Long familiar faces will soon no longer captain various branches of the financial services industry. Tom Hockin retires in October as president of the Investment Funds Institute of Canada and Canadian Institute of Financial Planning, posts he has held since March 1994 when the fund industry was still taking shape. His appointment typified a mini-trend in which association chiefies came equipped with well-furnished Ottawa resumes and understood government power circles.

While Hockin's success on the foreign property rule exceeded the best-case scenario of even the most ambitious true believer in foreign investing, his score in remedying consumer issues did not go over the top, in the appraisal of consumer activist Glorianne Stroemborg.

"Tom tried very hard to rally the industry on the issues such as sales practices, governance and performance," notes Stroemborg. "He wasn't entirely successful, but there were some successes.

His successor will have to deal with an industry several times larg- er than in 1994, with fewer players and increased product competition from outside with the onslaught of new players and structured notes. Those factors hint that knowledge of federal government lobbying might take lower priority than an ability to deal with competing interests and a mature marketplace.

For some stakeholders, the changed picture requires a different kind of leader at the helm, according to an industry veteran familiar with senior executives at IFIC. "I don't think the industry needs the same kind of high-pro- file individual that it benefited from when Tom came to IFIC," he explains. IFIC now requires a hands-on leader familiar with organizational skills and a com- plete familiarity with the institute, more than a lobbyist, he says, pointing to John Murray, IFIC's vice-president of corporate affairs, as the logical candidate to fulfill those requirements. "If IFIC doesn't want to go internal [in its hiring of the new president], then they will have a large number of aspirants for the job and should have a fairly easy time selecting the right person."

OSC BROWN DEPARTS
Effective June 30, David Brown's much-vaunted resignation from the Ontario Securities Commission takes effect when he steps down as the organization's chair, a position he has held since April 1998. Brown can take credit for transforming the OSC into a watchdog from its earlier and less aggressive stance, adding regulatory muscle and encouraging the launch of the Mutual Fund Dealers Association. Those same accomplishments added to advisors' paper burden and Brown's successor faces ques- tioning about costs of regulatory and compliance overload and a likely demand to give advisors more breathing room. Also on June 30, Michael Lauber leaves the Ombudsman for Banking Services and Investments office, almost nine years after his appointment as Canadian Banking Ombudsman in 1996. Lauber's successor has a second job requirement, over and above the Ombudsman – to reinforce the very need for the OBSI position, explains a source familiar with Lauber's tenure. Spurred on by fac- tors such as revisions to The Bank Act, banks now have more clear-cut ombudsman and alternative dispute resolution mechanisms than the patchwork process in place in 1996. Complaint procedures have become rooted in individual banks and customers are now advised in government-mandated materials distributed through branch outlets. In the year ending October 31, 2004, OBSI initiated 429 formal investigations out of 3,188 cus- tomer contacts and complaints – a small proportion that bankers would likely suggest proves the effectiveness of their own ombuds- man offices.

"Where the question will be raised now is around the need for this broader industry ombuds- man," the source says. When asked that question, Lauber insists that the increasing government surveillance of finan- cial services guarantees that the super-ombudsman role will expand and become more important than ever. In Lauber's estimation, the super-ombudsman oversees, rather than duplicates, the banks' own ombudsmen, acts as a “court of appeal” for those unhappy with bank ombudsman decisions and its continued presence safeguards consumers. "We're sort of the cop that keeps [bank ombudsmen] honest and focused," he argues, adding that in the absence of the OBSI, "they could start getting more casual, let's say, in their approach to dealing with issues and not working quite as hard at rooting out all the facts and making the right decisions."

FPSC PRESIDENT TO GO
With no fixed tenure date as yet, Donald Johnston will leave the president's office at the Financial Planners Standards Council. Johnston had been one of the founding members of the Financial Planners Standards Council of Canada, as it was originally known, in November 1995. The FPSC controls the use of the Certified Financial Planner designation in Canada and sets guidelines for con- tinuing education credits. The advisor's world has also changed in Johnston's area, bringing implications for his successor. Development of advisor CE materi- als and fund company sponsorship of them have both increased since Johnston took office as fund com- panies increasingly look for that educa- tion box to create buzz in the advisor community and a platform for selling their funds. Provision of CE credits has become big business and more competitive during Johnston's tenure.

That makes knowledge of training techniques and client relationships important for his successor, explains Roy Vokes, president of Vaughan, Ont.-based Agora Financial Services Inc. "I'd be looking for someone that had been a trainer or educator," Vokes says. "When you sit down with somebody to do a financial plan you don't sit down with them and a regulation book in front of you." He says, "You sit down with their assets and their financial information and you find out how they're going to achieve their goals. That has nothing to do with regulation or compliance. It's a process of getting someone to that point."

Healthy Returns

BY KATE MCCAFFREY

Healthcare mutual funds outper- formed in April while wholesale natural resources funds dropped way off, both out of sync with their year-to-date performance scores, in a monthly performance ranking of Morningstar Canada fund indexes. Even those who bought balanced, dividend and income funds last month could be in for a little bit of disappointment if they're prone to performance tracking.

Following net new sales of $1.2 billion and $1.4 billion in March, lagging performance in the Canadian dividend and Canadian balanced funds took more off the top of year-to-date gains, Huang's 0.2% and 0.28%, respectively. Poor performance in resource stocks took precious metals and natural resource funds down in April, dragging domestic equity funds with them. Pure Canadian equity funds dropped another 2.2% after flattening the month before.

Natural resource funds lost 5.91% while precious metals lost another 7.45%, bringing year-to- date losses for the index to 11.98%. The Natural Resource Fund Index remained the top per- former on a year-to-date basis however, returning an average 5.39% for the year.

A lot of the fund performance news is good. Relative to last month's dismal showing where 29 of Morningstar's 32 indices were in the red during March, this time around only 12 showed negative returns. Sales, on the other hand, are another story. According to IFIC, mutual fund sales dropped sharply in April following a strong RRSP season. After deliver- ing net sales averaging $3.13 billion a month in the first three months of the year, April sales dropped off to an estimated $600 million.

Peter Loach, vice-president and managing director at BMO Nesbitt Burns, points out that the sales numbers are not entirely accurate because they do not include data from several large research firms or the billions that go unre- ported by Canadian insurance companies who are not IFIC mem- bers. "The notion is that IFIC repre- sents the industry. That's not true," says Loach. "The truth is there is a distinct difference between IFIC sales and industry sales."