LATVIEŠU FONDS

1985-09-08

T.FORSTMAŅA ZIŅOJUMS LATVIEŠU FONDA PADOMEI.

Latviešu Fonda Financiālais Stāvoklis 1985-04-30.

Finanču Komisijas rīcība sakarā ar LF kapitālu saimniekošanu ir krietni uzlabojusi LF financiālo stāvokli:

1. LF kapitāls tagad vairs nav tik aizkārts kā tas ir bijis ilgus gadus. LF ieguldījumu tirgus vēttība tagad ir ap $ASV 560 000 kas atbilst LF neaizkaramo kapitālu ($560 000).

   No iepriekšēju gadu zaudējumiem atliek tikai apmēram $26 000 sakarā ar Kanādas dolāra krišanu.

2. Ieguldījumi Kanadā tagad atbilst Kanādas dalībnieku iemaksām.

3. Pašreizejais kapitāls kuru varam ieguldīt ir ap $ASV 540 000.

4. Kapitāls kas neatrodās Nesbitt-Thomson rīcībā nes niecīgus augļus jeb zaudējumus. Laiks ir parādijis ka bija liela kļūda nepārvietot visu kapitālu NT rīcībā.

5. Ieguldījumi "mutual fondos" nav veikušies. Pārskats ir pievienots.

6. Pieškiramām sumām varam paredzēt ap $65 000.

Ieteikumi Latviešu Fonda Padomei:

a) Vairs nekavēt Finanču Komisijas sen izteikto vēlēšanos visu LF kapitālu nodot Nesbitt-Thomson rīcībā. Šī kavēšanas ir krietni maksājusi līdz šim,

b) Atļaut FK izpildīt pilnsapulces lēmumu nodot LF kapitālu profesionālai apsaimniekošanai.

c) LF bilancēs jārāda tirgus vērtību, neviss "at cost". Būtu labi ja statuti to prasīt.

d) Apjēgties ka vairākums LF padomes līdz šim ir aizkāruši LF kapitālu! Tas tač ir pret statutiem! Ari vajag apjēgties ka revizijas komisijas par šo nopietno lietu nekā nav darījušas. Šis nepatīkamais stāvoklis ir rezultāts no tā ka ieguldījumu vērtības ir rādītas "at cost".

Pievienoti ir pārskati par ieguldījumiem pie Nesbitt-Thomson, bilancām un "mutual fund" stāvoklis.

T.Forstmanis

LATVIAN FOUNDATION INC.

BALANCE SHEET

As of 1985-04-30

ASSETS		
Cash in banks		
Bankamerica	5 755.55	
Latvian (Toronto) Credit Union	16 399.15	
Lat (T) Credit Union Plan 24	1 010.39	
Latvian Credit Union Australia	4 354.63	
Seligman Cash Management	68 432.88	→ pāries NT
Nesbitt Thompson $CAN	-11 587.79	
Nesbitt Thompson $US	14 243.33	
Cash in transit	37.50	
Total cash	$98 645.64	$98 645.64
Investments (At cost)		
Canadian securities	96 100.87	
US Securities	367 245.05	
Receivables	200.00	
Grants to be repaid	10 450.82	
Accrued dividends & interest	9 161.24	
Office equipment	3 241.22	
	$483 399.20	$483 399.20
TOTAL ASSETS		$585 044.84
LIABILITIES		
Grants payable	66 968.31	
Loans from members	325 447.72	
Accrued operating expenses	1 483.64	
Endowment fund equity	121 716.82	
General fund	44 039.09	
Exchange loss (Reserve)	* 26 691.30	→ to summu atpelnīt no nākamos trīs gadu ienākumiem.
Realized net loss	-1 302.06	
	$585 044.84	
TOTAL LIABILITIES		$585 044.84

iet pie revīz. kom. lai nāk ar priekšlikumu kā panākt * zaudējumu.

Exchange loss parādās kā "Reserve" gada pārskatā:

SSET . . AS AT APR 3C/85 JUN 25/85 P/ 1

1-441675 LATVIAN COMBINED ACCOUNT EXECUTIVE MGMT D. MCNAMARA

	COST VALUE	MARKET VALUE	% TOTAL	CURRENT INCOME	YIELD
TOTAL CASH AND EQUIVALENT	280799	280438	55.60	23922	10.01
TOTAL FIXED INCOME SECURITIES	59144	42779	8.48	4891	11.76
TOTAL COMMON EQUITIES	186621	181164	35.92	10138	5.60
	526564	504381		38951	8.57

TE: U.S. & FOREIGN SECURITIES

MARKET VALUE 419198
% OF PORTFOLIO: 83.11

CHANGE RATE: 37.00

LATED ACCOUNTS: 18-441659
18-441667

LATVIAN FOUNDATION U.S. FUNDS

	Market Value	% of Total	Current Income	Yield
Total Cash and Equivalent	$ 50,465	14.0%	$ 3,797	7.51%
Total Fixed Income Securities	179,388	49.9%	19,581	10.92%
Total Common Equities	129,796	36.1%	7,282	5.61%
	$359,649	100.0%	$30,660	8.52%

3-441667 LATVIAN FNDTN (USF) ACCOUNT EXECUTIVE MGMT D. MCNAMARA

O. OF SHARES	SECURITY		COST PRICE	COST VALUE	MARKET PRICE	MARKET VALUE	% GROUP	DIV /INT	CURRENT INCOME	YIELD
	ASH AND EQUIVALENT									
	ASH BALANCE									
14246	CASH $US			14246		14246	7.4	6.75	962	6.75
	.S. & FOREIGN TREASURY BILLS									
25000	U.S. TREAS BILL	23MAY85	98.093	24523	99.550	24888	13.0	0.00	0	7.08
	.S. & FOREIGN NOTES & PAPER									
50000	U.S. TREAS BOND 11%	15NOV87	102.000	153000	101.625	152437	79.6	11.00	16500	10.82
	TOTAL CASH AND EQUIVALENT **			191769		191571			17462	10.03
	ONVERTIBLE AND COMMON EQUITY, ETC.									
	.S. AND FOREIGN SECURITIES									
200	COCA-COLA COMPANY		65.105	13021	68.500	13700	12.0	2.96	592	4.32
400	DEERE & COMPANY		32.810	13124	27.625	11050	9.7	1.00	400	3.62
200	EXXON CORP		44.780	8956	51.500	10300	9.0	3.40	680	6.60
700	GTE CORP		41.920	29344	40.500	28350	24.8	3.08	2156	7.60
100	INTL BUSINESS MACHINES CORP /		123.110	12311	126.375	12638	11.1	4.40	440	3.48
100	MINNESOTA MNG & MFG CO		80.350	8035	77.000	7700	6.7	3.50	350	4.55
400	RCA CORPORATION		36.100	14440	40.875	16350	14.3	1.04	416	2.54
600	TEXAS UTILS CO		19.410	11646	23.875	14325	12.5	2.52	1512	10.55
				110877		114413	100.0		6546	5.72
	TOTAL CONVERTIBLE AND COMMON EQUITY, ETC. **			110877		114413			6546	5.72
	* * * * TOTAL PORTFOLIO * * * *			302646		305984			24008	8.42

18-441659 LATVIAN FNDTN ACCOUNT EXECUTIVE MGMT D. MCNAMARA

NO. OF SHARES	SECURITY		COST PRICE	COST VALUE	MARKET PRICE	MARKET VALUE	% GROUP	DIV /INT	CURRENT INCOME	YIELD
CASH AND EQUIVALENT										
CANADA TREASURY BILLS										
18000	CDA TREAS BILL	03MAY85	97.955	17632	99.920	17986	100.0	0.00	0	9.74
** TOTAL CASH AND EQUIVALENT **				17632		17986				9.74
FIXED INCOME SECURITIES										
PROVINCIAL BONDS										
10000	NEWFOUNDLAND 10%	5JAN99	99.500	9950	85.500	8550	20.0	10.00	1000	12.25
CANADIAN NON-CONVERTIBLE CORPORATE BONDS										
12000	CDN UTILS 11.5%	01OCT94/	101.750	12210	100.000	12000	28.1	11.50	1380	11.50
17000	MARITIME TEL&TEL10.75%	15MAR97/	106.250	18063	91.000	15470	36.2	10.75	1828	12.20
7000	TRANS CDA PIPE 9.75%	20SEP90	104.250	7298	96.550	6759	15.8	9.75	683	10.60
				37571		34229	80.0		3891	11.64
CANADIAN STRAIGHT PREFERRED EQUITY										
450	CROWN TRUST CO 14.5% RET SER B		25.830	11623	0.001	N/A	0.0	0.00	0	0.00
** TOTAL FIXED INCOME SECURITIES **				59144		42779			4891	11.76
CONVERTIBLE AND COMMON EQUITY, ETC.										
METALS AND MINERALS										
200	ALCAN ALUMINIUM LTD	/	37.625	7648	33.625	6725	27.5	1.20U	329	4.89
INDUSTRIAL PRODUCTS										
1000	ANTHES INDS INC	/	9.350	9350	0.480	480	2.0	0.00	0	0.00

FORM 1224

18-441659 LATVIAN FNDTN ACCOUNT EXECUTIVE MGMT D. MCNAMARA

NO. OF SHARES	SECURITY		COST PRICE	COST VALUE	MARKET PRICE	MARKET VALUE	% GROUP	DIV /INT	CURRENT INCOME	YIELD
FINANCIAL SERVICES										
300	ROYAL BANK OF CANADA	*	29.500	9006	28.875	8663	35.5	2.00	600	6.93
MANAGEMENT COMPANIES										
300	CANADIAN PACIFIC ENTERPRISES	/	27.625	8438	28.500	8550	35.0	0.80	240	2.81
** TOTAL CONVERTIBLE AND COMMON EQUITY, ETC. **				34442		24418			1169	4.79
* * * * TOTAL PORTFOLIO * * * *				111218		85183			6060	9.34

INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM SOURCES WHICH WE BELIEVE TO BE RELIABLE BUT IS NOT GUARANTEED BY US

PORTFOLIO HOLDINGS AS AT APR 30/85 JUL 02/85 PAGE 1

18-441675 LATVIAN COMBINED ACCOUNT EXECUTIVE MGMT D. MCNAMARA

4.01
A886

NO. OF SHARES	SECURITY		COST PRICE	COST VALUE	MARKET PRICE	MARKET VALUE	% GROUP	DIV /INT	CURRENT INCOME	YIELD
CASH AND EQUIVALENT										
CASH BALANCE										
14246	CASH $US			19517		19517	7.0	6.75	1317	6.75
CANADA TREASURY BILLS										
18000	CDA TREAS BILL	03MAY85	97.955	17632	99.920	17986	6.4	0.00	0	9.74
U.S. & FOREIGN TREASURY BILLS										
25000	U.S. TREAS BILL	23MAY85	98.093	33658	99.550	34096	12.2	0.00	0	7.08
U.S. & FOREIGN NOTES & PAPER										
150000	U.S. TREAS BOND 11%	15NOV87	102.000	209992	101.625	208839	74.5	11.00U	22605	10.82
** TOTAL CASH AND EQUIVALENT **				280799		280438			23922	10.01
FIXED INCOME SECURITIES										
PROVINCIAL BONDS										
10000	NEWFOUNDLAND 10%	5JAN99	99.500	9950	85.500	8550	20.0	10.00	1000	12.25
CANADIAN NON-CONVERTIBLE CORPORATE BONDS										
12000	CDN UTILS 11.5%	01OCT94/	101.750	12210	100.000	12000	28.1	11.50	1380	11.50
17000	MARITIME TEL&TEL10.75%	15MAR97/	106.250	18063	91.000	15470	36.2	10.75	1828	12.20
7000	TRANS CDA PIPE 9.75%	20SEP90	104.250	7298	96.550	6759	15.8	9.75	683	10.60
				37571		34229	80.0		3891	11.64
CANADIAN STRAIGHT PREFERRED EQUITY										
450	CROWN TRUST CO 14.5% RET SER B		25.830	11623	0.001	N/A	0.0	0.00	0	0.00

FORM 1224

PORTFOLIO HOLDINGS AS AT APR 30/85 JUL 02/85 PAGE 2

18-441675 LATVIAN COMBINED ACCOUNT EXECUTIVE MGMT D. MCNAMARA

4.09
A886

NO. OF SHARES	SECURITY		COST PRICE	COST VALUE	MARKET PRICE	MARKET VALUE	% GROUP	DIV /INT	CURRENT INCOME	YIELD
** TOTAL FIXED INCOME SECURITIES **				59144		42779			4891	11.76
CONVERTIBLE AND COMMON EQUITY, ETC.										
METALS AND MINERALS										
200	ALCAN ALUMINIUM LTD	/	37.625	7648	33.625	6725	3.7	1.20U	329	4.89
INDUSTRIAL PRODUCTS										
1000	ANTHES INDS INC	/	9.350	9350	0.480	480	0.3	0.00	0	0.00
FINANCIAL SERVICES										
300	ROYAL BANK OF CANADA	*	29.500	9006	28.875	8663	4.8	2.00	600	6.93
MANAGEMENT COMPANIES										
300	CANADIAN PACIFIC ENTERPRISES	/	27.625	8438	28.500	8550	4.7	0.80	240	2.81
U.S. AND FOREIGN SECURITIES										
200	COCA-COLA COMPANY		65.105	17871	68.500	18769	10.4	2.96U	811	4.32
400	DEERE & COMPANY		32.810	18013	27.625	15139	8.4	1.00U	548	3.62
200	EXXON CORP		44.780	12292	51.500	14111	7.8	3.40U	932	6.60
700	GTE CORP		41.920	40275	40.500	38840	21.4	3.08U	2954	7.61
100	INTL BUSINESS MACHINES CORP	/	123.110	16897	126.375	17313	9.6	4.40U	603	3.48
100	MINNESOTA MNG & MFG CO		80.350	11028	77.000	10549	5.8	3.50U	480	4.55
400	RCA CORPORATION		36.100	19819	40.875	22400	12.4	1.04U	570	2.54
600	TEXAS UTILS CO		19.410	15984	23.875	19625	10.8	2.52U	2071	10.55
				152179		156746	86.5		8969	5.72
** TOTAL CONVERTIBLE AND COMMON EQUITY, ETC. **				186621		181164			10138	5.60

NESBITT
THOMSON

BOARD OF DIRECTORS

LATVIAN FOUNDATION

June 24, 1985.

Dear Sirs:

Dr. Silins has asked us to review your investment in U.S. Mutual Funds. We believe your committee should give serious consideration to disposal of your investment in these funds. Since you have engaged Nesbitt Thomson to manage your investment portfolio, concurrent ownership of the Mutual Funds is counter-productive as you are duplicating your management fees. For example, all the Mutual Funds that you currently are maintaining charge a management fee of approximately 1.5% per annum. Furthermore, the overall performance of the four Mutual Funds you have selected have not been very good, having produced a capital loss in a period when the U.S. equity market generally has been rising. In addition, the Lindner Fund has ceased business but according to our information, you still can receive a cash value for the fund.

Investment in Mutual Funds, particularly with a portfolio of your size, tends to diversify a portfolio within a portfolio and hence neutralizes the performance results. Mutual Funds do serve a good purpose for small investors who are unfamiliar with investment markets and who wish to limit the downside risk by diversifying into a variety of equity vehicles. Since these Mutual Funds were originally purchased as a temporary measure while you were searching for a long term investment manager, they would seem to have fulfilled their initial purpose.

With regard to the $68,000 U.S. funds held at Seligman Cash Management Fund, we think that your committee should give consideration to transferring these funds to Nesbitt Thomson so that all the investment assets could be managed under one roof. We would monitor the short term rates in both U.S. and Canada and invest these funds either in three or six-month investment vehicles which were very liquid.

...2

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Telephone: (416) 586-3600

For effective investment management, especially for a fund of this size, we emphasize it is better to have all the various investment vehicles managed by one professional manager who then would have complete control and be totally responsible for overall performance. This would help reduce the amount of bookkeeping and in this particular case, cut down on the transfer of funds between U.S. and Canada which because of exchange rate differential can be costly.

We have arranged to have a member of Nesbitt Thomson Portfolio Management Department address your Investment Committee at your annual meeting in Montreal on Labour Day weekend. Also, we have enclosed an article which appeared in Canada's Financial Post newspaper (June 1, 1985) which outlines Nesbitt Thomson's recent purchase of Fahnestock & Co., a U.S. investment dealer, which we think would be of interest to you.

We are looking forward to meeting you then and thank you again for the continuing trust and confidence you have shown in our firm.

Yours sincerely,

David McNamara

David McNamara.

/lb
Encl.

MUTUAL FUNDS - USA

Fund: TWENTIETH CENTURY Ultra

Date	Price	# Shares	#Balance	$Balance
1984-01-05	$8,55	1169,591	1169,591	$ 10 000
1984-01-14	$8,13	37,117	1206,708	$ 10 301.76
1984-12-31	$6,42		1206,708	$ 7 747.07
1985-04-11	$7,06		1206,708	$ 8 519.36
		Capital loss:		($ 1 782.40)
		Interest loss:		($ 1 500.00)

Fund: LINDNER FUND

Date	Price	# Shares	#Balance	$Balance
1983-01-31	$16,66	1500,600	1500,600	$ 25 000.00
1983-06-11	$18,44	63,475	1564,075	$ 26 170.47
1983-07-30	$18,05	38,993	1603,068	$ 26 874.30
1984-06-08	$18,34	75,171	1678,239	$ 28 252.94
1984-08-24	$17,42	155,685	1833,924	$ 30 964.97
1985-04-11	$19,68		1833,924	$ 36 091.62
		Capital gain:		$ 5 126.65
		Interest loss:		($ 1 400.00)

Fund: FIDELITY MERCURY

Date	Price	# Shares	#Balance	$Balance
1984-01-09	$13,81	724,113	724,113	$ 10 000.00
1984-01-16	$12,98	17,293	741,406	$ 10 224.47
1985-01-07	$11,95	4,343	745,749	$ 10 276.37
1985-04-11	$13,74		745,749	$ 10 246.59
		Capital loss:		($ 29,78)
		Interest loss:		($ 1 500.00)

Fund: FIDELITY MAGELLAN

Date	Price	# Shares	#Balance	$Balance
1983-03-10	$34,41	145,307	145,307	$ 5 000.00
1983-05-02	$38,59	259,134	404,441	$ 15 000.00
1983-05-09	$36,85	23,486	427,927	$ 15 865.49
1983-11-15	$38,15	262,123	690,050	$ 25 865.49
1984-05-07	$31,11	90,055	780,105	$ 28 667.10
1985-04-11	$38,05		780,105	$ 29 682.99
		Capital gain:		$ 1 015.89
		Interest loss:		($ 4 000.00)

MUTUAL FUND TOTAL LOSS:	($ 11 000.00)
TOTAL CAPITAL INVESTED:	$ 80 210.17
CURRENT MARKET VALUE:	$ 84 540.55

■ YOUR MONEY

Money managers and your money

■ *by Chuck Chakrapani*

Most people assume professional money managers routinely outperform market averages. But according to a number of surveys and analyses conducted by various business publications, such an assumption may be erroneous.

ONE MILLION DOLLARS an hour. That is how much North American money managers are paid collectively to manage other people's money. They manage our pension funds and retirement plans, and advise us on a host of other matters. Their advice influences investments worth several billion dollars. Many of these money managers earn over a million dollars a year.

On average, money managers do consistently worse that the market as a whole

With so much money being paid for their expertise, and so much money waiting to be invested on the strength of their best judgement, we might expect that they would be better than you and me in managing money – better than a monkey throwing darts at the stock list to pick stocks, at any rate. The amazing fact is that their performance is no better. In fact it is a lot worse.

One publication, *Business Week*, compared the performance of money managers with the market average (Standard and Poor's index). According to its survey, *three out of four did worse* than the market average. Such underperformance has been consistent. It does not matter whether you consider one-year performance, five-year performance or ten-year performance. On an average, money managers do consistently worse than the market as a whole!

Another publication, *Financial World*, analysed the performance records of 20 major stock analysts, many of whom are paid in the range of $100,000 to $200,000 per year. Of the 132 stocks recommended by them, fewer than one in three outperformed the Stardard and Poor's 500 average! It is hard to believe, but the majority of the top analysts performed worse than the market average. According to David Dremen, the results of 52 different surveys between 1929 and 1980 show that only 23% of the professionals did better than the market as a whole, as measured by the S&P index.

Why pay so much money to professional managers if they cannot even beat the market average? Why not simply buy the stocks that make up the market average, thereby doing better than professional money managers, and save money in the process? This thinking has given rise to funds that simply invest in stocks that make up market averages like Standard and Poor's 500. Wells Fargo Bank runs such an index fund. However, in order to do somewhat better than the index, Wells Fargo analysed the stocks in the index and eliminated those of very poor quality – the real "dogs." There were 19 dogs in 1976. The Institute of Econometric Research kept track of these 19 stocks. By 1983, these outcasts had climbed over 275%, a gain that is four times that of the index!

What about the financial advisers who offer to share their wisdom through their newletters for $250 per year? We have all received their promotional literature through the mail. We are told how infalli-

how "G.H. from Burlington" turned $2,000 into $373,834.47 in 13 months by following the advice given in the newsletter.

If you think you have been missing out on extraordinary opportunities when you read such promotional literature, you should probably read at least one issue of *Hulbert's Financial Digest*. It keeps track of about 100 portfolios recommended by different financial advisers. According to its objective evaluation of portfolios recommended by over 50 newsletters, *only two* yielded over 15% return in 1984! Fifty-five per cent of all the recommended portfolios showed losses by the end of the year, with the ten newsletters at the bottom of the heap showing an average loss of 30%. Yet during the same year, "riskless" investments would have yielded a 10% return on your investment. Even the overall stock market (Standard and Poor's 500) investment would have yielded over 6%. It is amazing, but only seven newsletters would have made over 6% for you in 1984! Yet the advertisements constantly tell us of all the fortunes made by the readers of newsletters.

The majority of top analysts performed worse than the market average

When we really consider that we pay millions of dollars for experts to tell us how to *decrease* rather than increase the value of our money, and that we pay hefty subscriptions to newsletters which give advice that helps us lose rather than make money, *Alice in Wonderland* does not sound like a

Dr. Chuck Chakrapani is managing director of Applied Marketing Statistics and president of the Professional Marketing Research Society. His latest book, Gold: A Guide to Investment