



Reviewing the options for portfolio management

Know the pluses and minuses

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By Kim Inglis

Canadians have many options when it comes to managing their investment portfolios. Most opt for full-service investments firms while others choose discount brokerages or robo advisor services. Those choosing to go it alone should make sure they fully understand their options before proceeding.

I recently received an email from an elderly gentleman who was very concerned about his situation. He'd been working with another advisor but was so disappointed with the quality of advice that he pulled his portfolio and decided to fly solo. Investing quickly became his full time job and, where he was once enjoying his retirement, he was instead burdened with the task of monitoring his investments and sifting through some rather misleading information.

In his quest for knowledge, he read articles on various websites and subscribed to a number of newsletter writers. Unfortunately, many of these sources are obscure day traders whose intentions appear to be more about accumulating subscription fees than providing valuable or correct information.

As a result of being influenced by these subscription sites, this man's entire investing outlook changed. A once conservative investor, he ventured into very risky territory, investing in untested futures strategies and various venture situations. And he saw his portfolio drop further.

Using a discount brokerage is analogous to any do-it-yourself undertaking; some people have the

aptitude, skills and knowledge while others do not. The key question to consider is whether it's the right move for you, and it's important to examine all aspects of the issue.

For sophisticated investors with the time and energy required to manage their portfolios, a discount brokerage might make sense. These individuals are knowledgeable, confident in their skills, and able to separate the wheat from the chaff in analyzing data. They know their comfort zone of risk and have the discipline to stay within it. Discount brokerages are not all the same and these knowledgeable investors are better able to assess the choices.

The full service model also suits sophisticated investors and tends to attract those who don't have time to manage their portfolios. Their time is money better spent elsewhere. Time is just as important for investors who prefer to spend it in activities that enhance their quality of life. Both groups want the freedom of personal guidance accompanied by professional research, analysis and reporting. They also want those things that discount houses cut, in order to offer lower fees, but which directly affect financial health - tax and estate planning, education funding, insurance for personal and business goals, and new issue opportunities.

Deciding to change the way you invest should receive the same scrutiny as an investment purchase. Whatever you decide, it must be the right move. In these markets, it's important to remain updated and know where you stand.

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Kim Inglis, CIM, PFP, FCSI, AIFP is an Investment Advisor & Portfolio Manager. The views in this

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www.kiminglis.ca