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# China trade untapped

B.C. entrepreneurs and government need to ditch unsealable products and outdated perceptions to crack Asian market and attract Chinese investors, economic summit told

**KRISENDRA BISSETT**

When Richmond deal broker John Lombard returned to B.C. recently after 15 years of living in China he brought with him some serious concerns. Atop that list of concerns: Canada's almost complete lack of business presence in the Asian economic powerhouse.

Whereas American, Australian and European companies are making an aggressive push into the Asian economic powerhouse, "Canadians are almost invisible," said Lombard, whose Canada Asia Business Network is trying to encourage local companies to make the leap. "They have no voice, no presence."

But as B.C. exporters mull plans to penetrate or expand into the Asia Pacific region, they — along with government leaders — are being urged by some of the biggest names in business to radically rethink their strategies, particularly in light of the global economic malaise.

From risk-averse Canadian bankers and an overreliance on unsealable products to outdated perceptions about Asian values and corporations failing to take advantage of a swelling immigrant talent pool in their own backyards, a lot needs to change if B.C. is to capture opportunities in the Asia Pacific region.

But China, Japan and the whole of Asia remains a "mystery" to Canadians, businessman David Fung



said in an address at the B.C. Economic Summit, held over the week to discuss opportunities and challenges for the province.

Fung said B.C. has a lot to learn about the "culture" of foreign markets. He cited as an example failed attempt to create a market for its wood products in China.

"It's no good for us to keep trying the Chinese to build wood houses when they don't want wooden houses," said Fung, chairman and CEO of ACDEG International Inc.

His West Vancouver-based private company is involved in a variety of businesses, including food products, chemicals, agri-food and marine equipment in North America, Europe and Asia.

Fung, the national chairman of the Canadian Manufacturers Exporters industry association, also aims at large local corporate for overlooking what he said are key contributors to their Asian success.

"It's important that in B.C. we explore the diversity we have," said Fung. "We celebrate diversity as yet how many minorities do not head up major corporations. Why are so many of our companies not going to the Asia Pacific when there are lots of people still in Richmond looking for a job?"

But even the best plans can be shelved without finance, and thus Canadian banks are not up to speed with their Asian competitors.

## 4 NEWS

# Rich see opportunities to get richer in economic downturns

Wealthy entrepreneurs discuss investment strategies in market malaise

### GLEN KORSTROM

It's time to be greedy. That's what a Vancouver financial planner for the ultra-rich is telling his clients.

"People are frozen or gunshy right now," said **Thane Stenner**, who is founder and managing partner of **Stenner Investment Partners** and **GMP Private Client L.P.** "Wealthier people, having gone through different business cycles, are viewing this downturn as an opportunity to make more money."

Stenner has mingled with enough multimillionaires to understand that the rich think differently. He advises families from across Canada and offshore, all with net worths in excess of \$10 million. Some of his dozens of clients are billionaires.

One insight, he believes, is that the uber-successful see opportunity in every crisis. They read news that:

- the **British Columbia Real Estate Association**

(BCREA) predicts Metro Vancouver home prices will fall 14% in 2009;

- the Dow Jones Industrial Average fell 8.8% last month, its worst January in 113 years; and
- low oil prices are a symptom of battered consumer confidence.

But Stenner said wealthier people see these indicators as an opportunity to take on risk and go against the herd mentality.

He believes real estate investment trusts (REITs) are a good investment. Stenner is also bullish on the Canadian dollar, corporate bonds, oil and U.S. blue chip stocks.

He then pointed to recent **Institute of Private Investors (IPI)** data that shows that the average rolling 10-year return on U.S. stocks is at its lowest point in history. IPI's graph shows that every time the market returned less than 2.5% over the preceding 10 years, the next 10 years produced strong returns.

"Pay attention to money managers," said **Charlwood Pacific Group** owner **Gary Charlwood**. "I believe in using professionals."

Charlwood's company owns master franchise rights for **Century 21** in Canada and most of Asia, **Uniglobe Travel** and the fast growing mortgage lender franchise **Centum Financial Group**.

Charlwood, who said his net worth is not in the hundreds of millions of dollars, prefers the term "successful" to "wealthy."

He said his company gen-

erated \$641 million in 2006 revenue from royalties and one-time startup fees from franchisees. Charlwood's strategy in the past half year has been to boost cash-based investments to 50% from about 30% of his net worth.

**Thomas Fung**, owner of the Richmond-based **Fairchild Group**, similarly sees opportunity in the downturn. Unlike Charlwood, who said his net worth has fallen about 25% in the past year, Fung's investments have improved.

He manages his family's assets and has clear ideas of where he sees opportunity.

It's not in government bonds. Oil, he said, will be flat or down by year-end and the Canadian dollar will fall against the U.S. greenback.

Fung's crystal ball shows Metro Vancouver real estate falling "substantially" more

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Thane Stenner, Stenner Investment Partners managing partner: now is the time to get aggressive

than the 14% that the BCREA is predicting.

Yes, stocks are much more affordable than they were a year ago, but Fung is bearish. He said both the Dow and TSX will fall below 7,000 points within six months.

His success has come from buying funds that short the market — something he's still doing. The only equities he's bullish on involve gold. He believes gold will rise above US\$1,000 per ounce within six months.

"Gold has been the hedging commodity for Chinese,

for India, for Thailand," Fung said. "All the people, they are not sophisticated enough to understand the international financial market, but gold is one thing that is very straightforward."

Opportunities are also emerging to take space in American shopping malls — for \$0 per square foot.

"In the first quarter of 2009, 73,000 sizable tenants closed down in all the shopping malls in the U.S.," Fung said. "They just want to keep the malls open." ■

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## Studios: Local sound stages are full or close to being full

Requirements of the region's film and television industry are on the rise. Local studios are full or close to being full.

With studios that are ready and waiting to take on the challenges of the industry, the performance level will be high.

While UBC's previous record was broken in 2008, the industry is still on the rise.

There's a business proposition, local studios and sound stages are full or close to being full, according to Peter Leitch, president of North Shore Studios and chairman of the British Columbia Production Industry Association (BCPIA).

"We are confident that the business is doing very well and we are getting a lot of work," Leitch says. "We are definitely pleased and we're optimistic that it's going to be a strong year for us."

Leitch added that companies are starting to invest again, and that's good news.

"We're doing some investments in our facility, North Shore Studios is really well equipped and improving the infrastructure here. There are great production facilities that are supporting film and growing," he said.

Leitch said that while the Canadian dollar will fluctuate through the year, it will remain a strong asset for the industry.

He said, "There has been a change in the work demand overall, but the infrastructure is really strong. That's why I think the industry this year is going to be good. We are not over-relying on Hollywood."

He said, "We are not over-relying on Hollywood."

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