone,” Atkinson says.

BMO, Claymore Financial and Horizons ETFs Management launched the association about five years ago. The association has tried to tackle three main issues:

**Increasing membership**

There are now 42 members: six ETF companies, which represent 95% of the Canadian ETF assets under management, 22 affiliate members and 14 portfolio managers.

**Providing greater access to ETFs**

MFDA dealers can now access ETFs, opening more opportunities for the industry.

**Improving dealer reporting**

The Achilles heel of the ETF industry is the lack of dealer reporting. Unlike mutual funds’ assets, where a mutual fund provider can see who is selling their funds and who owns them and then provide proper sale and investor coverage for it, ETFs don’t have that same degree of transparency because they trade anonymously on the exchange. “We’ve been working really hard at the association to improve dealer reporting by getting the dealers to report by branch, by advisor,” Atkinson says. “The frequency won’t be daily like it is in the mutual fund industry, but ultimately it will allow ETF providers to deliver better service going forward to advisors and the end investor.”
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¹Morningstar Rating™ is the overall rating for Class F units as at September 30, 2015 and is subject to change monthly. Renaissance Optimal Income Portfolio, Class F received a Morningstar Rating of 5 stars over 3 years (325 funds rated) and 5 stars over 5 years (234 funds rated). The overall 5 star rating is calculated from a fund’s 3- and 5-year returns measured against 91-day Treasury bill and peer group returns. The top 10% of the funds in a category get five stars. For greater details see [www.morningstar.ca](http://www.morningstar.ca).

²Distribution yield of the Class A units of the fund for the period November 13, 2007 (inception) to September 30, 2015. The distribution yield at a given time is calculated by dividing the distributions made over the 12-month period prior to that time by the market value at that time. The fund intends to distribute monthly. The monthly distribution rate is expected to be 1/12th of approximately 4% per annum for Class A units. Distributions for other classes may vary. The monthly distribution rates may be adjusted from time to time at our discretion. The payment of distributions is not guaranteed and may fluctuate. If the annual amount distributed exceeds the portfolio’s net income and net realized capital gains, such excess will constitute a return of capital.³MER annualized as at August 31, 2014. Please refer to the annual Management Report of Fund Performance for further details.⁴Source: Morningstar Direct as at September 30, 2015. Risk-adjusted returns are measured by the Sharpe ratio for the Class F units of the fund over 5 years to September 30, 2015 and compare the ratio of the fund against the ratio of the average for the Canadian Fixed Income Balanced Category. (Fund: 1.40, Category Average: 1.03). Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. The information presented is accurate at the time of first printing, and is subject to change without notice. Please read the Fund Facts or the Renaissance Investments Simplified Prospectus before investing. Mutual funds are not guaranteed, their values may change frequently and past performance may not be repeated.⁵Renaissance Investments is offered by, and is a registered trademark of CIBC Asset Management Inc.
Welcome Back to the country’s most comprehensive ranking of financial advisors in Canada. For the third year running, Wealth Professional has crunched the numbers to come up with an exhaustive list of the best-performing advisors in the country.

WP launched a survey two months ago, asking advisors to submit basic data about their businesses. The competition was stiffer than ever, as hundreds of submissions came through – and high-quality submissions, at that. We spent six weeks verifying all the data submitted to come up with this year’s list.

WP’s unique formula opts for a scientific approach and is what sets this list apart from other rankings of industry players. We went beyond AUM alone and relied instead on several key metrics of an advisor’s performance and success. Our weighted formula takes into account a slew of variables, from growth in book size and AUM per client to account retention and the addition of new clients. The end result is a list that pinpoints some of the strongest advisors working today’s increasingly complex and shifting landscape.

This year, advisors will be striving more than ever to show their value. CRM2 will take full hold in July, and advisors around the country have been preparing for its implications. Demonstrating worth by going above and beyond is the new reality for advisors looking to thrive. The advisors who made this list have all successfully transitioned their businesses and are flourishing now.

And it’s interesting to note that the vast majority of advisors on this list operate under a fee-based model. As the debate continues to rage around embedded commissions versus fees, it appears many top advisors have decided that the fee model is best suited to the new regulatory environment.

On top of the obvious regulatory issues, turbulent markets also made 2015 difficult for advisors, who had to focus on protecting wealth as well as walking clients through a traumatic period. Other challenges that forced advisors to change and adapt included the rise of robo-advisors; the growth of ETFs; the opening of exempt markets, especially in Ontario; home-country bias; the state of interest rates and the search for yield; China; and the dollar.

This list represents those advisors who successfully navigated their way around these challenges. Congratulations to every advisor included.
<table>
<thead>
<tr>
<th>NAME</th>
<th>COMPANY</th>
<th>LOCATION</th>
<th>AUM GROWTH</th>
<th>AUM PER CLIENT</th>
<th>REVENUE PER CLIENT</th>
<th>CLIENTS AT END OCT 2015</th>
<th>RETENTION RATE</th>
<th>NEW CLIENT GAINED 12MTHS TO END OCT 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Richard Harold Tanner</td>
<td>R&amp;R Investment Partners</td>
<td>Calgary, Alta.</td>
<td>$151,600,000</td>
<td>$31,066,302</td>
<td>$30,308</td>
<td>66</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>2. Daniel L Girard</td>
<td>Grand, Fike &amp; Associates Wealth Management</td>
<td>Waterloo, Ont.</td>
<td>$190,000,000</td>
<td>$35,781,255</td>
<td>$85,339</td>
<td>383</td>
<td>99.4%</td>
<td>15</td>
</tr>
<tr>
<td>3. William Vastis</td>
<td>The William Vastis Wealth Management Group</td>
<td>Toronto, Ont.</td>
<td>$175,000,000</td>
<td>$27,877,277</td>
<td>$27,277</td>
<td>110</td>
<td>100%</td>
<td>8</td>
</tr>
<tr>
<td>4. Mark McInulty</td>
<td>McInulty Group</td>
<td>Markham, Ont.</td>
<td>$21,000,000</td>
<td>$2,124,105</td>
<td>$25,263</td>
<td>95</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>5. Reg Jackson</td>
<td>JMPS Wealth Management Group</td>
<td>London, Ont.</td>
<td>$75,000,000</td>
<td>$2,250,000</td>
<td>$2,500</td>
<td>200</td>
<td>92.5%</td>
<td>15</td>
</tr>
<tr>
<td>6. Frank Deniau</td>
<td>Deniau Group</td>
<td>Markham, Ont.</td>
<td>$15,000,000</td>
<td>$1,100,000</td>
<td>$10,100</td>
<td>80</td>
<td>100%</td>
<td>5</td>
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<tr>
<td>7. Arthur Saffer</td>
<td>Northland Wealth Management</td>
<td>Toronto, Ont.</td>
<td>$21,000,000</td>
<td>$1,800,769</td>
<td>$18,192</td>
<td>155</td>
<td>90.6%</td>
<td>10</td>
</tr>
<tr>
<td>8. David Ramsdale</td>
<td>Ramsdale &amp; Hussain Wealth Management Group</td>
<td>Mississauga, Ont.</td>
<td>$10,000,000</td>
<td>$1,111,475</td>
<td>$11,111</td>
<td>122</td>
<td>100%</td>
<td>16</td>
</tr>
<tr>
<td>9. Gina Macdonald</td>
<td>Macdonald, Shymko &amp; Company</td>
<td>Vancouver, BC</td>
<td>$22,018,000</td>
<td>$2,413,769</td>
<td>$12,192</td>
<td>155</td>
<td>99.6%</td>
<td>13</td>
</tr>
<tr>
<td>10. Elie Nour</td>
<td>The E. Nour Group</td>
<td>Oakville, Ont.</td>
<td>$84,400,000</td>
<td>$2,400,000</td>
<td>$2,400</td>
<td>200</td>
<td>97.9%</td>
<td>5</td>
</tr>
<tr>
<td>11. Pravin Kumar</td>
<td>The Pravin Kumar Group</td>
<td>Vancouver, BC</td>
<td>$4,000,000</td>
<td>$1,000,000</td>
<td>$1,000</td>
<td>350</td>
<td>98.5%</td>
<td>6</td>
</tr>
<tr>
<td>12. Wolfgang Klein</td>
<td>The Wolf on Bay Street Wealth Management</td>
<td>Toronto, Ont.</td>
<td>$12,000,000</td>
<td>$3,272,727</td>
<td>$3,272</td>
<td>110</td>
<td>100%</td>
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<td>13. Mark McNulty</td>
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<td>$25,263</td>
<td>95</td>
<td>100%</td>
<td>5</td>
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<td>14. Reg Jackson</td>
<td>JMRD Wealth Management Group</td>
<td>London, Ont.</td>
<td>$75,000,000</td>
<td>$2,250,000</td>
<td>$2,500</td>
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When Bill Gates first met Warren Buffett, their dinner host, Gates’ mother, asked all seated at the table to identify what they felt was the single biggest factor in their success. Gates and Buffett gave the same one-word answer: FOCUS

Introducing Dennis Mitchell’s Focused Strategy funds, featuring a unique and focused approach to U.S. & Global Equities Investing. See how he ticks...

See the investment approach at sprott.
Lorne Kronish
Assante Wealth Management
Montreal

After launching his own firm, Lorne Kronish joined Assante Capital Management in 1999. Last year, Kronish racked up $64 million AUM, with an average of more than $294,000 AUM per client. He’s also been involved in many charitable endeavours, including the Steps Foundation, the Gold Learning Center, and Miriam Home and Services.

Dale Lamb
DKL Financial Services
Sun Life Financial
Kelowna, BC

Dale Lamb racked up $135 million AUM last year and worked with more than 900 clients. Lamb came from an entrepreneurial family and had an interest in corporate finance from a very early age; by 17, he was already dabbling in the stock market. Over the years, he’s developed DKL Financial Services and become one of the top advisors at Sun Life. Lamb has been named Regional Advisor of the Year for Sun Life for four years in a row.

Blair Lukan
Edward Jones
Saskatoon

Blair Lukan has $63.2 million AUM and 390 clients, but he still finds time to mentor advisors in Manitoba, Saskatchewan and Northwest Ontario. He’s also the growth leader for Edward Jones in those areas, helping industry veterans forge challenging new career paths.

Brad Jardine
CIC Financial Group
Aligned Capital Partners
Ancaster, Ont.

Even with $105 million AUM and nearly 500 clients, Brad Jardine is getting things done. And his clients are noticing – Jardine boasts a 100% client retention rate. He offers a full-service package to his clients that goes beyond investing and into different elements of a client’s financial life, including debt management, saving for retirement, large expenditures, tax planning and estate planning.
Kevin R. Williams
Kevin R. Williams Financial Services
Sun Life Financial
Moncton, NB

Kevin Williams specializes in the family and small business markets. Last year, he had $75 million AUM, with an average of $100,000 AUM per client. Williams is an Advocis guest speaker at two different regional schools. He’s also involved in his local community and volunteers by sitting on the board for the United Way of Southeastern New Brunswick.

Franco Caligiuri
Capital Core Financial
Quadrus Investment Services
Vancouver

As the co-founding partner of Capital Core Financial, Franco Caligiuri brings a wealth of knowledge to the table. That expertise allowed him to rack up $75 million AUM in 2015. Caligiuri began his career working closely with high-net-worth individuals, and continues to share his passion for success by empowering clients with tools to fast-track their financial freedom.

Allan Small
Allan Small Financial Group
HollisWealth
Toronto

Allan Small had a productive 2015, with $106 million AUM and 370 clients. The author of the investment guide How To Profit When Investors Are Scared, Small has been in the business for nearly 20 years.

Joe Figliomeni
KLT Wealth Management
HollisWealth
New Hamburg, Ont.

Joe Figliomeni’s $95 million AUM and 100% client retention rate are even more impressive when you consider the challenges he’s faced in changing the format of his branch from sales/performance-oriented to an overall planning firm that deals with wealth, estate, taxation and risk management. Figliomeni has succeeded in educating clients and handling a mature client base, all the while trying to maintain and grow the business.

Tony De Thomasis
De Thomas Financial Corp.
Thornhill, Ont.

With $200 million AUM and 800 clients, Tony De Thomasis has a lot on his plate. Still, he’s constantly researching new methods, avenues, products and services to ensure that he can provide his clients with the best financial service and investment advice possible. He has an open-door policy in his firm, making himself available at all times to any one of his advisors.
Gregory P. Frost
Frost Wealth Management
HollisWealth
Waterloo, Ont.

Gregory Frost had a good 2015, posting $76.3 million AUM and an average of $315,289 AUM per client. Frost is a 28-year veteran of the financial planning field, having spent time as a corporate accountant before entering financial services in 1988. His specialty is creating customized financial solutions for families and business owners using a unique client-focused and solution-oriented financial planning process.

Ryan Meadows
CIBC Imperial Service
South Surrey, BC

With more than $172 million AUM and 285 clients, Ryan Meadows is a busy guy. But as a senior financial advisor, he still finds time to mentor peers within the branch to help develop their capabilities and ability to recognize high-value opportunities. In addition to his professional role, Meadows participates in fundraising for the BC Children’s Hospital through its annual softball tournament.

Brian Lonsdale
The Lonsdale Financial Group
CIBC Wood Gundy
Ottawa

As of October, Brian Lonsdale had racked up $120 million AUM and 300 clients. Lonsdale works with his clients to identify their unique goals and objectives, then establish a customized plan to attain those goals, using appropriate investment and insurance vehicles to suit their particular needs and risk levels.

Rod Tyler
The Tyler Group
Peak Investments
Regina

With $160 million AUM and a 100% client retention rate, Rod Tyler is a force to be reckoned with. Tyler has been helping families reach their goals and dreams through careful planning and investing for more than 30 years. As a mentor, he also devotes time to sharing his experience, knowledge and leadership skills with other businesspeople. Tyler received the Wealth Professional Lifetime Achievement Award at the WP Awards in 2015.

Chet Brothers
Brothers & Company Financial
Lawton Partners
Regina

Chet Brothers has dedicated his professional career to educating the public and financial advisors about the importance of comprehensive financial planning, and it’s paid off – he had $118 million AUM in 2015. Brothers also has served his profession as past president of the Institute of Advanced Financial Planners and is currently on the board of the Canadian Institute of Financial Planners.
As a self-employed professional, Greg Milley has significant insight into the challenges faced by those required to create and fund their own retirement. Milley’s own professional life means he has a very close affinity to his clients’ situations, and they obviously appreciate it – Milley has $120 million AUM and a 100% retention rate.

Sean Harrell founded Trilogy Wealth Management in 2006 at the age of 30. He specializes in advising hard-working, dedicated people who have unique retirement, estate and investment planning needs. As of October 2015, Harrell had grown Trilogy’s AUM to $120 million, an average of $400,000 AUM per client.

Gary Renaud founded the firm that is now known as Life Span Financial Strategies, where he oversees all operations and is a key part of the firm’s growing success; last year, Renaud had $191 million AUM. Renaud is a member of HollisWealth’s President’s and Chairman’s Club, and has become a recognized leader in the industry.

Robert Redman had $70 million AUM last year, at an average of $380,435 AUM per client. In addition to his professional duties, Redman is a founder of the Finding Hope Foundation and co-organizer of the 100 Holes of Hope, an annual fund-raiser for two hospitals in Ottawa. In three years, he’s helped raise more than $140,000, and is targeting $100,000 in 2016.
FEATURES

COVER STORY: TOP 50 ADVISORS

David Little
Little Wealth Management Group
HollisWealth/Scotia Capital
Burlington, Ont.

David Little closely follows the investment philosophy of his mentor, Warren Buffett. By avoiding gimmicks and ‘flavour of the day’ investment styles, he believes Canadians can achieve unprecedented wealth by owning compounding business machines. The philosophy appears to be working; Little currently boasts 221 clients, with an average AUM of $339,367 per client. Each year, Little and his team donate time and money to local charities, including the Crohn’s and Colitis Foundation, United Way and Give a Kid a Christmas. His office also runs several workshops throughout the year – called Wine, Women and Wealth – that focus on helping women increase their knowledge about investing, tax planning, estate planning and retirement income planning.

Ronald Chui
CIBC Wood Gundy
Calgary

Ronald Chui started at CIBC Wood Gundy in May of 2012 with $0 AUM. What a difference a few years makes: Today, Chui boasts more than $131 million AUM. Between October 31, 2014, and the same time last year, Chui also nearly doubled his client base, and he boasted a 100% retention rate.

Robert Roby
The Roby Retirement and Wealth Team
IPC Securities
Ottawa

Robert Roby is used to success, and last year was no exception. By the end of October 2015, Roby had $60 million in AUM. But despite the many awards he’s won over his career, Roby’s greatest achievement has been making significant differences in the lives of many of his clients. Roby strives to create a well-balanced life for clients first, then create the wealth to merge with that life’s objectives.

David Ritcey
The Ritcey Team
ScotiaMcLeod
Kentville, NS

David Ritcey had an impressive 2015, boasting $80 million under management as of the end of October. Aside from being one of the country’s leading advisors, Ritcey has spent a lot of time teaching introductory and advanced courses in investment and finance. He was also recently chosen to represent Atlantic Canadian advisors on the national advisory board for his firm.

Jason Pereira
Woodgate Financial
Investment Planning Counsel
Toronto

Jason Pereira racked up an AUM per client of more than $508,000 in 2015. Pereira began his career in the financial industry in 1997 in the brokerage business before founding Woodgate Financial Partners with his business partner, James Collins. He serves on the editorial advisory board of the Advisor Group and is a guest lecturer at the Schulich School of Business at York University.
Ann Richards
RS Wealth Management Group
CIBC Wood Gundy
Toronto

With almost $650,000 AUM per client, Ann Richards is a trusted investment advisor to affluent individuals, corporations and entrepreneurs, offering customized investment and financial planning strategies tailored to meet her clients’ individual needs. Richards also volunteers every March with CPA Ontario to prepare tax returns for low-income seniors and immigrants.

Don Emond
Assante Wealth Management
Cobourg, Ont.

Don Emond’s impressive $31 million AUM growth in 2015 earned him a place on the top half of our list – and his client-first approach netted him 25 new clients last year. By investing in his business and increasing his team by one new member, he has been able to increase capacity without diminishing service.

AJ Chase
AJ Chase Financial Group
ScotiaMcLeod
Hamilton, Ont.

With more than 25 years in the industry to his credit, AJ Chase has built a thriving practice that caters to select businesses, families and foundations in Canada. In 2015, Chase had $114 million in AUM. Not only does he provide tailor-made guidance to help his clients make wise financial decisions, but he’s also playing a prominent role in the ScotiaMcLeod Mentoring Program, helping new advisors build their own wealth management practices. Chase has been a long-serving member on ScotiaMcLeod’s executive council, and is the recipient of ScotiaMcLeod’s prestigious Austin Taylor Achievement Award.

Rona Birenbaum
Caring for Clients
Queensbury Strategies
Toronto

A three-time member of the WP Top 50 Advisors list, Rona Birenbaum has more than $131 million AUM, with an average of more than $493,000 AUM per client. Birenbaum is the founder of Caring for Clients, and is widely regarded as an industry thought leader. Frequently contacted by the media as a resource on a wide range of financial planning subjects, she also publishes a popular financial blog, Money Insights.
Darren Luck
CIBC Wood Gundy
Windsor, Ont.

With more than $975,000 AUM per client, Darren Luck serves the complex needs of affluent families, foundations and corporations. On top of his many certifications, Luck credits most of his investment knowledge and expertise to the time he’s spent travelling the world to consult on business and finance with leading authorities – such as Warren Buffett and Jeremy Siegel – whose insights he shares with his clients.

Sean Baylis
Baylis Wealth Management Group
RBC Dominion Securities
Calgary

Before working in the financial industry, Sean Baylis was an educator in the private school system in Calgary. Judging by the 25 new clients he added in 2015, his passion for financial education and helping clients make informed wealth management decisions is serving Baylis well in his new career. He actively supports many charities through the Rotary Club of Calgary, and has received the President’s Circle Award from RBC Dominion Securities.

Rob McClelland
The McClelland Financial Group
Assante Capital Management
Thornhill, Ont.

An expert on how to minimize risk and maximize income during pre- and post-retirement stages, Rob McClelland has assisted thousands of investors in achieving their financial goals over the past 20 years. In 2015 alone, he added 28 new clients and more than $31 million in AUM to his book. McClelland also leads the other advisors at McClelland Financial Group in helping numerous local charities.
Kate Brown has been delivering professional, trusted, client-centred financial services since 1981; today, her practice, which provides financial planning and investment advice to high-net-worth individuals and families, boasts more than $800,000 in AUM per client. Brown is a formal mentor for RBC Dominion Securities young investment advisors and RBC Royal Bank young bankers. She was also named wealth management internal partner for 2015 by Royal Bank regional management.

Lyle Rouleau began working in the financial services industry in 1994 and joined CIBC Wood Gundy’s Edmonton branch in 1998 after four years of building strong client relationships in the Northwest Territories. Today, his practice manages more than $1.3 million AUM per client. In addition to discretionary managed services, Rouleau and his team offer practical strategies for clients, ranging from institutions with strict, low-risk investment guidelines to advice on portfolios of individual stocks for clients who wish to maintain a level of control over security selection.

Luke Kratz’s fee-based business has seen recurring revenues improve (his revenue per client is a solid $6,705) thanks to his strategy of disengaging clients who were inappropriate for his business and adding clients who invest more than $8,000 per year. This rebalancing of his practice has allowed him to manage his resources and provide a dramatically higher level of advice and service to his clients.

James Durnin
Assante Financial Management
Calgary

Impressive AUM growth of more than $26 million helped allow James Durnin clear the top 20 on this year’s list. Durnin has also made major contributions to the industry as a whole, from working with Mackenzie Financial on CRM to submitting letters to the CSA to provide input on various issues.
Donald Daggett
The Daggett Advisory Group
CIBC Wood Gundy
Waterloo, Ont.

With an AUM per client of $1 million, Donald Daggett is currently one of a select number of qualified portfolio managers within CIBC Wood Gundy. He has extensive knowledge in modern portfolio theory, taxation and estate planning, as well as the concerns of small and mid-size businesses. Daggett is an active member of the Rotary Club in the Waterloo Region and co-chaired the first annual Cambridge Rotaries Ribfest.

Paul Green
Green Private Wealth Counsel
HollisWealth
Woodstock, Ont.

Paul Green added 36 new clients and grew AUM by $25 million in 2015, which helped him land at number 15 on our list. In addition to adding clients to his book, Green also moved clients to the portfolio manager division at HollisWealth. He also has hired and mentored two new staff members, both of whom are pursuing a career in financial planning.

Wolfgang Klein
The Wolf on Bay Street
Canaccord Genuity Wealth Management
Toronto

Strong AUM growth ($30 million) and revenue per client ($8,000) helped propel Wolfgang Klein to the number 13 spot. Klein is known for his straightforward, direct approach, and for bringing passion and integrity to each client interaction. He’s also a three-time member of the Canaccord Genuity Wealth Management’s Chairman’s Club.

Cyrilla Saunders
Saunders Wealth Advisory Group
CIBC Wood Gundy
Charlottetown, PEI

As her 20-year anniversary in the business quickly approaches, Cyrilla Saunders’ practice continues to evolve; she added $15 million in AUM in 2015 while focusing on providing the right services to the right client. Saunders continues to mentor two junior advisors, and is involved in many initiatives within the two communities she serves.
Andrew Pyle
The Pyle Group
ScotiaMcLeod
Peterborough, Ont.

Despite a small client roster, Andrew Pyle still boasts more than $1.2 million in AUM per client. Over his 25-year career, Pyle has held several senior market analyst positions, advising individual clients, businesses and charitable organizations on financial issues. He has provided economic and investment strategy advice to corporations, central banks and some of the largest investment funds in the world. Pyle also supports various charitable endeavours, including the Peterborough Hospital and groups affiliated with mental health and Down's syndrome.

Pravin Kumar
The Pravin Kumar Group
CIBC Wood Gundy
Vancouver

Taking a holistic planning approach, Pravin Kumar has built a successful practice that serves a select group of clients, who have an average of $805,882 AUM. One of his main goals is helping investors build their portfolios for upside potential and downside protection. His investment strategy is based on creating a globally diversified portfolio that helps scared investors find their courage in today's volatile markets. He also mentors an MBA student at Sauder School of Business and is involved with the United Way.

Gina Macdonald
Macdonald, Shymko & Company
Vancouver

A top 10 finish in AUM per client ($1.9 million) helped Gina Macdonald land at ninth on our list. Macdonald has been delivering comprehensive financial planning advice for more than 20 years and is regularly contacted as a media expert. A registered portfolio manager, she has provided mentorship through the programs at the YWCA, BCIT and IAFP.

Elie Nour
Elie Nour Group
Manulife Securities Inc.
Oakville, Ont.

Elie Nour had a phenomenal year of growth in 2015, adding more than $84 million in AUM, which easily secured him a spot in the top 10. Over the past year, Nour has invested considerable time and resources educating his clients and the public on the new issues affecting the industry, from regulatory changes and fiscal policies to market changes. Through seminars and Lunch & Learns, Nour has sought to raise financial awareness in his community.
FEATURES

COVER STORY: TOP 50 ADVISORS

David Barnsdale
Barnsdale & Hussain Wealth Management Group
RBC Dominion Securities
Mississauga, Ont.

David Barnsdale’s AUM per client ($1.3 million) and revenue per client ($11,606) cemented his top 10 finish. By focusing on the quality of clients, limiting the number of households and being very selective with new client acquisitions, Barnsdale has streamlined his business to provide the best execution and service possible. His extensive experience in tax reduction provides unmatched expertise and access to solutions for his clients, which include many corporate executives, professionals and business owners.

Frank Ortencio
Ortencio Group
Richardson GMP
Markham, Ont.

With two decades of financial services experience under his belt, Frank Ortencio has combined a comprehensive understanding of products with expertise in portfolio management and tax-efficient investing, which helped him score $15 million in AUM growth in 2015. His disciplined process ensures that emotions do not get in the way of successful investing, resulting in properly diversified, customized portfolios tailored to the specific needs of each of his clients. He was also the first portfolio manager to execute trades using platform-traded funds (PTF) with Invesco, allowing bulk trading in mutual funds. He gives back to his community as a Foundation Board member of the Rouge Valley Health System at Centenary and Ajax Pickering Hospital, and has been the chair of the planned giving committee for the last seven years.

Arthur Salzer
Northland Wealth Management
Toronto

Arthur Salzer has successfully brought the family office model north of the border, claiming more than $2 million AUM per client. As the CEO and CIO of Northland Wealth Management, Salzer is the firm’s chief visionary – developing and implementing the firm’s strategic plan, as well as overseeing all of the company’s operations and investments. Salzer also advises many of the firm’s largest and most complex clients.

Reg Jackson
JMRD Wealth Management Team
National Bank Financial
London, Ont.

Reg Jackson made the top five on our list thanks to AUM growth in 2015 of $75 million and equally impressive numbers of AUM per client and revenue per client. As the co-CEO of JMRD Wealth Management, which manages more than $1 billion in assets, Jackson has established himself as one of the top advisors in the country. Not only does he specialize in daily portfolio management and monitor the markets and the resulting effects on portfolios, but he also manages the sales operations of the London branch and marketing and strategy of the JMRD team.
Richard Harold Tanner nabbed first place overall by placing in the top five for AUM growth, AUM per client and revenue per client. Tanner has been involved in the investment industry for more than 30 years in various capacities, including as branch manager and Alberta trading officer. As an active investor in the stock, real estate and hard asset markets, he provides practical, firsthand experience and advice on clients’ complex wealth management issues. His many years of involvement with nonprofit organizations influenced him to help them with sustainability. To that end, he has put together a Giving Team of experts in trust, tax, legal, planned giving, portfolio management and board governance to help make a long-term difference to his nonprofit clients.

William Vastis
The William Vastis Wealth Management Group
CIBC Wood Gundy
Toronto
Claiming bronze, William Vastis scored in the top five in several categories, including an impressive $125 million AUM growth. With extensive experience in helping business owners and innovators, Vastis specializes in sudden wealth management strategies. He pioneered an approach specifically for business owners who face retirement. In addition to his thriving practice, Vastis and his daughters raised funds and staged their own performance, called The Wickedly Frozen Spectacular, to help support A BroaderWay Foundation, which is dedicated to offering girls from urban communities an outlet for self-expression and creativity through arts-centred programs.

Daniel Girard
Girard, Pilkey & Associates Wealth Management
CIBC Wood Gundy
Waterloo, Ont.
Placing in the top five for AUM growth and revenue per client as well as the top 10 for AUM per client, Daniel Girard claimed second place on this year’s list. With extensive knowledge in modern portfolio theory, taxation, estate planning, and small and mid-size business concerns, he has focused his practice on comprehensive financial planning and sophisticated investment management to help clients make the most of their financial resources.

Mark McNulty’s strong numbers in AUM per client ($2.8 million) and revenue per client (more than $25,000) cemented his place in at number four. McNulty has created a thriving practice serving Ontario dentists, helping them transition from a life of successful practice to a stress-free retirement. He is also the author of The Transition Coach 2.0: A Canadian Dentist’s Guide to a Perfect Retirement and The $6 Million Dentist.

Mark McNulty
McNulty Group
HollisWealth
Markham, Ont.
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the Quality factor

When it comes to investing, quality isn’t always obvious. Identifying high-quality opportunities takes effort and insight.

At Invesco, we've invested our time in developing strategies that make quality investments stand out from the crowd.

The value of a quality core

A prudent portfolio requires a core of high-quality companies that are held throughout changing market cycles.

Historically, quality companies have demonstrated the ability to compound their value over the long term, as evidenced by the outperformance of the MSCI World Quality Index over the broad MSCI World Index.¹

As an investment factor, quality has outperformed the broad market by approximately 4% (annually) over the past 27 years, capturing only 74% of the broad market’s downside and 97% of its upside.¹

While indices exist to illustrate the return characteristics of quality, we believe active investment managers who focus on quality are better-equipped to take advantage of market volatility, when quality companies retain their premium.

Armed with a fundamental understanding of the underlying business and management team, active portfolio managers are potentially better able to capitalize on mispricing opportunities, which may be temporarily reflected in market data.

As demonstrated in the example below, an actively managed portfolio that focuses on quality companies has the potential to preserve capital in bear markets while still participating in subsequent rallies.

Invesco’s Trimark Investments team defines quality companies as those with a strong position in their industry, a competitive advantage or “moat” around their business and a proven management team.

The discipline employed by Michael Hatcher, Head of Global Equities and Director of Research, Trimark Investments, identifies quality companies based on several quantitative metrics, with an emphasis on free cash flow generation, strong balance sheets, return on invested capital and efficient capital allocation.

These qualitative and quantitative characteristics are inherently interconnected, creating a virtuous circle.

A company with a strong position in its industry will generally have pricing power, allowing it to achieve high profit margins and strong free cash flow.

Its competitive advantages allow it to maintain its position of industry leadership, which may allow it to attract and retain a high-quality management team.

“We’re looking for the quality of the underlying business, as represented in its return on invested capital,” says Hatcher. “We’re seeking a high return on a business that generates a lot of cash.”

How the company’s management team decides to allocate that cash is also important. Some companies simply pay out profits as dividends. While many dividend investors may find such high payouts attractive, Hatcher says he would far rather see a company’s management team consider other options.

“Management can do a few things with that free cash flow. If they have growth opportunities at the same high returns, then we want the company to reinvest that capital in the business,” he says. “If a company can earn high returns and grow over time, then you’re going to have a franchise that can compound over the long term. That’s really what we’re looking for when we’re talking about quality.”

¹ Source: Morningstar Research Inc. Comparison between the MSCI World Quality Index and MSCI World Index (both net return and in local currency), from June 1, 1988 to November 30, 2015.

The quality advantage: Capital preservation contributed to long-term performance

Cumulative growth of $10,000 (Mar. 10, 2000 to Nov. 30, 2015)

Source: Morningstar Research Inc., as at November 30, 2015, with returns in Canadian dollars. Notes: The chart illustrates cumulative growth from March 10, 2000 to November 30, 2015. For illustrative purposes only. You cannot invest directly in an index.

Performance as at Nov. 30, 2015 - Trimark Fund, Series F: 1-yr, 17.54%; 3-yr, 20.21%; 5-yr, 15.72%; 10-yr, 7.15%; and 15-yr, 6.17%. Series F is available only to advisors who have signed an Invesco Series F dealer agreement. MSCI World Index (C$): 1-yr, 15.94%; 3-yr, 22.36%; 5-yr, 15.35%; 10-yr, 6.78%; and 15-yr, 3.28%.
THE SPROTT ALTERNATIVE

The company known most for its resource-oriented bent is shifting to an alternative offering that’s finding growing success.
WHEN JOHN WILSON joined Sprott Asset Management in 2012, he was under no illusions about the challenges facing the firm.

While having spent several years looking to diversify from its gold and resources-focused roots, including expanding its lineup of equity, bond and alternatives offerings, the firm was still heavily weighted toward precious metals and commodities, which took its toll on assets when gold prices collapsed from their peak of over $1,900 (US) per ounce in 2011 to just under $1,100 today.

“If you think of our peer group back then, it would have been ‘resource-oriented, high-performance shops,’” says Wilson, Chief Executive Officer, co-Chief Investment Officer and Senior Portfolio Manager at Sprott. “They’re gone – or a very small fraction of what they used to be. It’s not unusual for them to be down 90% in assets, and yet over that same period, we’re flat.”

The reason Sprott has not only survived but thrived is they have restructured and built an entirely new business within the old one. The Sprott that was built on one man’s name and an affinity for gold and resources is almost unrecognizable from the firm that exists today. In fact, 80% of Sprott’s assets are in non-resource investments and are seeing substantial growth. Indeed, Sprott is positioning itself as ‘your alternative.’

“Now that the company has transitioned to a more secure future, the challenge is changing advisors’ perceptions around what Sprott is. The vast majority of advisors, even as recently as last summer, perceived our...”

“The advisor today needs to have a partner that is going to help them differentiate themselves from the other 50,000 advisors in this country”

John Wilson, Sprott Asset Management

Today, Sprott has developed a suite of products that focuses on outcomes investors are concerned with: volatility, low interest rates, inflation risk, home bias. The investment solutions the company offers are designed to help advisors differentiate their businesses and add value to their clients’ portfolios.

“I think to be focused on what we were exclusively is to miss what we are doing now,” says Scott Colbourne, co-Chief Investment Officer and Senior Portfolio Manager. “Sprott has changed; it is growing and it is dynamic and is offering some really compelling and innovative solutions.”

The company still has gold and resource strategies, although they’re quite different from the past. But its unique alternative core strategies, which take an innovative approach to core asset classes such as large-cap Canadian equities and bonds, are what has the company positioned so well for the future.

“We’ve always believed in what we’ve become,” says Colbourne. “We’re on the cusp of really having people acknowledge how we’ve turned it around, and that’s very exciting – that’s pleasing for me to finally see it happen. We’re just getting the wind at our back now, so it’s an exciting time.”
brand to be gold, Eric Sprott and resources,” says Wilson. “And it’s not that we don’t offer gold strategies; we do. It’s not that Eric isn’t an important part of our legacy; he is. And it’s not that we don’t do resource things; we do. But that’s not who we in total are.”

Initially Wilson had to overcome the same internal biases about what Sprott was – and should be.

“A lot of people didn’t think of Sprott as an alternative, different shop,” says Wilson. “They thought of it as a resource shop. You have to set a vision and direction for where you’re going, then you find out which people are going to make the jump and which ones aren’t.”

While some people didn’t make the transition to the new Sprott, the culture that had been created during the company’s history gave Wilson the platform to take the firm forward.

“I think culture is the single most important quotient to be successful in the alternative business, but it’s not one you can snap your fingers and change,” says Wilson. “When we talk about culture, we talk about alignment, accountability and differentiation – that idea that we’re different. Our people are used to us talking about things differently, and we embrace that, and that’s just who we are and we’re proud of that.”

While the right culture was vital in making the transition, morale was low thanks to the beating the company had weathered due to the fall in gold and precious metals. In order for such a dramatic reshuffling of the business to work, Wilson needed some successes to point to, such as the firm’s Enhanced Class of mutual fund offerings, and its Bridging Income Fund – a strategy focused on factoring and asset-based lending.

“That was a big challenge in convincing people and showing people that we had a plan, and that it was going to work and you could win,” he says. “It didn’t take that long to happen because we started to have significant success with my funds and our Bridging fund, and then people were saying, ‘Wow, if we can do that, what else can we do?’”

The firm benefited from its forecast that the low-interest-rate environment was here to stay – and they had the foresight to design products to succeed in those circumstances.

“Where we totally nailed it is there was a time coming – a low-interest-rate environment which we’re now in – where people were going to be faced with an overwhelming challenge, which is, ‘What am I going to do the next five or 10 years to not be greedy but still try and make some money?’ We’re not going back to 4%, 5% or 6% [rates]. We’re going to be here for a long time.”

Illustrating that point, the Bank of Canada recently started discussing looking at Canada’s own version of quantitative easing and negative interest rates. “If I had told you that eight years ago, you would have looked at me like I had three heads,” says Wilson. “Like what are you talking about? But this is where we are. We might all prefer that we weren’t here, but we can’t really change that, and now that you are here, you’re going to need alternative ways of protecting capital, driving return, driving income and doing it in a way that manages your risk and that’s not traditional asset allocation.”

The acceptance of the current environment helped lead to Sprott’s four primary alternative core strategies: equity, fixed income, alternative income and real assets.

The firm’s alternative core equity strategy uses an options overlay to provide a good defensive strategy that allows people to stay invested through turbulent times. Sprott’s alternative core fixed-income strategy aims to achieve stronger relative returns and lower volatility by proactively managing duration, interest rate, credit and liquidity risks.

Given the low-interest-rate environment, alternative income strategies have become prominent, with Sprott’s offerings focused on unique, hedged corporate bond strategies, as well as innovative ways to produce income from factoring receivables and bridging loans.

An example of how the company is repositioning its resource offerings is its real asset strategies that can invest in a diverse range of securities and assets, including precious metals, agriculture and investment trusts. Overseen by Michael Underhill, founder and Chief Investment Officer of Milwaukee-based Capital Innovations, which acts as a subadvisor for Sprott, the firm’s real asset strategies provide additional portfolio diversification with reduced volatility and enhanced return potential.

Sprott has recently expanded its offerings even more with the coup of adding renowned portfolio manager Dennis Mitchell. Mitchell
is running four new funds: Sprott Focused Global Dividend Class, Sprott Focused Global Balanced Class, Sprott Focused US Dividend Class and Sprott Focused US Balanced Class.

Mitchell, who has a long-running relationship with Wilson, didn't have to think long before moving over from Sentry Investments.

“I know from my standpoint, I always thought this is a guy I should hire,” says Mitchell. “So when the opportunity came for us to work together, it just seemed like a natural fit with what Sprott wanted to achieve, in terms of continuing the diversification away from resources, and in terms of what I wanted to achieve, in building out a US/global franchise.”

The timing of the launch couldn’t be better, given the recent downturn in the Canadian markets.

“It’s years like this that really show you the downside of having such a high concentration of assets in an index that really isn’t overly diversified and is almost devoid of truly world-class businesses,” says Mitchell.

With these types of funds, it’s not so much the fund itself that sets it apart from the competition, but the person in charge.

“In this business, we all talk a good story,” says Mitchell. “I’ve never heard anyone say that they didn’t like to buy high-quality businesses. What differentiates me is that I’m very disciplined in doing it. My portfolios tend to be invested in truly high-quality businesses. I run concentrated portfolios, and I tend to be very disciplined in buying companies only when they offer sufficient return for the risk I’m being exposed to.”

Sufficient return is a mantra not only Mitchell espouses, but one that is seen throughout the company. It’s a departure from the beat-the-market mantra many firms espouse.

“There isn’t a single person on the planet whose financial plan should have the words ‘beat the market’ in it,” says Wilson. “That has got nothing to do with anyone’s financial needs or risk tolerance. All it has to do with is ego. We sell ‘we’re going to get you a reasonable return without freaking you out.’ In a world where people used to get that by buying bonds – and can’t anymore – we are finding that people see our offerings as probably the best alternative that they have.”

It’s been a long road for Sprott, but Wilson is confident advisors will appreciate what the company has to offer.

“The advisor today needs to have a partner that is going to help them differentiate themselves from the other 50,000 advisors in this country,” says Wilson. “If they believe, like we do, that this landscape is going to be with us for a sustained period of time, they need answers that are going to help them deal with that. That answer can’t be some fly-by-night shop. It’s got to be someone that they can trust.”

And someone that can offer a suite of diversified, well-managed and truly alternative offerings that can protect against the downside while still making money, irrespective of market conditions.

“This is what the new Sprott is all about,” Wilson says. “We are about offering solutions to portfolio challenges that didn’t even exist a few years ago – how to make money in a low-rate world; how to apply tools and know-how to protect against downside risk; how to diversify not just in Canada, but globally, in a smart way.

“We really aren’t the Sprott that many advisors and investors thought we were. And we’re very excited to continue to show why that’s a very good thing.”
Three-point shot

Jessica Kemp left a professional sports career to join the financial services industry – only to find that the two worlds are surprisingly similar

Jessica Kemp might have followed her parents into the financial services industry, but she did it on her own terms.

After graduating from Niagara University in 2004 with both an undergraduate degree in business commerce and an MBA, Kemp decided to put her finance career on hold to play professional basketball in Europe.

“Some of the advice my dad gave me, which was really invaluable, he said to go out and get some life experience first,” says Kemp, who studied at Niagara University on a full Division 1 scholarship. “So after graduating with my MBA, I went off to Europe to play professional basketball for two years.”

When she returned, Kemp joined a company called Cintas and honed her sales skills – a move she believes helped her succeed in the financial services.

When Kemp finally entered the advisory industry, she joined her parents at London Life, but after just a few years, she realized she was meant for something more.

“When I started working for London Life, I realized that after a few years, something wasn’t right,” she says. “I decided to leave and go work with my parents.”

Kemp joined London Life in 2007 and eventually became a financial planner for the company. After working for London Life for a few years, Kemp decided to leave and start her own firm.

“After two years in the business, I decided to incorporate my practice into Kemp Financial Group,” she says.

Kemp and her brother Michael, who joined her practice as a partner in 2013, are well-known within the Niagara community, mainly for their sports achievements.

“We wanted name recognition and branding for our company,” Kemp says. “And it made sense from a tax perspective to incorporate the business.”

Since its inception in 2011, Kemp Financial Group has welcomed a third member – a licensed administrative assistant – to its team. The wider plan, however, isn’t to hire more advisors and financial planners, but to add complementary specialists to the Kemp brand.

“We would bring in the clients and put them with the specific experts they need in the product or service that they want,” Kemp says. “Essentially, Mike and I would be the captains of Kemp Financial.”

Risk and reward
Leading her own advisory firm wasn’t the only challenge Kemp took on – she also purchased a commercial building in a busy part of the city.

“It was a big financial commitment, being young in the business and investing that much in a commercial building,” she says. “But it definitely ended up being the best thing we ever did.”

Kemp converted the former mixed-use building (which had a past life as a hair salon with residential apartments on the floor above it) to an entirely commercial one. Kemp Financial now operates out of the building, and rents out portions of the space to other businesses.

While the undertaking ultimately worked out, Kemp says she wasn’t exempt from the anxiety of such a big challenge. She could have backed out, but her deep-seated love for the industry helped her forge ahead.
I just have a unique passion for our business,” she says. “All my clients see it; all my colleagues see it.”

Kemp has been able to share her passion for the industry through her work as a public speaker, a gig that started years ago when a colleague at London Life asked Kemp to address a group of new advisors. She did such a great job that the company invited her to speak at a number of its financial centres throughout Canada.

Kemp also has been asked to create motivational and educational videos for HOOPIS, an online training company. In addition to her traditional topics of confidence, sales concepts and building a successful practice, Kemp also speaks about handling objections and asking for referrals.

“Because I love what we do so much, it’s so easy for me to talk about it,” she says. “I get so excited about inspiring and motivating other people.”

Kemp says her athletic background also helped her develop as a speaker. Having competed at a Division 1 university while also completing her MBA, Kemp knows a few things about mental fortitude. She says that at its heart, the financial industry is no different from professional basketball.

“In any sales position, we have a lot of objections, sometimes negative feedback and rejection,” she says. “If we remain negative or we keep a bad attitude or if we don’t know how to handle that, this business can be daunting and very frustrating. You have to remain strong and positive and move on to the next prospect or the next client in order to enjoy what you’re doing.”

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**Speaking out**

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**BACK ON THE COURT**

Kemp might not be playing professional basketball anymore, but she’s hardly on the sidelines.

When she’s not growing her business – or participating in the Ride to Conquer Cancer or sitting on the planned giving committee for the Child Advocacy Centre in Niagara – she coaches a travel basketball team for 15-year-old girls.

It’s a natural progression, after all.

Kemp, who also played for Team Ontario and even had a tryout with Team Canada, has been playing basketball since she was 10 years old.

“That’s the thing about me: I say yes to pretty much anything,” she says. “I say yes because I love meeting new people and talking to people.”

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The next wave of digital solutions

New technologies and secure online services are poised to deliver significant efficiencies and improved ease of doing business while reducing risk for hundreds of fund companies and dealers.

**THE CANADIAN investment industry** has had the benefit of electronic trading, settlement and reconciliation between counterparties for decades now, but it is fair to say the investment sector is coming to the ball a bit late when it comes to replacing paper with digitized solutions. At long last, the industry has turned a corner on finding digital dance partners that are helping them transition into the 21st century.

“It’s remarkable that our industry continues to rely on antiquated technologies like fax machines, telephones and unsecure email,” says Robert Smuk, CEO and president of Fundserv. “There are significant opportunities for our industry to take advantage of low-cost, secure and efficient digital solutions.”

Finding the right digital solutions for the industry has been one of the key objectives for Smuk. Fundserv now offers a suite of web-based solutions that connect advisors and assistants, dealer head offices and fund companies securely and easily. They are uniquely positioned to offer their customers solutions that leverage Fundserv’s existing industry-wide infrastructure and cost recovery model.

**eDOCS: Digitizing account opening and more**

“Fundserv’s been in the business of digitizing our industry for over 22 years, and the logical next step for us was to look at solutions that could replace paper applications and forms,” Smuk says. “Our eDOCS solution does exactly that. In relation to operations and administration, eDOCS is likely to be the single biggest game-changer for our industry.”

Launched in September 2015, eDOCS is designed to meet increasing regulatory and compliance requirements as advisors and investors demand a more modern approach.

“When you have a paper-based process, you get errors,” Smuk says. “When you consider the proliferation of forms and applications, it’s unrealistic to expect busy advisors or their assistants aren’t going to make administrative errors. When you digitize these on a standardized user interface and add edits for mandatory

**4 KEY COMPONENTS OF EDOCS**

- A secure web-based user interface for data capture and form completion
- Robust workflow engine
- E-signature capability
- Document storage and retrieval
fields and client signatures, the process is remarkably improved for all parties involved.

Reducing the dependency on paper-based communications comes amid significant pressure to reduce operational costs while minimizing risk.

Smuk sees eDOCS as an excellent tool to support independent distribution channel viability while ensuring an improved end-client experience. The natural starting point for Fundserv was the account opening process, which consists of paper applications and forms that advisors must present to their clients for signature. These forms and applications are not standardized among dealers and fund companies, are time-consuming for both advisors and clients, and are often prone to errors.

The eDOCS solution is product agnostic and also supports any post-account opening activity that requires a client signature for authorization. Through eDOCS, Fundserv offers a forms management service, which is a significant time-saver for dealers and advisors.

“When designing eDOCS, it was decided from the beginning that we would leverage our existing security infrastructure,” Smuk says. “If you consider paper forms, there really isn’t any security around that. If you are using paper, you are either faxing or mailing it around. If you can get that information onto a secure online portal, such as eDOCS, with state-of-the-art workflow and e-signature capabilities, you have yourself a very powerful solution.”

eDOCS was recently nominated as a finalist at the 2015 Morningstar Awards Gala for the Best Use of Technology Award. “The interest from those in the industry has been rising steadily,” Smuk says. “They are very receptive to eDOCS. Each new eDOCS client has their individual needs and configuration requirements that are reflective of their specific business model. It is more a question of those in the industry asking us, ‘How quickly can we get this going?’.”

“It’s remarkable that our industry continues to rely on antiquated technologies like fax machines, telephones and unsecure email. There are significant opportunities for our industry to take advantage of low-cost, secure and efficient digital solutions”

Robert Smuk, Fundserv
A new communication highway without tolls

With digital account onboarding and related activities taken care of by eDOCS, Fundserv set its sights on improving communication channels amongst industry participants.

Since 2000, most investment fund dealers have relied on FUNDcom as a centralized inquiry tool, giving them secure access to their clients’ accounts with various fund managers across the industry.

Although FUNDcom was originally designed to give users access to basic financial and demographic client account information using a single login and user password, it has grown well beyond its humble beginnings.

“FUNDcom is a remarkable value-add service that is provided at no additional cost to existing Fundserv network participants,” Smuk says. “By working with existing FUNDcom users, we’ve recently developed new functionality that will save dealers and their advisors additional phone calls to the various manufacturers’ call centers. From a fund company perspective, it reduces the number of non-value-add calls. From a dealer/advisor/assistant point of view, it is a fantastic resource for them to quickly get information when they need it in a standardized fashion.”

FUNDcom is self-serve, and inquiries are done in real time. It even allows the user to get information after hours, when you couldn’t from a call centre. Beyond account inquiry, FUNDcom features a duplicate tax receipt tool, ACB information, a DSC schedule/maturity breakdown tool and a redemption fee calculator to assist dealers with the new CRM2 fee disclosure requirements.

“We’re extremely proud of FUNDcom’s ongoing success and what it represents for our industry,” Smuk says. “Over the last five years, we’ve seen annual increases in the number of queries made using this service. In 2015, we reached a record high 68 million queries on FUNDcom.”

With this degree of success, one can’t fault Fundserv for wanting to capitalize on FUNDcom’s proven infrastructure when looking at improved communication tools for its customers. Businesses have been looking for more interactive ways to conduct business, but there has always been a common demand: security. Enter messageserv, a service that leverages FUNDcom technology to provide a new method of secure communication among dealers and manufacturers across the industry.

“Most investment fund administrators do not have a secure way to communicate,” Smuk says. “Existing methods can be time-consuming, risky and error-prone – messageserv addresses these concerns. We launched messageserv in July with a small pilot group and slowly added companies and functionality over time. Initially, we designed messageserv for ‘not in good order’ resolution whereby a manufacturer could send a secure message with an attached document to the dealer requesting follow-up information. Pilot group participants quickly saw the benefits and asked for the second phase to include ‘letter of indemnity’ messages from dealers to manufacturers.”

With messageserv now in full production, Fundserv is readying itself for the next wave of participant onboarding, scheduled for January 27, 2016. Onboarding messageserv requires no development effort on behalf of participants and comes at no additional cost – so one has to wonder just how long we will continue to see fax machines at fund administrator offices.

“This is merely the tip of the iceberg for messageserv; we already have several other future phases planned that will expand both its functionality and user base,” Smuk says. “At Fundserv, we take great pride in offering innovative solutions that provide our customers with reliability and certainty.”

Conducting business online always raises concerns about security and safety – especially when dealing with clients’ personal banking information. Smuk has led the charge by making Fundserv a thought leader within the industry when it comes to protecting client data.

“We make significant investments in IT security on behalf of our customers, and our team is always looking at ways to improve,” he says. “Security is top of mind in everything we do here.”

To find additional information on these and other Fundserv products, visit www.fundserv.com.
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Eric Albertini left mechanical engineering behind for a career helping others grow their financial futures.

**1994**
**JOINS AN ENGINEERING FIRM**
When Albertini opened his doors in 2010, he was faced with a number of obstacles – not least of which was attracting enough clients to keep himself busy. But, just four years later, TPC Yukon was doing well enough that Albertini was able to hire his first full-time employee.

“I became more and more impressed with the services he was providing … When I was starting to think of other career paths besides engineering, having the opportunity to offer those services to other people in the territory was very attractive.”

**1998**
**MEETS TIM PAZIUK**
In 1998, Albertini became a happy client of Tim Paziuk, the owner of TPC Financial in Victoria.

“Eventually, there was enough momentum with existing clients that word of mouth got around, and that’s powerful in a small community”

**2010**
**SELLS NORTHERN CLIMATE TO OPEN TPC YUKON**
In 2010, Albertini finally made the jump from engineering to financial services. He sold his half of Northern Climate and opened a sister company to TPC Financial in the Yukon.

“In engineering, you’re able to help people, but it’s almost a side effect of the services you’re providing. In financial services, people come in and they’ve been stressed or distraught at where they’re at, then you see the stress melt from them.”

**1996**
**PURCHASES A PARTNERSHIP IN NORTHERN CLIMATE ENGINEERING**
Shortly after Albertini earned his professional licence, he learned that one of the co-owners of Northern Climate was leaving the industry to open a brewery. Albertini stepped up to the plate and purchased his portion of the company.

“What makes me proudest and happiest is to build the business, offering quality service and the opportunity to hire people, train them, teach them and provide employment for the community.”

**2015**
**EARN CFP DESIGNATION**
In 2015, Albertini worked to further the business’s reach in Whitehorse, including earning his CFP designation. But that’s just the beginning.

“To maintain our level of service requires two things. First, growing the business with highly qualified planners whose main goal is looking after the clients. The second is having a succession plan in place. If we’re looking after people’s lives from cradle to grave, the company has to survive our clients.”

**1994**
**GRADUATES FROM THE UNIVERSITY OF TORONTO**
Eric Albertini graduated from the University of Toronto in 1994 with a degree in mechanical engineering. But the engineering program wasn’t the only thing that interested Albertini.

“I wanted a career where I was able to help people. I enjoyed the math and sciences, and building things interested me.”

After graduation, Albertini moved back to his native Whitehorse. There he found work with an HVAC consulting firm called Northern Climate Engineering. After two years with the firm, Albertini earned his professional engineering designation.

“[Working at] Northern Climate provided me with the experience of the minute details involved in running a business.”
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Shelly Lairar spends her days protecting her clients’ financial futures, but her service to her community hardly ends there.

**AT THE** end of a long day, Shelly Lairar swaps her financial planner hat for a firefighting helmet. Lairar, a 23-year financial services veteran, joined the Arnprior Fire Department, located just west of Ottawa, a little more than a decade ago when she was looking for a way to get involved in her community.

“When I became a parent, I realized how important it was to give back to the community,” she says. “I also realized how much your children emulate you. I wanted to support the community and be a role model. I didn’t see myself on town council, but I’ve always had an interest in first-responding services.”

When she’s not protecting the people of Arnprior from devastating fires, Lairar is protecting her clients’ financial futures.

“It is very rewarding to do a retirement plan and then have the client call you and say, ‘It’s time – I’m retiring,’” she says.

27
Number of volunteer firefighters in the Arnprior Fire Department

11
Number of department vehicles, including six purpose-built fire trucks

140
Average number of emergency calls answered each year
10 years ago, Manulife Strategic Income Fund started as an innovative idea to generate sustainable income for clients. Today, the Fund has become one of the most successful fixed income mandates in Canada thanks to strong global fixed income capabilities and a disciplined investment approach.

Managed by Daniel Janis and team, winner of the 2015 Morningstar Fixed Income Fund Manager of the Year, this Fund has generated positive returns in 9 out of 10 calendar years and outperformed its category over 1, 3, 5 and 10 years.

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>Since Inception*</th>
<th>Overall Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manulife Strategic Income Fund</td>
<td>5.47%</td>
<td>6.00%</td>
<td>5.81%</td>
<td>6.79%</td>
<td>6.81%</td>
<td>★★★★★</td>
</tr>
<tr>
<td>High Yield Fixed Income Category**</td>
<td>0.48%</td>
<td>2.93%</td>
<td>4.58%</td>
<td>4.51%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Quartile Ranking†</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Global Fixed Income Category</td>
<td>5.39%</td>
<td>4.35%</td>
<td>4.97%</td>
<td>4.72%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

The Fund has calendar returns of 5.47% in 2015; 8.1% in 2014; 4.5% in 2013; 9.1% in 2012; 2.0% in 2011; 8.6% in 2010; 8.8% in 2009; 21.1% in 2008; -2.6% in 2007 and 4.3% in 2006. Source: Morningstar Direct as of December 31, 2015. **Manulife Strategic Income Fund is currently in the High Yield Fixed Income Category. Past performance is no guarantee of future results.

For more information, contact your Manulife Investments Sales Team or visit Repsource.ca/StrategicIncomeFund

There's more with Manulife Investments.

Source: Morningstar Direct, as of December 31, 2015.

†The Star Ratings, quartile ranking and the number of funds within its category (High Yield Fixed Income Category) for each period for Manulife Strategic Income Fund: 1 year period, 4 stars, 1st quartile, ranked 50 out of 488 funds, 3 year period, 4 stars, 1st quartile, ranked 34 out of 315 funds, 5 year period, 4 stars, 1st quartile, ranked 18 out of 128 funds & 10 year period, 5 stars, 1st quartile, ranked 4 out of 57 funds.

The Morningstar Rating, commonly referred to as the Star Rating, relates how a fund has performed on a risk-adjusted basis against its Morningstar category peers and is subject to change every month. Funds are ranked by their Morningstar Risk-Adjusted Return scores with the top 10% of funds in a category receiving 5 stars, the top 22.5% receiving 4 stars; a fund in the middle 35% receiving 3 stars; and a fund in the bottom 22.5% receiving 2 stars. The Overall Star Rating for a fund is a weighted combination of its 3, 5 and 10 year ratings. Overall ratings are adjusted where a fund has less than 5 or 10 years of history. Please refer to www.morningstar.ca for greater detail on the calculation of the Star Ratings. Quartile and absolute rankings are determined by Morningstar and are as of December 31, 2015. The absolute and quartile ranking shows how well a fund has performed compared to all other funds in its category peer group and are subject to change every month. The quartiles divide the data into four equal regions. The Top 25% of funds are in the first quartile, the next 25% of funds are in the second, and the next group is in the third quartile. The 25% of funds with the poorest performance are in the fourth quartile. © 2015 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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The Mackenzie Canadian Growth Team. Five-Star Performance.

“We look to invest in companies that have best-of-breed management teams who share our values about prudent capital allocation; are focused on creating value for shareholders over the long haul and are trading at a discount to our assessment of fair value.”

Dina DeGeer
Lead, Mackenzie Canadian Growth Team

The Mackenzie Canadian Growth Fund: five-star Morningstar rating
The Mackenzie Canadian Growth Balanced Fund: five-star Morningstar rating

Compound Annual Performance

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mackenzie Canadian Growth Fund Series A</td>
<td>15.3%</td>
<td>19.9%</td>
<td>12.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Mackenzie Canadian Growth Balanced Fund Series A</td>
<td>10.1%</td>
<td>14.2%</td>
<td>9.1%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

Source: Mackenzie Investments, As of November 30, 2015

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns as of November 30th, 2015 including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The rate of returns is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of Mackenzie Canadian Growth Fund and Mackenzie Canadian Growth Balanced Fund or returns on investment in Mackenzie Canadian Growth Fund and Mackenzie Canadian Growth Balanced Fund.

Morningstar Star Ratings reflect performance of Series A units as of November 30, 2015 and are subject to change monthly. The ratings are an objective, quantitative measure of a fund’s historical risk-adjusted performance relative to other funds in its category. Only funds with at least a three-year track record are considered. The overall star rating for a fund is a weighted combination calculated from a fund’s 3, 5, and 10-year returns, as available, measured against the 91-day treasury bill and peer group returns. A fund can only be rated if there is a sufficient number of funds in its peer group to allow comparison for at least three years. If a fund scores in the top 10% of its fund category, it gets 5 stars; if it falls in the next 22.5%, it receives 4 stars; a place in the middle 35% earns a fund 3 stars; those in the next 22.5% receive 2 stars; and the lowest 10% receive 1 star. For more details on the calculation of Morningstar Star Ratings, see www.morningstar.ca. Quartile rankings and peers beaten are calculated by Mackenzie Investments based on the fund series-level data Morningstar provides. The CIFSC categories, Star Ratings and number of funds in each category for the standard periods are: Mackenzie Canadian Growth Fund Series A, Canadian Focused Equity category: 3 years - 5 stars (419 funds), 5 years - 4 stars (273 funds), 10 years - 5 stars (146 funds), Mackenzie Canadian Growth Balanced Fund Series A, Canadian Equity Balanced category: 3 years - 5 stars (342 funds), 5 years - 5 stars (246 funds), 10 years - 5 stars (91 funds).