



FIRST CAPITAL
FINANCIAL



WORLD SOURCE
FINANCIAL MANAGEMENT INC.
Sponsoring Mutual Fund Dealer



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With Markets under pressure from interest rates, inflation and the war in Ukraine, investors are nervous and looking more closely than ever at their portfolios. Questions are being asked about asset allocation and underperforming funds are being put under the microscope.

Advisors are being asked to explain to their clients why they hold what they do, and whether any changes should be made to their current portfolio mix. We're asked this from time to time and the next four instalments of of weekly blog [Around The World](#) will highlight why we are committed to our fund positions and why we have complete confidence to do what they've always done - *deliver a better investment outcome over the long term.*



"Sometimes the future is bright, sometimes it's dark—it's all cyclical."

Today we will look at **EdgePoint**, a core position in every client portfolio. They are there because they offer something very different than conventional fund companies. In particular, from our perspective, too many of them:

- put their own interests first and are more marketing machines than wealth management
- sell what's easiest to sell, not what's in the best interests of investors
- incentivize their portfolio managers to track the index
- place more value on failing conventionally than succeeding unconventionally
- close and merge underperforming funds to hide their company's overall performance

Against each of these metrics, **EdgePoint** stands apart. Most fund companies offer a bewildering number of investment funds, many of which are indistinguishable from the other, or are chasing the latest fad ranging from marijuana stocks to crypto-currency. Assets Under Management (AUM) are splashed across their home pages, as if bragging about success in gathering assets somehow helps investors. All of this is geared to satisfying the demands of shareholders of these publicly traded wealth management

companies, where the bottom line is about their interests, not those of investors who hold their funds in their portfolios.

EdgePoint, by contrast, is a private firm, owned and operated by its employees. This means that the focus is on compounding client wealth, not launching a new fund every other day to drive up sales numbers. In fact, **EdgePoint** offer only five funds: a Canadian Equity fund, a Canadian Balanced fund, a Global Equity Fund, a Global Balanced fund and recently, a pure Fixed Income fund. All of these funds has a single investment approach practiced by the founders of the company for over half a century.

Shifting the focus from meeting quarterly demands of short-term-thinking shareholders, means that client's long term interests can come first. This is evidenced by the fact that **EdgePoint** has no marketing team, nor do they advertise. Further, **EdgePoint** has a 10-year partner program (unique in the industry), that lowers fees for investors who hold their funds for a decade or more. This is on top management fees that are 20% lower than the industry average.

EdgePoint partners with only 2% of Canadian Financial Advisors,(Source: Edgepoint), and we are pleased to be part of this esteemed minority. Our focus on long term results is aligned with **EdgePoint's** and, most importantly, our clients. Their willingness to take the road less travelled, to look wrong in the short term because they know the outcome will be good in the long term, is why **EdgePoint** represents one of every four dollars of assets we manage.

Bottom line is that when you're investing for the long term, you should understand what's in your portfolio and why. Like **EdgePoint**, we strive to build trust and are unwavering in our commitment to doing the right thing for our clients. For more on why we have chosen to partner with EdgePoint, click [<here>](#).

Markets are down right now, and may go lower yet. But every Bear Market is followed by a recovery and in turn, new Market levels are reached. But only for investors who, like **EdgePoint**, remain focussed on the long term. Our role is to have conversations like this, towards the goal of shifting the focus about what's happening now, to what we know will happen tomorrow.

Be patient, stay focussed!

Thanks for reading!

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