How Swiss Chalet is like the Canada Pension Plan

I remember hearing the story of the pitch that the founders of Swiss Chalet made to their investment bankers in the 1950's when they presented their initial business plan for the restaurant. They said they were planning to simply offer rotisserie chicken. "That's it? That's the entire menu?" asked the bankers, who might have then started to second-guess the viability of this enterprise.

We all know how the story played out – they got their funding, they launched the restaurant and there are now more than 200 Swiss Chalet's dotted across the Canadian landscape. But the Swiss Chalet of today is not the same as it was 65 years ago. Yes, they still offer rotisserie chicken, but the menu has expanded to include ribs, burgers, and even stir-fry.

So what happened? The management of Swiss Chalet realized their menu options needed to evolve. To keep their customers coming back and to attract a wider audience, they needed to diversify what they offered.

As I was watching TV recently, right after an ad for the aforementioned Swiss Chalet, I saw an ad for the Canada Pension Plan. I thought this was curious for a couple of reasons: one, I don't remember ever seeing an ad for CPP before; two, why are they wasting my pension money with a TV ad? What do they need to tell me?

To this day, I don't remember what the point of the CPP ad was. No doubt, it was supposed to provide re-assurance that our collective pension was being well taken care of and our payments would be there when it was our time to collect.

The great news is that most of us don't think about the CPP, maybe other than the age-old question of whether we should take CPP at 65, or earlier or later – *but that's another article topic altogether*. CPP isn't top of mind because it is one of the most well-run pension plans in the world and our money is indeed in good hands.

But the CPP of today (at almost $400 billion in assets) looks a lot different than when it was launched in 1965. At that time, the singular investment held in the fund was bonds. (Sounds familiar, right? … "That's it? That's the only investment?"). The CPP investment portfolio eventually added stocks, and then over time, it continued to diversify what was held in the fund to include real estate, private equity, infrastructure, etc. Their bond holdings now make up less than 10%.

Swiss Chalet and the CPP both realized over time that their offering needed to evolve in order to survive and serve their customers. They needed to diversify.

Our team at **Solution Wealth Management** believes that a well-diversified portfolio is crucial for our clients to generate stable and consistent returns. Like the CPP, we search out investment options, in addition to stocks and bonds, in order to provide the right mix that will help lower volatility and protect our clients hard-earned money from downside risk.

Please call us at 905-464-0989 or email bcarson@solutionwealth.com. We will review your existing investment statements to identify your current asset mix and show you how a more diversified approach can help you achieve your goals.