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He knew when to buy - and sell

Tireless proponent of free enterprise, his investment club became one of Canada's earliest mutual funds

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In 1960, 31-year-old Montreal stockbroker John Dobson launched an informal investment club with 10 friends and associates. They included John Turner, later to become prime minister; Lorne Webster, a member of the powerful Webster business family; and Heward Grafftey, Progressive Conservative MP for Quebec's Brome-Missisquoi riding.

Raising an initial \$134,000, Mr. Dobson set about investing the money in stocks he deemed capable of growing at 20 per cent a year. His "growth formula" would focus mainly on companies in the United States.

"We took the approach that if you came from Mars, how would you invest in the rest of the world aside from Canada?" Mr. Dobson later explained.

Mr. Dobson's "club" was called Formula Growth Fund. It was an immediate success, rising more than 55 per cent in its first 18 months and becoming one of Canada's earliest mutual funds. Word quickly got around the tight-knit Montreal investment community and others clamoured to get on board, many of them Mr. Dobson's friends from his youth or fellow golfers at Mount Bruno on Montreal's South Shore. They included Drummond Birks of the jewellery chain, Hugh Hallward, later a founding investor in the Montreal Expos baseball club, and lawyer Donald Johnston, who would become a cabinet minister under former prime minister Pierre Trudeau.

Years later, legendary investor Sir John Templeton became one of the fund's largest unit holders as the assets of Formula Growth, along with a sister institutional fund, grew to more than \$1-billion. The reason was simple: Over the past 50 years, Formula Growth Fund has been one of North America's most successful investment funds, significantly outperforming the Dow Jones Industrial Average. An initial investment of \$10,000 in 1960 in Formula Growth units would today be worth more than \$6-million.

This remarkable performance earned Mr. Dobson, who died of congestive heart failure on July 30, just five days after his 85th birthday, a reputation as one of Canada's greatest growth stock investors.

"John's two overarching investing principles were really simple," said Randy Kelly, who succeeded Mr. Dobson as president of Formula Growth in 1992. "Invest with good people running businesses that were growing fast, and always look forward, never back."

In keeping with his belief that small and medium-sized businesses are critical to economic development, Mr. Dobson was a tireless proponent of free enterprise and entrepreneurship. His John Dobson Foundation, founded in 1986, supported entrepreneurial studies programs at McGill University and more than a dozen other universities across Canada. It also backed organizations and think tanks extolling free-market capitalism, including the Fraser Institute, C.D. Howe Institute and Montreal Economic Institute. In recognition of his contributions and achievements, Mr. Dobson was awarded honorary doctorates from McGill, Concordia, Dalhousie and Acadia universities, and in 1997 was named to the Order of Canada.

Born in Montreal on July 25, 1928, John William Dobson was the son of Maritimers Sydney George Dobson and Beatrice Winifred Dobson (Chambers). He had one sibling, older sister Virginia, and never married. His father worked for more than 50 years at the Royal Bank of Canada, rising from bank clerk to president and chairman during the 1940s.

Sydney Dobson's guidance on the merits of saving and investing was a key influence on his son. He epitomized many of the personality traits and beliefs that Mr. Dobson held dear throughout his life: the importance of self-reliance, hard work and entrepreneurship; a suspicion of big government; a keen interest in young people; and generosity toward others. Over the

years, Mr. Dobson quietly provided financial assistance for scores of young people attending university and for other endeavours.

After attending Selwyn House in Montreal and Trinity College School in Port Hope, Ont., Mr. Dobson enrolled at McGill University in 1945 to study commerce and quickly became involved in chairing the McGill Winter Carnival. "John was hugely into sports, activities and organizing," said Diana Knox, Mr. Dobson's niece and his closest survivor. "He later tried to instill in many kids that the social part of university is super important. Doing things other than school was key for him."

After graduating in 1949, Mr. Dobson enrolled at Harvard University and received his MBA in 1952. He returned to Montreal to work with Dominion Engineering and then with investment firm C.J. Hodgson. During this period, he would meet informally with other young members of Montreal's business community to discuss Harvard business-case studies. This led to his vision of university involvement in entrepreneurship studies, and also built contacts for initial investors in Formula Growth Fund.

After an early interest in a broad range of overseas investments, notably in the emerging Japanese economy, Mr. Dobson decided to focus almost exclusively on the U.S. market. He travelled across the continent to visit with the people running the businesses in which Formula Growth invested, and built a network of regional brokerages, fund managers and contacts in the United States.

His annual "Dobson Dinners" and other events in San Francisco and New York drew the smartest people in the investment industry. "It's remarkable how a relatively small money manager in Montreal was able to find its way into the biggest and most successful money management firms and conferences, and attract heavy hitters to its events," said Ian Soutar, a close friend and associate of Mr. Dobson's who co-founded Montreal-based Pembroke Management. "This became critical to Formula Growth's success."

Mr. Dobson's investment style was unconventional. His aim was to get in on innovative ventures before they became well recognized.

"John had a great knack for picking stocks and had an extraordinary level of risk tolerance," said René Catafago, Formula Growth's chief financial officer. "He believed that if you can find one super stock out of every four stocks you buy, boy you're going to make it rich." Formula Growth made a fortune by knowing when to buy - and when to sell - stock in such American companies as Home Depot, Celgene Corp., Circuit City, Hospital Corp. of America and Cisco Systems, among many others.

Mr. Dobson remained chairman emeritus of Formula Growth and active in the John Dobson Foundation until his death. No passion was more central to his personal life than golf. A set of golf clubs always stood beside his desk ready at a moment's notice to be hauled into action. "It's a disease," he once admitted, describing golf as "a kooky game but a helluva good way to spend a life."

Mr. Dobson played at more than 600 courses around the world, including the game's homeland in Scotland. He was a long-time board member of the Royal Canadian Golf Association and helped to run the Canadian Open.

Golf played an important role in helping Mr. Dobson forge and maintain business relationships and loyal friendships for more than half a century. "It's a networking game played all over the world," he said. "When you play golf with somebody for four hours you get to know them a bit."

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