

# Sharper Research Gives Advisors the Competitive Edge

A CLOSER LOOK: YCHARTS + SYNCHRONICITY

## PRODUCT INQUIRIES:

(866) 965-7552

[sales@ycharts.com](mailto:sales@ycharts.com)

**ABOUT:** Synchronicity is a consulting organization that works with financial services organizations and professionals to improve performance with a focus on vision, client relationship management and business development.

## Executive Summary

Synchronicity initially worked with a single-factor technical analysis research tool to develop their investment strategies, but realized that the tool had a limited, one-dimensional approach. The firm decided it needed a program with more functionality and searched for more than a year before finding all the capabilities needed within YCharts. Since then, Synchronicity has transitioned to a multi-factor fundamental and technical approach that satisfies both performance and business development needs.

## Finding the Competitive Edge

How can advisors serve their clients better? Differentiated service is the competitive edge that all financial advisors want, and increasingly need.

"People are starting to worry this is another 2008, so they want to they want to know what steps their advisors are taking to protect them," says Bob Simpson, founder of advisor coaching service Synchronicity. "That's what advisors should be focusing on. But they need a tool that enables them to identify and develop investment strategies that will work for their clients."

Synchronicity, using the powerful web-based research platform YCharts, is helping to transform the services advisors provide. "YCharts makes advisors smarter," says Simpson. "It combines fundamental and technical

information to simplify investment management, making it easier for advisors to build and maintain profitable strategies.”

## Dedicated to Advisor Success

Synchronicity was established in 1998 to help advisors across North America provide better services, improve their processes, and operate more effectively.

“Advisors tend to achieve a level of success, and then their growth starts to plateau. That can cost them millions of dollars over the years,” says Simpson. “Our typical client has \$50 million to \$500 million in assets under management. Our goal is to help them achieve a minimum 20% compounded growth rate, and make it sustainable.”

To attain and maintain this growth, Synchronicity works with advisors to differentiate their services and identify whom they can best serve, focusing on what Simpson calls the “four core stabilizers of a great business.”

This entails building a winning client experience through effective relationship management; leveraging a robust investment management process to select securities and build portfolios; offering high-quality wealth management services, such as estate and retirement planning; and driving business development by spreading the message about the advisor’s unique proposition.

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## Growing Emphasis on Investment Management

When Simpson first started Synchronicity, he would touch on investment management, but most of his efforts were directed at helping advisors build strong practices. However, over the last three to four years, with the growing transition in the advisory business from non-discretionary to discretionary services, the investment management part of his service has become increasingly important.

Simpson comes from a successful investment background. Over an eight-year career with Nesbitt Thomson Inc., he built a \$120M book and was one of the top dozen advisors (ranked by production) in Canada. (To put that in perspective, at the time the average advisor in Canada managed less than \$5M in client assets.) With his experience, he knew he could add real value to advisors’ investment management capabilities.

Initially, he worked with a single-factor technical analysis research tool to develop his investment strategies, but that had a limited, one-dimensional approach.

“I looked for a more functionality-rich program for more than a year,” he

recalls. “After an exhaustive search over the Internet, I found YCharts. I signed up for a trial, did a demo, instantly recognized its huge capabilities, and became a subscriber.”

YCharts is now the engine powering Simpson’s business. “It allowed me to transition to a multi-factor fundamental and technical approach, which provides far superior results for advisors from both a performance and business development standpoint.”

## Improved Results with Multi-Factor Research

For Simpson, successful investment management is more about elimination than selection. For example, an investor who bought the S&P 500 in 2000 would have been under water until two years ago, and suffered a rollercoaster of 54% losses in one period and 45% in another. Instead, he contends that investors want a smoother ride, one that provides a decent return with a reasonable level of risk.

“By eliminating mistakes, your overall performance will be more sustainable and predictable. With YCharts you can conduct fundamental analysis to avoid those stocks with problematic fundamentals, and then apply technical indicators to filter out stocks based on price movement. The result is a rules-based program that manages risk first, to minimize those drawdowns in the bad years, and generate positive returns in the good years to potentially outperform the indices.”

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*Say a client or prospect has \$5 million, and asks ‘What would you do with this today?’ Using YCharts, the advisor can develop a proper risk—and performance—balanced portfolio designed for their needs and circumstances.”*

At Synchronicity, Simpson uses YCharts’ powerful screening tools—sophisticated filters driven by thousands of metrics—to develop a “fundamental sandbox” that identifies stocks with strong and predictable earnings growth, a decent return on equity, that are not overexposed to debt, and so on. He then applies a trend analysis to see if the trend is positive, followed by a momentum analysis to identify the strongest and weakest stocks in the short term. He eliminates stocks that are trending lower, those with too much risk, and those that are more or less flat.

“At the end, we’ve narrowed down to a small number of securities that have a high probability of doubling over the next five years. By only owning those stocks, we create far stronger portfolios than by playing a game of selection.”

## Twin-Track Assistance

Not all advisors have the time, desire, or analytical skills to spend on these tasks. Some of Simpson's clients choose to concentrate on relationship management and business development, while outsourcing the research and investment strategy activities to Synchronicity.

"I've spent some 3,000 hours over the last three or four years working on strategy," says Simpson. "So we liaise with advisors on a weekly basis. They make the final decisions, but it's very influenced by the strategies we develop using YCharts. In this way, together we can create an exceptional service for their end clients."

Meanwhile, other advisors prefer to leverage Simpson's investment expertise and YCharts knowledge only initially. They can then develop their own investment management strategies using the research tool.

For these advisors, YCharts can help in two crucial areas, says Simpson: "Often clients will ask 'What about this stock?' With YCharts, the advisor can give an informed opinion quickly, because it gives them fingertip-access to intelligence they never had before."

Then there is portfolio development: Synchronicity teaches advisors how to best use YCharts' screening tools. Armed with this powerful system, the advisors can rapidly conduct their due diligence on securities to build strong portfolios, states Simpson. "Say a client or prospect has \$5 million, and asks 'What would you do with this today?' Using YCharts, the advisor can develop a proper risk- and performance-balanced portfolio designed for their needs and circumstances."

This capability, he argues, puts YCharts users way ahead of other advisors, who may be trying to sell a company program that blows with the market's winds.

"Advisors can make a tremendous leap forward by looking at markets in a more effective manner. YCharts allows people to see things they've never seen before, and to change the way they think. And when they change the way they think, they will make better decisions and be more successful."

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Reevaluate  
Your  
Research Tools?**

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