



The David Miner & Associates Communiqué

Spring 2022

"The stock market is a device for transferring money from the impatient to the patient."

-Warren Buffett



Spring in Bloom!



It finally happened – the David Miner & Associates team, like dominoes, fell ill with “*the rona*”! Fortunately, the team has recovered and everyone is back in the office. We’re all looking forward to enjoying sunshine and the warmth of summer with our newfound ‘super immunity’ before it wanes!



Dave and his brother-in-law Bob “hard at work” on a Saturday!



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As many of you already know, Mark Brownell has officially retired from David Miner & Associates, turning his full attention to his true passion - the performing arts! We look forward to seeing what this next chapter brings for him and cannot thank him enough for the care and courtesy he’s shown clients over the past decade with us. Good luck Mark!

In a return to form, March saw David and Dorinda take their first vacation abroad since the pandemic began; spending time in Mexico basking in the sun, enjoying the ocean breeze with a cocktail in hand! Not to be outdone, Helena spent some time in April cruising around Europe, enjoying quality time with friends and creating memories. She experienced fantastic food, great company, a river cruise, and logged thousands of steps daily as she explored new cities.

Market Commentary

Since our last communique, Russia invaded Ukraine, the Bank of Canada and US federal reserve have increased their benchmark interest rates by 1.25% and 0.75% respectively, several major cities in China have been in lockdown for a prolonged stretch, there is no relief in sight for oil prices and supply chains remain strained. All of this is to say that a confluence of factors have worked to create a significant amount of uncertainty which markets seldom like.

Markets overshot after governments were quick to buffer economic impacts with further quantitative easing when the pandemic hit. With central banks pivoting towards quantitative tightening and interest rate hikes, the pendulum has swung strongly in the other direction as markets attempt to find balance.

Taking a closer look at some of the underlying concerns –

Inflation: Central bank response reflects an increasing urgency to control inflation. Canadians are experiencing the strongest inflation we've seen in over 40 years, and many have not witnessed such a dramatic decline in purchasing power. According to Statistics Canada, April saw average hourly wages increase 3.3% year-over-year while the consumer price index soared 6.8%; buried in this number is the fact that grocery costs have risen 9.7% over the past year. Some reasons for the inflation we're experiencing include the government stimulus, cheap debt, soaring input energy costs, rising debt service costs, a tight labour market, minimal capital spending, and rising import tariffs.



Helena "logging steps" in Lisbon, Portugal

Recession: The tight-rope act that central banks undertake when raising rates has often given way to economic recession. While many traditional indicators are not warning of imminent recession, markets price the risk or reality of this before the data indicates we are experiencing one.

Is there investment opportunity right now?:

Yes! Discipline and patience are rewarded in these market conditions. Strong active management and timely shifting away from growth-oriented stocks to companies with strong fundamentals has helped

weather some of the current volatility. Given the rise in interest rates and the negative impact to bond prices, we are seeing a bias towards equities in most balanced mandates. Year-to-date, there have been a few periods where managers have raised large cash positions for deployment when opportunity has arisen (at times quality stocks have suffered based on sentiment as opposed to fundamentals, whether due to representation in the indices or algorithmic trading).

Hiring Professionals Improves Expected Results over the Long-term

The financial sector, like many industries, is marketing-focused. Much of the hype around what is heavily advertised or promoted is geared towards products that are relatively easy and low cost for promoters to deliver, regardless of whether it is in the best interest of clients.

“Do It Yourself” investing has been a massive marketing campaign undertaken by discount brokerages targeting young or tech savvy individuals, correlating fee reduction to better returns. It sidesteps investor emotion, the impact of tax, time commitment, and is underscored by the massive assumption that any individual can replicate sustained returns achieved by professionals across the full economic cycle.

DIY investing during the pandemic as a case study:

For many, do-it-yourself investing became a pandemic hobby – it was a perfect storm of near-zero interest rates, money was easy to come by, and people were stuck at home during a period of fantastic gains and market euphoria. There were only so many times people wanted to stream their favourite shows and with few other options, some found entertainment in stock markets. This year we’ve witnessed a market reckoning in speculative growth and technology stocks, cryptocurrency, SPACs etc., and unfortunately many DIY investors chased these fragile gains. While some investors sold at a profit, many did not. To be successful in markets you need to get the timing of both the buy AND the sell right. Skilled investment professionals have years of experience, discipline, and trade on fundamentals - not speculation and entertainment.

Mutual funds, particularly the globally diversified, actively managed portfolio solutions we build client portfolios around, are not entertaining. Very simply, the depth and breadth of infrastructure and management achieved with some mutual fund companies cannot be replicated by a DIY investor.

At David Miner & Associates, we research every fund before adding it to our recommended list. In addition to long-term performance and cost, every fund must meet internal standards with respect to mandate (design, execution, and consistency) and management (depth, breadth, process, resources & practices). The ultimate test is whether we or immediate family own the fund and it is that policy which gives us peace of mind that client interests are “first, last, and always”. While our approach is practical, pension-like, and unexciting, it has provided solid results over time for clients. Investing should not be entertainment.



Helena takes an ice cream break at Hamstead Heath in London. Life is good!

Housekeeping items

At end of April, you should have received a letter along with your quarterly statement, advising you of the upcoming operational merger between Investia and FundEX. The purpose of this final step is to integrate back-office processing of the two sister companies, onto one consolidated platform.

For the most part, this will be a seamless “behind-the-scenes” transition and will have no impact on client activity, with only a few things to keep in mind:

- The online client portal will no longer be called “Wealthview” but it should be noted that you will be able to access your account without being required to re-register.
- Your Client Number, which is always displayed on the client portal and quarterly statements, will be changing effective June 2022. However, you can continue using your previous/original login credentials to access the portal.
- This amalgamation promises to deliver superior efficiency and functionality, but the vast majority of the impact will be felt by Investia head office and advisors, with minimal impact to clients.



Dave and Dorinda chilling in Mexico!

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