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# A+

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## RODOLPHE CASGRAIN

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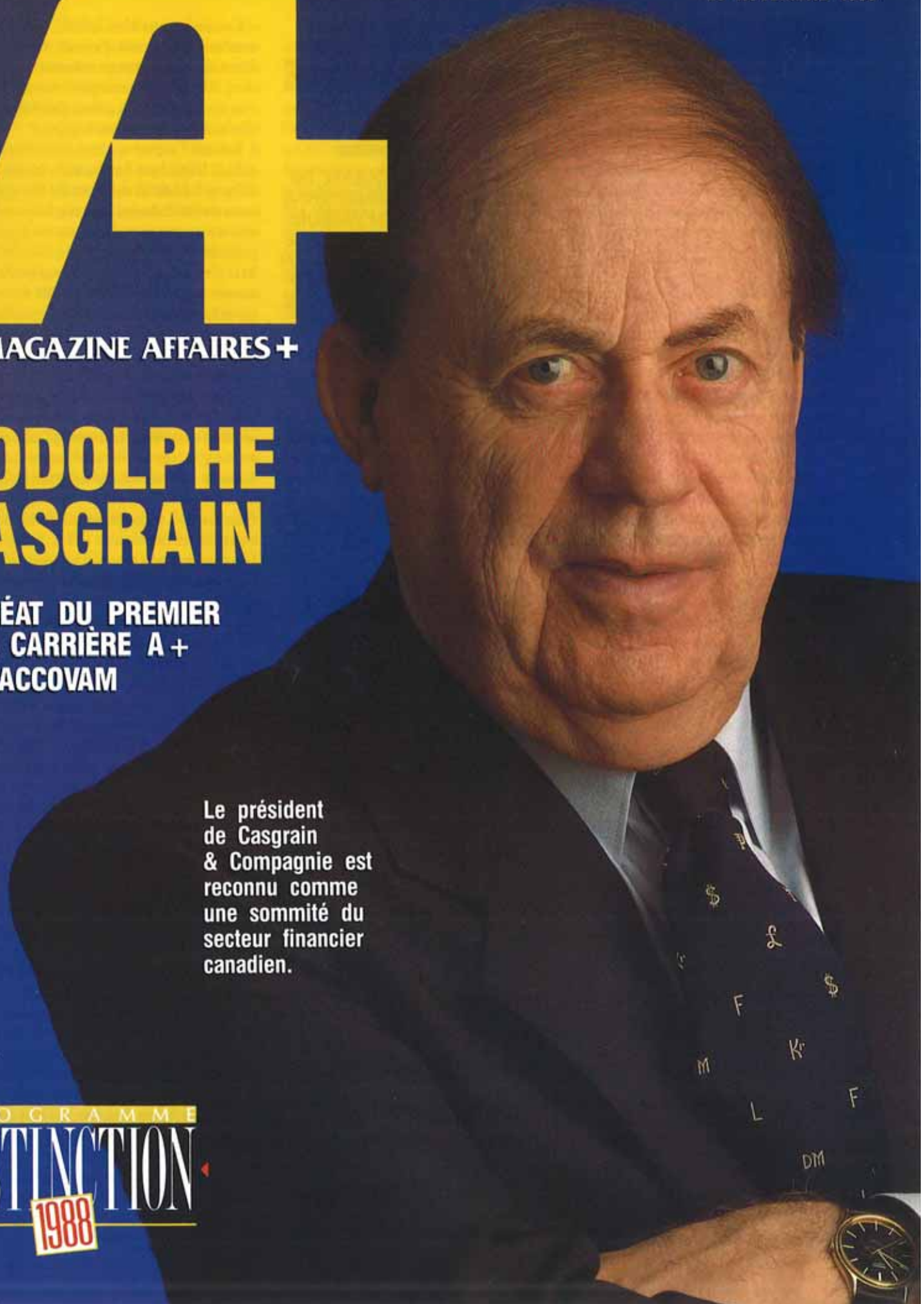
Le président  
de Casgrain  
& Compagnie est  
reconnu comme  
une sommité du  
secteur financier  
canadien.



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## THE CASGRAIN PHENOMENON

*The following article and interview with Rodolphe B. Casgrain, President, Casgrain & Compagnie Limitée, were written by Laurent Pepin, a distinguished Montreal business journalist and Editor of Affaires +. This material was published in the January edition of the magazine and is reprinted with permission.*

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The Quebec District of the Investment Dealers Association of Canada pays homage to Rodolphe B. Casgrain by presenting him with the A + Award for excellence, a quality which he has always exemplified in his career.

by Laurent Pepin Editor,  
A +, le magazine Affaires +

"I have never made important statements, I left that to my competitors, many of whom have now disappeared".

Rodolphe Casgrain does not seek the limelight. He has not given an interview to the media for more than 15 years, ever since the magazine *Commerce* made him its man of the month in 1972. This is not because he has not been asked: Rodolphe Casgrain is recognized as one of the most astute investment dealers in Canada. His forecasts on the economy and the interest rate are pure gold. However, there is no question of broadcasting them to the public. Rodolphe Casgrain keeps his comments for his clients and acquaintances. Rodolphe Casgrain's renown transcends the competitive spirit of the investment industry. André Desaulniers, chairman of a competing firm, readily admits "Casgrain & Compagnie is a damn good firm".

Moreover, the President of McNeil Mantha is not the only one to discern an important dealer in this little firm of 20 employees. The Quebec District Council of the Investment Dealers Association of Canada, comprising 21 officers of a dozen firms, has just given him the A + Award for the excellence which he has demonstrated since the beginning of his career. Rodolphe Casgrain entered the investment dealer industry in 1936 with Wood Gundy. In the fall of 1947, at the age of 31, he established his own investment house. More than four decades later, he still plays an important role there even though four of his five children take care of the day-to-day management of the firm.

Ostentation and flash have no place in Rodolphe Casgrain's firm. Instead, it has invested in expertise and efficiency. At Casgrain, everything is weighed and analysed. Even the entrance door to the office opens towards the elevators rather than inwards, so as to economize space.

Casgrain & Compagnie Limitée is a phenomenon in the investment industry. It has never merged with another dealer. In an industry marked by mergers and acquisitions Casgrain & Company plays the part of the confirmed bachelor, particularly so in this era where the pillars between financial institutions are being dismantled. The company does not mind being courted but there is no question of saying yes to a suitor, whether it be rich like the banks, determined like the trust companies or earnest like the insurance companies.

The attraction of Casgrain is its specialization in bonds with wide appeal such as Government of Canada and provincial bonds. The firm's expertise in fiscal and monetary policy has allowed it to make its mark with institutional clients such as insurance companies who are always looking for prudent advisers to assist in managing their portfolios.

"Rodolphe Casgrain is a generalist rather than a technician," said Marcel Poulin, treasurer of the *SSQ mutuelle d'assurance*. "He is an excellent source of information. He has antennae in Toronto as well as New York. Since the 1970s, he has had a global vision of the financial world. Japan was not in fashion at the time but he was already preoccupied with what was happening, not only in the United States, but also in Europe."

Over 70 years old, Rodolphe Casgrain remains more than ever open to the world, looking for the smallest trend which will eventually have an impact on capital markets. A few years ago, Rodolphe Casgrain went to China. Last September, he insisted on going to see for himself exactly what was happening with Gorbachev's perestroika.

Mr. Casgrain has contacts in all circles, political as well as economic. And he knows better than anyone how to cultivate them. He is the driving force of a group of influential businessmen who meet occasionally to play tennis. Among this group of fifteen players are Stuart Spalding, Executive Vice President of BCE, Roy R. Naudie, Senior Vice President of Standard Life, George Michals, Vice President, Finance, Canadian Pacific and Marcel Dufour, President of Lavalin International.

Former Minister, Marc Lalonde, who now works for the law firm Stikeman, Elliott, is also one of those who fear his "drop-shots". "You wouldn't think he is 70 years old; he is not only an excellent leader but also the life and soul of the group."

Rodolphe Casgrain is at home in all environments. He is comfortable in sophisticated drawing-rooms and equally so in the Da Giovanni restaurant on St. Catherine Street where he often goes with his tennis partners. On the professional side, Rodolphe Casgrain has been an investment adviser for several insurance companies, sitting on the Board of Prudential from 1980 to 87. However, he has also generously provided the benefit of his experience to the Notre-Dame-de-Grace caisse populaire where he served as President from 1972-1983.

The President of Casgrain & Compagnie is one of the few francophone Quebecers to have become as well known on Bay Street as on St. James Street. "Among francophones, Rodolphe Casgrain is one of the leading lights of the financial sector," testifies Marc Lalonde. "Francophones

who have made their living and their career in this environment are rare. Rodolphe Casgrain is accepted all across Canada. He has no problem expressing his point of view everywhere in the country."

The same is true of the years that the Parti Quebecois was in power. From 1976 to 1985 when several English-Canadian financiers relinquished their commitment to Quebec, Rodolphe Casgrain asked them to be calm and look at the positive side of things.

We must point out that Rodolphe Casgrain at an early age became used to being at the centre of every movement and every trend. His maternal grandfather was a Conservative Member of Parliament while his father, Pierre Casgrain, was an MP and Liberal Minister, before being named judge: As for his mother, Therese F. Casgrain was active for many years in the New Democratic Party which she directed in Quebec from 1951 to 1957.

One of Rodolphe Casgrain's assets is knowing how to take everything into account: to remain receptive to good ideas and to multiple influences, whatever their origin. It was a Quebec financier Maurice Tremblay, founder of Bolton Tremblay, who advised him to start his own company in 1940s. "Then, once launched on my own in municipal and school bonds, two Torontonians, Saunders & Cameron, suggested I should become involved in government bonds with wide appeal," recalls Mr. Casgrain. "They told me, go on Rudy, you know fiscal and monetary policy well enough to succeed in that area. So, after provincial bonds, I became interested in Canada bonds."

Mr. Casgrain's second employee was Jean Ostiguy, now Honorary Chairman of Richardson Greenshields. Mr. Ostiguy was taken on at the end of 1947 at a salary of \$100 a month. He stayed there 8 years, the time to acquire the knowledge necessary to allow him to establish his own firm.

"Working in a small office like Casgrain's I was able to learn more quickly — I kept the books, delivered securities, did arbitrage and when time permitted, I developed a clientele", recalls Mr. Ostiguy. "For years, I was able to benefit from the broad knowledge and vast experience of Rodolphe Casgrain. Today, I still respect his opinion on the movement of interest rates."

*Rodolphe Casgrain refuses to play the game of recommending investments and predicting interest rates. The President of Casgrain & Company is not ready to give the recipe for his success to his competitors. He agreed however, to reply to questions from Laurent Pepin, editor of A+, le magazine Affaires+ on the investment industry and the economy in general at the beginning of a new year.*

A+: **Mr. Casgrain, what do you think of the condition of our investment industry?**

R. Casgrain: The brokerage industry is undergoing important changes. It is truly in a period of transition. In the past, mergers were numerous. In some cases, the big houses that were created have been absorbed by the banks. This has strengthened the brokers through better capitalization, thus permitting large-scale underwritings. However, since last year, due to the drop in exchange volume and the stagnation of

As well as mastering the subtleties of the financial markets, Rodolphe Casgrain always insisted on good service for those two raisons d'être of an investment dealer: borrowers and lenders of funds.

"The first role of a dealer is to act as an intermediary between a borrower and an investor," he emphasizes. "While satisfying one, the dealer must also please the other. His basic quality is above all to be honest and to serve his client well by making suitable investment suggestions. He should also forget his own interest and think of the client's, by suggesting a variety of securities which meet the client's needs and objectives."

One of the people fortunate enough to benefit from Rodolphe Casgrain's advice is Jacques Francoeur, the former owner of Unimedia, who for 40 years has appreciated his deep knowledge of financial markets. "Rodolphe Casgrain is a devoted and dependable dealer," emphasizes Jacques Francoeur. "If he ought to call you at 8 o'clock, he will call you at 8 o'clock, not at 9 or 7. When you ask him something, you are sure to have a reply."

Rodolphe Casgrain has made this approach one of his winning cards: "the length of my career is possibly due to my determination to succeed in anything I undertake, as the French proverb says: "pierre qui roule n'amasse pas mousse" (a rolling stone gathers no moss) and the English saying: "stick to the ship." Now, if you enjoy what you do, the important thing is to do it well, to decide on a goal and achieve it by being steadfast in seeking a successful result."

Will the Casgrain firm one day accept the advances of those who covet it? That would be surprising. The firm is independent and proud. It has developed a specialty in the investment market, that of bonds with wide appeal, which does not prevent it from offering a broad range of services to its clients. If Casgrain holds its own among the best in the bond sector, it will always have a place in this industry. It is another example where concern for excellence, intelligence and devotion to the client make up for its small size and financial resources.

And don't expect Rodolphe Casgrain's children to announce their success in 10, 15 or 20 years. Like their father, they refuse to play the star for the media. Even for comments on the exceptional career of their father.

the market the industry has slowed down and is less profitable than in 1986.

A +: **Are financial markets more efficient today than they were 50 years ago?**

R. Casgrain: I think so. They respond better to the needs of the moment; they are bigger and faster, permitting gigantic financings. Communications have revolutionized the world; aviation, television, radio, computers. And the financial sector has benefitted. Today we have a global financial market 24 hours a day in Europe,

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Asia and America. Investors profit from a wide choice and our country and our province have profited from foreign as well as domestic capital.

A +: **Has computerization improved the operation of the markets?**

R. Casgrain: Computerization has greatly improved the capacity and efficiency of the markets. Without today's powerful computers, it would be very difficult to deal with the present volume of transactions. The recording and compilation of data are necessary. So, progress in this area is essential and welcome.

A +: **More than a year ago we survived a crash. It had no impact on the real economy. Does that surprise you?**

R. Casgrain: The October 1987 crash did not have the disastrous impact expected because monetary authorities reacted quickly and vigorously, by adding the liquidity needed to continue with production and consumption. That is why we see today that the world economy is sound, with reduced unemployment and moderate inflation.

A +: **But interest rates remain high. During your career have you often seen real interest rates so high?**

R. Casgrain: In 1981 we saw real interest rates higher than today. I have also seen them lower, at the end of the '40's for example.

A +: **The Bank of Canada seems to have put its fight against inflation high on its list of priorities. Do you believe that is justified?**

R. Casgrain: I agree completely with the monetary policy followed by the Bank of Canada. It wants to avoid overheating of the economy and rising prices. Besides, it is not alone. In the United States, the Federal Reserve is acting the same way.

A +: **What kind of future do you see for our financial markets, our economy, our country?**

R. Casgrain: I am optimistic about the future of the financial markets which will continue to develop and grow, while still allowing businesses of our size to exist. My opinion is that the large firms can exist, the small ones could survive and that the intermediate ones are bound for problems, if not doom. We cannot deny that the removal of the barriers to entry for financial institutions bring problems. We must have comparable rules for all and that does not appear to be the case at the moment. Moreover, we face a concentration of financial institutions like that of 20 years ago, before the changes brought about by amendments to the Bank Act. Examples are numerous and visible. As for the Canadian and Quebec economies they should continue to be sound in the future, especially

with free trade which will increase the markets. On the whole I remain positive and enthusiastic concerning the future of our province and our country.

A +: **For some years now we have put great importance on a supposed awakening of Quebecers toward the economy in general and entrepreneurship in particular. In your opinion, is this truly a new phenomenon?**

R. Casgrain: The influence of Quebecers in several areas can be considered a fairly new but lasting phenomenon. In the past dozen years productivity in Quebec has grown and the Quebec Stock Savings Plan has made a valuable contribution to this. Many businessmen are university graduates with a good professional background, something not available previously. This allows our businesses to compete more effectively with others, even world-wide.

A +: **You have just returned from a trip to Europe. You stayed a week in the Soviet Union. Why? Do you think that Casgrain & Company will one day trade securities issued by the Soviet Government?**

R. Casgrain: As I had already visited Asia, I thought that a visit to the USSR was indicated. I wanted to see this powerful country which is undergoing major change at this moment. After all, with 280 million inhabitants and territory larger than Canada, it must be taken into account, as much for its military force as for its natural resources. But I doubt that Soviet securities will be sold in Canada because we are greater importers than exporters of capital, not forgetting that the performance of foreign securities has been less than outstanding. That country is in better shape than I thought but much remains to be changed.

A +: **To conclude, what makes you most proud, in the 41 years spent at the head of Casgrain & Company?**

R. Casgrain: First of all, it is having stayed in business all that time and having served the public well, as well as having put in place a young, competent and dynamic team which will continue what I have built. Also, it is having provided employment to many people in an agreeable atmosphere and having established and maintained a good reputation for our company while making it well-known nationally. It is a known fact that my five children work in the investment industry, four in Casgrain & Company and the other with a national dealer. It is a source of pride to me because they are all qualified and competent, having studied brilliantly and obtained university degrees. With other young people like them, I am convinced that they will ensure the changing of the guard and the continuity of the business.