

Worth. Investing.

National Finance Students Association

October 9, 2015

Sheraton Centre Toronto

123 Queen Street, West

Keynote Address

Entrepreneurs of Life

A. Background

Family Life & Education

- Married in 1993 – blessed with 4 children
- Loved to learn and investigate the wonder creation.
- Spent 10 years in University across most of the academic disciplines!
- **B.Comm & MBA** from McMaster University; **B.Sc.**, University of Waterloo and a **MA** from Trinity Evangelical Divinity School (Chicago). My Master's thesis was a Christian critique of John Rawls' "A Theory of Justice." I finished with a **CFA** in 1993.

B. Experience - Professional

1. **Accounting, Insurance & Finance** – key moment was meeting Michael Lee-Chin in weight room at McMaster, struck up a friendship that led to job offer in Fall of 1990.

2. **AIC Story (1990-2009)**

- \$10 million in assets under administration to \$15 billion
 - Sold to Manulife Financial in 2009
 - Key Lessons
- i. Invest like a businessperson – Lee-Chin pointed me to Warren Buffett. The wealthiest and most successful investors are all business people; this is directly tied to their behaviour and philosophy of allocating capital.
 - 1) Research Intensive, 2) Concentrate Positions, 3) Invest Long-term (power of compounding tax deferred)
 - ii. Don't follow the consensus! **"Easier to fail conventionally than to succeed unconventionally"**

Worth. Investing.

- iii. Patience, make fewer decisions but high probability ones. Wait for the fat pitch!
- iv. Take risks in your career, **be an entrepreneur!**

“Entrepreneur is one that makes the invisible visible, the future present, the ideal real, the impossible an achievement, the desired an experience, the status quo dynamic, and the dream a fulfillment.” (Os Guinness)

- v. Most important decisions you make are when you are young because they have the longest to run and will impact your life the most. So focus on making the right decisions now, don't waste time!

3. **ROCKLINC Investment Partners** – (2010 to present)

Private Wealth Management – Segregated, personalized accounts

C. **What you won't learn at University**

- 1. Build a world-view! A world-view is a set of presuppositions that you use to look at the world in all its diversity. In our modern forms of specialized education there is the tendency to lose the whole in the parts, and in this sense we can say that we no longer produce very many truly educated people.

In fact, the modern university is too often a very confused or irrational institution. There is no longer a sufficient epistemology at the centre; there is no unity to the diversity of disciplines. This is because brute chance plus matter plus energy can never give you meaning, purpose, values or truth.

- 2. Read and understand history – human beings repeat the same mistakes, living a past less present is very risky! Those who have a weak understanding of history will not only repeat the mistakes of history they are much more susceptible to State propaganda! For example the printing of money is nothing new. The troubling thing is that it never works!

Why do we listen to economists who talk about money all day, without ever having to earn any?

Worth. Investing.

3. Have a strong personal FAITH! Need a moral compass based on Truth. What do you do in the audience of one? What do you do when no one is looking? What do you do when it costs you something?
 - i. Protect your heart and mind in a world with many temptations!
 - ii. It is so easy to make life altering decisions that are very negative if you are not careful and prepared in advance to avoid temptation (examples of friends and wise words from Seymour Schulich – (3 things that take men down, pride, wealth and well endowed women)
 - iii. The great apostle Paul wrote in Philippians 4:8; “Finally, brothers and sisters, whatever is true, whatever is noble, whatever is right, whatever is pure, whatever is lovely, whatever is admirable--if anything is excellent or praiseworthy--think about such things.”

D. Key Financial Challenges

1. **Debt (200 trillion plus) & Derivatives (\$800 -\$1,000 trillion)**
(Financialization – financial industry too large and creating massive instability)
2. **Unfunded Liabilities** – promises are out of control!
 - Decadent democracies, corrupt governments, promising pensions, healthcare and other social welfare schemes that are unaffordable (Province of Ontario is a prime example.)
3. **Aging Demographics** – “What to expect when no one is expecting?”
 - Break down of the family unit
 - Unsustainable social welfare systems (worker/retiree ratios out of balance)
 - Ugly cultural & financial challenges facing us (wealth transfer and disparities)
4. **Unjust Weights & Measures**
 - Interest Rate Manipulation (lowest rates since 3000 B.C)
 - Value of our Money / Currency (all fiat currency)
 - Too much power in the hands of central bankers (negative rates, cashless society)

Worth. Investing.

- **How do you value assets when the two most fundamental values or weights are not market based/political? This is a HUGE question!**

E. Some solutions to promote & defend!

1. Increased institutional **competition** – schools, businesses, government, charities and nations. Decentralization vs. Centralization! Beware of Hayek’s “Fatal Deceit”!
2. Protect private property, limit on taxation.
3. Downside the State – must be responsible to the people, too large, too inefficient and becomes repressive as it grows. The State is not God.

Please note that the size of the State is inversely related with the moral virtues of its people and the strength of the family unit!

4. Collateralize currency – real money not fiat currency.
5. Investments in science, technology and infrastructure must be a priority. There must be a belief in and vision for the future.
6. Reinvigorate the family unit as the pillar for educating and equipping the next generation of citizens and leaders.
7. Reject the tyranny of moral relativism and secular humanism which is destroying the moral fabric of our culture and economy

Relativism is a poison. It attacks our most human capacity, the capacity to seek and know the truth, including the moral truth. A dictatorship of relativism imposes by real cultural force (and even by political force) a no-standard standard, a command that all must imbibe this poison.

F. You must be Entrepreneur’s of Life

1. Purpose

- ❖ We need to ask the question, what is the purpose of my life? Why should I leap out of bed in the morning enthused about another day? How can I bring hope and meaning into the world if I do not have a purpose for my own life?
Without a strong sense of purpose and meaning you cannot be an

entrepreneur of life. “Purpose is to life what the skeleton is to the body. The muscles may have strength, but it needs support and attachment.”¹

2. Truth

- ❖ **The whole concept of leadership presupposes the notion of Truth!** Living in the “post postmodern age” we are all aware of the “crisis of truth” around us. Philosophers and so-called educators have the audacity to tell us that truth does not exist despite the self-refuting nature of that statement. What remains today is a world of lies, hype, and spin, which too often enters into our own corporate boardrooms as well as other leadership offices. You just have to think of VW and their recent diesel scandal!
- ❖ If truth is truth, then differences make a difference. If there is no truth there are no differences between love and hostility in relationships, there is not difference between harmony and conflicts in the inner city, between efficiency and incompetence in business, between honesty and fraud in science, between trust and mistrust in leadership, between freedom and despotism in government and even between life and death. Without truth there is no possibility of progress only regression.

3. Character vs. Celebrity

- ❖ Peter Drucker has stated that “management is doing things right; leadership is doing the right thing.”
- ❖ Character is essential and central to good leadership and being an entrepreneur. Our world is increasingly filled with panderers rather than principled leaders. A panderer is a person who is focused on polls and focus groups and demonstrates a leadership style that is dependent on following others, not blazing a new trail.
- ❖ **Today when we think of leaders we are too often preoccupied with the appearance of success rather than the good character of the person. We are less interested in the cultivation of the good life and more focused on the cultivation of the self. The result is that today we think happiness has nothing to do whatsoever with our moral character. This is tragic and not true. The life lived by moral principles and self-sacrifice is the fulfilling life!**

¹ Ibid. 13.

² Guinness, Os. Entrepreneurs of Life, p. 190. (quoting Henri Nouwen)

Worth. Investing.

- ❖ We are too focused on celebrities. The fallout from our celebrity culture is significant. We have become a culture of narcissism. There is no longer an emphasis on accumulation and delayed gratification it is all about plastic money and getting it now! **Today we may well prefer to be envied rather than admired! But for entrepreneurs of life they need to be people who are admired for their convictions and depth of character and doing what is right even when it costs something!**

4. Focus

- ❖ A purposeful life must lead us to a Focused Life! Warren Buffett counsels graduating business school students that they should leave school with a punch card that allows them to only make 20 key decisions in their lives. Once those 20 decisions are made they cannot make any more. As he points out people would give much more thought to their actions and focus their attention on things of much greater significance.
- ❖ There is no question that the modern world makes living a focused life more difficult than ever. Think of the greatest investors. Think about the best athletes, doctors, scientists, politicians and parents. Excelling at any of these areas requires focus and assiduously laying out your priorities.

5. Providence

- ❖ In the eleventh chapter of the book of Ecclesiastes, King Solomon tells his readers to “Cast your bread upon the waters, for after many days you will find it again.” Casting connotes approximation and not preciseness. Since we simply do not know the future we cast out in faith. Solomon gives both a **command** and a **promise**. Give of yourself, your money your gifts and after many days the promise is that you will find it again. As Solomon points out, “whoever watches the wind will not plant; whoever looks at the clouds will not reap.” Pessimism and being an entrepreneur do not go together!

6. Perseverance

- ❖ Being an entrepreneur is a life long project that helps spur us on to keep journeying with purpose to the very end of our lives on earth. Although we have not arrived, we should never be those who travel the road of life aimlessly. Good stewards are **wayfarers not wanderers**. One author

Worth. Investing.

put it well when he stated, “He who thinks he has finished is finished. Those who think they have arrived have lost their way.”²

7. Faith

- ❖ Tim Keller in his book “Every Good Endeavor” sums it up well. “Everyone will be forgotten, nothing we do will make any difference, and all good endeavors, even the best, will come to naught... unless there is God. If the God of the Bible exists, and there is a True Reality beneath and behind this one, and this life is not the only life, then every good endeavor, even the simplest ones, pursued in response to God’s calling, can matter forever.”

King Solomon reminded his son in Ecclesiastes chapter 12 to “remember your Creator in the days of your youth... fear God and keep his commandments for this is the whole duty of man.”

G. A Few Recommended Books

1. ***Best Practices for Equity Research Analysts: Essentials for Buy-Side & Sell-Side Analysts*** by James Valentine.
2. ***The Poverty of Nations*** by Wayne Grudem & Barry Asmus
3. ***The Dao of Capital*** by Mark Spitznagel
4. ***When Money Dies*** by Adam Ferguson
5. ***The Road to Serfdom*** by Friedrich Hayek
6. ***The Death of Character (Moral Education in an Age Without Good or Evil)*** by James Davison Hunter.
7. ***Currency Wars & The Death of Money*** by James Rickards
8. ***Economics in One Lesson*** by Henry Hazlitt

² Guinness, Os. Entrepreneurs of Life, p. 190. (quoting Henri Nouwen)