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ADVISOR

FROM CLICKS TO CLIENTS

TURNING SOCIAL MEDIA SUCCESS INTO FINANCIAL SUCCESS

Ryan Lewenza, Senior VP and Portfolio Manager, Garth Turner, Senior VP and Financial Advisor at Turner Investments, Jamil Kassam, VP, Business Development, Dynamic Funds and Doug Rowat, Senior VP and Portfolio Manager at Turner Investments.

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Dynamic Funds®
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TURNING SOCIAL MEDIA SUCCESS INTO FINANCIAL SUCCESS

It was never intended to be a business-building tool.

The Greater Fool blog written by Hon. Garth Turner PC was simply a way to articulate his views after a long, colourful career in politics, the media and public speaking. Launched in 2008 – a full two years before he became an advisor – the blog covers a range of topics from real estate to the markets and investing. Today, it's visited more than six million times a year and has become a key growth driver for Garth's Toronto-based practice, Turner Investments. In fact, Turner Investments may be one of the fastest growing practices in Canada

Hon. Garth Turner

attracting, on average, nearly $100 million a year in assets, which works out to a 20% compound annual growth rate.

"The blog builds trust with readers and trust is the most important factor in the advice business," says Garth, Senior Vice President and Financial Advisor. He joined Raymond James in 2013 shortly after his first practice was purchased by National Bank Financial as part of the bank's agreement to acquire his dealer Wellington West. According to Garth, the trust comes from the blog's consistency and accessibility.

"When you explain difficult concepts in understandable language and publish seven days a week, 365 days a year, you build a following, you build trust," he says.

Former Revenue Minister

A high profile, which Garth enjoys, also helps. In addition to having written 17 books on investing and serving as an MP and Minister of National Revenue in Ottawa, Garth spent eight years on the road speaking on behalf of financial advisors, and as a media authority on personal finance.

"I've been in every hall, hotel ballroom and church basement across this great land, so a lot of people were exposed to me over a long period of time and the blog reinforces that online," says Garth.

> "I've been in every hall, hotel ballroom and church basement across this great land."

Between the blog and his many speaking engagements, Garth was often asked to help people with their financial lives, and in 2010 he finally said 'yes' and became an advisor.

Interestingly – or importantly – *The Greater Fool* carries no Raymond James branding and there are no ads for Turner Investments. It's up to readers to take the time to search and find out more about Garth and, in turn, discover Turner Investments. In addition to crediting the blog for much of the practice's rapid growth, Garth also says it's led to a very different client profile than most financial advisories would target. The average age of a Turner Investments client is only 50 with average assets in excess of $600,000. That runs counter to perceived wisdom among many practices, which view high-net-worth clients and their million-dollar accounts as the Holy Grail in the advice business.

> "We're not after the 65-year-old guy with a $5-million account."

"We're more interested in younger families, a younger demographic, people who are going to remain clients for 20 years and social media naturally skews to a younger demographic," says Garth.

The blog isn't the only communications tool used by the 100%-fee-based practice. Turner Investments also employs other platforms such as Twitter, a weekly podcast and regular media appearances to connect with people. The result, says

Doug Rowat, Jamil Kassam, Ryan Lewenza, Garth Turner

Garth, is a practice that's truly national in scope with clients in every province.

Writing a blog and Tweeting is one thing, according to Garth, but managing and running a practice is altogether different and, as rapid growth took place, he recognized the need for help.

"I can't understand how one guy with an assistant can be attracting clients, spending time prospecting, doing events, doing communication, investing in people, reviewing risk management and doing portfolio reviews," says Garth.

After establishing himself at Raymond James, Garth partnered with Doug Rowat, Senior Vice President and Portfolio Manager in 2015. Doug had been working at Raymond James' corporate head office and had the strong investment background Garth was looking to add to the practice. A year later, in the summer of 2016, Ryan Lewenza joined Turner Investments as Senior Vice President and Portfolio Manager. He also came from Raymond James' corporate head office. Ryan and Doug had been friends for over a decade and worked together at Raymond James with Doug filling the role of portfolio manager and Ryan the chief investment strategist.

Playing to strengths

"Having two confident, experienced partners allows me to focus on building the business and keeping relationships vibrant with the clients. In contrast to some practices, where you've got one advisor trying to do everything, wearing six different hats, we've decided to focus on each of our key strengths and do what we're each best at," says Garth.

Leveraging each team member's strengths is what's driving the momentum and consistent growth according to Garth who says the world is too complex and the demands of advising too high these days to do it alone.

"From skillsets to personalities and business model, this was an unbelievable fit," says Ryan whose primary responsibilities lay in operations, market outlook and asset allocation. Doug would, in turn, be in charge of investment due diligence, selection and shelf maintenance.

Doug's first order of business was to create a set of risk-adjusted model portfolios that aligned with the practice's overarching investment philosophy.

> "We're pretty conservative, middle-of-the-road investors who emphasize low-costs and transparency."

"We don't buy mutual funds, we don't buy individual stocks and we never get a client by stressing returns, ever. We target 6–7% a year returns, but this is not the focus, and we provide a "Wealth Forecast" designed to meet client goals," says Garth who based the practice on a book he wrote in 2010 called Money Road. In it, Garth extols the virtues of balanced, low-cost portfolios using only exchange-traded funds (ETFs).

"The ETF universe has become so deep with 17, 18 different providers, there's no shortage of competition and options for better products in the portfolio, and Doug and I try to find the best options," says Ryan.

Due diligence

To do that, the pair start with a determination of the kind of exposure they want for a specific asset class. The next step is a comparative analysis of potential suppliers to find the best product. If they want high-yield exposure, for instance, they'll look at five or more different ETF companies, the MERs attached to each product, geographic allocation, risk level and so on.

"We go through all the factors and then we decide what's best with one of the prime drivers being fees," says Ryan.

With Turner Investments committed to only exchange-traded funds, you would think Dynamic Funds wholesaler Jamil Kassam, VP Business Development, would immediately move on after he first introduced himself to the practice in 2013. The products Jamil could talk to at the time were stand-alone mutual funds, private pools and managed portfolios which, like individual stocks and bonds, were off limits to Turner Investments.

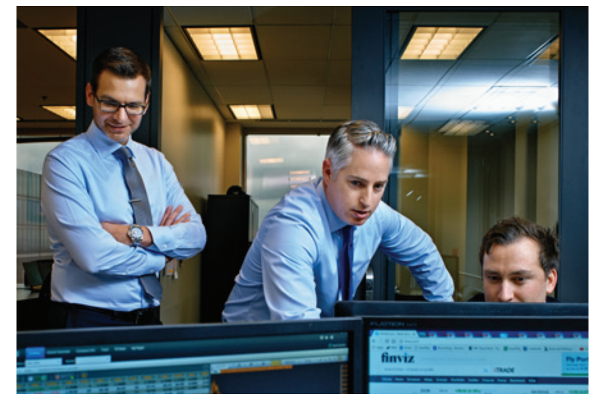
"Don't get us wrong," says Doug, "we have a lot of respect for Dynamic's investment management capabilities, but from a philosophical perspective we just couldn't go there."

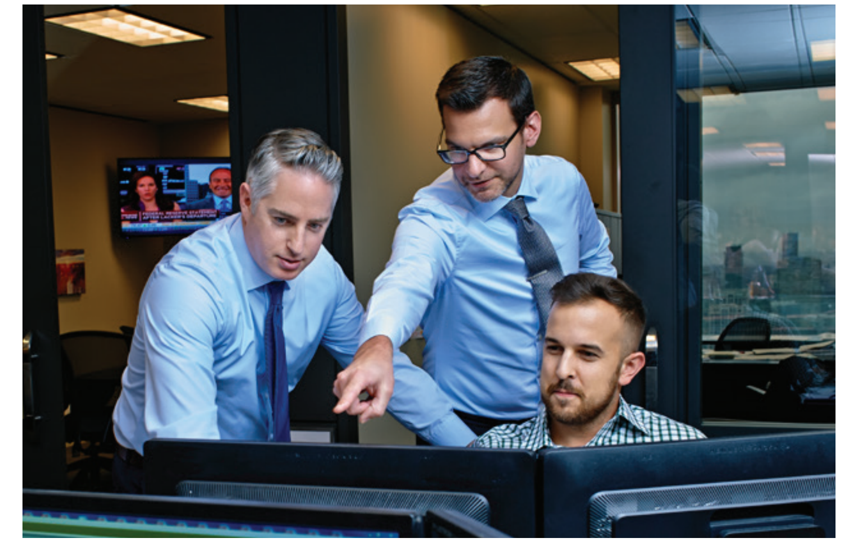
Jamil stayed in touch nevertheless, visiting with Doug many times every year. On one visit mid-2015, Jamil was speaking with Doug who was concerned about the preferred share market.

Doug recalls, "2015 was a horrible, horrible year for preferreds, and I knew that they were attractively valued, an asset class that we should not give up on in our client portfolios, and we wanted to stick with it."

Jamil understood the pain some investors were experiencing due to challenges in the preferred share market. He also had access to a number of advisor communications – commentaries, analysis and webcasts – from Dynamic's Credit Team, which actively manages Dynamic Preferred Yield Class – a class of funds that focus on the North American preferred share market.

Jamil provided all of the materials to Doug to assist him with client conversations regarding the preferred share market. Lead manager of the Credit Team – Marc-André Gaudreau – also stopped by Turner Investments to provide his perspectives in person.





"In the dark days for preferred shares, Dynamic was the only one who wanted to talk to us and we didn't even invest with them," says Doug.

Fast forward two years to 2016 when Jamil is briefed on a new product launch. Dynamic had partnered with BlackRock Asset Management Ltd. to introduce a suite of active ETFs. The suite brought together – for the first time – the investment management expertise of Dynamic with the operational expertise of BlackRock. Investors could, in other words, access active management while enjoying the benefits of an ETF – low-cost, transparent and tradeable.

"The first call I made was to Doug," recalls Jamil smiling, "and told him I had to meet with him."

After Doug and Jamil sat down, Doug started the conversation saying he admired Dynamic but Turner Investments has a core philosophy of only using ETFs. That's when Jamil slid the prospectus across the table for DXP, or Dynamic iShares Active Preferred Shares ETF overseen by Marc-André.

"The decision to go with DXP was easy," says Doug, "and it's now a constituent in all our model portfolios with more than $23 million invested in the product."

Discretionary management

With an investment process, shelf and philosophy in place, the next evolutionary step for Turner Investments was to embrace discretionary management. Part of Garth's strategy for hiring certified portfolio managers lay in his desire to move the practice toward discretionary management.

"When we reached a certain size in terms of clients, it became evident we had to go discretionary. We just didn't have the manpower to make all the calls and get the fills at the prices our clients deserve," says Garth.

The task of transitioning clients to discretionary accounts was given to Ryan. He says the process starts with a client e-mail explaining discretionary account management. That's sent to 10 clients a week with a prompt to call if the client is interested. According to Ryan, 95% of clients are interested, so he sets up a call to walk them through it and answer their questions.

"We explain why it's in their best interest in terms of better pricing and faster execution, and if they agree, we complete a risk questionnaire and Investment Policy Statement and take them through the logistics," says Ryan who is on track to have two-thirds of the practice discretionary in about 12 to 18 months.

What else is on the horizon?

"We're laser-focused on processes and efficiencies," says Ryan.

One example is the weekly client call. Every Tuesday, Garth, Doug and Ryan provide clients with the latest financial news, commentary and opinion in a live half-hour broadcast available by conference call and then as a media file immediately emailed to everyone. The call is attended by most clients, which makes it an extremely efficient way to stay in touch.

In terms of processes, Turner Investments is working to make its client relationship management system more robust so that it will have complete profiles for every client that not only includes investment information but also holistic planning data.

Ryan says they're also segmenting their Wealth Forecast planning model so there's a shorter, simplified version for a 40-year-old client and a second, more elaborate version for older clients.

$1 billion in assets

Bigger picture, Turner Investments is also focused on reaching the $1 billion mark in assets under management. Based on the practice's current growth rate, the threshold looks achievable in 10 years, if not five. Over that period, Turner Investments will have to increase its bench strength when it comes to financial planning and tax capabilities.

"Right now, in addition to three partners, we've got one designated financial planner. If we get to a billion, we're going to have to build that out. We must also plan for the reality that Garth is going to retire one day. It's still some years away, but we need to make sure that we've got the right tax expertise. Garth is overseeing it now, but we'll have to add people with expertise in tax long term," says Ryan.

And *The Greater Fool* blog?

"It's an important part of our business, so we wouldn't give it up for anything," says Doug who, along with Ryan, now writes for the blog.

All of which makes it a pretty important business-building tool – intended or unintended.

SOCIAL MEDIA BEST PRACTICES

Turner Investments is a leader when it comes to its use of social media. In addition to the long-running blog, **www.greaterfool.ca**, launched by Garth Turner in 2008, the practice employs Twitter and weekly podcasts to connect with and attract clients. Here is some of what they've learned.

Be consistent

"If you're serious about growing your business through online platforms, you must be consistent and regular with your content," says Doug.

Speak with a voice

"You've got to have a point of view and be willing to tell it like it is," says Garth.

Be ready to respond

"If we post something at 3:00 or 4:00 pm, I have to make sure I'm looking at comments and responding if need be by 5:00. It makes it real for people," says Ryan.

Provide content, not commercials

"Put social media to use in an intelligent, educational way and avoid marketing," says Doug.

TURNER INVESTMENTS

Founded in 2013, Turner Investments is one of Canada's fastest growing financial advisories. The eight-member team of highly trained investment professionals takes a holistic approach to wealth management, employing an extensive Discovery process to determine where clients are now and where they want to be in the future.

Hon. Garth Turner, PC
Senior Vice President and Financial Advisor

Douglas Rowat, FCSI
Senior Vice President and Portfolio Manager

Ryan Lewenza, CFA, CMT
Senior Vice President and Portfolio Manager

Sebastien Skupek, CIM, CFP
Financial Planner

Ross MacLachlan, CIM
Trading & Research Specialist

Evan von Kleist Bernard
Financial Advisor Assistant

Kelly Houlihan
Senior Administrator

Scott Booth
Financial Advisor, Private Client Group