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Growth in pre-packaged portfolio solutions

Tailored Portfolios

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Photo by John Major, for National Post

In these days of turbulent markets, creating the right investment portfolio may seem like a difficult task. How do you know which equities and which fixed-income products to choose? Which fund managers are the best at their jobs in hard times? How do you maintain that necessary balance to achieve your goals?

David Phipps, a senior financial advisor with Assante Capital Management Ltd. in Ottawa, says many of his clients have chosen what are known as "portfolio solutions." These innovative investment products offer complete portfolios selected and managed by experienced professionals, portfolios tailored to meet individual risk tolerances and goals for growth over various time frames.

"The majority of my clients now use them because they represent what most advisors consider a superior approach to investing," Mr. Phipps says.

In the past, before the introduction of portfolio solutions, advisors would meet with clients to get an understanding of what they expected from their investments, and then try to find specific products that would achieve those goals.

"The ability to create an effective portfolio depended on the skills of the advisor," he says. "He or she had to do the research and make the right choices."

With pre-packaged portfolio solutions, however, investors immediately have access to top professionals, often the same men and women who advise Canada's biggest pension funds on where to put their money.

"They have the ability and tools to do research and analyze products in great depth," he says. "The results are much more precise and take into account not just specific fund performance but individual manager's track records as well."

"They have access to the complete range of investments globally and regularly re-balance portfolios to ensure investors stay on track."

And from his point of view, portfolio solutions provide that all-important single figure quarterly -- the internal rate of return.

"That is the most important figure to all investors," he says. "They want to know: How am I doing?"

RBC Asset Management offers two product lines -- RBC Select and RBC Select Choice -- that are representative of the concept of portfolio solutions that are finding appeal with investors.

"They are a simple one-step, balanced approach to investing," says David Richardson, vice-president, RBC asset management. "For most clients, they take the worry out of making the right choices and the stress out of managing them."

"One of the great advantages of portfolio solutions at these times is the regular rebalancing that goes on," he says.

And while portfolio solutions might have cost a premium to investors in their formative years, the cost for management and expenses on such

products today can be as little as 1.75% on conservative portfolios up to 2.05% on aggressive growth investments.

"Portfolio solutions are just one of those things that make sense from almost any way you look at them," Mr. Phipps says.