

SimpleSmart ADVICE



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Wealthsimple

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.*

May 2019 :

- ◇ Savings vs. Growth
- ◇ Model Portfolio
- ◇ Trees - Happy Mother's Day

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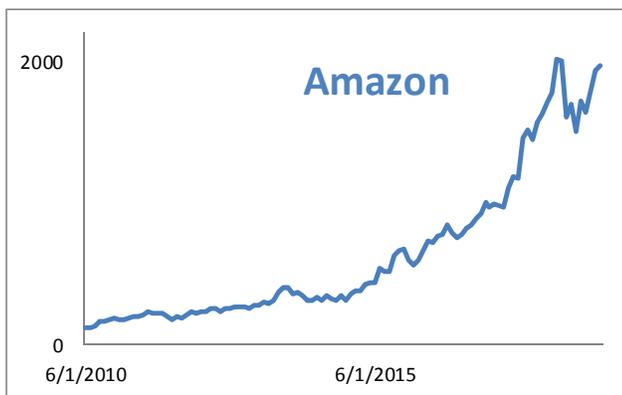
Our monthly newsletter designed
to keep in touch with you.

Savings vs. Growth



I have to admit. I like buying stuff on Amazon. For 79 bucks a year, we are Prime members and enjoy free 2-day shipping on most items. We also get access to a large and growing library of original and popular movies and TV shows (with summer here, I am trying to do/read more and watch less but it's there for the viewing). We also get free unlimited photo storage

and music streaming. It's no wonder that Amazon recently reported net sales of \$60 billion in the first quarter (yes, I said quarter) of 2019. That represents a 17% increase from the same quarter last year. Take a look at their stock price since June 2010¹:



This, of course, has put Amazon on the radar for many aspiring stock pickers, including one of my son, Daniel's friends. Ben* recently discovered that WealthSimple had opened a free stock trading service for do-it-yourself investors and had diverted some of his savings from a WealthSimple index fund portfolio to buy shares in Amazon. First off, I give credit to WealthSimple and others for providing an accessible way for beginner and DIY investors to participate in the stock market in a reliably low cost way.

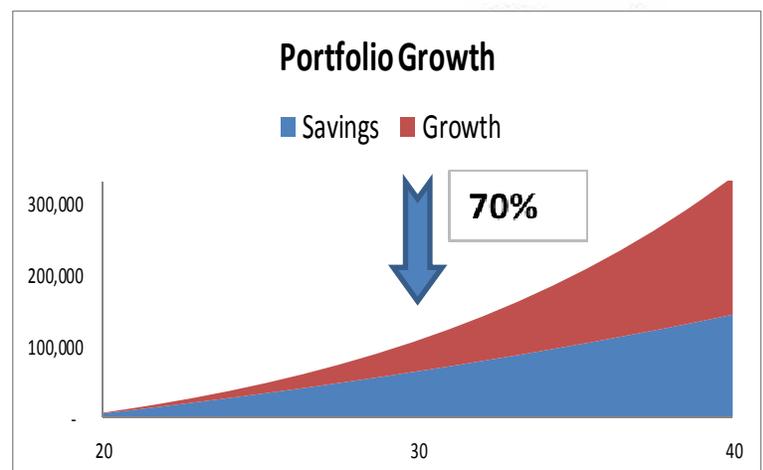
* not his real name

I got my son onto WealthSimple's index portfolios when he turned 18 and he has more than maxed out his TFSA room since on his stated path to becoming a millionaire before he reaches my advanced age. Daniel has seen the value of his WealthSimple index portfolio ride a roller coaster through the end of last year to date but has stubbornly continued to invest, not worrying too much about what he is investing in.

He may have gotten the message that your savings (or spending) rate matters. A lot. Maybe more than your rate of return - which is a lot more fun to brag talk about (sorry Ben). Truth is, your rate of return does matter but it takes many decades before you really see this. For years, you have to be content to watch your savings build mostly because of how much you are saving. We'll take a look at what Daniel's investment portfolio could look like over time based on the following assumptions:

Assumptions	
Starting Balance	10,000
Annual Contributions*	5,000
Rate of Return	7%

As you can see from the chart, It takes a long time for growth on the portfolio to matter more than the savings invested. Ten years from now, savings still account for a whopping 70% of Daniel's capital. Somewhere around age 35, the amount Dan has saved will start being overwhelmed by the growth of that savings. So before you (or Daniel) are tempted to spend precious time researching the next hot stock, consider whether you aren't better



off working on your budget. Let's face it, your rate of return does matter in the long haul but only if you have money to invest.

man

¹ CNBC Amazon smashes earnings expectations, APR 25 2019

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Trees

BY JOYCE KILMER

I think that I shall never see
A poem lovely as a tree.

A tree whose hungry mouth is prest
Against the earth's sweet flowing breast;

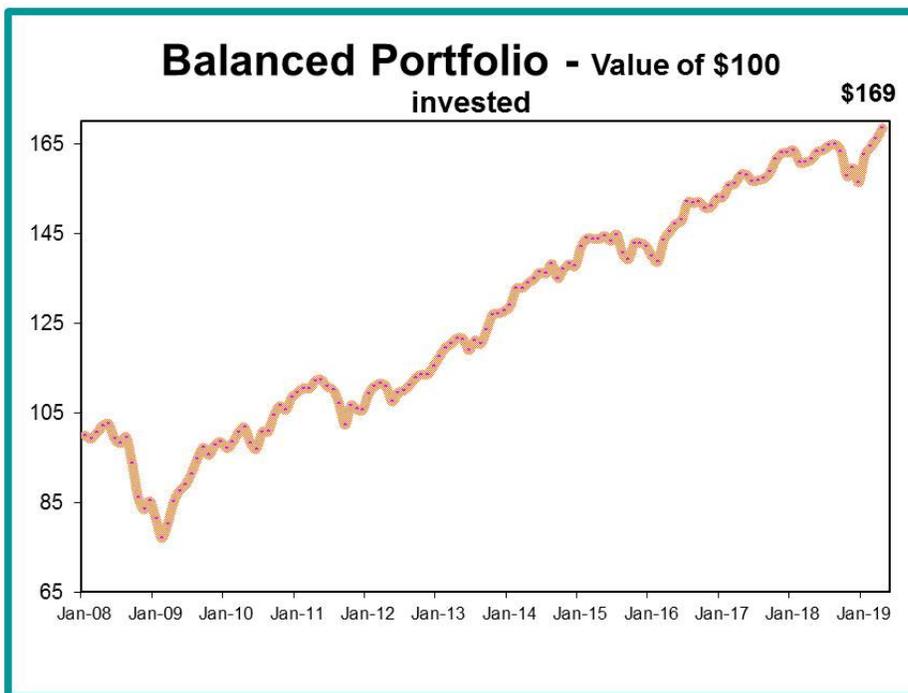
A tree that looks at God all day,
And lifts her leafy arms to pray;

A tree that may in Summer wear
A nest of robins in her hair;

Upon whose bosom snow has lain;
Who intimately lives with rain.

Poems are made by fools like me,
But only God can make a tree.

Happy Mother's Day [miss you]



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 April 30, 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 April 30, 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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