

Park author to aid investors

By [Daniele Alcinii](#), Sherwood Park News, Friday, January 17, 2014 11:12:47 MST AM



Frustrated investors may find solace in a new book aimed at quelling their irritations through understanding and simple solutions. *Your Portfolio Is Broken: Who's to Blame and How to Fix It* is based on a simple idea, said Sherwood Park product and author Chris Turnbull.

Examining the approach of the Canadian investment industry and the actions of investors, *Your Portfolio Is Broken* explains that most investors would receive better investment results by simply being a better consumer of investment products and services versus trying to be a smarter and faster investor or by merely purchasing an abundance of products and predictions, which is essentially what the industry advertises consumers to do, he explained.

By becoming a better consumer, it becomes an easier task to look towards the simple solution.

“The good news is that the solutions are pretty straightforward,” Turnbull noted. “Forget about the predictions, forget about buying the products, just focus on what you need to do.”

Becoming the ideal consumer, he explained, begins with a better understanding of the four main types of firms in the investment industry, what they offer and how they offer it, and what investors need to get in return.

The majority of frustrated investor portfolios, Turnbull said, have been amassed from one or two investments every year, year after year, often with calamitous results: a collection of investments, taking too much risk, incurring unnecessary fees or tax, and rarely capturing the full return of the market.

“Sloppy practices amount to sloppy results. None of these problems are solved by buying more products and predictions, they’re solved by being a better consumer of investment services.

“If you stop and think about what you’re doing from a consumer standpoint instead of buying into the hype, realize beating the market is very difficult. If you can’t beat the market then you should index to get the market return, it’s the default and the next best thing,” Turnbull stated.

As an example, Turnbull posed a question: “Would a good consumer invest hundreds of thousands or even millions of dollars into anything and not know what they are getting for a return or what it’s costing them? If investors knew that roughly 10 per cent of professional money managers are able to beat the market return would they want their advisor to continue trying?”

In order to protect oneself from disastrous returns, Turnbull advises that consumers should know what their returns are, what their fees are, and most importantly, they should have an opinion on whether or not their advisor could beat the market.

“When you index your portfolio you can get the market return — you’ll never beat the market, but you’ll protect yourself against under performing. The rest of the industry is really selling you the dream that they’re going to be able to pick the right security, time the markets, and therefore get a return that’s greater than the market return.

“The problem is that they’re all using the same information and when they apply what they know, it gets watered down. To beat the market, you’d have to be better than everybody else — we can’t all beat the market,” Turnbull stressed.

A portfolio manager with The Index House, an Edmonton wealth management firm using passive strategies with clients, Turnbull has more than two decades worth of experience managing clients portfolios.

Turnbull will be signing books and answering further consumer questions on Saturday, Jan. 25 from 11 a.m. to 4 p.m. at the Chapters located within the Sherwood Park Mall.

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