

# Rethink the way you Invest

You may feel change is never easy, whether that means changing the way you invest or who you choose to invest with. But change can be beneficial.

The good news is you can improve your investment experience and it's not as hard as you would imagine. Taking a little time to become more aware of how things work can go a long way. It is never too late to rethink the way you invest.



*Find clarity and transparency in the investment process*

## WHO WE SERVE

Tulett, Matthews & Associates specializes in discretionary portfolio management services designed for Canadian investors who are serious about achieving their long-term investment goals. Our clients share a common set of characteristics and beliefs, including:

- Having busy lifestyles and serious financial goals
- Wanting results through a disciplined and responsible portfolio management service
- Appreciating a trusted advisory firm that makes things clear and easy-to-understand

## OUR CURRENT CLIENT BASE CONSISTS OF THREE MAIN GROUPS

### PROFESSIONALS

Accountants, dentists, doctors, engineers, sales professionals, business managers, investment professionals etc.

### RETIREES

Individuals preparing for retirement and those already retired.

### SUCCESSFUL ENTREPRENEURS

Business owners interested in diversifying their wealth and preparing for retirement.

## How we work with you

Tulett, Matthews & Associates uses a consultative approach that aligns our ongoing expert advice and recommendations with your unique financial situation and priorities. This approach helps ensure that we only work with clients with whom we can add real value in their pursuit of a successful investment experience. Our passion for helping you succeed and reach your financial goals is genuine.

## How we get to know you and your family



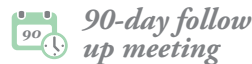
*Discovery Meeting*



*Proposal Meeting*



*Commitment Meeting*



*90-day follow up meeting*



*Progress Meeting*



## Our process is disciplined and rigorous and includes the following standard operating procedures

- Determine your objectives, goals, needs and tolerance for risk
- Develop an Investment Policy Statement (outlining & clarifying your objectives)
- Construct and monitor your portfolio to ensure a match with ongoing objectives
- Review and adjust investment weightings according to your IPS
- Report investment holdings on a monthly basis through National Bank Correspondent Network
- Report quarterly consolidated performance of all your accounts

## WHAT WE CAN DO FOR YOU

1

### DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

Tulett, Matthews & Associates' primary function is to deliver competent, unbiased advice regarding the sound management of your portfolio.

#### **Our recommendations on how to create a successful long-term investment experience**

- Hire a firm with an investment process and plan for you
- Do not build your portfolio on bold forecasts
- Do not chase past returns as markets are often random & unpredictable
- Invest in asset classes vs chasing manager returns
- Build a diversified portfolio using asset class investments
- To increase long-term expected returns, include asset classes such as value and small cap companies in your diversified portfolio
- Be aware of and stay clear of investment obstacles & pitfalls
- Insist on full transparency and investment reporting

2

### TAX COMPLIANCE SERVICES

Tulett, Matthews & Associates also provides tax preparation should you have the need. Tax returns are filed electronically.

3

### WEALTH MANAGEMENT SERVICES

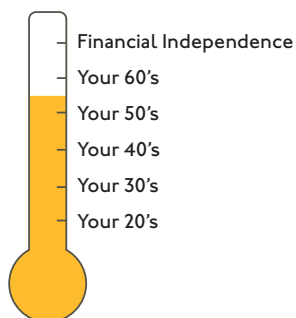
Financial planning, estate planning, insurance solutions and advanced tax planning can be coordinated and outsourced to leading industry experts based on your needs and the specific services you require. We coordinate our efforts with Edmond Fhima C.Adm.,PI.Fin. of EFConsulting who conducts comprehensive retirement and estate planning analysis for our clients.

All fees are paid by the client, directly to EFConsulting. Tulett, Matthews & Associates does not accept any referral fees or commissions. This ensures an unbiased recommendation and protects your interests while maintaining the integrity of the referral process.

### **General portfolio risk**

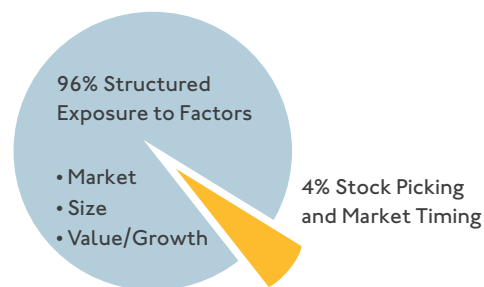
Portfolios created, managed and monitored by Tulett, Matthews & Associates Inc. are subject to market fluctuations. The value of most investments, particularly equity investments, can be negatively affected by changes in general market conditions caused by corporate developments, changes in interest rates, changes in the level of inflation, and other political and economic developments.

## Planning to a goal provides a much better financial outcome



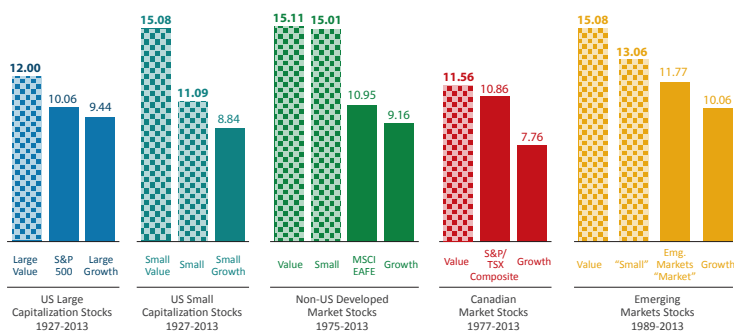
Are you on track to financial independence? Knowing which actions are required to reach your goals is half the battle. Implementing your action plan completes the planning process.

## Asset class allocation & market exposure are the dominant drivers of portfolio variability <sup>1</sup>

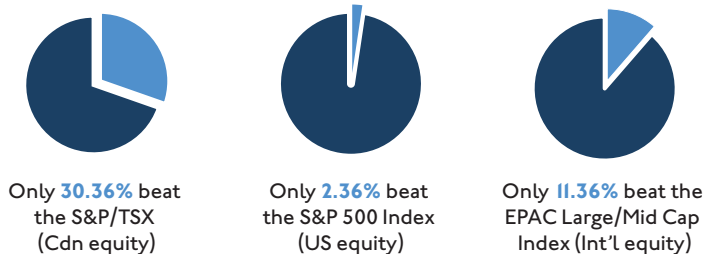


Asset class investing is the most prudent and successful investment management strategy and yet much of the financial media's noise or "investment hype" is focused on risky strategies with low rates of return.

## Value & small cap stocks have outperformed growth & large cap stocks over the long-term <sup>2</sup>



## Index or passive management often outperforms active management <sup>4</sup>



(Percentage of actively managed mutual funds that beat the market over the last 5 years ending June 30th 2013)<sup>4</sup>

Over the long-term, few actively managed strategies have been able to match index or asset class returns. The good news is that Asset Class strategies & ETFs that track indices are available to private client investors around the world.

<sup>1</sup> Dimensional Fund Advisors. <sup>2</sup> US indices in US dollars; all others in Canadian dollars. Developed markets value and growth data provided by Fama/French. The S&P data are provided by Standard and Poor's Index Services Group. US Small is the CRSP 6-10 Index, provided by the Center for Research in Security prices, University of Chicago. Non-US Small data compiled by Dimensional from Bloomberg, Style Research, London Business School, and Nomura Securities data. MSCI EAFE Index (net dividends) copyright MSCI 2009, all rights reserved. S&P/TSX data provided by S&P/TSX. Emerging Markets data simulated by Fama/French from the countries in the IFC Investable Universe; simulations are free-float weighted both within each country and across all countries. Indices are not available for direct investment. Index performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

## Markets often move in a random & unpredictable fashion<sup>3</sup>

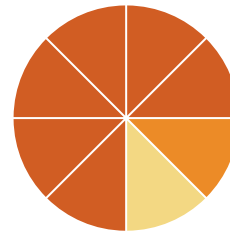
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
36.10	23.47	24.11	35.72	9.82	2.56	68.35	38.09	11.72	15.08
31.32	22.49	21.44	29.88	4.27	-21.94	46.22	23.38	4.30	14.96
30.11	17.53	19.56	26.10	3.36	-22.85	35.05	21.50	2.04	14.72
27.83	15.28	10.97	26.08	2.15	-24.94	27.29	17.61	0.90	14.55
26.74	14.47	10.95	23.18	-5.25	-25.55	25.12	16.40	-3.52	14.13
18.85	11.49	10.72	22.11	-7.92	-30.06	13.99	14.53	-5.19	13.82
13.57	10.98	10.69	18.15	-10.09	-30.67	13.85	10.26	-8.71	13.04
11.60	8.63	4.16	17.25	-10.14	-32.53	10.98	9.16	-10.00	11.68
7.46	8.42	3.05	16.56	-15.63	-33.00	9.26	2.22	-10.26	7.19
5.46	2.80	2.57	15.58	-17.01	-35.24	3.47	0.43	-12.43	0.91
2.86	2.25	2.29	3.93	-29.73	-45.71	0.36	-2.14	-13.78	0.80

Canadian Fixed Income	Canadian Small Cap	US Small Cap	International Value
Canadian Large Cap	US Large Cap	US Real Estate	International Small Cap
Canadian Value	US Value	International Large Cap	

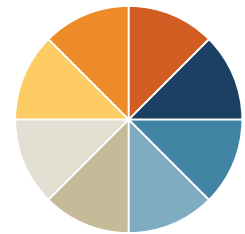
Source: Dimensional Fund Advisors (see endnote #1)

Investors often regret bold portfolio moves that had relied on previous forecasts and predictions.

## Understand the difference between good & bad diversification



Poor diversification



Good diversification

Many investors & some advisors don't seem to fully appreciate and understand this concept. They believe that because they own 15 stocks or 10 mutual funds that they are diversified. Too much overlap results in bad diversification, which can be costly.

## Understand and be aware of the most common obstacles and investment pitfalls



Common obstacles and pitfalls include: conflicts of interest in the financial services industry; building portfolios based on forecasts; miscalculating your time horizon; lack of an investment plan; timing the market; buying high & selling low; lack of proper diversification.

## Human emotions and cognitive biases can be very disruptive to your long-term wealth



Humans are not "hard wired" to be good at investing. Emotions and cognitive biases often get in the way. Some of these emotions include: fear, greed, stubbornness, hindsight and over-confidence biases, which can often lead very smart people to make costly investment mistakes.

<sup>3</sup> In Canadian dollars. Charts are for illustrative purposes only. Canadian Fixed Income is Canadian One-Month Treasury Bills. Canadian Large Cap is S&P/TSX Composite Index. Canadian Value is MSCI Canada Value Index (net dividends), and Canadian Small Cap is the MSCI Canada Small Cap Index (price only). US Large Cap is the S&P 500 Index. US Value is Russell 3000 Value Index. US Small Cap is CRSP 6-10 Index. US Real Estate is the Dow Jones Wilshire REIT Index. International Large Cap is the MSCI EAFE Index (net dividends), and International Value is the MSCI EAFE Value Index (net dividends). International Small Cap is compiled by Dimensional from Style Research securities data; includes securities of MSCI EAFE countries in the 10%-1% of ME range; market capitalization weighted; each country capped at 50%; value defined as the top 30% book-to-market; rebalanced semiannually. Canadian T-bills provided by Scotia Capital Inc. S&P/TSX data provided by S&P/TSX. MSCI data copyright MSCI 2009, all rights reserved. The S&P data provided by Standard & Poor's Index Services Group. Indices are not available for direct investment. Index performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results. <sup>4</sup> Source: SPIVA® Canada Scorecard.



## TRANSPARENCY & INTEGRITY

### How we are compensated

The sole compensation Tulett, Matthews & Associates receives is an investment management fee, calculated monthly in arrears as a percentage of each client's assets. We do not accept any other source of remuneration, thereby avoiding any potential conflicts of interest and ensuring our interests always are fully aligned with our clients'. We are a completely independent firm and we are not related in any way to any other firm, individual or related issuer where a potential conflict could develop.

TMA is NOT compensated (does not receive any front end, back end, trailer, underwriting commission or any other form of commission) by any other party. TMA is compensated 100% by the clients they serve. This helps to ensure complete transparency and lays the foundation for you to receive un-biased advice.

## REGISTRATION, CUSTODY OF ASSETS & COMPLIANCE

### Our Firm's registration



Tulett, Matthews & Assoc. Inc. is registered in the Province of Quebec in the category of *Portfolio Manager*. Our principal regulator is Quebec's Autorité des marchés financiers (AMF). We are also registered in the category of Portfolio Manager through the regulatory passport system in each of the following provinces: Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Saskatchewan & PEI. Portfolio managers meet the highest conditions of registration with the securities commissions.

### Custody of our clients' assets



Tulett, Matthews & Associates is an independent investment counselor. All client accounts are held at National Bank Correspondent Network (NBCN) (the "custodian") in your name only. Administration of your account is performed by National Bank Correspondent Network, a fully-owned subsidiary of National Bank Financial, itself a fully-owned subsidiary of National Bank of Canada.

### Our External Advisors

BDO Dunwoody LLP has been our external auditors since 1995. Our legal advisors since 1995 have been a team of lawyers at Norton Rose ORLLP.

## FINANCIAL PLANNING ADVISORS



Financial planning, estate planning, insurance solutions and advanced tax planning can be coordinated and outsourced to leading industry experts based on your needs and the specific services you require. We coordinate our efforts with Edmond Fhima C.Adm., Pl.Fin. of EFConsulting who conducts comprehensive retirement and estate planning analysis for our clients.



## OUR INVESTMENT PARTNERS

### Portfolio Management Association of Canada (PMAC)



Our firm is a member in good standing with PMAC, the representative organization for portfolio managers in Canada. Members are comprised of both large and small portfolio management firms managing Canadians' pensions and retirement savings. PMAC was established in 1952 and its current members are responsible for managing in excess of \$800 billion of client assets.

### Dimensional Fund Advisors



Tullett, Matthews & Associates works closely with Dimensional Fund Advisors. Their investment researchers are well known in the global investment industry for their pioneering work in portfolio construction concepts and capital market research. Their institutional asset class strategies have been used since 1981 and they currently manage \$359 CDN billion (as of Dec 2013).

### Vanguard Group and Blackrock Inc.



Vanguard and Blackrock each manage a series of exchange traded funds. Exchange traded funds (ETF's) are flexible asset class investment tools that empower portfolio managers and financial advisors to gain asset class exposure in a low-cost, transparent and tax efficient manner. Vanguard and Blackrock currently manage and oversee \$2.7 and \$4.3 trillion (as of Dec 2013).

### Final Frontier Advisory Study Group



Founded in 2006, the Final Frontier Group (FFG) is an independent group of six private client advisory groups across Canada who meet on a regular basis to share "best practice" ideas. The advisors and advisory firms in the FFG oversee more than \$1 billion worth of private client assets.

## RECOGNIZED EXPERTS

### Published Book



Rethink the way you invest. You can improve your investment experience and it's not as hard as you would imagine. In Keith Matthews'

national best selling book entitled: *The Empowered Investor: A Guide to Building Better Portfolios*, he lays out a set of Ten Principles to help increase the odds of a successful investment experience.

### Recognized experts

TMA are recognized Canadian wealth management & investment management experts. Their views on asset allocation strategies, portfolio management investment tools and trends in the financial services industry have appeared frequently in a variety of Canadian and International media sources.

- The Montreal Gazette
- National Post
- The Globe & Mail
- Morningstar Canada
- Investment Executive
- IE Money
- The Wall Street Journal
- Money Talk on BNN
- Moneysense

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