POLLITT & CO.

COMMENT

Murray Pollitt, 1941-2012

Murray Pollitt passed away on Sunday, February 5th. He will be missed by his family, friends, colleagues, clients, and everyone else whose life he touched.

Veterans of the financial industry are often shaped by the markets they experience in the early and formative years of their careers, and Murray was no exception. Those who read Murray's monthly market letter know that Murray returned to a couple of themes on a fairly regular basis: gold and solid stocks. Trained as an engineer, Murray entered the financial industry with Dominion Securities in 1965 at the age of twenty-four. The financial markets Murray first experienced were far more inhibited than the markets of today. Commissions were fixed, interest rates were often limited by ceilings, and currencies pegged to the dollar, but the feature that Murray would most reminisce about in later years was the fixed $35 gold price.

As the 1960s progressed Murray witnessed the monetary authorities' many attempts to maintain the $35 peg. All efforts to prop up the system failed, so that by the time he was 27 Murray would have seen firsthand the collapse of the London Gold Pool and, not long after his 30th birthday, the slamming shut of the gold window by Nixon. In later years these historical attempts would be colourfully recalled in his market letters. The collapse of the system, followed by a huge move in the gold price from $35 to $800 and a surge in inflation, shaped Murray's outlook for the rest of his life, and no doubt contributed to his healthy wariness of financial shenanigans.

In later years we all witnessed how Murray's deep scepticism carried over into his analysis of gold companies. He seemed to have a second sense for sniffing out problem mines and sketchy projects, and was earlier than most in catching the Bre-X fraud. He had strong opinions when it came to mining financial accounting, holding himself to higher standards than the rest of the industry.

His last missive – *Money Mountain*, published two days before his death – in many ways epitomizes many of the lessons Murray learnt over his life. He takes one last shot at dubious "ounces in the ground" and iffy accounting. As always, he comes across as sceptical of cash and wary of bonds, having seen what happened to those who held these investments during the inflationary 70s. Murray's constant bellowing that "the money's no good" continues to be valuable advice, especially for those of us too young to have experienced harder times. Lastly, Murray puts in one more good word for solid stocks – breweries, agricultural, and utilities – which for him were, like gold, alternatives to bonds and any other investment that might be ravaged by inflation.

Over the years Murray gave many young men and women their first shot on Bay Street and many of us continue to work in the business. We will all remember him for always being available and answering our questions, no matter how green we were behind the ears. Clients will remember him for his valuable advice, his jokes and stories, and the guidance he provided not only as a financial advisor but also as a friend.

Murray liked to keep the firm's research short and concise, and in deference to him we'll keep this short too. No more than two pages, Murray, that's it. We'll all miss you but, wherever you are now, we're pretty sure you're still trying your hardest to get that gold price higher.

We remind clients that, as Murray would expect of us, the Pollitt & Co. team will continue to serve our clients as best we can.

Sincerely,

The team at Pollitt & Co.

Toronto, Ontario
February 7, 2012