

# SimpleSmart ADVICE



THE LITTLE BOOK  
of  
COMMON SENSE  
INVESTING



Aldershot Financial Group of ACPI guides families through decisions that affect their financial well being and investments. We are the 'go to' people in Aldershot when a life event requires sound financial advice. We care. We simplify. *We've been through this before.*

## March 2019 :

- ◇ Are People Loyal Anymore?
- ◇ Model Portfolio
- ◇ Final Thoughts

SimpleSmart ADVICE

Our monthly newsletter designed  
to keep in touch with you.

## Are People Loyal Anymore?



I was having breakfast recently at a local diner with my 19 year old son, Daniel and his girlfriend, Sydney, when the topic of loyalty came up. It was a Wednesday morning and the diner was nicely packed. I can guess because the service is fast, the plates full of greasy goodness and the prices a throwback to a bygone era (along with the décor, which I swear, is straight out of the 70s). **In the era of Cora's, Sunset Diner and marketing juggernaut, McDonald's, Russell Williams Diner was full of loyal customers.**

We hear every day that multination corporations can no longer count on their employees sticking with them for 25 years or their customers for that matter. Mass marketing has given way to YouTube and other social media that allow a microbrewery downtown Hamilton to compete with mighty Molson Coors who, at one time, could nearly eliminate new competition by sheer force of their multi-million dollar advertising budget.



**Yet, 21<sup>st</sup> century brands like Starbucks have been able to generate fierce customer loyalty.** I am reading a biography, *From the Ground Up*, by Howard Schultz the company's founder and former CEO. His rags to riches story helps explain why Starbucks can retain "partners" (employees) and customers who don't leave the company at nearly the rate of their competitors.

Schultz knows full well what it's like stuck in a minimum wage job, trying to make ends meet. He grew up in the projects of New York City and experienced firsthand how vulnerable the working poor are. Something as common as a family illness can spell financial

disaster (and did for his family). **That may explain why Starbucks, despite extreme pressure from shareholders during the 2008 financial crisis, continued to pay above minimum wage and provide health and other benefits to their employees.** So, it would seem, companies who give loyalty can expect to get it back. Sort of reminds me of something a wise man once said:

***So in everything, do to others what you would have them do to you***

- Jesus in Matthew 7:12

On this topic, I feel compelled to mention the recent passing of index investing pioneer, Jack Bogle (at age 89!). Bogle founded the Vanguard Group, the first to popularize an investment style that forgoes (paying helpers for) stock picking in favour of buying and holding the entire stock market. **Some clients will remember John and I handing out copies of his *Little Book of Common Sense Investing* back in 2007, when we decided to follow Bogle's fee and client-friendly model.**

At that time, we unbundled our fees from the investment products we provided, almost a decade ahead of industry rules that now require advisors to disclose their fees. **Maybe it's no accident that John and I enjoy exceptionally loyal clients,** some who have been with us for more than 25 years. As one client stated in a recent (anonymous) survey:

*"Happy with the overall experience and believe they are interested in our long term success in meeting our personal financial goals."*

We don't take your loyalty for granted. We plan to continue earning it.

*ma*



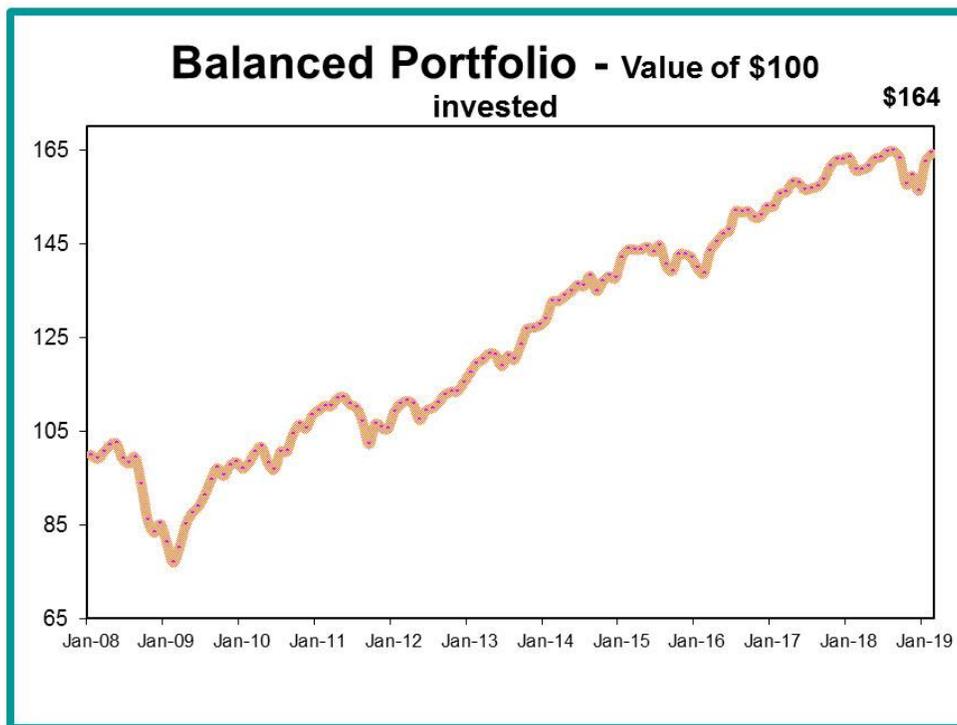
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### Federal Budget...In Case You Missed It

1. \$5,000 government grant for certain electric vehicles
2. \$250/year Canada Training Credit, \$5,000 lifetime limit
3. Advanced Life Deferred Annuities will allow more flexibility for retirees wishing to defer taxes on RRIF withdrawals
4. Home Buyers Plan expanded to allow up to \$70,000/couple withdrawal from RRSPs. First time buyers will now include divorced couples
5. Medical Marijuana use now qualifies for medical expense tax credit (really Justin?)
6. New 15% tax credit for digital subscriptions, to be capped at \$500/year

Source: Ernst & Young LLP

Final Thoughts



This graph represents a model portfolio using 45% DFA Five-Year Global Fixed Income Fund Class A, 15% DFA Canadian Core Equity Fund Class A, 15% DFA US Core Equity Fund Class A (from January 31, 2008 to January 31, 2009) / DFA US Core Equity Fund Class A (H) (from January 31, 2009 to February 28, 2019), 15% DFA International Core Equity Fund Class A and 10% DFA Global Real Estate Securities Fund Class A, initially invested on January 31, 2008 with pricing up to February 28, 2019 using monthly data and rebalanced on a month-end basis. The data series has been smoothed. Actual client portfolio holdings are recommended based on personal circumstances.

Commissions, trailing commissions, management fees, and expenses may all be associated with mutual fund investments. The indicated rates of return are the historical annual compounded total returns including changes in unit/share value and reinvestment of all distributions/dividends. They do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Please read the Fund Facts and consult your Advisor before investing.

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