The David Miner
Communiqué
Fall 2017

"Power is the ability to get things done."

-Rosabeth Moss Kanter

Welcome to Fall and our Fall 2017 Communiqué!

After spending the summer in town, David and Dorinda took a two week holiday in the South of France and Spain. In that part of the world, quality of life is ingrained in their culture. Upon returning to Toronto, the excellent food is what they miss most.

Visit our new version of www.davidminer.ca

After many years, our web site was badly in need of attention. To that end, we spent several months writing scripts and working with web developers and video producers to create an engaging, interactive website. We are happy with the result. The new videos are designed to provide simple ideas to achieve and enjoy financial independence. We encourage you to explore!

David Miner, BSc, MBA, FCSI

#503—1243 Islington Ave.
Toronto, Ontario, Canada. M8X 1Y9

Phone: 647-776-2475
Toll-free: 1-866-93-MINER
Fax: 647-260-1735

davidminer@davidminer.ca
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"In order to succeed we must first believe that we can."

-Nikos Kasantzakis.

Building a large portfolio - and beyond!

Achieving financial independence is very simple – start early, invest regularly, and stay invested. It is all about the numbers, so let's let a real life example speak for itself...

David at the Roman Arena in Nimes, France.

The Templeton Growth Fund, Ltd. offered by Franklin Templeton Investments, was launched on November 29, 1954. This workhorse of a fund has been around longer than most, so it provides a shining example of the importance of time in the market (and not "timing" the market). Over this period, markets were rattled by the assassination of President Kennedy, Black Monday, the 9/11 tragedy, the Credit Crisis, and a whole lot more. Despite a busy (and not always positive) 60+ years, $10,000 invested since inception in The Templeton Growth Fund (Series A, with all management fees included) grew to $10,531,445 by September 30, 2017! This is an average annual compound return since inception of 11.73%.

Annualized Return (%) as of September 30, 2017

1 Year	**3 Year**	**5 Year**	**10 Year**	**Since Inception 11/29/1954**
14.33	7.90	13.90	4.71	11.73

Yes, $10,000 could have bought you a house in Toronto 60 years ago, but $10,531,445 would buy you one SPECTACULAR house today, with enough wealth left over to retire and more!

Dorinda in Marseille, France at Sunset.

Of course, most of us do not have much money to invest when we are young, so let's look at the example of investing regularly over a period of forty years – from 1977 to 2016. Per the enclosed brochure enclosed with this Communiqué, $5,000 invested annually in Templeton Growth Fund, Ltd. grew to over **$1.6 million** during that 40 year period! Financial independence, regardless of one's background, is best achieved if we start early, invest regularly, stay invested – and let the professional investment managers do their jobs.

While there are a number of well-managed funds, Templeton Growth is rare because of its longevity. It serves as an excellent example of how good funds are the effective way to build wealth and achieve financial independence over time.

Of course, there is more to it. We also work with clients to achieve tax efficiency through RSP's, TFSA's, and corporate class structures. We recommend funds based on depth and breadth of portfolio management being offered. We strive for lower management fees and greater economies (such as preferred pricing and high net worth pools) as portfolios grow larger. We mitigate risk and volatility through balanced solutions.

Highlight on Emerging Markets

One characteristic that has generally described emerging markets in the past, and still does, is their high growth rate. Their historical growth drivers used to be dominated by commodity exports. Over the last several years, however, there has been a rise of innovative emerging markets companies moving to higher value-added production services and processes. By way of example, nearly 80% of smartphone components today are produced in emerging markets.

Emerging markets are developing economies in a period of rapid growth. Essentially, many of these countries are still experiencing their own industrial revolutions. Do not let the word "emerging" infer that these markets are small. The seven largest emerging market economies accounted for 24% of global economic output over 2010-2016, an increase from 14% in the 1990s (per the World Bank).

The ‘Big 7’ emerging markets are: Brazil, China, India, Indonesia, Mexico, Russia, and Turkey. While each emerging market offers its own opportunities, emerging markets can be more volatile and less transparent (as in the case of China where political and commerce practices are sometimes questionable). Emerging market investment is clearly best left to the professionals who are specialists in security selection, risk management and country allocation.

While some investors like to hold specific positions in emerging markets funds, most clients enjoy emerging markets exposure as a component of their global balanced funds and global managed solutions. As a component to a larger investment strategy, emerging markets offer enhanced growth potential over time.

An Update on Real Estate

The changes to regulation regarding house ownership in Toronto in April brought an immediate and emotional drop to sales and prices. The Toronto Real Estate Board (TREB) was not fully capable of quantifying and assessing foreign investment in Toronto real estate. A new foreign buyer’s tax implemented in April 2017 certainly scared off many potential foreign buyers. The average home in the GTA sold for $732,292 in August, a 20.5% drop from the market's peak in April, when prices for all types of homes averaged $920,791 (TREB). In the month of July 2017 alone, the Bathurst Manor area (TREB C06) saw benchmark prices fall $64,300. To put this in perspective, home owners in C06 lost an average of $2,074 EVERY DAY in the month of July. But unlike an investment account or bank account, housing doesn’t offer an online statement for a daily price, making the decrease in real estate value (and moreover, personal net worth) less obvious.

At the time of writing, TREB released their September 2017 report. Home prices have increased by 6% from August. However, economic fundamentals suggest caution. Canadians have, on average, $21,000 in debt over and above their mortgage as of June 2017. The Bank of Canada has also raised interest rates twice so far in 2017 which further dampens the ability of Canadians to service debt.

Largely due to high prices and rising mortgage interest rates, the percentage of Toronto homeowners incomes allocated towards housing has been rising in recent history (see chart). Today, many Torontonians are struggling with affordability.

While we have focused here on the Toronto real estate market, other urban areas of the country such as Vancouver have experienced similar issues and market volatility.

(Sources: Globe and Mail, Financial Post, Global News, Toronto Real Estate Board)