ADVISORS: GET MORE CLIENTS AND REFERRALS WITH LOW VOLATILITY AND CONSISTENT GROWTH

TECHNICAL TRADERS LTD.

TECHNICALLY PROVEN STRATEGIES

Referrals: The secret to getting affluent clients

High-net-worth clients are an asset for any financial advisor. But how do you get more of them? The answer is simple: referrals. More than half of wealthy clients say they found their advisor through referrals.[1]

58%

More than half of affluent investors work with advisors found via referral.

70%

Over 70 percent of affluent clients are ready to refer you to their high-net-worth network.

Figure 1

Affluent clients have affluent friends, family, and colleagues. When they have a financial advisor they trust—one who delivers consistent results no matter how rough the market—over 70 percent of them are ready to refer their high-net-worth network to that advisor.[2]

Thankfully, we can help you find ways to stand out from the crowd and become far more referable. The side-effects of our methods may reduce your overall risk of lawsuits, client attrition, and negative word of mouth.

> "Most people don't plan to fail, they fail to plan."
>
> —John L. Beckley

[1]https://www.thinkadvisor.com/2020/11/23/how-to-get-more-referrals-without-begging/
[2]https://www.theadvisorcoach.com/7-client-referral-ideas-to-help-you-get-more-referrals.html

Giving Clients What They Want

The closer people get to retirement, the more they want an advisor who can see a bear market coming and move them to safety before it hits. No advisor can see the future, yet when clients get caught in bear market downturns, they often take it out on you.

Thanks to the COVID pandemic, 2020 was a volatile year for investors. After a devastating drop from 29,551 to 18,591 between February and March, the Dow Jones Industrial Average remained choppy, eventually recovering losses by the end of the year. Many investors hadn't seen volatility like this since 2008, likely leading some to complain about their advisors, even though downturns and corrections are a normal part of investing.

How do we know the volatility results in complaints?[4] A study of FINRA dispute resolution case filings consistently showed filings increasing dramatically in years after the S&P 500 declined and decreasing in years following the S&P rising.[3]

In 2021 FINRA received over 14,000 investor complaints. Some were, undoubtedly, valid—caused by advisors not acting in the best interests of their clients. But since only 673 of the 14,000 resulted in disciplinary action, it seems most investor complaints were unfounded.

While it's true that not all complaints are actionable—especially those that are prompted by normal losses with no advisor negligence involved—there is a definite ripple effect caused by a client upset by losses, and these ripples can create major waves for your business.

Bear markets happen a lot more frequently than you might realize, with the S&P 500 declining at least 20 percent 26 times since 1929.[5]

Figure 2

[3]https://www.leoncosgrove.com/blog/client-alert-financial-advisers-can-avoid-deal-litigation-wake-covid-19/
[4]https://www.finra.org/media-center/statistics
[5]https://www.hartfordfunds.com/practice-management/client-conversations/managing-volatility/bear-markets.html

Lawsuits and Negative Word of Mouth

Even if a client has no reasonable basis to sue you, they can still pursue action against you. If they move forward with the suit, you may have to use your E&O coverage to pay for the associated costs.[6] E&O rates are already on the rise—why exacerbate the cost with claims against your policy?[7] Lawsuit risks are increasing so much, Schwab recently required its advisors to have at least $1 million in E&O coverage.[8]

Clients who decide not to sue you for losses can still devastate your business by taking to social media and spreading a negative message about your services. A 2017 study showed that 92 percent of affluent clients discovered their advisor through word-of-mouth influence—in other words, unsolicited referrals and introductions by others.[9]

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Figure 3

Not only will the number of unsolicited referrals and introductions you receive go down when your clients feel the effects of an excessively volatile market, but the amount of negative word of mouth online about you might increase.

On the other hand, positive word of mouth can build your business faster while bringing your ideal type of clients. Imagine getting positive word of mouth in a bear market (from which your clients may have to wait as long as fifteen years to financially recover) when so many other advisors are losing clients.

REGULATORY ACTIONS AND CORPORATE FINANCING REVIEW 2017-2021

Regulatory Actions	2021	2020	2019	2018	2017
Investor Complaints Received[1]	14,311	5,472	2,954	3,136	3,002
New Disciplinary Actions Filed[2]	673	808	854	921	1,369

Source: FINRA

Figure 4

[6]https://www.thehartford.com/professional-liability-insurance/errors-omissions-insurance

[7]https://www.useo.com/blog/what-should-i-expect-in-2022-for-eo-insurance-pricing.aspx

[8]https://www.fa-mag.com/news/schwab-requires-all-advisors-to-get--1-million-e-o-policy-64307.html?print

[9]https://www.oechsli.com/wp-content/uploads/2017/06/2017-Financial-Advisor-Word-of-Mouth-Report.pdf

Losing Clients

Client retention is a critical part of running a profitable business. According to Bain & Company, advisors can see as much as a 25 percent increase in profits simply by increasing their client retention by 5 percent.[10]

While losses do prompt clients to leave—as many as 24 percent of millionaire investors report leaving their financial advisors after experiencing two years of losses—an even greater reason these clients leave is because their advisors don't provide them with good advice or options to preserve capital, leaving their clients with stress around the very real possibility of outliving their money and downgrading their lifestyles.

One simple way to retain clients during a bear market is to keep them in cash when the bond and stock markets are falling. For your clients nearing retirement, this focus on asset preservation is especially important. You may also use active management signals to move them in and out of funds, currencies, and treasuries and generate returns—even when everyone else is losing.

Support from the Industry

Advisors are typically given the same handful of tips whenever the market turns sour:

- "Focus on the long term!"
- "Buy more when prices are low!"
- "Just wait it out with buy-and-hold."

This outdated and, frankly, inadequate advice is not only wrong, but it will not help your clients feel confident about the way you're managing their portfolios. We have found that clients are surprised and ecstatic to learn about the power of a cash position and how good it feels to be safe on the sidelines while stocks and bonds lose value. This new and positive experience for your clients sparks talk and word-of-mouth referrals.

[10]https://www.fa-mag.com/userfiles/ads_2019/ETRADE_May_2019/AI_Report_Client_Retention_ver2.pdf

Focus On What Clients Really Want and Need

What clients really want from their financial advisor, no matter the market environment, are more consistent results. But what does that mean? Truthfully, it means something different to every investor, and each investor may find their definition of results changing as time marches on.

For some clients, results mean growth. For others, it might mean preservation. Still others might see results as regular, dependable income generation.

No matter how your clients define it, the concept of investment results will always mean asset protection and security through active management.

You have a moral and legal requirement to act in the best interests of your clients, but even when you do so, losses can happen.[11] But … do they need to happen as often as they do? Or is there a way to use a tactical approach to managing client assets offering better asset preservation and growth?

Clients don't understand what they need to expect from an advisor. It's not about predicting the market, timing the market, picking stocks. It's about delivering results—including both growth and preservation.

But how can a busy FA provide this active attention that delivers results? By following and executing the Technical Traders research signals or using our automated investing system!

> "Investing should be more like watching paint dry or watching grass grow.
> If you want excitement, take $800 and go to Las Vegas."
>
> —Paul Samuelson

Using Automated Investing to Generate Consistent Growth

Designed for advisors like you who want an alternative investment strategy that better manages risks and protects clients from market corrections or bear markets, we have developed our automated investing system with your clients' best interests in mind.

The Consistent Growth Strategy (CGS) is a proven system, tested and refined over the past twenty-five-plus years. We built this strategy for our capital and have our money invested in it. Our focus is to grow our accounts while controlling downside risk consistently, and with the success we see unfolding, helping others experience similar results just feels right.

We do not believe that holding assets falling in value is an investment. Instead, we see this as a risk. With our system, your clients' holdings will be cycled in and out of positions based on signals that the markets are sending. It is only through following proven research, trend analysis, and position management that today's investors can generate consistent growth during all market stages.

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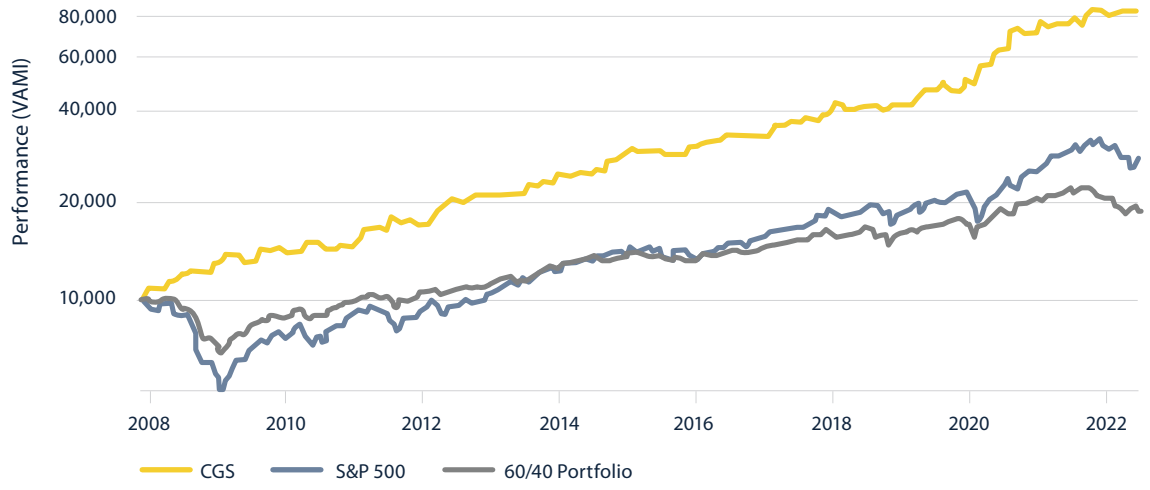
[11] https://www.sec.gov/info/smallbus/secg/regulation-best-interest

> "Wide diversification is only required when investors do not understand what they are doing."
>
> —Warren Buffett

Our system provides a clear signal for each trade prior to entering and exiting, essentially putting the odds in your favor for each trade made. We include information on setting protective stop orders and guide you to taking partial profits on the first sizable surge in your clients' favor.

Whether it's the Fed, algorithmic traders, or fund managers, the volatility created by the modern trading trends creates an environment with price movement that is better suited to active, tactical investing. In Figure 5, see how our tactical investing strategies help increase the potential growth of $10,000 versus the typical 60/40 portfolio and the basic buy-and-hold strategy.

GROWTH OF $10,000 USD SINCE INCEPTION



The graph represents the cumulative performance of a hypothetical $10,000 investment compounded. Performance is compounded. Returns do not reflect dividend income, or the payment of any brokerage commissions, brokerage costs incurred as a result of buying or selling shares, the subscription fee, and does not reflect the deduction of taxes.

STRATEGY PERFOMANCE

	3M	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception	Max DD (Daily)
CGS	-0.56%	-0.16%	10.76%	80.00%	129.70%	735.24%	-5.95%
S&P 500	-0.03%	-13.34%	-6.04%	38.57%	67.19%	181.27%	-53.00%
60/40 Portfolio	3.06%	-15.58%	-12.51%	10.32%	23.23%	87.92%	-38.52%

Past performance does not guarantee future results. Performance data quoted represents past performance and current returns may be lower or higher. Performance is compounded.

Figure 5

Choosing Technical Traders for Investment Research

We are an independent, client-centric, tactical investment portfolio strategy provider with a disciplined approach to helping advisors achieve their long-term business, financial, and lifestyle goals through our unique portfolio growth and protection plan.

Technical Traders is relied upon by family offices, financial advisors, RIAs, brokers, investment clubs, and others in over 130 countries. Our efficient, strategic, consistent system is compatible with self-directed US equities trading account types, including:

- Individual and corporate trading accounts
- Partnership, joint tenants, trust, investment club
- IRA, Roth IRA, and 401(k)

Using our system, you let us do the hard work and provide qualified investment and risk management signals. You can also manually follow each investment signal via email and APP alerts or allow the autotrade system to trade in your client's self-directed account and free you from the stress, time, and difficulty of doing it yourself.

> "Know what you own,
> and know why you own it."
>
> —Peter Lynch

There's no interpretation or subjective judgment required on your part, and best of all, it doesn't take much of your time, which frees you up to concentrate on the core of your business: managing your existing clients and accumulating new ones.

CGS will help you stand out from other advisors because you'll be offering clients a strategy focused on protecting account values from dropping, as it only holds assets that are rising in value. Our proven system can generate returns during falling stock market and bond prices, boosting your value and systemizing a portion of your advisory business.

Our investment service isn't for people who want to make a lot of money. It's for people who already have plenty of money and don't want to lose any. It just so happens that our strategy has fewer portfolio positions, low volatility, and generates above-average returns.

At The Technical Traders, Ltd., we strive to provide a total solution investing model to guide you and investors with a more tactical approach to both asset accumulation and preservation in any market environment. Our CGS strategy helps investors and advisors outperform by solving the major investment issues of avoiding market corrections, reducing portfolio volatility, and replacing the role of bonds when they are not acting as a safe haven to provide growth.

It seeks to achieve this investment aim by investing alternatively using the S&P 500, Nasdaq 100, US Treasuries, US dollar, inverse ETFs, and holding cash relevant to Technical Traders Ltd. investment theme of protecting capital.

Our tactical asset allocation navigates market advances and declines by using a combination of dividend, growth, bonds, currency, and inverse exchange-traded funds. The CGS strategy can be followed via email and mobile app trader alerts, or autotraded and executed in a self-directed trading account. Under abnormal market circumstances, up to 100 percent of the portfolio can hold a cash position for protection of capital.

About Chief Investment Officer Chris Vermeulen

Chris Vermeulen has spent over twenty-five years as a technical analyst, equities trader, investment strategist, thought leader, and educator.

His extensive trading and investment background come from devoting his life to studying the financial markets, technical analysis, and risk management. Having traded and invested through multiple bull and bear market cycles, Chris understands the importance of capital preservation.

He is the author of *Technical Trading Mastery - 7 Steps to Win With Logic* and has been a guest on numerous financial sites and stations, including Sprott Money, Cheddar, YahooFinance, and KITCO.

GAIN ACCESS TO THE CONSISTENT GROWTH STRATEGY TODAY!

Available to financial professionals, retail traders, individual investors, and institutional investors.
For more information, please visit www.TheTechnicalTraders.com or call 1-833-383-2546.