



PINNACLE
WEALTH BROKERS





The
PINNACLE
of SUCCESS

PINNACLE
WEALTH BROKERS

Financial services company Pinnacle Wealth Brokers' business model focuses on diligent research to provide attractive, unbiased, private investment opportunities for retail investors. Pinnacle has been a forerunner in the private placement of funds for Canadian clients and, as a result of its success, has been recognized as one of the top growth companies in Canada in 2013 by Profit Magazine as well as one of the Fast 50 Growth companies for both 2013 and 2014 by Alberta Venture Magazine.



Written by Jessica Ferlaino

Pinnacle Wealth Brokers Inc. (Pinnacle) was established in 2006 as Alberta Land and Investment Brokers (ALIB). Consistent growth enabled ALIB to develop the capital-raising power necessary to attract various investment opportunities for retail investors. In 2010, ALIB became 'Pinnacle Wealth Brokers', ushering in a new brand and organizational structure to accommodate a changing regulatory environment.

Changes in Canadian securities law prompted Darvin Zurfluh, Pinnacle's Founder, CEO and Chairperson, to apply for registration as an exempt market dealer with Canadian securities regulators so that Pinnacle's services could be taken nationwide. As a former financial advisor involving mutual funds and life insurance, Zurfluh saw a huge demand for private market investment opportunities instead of mutual funds or segregated funds.

Exempt market investing, or private market investing, as it is also known, allows investors to create a more diversified investment portfolio beyond cash, publicly traded stocks and bonds. Exempt market investing puts investor capital into debt and/or equity of private companies who never intend to go public involving various industries, such as real estate, health care, energy, financial services (e.g., leasing and factoring) and tax advantaged products.

"More than a decade ago when we realized there was an opportunity for some of these private real estate investments to be put into RRSPs, the word

"Exempt market investing, or private market investing, as it is also known, allows investors to create a more diversified investment portfolio."

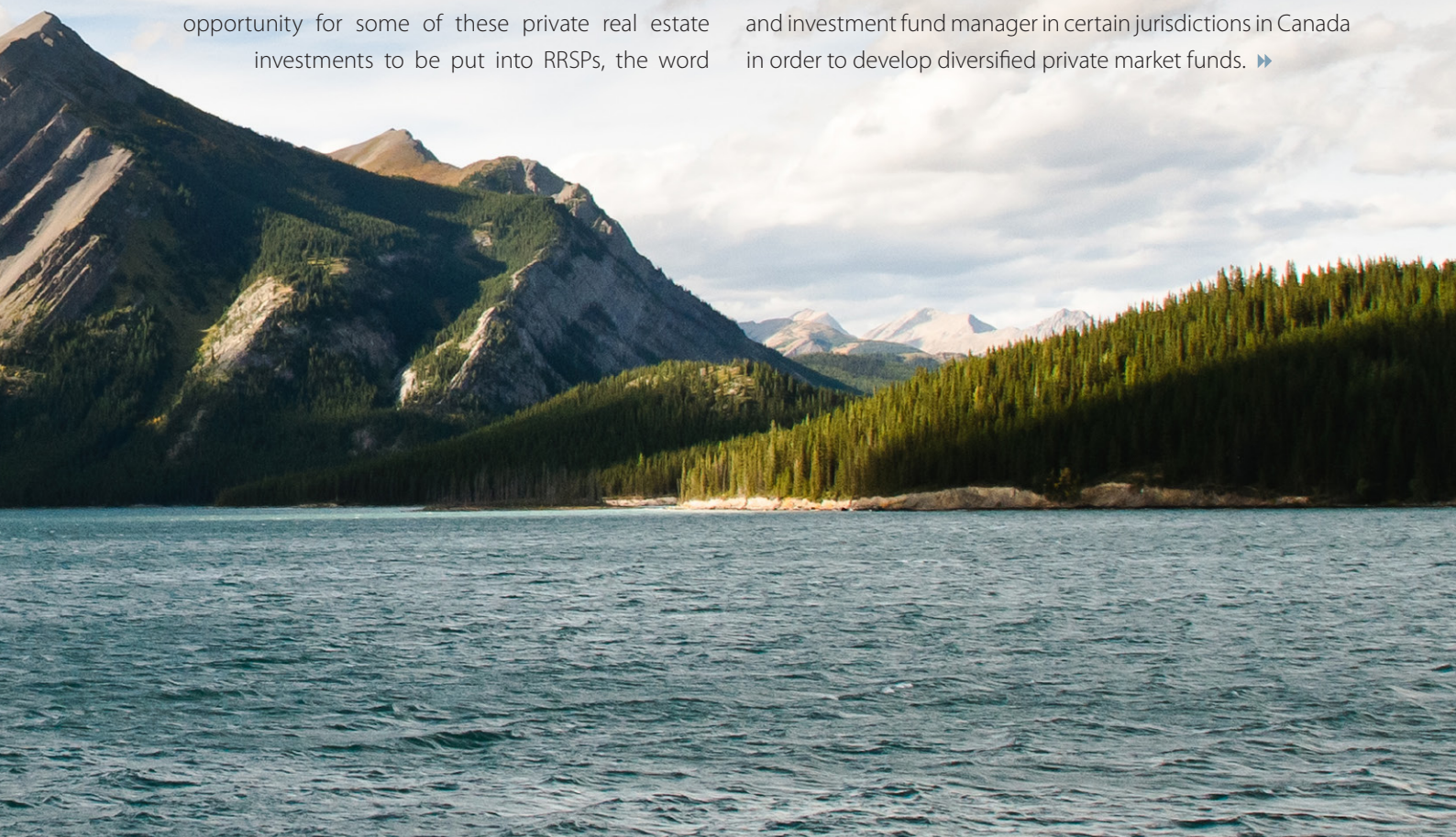
started to spread, and I had more and more financial advisors wanting to invest their RRSPs with me, even though they sold mutual funds to their clients," Zurfluh reflected.

"The trend just started where these financial advisors were giving up their mutual fund registration and coming to work with Pinnacle as a dealer in private market securities and then started to move their clients over."

As Pinnacle grew, it acquired Exempt Analyst, a top private market research firm in 2011 and acquired its then competitor, Global Exempt Market Solutions, to become one of the biggest exempt market dealers in the private markets in Canada.

Pinnacle also established Pinnacle Wealth Planning, an associate general agency in the life insurance world, to expand its reach among investment professionals across Canada.

In 2015, Pinnacle also became registered as a portfolio manager and investment fund manager in certain jurisdictions in Canada in order to develop diversified private market funds. ▶



► In 2016, Pinnacle launched its first proprietary product called the “Pinnacle Absolute Return Trust” or PART. PART provides a diversified public and private investment solution for retail investors. Instead of having investors invest in the securities of a single issuer, PART invests in securities of a private portfolio that provides income to investors and a public portfolio that provides growth. The private portfolio involves loans and investments in companies that pay interest or other regular distributions while the public portfolio invests in securities of a long/short equity fund.

As Brian Koscak, Pinnacle’s President states, “At Pinnacle we can work with issuers and provide loans or make investments in debt securities for up to \$5MM where we are a cheque writer, so to speak. In addition, for certain companies Pinnacle can also work with them in developing an offering document with our Corporate Finance Group. If approved by Pinnacle Product Review Committee, the issuer would be put on Pinnacle’s product shelf for distribution through our extensive network of Dealing Representatives located across the country.” As Koscak further states, “this is a unique competitive advantage that Pinnacle has relative to our competitors.”

Part of Pinnacle’s growth is attributable to its team of experienced industry professionals from across the financial sector. The roster includes Chief Investment Officer (CIO) Wes Mills who was previously CIO of Scotia Asset Management. Mills brings three decades of experience as a portfolio manager and offers great insight into the public market.

Brian Koscak in addition to being President is also Pinnacle’s Chief Compliance Officer and General Counsel. Koscak has almost two decades of experience as a lawyer and partner at a prominent national Bay Street law firm who specialized in capital raising and securities regulatory compliance matters. Koscak is the past chairman of the Private Capital Markets Association of Canada, and currently its Vice Chair, and a member



of the Alberta Securities Commission’s Exempt Market Dealer Advisory Committee and the Ontario Securities Commission’s Exempt Market Advisory Committee. Koscak brings both his legal and business expertise to the firm.

“We believe Pinnacle has the strongest team in the exempt market distribution channel; from Charter Financial Analysts to in-house legal counsel, Pinnacle is an industry leader in building and bringing investment products to market for retail investors,” says Zurfluh.

The newest member of Pinnacle’s executive team is James Jung, who was a former Senior Vice President at DBRS Limited (an international credit rating agency) to become Pinnacle’s Managing Director, Head of Corporate Finance. Jung brings financial analyst and accounting expertise, as well as specialized knowledge related to financial modelling in the banking and energy sectors.

Jung was attracted by Pinnacle’s tremendous growth and leadership team in the private markets. As Jung states, “I am convinced that Pinnacle’s integrated model and approach will allow the firm to be nimble enough to respond to issuers’ and investors’ needs throughout various business cycles and strengthen a convincing value proposition, alternative to traditional equity and fixed income investments.”

“Part of Pinnacle Wealth Brokers’ growth is attributable to its team of experienced industry professional from across the financial sector.”





Common Sense Real Estate Investing

Enhancing the value of Canadian multi-family real estate through strategic renovation and professional management

"Pinnacle sees the opportunity for growth in the private markets," Zurfluh acknowledged. "We see investor demand, especially from baby-boomers who are searching for greater yields and accept the different risk/reward profile in making such investments, and issuers who are in search of capital."

Many Pinnacle Dealing Representatives feel the same way and are excited about the different types of investments they can offer their clients to diversify their portfolio into private market investments. As Zurfluh says, "that's why many Dealing Representatives are joining Pinnacle and who stay with us."

The Pinnacle team consists of over twenty-five employees at its Calgary head office and 130 Dealing Representatives Canada-wide. The firm also has an international presence, and is able to finance both Canadian and U.S. firms who are seeking capital.

Though it is only raising money in Canada, Pinnacle, through PART, is investing in companies outside of Canada.

As Jung states, "Pinnacle specializes in working with mid-level Canadian and U.S. companies having values between \$5 and \$50 million. These companies traditionally have found it challenging to access capital since major financial institutions are not considering these opportunities."

"Pinnacle's slogan is to continually seek unique opportunities to increase wealth, and in that, we are searching for private investment opportunities by investing or lending money to successful small and medium-sized businesses in North America," Zurfluh said. "That's our main focus, and we help develop these offerings and make them more suitable for our investors." ▶▶



- ▶ “The Pinnacle business model gives our clients better diversification in the private and public part of their portfolio by allowing investors to invest like pension funds are investing,” says Zurfluh. He cited the success of private capital allocation models used by institutional investors (e.g., pension funds and endowment funds) in the U.S. and Canada such as the Canada Pension Fund, Ontario Teachers Pension Plan or Yale Endowment Fund. As Zurfluh states, “although there are differences between retail and institutional investors in relation to financial circumstances, knowledge, risk tolerance, time horizon and investment objectives, the point is that Canadian investors should be given the opportunity to consider whether private market investment opportunities are suitable for them, just like the big institutions.”

“Some of the most successful kinds of investment pools in the world are investing a significant portion of their money into the private market and the public markets, and now our investors have the opportunity to do that as well. Gaining access to the public market is relatively easy, so we’re just looking for the strongest partners on the private side,” said Lloyd McDonald, Pinnacle’s VP of Business Development.

Given low bond yields and certain disappointing performances of hedge funds, more capital is being deployed in infrastructure assets that offer relative stability and higher returns when compared to certain fixed-income securities. Jung believes that exploring this asset class will provide its investors even greater portfolio diversification.

Pinnacle has recently introduced in the last year much-needed back office technology. It has been working with Univeris, a technology company based out of Toronto, Ontario, who is drawing from its successes in the mutual fund industry.

“We have been working closely with Univeris who are customizing their platform based on what Pinnacle needs and making it available to all other exempt market dealers. It is a very involved and very onerous task, but the rewards are starting to show now as the system is maturing,” explained Zurfluh.

The firm has a plan to move to paperless operations, which will make it the first of its kind in Canada. This will improve the efficiency and accuracy of new client accounts and subscription agreements.

Pinnacle has shared its success by finding ways to give back to the community. Years ago, Pinnacle established the Pinnacle 20/20 Foundation that supports people and communities by investing in education, training, equipment and job creation.

“We believe that if we are fortunate enough to be successful and have the kind of lifestyle that we have, then we should be giving back to the communities that we work in as well as those that are less fortunate,” expressed Zurfluh. He was calling from Honduras, where he and his family were working with the foundation at the time.



Pinnacle helped build a school, installed water filtration systems and established school lunch programs as part of its work in Honduras. Other projects are being developed in the community in the fields of agriculture and healthcare.

“They can be sustainable, especially a place like Honduras,” said Zurfluh. “It is the second-poorest country in the Western Hemisphere behind Haiti, but they have rich land, and they have the opportunity to create jobs. They just need to be shown how to create a business, helping them with entrepreneurship.” Zurfluh hopes to see each area achieve self-sustainability within 15 years.

In addition to its work in Honduras, Pinnacle also backs the Stollery Children’s Hospital, the Calgary Food Bank, the Canadian Cancer Society, Samaritan’s Purse, Operation Christmas Child and other causes.

“As to future goals, Pinnacle is looking to partner with a strong team that has a successful track record in managing public funds so that we can bring more assets under man-

agement allowing our Dealing Representatives to sell professionally managed pools of public and private investments,” Zurfluh added. As he further states, “this will take time but we believe this is the next natural evolution of the firm.”

In the foreseeable future, Pinnacle is placed well for continued growth and is anticipating doubling in size, while further reinforcing its presence in the market. The company has proven its belief that “if you do what is right, success will follow.” ■

“We are searching for private investment opportunities by investing in or lending money to successful small and medium-sized businesses in North America.”





PINNACLE

WEALTH BROKERS

Suite 250, 15 Royal Vista Place NW Calgary, AB T3R 0P3

P: 1 (855) 628-4286

F: 1 (866) 462-3514

E: admin@pinnaclewealth.ca

www.pinnaclewealthbrokers.com

SUPPORTED BY



www.pulisinvestments.com

