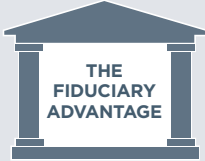


# THE FIDUCIARY ADVANTAGE

The “Fiduciary Advantage” refers to the higher standard of mandated knowledge, experience, responsibility and reporting provided by Portfolio Managers. It is a distinct benefit for their clients.



## Legal Requirements of a Fiduciary

### *Elements of a General Fiduciary Duty at Common Law*

Client interests are paramount

Conflicts of interest are avoided

Clients are not exploited

Clients are provided with full disclosure

Services are performed reasonably prudently

Source: Canadian Securities Administrators Consultation Paper 33-403: The Standard Of Conduct For Advisers And Dealers: Exploring The Appropriateness Of Introducing A Statutory Best Interest Duty When Advice Is Provided To Retail Clients, October 25, 2012



## FOR PRIVATE & INSTITUTIONAL CLIENTS

Portfolio Managers offer an inherent advantage that provides private client and institutional investors with an additional measure of confidence. They are fiduciaries, with a duty to act in their clients’ best interests.

## HIGHER STANDARDS ACROSS THE BOARD

Fiduciaries are permitted to act with discretionary authority for other parties. They are held to a higher standard of conduct. They must have a higher level of education and experience to qualify for undertaking their duties. And they provide more detailed reporting compared with retail investment alternatives.

## PMAC MEMBERS ARE DIFFERENT

The Portfolio Managers who belong to PMAC are fiduciaries. This creates a significant point of difference between them and other financial professionals in the investment sector lacking fiduciary status.

## HIGHER LEVEL OF QUALIFICATIONS & EXPERIENCE

Portfolio Managers provide investment advice and manage investment portfolios based on an Investment Policy Statement (IPS) or discretionary authority granted by their clients. To qualify as Portfolio Managers and have fiduciary status, they must meet the highest education and experience level in the investment industry:

### Advising Representative Qualification Requirements

CFA + 12 months’ relevant experience in 36-month period before obtaining registration

OR

CIM + 48 months’ relevant experience: 12 months in 36-month period before obtaining registration

**“Asset managers hold a unique place of trust in the lives of millions of investors. Investment professionals and firms that undertake and perform their responsibilities with honesty and integrity are critical to maintaining investors’ trust and confidence and to upholding the client covenant of trust, loyalty, prudence, and care.”**

CFA Institute Asset Manager Code of Professional Conduct, Second Edition, 2010

**“The legal system recognizes ... special relationships in which one party is required to look after the best interests of the other in an exemplary manner. ... Fiduciary relationships ... require that fiduciaries act ... strictly in the best interests of the beneficiaries... ”**

Historica Canada, [thecanadianencyclopedia.ca](http://thecanadianencyclopedia.ca), “Fiduciary Obligation, Law of”

# THE FIDUCIARY ADVANTAGE

## PMAC Membership Requirements

*PMAC Portfolio Manager members (the firms) are expected to do all of the following:*

Register as Portfolio Manager under governing securities legislation

Abide by a professional code of conduct

Uphold fiduciary duty to clients

Carry fidelity bonding & professional liability insurance

## IN BELONGING TO PMAC, PORTFOLIO MANAGERS ALIGN THEMSELVES WITH THESE VALUES

### Advancing Standards

Advocate the highest standards of unbiased portfolio management in the best interest of investors who rely on their investment expertise

### Independence

Complete independence in portfolio management; actions and decisions must be free of bias or self-interest

### Responsibility to the Investor

Give unbiased and continuous management of client assets with the goal of providing consistently sound investment management regardless of ever-changing market conditions

### Professionalism

Investment counsel should be of demonstrated investment ability and unquestioned integrity

PMAC members must consistently act with skill, competence and diligence

## ABOUT PMAC & ITS MEMBERSHIP

PMAC was founded 1952 as the Investment Counsel Association of Ontario (ICAO). It formally changed its name to PMAC in 2010 to reflect the growth and diversity of its membership, which has representation throughout every major centre in Canada. In addition to being Portfolio Managers, many member firms also hold Investment Fund Manager (IFM) or Exempt Market Dealer (EMD) registrations. All PMAC members share a commitment to Advancing Standards.

Today, PMAC's membership consists of more than 250 investment management firms managing more than \$2.0 trillion for millions of Canadian investors: private clients, institutions, endowments, pension plans.

**“Place the integrity of the investment profession and the interests of clients above their own personal interests.”**

CFA Code of Ethics and Standards of Professional Conduct, 2014

**“A fiduciary has a duty of care, a duty of loyalty, a duty to not allow personal interest to conflict with the fiduciary duties, a duty to not profit from a position as a fiduciary and a duty to deal with an even hand between competing interests.”**

“The precarious balance of fiduciary duty.” BenefitsCanada.com, April 27, 2012



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