



# The David Miner Communiqué

## Winter 2023

*"The best armour of  
old age is a well  
spent life  
preceding it."*

— Charlie Munger



## *The Holidays are upon us!*



First, we would like to wish everyone happiness and health for the holiday season and best wishes as the calendar turns to 2024!

Amelia, Kiran, and David have had the pleasure of meeting many new clients over the past few months. This came with a lot of emotions as friends and family shared memories of the life and decades-long relationships they had with our Investia colleague, James Eng, who recently passed away. Our thoughts are with his family and friends, especially at this time of year.



*The Naidoo Family at the port in the British Virgin Islands*

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The team at David Miner & Associates has been keeping busy as we approach the holiday season.

Soumya and Oliver both completed the Toronto Waterfront Half-Marathon in October, officially making everyone in the office runners!

Oliver is heading home for the holidays to spend time with family in England, while Soumya will take a well-deserved break to visit family in India after the New Year.

In early November, Kiran and Amelia took their daughters on a Disney Cruise, sailing from New York City to Puerto Rico with a couple stops along the way.

David, not to be outdone, will find downtime himself as he heads south with Dorinda for some beach and sunshine later in January.



*Kiran & Nalina outside the Plaza Hotel... Lost in New York*

## Market Commentary

Equity markets across much of the globe have had a strong bounce-back year after a tough 2022. Investors, however, are still awaiting redemption in bond markets, although there is reason for optimism looking ahead to 2024 and beyond, particularly as interest rates start to decline. The performance of the S&P 500 in the US has been driven by the 'Magnificent 7' in 2023. A Goldman Sachs report indicated that these seven stocks (Amazon, Apple, Google, Meta, Microsoft, Nvidia & Tesla) have gained 71% through October, despite representing 29% of the market capitalization

of the index, which to that point was only up 19% when you included the other 493 stocks.

In Q3, the Canadian economy, as represented by GDP, contracted at an annualized rate of 1.1%, and despite previously being reported at -0.2%, Q2 GDP was revised to an annualized +1.4%. The Bank of Canada increased its benchmark rate by 0.75% in 2023, but the rate has remained at 5.0% since July as the pace of inflation has slowed from its 8.1% peak last June to 3.1% year-over-year, this October. Domestically, unemployment has steadily crept from 5% in April to 5.8% in October, while in the US, unemployment has gone from 3.4% in January, to 3.9% in October. In Canada, interest rate cuts could materialize in 2024, driven by a desire to encourage growth and stabilize employment conditions without stoking renewed inflationary concerns. Equities and bonds stand to benefit if we find ourselves in a more accommodative interest rate environment, but those with short-term cash needs should still be looking closely at high interest savings products as they are completely liquid, CDIC insured, and paying close to 5% currently.

2024 should prove to be an interesting year in markets; the threat of recession in combination with inflation, tight credit conditions, forthcoming elections, climate change and geopolitics will make for an interesting investment landscape. Regardless of the backdrop, the one constant through history, is that time in the market is more important than timing the market when the goal is capital appreciation. The months following the end of credit tightening cycles (when interest rates stop rising) have historically been a good time to add to investments.



*Soumya and Oliver celebrate their hard earned victory, medals in hand!*



## How Does Geopolitical Risk Impact Portfolio Management?

In 2023, portfolio managers were confronted with a challenge that has not been significant in the past couple of decades. Balancing geographic diversification via international exposure despite substantial and often unpredictable geopolitical risks. In particular, the ongoing conflicts in Ukraine and the Middle East and tension in places like Taiwan, Guyana, etc. In times like these, companies who benefit from, or are insulated by political stability, command a premium relative to businesses that are vulnerable to disruption by these events.

A few ways that portfolio managers are taking action:

- 1. A hybrid top-down (global macro) and bottom-up (fundamental analysis) approach is being more widely applied.*
- 2. Managers with professionals domiciled around the world committed to understanding local markets tend to find the best opportunities and avoid major loss. More investment theses are being evaluated through the lens of 'what is the worst that can happen?'.*
- 3. Geographic diversification remains key, not just with respect to asset allocation, but also regarding where companies earn their revenue as this can help mitigate region-specific risk.*
- 4. More defensive positioning (perhaps also due to recessionary concerns), favouring inelastic sectors such as consumer staples.*
- 5. A 'flight to safety' with an overweight in bonds (also in anticipation of elevated returns for fixed income as interest rates come down).*
- 6. Prioritizing investment in quality companies with good fundamentals (strong balance sheets, consistent growth, or stability of revenues and/or profitability etc.) as they are generally more resilient.*

For portfolio managers, drawing on experience and adapting to the current landscape can result in a strategy that is both robust and responsive. We have always advocated for mandates that provide managers with the flexibility to tilt investment exposure across regions, sectors, styles, and asset classes.

Our role as advisors is to keep a watchful eye on managers and monitor key process and performance metrics. Please take comfort in knowing that we will reach out to recommend portfolio changes, where we feel they are necessary.



*The girls take in the charm of old San Juan in Puerto Rico*



*Dorinda and David looking sharp as they celebrate with friends*

## Welcome to the team, Mark Wadey!



Mark and wife, Anna, at the 2023 DMA Christmas Party

We are excited to share that Mark, now entering his 35th year as an independent financial advisor, joined David Miner & Associates earlier this year. After graduating from the University of Toronto in 1987, Mark was awarded a scholarship at Bowling Green State University in Ohio where he completed his master's degree in education.

Shortly after entering the life insurance industry in 1989, he was promoted to a management position within North American Life and during his tenure there, received his Chartered Life Underwriter designation (CLU) and earned the Chartered Financial Consultant designation (Ch.F.C.) in 1998.

Mark is passionate about pioneering dynamic approaches to wealth building, with a keen focus on the strategic positioning and deployment of his clients' funds. He understands that for many, money is a finite resource, and consequently, it's essential to make sound financial decisions.

Mark firmly believes that involving clients in this process, not only empowers them, but deepens their understanding and appreciation of their financial journey. He strives to incorporate techniques that optimize wealth accumulation, tax savings, and enhanced risk management, culminating in a more enriched financial life for clients.

Outside of his professional endeavours, Mark and his wife, Anna, cherish moments with their three daughters: Alyssa, Selina, and Kristen. Lots of time is spent with family and friends, at their cottage near Gravenhurst and every season has something to offer. Some of the many activities enjoyed include golf, skiing, snowmobiling, hockey and simply relaxing by the dock or enjoying a winter's afternoon out on the ice-covered Morrison Lake.

## Things to remember as we head towards 2024...

- 1. TFSAs:** The annual contribution limit has increased to **\$7,000**.
- 2. First Home Savings Accounts:** An essential tool for adults who doesn't own property. **\$8,000** in annual contribution room is available in 2024 with a lifetime limit of **\$16,000** since the program launched.
- 3. RRSPs:** Looking to save on taxes or even generate a refund? **Feb 29, 2024**, is your contribution deadline to make an impact for your 2023 taxes!
- 4. RRIF & LIF payments:** If you're taking the minimum annual payment but don't need the cash, let us know and we can use this payment to top up your TFSA or non-registered account.

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