



# The David Miner Communiqué

Spring 2013

*"Money is better than poverty, if only for financial reasons."*

- Woody Allen

## SPRING AT LAST!

In this newsletter, we welcome clients from Knibbs Investment Management! Marianne Knibbs, a long-time friend and associate, has retired after more than twenty years in the business. She also tied the knot with new husband, Bill. Congratulations, Marianne and Bill and all the best for a wonderful life together!



David with Marianne and Bill.

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Dorinda and I went on a special ski holiday this March to Chamonix, France. (It was in Chamonix "on the mountain top" over thirty years ago that I decided to move to the investment business.) On the way home, we stopped in Rome for a few days of rest, relaxation and amazing food.



*"I will tell you how to become rich. Close the doors. Be fearful when others are greedy. Be greedy when others are fearful."*

—Warren Buffet

In May we also spent a few days in San Francisco at a Franklin Templeton financial advisor meeting. It was an excellent opportunity to chat with portfolio managers from around North America and around the globe. We thank Franklin Templeton and give them credit for providing some great information which appears in this Communique.



David and Dorinda enjoy a beautiful Spring day at the Coliseum in Rome.

## Emerging Markets

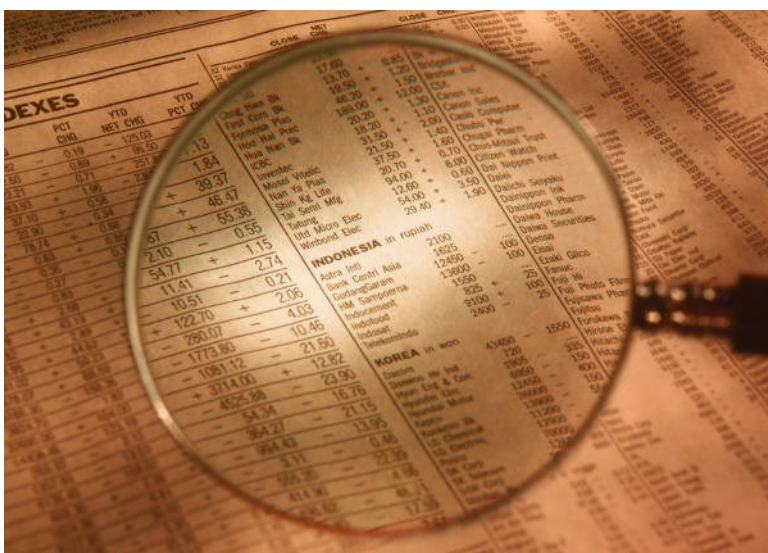


David with Mark Mobius and Ben Franklin (seated).

One of the most interesting portfolio managers I met at the Franklin Templeton meeting in San Francisco was Dr. Mark Mobius, Executive Chairman of the Franklin Templeton Emerging Markets Group. Emerging markets are coming to the foreground as an integral component of a balanced portfolio. When I started in the business as a stock broker thirty years ago, emerging markets accounted for about 3% of total world equity markets. Today, emerging markets are up to 35% of total world equity markets. Even the most conservative pension portfolios today have some emerging markets exposure. And for good reason! Emerging markets have outperformed world equity markets generally 10X in the last 12 calendar years.

*“The four most dangerous words in investing are: ‘This time it’s different.’” - Sir John Templeton*





In 2012, emerging markets enjoyed economic growth of 4.7% versus 1.1% for developed markets. Emerging markets have more than 5 times the population of developed markets, which in many ways explains the huge potential from emerging markets. And economic growth per capita in emerging markets is more than 6 times greater than per capita growth in developed markets.

For the last three years, auto sales in China have exceeded auto sales in the United States. Nevertheless, the penetration rate for passenger cars in China (as a percent of population) is still only 4% versus 42% in the U.S.A. In almost all areas, consumer demand is expanding in emerging markets - for cars, cell phones, internet, and other “western” goods and services. China today accounts for over 10 percent of total world imports (versus 2 percent fifteen years ago). Imports in India are almost 3 percent of the total world imports, up from less than half a percent fifteen years ago. In essence, growth in emerging markets is positive for all countries.

I believe that emerging markets offer some of the greatest and most interesting investment opportunities over the next twenty years. Good managed investment programs like the Franklin Templeton Quotential series, include some emerging market exposure with the benefit of having relative allocation, securities selection, and risk managed by experienced professionals.

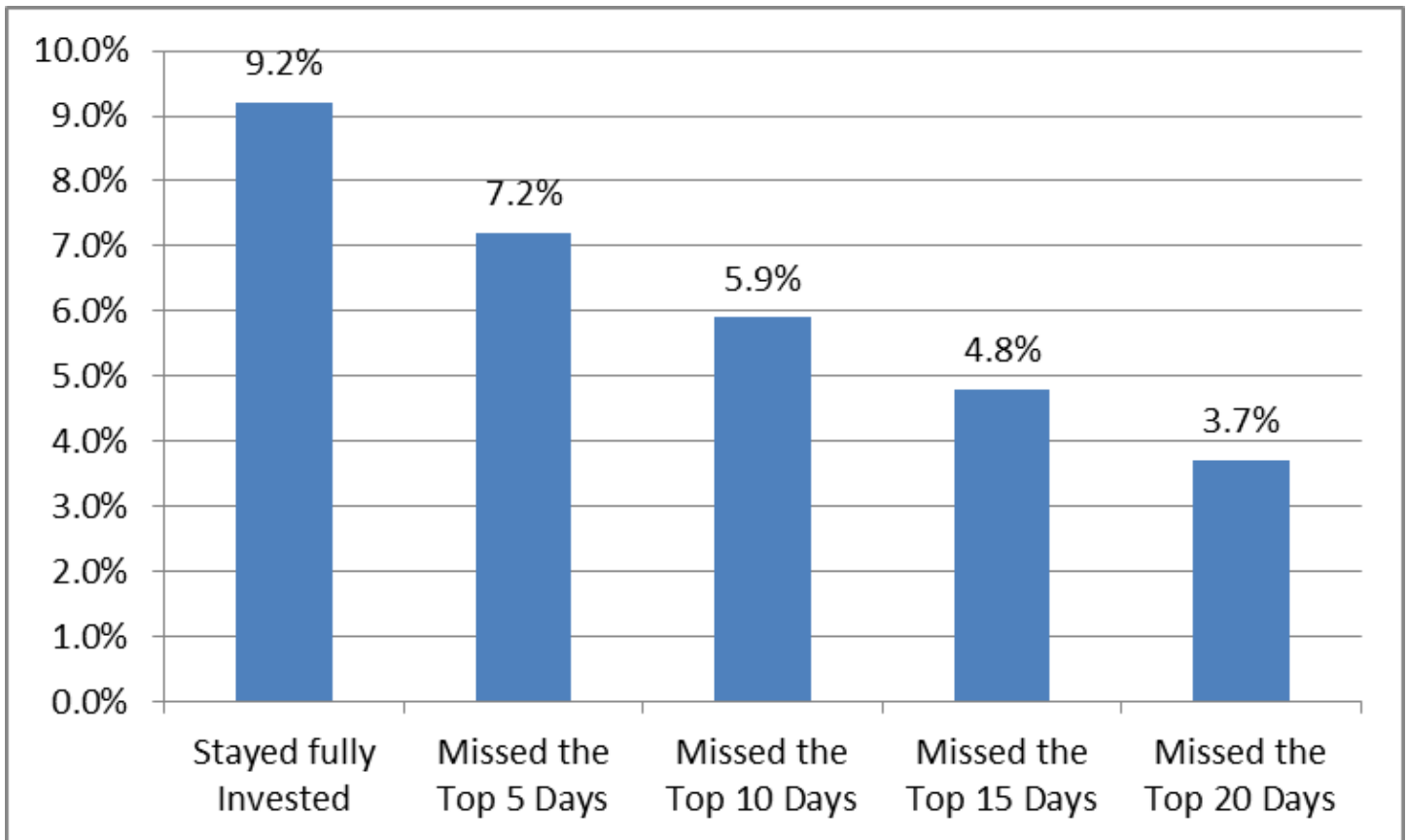
For more information, please do not hesitate to contact us.

*“It’s not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for.”*

*—Robert Kiyosaki*

## Staying Invested

While market corrections are normal, the following chart of the Canadian S&P/TSX Composite Total Return Index (i.e.; with dividends are reinvested) illustrates the negative effects of being out of the market at the wrong time. This chart is for the 20-year period ended December 31, 2012. (source: Bloomberg)



In other words, an individual who invested \$100,000 over that 20-year period in the index would have approximately \$581,000 by staying fully invested. If the same person missed the best 20 days in the market over that period, the value would grow to only about \$207,000. So while market corrections are normal, staying invested is the wise approach. (N.B. Indexes are unmanaged and one cannot invest directly in an index.)

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