

Buy and Hold... Not good enough...

► Five years ago, Danielle Park and Cory Venable knew they wanted to revolutionize their investment management practice and that it was going to take major steps to do so.

After working for a national brokerage for over a decade, the husband and wife team dreamt up a vision of the practice they wanted to have and developed a plan for getting there. First steps involved completing their education to become portfolio managers, which they did over a 4-year period, completing the CFA, and CIM, FCSI and CMT designations respectively.

Next steps involved purchasing a building in downtown Barrie and renovating it into their new office space. They wanted a place that would feel warm and inviting to clients emulating a boutique environment rather than the institutional feel of their prior bank owned premises.

After partnering with JC Hood Investment Inc. a portfolio manager out of Toronto, the Venable Park's opened Barrie's first independent investment counsel firm in October 2003. "Many of our brokerage clients followed us to the new practice," Park says. "And we have been very grateful for their trust and support. But the task at hand now is to educate the public about how our investment counsel practice is different than the other financial service providers in this area."

"First and foremost we are independent", says Park; "we have no products to sell or underwriting allegiance with any firm or product provider. We only select investments from those already trading on the open market; we mainly use indices so as to reduce



the effects of company specific risk. Secondly, our structure allows the client direct access to the money manager, as well as the people dealing with their planning needs. Rolling these two disciplines together allows us to cut out a couple of layers of fees usually paid to middlemen." For clients this means a lower fee structure than a traditional planner or brokerage approach. "We have long been students of John Bogle's work in the US, regarding the ravaging effects high management fees have on a client's invested capital. To that end, our structural differences often enable us to cut a client's fees by more than 50%, removing a large part of the capital drain in client's portfolios.

A third and major difference of their practice is that they are tactical managers, "we are not buy and hold. We have shown that the investors are far better to miss out on the worst days or weeks of the market than to miss out on the fleeting peaks that markets create. In fact, there are times when market risk is so great that we will take our client's capital completely out of equity markets."

Cory is a technical analyst and over the past several years, has developed a proprietary risk management model to help them quantify market risk and their client's exposure to it. Their quantitative approach instills a very disciplined set of rules about when and why you are adding or leaving capital invested in various markets. The model has been live

now since 2002, and has been back tested for 17 years, and the results have consistently fallen within the top quartile of growth managers over that period. Buy and Hold of the major indices would have outperformed the vast majority of active managers; "our model has beaten buy and hold by large margins."

Danielle is a fundamental analyst and lawyer by training: "the reality is that equities very rarely trade in line with their enterprise value. The real world is governed by fear and greed, and these forces drive stock prices on either side of their fundamental value. Turning a blind eye to this reality is a costly mistake for investors to make, no matter how smart or educated they may be."

"Our mantra around here is discipline, discipline, and more discipline. "This is a service that has been painstakingly created from the ground up for the individual investor".

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