

ADVISOR CONFIDENTIAL



THE 'FESS UP

Formula One or NASCAR:

Formula One by far; you can turn left *and* right.

Favourite sci-fi: I used to be a really big Star Trek fan. Now I'm getting into Battlestar Galactica.

Days of Thunder or Talladega

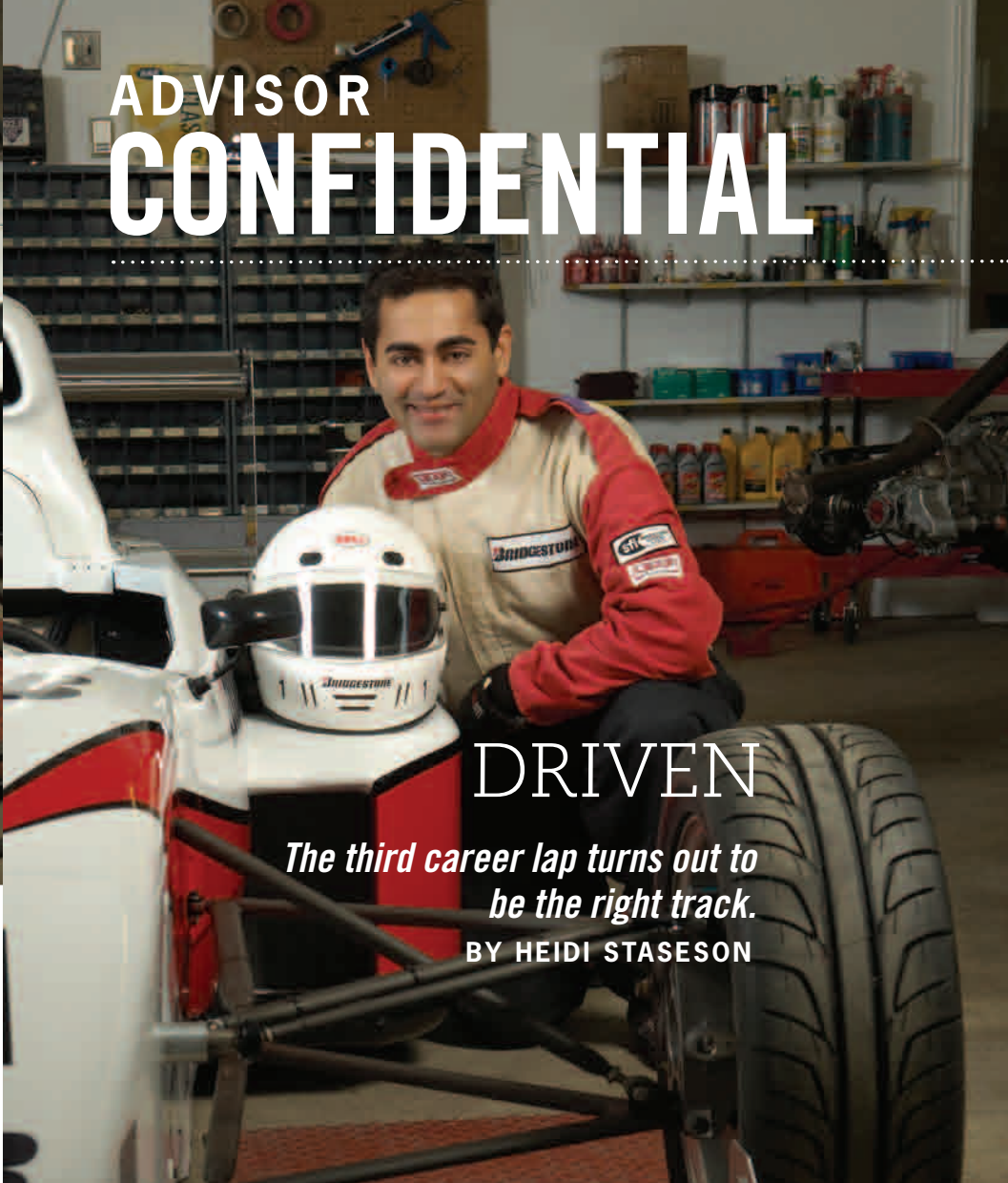
Nights: Talladega Nights. I could watch that over and over again because of Will Ferrell.

Favourite weekend adventure?

Going to **Wing Shack in Ajax**—best by far. But I don't feel I have to really sweat to enjoy the experience.

Dictator Doctorate:

My dad was from Calcutta but he went to medical school in Uganda. He got his medical degree from Idi Amin, before Amin ordered the mass exodus of non-black Asians. There was a scene in the Last King of Scotland and my dad said, "I was there that day and I remember it like it was yesterday."



DRIVEN

The third career lap turns out to be the right track.

BY HEIDI STASESON

Before he traded mutual funds, Preet Banerjee traded paint as a semi-professional in the auto racing industry. He also dissected the dead while studying to become a doctor of neuroscience. Imagine, fast cars, an Einstein-in-the-making, and an advisor, all before the age of 30. His latest exploit, a self-published book on RRSPs. The title? Get ready for it—*RRSPs*—highlights 41 tax-planning strategies for both investors and advisors.

A strong proponent of exchange-traded funds, behavioural finance and do-it-yourself investing, Banerjee's suite of incongruous interests are about as furious and wide-ranging as one of his Open-Wheel Formula 2000s. "I like to explore things that I don't know much about or that I find fascinating; I'm a very inquisitive person. I don't like not knowing things," says Banerjee.

Hence the stints with shock absorbers and scalpels. "I found auto racing fascinating; the human brain I found fascinating. We don't understand the human brain as well as other parts of science. There are a lot of really great questions that still have to be answered about it," he remarks.

At 20, his mad-scientist days in full swing, working **continued on page 12**

PREET BANERJEE
wealth advisor,
ScotiaMcLeod, Toronto

continued from page 11 one summer with the county coroner in Sackville, N.S., Banerjee knew he was smitten with the mystery behind unexplained casualties and the autopsies that ensued. It was 1998, CSI hadn't yet hit the airwaves, and there was something thrilling about the detective work he found himself immersed in.

What he really liked was the problem-solving aspect of one particular hit and run. "It was a small town so they didn't have a lot of autopsies," he recalls. "Basically when the body came in, it was in three different bags. The coroner and the RCMP were trying to reconstruct what could have happened to cause the particular traumas that were on this person. They were able to deduce all these facts about this crime with very little evidence about what happened. Two hours later they found someone burning their truck."

Morbid? Maybe. But it only took him a few more years to realize that working with cadavers was a lot like working with clients' portfolios. He just happened to like the "problem-solving" aspect of financial planning better. Besides, he quips, "it's less bloody," and working in a hospital environment where "people are sick and dying all the time" was an outright spirit dampener.

Shifting Gears

Though he graduated with a Bachelor of Science degree, and moved straight into his auto-racing career prior to advice, Banerjee doesn't regret his circuitous route. "I realized the science field was never something I was going to be passionate about ... where I would spring out of bed in the morning and say, 'Wow I can't wait to go in and do some research,'" he concedes.

Putting the pedal to the metal seemed more enticing. "I realized I didn't want a career as a doctor, but I was totally enamoured with auto racing. I thought, until I figure out what I really want to do, now is the best time of my life to go on a crazy tangent."

So he enrolled in a nine-month program at Bridgestone Racing Academy, an hour outside Toronto, where he both worked and trained for the business for a discounted price. "Not only did you learn how to drive the cars, but you learned how to maintain them, build them up from scratch, tear them down, repair them and tune them," Banerjee explains.

How did his MD dad react to the news his son had chosen fast cars over following in his footsteps? "He never really said too much about it, which in itself I guess speaks volumes. Once I made the transition from auto racing to financial services, they were very happy. But they never held me back. I'm eternally grateful for that."

THE VAULT

I once lost a bet to someone where I had to wear neon blue hot pants in public for a day. We bet on who would be faster on track, and I lost by 0.2 of a second (an eternity for race drivers). I maintain to this day that if the track was dry, I would've won as my tires were slick and my friend had some tread left on his tires so they handled much better in the wet conditions. But I took my lumps and wore the hot pants. Thankfully, all photo evidence has been destroyed.

Banerjee dealt with his need for speed for a couple of years and today sees the parallel between racing and financial planning. Both require precision, astuteness and a regard for safety. "As a semi-professional racecar driver, you still want to go as fast as you can. You want all that adrenaline, you want to win, but you do it within the bounds of the law."

Similarly, he sees the link between science and advice. "Neuroscience is sort of half-psychology, half-biology," he says, noting a parallel between psychology, neuroscience and investor behaviour. Banerjee thinks behavioural finance studies are exceptionally cool. "We can talk about ETFs versus mutual funds versus active and passive management, but really the most important part of handling someone's finances is to be able to deal with their individual investor behaviour—you know, why do you sell at the wrong time? Why do you look at your asset allocation in an up market one way and then differently in a down market?"

It's that behaviour, he explains, which ultimately defines the success of a financial plan that punctuates his innate devotion to the mystery behind the human brain. "Neuroeconomic labs and behavioural finance researchers use EEGs to measure electrical activity for how you would feel if your portfolio lost 20%. They're really starting to measure these things and quantify them on a scientific level," he says.

"What I'd really like is be to be able to put some electrodes on the client's brain when they answer those questionnaires!" he jokes, with the effervescence of a self-admitted Star Trek nerd. He adds advisors should recognize that psychology and behavioural finance are as important as product selection.

Says Banerjee: "If you pick a portfolio that's too aggressive for what you're comfortable with, and ultimately you change out of that allocation when times get tough, then it really doesn't matter what product you're in; you've shot yourself in the foot—that was a behavioural decision." **AE STASESON**