

PLANNING COMES FIRST

Execution of portfolios adds value, but fully knowing client needs must always take precedence.

When she started in the profession in 1981, a securities licence wasn't in Kathleen Clough's sights. The PWL Capital wealth manager, who counts a CFP and RFP among her designations, originally went to work for a firm that did high-level financial planning for senior executives. And, until seven years ago, she focused solely on non-transactional work.

"I wasn't licensed," she says. "I did fee-only planning exclusively."

Then, in 2003, Jane Baker opened PWL's Toronto office and asked Clough if she'd be part of the new operation. Clough looked over the business, came to share Baker's enthusiasm and soon joined, initially as a fee-only planner.

"Then, the more I heard about the firm's investment philosophy, the more I realized I wanted to be part of that," she says. "So I proceeded to secure my licensing."

That in-house investment philosophy was based on the firm's IIROC roots, and Clough realized the next logical step in the planning process was to strike out and implement the investments articulated in her plans for clients.

"When Jane retired for health reasons, I was able to buy her client base and start servicing her clients on the investment side of things as well as on the planning side," Clough says. "It's different in that I now spend time reviewing portfolios to be sure an appropriate asset mix is in place, both to meet the client's needs and to ensure the portfolio is properly

constructed. Many factors come into play: on the income side—long versus short, government versus corporate, overall credit quality. And on the equity side—broad sectors with international exposure; small versus large, value versus growth, currency exposure. All of which must be communicated to the client."

Managing investments means discussions with clients go into more depth on the investment side, and Clough says the IIROC platform is the right one for the firm's investment philosophy, which is based on risk management through broad diversification of investments.

"We're able to use ETFs, mutual funds, bonds, GICs. It gives us a broader access to investments that allow us to meet our portfolio requirements," she notes. "We're generally looking for pooled products in that we don't do individual stock selection."

"We look at investing in asset classes. So the variety of pooled products that IIROC licensing provides us makes it easier."

In terms of firm structure, Clough takes comfort in the fact that PWL is independent and relatively small. "We don't have proprietary products and do as much as we can to remove conflicts of interest and make sure our clients are the only ones paying us," she says. "The client is the direct payer of the services and is able to see that."

Being smaller allows the firm to react quickly. "I can get compliance approval in a few hours," she notes.

BY

PHILIP PORADO,
Executive Editor
philip.porado@advisor.rogers.com



**KATHLEEN
CLOUGH**

Recently, Clough and her fellow advisors saw a need to communicate with clients about debt issues in Greece and the director of research wrote a commentary on the subject for distribution to clients in an e-mail blast. PWL's investment philosophy advocates international, rather than just domestic, investment.

Such crises can lead clients to question that diversity, so the firm likes to communicate and reinforce its objectives when world events cause investor jitters.

The e-mail blast passed through compliance within hours.

Still, Clough maintains, planning must remain paramount if clients are to be properly served by an advisory firm.

"It's still important to have the plan," she says. "I don't think I can manage the investments without having a very in-depth knowledge of the client's goals and objectives. I have to know where they want to be." ^{AE} **PORADO**