

This newsletter explores a new body of regulatory requirements called “Client Focused Reforms” that have come into effect across Canada. The background and impetus for these regulatory changes lies in the very definition of the word “reform”.

According to Merriam-Webster Dictionary:

### ***Reform***

*1: to improve (someone or something) by removing or correcting faults, problems, etc.*

*2: to improve your own behavior or habits*

This latest round of regulations is of little consequence to Quadrant Private Wealth or our clients. Quadrant’s culture and client-first focus has always driven practices that meet or exceed the new requirements. That said, it is important for all of us to be aware of current regulations and the material differences between various service providers in the financial services industry.

### Client Focused Reforms – Summary and History

Client Focused Reforms are intended to create a regulatory framework that ensures that providers of investment products and advice act in the best interests of their clients. These regulations impose increased disclosure, communication and client due diligence on both advisors and their firms around:

- Conflicts of interest between the advisor/firm and the client;
- Ongoing requirement to Know Your Product (“KYP”);
- Ongoing requirement to Know Your Client (“KYC”);
- Regular review of the suitability of recommendations in light of current client circumstances;
- Explicit restrictions respecting misleading communications regarding proficiency, experience or qualifications.

Client Focused reforms are part of a regulatory journey that began in 1995. Over the years, there has been much commentary and lobbying (often against) around each new set of regulations. A search in Google of the phrase “Client Focused Reforms Canada” shows 4.6 million references. There has, and will continue to be, industry backlash to the new requirements. Rather than comply with the new regulations, several of Canada’s largest banks have halted availability of third party (i.e., independent) mutual funds in their financial planning arms. Given the history of these reforms and the industry practices that necessitated them – from our perspective the following “picture” says it all:



Quadrant applauds the regulatory changes and the additional protection that they will provide for investors. That said, it is important to note that the various regulatory reforms fall short of imposing a prescriptive fiduciary duty on most providers of investment services or products. The exception is registered portfolio managers who have had, and continue to have, a fiduciary duty to their clients.

#### Quadrant – We Started Out ‘Reformed’

As a registered portfolio manager, Quadrant has a fiduciary duty to act with care, honesty and good faith and always in the best interest of each client. As fiduciaries, securities regulations require the highest level of education and experience of portfolio managers in the investment industry. The majority of participants in the financial services industry are not registered portfolio managers.

Our commitment to our fiduciary duty to clients is rooted in far more than a prescriptive regulatory requirement. Our firm comprises a broad range of recognized professionals; Chartered Financial Analysts, Chartered Professional Accountants, Lawyers, Trust and Estate Practitioners, Certified Financial Planners, Chartered Life Underwriters, etc. As professionals, we have each undertaken a commitment to continuing education and a code of conduct with each of our respective professional bodies. At Quadrant, our fiduciary duty to clients extends beyond investment advice and is embedded in our culture both at the personal and organizational level.

The current regulatory reforms do not change our relationship with our clients. We have always, as a matter of choice, been client focused in everything we do. It is the very fabric of who we are. We believe that these embedded values drive us to consistently deliver the highest level of quality advice and service to our clients.

### Client First

Clients always come first – this is the most important principle of all and it is ingrained at every level of Quadrant. Client first means always acting in the best interest of a client. This is not only our fiduciary duty and legal responsibility, it is our moral obligation and the only way to take care of a client effectively.

Effective planning hinges on a deep understanding of our clients and their circumstances. We take as much time as is necessary to learn about each client in order to develop integrated solutions that best meet their needs and objectives.

### Transparency

Quadrant has always been committed to full transparency. Our fees are simple to understand with all costs (direct and indirect) fully disclosed at the outset of the client engagement and reviewed regularly. There are no additional or hidden account-based fees (trading costs, custodial fees; etc.) or hidden sales charges. Portfolio management reporting is on a consolidated household portfolio basis and allows each client an understanding of their portfolio in totality. Quadrant communications are intended to be clear and educational, and our Private Wealth Managers provide thorough explanations on all client-specific matters.

### Third Party – Institutional Asset Class Management

On behalf of our clients, Quadrant seeks out and engages best-in-class institutional investment managers for each asset class within a portfolio. As opposed to making security selections in house, this creates a structural separation that ensures full objectivity when making investment decisions. Furthermore, it gives us the ability to easily make changes to asset class managers if we deem it necessary. Our clients gain access to institutional level asset class managers located around the world, which are often unavailable to individual investors. Quadrant currently offers exposure to ten different investment managers, each with its own asset class specialty and with firm assets under management (“AUM”) ranging from \$3 billion to \$9 trillion. Quadrant leverages the extensive resources of these investment management firms for the benefit of our clients.

Quadrant facilitates these investments through private pools which are offered exclusively to our clients. Our pools are simple and efficient with minimal indirect costs associated with them, if any – this differs from typical mutual funds which can have significant indirect fees and other hidden costs embedded.

### Integrated Wealth Management

At Quadrant, it is a core principle that we cannot provide our portfolio management services in isolation of your overall Wealth Plan. Quadrant’s Wealth Management services are an integral part of our engagement with all clients.

Wealth Management at Quadrant integrates many different areas of planning outside of pure investment management. Financial management and budgeting, retirement planning, tax planning, estate planning, insurance and risk management, and charitable giving are all areas in which Quadrant has in-depth expertise. We act as a “financial quarterback” working with each client’s professional team to ensure the design, implementation and maintenance of a fully integrated wealth plan.

Proper wealth planning requires a complete view of a client’s financial life and a good understanding of that client as a person. We invest the time necessary to understand the entire picture and develop a cohesive plan relevant to each client.

### Discipline

Discipline is a necessity when it comes to effective wealth management. Investing and wealth planning require a disciplined approach to design and ongoing maintenance. Beyond establishing the initial design, ongoing and deliberate attention is required to maintain and reassess the wealth plan to ensure that it still aligns with the current goals of each client. The best investment and wealth plan design will fail to deliver the desired results without a disciplined approach to following it.

Quadrant provides the operational discipline required to design and maintain a portfolio and wealth plan relevant to each client. Perhaps more importantly, Quadrant provides independent research and education to assist clients in understanding short term results in the context of their long-term plans and ultimately serve as a defense against unhelpful behavioural biases.

### Teams-Based

Our multi-disciplined team-based approach results in a high degree of collaboration among our various professionals and areas of expertise. This approach ensures consistency in how we serve clients, in-depth analysis from different viewpoints, and ultimately the advice that best meets each of our client’s needs and objectives.

### Independence

Quadrant is owned and operated independently from any influence of a large bank or publicly traded owner. Through internal resources and outsourcing at arm’s length we are able to construct and deliver innovative solutions to our clients without external influence or product sales pressure. We are able to make long term decisions in improving and developing our service offering without the pressure for more immediate financial results demanded of public companies by their shareholders.

### The Bottom Line

Quadrant Private Wealth was established with a simple purpose – to take care of our clients’ financial well-being in a transparent and comprehensive manner. We seek to simplify the lives of our clients and provide peace of mind through independent and integrated wealth management.

Quadrant is fortunate to serve clients from British Columbia to Ontario, with many of those relationships spanning decades and multiple generations within client families. We have doubled our client base over the past 5 years while maintaining an industry leading client retention rate of 99.4%.

Our clients are busy professionals, business owners, and families from all walks of life – each with their own unique set of circumstances and goals.

We look forward to continuing to support these relationships and to developing new ones.

### **About Us**

Disciplined. Compassionate. Effective.

Quadrant Private Wealth is an independent, comprehensive, integrated wealth management firm committed to your financial well-being and peace of mind. We take the time to understand your

complete financial picture. We tie all of your information together, including tax planning, to paint a picture of what your financial future could look like. And we aim to earn your complete confidence in the process.

**Quadrant Private Wealth**

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If you or someone you know could benefit from our services, please have them contact our offices at 204-944-8124 or email us at [inquiries@quadrantprivate.com](mailto:inquiries@quadrantprivate.com).

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