

1. How many investment advisors would state:

That you are in a life and death struggle with the investment industry. The investment industry is built on people trading and the more they trade the better it is for them (not you). We wholeheartedly agree with noted financial author- turned-investment advisor [Dr. William Bernstein](#) who puts it this way: “*investment brokers service their clients the way Bonnie and Clyde serviced banks.*”

2. Author, writer [Nick Murray](#) writes:

You live in an investment culture where to be a successful investor you are told the key is to trade, to buy and sell. All this stock trading is for all intents and purposes, a conspiracy, a fraud. It isn't an active or a conscious conspiracy. The heads of all the major banks, or fund companies have not met secretly with the editors of the Globe, Mac- Lean's, Forbes, Business Week nor with the program director's of CBNC, Fox, Bloomberg, and the good folks at Morningstar. It's just that businesses, attempting to sell something for a profit, have independently arrived at the same conclusion: their business interests are best served by implicitly suggesting the benefits of stock and fund trading and market timing.

3. Many financial advisors still trade.

Many advisors have consciously and cynically offered this service to the people because they know it is what they will buy. Many advisors become witting or unwitting coconspirators in the propagation of the lies and distortions being "sold". This epiphany is best explained by these two quotes:

[Burton Malkiel](#): It's like giving up a belief in Santa Claus. Don't try to buy at the bottom and sell at the top. It can't be done except by liars.

[Bernard Baruch](#): Don't try to buy at the bottom and sell at the top. It can't be done except by liars.

The wind that blew down all the big banks may have also leveled the advisory playing field. That lone, *independent advisor* now stands as tall as any advisor at any big financial conglomerate. Amid all the daily doom in the papers, on radio and on TV, the trusted independent advisor may be the only voice of hope the client may hear.

A good financial advisor will turn his attention to the things that he can control:

- controlling investor emotions
- lowering taxes
- lowering fees and reducing trading activity
- researching for best “index strategies”- example DFA index funds introduced into Canada in 2003
- providing income tax guidance and help
- providing estate planning guidelines
- providing retirement planning guidelines
- having the proper asset allocation for **your** needs
- providing the worst case situations - like good engineers do when building bridges
- proper rebalancing techniques...and much more

Purchasing a diversified stable of investments is not for the faint hearted, the quantitatively weak, or those without razor-sharp interpersonal skills, exquisite business training, and huge gobs of spare time. Three writers from the *Journal of Finance*, also agreed. Josh Lerner, Antoinette Scolar, and Wan Wongsunwai examined the investment returns of various organizational structures. Their results were: banks, insurance companies, investment companies, private advisors, and corporate pension funds did not do terribly well.

Fear of Failure Paralyzes Investors

People who lose \$1,000 feel bad. People who find \$1,000 feel good. The person who finds \$1,000 doesn't feel as good as person who loses \$1,000 feels bad. In fact, the loser weighs on the issue *twice as heavily as the gainer*.

That's called loss aversion.

Sociologists and anthropologists surmise this tendency helped humans survive in earlier environments. Think about hunting down a large beast—the opportunity for gain has to be much bigger than the potential danger to make it prudent for people to take the risk.

Warning signs

Look at Germany, where 90% of the population holds no equities, showing a marked preference for fixed-income products. This happens despite the fact that in the long term, equities outperform fixed income. At the same time, 35% of Germans regularly buy lottery tickets. So they show a preference for both very safe and very risky investments.

The Message for Investors is Clear

If you want to pick your own stocks and bonds, be our guest. Just don't imagine that making your decisions on the basis of publicly available information and analysis will lead you anywhere but to the poor house. You're going to have to look at the primary data and analyze it entirely by yourself. *And you'd better be good at it.*

The First Contact

The first contact is at our expense: no fees or obligation on your part. This is when we find out whether we can help you. It also gives you a chance to evaluate if we are the right firm for you. At the end of the contact you can then decide whether you want to engage us. If you proceed, we will also ask you to complete an investment risk questionnaire. We will ask what's important to you. What you'd like to achieve before and after you stop working? What does financial independence mean to you? World travel or daytime TV and baked beans?

We then discuss the results of your questionnaire and conduct a simple "*stress test*" to double check how you feel about investment volatility. This is the fun bit and where the really valuable financial advice is done. Before we construct your plan we run through a few scenarios to get a feel for your situation. The decision on what strategy to follow is made in *collaboration with you*.

Reviews

Life has this irritating habit of changing things, whether it is Greece, tax or pension legislation, or your own goals and objectives. Financial planning only works if you check regularly that your plans are still on track and make the necessary changes.

The CGAP portfolio advisory fee structure is very, very competitive.

Asset Range	Advisor Fee	Maximum Annual fee
\$100,000 - \$250,000	1.00%	- - -
\$250,000 - \$500,000	0.75%	- - -
\$500,000 - \$1million	0.50%	- - -
\$1million - \$2million	0.50%	or \$7,500 (the lesser of)
\$2million - \$4million	0.375%	or \$12,000 (the lesser of)
\$4million - \$8million	0.25%	or \$15,000 (the lesser of)
\$8million - \$16million	0.15%	or \$20,000 (the lesser of)
\$16million plus	- - -	\$25,000 max annual fee

Can professional advice benefit even *seasoned investors*? Many of you reading this may be DIY investors (*Do It Yourself investor*). But regardless of the experience you have, a good financial advisor can help you realize your goals by offering an *impartial, professional take on your financial affairs*.

Here are 6 good reasons to use an independent adviser.

6 REASONS WHY YOU SHOULD USE AN INDEPENDENT FINANCIAL ADVISOR

1. YOU'VE GOT BETTER THINGS TO DO

With the help of Google and other sites, in theory all you need to be your own financial planner is the time and inclination. The problem is that there's so much information available: you need a lot of time to wade through it all. Even if you have the time, sitting and watching your stocks all day is not going to do your blood pressure much good.

2. Cutting through the noise

How do you cut through all the noise and the sheer weight of information to get the right information or advice? Would you take the medicine prescribed for your friends, or accept a diagnosis from people you don't know? Probably not. Media stories tend to be dominated by a people with their own agendas. Although you'll hear plenty of bragging about successes, very few people are prepared to admit to their mistakes.

3. THE SECRET TO YOUR FINANCIAL INDEPENDENCE

The most effective way to achieve financial independence is to do the small but important things regularly for long enough. Unfortunately, this **boring truth** does not get much media publicity because it is not good copy.

4. KNOWING YOURSELF

Evolution has not wired human beings to make good financial decisions. Our urge to be part of the pack, to overvalue the short term, and our aversion to losses can cause us real financial harm. A financial advisor has the objectivity to help stop your heart ruling your head.

5. SOMEONE YOU ARE ACCOUNTABLE TO

Unfortunately, too many people who make their own financial plans don't actually follow through on them. A financial advisor will be the '*monkey on your back*' to ensure you take the steps needed to achieve your long-term goals.

6. IT DOESN'T HAVE TO BE ABOUT SELLING A PRODUCT

Unlike most salespeople, an independent financial advisor will not be reliant on selling you their financial product. This is why they have the objectivity needed to provide financial advice that is right for you. Independent financial advisors get **paid by you!** See our very competitive fee schedule.

Many Portfolios on based on a very simple but flawed concept. They are based on what has transpired over the past five or ten years. But a great (index) portfolio should review data of at least of 25 years (or longer). The twenty index portfolios of greatadvisors.ca (CGAP) were constructed with data of 50 - 75 years.

Canadian Greatadvisors Portfolios (CGAP) could have investments in the following index asset categories and investment styles based on the CGAP portfolio you select.

An engineer building a bridge would build it based on the worst possible situation (wind, earthquake, load, etc).

A good portfolio should also ask “what would be the worst possible outcome, not just the median or the best outcome.”

BONDS / INCOME CASH	EMERGING MARKETS
Canadian bonds	China
Global bonds	Russia
Government bonds	BRIC
Corporate bonds	S America
Inflation bonds	Brazil
High yield bonds	Emerging value
Preferred shares	Fundamental value

ALTERNATIVE ASSETS	REAL ESTATE
Infrastructure	Canadian
Commodities	USA
Resources	Global
Minerals	Commercial
Agriculture	Industrial
Option writing	REITS

The DFA Core Index Equity slants their equity index funds value and small cap as shown in the table below.

Canadian Equity	
Large Cap Value	2.36%
Large Cap Neutral	3.51%
Large Cap Growth	0.76%
Mid Cap Value	1.16%
Mid Cap Neutral	1.23%
Mid Cap Growth	1.18%
Small Cap Value	0.99%
Small Cap Neutral	0.80%
Small Cap Growth	0.66%
US Equity	
Large Cap Value	3.03%
Large Cap Neutral	2.40%
Large Cap Growth	0.51%
Mid Cap Value	1.34%
Mid Cap Neutral	1.44%
Mid Cap Growth	0.20%
Small Cap Value	1.24%
Small Cap Neutral	1.26%
Small Cap Growth	0.13%
International Equity	
Large Cap Value	2.76%
Large Cap Neutral	3.09%
Large Cap Growth	0.60%
Mid Cap Value	1.72%
Mid Cap Neutral	2.01%
Mid Cap Growth	0.68%
Small Cap Value	1.63%
Small Cap Neutral	1.25%
Small Cap Growth	0.33%

PORTFOLIO RISK - RETURN RELATIONSHIP

