

## Closing out the Calalta portfolio

After nearly four decades and three energy crises, Calgary's homegrown investment club has decided to call it a day

BY CHUCK CHIANG, CALGARY HERALD FEBRUARY 1, 2009



Members of the Calalta Investment Club gathered in mid-January to signal the end of almost 40 years of playing the markets together.

**Photograph by:** Darren Francey, Calgary Herald, Calgary Herald

The Calalta Investment Club has been around since 1969. It has survived three major energy crises, multiple recessions, the dot-com bubble and Black Monday -- the precipitous drop of world markets in October 1987. But the current economic doom-and-gloom proved to be the last straw. "A lot of us travel a lot and aren't going to meetings, so we thought we might end it last year," said club member Carol Jaques, who has been with Calalta for 38 of its almost 40 years.

"But we were thinking we may go on and recover some of our losses this fall. With the market going soft, we thought we weren't going to do that, so we went ahead with the plan (to dissolve)."

Calalta's demise earlier this year is the latest indication of current investor sentiment, with extreme market volatility sharply biting into investment earnings and

keeping many on the sidelines until bull markets return.

Of course, it was remarkable in itself that the small club -- one of the first women-only investment

groups in Calgary -- managed to carry on for almost four decades, especially in a field formerly dominated by men.

The concept of investment clubs isn't new -- groups of Canadians have been pooling their money to pursue the market since 1928, according to the Investors Association of Canada.

Currently, about 6,000 groups exist in the United States -- the most famous of which are the Beardstone Ladies, which claims to have earned more than 20 per cent in annual returns from 1983 to 1994.

Calalta itself started with 12 women -- none with investing experience -- who decided to go into stocks out of pure curiosity.

Members started by contributing \$10 every month to the fund, and regularly met to determine what stocks to buy with the pool of money they'd gathered.

They bought stocks through discount brokers, usually with minimal professional consultation.

To gather information, the group regularly hosted consultants at its meetings, and some members made weekly treks to the U of C library-- returning with piles of investment-related books.

Then, there was always intuition, said former member Judy McCaffrey.

"If any of our husbands gave us advice like 'You should buy that one,' we go the opposite way," McCaffrey said with a chuckle. "By then, it's usually too late to follow the trend they were suggesting."

The group also had ventures outside of stocks -- one member recalled bringing in speakers who talked about jewelry, artwork and commodity investing.

That attempt didn't go as well as stock trading did, Jaques said, noting the club bought gold wafers at peak value of \$875 in the '80s -- a price point that the commodity never reached again until last year.

"We sold at \$300, right around there," Jaques said. "The gold sat around in a safety deposit box for years. We thought about putting a hole through them and wearing them as necklaces."

Luckily, the stock investments proved more fruitful. At the time of its dissolution, Calalta commanded a portfolio worth \$173,000 spread among 15 members -- and that's not counting the annual dividend it paid to members during good years.

But individual investors are now backing out of the market, and it isn't hard to see why: since Sept. 1, the S&P/TSX composite index has dropped from around 13,000 to a range between 8,500 and 9,500 this year -- a drop of more than 25 per cent.

Meanwhile, with the financial sector reeling from bad loans south of the border, tightening capital flow and deteriorating auto retailing and construction activities, the devastation in the markets have triggered most industrial nations to introduce some sort of rescue package to stem the tide.

Calalta's move to dissolve, in that sense, mirrors individual investor's doubt in the market, said Jim Fischer, chairman of financial services, supply chain management, insurance and quantitative methods at Mount Royal College's Bissett School of Business.

"A lot of people are nervous for sure, and they probably should be," Fischer said. "But people should be nervous any time they enter the market. . . . I suspect that people are looking at all the alternatives available. They're looking at bonds and other investments, but there simply aren't a lot of options out there."

Mike Robinson, principal at Calgary-based Signature Financial Security, deals specifically with investors approaching retirement age. He said while he can't quantify it exactly, he has noticed an increasing number of the older, retirement-age demographic -- the age group that comprises Calalta -- looking to move out of stocks.

"The older part of the market is a big part of (the sidelined investors)," Robinson said, noting every sector of stocks has been dented. "A lot of them have been either doing investing themselves or with private brokers, and even with good advice, given the current market, there's no place to hide."

For Robinson, however, the current tendency for investors to sit out the bear market may be the same following-the-trend mentality that built the energy and housing bubbles in the past two years.

"Leading up to a bear market, people tend to overload on equities," he said. "The energy sector was a good example of that, because we're in Alberta, and the outlook was very rosy a few years ago. I've always had a more difficult time dealing with clients during bull markets because they want to abandon their asset allocation plans and go all-in on what's hot in stocks.

"And right now, generally speaking, getting out would be a big mistake. There are companies with rock-solid numbers that are just down with the market. . . . If your time horizon for your investment is more than two years, you're not going to see a better time to get a great stock. But if you want to make a good return in 18 months, stocks are not the place to look right now."

Fischer agreed, for the most part, but emphasized that scenarios differ with every investor.

He added that he also wouldn't be surprised if investment clubs like Calalta re-emerge quickly, if the popularity of similar groups at Mount Royal is any indication. The school participates in annual nationwide competitions where students gather in groups and "buy" stocks using virtual money, seeing which team can earn the most -- or lose the least -- from fall to spring. About 12 groups from Mount Royal took part this year, despite the down markets.

"This type of investing gives the students a chance to attempt the things they learned," Fischer said. "And many realize that despite their best analysis, sometimes a stock just doesn't go up. It's an excellent education tool."

As for those with real money?

When Calalta's members gathered for its last get-together as a group in mid-January, they all had differing opinions on whether they would jump back in again.

Susan Himann, for one, said she would probably stay out for the foreseeable future.

"It's really risky," she said. "There's so much conflicting information out there right now, and a lot of people still think there's more bad news to come. So it's better to sit on the sidelines."

Jaques, who hosted the gathering, quickly begged to differ.

"We've been through all the ups and downs," she said. "It'll take a while, but it will come back."

Jaques added she has no doubt she will buy in again in the future.

Regardless of what each member will do with her investments after Calalta, the group did agree that the club was about more than just stocks: It had its own element of breaking the glass ceiling, which again reflected the changes in trading in the last three decades.

"When we started, there were no women brokers to be seen," said member Marilyn Negroportes.

"I was in the financial industry (in the '70s), and they wanted me to have a six-month training in New York, and I had a child to care for. Now, you have female bank presidents and CEOs running major corporations, and I think we came in at a significant time."

© Copyright (c) The Calgary Herald

---

[Previous](#)

[Next](#)



Members of the Calalta Investment Club gathered in mid-January to signal the end of almost 40 years of playing the markets together.

**Photograph by:** Darren Francey, Calgary Herald, Calgary Herald

