



## A Fresh Perspective on Goal Setting

Are you on track to meeting your financial goals?

To give you an even clearer picture of your financial progress, reporting changes are being implemented to help you better understand how your investment accounts are performing and costs associated with your investments.

These changes, known as Phase Two of the Client Relationship Model (CRM2), will provide you with improved transparency through a new Year-end Account Report (which you will receive with your December 2016 account statements). Of course, the report should not substitute ongoing communication with your advisor about your unique situation.

The report consists of a snapshot of your portfolio's performance and personal portfolio rate of return, and associated fees.

Let's take a closer look at the information in the report.

### 1) Performance

The report will detail your personal portfolio performance, giving you what's known as the money-weighted rate of return.

Previously, the compound rate of growth in your investment overall was disclosed, otherwise known as the time-weighted rate of return. The money-weighted rate of return will give you a more complete picture of your account return and help you ensure your investments are aligned with your long-term goals.

### What's the difference?

Let's dive deeper into what each rate of return measures.

#### Time-weighted rate of return

The traditionally reported time-weighted rate of return measures only the performance of the underlying securities. It doesn't consider any of your account deposits or withdrawals. The time-weighted rate of return is an excellent judge of how well an investment has performed over time.

#### Money-weighted rate of return

The new report will show your individual return, or money-weighted rate of return, and will reflect the impact of any deposits into or withdrawals from your account. As your money-weighted rate of return is unique to your account's activity, it is a powerful indicator of where you are on the path to reaching your investment goals.

If your account has seen no activity, the time-weighted and money-weighted rates of return will be identical.

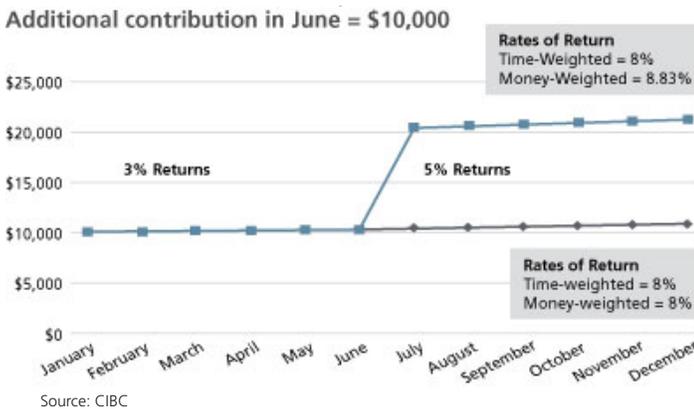
Let's look at how deposits and withdrawals can impact both rates of return.

#### Time-weighted Rate of Return:

- You make an investment of \$10,000 at the beginning of the year.
- Your investment delivers an 8% (\$800) return.
- By the end of the year, your total time-weighted rate of return is 8% (10,800/10,000).
- Also, given that there were no contributions or withdrawals over the time period, the money-weighted rate of return is equal to the time-weighted rate of return.

Money-Weighted Rate of Return (or Individual Rate of Return):

- Now, let's look at the same scenario but through the lens of the money-weighted rate of return.
- The money-weighted rate of return considers how the activities in your account affect your investments.
- You make the same investment of \$10,000 at the start of the year.
- Now, let's say you decide to invest an additional \$10,000 mid-year, resulting in a total investment of \$20,000.
- Given that the majority of your money was invested at a time when the market was performing well, your money-weighted rate of return over the year is 8.83%. This is higher than your time-weighted rate of return.



Your money-weighted rate of return is a great point of reference when you are discussing your financial situation with your advisor and looking ahead.

That's the performance piece of the report. The compensation portion of the report will explain the fees for the services provided.

**2) Fees**

The Year-end Account Report will also summarize your transaction and account administration fees (in dollar amounts) paid by you, or certain third parties, to us. These include operation fees, transaction fees and fees paid by others in connection with an investment account.

To be clear, *the costs associated with your investments are not changing*. What is changing is the amount of detail and the perspective. Rather than show you the fees that you pay to us, your Year-end Account Report will now show you the fees that we received from securities issuers and other registrants in connection with your account. Some of those fees you pay directly and some of those fees are received indirectly.

However, regardless of how the fees are delivered, the priority is to serve your wealth management needs. Working with an advisor helps you find the investment opportunities to meet your financial goals. On your year-end account report you will see "Fees received from others." These fees afford advisors the time to be hands-on in finding investment opportunities for you. You also have access to top-notch portfolio management expertise and research-based feedback on your ideas.

**Beyond investment fees: Value-added services**

Investing can sometimes be an emotional business — when markets fluctuate, it can be difficult to make the right decision. An advisor can help keep you invested (even when you may feel uneasy about the situation) and help you make important asset allocation shifts along the way. The relationship between a client and advisor is focused on:

- A deep understanding of your investing personality and financial goals
- Tailored strategies and solutions
- An exceptional level of service

And it's not just about investment advice; working with an advisor affords you:

- Long-term financial/retirement planning
- Access to tax-advantaged vehicles like RRSPs, RESPs and TFSA's
- Guidance on wills, powers of attorney or other estate-planning assistance
- Access to tax-effective investment strategies

And the list goes on.

It's no accident that a prominent study showed that households working with an advisor for seven to 14 years accumulate twice the financial assets than non-advised households that are identical in all other respects.<sup>3</sup>

**Call us, anytime**

While the Year-end Account Report is a new tool, regular touchpoints are still the best way to keep on top of your financial situation. We encourage you to reach out to us whenever you have questions about your wealth management needs or when you need more information on how to best position your portfolio for success.

<sup>1</sup> Dr. Jon Cockerline, "New Evidence on the Value of Financial Advice," 2012 (Investment Funds Institute of Canada).