



AlternativChronicle

What Fishing and Investing have in Common?



By George M. Klar.....President, Alternativ Solution Inc.

Inside this issue:

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Pg
1

ASI — What we do:

Alternativ Solution Inc. (ASI) offers consulting services on capital markets to institutional clients. We deal in topics ranging from investment strategy, risk management, asset allocation, manager selection and manager assessment.

Our recent engagements include development of investment policy, searches for money managers, investment strategy (active vs. passive), and alternatives such as infrastructure, real estate and smart beta.

ASI also offers Trustees and Board members with financial education or training.

Mr. Klar is a faculty member in the Finance area at the Schulich School of Business and is a senior advisor to York University's \$2.2 billion pension plan.

....Cheers, GMK

As we hit the dog days of summer, I escaped Toronto's hustle and bustle to spend a few relaxing days on the French River where I relaxed, kayaked and fished.

Reflecting on the experience and people I met, there were similarities between investing, running a vacation property and fishing.

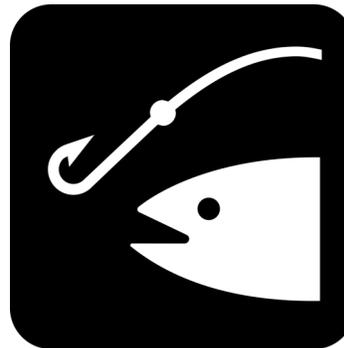
First, the lodge I stayed at on the French River was a quiet, refined yet relaxed place catering to a global crowd. There were Americans, Brits, Germans and Chinese among its small cadre of guests. Secondly, the weather was near perfect...with warm sunny days and cool nights punctuated by a few intense storms. Lastly, I really love to fish. But I rarely catch anything.

Upon my arrival, I marvelled at the beautiful surroundings, the quiet shallow bay, the tall trees and numerous modern (yet rustic looking) cottages that dotted the quiet shoreline. Obviously the owner had invested considerable time and energy into creating a unique setting. Amazingly, all my stresses evaporated within minutes of settling in. Hopefully, some readers will understand this intense wonderful feeling.

My days at the lodge were spent on or near the water. I hiked the shoreline forests, scrambled along the rocks of

nearby rapids, kayaked the many arms of the French River, and of course, fished.

The resort owner spent time explaining how he got into a vacation business after years working as a CEO. The property operates for just six months a year, which makes running it profitably far more challenging. He started acquiring properties 15 years ago and set aside 25 years to



finish getting additional properties, tear down old cottages and replace them with modern, but rustic looking, structures. No TV, radio or internet here. Just peace, quiet and ample good food.

Most importantly, he wanted the place to be in sync with environment, so he hired top-ranked European architects who specialized in minimizing the carbon footprint. The lodge is nearly self-sustaining and grows its own vegetables and herbs for use in its restaurant. Overall, a small, self-contained resort.

Lessons from the Lodge:

In order to achieve something grand, you need a long term view and few distractions. Secondly, you need lots of patience. Nothing happens overnight. For the first 10 years, the owner lived a frugal lifestyle in order to reinvest profits into expanding and modernizing. In addition, the owner is active screening guests. He doesn't want to get a rowdy crowd that drinks too much, is too noisy or might destroy the facilities or surrounding area.

Wise investors know the same is true. You need a long term vision and a clear understanding of your goals. You also need a realistic time period to achieve them. Lastly, you need to cull any bad investments.

In every investment journey, there are good and bad times. Neither should affect you. Nothing matters except long term results.

Lessons from Fishing:

After 3 days of fishing, I caught one large fish. Investing (like fishing) takes a lot of time and effort. You cannot force fish to bite your lures. Often, you catch nothing so abundant patience is a must.

If you fish a lot, eventually you might land a big one. The same holds for investing and explains why it's so hard to consistently land big investment winners. □