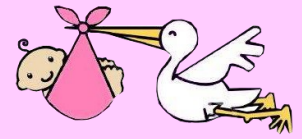




The David Miner Communiqué

Winter 2018



Welcome to the first Communiqué of 2018!

And welcome to the family, Maya Olivia Naidoo! It's a girl! Amelia is taking a little time off as her family grows by one more. If you have an urgent matter that needs immediate attention, you may wish to contact David or Mark at least for the next few weeks.



**Dorinda holding new arrival
Maya Olivia Naidoo**



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The new website has been a success and we have had the pleasure of welcoming a number of new clients. If you have not had a chance to check out the new site, we encourage you to visit: www.davidminer.ca. In particular, you may enjoy checking out some of the cool videos which are designed to be short, simple, and informative.

David managed to work in a few days of skiing this season in Sun Peaks, British Columbia and Mont Tremblant, Quebec. He and Dorinda also spent a week in Cuba with a Jazz FM Safari. Aside from enjoying some warmer Caribbean weather in Cuba, they also saw performances from some excellent musicians – both Canadian and Cuban.

*"Being good in business is the most
fascinating kind of art."
—Andy Warhol*



Dorinda and Jane Bunnett in Cuba.

Our friends, four-time Juno award winner *and Grammy-nominee* Jane Bunnett and her husband, musician Larry Cramer, met us as we arrived at the resort. Jane gave to Dorinda a hand painted birthday card seen here on the left. Both Jane and Larry contributed to the excellent entertainment during the week along with Sophie Millman, Emily Claire Barlow, the Shuffle Demons and many more.



RRSP deadline is March 1, 2018

It is that time of year. While many clients take advantage of payroll savings or monthly savings plans, now is a good time to review your RRSP. If you wish to add to your RRSP for your 2017 tax return, please ensure that you forward a cheque to us payable to “FundEX investments in Trust” before the March 1, 2018 deadline. It is acceptable to send cheques post-dated up to March 1, 2018. Any RRSP deposits received after March 1 will automatically be applied to the 2018 tax year. As always, please feel free to contact us if you have any questions.

We can all help to save a few trees.

One of the most frequent questions we hear from clients is “Is all of this paper necessary?” They are referring, of course, to the large volume of statements and confirmations and other documentation received from FundEX, the fund companies, and other sources.

Today, FundEX and most fund companies offer you the choice of electronic mailings and statements. Statements can be quickly downloaded and stored easily on your computer. The major advantages of receiving statements this way are:

1. Statements are received more quickly than via regular mail.
2. Storage on a computer is virtually unlimited and more reliable than file cabinets stuffed with paper.
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We encourage you to choose the statement method that works best for you – mail or electronic. If you decide to receive future FundEX statements electronically, please contact Mark at mark.brownell@davidminer.ca for an easy to follow how-to guide. We do recommend that you have reliable and secure off-site backup (such as cloud storage) if you decide to electronically store important documents such as investment statements, bank statements, credit card statements, etc.

Market and Economic Comment

According to Bloomberg, stock markets provided good returns in 2017 despite a couple of soft quarters in the middle of the year. Specifically, U.S. equities rallied in 2017. The Dow Jones Index boasted a 25.21% gain, the S&P Index a 19.4% gain, and the Nasdaq a 28.2% gain. Albeit for Canadian investors, performance was somewhat muted by the relative decline of the US dollar against most major currencies including the Canadian dollar. The US dollar since the presidential election declined approximately 11% against most currencies in the developed world.



Dave with (left to right) brother Bruce and friends Fred and Sandy taking a lunch break at Mont Tremblant.

Of course, a declining US dollar contributed to the improving US economy as the prices of US domestic goods and services became more competitive. Furthermore, reductions in U.S. corporate income taxes provided a boost to after tax earnings of US corporations, which helped to boost US stock prices. Looking to the future, US corporations continue to maintain strong balance sheets. On a relative valuation basis, European equities remain attractive. At this stage in the market cycle, diversification is most critical. Furthermore, active managers are as focused on downside protection as they are on upside returns. A good active portfolio manager can find opportunities when the ‘sky is falling’ and add value by taking some profits when markets are high. Passive investment vehicles such as ETFs simply cannot compete. For that reason, active management is particularly important at this phase of the market cycle.

After a strong start to 2018 and at the time of this writing, U.S. markets at the end of January/early February experienced the biggest weekly volatility in about two years, essentially bringing the U.S. markets back to levels at the beginning of the year. Other markets in the world followed in sympathy. As always, we remind everyone that market declines are as normal as rain. *(See our insert on Toronto Real Estate 2017. Source: Toronto Real Estate Board/National Post.)*

“People who succeed in the stock market also accept periodic losses, setbacks, and unexpected occurrences. Calamitous drops do not scare them out of the game.” - Peter Lynch, Fidelity

And Speaking of Currency...

Currency is an important part of global investment performance. It is often not thought of as part of the investment strategy for the average investor; however it needs to be recognized as a large component of return. Currency movements happen every day. When the Canadian dollar is strong, it buys **more** U.S. dollars. When the Canadian dollar is weak, it buys **less** U.S. dollars. In day to day life, this means a strong Canadian dollar will buy a cheaper vacation to Florida, shopping in Buffalo is cheaper, but receiving an income in U.S. dollars gives you less after exchanged to Canadian dollars. Moreover, this means U.S. investment returns are muted by a strong Canadian dollar. Theoretically, if a pure U.S. fund (with currency unhedged) made 2% in one day and the Canadian dollar strengthened by 2% in one day, the returns would be cancelled out for a Canadian investor. This concept is of course applied to all currencies when we're investing globally. As financial advisors, we are very aware of the impact of foreign exchange on investment performance, for better or for worse. This doesn't mean we ascribe to hedging strategies necessarily, but we do want to hire portfolio managers that are willing to make the tough tactical top-down decisions.

In a nutshell - when the Canadian dollar falls, travelling and shopping outside of Canada becomes less attractive. While that fact is irritating, our investments outside of Canada go up in value based on the relative currency increases.



David and Dorinda at a neighborhood restaurant in Toronto.

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