

UNDERSTANDING YOUR INVESTMENT OPTIONS

Making sense of the investment options available to you can be difficult. Understanding what each type of financial services professional can and cannot provide is key to understanding which one is most suited to meet your needs.

In order to help you understand which investment option works best for you, we have summarized the general differences between each option, as well as each option's strengths and weaknesses in the table below. This is not an exhaustive list.

INVESTMENT OPTION	SERVICES	STRENGTHS	WEAKNESSES
Discretionary Portfolio Manager (i.e. Strategic Wealth Management)	<ul style="list-style-type: none">Comprehensive discretionary portfolio management.	<ul style="list-style-type: none">Provides optimal supervision of all aspects of your portfolio.Transparent fee structure.Fee structure aligns manager and client's goals.Works to ensure that hidden investment costs are minimized to the greatest extent possible.	<ul style="list-style-type: none">Minimum account sizes often apply.Does not sell insurance products; focuses entirely on managing investments.Not suited for clients who prefer not to delegate and would like to approve every portfolio transaction (delegation is necessary for successful portfolio management).Often hard to find due to specialized skill set.
Financial Planners	<ul style="list-style-type: none">Map out general investment objectives in context of your financial plan.Often act as agents for insurance products.	<ul style="list-style-type: none">Low or no minimum account sizes.Easy to find one – typically located in most bank branches.	<ul style="list-style-type: none">Often limited to providing higher cost investment vehicles such as mutual funds, guaranteed or segregated funds.Earn commissions from mutual fund fees (MERs).Banks and other financial institutions tend to have higher staff turnover, which impacts client relationships.
Self-directed (Online) Discount Brokerage	<ul style="list-style-type: none">Provide trade execution.	<ul style="list-style-type: none">Low or no minimum account sizes.High level of control over investments.Low cost transactions.Can purchase a wide variety of investments including funds, stocks and bonds.	<ul style="list-style-type: none">Little or no support for investment decisions. (No advisor is involved).Depending on objectives, the investor may expend significant time and effort to manage their portfolio.
Investment Advisor or Stockbroker	<ul style="list-style-type: none">Provide investment guidance and trade execution.	<ul style="list-style-type: none">Provide more guidance than self-directed discount brokerages.Have access to a wide variety of investments.	<ul style="list-style-type: none">Not eligible to perform discretionary management, with rare exceptions.Mostly deal only in structured products such as mutual fund "wraps" which encourages client standardization.Remunerated through commissions charged on trading.