



Portfolio Confidential

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Do you have questions about your own investment portfolio? I have recently set up The Rich Thinking® Financial Advice Hotline. This will be a win/win: you get a free 30-minute confidential Zoom chat offering an independent, unbiased perspective on your financial situation with no sales pitch! In exchange, I get to use the anonymized data that will come from these conversations to make my Rich Thinking research even better. Email me to book your Zoom discussion: barbara@barbarastewart.ca

My financial advisor, Tom, has moved over to the private wealth division of TD Bank, and I'm trying to decide whether to move my portfolio to him. My current portfolio (structured by Tom) consists of 11 different mutual funds, with 65% of the total invested in the TD Managed Income Portfolio series—TDB3131-F and TDB3302-W. My investment objectives are to achieve a portfolio return of 5% after fees. I am typically a conservative investor.

Portfolio Holdings

Holdings	Value	MER
TDB8150	\$ 103,086	0.00%
TDB3131	\$ 47,177	0.71%
MMF4629	\$ 57,488	1.19%
TDB3302	\$ 260,549	0.51%
PMO205	\$ 9,020	0.84%
CHO154	\$ 9,645	1.13%
MAW106	\$ 14,270	1.16%
TDB688	\$ 12,982	0.88%
MAW104	\$ 12,476	0.91%
TDB3131	\$ 132,705	0.71%
CIF823	\$ 19,928	0.81%
Total Funds	\$ 679,326	
Cash	\$ 170,674	
TOTAL	\$ 850,000	

If I become a private client, Tom is proposing that I pay an annual fee of 0.95%, which seems a bit high to me, along with still paying management expense ratio (MER) fees on my mutual fund holdings. What is a reasonable fee to pay an advisor to manage a portfolio of about \$850,000?

I'll answer in two parts. Part one: Is Tom a good financial advisor?

If we look at how Tom structured your current portfolio,

we see that there is no rhyme or reason behind the decision to hold 11 different mutual funds. I will say there really isn't any argument to be made for holding 11 different mutual funds! And why are the amounts invested in each fund all over the map? What is the strategy here?

I also note that 65% of your funds invested are in two classes of the same TD fund. From the fact sheets for both TDB3131 and TDB3302, "The Portfolio invests primarily in units of TD Mutual Funds, with an emphasis on mutual funds with income-generating potential." These "fund of funds" has a benchmark that is primarily the bond universe: "70% FTSE Canada Universe Bond Index, 20% MSCI World Index Net Dividend (ND, C \$), 10% S&P/TSX Composite Total Return Index".

There's more to this article -- if you want to find out how it ends, you need to become a Canadian Money Saver subscriber. Use my code RICHB for a 20% discount on a one year print or on-line subscription at:

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