

# The Value of Advice

The best athletes in the world tend to use coaches to help them keep on track, maintain focus, monitor progress and achieve their goals. Despite being incredibly talented, athletes realize the value a coach brings to them both personally and/or their team.

We like to say that we are like your personal Chief Financial Officer (CFO) reviewing aspects of your wealth, providing personalized advice specific to helping you achieve what truly matters to you. There have been several compelling studies showing that working with a trusted financial advisor can help build wealth faster.

A 2020 CIRANO report showed investors receiving advice accumulate 131% or 2.3 times more wealth after 15 years than non-advised investors.

Another study by Russell Investments in 2024 showed that advisors may add up to 3.52% of value in portfolio returns over time. These returns were net of both fees and taxes. The Vanguard study mentions the range of around 3% because not all advisors offer all of these services. A breakout of where we believe advisors can help improve results.

Area of Expertise	Potential Added-Value
Asset Allocation & Rebalancing	0.28%
Behavioral Coaching	1.43%
Customized Wealth Management & Tax Planning	1.81%

Source: Russell Investments

*Note: The actual amount of value added may vary significantly depending on client circumstances and time horizon. This includes risk tolerance, financial goals, portfolio composition and tax bracket, amongst other factors.*

**1. Portfolio Construction:** Includes suitable asset allocation: mix of stocks, bonds and alternatives. For example, we employ seven layers of diversification (Asset class, geography, currency, style, size, sectors and alternatives). This should also entail using cost-effective solutions and placing each investment in the most tax efficient account (RSP, TFSA, etc.).

**2. Behavioral Coaching:** One of the biggest risks to investing is doing the wrong thing at the wrong time: selling when markets are down or chasing performance. Advisors should help through challenging times by acting like an emotional circuit breaker to avoid hindering your wealth.

**3. Wealth Management:** Includes regular portfolio rebalancing (trimming at highs and adding near lows).

Creating a draw down or cash flow strategy. To help keep clients on track, advisors should be revisiting client's objectives before major life events such as: having a child, marriage, divorce, retirement, disability, illness, or death.

The study concluded the most important skill an advisor can bring is behavioral coaching. This coincides with several studies that have shown that the average investor underperforms due to emotional behavior working against them. Data from a CFA Institute research paper showed that over a roughly 20-year period a portfolio of 60% stocks and 40% bonds has returned close to 8% annually, whereas the average investor earned significantly less, around 3.0% per year.

On top of potential increased return, according to FP Canada, investors working with advisors feel twice as prepared for retirement as those without. These investors also reported higher levels of emotional, financial, and overall contentment.

Financial concepts are complex and continually changing along with stock markets and demographics needs. Some key areas not covered in any of the research were the benefits of pension selection, charitable giving, income splitting and estate planning strategies. Savings in these areas could magnify the results but are likely harder to quantify.

The study concluded that when advice is delivered thoughtfully and advisors charge a reasonable fee, the benefits can meaningfully outweigh the costs.

Until next time... **Invest Well. Live Well.**



TD Wealth Private Investment Advice

daviswealth.ca

The views expressed are those of Eric Davis, Senior Portfolio Manager and Senior Investment Advisor, Keith Davis, Associate Investment Advisor, and Heidi Bradley, Associate Investment Advisor, of TD Wealth Private Investment Advice, as of May 20, 2026, and are subject to change based on market and other conditions.

Davis Wealth Management Team is part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc. which is a subsidiary of The Toronto-Dominion Bank.

©The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.



**Heidi Bradley** BBA  
Associate Investment Advisor  
heidi.bradley@td.com  
250-314-5128

**Eric Davis** BBA, CIM<sup>®</sup>, PFP<sup>®</sup>  
Senior Portfolio Manager  
and Senior Investment Advisor  
eric.davis@td.com  
250-314-5120

**Keith Davis** BBA, CFP<sup>®</sup>  
Associate Investment Advisor  
keith.davis@td.com  
250-314-5124