

Shorelines

NEWSLETTER OF THE PROBUS CLUB OF NORTH SHORE VANCOUVER

November 2014

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Monthly Meeting at Capilano Golf and Country Club

420 Southborough Drive, West Vancouver, 604-922-9331

Coffee and Fellowship: 9:00 am, Club Business and Speaker: 9:30 - 11:15 am



Monday, November 10th

with speaker

Don Vivic

Fellow Probus Member,

“Great Battlefields from WWI and WWII”

This past summer, fellow Probus member Don Vivic visited the battlefields of Normandy on the 70th Anniversary. He also visited Passchendaele, the Somme and Vimy Ridge on the 100th Anniversary of the start of WWI.

For those of you who have not had the pleasure of meeting Don, here is a brief biography:

Don is a graduate of Ohio State University in 1957. He played football for the Ohio State Buckeyes coached by Woody Hayes. He was a member of the 1954 national championship team and the Rose Bowl winning team in 1955. He then played with the BC Lions from 1957 to 1964, helping his team win the Grey Cup in 1964.

From 1968 to 2010 he worked in the investment business with his last position as Vice President, RBC Wealth Management prior to his retirement in February 2010.

Don's many interests include fitness, travel, WWI and II and the Catholic church.

Parking at Capilano

The summer golf season at Capilano is now over and Probus members may park in the upper lots for the November meeting. Handicapped spots may be used by those qualified.

Grant Gisel



Annual Christmas Luncheon

Monday, December 8th

Registrations and payments accepted by mail

You can also bring your payment of \$80 to the November meeting.

Note: Your Spouse/Partner is welcome to attend as your guest.



President's Notes



This year, our next meeting takes place the day before Remembrance Day. It is fitting that one of our members is speaking to and with us about his experiences in visiting the battlefields of Europe. I hope that you will see fit to attend.

I have almost finished reading *The War That Ended The Peace* by Margaret MacMillan. It is a weighty historical unfolding of events that lead up to the so called Great War. There were many near conflicts between the great powers in the period leading up to August 2014 with minor conflicts particularly in the Balkans. Let us hope that we have learned from this and more recent conflicts.

A number of our Probus group including yours truly have served with the Canadian or Commonwealth military forces. When we signed up, it was to serve at Her Majesty's pleasure. Our generation was fortunate in that most of us were not called into action but served during the so called cold war where there was no shortage of tension but little in the way of direct combat. Post the cold war that has changed and we are all familiar with recent conflicts as well as the evolution from macro terrorism to so called micro terrorism.

We experienced that almost first hand in our national Parliament on Wednesday, October 22nd. I am not so sure that "This changes everything!" as some pundits have enunciated. Let us hope that our institutions remain relatively open to all recognising that there will be increased security hereafter. We should all be proud of our parliamentarians and Sergeant at Arms, who returned to work the day after this cowardly act of terrorism.

In closing, I hope that our world leaders can manage through today's tensions in such a way that our children and grandchildren are not called upon to serve on new battlefields as yet undefined. Lest we forget!

Barry Heselgrave
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Remembering Members Who Passed

Each November our newsletter includes a column to remember our members who passed away this year:

*Sunset and evening star
And one clear call for me!
And may there be no moaning of the bar
When I put out to sea,*

*But such a tide as moving seems asleep,
Too full for sound and foam,
When that which drew from out the boundless deep
Turns again home.*

*Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell,
When I embark;*

*For tho' from out our bourne of Time and Place
The flood may bear me far,
I hope to see my Pilot face to face
When I have crost the bar.*

- Lord Alfred Tennyson



Last Month Speaker - Brad Simpson



President Barry Heselgrave thanks speaker Brad Simpson
“Investment Strategy, Projections and Issues”

Brad Simpson, Partner and Vice-President, Hedge Fund Strategy, Picton Mahoney Asset Management, gave a fast moving and fact filled talk about the market, how hedge funds fit into it, and why they are a good investment. The thinking behind a hedge fund is that it is a better vehicle to manage market volatility, while at the same time get a reasonable return on investment, hence the name. Hedge funds take many forms, and there are thousands to choose from, if you are an institutional or a very sophisticated investor. Because they are a complex investment vehicle, and not subject to as much regulatory control as mutual funds, they cannot be sold to most retail clients.

Simpson discussed two kinds of hedge funds- authentic and performance. An authentic hedge fund seeks to give a positive rate of return every year. It does this by going long and short on stocks within the portfolio. This is called a long-short position. (Going short means selling a stock you don't own, and buying it back when the price drops thus “covering your shorts”. Always a good idea.) They also employ leverage, by borrowing money to buy a position, thus adding more risk. Performance funds seek much higher returns than authentic funds, but at greater risk. He said that an authentic fund would give better return with lower risk compared to the traditional portfolio. He further mentioned that many Canadian hedge funds are poor performers, and the better ones are in the US.

Brad discussed the markets and the economy in some detail. There are many factors today that will influence the stock and bond market. He said that interest rates could go to 3 or 4% by 2017, that quantitative (not qualitative) easing by the US Central Bank will take money out of the bond market, reducing demand and driving up interest rates. There could be other government interventions (the “invisible hand”). He feels the US economy will continue to improve while the European economies will stagnate.

Fees charged can be substantial. Traditionally, hedge funds charge an annual fee of 2% of asset value, plus 20%

on any profits earned. Picton Mahoney have \$9 billion under their management which generates \$180 million in fees, plus 20% of any profits earned. There are no fee deductions if losses are incurred. (In all hedge funds, the performance would be better if the fees were lower- Warren Buffet.)

Editor's comment. The performance of a hedge fund, mutual fund or diversified portfolio depends entirely on the skill of the managers, which is often lacking. Picton Mahoney is considered a serious company notwithstanding the fact that it has performed in at least one fund below the index it uses, the MSCI Global Index, but with less volatility.

Ken Bryden

October Greeters



Don Leier, Barry Heselgrave and Mike McMahon

New Member Welcomed and Introduced at October Meeting



Andreas Poulsson
Film Production Executive

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