



Welcome to the Empowered Investor

Announcer: Welcome to the Empowered Investor Podcast. Have you ever felt overwhelmed by the sheer volume of choices and voices telling you how to plan or invest for your future? With his straightforward approach, host Keith Matthews of Tulett, Matthews & Associates cuts through the noise to help you create a winning action plan for you and your family. The decision-making framework discussed in this show can transform you and your investment experiences and will increase your odds of becoming financially secure. Learn more and subscribe today at TMA-invest.com.

Keith: Welcome to episode one of the Empowered Investor. My name is Keith Matthews and I'll be your co-host for today's podcast show. I'm joined by my co-host Marcelo Taboada for today's episode. In today's episode, we will cover the following topics. We'll introduce and discuss how the Empowered Investor came to be. We'll introduce you to the Empowered Investor narrative and invite you into this inspiring story. But first, let's begin by introducing ourselves. Marcelo, welcome to the show.

Marcelo: Thank you. By the way, you nailed my last name so I'm very proud of you. Thank you. It's a tough one to pronounce.

Keith: So Marcelo, tell the audience a little bit about what you currently do.

Marcelo: Currently, I am an Associate Portfolio Manager at Tulett, Matthews & Associates. What that means is I help people every day to achieve financial security forever, we hope, through investments, financial planning, and tax planning. That's it.

Keith: Talk to us a little bit about your background—where you grew up, where you went to school—and finally, in the end, I'm going to ask you why you became a financial advisor. But let's start with your background first.

Marcelo: Sure. So I grew up in a very small country in Central America called El Salvador. It's very famous for pupusas. If people haven't tried them, that's something I recommend. It's a very poor country, so completely different from what we have in Canada. I spent 19 years of my life there, and then I moved to Canada at the age of 19 to Montreal specifically, without speaking any English or French. So it was for sure the hardest thing that I've ever done in my life.

Keith: So hang on, are you telling me that you moved to Canada without speaking English or French and went to university at the same time?

Marcelo: Just to give you an idea of how that looked like, I moved here for six months, did an immersion course in French and English, and six months after I was starting in CEGEP in full English at Dawson College in Montreal. So in Montreal, you do two years of CEGEP then three years of university. But the first few semesters were super hard because you're coming into a whole different environment of different languages, different culture, different language. It was hard, but here I am.

Keith: Wow. And for our clients that have worked with Marcelo, they know he's terrific. He's been with us for three and a half, four years. Back then, when we put an ad out in the press and general media for job applications for an advisor, Marcelo was one of 100 job applicants. Great applicants



came through, but in the end, through the process, Marcelo clearly was the choice of the day. And he's been doing an amazing job with our clients. So Marcelo, why financial services? And then within financial services, why becoming an advisor?

Marcelo: If you would have asked me 10 years ago if I would have ended up doing what I do today, I would probably say no. I always knew that I wanted to help people. That's always been a constant across everything I do in my life. Now, when you start in university, I didn't know what to study, but I think we all have sometimes in our lives a person or an event that completely changes the direction of our lives. And that person for me was a really good teacher I had in university. This guy opened my mind into a whole different field called economics. So then the decision was, "Okay, do I study something that's going to be useful for the job market?" I've always been very strict on how I do things and why. For me, passion is very important. So being able to study something that really interests me was super important, but I always knew that I wanted to work in a field that involved helping people on a daily basis. After I finished my studies in economics, I knew what I wanted to do in terms of how I wanted to do it, and that meant helping people. So I started at the bank. It just seemed like the natural choice in terms of financial services. The other way people in economics go is it typically looks like an academic career and end up getting a PhD or working for heavy research firms, but that's not what I wanted to do.

Keith: So your first job was as a financial advisor at a bank?

Marcelo: Yeah. I worked at one of the big Canadian banks. It was an amazing experience in terms of great people, but I just felt that the incentives weren't set up in a proper way. The incentive system wasn't properly set to help the client and benefit the end investor. I transitioned into another role after as a wholesaler at a big U.S. investment firm. Again, I had a lot of fun, great people. I learned a lot. There's almost no regrets there. It's just again, incentives. They're not set up properly to help the end investor. It was hard to go home after because you love what you're doing, but you always feel like there's something missing. And that's a very bad feeling to have.

Keith: So what's missing?

Marcelo: I just didn't feel I was helping anybody. I felt I was just a salesman. I didn't feel like I was doing the right thing for the client. By nature, I started looking at jobs. I don't know if I ever told you this, Keith, but I was ready to leave the industry. I was ready to transition into another career and hopefully reinvent myself two years out of university, which is hard to do as it is. So I came across the position and went through the interviews, and I loved it. Four years after, I've never been happier.

Keith: Very cool. You know what, Marcelo? For the audience, we're going to be doing probably the first 10 shows with Marcelo. We'll switch gears in the next 10 with Ruben, and we'll be getting Lawrence involved as well. But it's really a thrill to start the show with you today, Marcelo. Very happy about that.

Marcelo: I'm so excited. If you would have told me four years ago when I started, if we were doing a podcast, I would have said, "Man, that's crazy." But it's the times we live in, and it's another avenue to serve our clients. So I'm super pumped. The natural thing for me was to work in an independent firm. And I think that's what I find the most satisfying about the job—it's the relationships. It's the people we get to help on a daily basis. We come across so many hardworking Canadians that sometimes the stories are very inspiring. And for me, going home every day and just having the



ability to have the independence to really tell them how we can help them, that means sometimes, better than anybody, Keith, sometimes that means you don't end up working with the client. So it's just the way it is. But I find a lot of satisfaction in the way we're doing it anyways.

Marcelo: Let me ask you some questions, Keith, because we need to get into that. So what do you do currently at TMA for the people who don't know you?

Keith: I'm a portfolio manager and client advisor and part owner of a business specializing in working with clients and helping investors at large.

Marcelo: Tell me a bit about your background because you have a really interesting story into how you came into indexing and the way we do things here. So tell me a bit about that.

Keith: You're referring to indexing, and we'll speak about that later in some of the later episodes. But I was out of post-grad school in the early nineties. I graduated—every time I graduated from either an undergrad or a post-grad, it was a recession, either the recession of '87 or the recession of '91. So '91, I became a bond trader, an institutional bond trader. I did that for four or five years, and that was my foundation in finance. It was there that I learned about the concept of indexing, having watched so many managers boastfully speak about their returns only to find out that their returns were subpar or lower than one would think. I discovered the world of indexing, and then I wanted to evolve after being an institutional bond trader. There was a bit of a void there, even though it was considered the most sophisticated market and the market where most people wanted to try to get to. I felt like there was just something missing. I wasn't able to help enough people. I had a background in coaching or training or assisting. I taught sailing for a decade. I coached rugby. I've been coaching rugby since the age of 18, so that was maybe 10 years. And I always really enjoyed seeing people progress, having an objective, and seeing them progress. Maybe two or three years into bond trading, a lot of people would come to me. They might've received an inheritance. They might've sold a business, but they knew that I was in this world of investing and at the pension fund level, that I had access to names and information that might be able to help them figure out how to manage their money or how to move forward. And that was the first time where I saw people confused as to how to move forward. So you could have an amount of money to be invested, but you still didn't necessarily know how to move forward. You didn't know, how does that work for taxes, and how do I manage my money?

Marcelo: So people talk about this aha moment in their lives. Was this something that you had as a single moment, or was this something that evolved over time? Because yes, you came across all these issues, but how did that evolve for you?

Keith: I guess the aha moment occurred when over the years, you're sitting there on a bond trading desk and you're listening to a lot of institutional recommendations come through from the money management business. But one of the things I realized was that over time, there was a lot of flip-flopping back and forth amongst the recommendations. And the more you really start to pay attention to the recommendations and scrutinize the rationale behind them, the more you start to say to yourself, it's a bit of a game. And there's a bit of, for lack of a better word, BS involved in articulating to investors at the pension fund level how things should be moved around in portfolios. And I said to myself, if pension funds act this way, individual investors must also see confusion or be faced with lack of clarity around how to move forward. And it was really then that was my aha moment where I said, I think I can help. I know that people need guidance. They need to be able to see clearly how to move forward. And it was then in the mid-nineties that I decided I need to make a



move. In 1996, I left the institutional bond world and moved into a private client world. I joined PWL Capital. I worked there for 10 years—great operation, a great group of people. And it was there that we discovered, learned, and pushed forward a heck of a lot more in the world of indexing and how that can be used in money management.

Marcelo: I just imagine back in the day, you think about how indexing has grown now. And again, we'll be covering that in future episodes. But imagine doing that in the nineties. It's almost crazy to me, knowing what we know about the history of how markets have evolved and the way market products are delivered to investors, right?

Keith: A lot of people know about exchange-traded funds now and hear about them, read about them. But 20 years ago, it was really the beginning of this movement, if you will. And we were fortunate enough to be at the front end of it. That brings us to The Empowered Investor. The first version of the book was written in 2003, and we're now on version four, but the story of The Empowered Investor is still the same. And it all started even before that. It all started in the late nineties for me when I approached the Montreal Gazette and asked if I could write articles around indexing and how to build portfolios using these index products and index strategies. Because back then, it was really all geared around how to select a money manager, how to select a mutual fund, what were the top 10 mutual funds, and there wasn't enough written. So that was the birth of, in my mind, putting energy around this topic. The Empowered Investor is based on a whole set of principles, one of which is to build your portfolios using index-based products, but there's so much more to it than just that. For me, the reason I wrote The Empowered Investor originally was to put down on paper a set of principles that if you embrace and bring together can help increase the odds that investors will have success.

Marcelo: When you wrote the book, who would you say it is meant for?

Keith: We've evolved the book. So we're now into edition four, and this is the most recent edition. To me, this is the culmination now of 20 years of practicing as an advisor, working with clients, and hearing feedback. But the book is really geared towards those that are hardworking and serious about working towards financial security. Let me ask you a question. When you work with clients, what do you think most clients want? What do you think most Canadian investors want?

Marcelo: For me, that's a very simple question, but it's also a very philosophical question. And it has, for me, that whole idea of what do clients want really boils down to one thing. It's financial security. People want to know that they're going to be financially secure forever. What do I mean by that being a philosophical question? I'm going to go with an analogy here. So we can all agree that people all want a shelter. That shelter means a house, right? So I think financial security is just deeply ingrained in our DNA in the same way. Everybody wants a shelter to be protected from nature, predators, and these sorts of things. In the same way, we want this financial security. Now, some people want a mansion, some people want a smaller house in the same way that some people's financial security means just taking care of themselves. Other people think about financial security in more of a sense of generational wealth and generational financial security for many other generations. So I think that's the common denominator with every relationship. Some clients will want inherently more money than others because they have different goals, but they are all striving for financial security.

Keith: Yeah, I would agree with you. And I think that if you ask clients who are approaching retirement or thinking about retirement, "What is it you want from a financial perspective?" I think



that you might hear things like, "I want to make sure that when I'm retired, I never run out of money. I get to enjoy my lifestyle and know that I have enough security for myself, my spouse." Maybe that involves kids, but that clearly is a want. And to me, that's an underlying want. The book addresses or this message, the podcast addresses that want. Which leads—if people have a want, I would ask you, Marcelo, what do you think their number one challenge is in terms of getting that want?

Marcelo: It's pretty clear that the biggest obstacle to getting to this want is noise. Noise from friends, noise from family, noise from industry experts who are constantly bombarding people with top 10 managers to select, top 10 stocks to be selected. What I've seen through the years in my years at TMA is that most clients will come—most clients that we onboard will come with a plan, but they are still experiencing these obstacles. In their investing experience, they're investing, they're involved in some sort of process, but there's still all this noise coming at them from all sides that is just really bad. It's constantly distracting them from the main goal. We'll get into the details after, but I think the overall theme of what that obstacle looks like is noise.

Keith: Yeah. And I think that obstacle—it is noise, but even before the noise, I think the number one challenge that investors have is trying to figure out how do you make your retirement and your long-term money wants work and have your portfolio managed either by yourself or by an investment advisor or by a firm. It's understanding how to move forward, unifying your investment management and your planning needs. That's the challenge. I think what gets in the way, what really confuses people is what you've just mentioned—the sheer amount of noise that comes into play. I know that we're going to spend a few podcast episodes talking about noise, what it looks like, how to identify it, we're going to help investors on that front because being able to move forward requires an ability to understand.

Marcelo: Yeah. And here's the interesting thing too—that external problem ends up becoming an internal problem after. You're subject to all this noise, and that becomes anxiety, it becomes stress, and that sometimes can lead to inaction. So you have all these things coming at you, and yes, they're external, but you start to feel it in the way you act, in the way you make decisions. And this stress is just going to make it worse. We see it. How many times have we seen people come through our door, and yeah, they have a portfolio, they have a financial plan, but something's not clicking. They're stressed. They're constantly—I once saw a lady who was about 75 years old, and she was invested in 10 energy stocks. Yeah, that's a portfolio, right? You can agree with that, but is it the right one? Every time she needed to withdraw money, it was causing stress. So it can be a really bad effect if you let all these things get into the process of the investment.

Keith: Our thinking, our view, our belief is that everybody ought to have access to conflict-free advice and solutions. And that is the essence of the Empowered Investor. At the core of this show, we are going to show strategies and direction and a framework. This framework is going to be able to help people move forward, make better decisions around how to navigate those challenges and the problems.

Marcelo: Keith, if we were to boil down a few points of what we want to accomplish with the podcast, what would you say those are?

Keith: The first is to help as many people as possible, right? In the book, with four editions out there, we used to respond to emails all the time, follow-up emails, try to help investors. But in today's world, with technology where it's at, podcast shows are a way of reaching out and speaking and



engaging in this dialogue with more and more people. We're doing it at a time where we're all faced with extreme external issues—the coronavirus. We're launching this in the middle of April. We'll get into that in a few minutes from now, but I can't think of a better time to be initiating, getting more and more information out to individuals to help them, in the end, create a process of unifying investing and planning, but doing it in a way where the end result hopefully is more peace of mind, an action plan that works, results that work, and more peace of mind.

Marcelo: And get to that goal of financial security, right? Which is what we are all here for.

Keith: And all the way through, we're going to be presenting frameworks which will hopefully allow listeners to make better decisions. And it's the framework that allows anybody, regardless of whether you're in landscape engineering or architecture or building a business or building a sports team. Marcelo, thanks for being in the introductory show. It's amazing to have some young energy involved. Looking forward to moving forward. To our listeners, we want to wish you wellness, stay healthy, stay safe. Thank you for tuning into episode one of the Empowered Investor. And we'll see you in two weeks for our next episode. Goodbye, everybody.

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