

Investor Insight

Dekker Hewett Group | Independent. Trustworthy. Experienced.

The Value of Advice

The investment industry has attracted much attention lately with negative press and scrutiny relating to the costs associated with investing. It's understandable — investors have many options when seeking financial advice and, often, clearly differentiating between the alternatives is difficult.

But, the old adages “knowledge is power” and “you get what you pay for” may be especially relevant in our industry and we believe that more transparency relating to the cost of business can only help investors as they plan for their financial future.

Why Is There a Cost?

At a very basic level, investors pay for the financial planning and advice we provide. Our financial plans are tailored to take into account your particular goals and risk tolerance and we are here to help you adapt as situations change through different stages of life or when the marketplace changes. Good investment advice helps to keep you on track towards meeting your goals.

We have a team of qualified experts focused on managing your wealth and we strive to deliver a very high standard of advice and service. Our advice is complemented by a wide range of research and information services, as well as simplified and consolidated reporting.

Today, investors have many more investing resources available, but investing has also become much more complex. Professional money managers have access to company management and analytical tools that most investors do not. The best advisors spend a great deal of time and resources making informed and disciplined investing decisions. In most cases, a comprehensive approach to wealth management means more than just providing investment recommendations, including tax planning strategies or intergenerational and estate planning.

Dekker Hewett Group
Canaccord Genuity Wealth Management
609 Granville St., Vancouver, BC, V7Y1H2
T: 604.699.0852
E: dhginfo@canaccord.com
www.dekkerhewettgroup.com

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Why Do Some Investment Products Incur Higher Costs?

Additional fees may be incurred with specialized investment products. For example, mutual funds are actively managed and require a team of professionals who make investment decisions based on a fund's investment objectives and continuous in-depth research. Active management means that adjustments are made in response to changes in the portfolio's securities or the marketplace over time. During periods of high market volatility, the portfolio manager may change the portfolio's holdings to reduce risk or volatility. The associated costs make up the management fee.

Certain index funds, such as exchange-traded funds (ETFs) that are not actively managed, will not incur the same management fees. However, these index funds do not mitigate risk and are designed simply to mirror an index.

Mutual funds also charge an administrative fee that includes operating expenses such as marketing, record keeping, tax/client reporting, legal, auditing and filing charges.

Where Do Advisors Add Value?

During financial market downturns, it may be easy to focus solely on returns and overlook the value provided by an advisor. Likewise, when times are good, it may seem as though anyone can make money investing in the markets. But managing a financial plan can be complex and time consuming. Many individuals may not have the time to do this on their own or can benefit from an additional level of support or discipline.

An advisor will work closely with you to extract current facts and information, review investment alternatives and identify potential risks and rewards so that you can make informed investment decisions.

Many studies, including a 2012 report by the Investment Funds Institute of Canada, show that Canadians who use professional advisors have substantially higher investible assets than non-advised households, regardless of household income level. These individuals also have greater financial literacy and better savings patterns. Most importantly, investors working in partnership with their advisors are more confident about their financial future.

One of the most important parts of our job is helping you to prepare for the future and meet your financial objectives. We strive to prove our value to you by supporting you and your investments. If you ever have any questions or concerns, please don't hesitate to call.