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A toast to downturns: Why it's time to celebrate for a Calgary contrarian

Ken MacNeal, a director of wealth management and portfolio manager at Richardson GMP in Alberta, has made fortunate market calls in previous downturns and each time celebrated with a champagne brunch for his clients at the Calgary Tower's rotating restaurant.

He did it again this past weekend, treating about 60 people whose 2015 portfolio returns were in the 7 per cent to 9 per cent range. During the year the Toronto Stock Exchange composite index lost 11 per cent.

Mr. MacNeal's clients also enjoyed gains (and bubbly in the tower) after the tech bust at the start of the last decade and following the global market collapse in 2008. This time he did it by convincing many to bet against their own livelihoods in Canadian oil and gas, and instead to focus on U.S. equities and fixed income.

"People who really knew the business, knew that the technological changes were so incredible. This is not a little thing, when they did horizontal multifracking [technology for extracting oil and gas from shale formations] the amount of production that was happening was so amazing. They knew there was going to be huge supply," Mr. MacNeal said as clients milled about and enjoyed the skyline.

"And, they were very disappointed in the Canadian scene in energy, with lack of access to world markets."

He also took heed of warnings from numerous economists about potential weakness in the Canadian dollar, which has now tumbled to levels not seen in more than a dozen years.

Now with markets tumbling at the start of 2016, Mr. MacNeal's clients are fully invested, and he is not fretting. He is still avoiding Canada and its commodity-heavy markets, though.

"The U.S. economy is fine. Industries are growing, technology is succeeding. This incredible negative feeling is likely at near the bottom of the cycle," he said.

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