

## **Hope is Not a Strategy**

*By Trevor Macdougall*

You've probably never heard of Stephen Jarislowsky.

But, he is recognized as one of the greatest money managers and investors that Canada has ever known. Thanks to his legendary integrity, he also has an unassailable position as the conscience of the country's financial community.

A peerless investor, he founded the private investment management firm Jarislowsky Fraser and led it for nearly half a century. Also sitting on numerous boards of directors, he has been outspoken in his criticism of breaches in ethics: overpaid bosses, directors who close their eyes to questionable practices, grossly overcompensated lawyers, and investment advisors who inflate their compensation by encouraging their clients to trade unnecessarily. I'm a huge fan.

Along the way, Jarislowsky also followed his own advice to become one of Canada's wealthiest people with a net worth well over 1 billion dollars.

### **Advice From a Billionaire**

So, I think it is safe to say that Mr. Jarislowsky is well worth listening to when it comes to making good choices about your money. And, our research indicates that people want to feel more confident about their money these days. A quote from his book, *The Investment Zoo*, regarding effectively investing your savings caught my attention and it should catch yours too:

*"I must emphasize again: Just saving money and putting it in the bank, into a house, into just any stock, etc. will not do. You must link your capital to investments with a predictable rate of compound growth. My rule is to invest only in top-quality, largely non-cyclical growth businesses."*

**Stephen Jarislowsky**

Given the sheer truth that lies within this statement, I continue to be astonished at the vast number of investors in Canada who have yet to embrace this and still have their money invested in over-diversified, generic, fee-laden investments. It occurs to me that perhaps people just don't know where to turn for good advice? That's why I write these articles to share with you.

The common refrain when it comes to investing for a sustainable financial future seems to be save and "hope for the best".

Hope is not a strategy.

### **Replacing Hope with Predictability**

Here is a fundamentally important question when it comes to investing for the future...Which is more predictable, future macro-economic events and the global economic outcome or the likely future potential of a business with a successful track record of sustained growth spanning two decades?

The crux of my advice to my clients is that while it is impossible to predict what will happen in the economy (and thus the stock market) next year or even over the next five years, I think we CAN expect

with a higher degree of certainty that a business that has grown its profitability for twenty consecutive years (*we have a significant investment in one such underappreciated Canadian company*) will likely continue to flourish. Why? Well, it has to do with what makes a company great.

### **Getting the Right People on the Bus**

A company doesn't just *happen* to lay down an exceptional track record like the one described above. It benefits from exceptional leadership that empowers exceptional people who make consistently good decisions - having "the right people on the bus" to quote *Good to Great* author Jim Collins. I think you can expect a level of continued strong execution from a business like this, because of its people and the inherent culture. And, in turn, you can expect a continued strong return as an investor, despite the unknowns of the future. Indeed, great investing is so often about investing in great people.

So, rather than just putting your money in the bank or some generic investment and "hoping for the best", take Mr. Jarislowsky's advice (and mine). Link your capital to investments with the potential for predictably higher compound growth.

Your best bet will be those exceptional business franchises out there. If you can do that, you'll turn your strategy from one of hope to one with a great chance of helping you reach your definition of financial independence.

What do you think? Are people too overwhelmed with mixed messaging these days to know where to turn for effective investment advice?

*"Trevor is a smart, seasoned investment advisor who puts his clients' needs first. He carefully considers a client's situation, takes the time to review and explain scenarios and answer questions in plain language, and takes a common-sense approach to investment that is designed to optimize results for clients. Trevor is professional, reliable and focused on providing excellent customer service - I recommend him."*

**Cynthia Goodwin - Vice President, Communications at Revolution Strategy**



*Trevor Stairs Macdougall provides thought-leading ideas to help business professionals to effectively, tangibly and reliably grow their investment capital. Holding an MBA in finance from the Dalhousie University School of Business, he is an Investment Advisor and Assistant Branch Manager at BMO Nesbitt Burns in Saint John, NB. He can be reached at [trevor.macdougall@nbpcd.com](mailto:trevor.macdougall@nbpcd.com); on the web at [www.macdougalteam.ca](http://www.macdougalteam.ca); [LinkedIn](#)*