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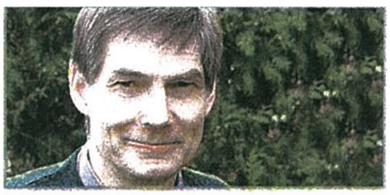

PAUL DELEAN

Manager keeps compact list of investments

Montreal money manager Marc Dalpé dares to be different.

Twenty years ago, he voluntarily gave up an executive position in corporate finance at brokerage Lévesque Beaubien Geoffrion to become an investment adviser.

"I went from a top job to a Joe job," said Dalpé, 51. "I was risking a lot, but I wanted to run my own business."

He then transitioned from adviser to portfolio manager, where his numbers made him stand out.

In the difficult past decade, his balanced portfolio (half fixed-income, half equity) grew at a compound annual rate of five per cent, well above the Canadian average of 0.6 per cent.

Measured against the annual return of global balanced portfolios, his particular mix of bonds, stocks and mutual funds has generated first-quartile returns in 11 of the past 12 years.

And he has done it with a surprisingly compact selection of investments. The current list consists of fewer than 20 names.

"People expect us to make calls, and you can't make them count with 65 to 75 picks. We find 12 to 15 on average, and that's what we have," said Dalpé, who manages about $800 million in assets with a 10-member team at **DalpéMilette Investment Advisers,** an affiliate of Desjardins Securities catering to high-net-worth clients.

Current holdings include Canadian blue-chip stocks like **Toronto-Dominion Bank, Power Corp.** and **Canadian National Railway,** commodity plays like **Potash Corp., Teck Cominco** and **Canadian Oil Sands,** and a significant position in emerging markets.

Noticeably absent are any U.S. or European stocks.

"To invest (there), I'd have to take money from China, Canada or Brazil, and I can't justify this. I don't see their economies growing at a rate that'll make those investments do better, risk-adjusted, than elsewhere," Dalpé said.

He's not a big fan of mutual funds, because of the fees, but uses a couple to provide the portfolio with exposure to equities in India and Asia (excluding Japan).

"Even people who are most pessimistic about world markets think emerging markets are where most of the world growth will be over the next few years, and this is our thinking too. Yet most portfolios allocate only three to five per cent to emerging markets. We have about 40 per cent of our equities in emerging markets. It's close to 100 per cent of our international exposure."

DELEAN Doesn't do much trading

Dalpé doesn't consider his investing style aggressive.

"I'd describe it more as open-minded, willing to go outside the box. We position the portfolio according to my beliefs. That's what we're paid to do. I'm not afraid of being wrong. A lot of managers are more concerned about that than being right, which is why they stick to the index, do what everyone else is doing."

He doesn't do much trading. "We turn over about 20 per cent of our stocks (annually), which is very low. We have long-term commitments."

The portfolio holds only government bonds, which are the most stable and liquid.

A workhorse who travels the world in search of suitable investments, Dalpé still finds the time for a daily email to clients on matters of interest.

He said the key to managing money is not only finding solid investments, but avoiding potential misfires or, as he puts it, "the bad shots you don't do."

"It took me seven or eight years to really understand the game," he said. "You have to live through up and down markets, learn where to focus. With time, it comes. But unless you do it full-time, you really don't know."

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