MEDIA ALERT / In the News Today

RF CAPITAL GROUP

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Headlines

At the open: TSX starts higher with energy sector surging as oil storms back above $100

REUTERS

Global stocks sagged and oil jumped back above $100 a barrel on Tuesday as markets struggled with massive uncertainty caused by Russia's invasion of Ukraine, although the rouble steadied as Moscow scrambled support for its beleaguered markets.

Canada's main stock index inched higher at open on Tuesday, boosted by strength in commodity-linked stocks and upbeat domestic GDP figures, although escalating Russia-Ukraine crisis kept sentiment in check.

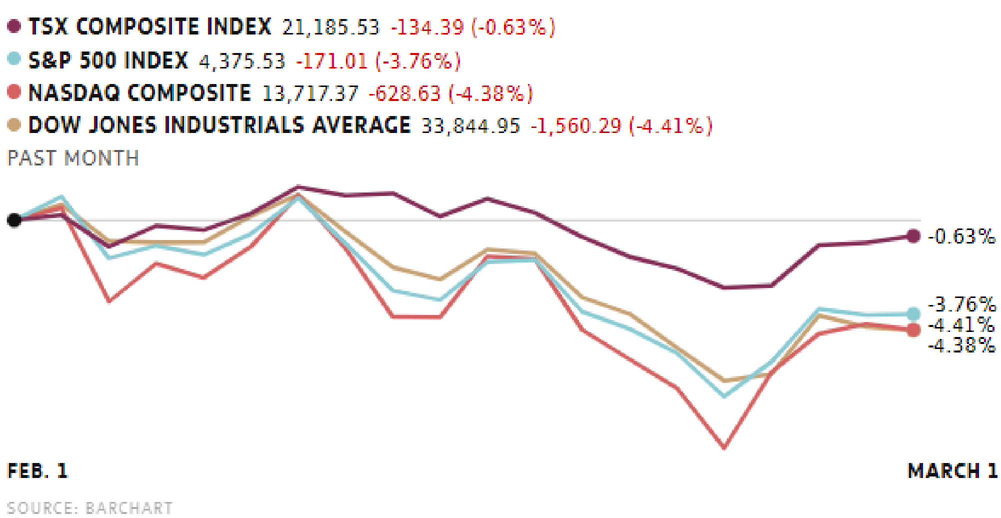
At 9:33 a.m. ET, the Toronto Stock Exchange's S&P/TSX composite index was up 47.16 points, or 0.22%, at 21,173.52.

Canada's economy grew 6.7% in the fourth quarter on an annualized basis, beating analyst expectations of 6.5%, while January GDP most likely rose 0.2% after stagnating in December, Statistics Canada data showed.

With January's gain, which is a preliminary estimate, economic activity is now 0.6% above pre-pandemic levels, Statscan said.

In New York, the Dow Jones Industrial Average fell 79.12 points, or 0.23%, at the open to 33,813.48.

The S&P 500 opened lower by 10.80 points, or 0.25%, at 4,363.14, while the Nasdaq Composite dropped 34.70 points, or 0.25%, to 13,716.70 at the opening bell.



Russia’s equity markets remained suspended and some bond trading platforms were no longer showing prices, but dealing in the major financial centers both in Europe and in Asia overnight was orderly, albeit jittery.

Losses for the pan-European STOXX 600 mounted again, with the index down nearly 2% by midsession.

There had initially been gains for mining and oil & gas stocks in Europe but even those had soured and a heavy 4% slump in bank stocks showed investors were now sensing that interest rate hikes might now get delayed or at least scaled down.

That sense saw the yields on U.S. 10-year Treasuries, which are a key driver of global borrowing costs, fall sharply to five-week lows. Staggeringly, the equivalent 10-year German Bund yield was heading for its biggest one day fall since 2011.

Paul Jackson, global head of Asset Allocation Research, Invesco said: “assuming no rapid resolution to this conflict, we fear that global GDP could be reduced by 0.5%-1.0%.”

“That’s enough to aggravate the ongoing slowdown but not enough to produce recession,” although he cautioned that some parts of Europe could see a recession and that inflation was also likely to stay higher for longer.

High-level talks between Kyiv and Moscow on Monday had ended with no agreement except to keep talking, and nerves were acute as a huge Russian armored column bore down on Kyiv on Tuesday after lethal shelling of civilian areas in Ukraine’s second largest city Kharkiv.

With Russia one of the world’s largest oil and producers, Brent crude futures tore up $5.15, or 5.3%, to $103.12 a barrel. That was just below a seven-year high of $105.79 hit after Moscow launched its assault on Ukraine last week.

European natural gas prices leapt nearly 15% too. Both oil and gas prices are now up nearly 60% since fears of an invasion of Ukraine began to escalate in November.

“The fragile situation in Ukraine and financial and energy sanctions against Russia will keep the energy crisis stoked and oil well above $100 per barrel in the near-term and even higher if the conflict escalates further,” Louise Dickson, senior oil market analyst from Rystad Energy, wrote in a note.

Concerns the war and higher energy prices could slow the global economy mean investors are now questioning how far and fast the likes of the U.S. Federal Reserve are likely to hike interest rates in the coming months.

Benchmark 10-year U.S. Treasury yields were down near 1.7% as U.S. trading gathered momentum having been over 2% less than two weeks ago, while those German Bunds were back in negative territory and the euro was down 0.5% as bets on an ECB hike this year withered.

February PMI Data had shown momentum in euro zone manufacturing growth had already waned slightly last month, although it was still relatively strong and firms said supply chain constraints had eased.

“It seems that the markets have started to reassess the monetary policy outlook,” said Jan von Gerich, chief strategist at Nordea.

Russia’s rouble appeared to be stabilizing somewhat after plunging as much as 30% to a record 120 per dollar after Western countries had slapped Russia with the most far-reaching sanctions ever placed on such an interconnected global economy.

Those measures include cutting Russia’s top banks from the SWIFT international financial network and sanctioning its central bank in a bid to limit Moscow’s ability to deploy its $630 billion of foreign reserves.

Russia responded on Tuesday by temporarily stopping foreign investors from selling Russian assets to ensure they take a “considered decision” Prime Minister Mikhail Mishustin said. Russia’s huge sovereign wealth fund will also be pressed into action, spending up to 1 trillion rubles ($10.3 billion) to buy shares in Russian companies, a source close to the government told Reuters.

Sanctions though mean that the big global banks are now reluctant to trade with Russian banks and vice versa, which means there are now effectively two different ruble currency markets - one in Russia and one internationally.

Traders in London were quoting the ruble at between 101 and 105 per dollar, although it had been around 94 per dollar according to some local market prices.

More broadly, currency market volatility is at its highest since late 2020, as measured by a Deutsche Bank index and the ruble is down almost 30% from its best levels this year.

“Today, the focus will be on whether sanctions/retaliation will start impacting the commodity flows from Russia, and whether (Russia’s central bank) will step in with more measures to support the ruble,” ING FX analysts wrote in a note to clients.

Trading in Russian stocks remains suspended on the Moscow Exchange and Russian sovereign and corporate bond prices were not showing on some trading platforms. JPMorgan’s widely tracked GBI-EM Global Diversified index did still include Russia’s ruble-denominated bonds although Monday’s market plunge had slashed their so-called weighting in the index.

Foreign investors held $20 billion of Russia’s dollar- and ruble-denominated government debt at the end of last year according to Russian central bank data while they own just over $85 billion worth of equities according to the Moscow Exchange.

“A lot of the (global) price action is a function of uncertainty.” said Madison Faller at JPmorgan Private Bank.

Richardson Wealth, Francis Sabourin: Looking to diversify away from fixed-income volatility?

Ahead of Bank of Canada meeting, advisor says smart alternatives diversification can reduce losses

Noelle Boughton – Wealth Professional

Francis Sabourin, who won the Wealth Professional Advisor of the Year for Alternative Investments in 2021 and was a silver “medallist” for it in 2020, says advisors’ use of alternatives is on the rise and he expects to see more using it as a replacement for fixed income and equities in 2022.

“2022 will be a challenging year for the equity market or fixed-income market,” Sabourin, who is a Quebec portfolio manager and investment advisor with the Sabourin Wealth Management team at Richardson Wealth, told Wealth Professional.

“We are not used to having negative years on the fixed income,” he said. “But, the thing with the increase of the interest rates is that the values of these bonds are going down.

“So, the role of alternative products is to try to diversify away from this type of volatility. And, by reducing your loss, you will increase your returns.

“The reason we use an alternative is because we have a challenge with the interest rates being so low on the fixed income portion of the portfolios and also on the equity side of the portfolio, especially these days. The equity market is quite volatile and quite high,” he said. “So, people want to have some kind of diversification with something else.”

Sabourin said most of the big Canadian pension funds now are using alternatives, but there is an increase in demand from other investors, too. He’s getting more questions from advisors who want to find new solutions for clients since, even if interest rates rise a bit, performance is still not great.

Advisors are looking for the newest solutions, and Sabourin said alternatives offer a wide range. Mortgage funds or private debt funds are good income replacement within a portfolio as they generate better and more stable returns. Private equity, real estate, and private real estate can also provide better returns than the equity market.

Sabourin said the number of alternative products to add to a portfolio is growing, with some becoming more niche or speculative, like crypto. Alternatives can also be traded daily, monthly, or quarterly, and some are liquid. He said long short credits funds are classified as fixed income, but the liquid version that's traded daily has more leverage than the regular version, traded monthly.

Sabourin's group uses a sleeve of alternatives to improve the fixed income and decrease the volatility of the equity bucket.

"You have to be careful when you buy some of these alternatives," he said, noting he doesn't use bitcoin. "Some are less risky, some are more risky; some are more liquid and some are less liquid. So, you need to do your due diligence and understand what's under the hood of the product."

Sabourin doesn't expect alternatives will be as big as ETFs as some alternatives use the ETF format. But, he said, "there's this really nice evolution between mutual fund ETFs and alternatives, and our liquid could make a really good winning strategy for advisors down the road with new technology."

"It's not rocket science. It's just about reducing volatility and increasing return because we know that the years ahead will be challenging," he said. "I don't think the traditional balanced portfolio will be dead, but it needs to be upgraded within a new asset class, which is alternatives."

"This is a new way of thinking, a new way of investing," he said." It's about thinking differently and thinking outside the box."

IGM Financial Announces Upcoming Leadership Changes that Deliver Strategic Continuity and Succession

Barry McInerney to retire as President and CEO of Mackenzie Investments
Luke Gould to be appointed President & CEO, Mackenzie Investments
Keith Potter to be appointed Chief Financial Officer, IGM Financial
Kelly Hepher to be appointed Chief Risk Officer, IGM Financial
Kristi Ashcroft to be appointed EVP, Products & Solutions, Mackenzie Investments

WINNIPEG, MB, March 1, 2022 /CNW/ - IGM Financial Inc. (IGM) (TSX: IGM) today announced a series of leadership changes with an emphasis on strategic continuity and succession.

After more than 35 years in the industry in Canada and the United States and nearly six years leading Mackenzie Investments, Barry McInerney is retiring as President and Chief Executive Officer effective June 30, 2022. During his time with Mackenzie, Barry has driven the company forward to become a leading Canadian asset manager, with presence in Boston, Dublin, Hong Kong and Beijing and a growing strategic relationship with ChinaAMC.

"On behalf of all of us at IGM, I want to thank Barry for his inspiring leadership and lasting contribution to our companies," said James O'Sullivan, President and CEO, IGM Financial. "I know he will be approaching retirement with the same passion and purpose that he brought to work with him every day at Mackenzie, and I want to wish him and his family the very best."

"I am very pleased to have led Mackenzie as we expanded our investment operations from $60 billion in assets to $210 billion through strong organic growth and purposeful acquisitions," said McInerney. "At the same time, we focused on our growth catalysts to consistently grow market share in Canadian retail while enjoying record-high net sales and re-establishing our reputation as a product innovator, with forward-thinking vision and strategy."

With Barry's retirement, Luke Gould, presently Chief Financial Officer of IGM Financial will become the President and Chief Executive Officer of Mackenzie Investments effective July 1, 2022. Luke joined IG Wealth Management in 1997 and since that time he has progressed in the organization through roles in business and strategic analysis, investor relations and corporate finance. After being appointed Chief Financial Officer of IG Wealth Management in 2012, he was also appointed Chief Financial Officer of Mackenzie in 2013, becoming Chief Financial Officer of IGM Financial in 2018.

"Being so closely associated with Mackenzie for the past 20 years, including his role as CFO and a member of the Mackenzie Operating Committee for the past eight years, has given Luke a deep knowledge and understanding of the business, its strategy and its growth drivers," said O'Sullivan. "As CFO, he has worked with every member of Mackenzie's leadership team and is well known for his industry insight, his focus on operational excellence and his determination to help grow the organization. I look forward to what he will achieve as CEO."

"I am very honoured to be taking over this role from Barry, who has been a strong and effective leader in growing Mackenzie's asset management capabilities and cementing its prominent position in the marketplace," said Gould. "I look forward to continuing on this successful path and furthering Mackenzie's investment capabilities, distribution and global reach."

Succeeding Luke Gould as Chief Financial Officer of IGM Financial will be Keith Potter effective July 1, 2022. Keith joined IG Wealth Management in 1994 and earned a broad range of experience in internal audit, strategic initiatives, strategic investment planning, products and treasury before being appointed Senior Vice-President & Treasurer of IGM Financial in 2014. This appointment creates a smooth transition in CFO accountabilities with Keith's experience in a senior finance leadership role under the established approach that Luke has led. Keith has an excellent understanding of the business, the financial operations of our companies and has extensive experience engaging with capital markets.

Kelly Hepher will be joining IGM Financial as Chief Risk Officer effective April 1, 2022. Kelly comes to us from Canada Life where she had more than 20 years of experience, including enterprise and operational risk management, strategic planning and special projects. Most recently, she served as Senior Vice-President and Canada Chief Risk Officer for Great-West Lifeco, where she was responsible for risk management operations across the Canadian operating segment. In addition to leading IGM's enterprise risk management program, Kelly will also be responsible for corporate sustainability and will have administrative responsibility for the firm's internal audit function, which were previously under Luke Gould.

With the change in leadership at Mackenzie, the company announced a related appointment which builds on the company's strength while further streamlining the organization.

Kristi Ashcroft has taken on an expanded role as Executive Vice-President, Products & Solutions for Mackenzie Investments effective March 7, 2022. Kristi joined Mackenzie in 2015 as Vice-President, Senior Investment Director - Fixed Income and was promoted to Senior Vice-President, Head of Product in 2019. She previously served in senior roles at a large investment bank in the U.S. As part of her new role, Kristi will now oversee all products and services provided by Mackenzie including Exchange Traded Funds, Alternative Investments, and Retirement.

"I am very excited about these appointments and what they mean for IGM Financial," concluded O'Sullivan. "These appointments speak to the depth and quality of the leadership that we have at our companies and the focus that we have been placing on succession planning. I look forward to their contributions as they take on these new challenges."

About IGM Financial Inc.
IGM Financial Inc. is one of Canada's leading diversified wealth and asset management companies with approximately $271 billion in total assets under management and advisement at January 31, 2022. The company provides a broad range of financial planning and investment management services to help more than two million Canadians meet their financial goals. Its activities are carried out principally through IG Wealth Management, Mackenzie Investments and Investment Planning Counsel. IGM Financial is a member of the Power Corporation group of companies.

Toronto-Dominion Bank's bid to Reestablish the TD brand for U.S. wealth management takes a $13-billion step forward

The Toronto owner of Cherry Hill, N.J.-based TD Bank is adding First Horizon and its 412 branches to its growing U.S. footprint -- sweeping East to West

RIABuz.com - Brooke Southall

Toronto-Dominion Bank just fast-forwarded its efforts to reassert its TD brand nationally in the United States after relinquishing its former subsidiary, TD Ameritrade (TDA), to Charles Schwab Corp.

The CEO of the Toronto-based banking giant, Bharat Masrani, announced an all-cash, $13.4 billion deal to acquire First Horizon. The Memphis, Tenn., bank has 412 branches in 12 states.

"TD will benefit from First Horizon's strong regional presence, including leadership positions in Tennessee and Louisiana, additional density in Florida, the Carolinas and Virginia, and important footholds in the attractive Atlanta, Georgia, and Dallas and Houston, Texas markets," its release states.

TD Bank, the Cherry Hill, N.J. subsidiary of Toronto-Dominion Bank of Canada, already has about 1,140 locations, mostly in the mid-Atlantic and Northeast -- putting the total, post deal, at more than 1,500.

The deal seems consistent with TD Bank;s stated aims, says Jeff Davis, managing director of Mercer Capital's Financial Institutions Group.

"TD has been vocal about expanding its mostly coastal (ACC) commercial bank franchise in the Southeast.," he says from his Memphis firm. "So, the transaction is consistent with its long-stated goals—especially to the extent it boosts market share in Florida and the Carolinas."

Toronto-Dominion executives said on the investor call that it won't shutter First Horizon's branches and that it will keep Bryan Jordan, First Horizon's CEO, who will become Toronto-Dominion as vice chair, according to Bloomberg.

"Transactions that are strategically compelling, financially attractive, fit within our risk appetite and are culturally aligned are rare," Masrani said on the call with analysts. "We've been patient in waiting for the right opportunity, and in First Horizon we have found it."

Branching out

TD Bank is already busy hiring 350 financial advisors on top of its current 150 with plans to put them in branches.

First Horizon has an established wealth manager, First Horizon Advisors, with 86 financial advisors, 12 financial planners and 38 trust officers. As of June 30, 2019, assets managed on a discretionary basis by First Horizon Advisors, Inc., were $4.7 billion.

“We are laying the foundation for a fully national commercial franchise,” Masrani told The Wall Street Journal.

TD Ameritrade had $1.3 trillion in client assets and 12 million in client accounts with 260 retail outlets when Schwab closed its purchase in Oct. 2020.

In buying First Horizon, Masrani is executing an arbitrage.

He took a gain of $2.3 billion on his firm's sale of TD Ameritrade to Schwab and kept a 13.5% stake. Going from being a seller to being a buyer, he's spending the $13.5 billion on bank assets.

Toronto-Dominion Bank retained its rights to the green TD logo.

Ironically, Schwab is still advertising and supporting the brand despite closing on the deal in 2020. But Schwab promises to mothball it once its systems and TD Ameritrade's are fully merged.

Masrani made no allusion to wealth management in public remarks related to the bank purchase and it will certainly be secondary to the core banking franchises, Davis says by email. [He disclosed that Mercer advised Scottrade.]

"The company’s primary national business line is an institutional fixed income business," he says. "First Horizon at the margin should be additive in wealth management by funneling more prospects/HNW individuals to TD Bank, though it will not be as impactful as the 2017 acquisition of Scottrade by TD Ameritrade in which TD Bank acquired Scottrade Bank as part of a complicated transaction."

Investors turn to private markets for returns amid volatility, low interest rates and high valuations

TERRY CAIN - SPECIAL TO THE GLOBE AND MAIL

The world of private investments used to be restricted to only the most affluent individuals. Unlike stocks or mutual funds, there isn’t fractional ownership of these assets, so the total investment amounts needed to get in on this space were larger.

Furthermore, these assets aren’t publicly listed and traded, so finding information on them has been difficult. There have also been strict rules requiring the accreditation of investors that can be approved to invest in some vehicles.

However, private investments have opened up to the average investor recently – and demand is taking off.

The investments can include a stake in a private company, a physical asset such as an apartment building, or a fund that pools several of these assets. It can also include private credit – basically loans or bonds issued by a private company.

“Investors are showing increased interest in private investments,” says Ray Punn, vice president of wealth solutions at Skyline Wealth Management Inc. in Guelph, Ont.

He sees many investors seeking portfolio diversification beyond the traditional fixed income, equity, and cash split. Mr. Punn also notes there has been an evolution of what that diversification means – now including asset classes that didn’t even exist a decade ago, such as digital assets and sustainable investments.

Dennis Mitchell, chief executive officer and chief investment officer at Starlight Capital LP in Toronto, says several factors are driving the demand for private assets.

A big one is that public markets have seen elevated and prolonged periods of volatility divorced from the fundamentals of many businesses and assets. Investors are increasingly attracted to the returns of private assets that are shielded from market volatility and offer pure exposure to the asset and business performance.

There’s also another major factor at play – the poor returns of most readily available fixed-income investments in recent years.

Michael Lindblad, vice president of wealth management at Waypoint Investment Partners Inc. in Toronto, says that “given the low interest rate environment, investors are increasingly looking for investment opportunities that could potentially provide higher returns – and they are willing to forego the benefit of liquidity to achieve this.”

He adds private investments can provide uncorrelated returns that add diversification benefits to investors’ portfolios, as well as lower overall portfolio volatility.

Mr. Mitchell says the low correlation to publicly traded assets and volatility should drive better risk-adjusted total returns for individual investors.

“With real yields for fixed income and equities both negative, real assets stand out as a source of tax-efficient, real yields,” he says.

Mr. Punn adds that private investments also give investors the ability to hedge against the volatility and swings that occur in publicly traded stocks.

He gives the example of a private real estate investment trust (REIT), for which the valuation of the unit price is based on the fair value of the underlying asset itself, plus the net cash flow. The valuation of a publicly-traded REIT, on the other hand, may swing up and down based on factors that have little to do with the asset’s intrinsic value.

Opportunities in the private space

As for what types of private investments are most useful for individual investors, Mr. Punn says products based on real estate, such as industrial and multi-residential, have performed very well historically.

“With the rapid growth of e-commerce, demand has skyrocketed for logistics, warehousing, and distribution space, driving up valuations and occupancy,” he says.

Meanwhile, with housing unaffordable and even unavailable in many markets – specifically for first-time buyers – apartments are serving as a viable alternative.

Mr. Mitchell says he prefers private real assets such as real estate and infrastructure because of their income and low correlation to traditional equities and fixed income.

Mr. Lindblad’s firm favours private credit as a way for investors to augment their fixed-income returns in this low interest rate environment.

He says individuals should look for a private credit investment with a proven track record and a standardized framework that the asset class operates in. For example, mortgages have a standardized legal framework, which means there is a streamlined process in case something goes wrong.

Still, it’s a fact that private investments can come with a higher degree of risk.

Mr. Mitchell says the key risks for individual investors allocating to private assets are due diligence, transparency and liquidity. Generally, individual investors don’t have the resources and experience to perform proper due diligence on private assets, which provide less liquidity to investors, and transparency is usually lower than for publicly traded assets.

However, he notes that firms such as his are now providing professional due diligence on private real assets, along with the transparency required to understand risks.

Nevertheless, investors who need immediate liquidity should not invest in private investments as they often come with a lock-up period and steep fees to exit early, Mr. Lindblad says.

“It is important for investors to truly know what they’re invested in instead of simply looking at a previous track record and taking a manager’s word for it,” he adds.

Advisors face higher cybersecurity risks as geopolitical tensions rise

DANNY BRADBURY - SPECIAL TO THE GLOBE AND MAIL

Financial advisory firms are under more pressure than ever to ensure their operations are protected from cyberattacks and prepared for the worst as cybersecurity risks rise.

Recent data on financial institutions' preparedness for hacking attacks doesn't look good. A survey from encrypted cloud service provider NordLocker of 300 U.S. financial services professionals found that almost one-third (31 per cent) hadn't done cybersecurity training arranged by their employer – even though almost 90 per cent handled confidential data at work.

Sending financial professionals to work without appropriate training is increasingly risky as the cybersecurity stakes rise.

Tensions in Ukraine have rippled into cyberspace, and recent cyberattacks on the Ukrainian government might not stop there, according to government officials. The Canadian Centre for Cyber Security warned in January of potential Russia-backed attacks on Canadian companies as tensions in the region escalate, and issued another warning last week of new malware targeting Ukrainian organizations.

Adam Evans, vice president cyber operations and chief information security officer at Royal Bank of Canada in Pickering, Ont., says it's easier than ever for criminals to target financial institutions online.

"Introduction of highly specialized skills into the cybercrime economy continues to drive innovation and the scalability of attack platforms and services," he says. "The impact of this commoditization of crime can be seen in the increased frequency and scale of cyberattacks globally."

Financial regulators have responded to the growing threat on both sides of the border.

The U.S. Securities and Exchange Commission increased its enforcement actions against violators of its cybersecurity rules last year. In February, it proposed new rules that would require registered advisors to disclose their cybersecurity risks and report incidents within 48 hours.

In Canada, the Investment Industry Regulatory Organization of Canada issued mandatory reporting requirements for cybersecurity incidents in 2018 and followed up with reporting guidance in February as well.

"There's a lot more that financial institutions can do as a whole to train their staff and make this an organizational issue," says Ryan Duquette, partner and head of the cybersecurity practice at risk advisory firm RSM Canada LLP in Toronto.

Defending against an attack

Tackling the cybersecurity threat is a long-term journey for advisors and investment companies rather than a quick fix, he adds. He recently finished the first phase of a cybersecurity project with a financial institution, which involved finding the gaps in its defences. That included examining existing policies and procedures and using penetration testers – ethical hackers – to look for weaknesses in its systems.

The second stage of the project will involve plugging those weak spots. That means putting in multiple layers of protection – a little like the layers in bulletproof glass – that will work in concert to stop an attack.

These protections begin with the security awareness training that so many financial services professionals appear to lack, Mr. Duquette says. Teaching employees basic skills to spot suspicious e-mails or phone calls hardens them against attack. An effective program includes awareness-raising sessions, ongoing anti-phishing tests for employees, and tabletop exercises to simulate attacks.

But even with the best intentions, some attacks will slip through. That's where the technology layer comes into play.

"Financial institutions must also put endpoint detection and response tools in place," Mr. Duquette says.

These software tools watch for suspicious software behaviour on a PC or mobile device that could indicate a malware infection. They report the problem to administrators and can even quarantine an infected computer from the rest of the network to stop the infection from spreading.

Outsourcing security for coverage

The administrators who monitor and manage these protection systems often work in a security operations centre. This central control room for cybersecurity operations watches for cyberattacks, but it's expensive to staff and run. Mr. Duquette says that some banks have considered sharing them.

"Joint security operation centres is a concept that a lot of the major banks in Canada have been into implementing," he says, adding that mid-tier banks have also been discussing it. "This allows core security operation teams at the banks to share resources and combat financial and cybercrime."

For smaller advisory companies lacking sufficient in-house expertise, the best option might be to outsource security, says Eric Matthews, chief technology officer at security consulting firm Parabellyx Cybersecurity in Vaughan, Ont.

"I strongly recommend that a very small business goes to cloud services where they can exploit the expertise of Microsoft Corp., Google LLC, or other organizations," he says.

Cloud service providers like Microsoft already have strong cybersecurity protection, and cyberattacks on a local network are less likely to affect data in the cloud, he says.

Planning for the worst

Preventing and detecting attacks is a vital step, but financial institutions should still prepare themselves for successful hackers that slip through their layered defences, warns Alexander Poizner, Parabellyx Cybersecurity's chief executive officer.

"What's your plan in case something bad happens? How are you going to respond?" he asks. At the very least, advisors should have a backup and recovery plan for company data.

The plan should go even further, he says. "What is your recovery plan on the business level, not just technology level?"

Advisory firms need a way to keep operating in some capacity while coping with an attack, ensuring that they can still serve customers effectively.

For many, that will mean bringing in external help to harden their security. Better now than after hackers come calling.

"Adviser" instead of "advisor" won't fly with FSRA

Regulator sets out guidance for regulating titles and credential providers

James Langton – Investment Executive

Unqualified reps won't be able to use alternate spellings, abbreviations or other variations to get around new rules that will restrict the use of financial planner and financial advisor titles, says the Financial Services Regulatory Authority of Ontario (FSRA).

FSRA issued new guidance Monday on its proposed regime for regulating the use of the planner and advisor titles in Ontario. The new guidance covers the use of regulated titles and similar titles that could be confusing, as well as the credentialing bodies that will supply educational qualifications.

The guidance sets out FSRA's proposed approach to unapproved use of restricted titles. The new regime will give the regulator enforcement authority over individuals who use the regulated titles without an approved credential.

FSRA said it will accept complaints from both consumers and the industry about improper title usage, and that it will be able to take action such as issuing a compliance order.

Credentialing bodies will also be expected to report instances of individuals using titles without an approved credential to FSRA "as soon as practicable," it said.

In addition to improper use of regulated titles, the agency will also look into the use of titles that could "reasonably be confused" with the restricted titles. The guidance sets out examples of potentially confusing titles, including any alternative spellings (such as adviser instead of advisor), abbreviations (such as FP instead of financial planner) or the use of added words (such as senior financial planner, financial planning coach, or financial wealth advisor) that could mislead investors.

"In making a determination, FSRA will consider the goal of increasing consumer confidence in individuals who provide financial planning and advising services and ensuring that only qualified individuals use the FP/FA titles," it said.

At the same time, the guidance stresses that the new rules are focused on regulating title usage but that they do not give FSRA authority to oversee the conduct of advisors and planners who use the titles — that job falls on the organizations that grant and administer qualifications.

"Complaint handling in relation to title users who hold an approved credential is the responsibility of the approved [credentialing bodies]," it said.

Apart from overseeing the use of titles, FSRA will also have authority over approved credentialing bodies and organizations that claim to supply valid credentials without approval.

FSRA noted that it's already in discussions with organizations that "have expressed interest in applying as a credentialing body."

To obtain approval, it said that entities must have "robust controls to ensure that only qualified and competent individuals are granted and allowed to hold a credential." Those controls include a process for assessing the ongoing suitability of a rep in the event of enforcement action by a regulator or other credential provider.

Approved providers must also have policies and procedures in place to oversee the conduct of their credential holders, including a process for investigating and adjudicating complaints about non-compliance; and they must have a process for sharing information about complaints and enforcement action with regulators and other providers.

Credential providers will also be expected to provide public disclosure about their credential holders and any disciplinary action taken against both current and former credential holders.

In overseeing credential providers, FSRA's supervisory processes may include issuing warnings and caution letters, requiring remediation plans or imposing compliance orders.

"If efforts of remediation fail, FSRA has the authority to revoke a CB's approval," it noted.

As part of its enforcement efforts, FSRA also intends to establish a public registry that will list approved title users and the body that granted the credentials.

The registry will help consumers verify that the financial advisor or planner they're considering or already working with holds an approved credential, FSRA said. It will also list the credentialing body from which the credential was obtained and could also include links to additional information on credential holders.

The final rules for establishing the new regime were submitted to the Minister of Finance for approval in January. Once the rules are approved and legislation has been proclaimed, the new guidance will take effect.

How to Navigate Tricky Conversations about Finances and Health with your Aging Parents (incl. Bev Evans, Richardson Wealth)

Children may find themselves having to step in as cognitive, physical or financial issues crop up in their parents' lives

Nicholas Sokic - Special to Financial Post (Regina)

Given that the average life expectancy for Canadians in 2019 was 82 years, according to the World Bank, compared to 78.9 years in 1999, many, if not most, healthy people can expect to live for a long time.

But many issues can crop up in seniority, from the cognitive to the physical to the financial, often all three intertwined, and that sometimes means people's children have to step in to fill the gaps.

For instance, a pension may prove insufficient to get by on, or the parent proves incapable of managing some financial aspect of their lives. It can even be as simple as the need to downsize homes.

It likely won't be easy for their adult offspring to help, given the relationship between child and parent is typically wrapped up in complicated feelings such as pride and protection. But Jason Heath, a certified financial planner at Objective Financial Partners Inc., said it's important for both sides to be receptive, to approach the situation slowly and hope for the best.

"For some people, it doesn't even need to be specifics about their parents or about their finances, it could be as simple as (telling them), 'If something happens, here's who you talk to. This person is my adviser, this person is my accountant, this person is my lawyer,'" Heath said.

"On the other side of long-term care, those are awkward conversations to have, but I definitely encourage people to have them. To ask, 'If something happened, and you had a cognitive impairment, where would you want to be?' Sometimes you don't get the opportunity to ask those questions."

The same applies to simpler situations in which the parents may need extra help around the house, such as hiring someone to shovel their snow for them.

Whatever the case, one shouldn't assume that having siblings will necessarily make things easier. Arguments can arise over who is chipping in with physical help, financial help, not enough help or any at all. An out-of-province sibling won't help matters either.

Heath notes there can be unfortunate occasions where kids split the money up once their parents are moved into a care facility, rather than keeping it for any possible emergencies.

It's also important to not separate the health concerns of aging from the financial ones. In many ways, they are one and the same.

"Siblings can work together to delegate medical appointments, or who's going to help with bill payments. Who can be a financial support, if that's needed?" said Bev Evans, portfolio manager, wealth adviser and investment adviser with the Evans & Carruthers team at Richardson Wealth Ltd. "Who can be there on a more of a day-to-day basis to make sure that the parents are safe and have what they need?"

She adds that such conversations need to be rooted in respect and dignity. Barring the most dire scenarios, the children should not dictate the terms and the parents have to be part of the decision-making process.

Like many situations involving family, things have the potential to become more than a little tense. Evans recommends bringing in a third party to alleviate much of the emotion that can naturally arise.

That can include financial advisers, but Heath also worked with a long-term care consultant for his mother who "initiated family discussions that we didn't know we needed to have."

If the issue is as straightforward as downsizing to make things easier on the parents' lives, all of the above still applies, but there's an extra challenge of convincing someone that their life may be more enjoyable if they moved into a smaller home.

"Considering property values and that we're living longer, the principal residence for many older people continues to be their single largest asset," Evans said. "There comes a point when downsizing and taking equity out of the home can really unlock a lot of options for the older person to take on a new way of life that gives them a lot more freedom and flexibility."

Both seniors and their adult children can have a lot of what Evans calls "misconceptions" when it comes to the available options beyond living in your own home. For example, long-term care homes often have years-long waiting lists, so it may be beneficial to start looking at future needs early if you're made aware of a potential health issue with your parents.

Aside from any health problems that come with aging, there's also elder fraud to contend with. Both Evans and Heath agree such fraud can be difficult for adult children to spot unless they have some knowledge or access to their parents' finances.

That's why a base level of trust needs to exist between generations while maintaining the parents' privacy. Ideally, "the parents' finances can't be a black box," Evans said.

Like everything else when it comes to finances, the key is in cautious and open communication.

How wealth technology is helping advisors get off the grid

Managing partner discusses industry developments that have lowered barriers to advisor independence

Leo Almazora – Wealth Professional

For many years, spending decades working at a bank-owned brokerage was not a controversial career choice for advisors to make. But in recent years, there's been a wave of advisors getting off that well-worn path, leaving behind large institutions and building their own independent practices.

"I think it comes down to the fact that that technology has evolved to help level the playing field over the years," says Dave Nugent, managing partner at Purpose Advisor Solutions. After working at RBC Dominion Securities as an investment advisor, Nugent became the CCO and CIO at Wealthsimple, and joined PAS when it acquired Wealthsimple for Advisors (W4A) in 2020.

Historically, he says the technological solutions needed to run a wealth advisory practice – CRM, trading software, and custodial solutions, just to name some – were financially out of reach for the average independent practice. But as more providers have come out with turnkey solutions at a more affordable price point, it's now possible for advisors to outsource less revenue-generating and administratively burdensome aspects of their practice.

Changing client preferences are also playing a role. Half a decade ago, the rise of the robo-advisor was seen as an existential threat to the financial advice industry. But because investors and clients have become more comfortable interacting with technology, advisors can now leverage digital solutions in their own practices to provide services at much greater scale without necessarily sacrificing personalization.

"If you've got at least $250 million in assets under management today, you've got the scale to go do this on your own," Nugent says. "Custodial costs have come down in the industry, and a lot of low-code and no-code tools are now available for advisors to take advantage of.

So companies like ours are able to build out that infrastructure for advisors in one solution, and they don't need huge support teams to the extent that they used to."

For many advisors, the idea of striking out has grown more appealing than ever. While most veteran advisors may be comfortable with the grid system of compensation, Nugent points out that the system relies on having a very standardized business model. The push towards standardization has only grown among large firms as regulatory pressure continues to mount.

As Canadian securities regulators raise the bar of expectation with the implementation of new client-focused reforms, it creates an extra incentive for institutions to put restrictive compliance and operations policies in place, all in the name of containing compliance costs. Working within that kind of system can severely stunt the growth of a practice, as each advisor runs a slightly different business depending on their specialization and the book of clients they've built.

"The same way that clients are looking for a more personal approach, advisors are looking for a more personal approach to their business," Nugent says. "We believe that they should have control over what it is that they offer within their practice, and have the ability to offer different services ala carte, so to speak."

The leap toward entrepreneurship can be daunting at first. Between the challenges of figuring out policies and processes, drafting manuals, and learning the various requirements and deadlines that come with being an independent registrant, just to name a few, there's a steep learning curve to get through. By offering their expertise through the setup process and beyond, Purpose Advisor Solutions has helped de-risk the journey to independence and growth for many breakaway advisors.

With an independent model, Nugent says, advisors are more able to create equity value in their business for themselves. The ability to hold on to more of the enterprise value for themselves, as opposed to ceding it away to the firm they work for, can pay off in dividends for those who might want to sell their business down the road.

"We're also seeing advisors that want to create a legacy. They want their business to go beyond them, especially if intergenerational planning is part of their core proposition," he says. "Being an independent business owner allows you the flexibility to create that model and align with your clients' interests in that more long-term way."

CI Global Asset Management Builds on Thematic ETF Lineup with Launch of CI Bio-Revolution and CI Digital Security ETFs

TORONTO — CI Global Asset Management ("CI GAM") today announced the launch of two ETFs providing exposure to rapidly growing sectors at the forefront of innovation and technological development – CI Bio-Revolution ETF and CI Digital Security ETF. The

ETFs begin trading today on the Toronto Stock Exchange ("TSX") under the tickers CDNA and CBUG, respectively.

"The new ETFs allow investors to focus on the exceptional growth potential of two dynamic, innovative sectors of the global economy – biotechnology and cybersecurity," said Roy Ratnavel, Executive Vice-President and Head of Distribution for CI GAM. "The ETFs also offer a low management fee for thematic ETF investing of 0.40% and index provider Solactive's unique and proprietary approach to index construction.

"With CDNA and CBUG, we continue to extend CI GAM's extensive lineup of thematic ETFs, having in the past 12 months launched ETFs focused on cryptocurrencies, emerging markets, technology, and climate change," Mr. Ratnavel said. "These and other new mandates, including alternative investments and the CI Beta suite of passive ETFs, demonstrate our commitment to being the premier provider of quality ETF solutions in Canada. We are continually modernizing our ETF lineup, which is already one of the largest and most comprehensive in Canada with $15.1 billion in assets under management and a broad selection of 78 passive, smart beta and actively managed mandates."

CI Bio-Revolution ETF ("CDNA") provides targeted exposure to companies that have the potential to be significantly transformed by advancements in genetics and biotechnology. CDNA seeks to track the price and performance of the Solactive Global Genomics Immunology and Medical Revolution CAD Hedged Index NTR.

CDNA invests in companies best positioned to capitalize on developments in areas that include health care products, genomics, life science tools and analytics, cancer treatments, and vaccine breakthroughs.

CI Digital Security ETF ("CBUG") provides targeted exposure to the businesses at the forefront of fortifying and protecting networks and systems from cyber threats. CBUG seeks to track the price and performance of the Solactive Digital Security CAD Hedged Index NTR.

CBUG invests in companies that will benefit from the increased adoption of cybersecurity technology, including those involved in digital security technologies, digital security management, digital security software, and digital security platforms.

The selection of companies for the ETFs' underlying indexes is done using ARTIS®, Solactive's proprietary natural language processing algorithm that identifies thematic exposures of companies. ARTIS represents a ground-breaking innovation within the industry, functioning as a multidimensional classification tool that generates a deeper understanding of the products and services a company offers, especially when dealing with multiple markets and various product lines.

Introducing Hedged US$ Common Units for CI covered call ETFs

CI GAM also announced that Hedged US$ Common Units for four covered call ETFs are expected to begin trading on the TSX on or about March 8, 2022, subject to TSX approval. The ETFs and the tickers for the new Hedged US$ Common Units are as follows:

- CI Gold+ Giants Covered Call ETF (CGXF.U)
- CI Health Care Giants Covered Call ETF (FHI.U)
- CI Energy Giants Covered Call ETF (NXF.U)
- CI Tech Giants Covered Call ETF (TXF.U).

The introduction of U.S. dollar units offers advisors and investors additional choices in selecting investment solutions that meet their individual needs.

About CI Global Asset Management

CI Global Asset Management is one of Canada's largest investment management companies. It offers a wide range of investment products and services and is on the Web at www.ci.com. CI Global Asset Management is a subsidiary of CI Financial Corp. (TSX: CIX, NYSE: CIXX), an integrated global asset and wealth management company with approximately $372.5 billion in assets as of January 31, 2021.