

The investment industry has changed since the '80s

Long gone are the days when stockbrokers spent their time earning commission by pitching stocks and providing "tips" promising huge returns.

Today, most investment advisers are switching to a fee-based holistic approach when providing portfolio management advice. This will often include how to structure your entire portfolio while managing risk, as well as creating a complete estate and financial plan for you and your family.

If you're an investor and are still investing "the old way" with your stockbroker, have you considered what services your stockbroker provides you, other than giving you an exciting story about why a specific stock or mutual fund promises big returns? Do you hear from your broker only when they want to sell you something? Do they ignore your calls or emails when there is volatility in the stock market? Who's really managing your portfolio – you or your broker?

The glory days for stock brokers are coming to an



end. Some have survived, but their ships are sinking nonetheless. Don't be fooled by the title Investment Adviser, as they may be no different than brokers ... perhaps with a slight improvement of charging a fee for service as opposed to commission per trade. However, there is a lot more you should be expecting from your investment professional.

A new type of adviser has emerged since the days when Jordan Belfort was a stockbroker (this is the stockbroker played by Leonardo DiCaprio in the movie *The Wolf of Wall Street*). Since the 21st century, investors have

been demanding improved service when a professional manages their hard-earned money. The investment industry is catering more to client needs than ever before and most firms now have certified financial planners on hand to provide investors with retirement, tax and estate planning advice.

The financial industry is even moving more towards discretionary management where an adviser has a fiduciary duty to all clients, so all the day-to-day trading decisions are executed by the portfolio manager (without any phone calls or input from their clients). This makes sense because you should essentially be hiring a team that is more knowledgeable than you are in the stock market. They are able to buy or sell a stock in minutes for all their clients instead of having to call 50 to 100 clients, which can take weeks to do. Markets are volatile and move quickly, so whoever manages your portfolio needs the ability to act accordingly. Investors are getting much more for their money than they used to when compared

to the 1980s and 1990s, or at least they should be.

While working with a stockbroker may seem exciting and you may want to be involved in the trading decisions, the stock market has changed since the 2008 financial crisis and your adviser needs the ability to act quickly without having to call you for each trade. If your investment adviser hasn't evolved in providing first-class service with a holistic approach to investing then it may be time to find another adviser before it's too late.

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