Intent to Purchase – 360 Gauvin Rd.

Purchase Price: **$2,400,000.00**

Purchase Date: @ 2 year renewal mortgage maturity date of vendor

Lease agreement:

Les Entreprises Jomat Enterprises Inc. will be assigned all leases.

Payment:

80% of total current gross rent roll revenue at time of possession with an increase of 2% per annum. All posted cheques to the vendor will be dated for the 5th of each month.

Conditions to Vendor:

- All mortgage payments and bank related expenses in relation to lien holder(s).
- Property tax payment
- Insurance coverage and payment**
- Water and Sewer expense
- Any Major capital expenditure if required to sustain infrastructure

Conditions to Purchaser:

- Post dated cheques until maturity date of current mortgage
- NB Power expenses
- Garbage expenses
- Fire Safety expenses
- Telecommunication expenses
- Management and Tenant relations
- Snow Removal and Lawn maintenance
- Day to Day and turnover expenses (appliance repair, paint, etc..)

What's a realistic rate of return on an investment portfolio?

That's a question many investors across Canada will be asking after reading their most recent performance reports from their advisors.

Thanks to new rules introduced by Canada's securities regulators, reports should include portfolio return for the past calendar year and since inception. (With longer-term figures required starting 3, 5, and 10 years from now, respectively.)

Some investors may be left feeling disappointed, if not in a state of shock. They could be further exacerbated by listening to someone boast about his or her double-digit investment wins, or simply one's own potentially unrealistic expectations.

Others may be disappointed when comparing their portfolios to the broad market indices. For example, Canadian stocks returned 21% in 2016. US stocks, 12%.[1]

Take heart. Comparing personal portfolio returns to the broad indices is a mug's game. Market indices do not take into account the impact of taxes, trading costs and fees, and cash flows in and out of the portfolio. The TSX Composite Index and the S&P 500 Index mirror a basket of stocks 100% invested 365 days of the year. There are no bonds and no cash.

What Should Investors Expect from their Portfolios?

John Bogle is the founder of the Vanguard Group, the world's largest provider of mutual funds with managed assets of US$3.8 trillion. In an interview with the **The Globe and Mail**, he said: "stock market returns will be considerably less than they have been over the 65 years I have been in the business. They averaged about 11%, but I think stock market returns in the future would be fine if they did 4% or 6% a year each year over the next 10 years."

A panel of 11 chief investment officers, portfolio managers and advisors were assembled in 2014 by **Globe and Mail** columnist Rob Carrick to provide an estimate of average annual returns over the next 10 years for a portfolio of 60% stocks and 40% bonds.

The consensus was that balanced portfolio returns will range from 5% to 6% on an average annual basis. They also provided estimates of inflation between 1.8% and 3%, suggesting real returns (after inflation) of at least 2% to 3%.

Two years later these projections are consistent with **assumptions** prepared by the Financial Planning Standards Council for financial planners. Return assumptions for a balanced portfolio range from 4.55% for a conservative portfolio (70% bonds) to 6.05% for an aggressive portfolio (75% stocks).

Now, here's the clanger: these returns are before fees, expenses and taxes.

And they don't factor in investor behaviour. Factors that may further reduce returns include:

- Buying high, selling low. Also known as following the herd and buying last year's winner. And, of course, panicking and selling as the markets drop.
- Infrequent or irregular portfolio re-balancing, resulting in an asset mix that no longer aligns with the initial investment objectives.
- Frequent trading, which can drive up trading costs and trigger capital gains taxes.

What should an investor expect from their portfolio returns? They should expect that the returns are consistent with their long-term investment objectives.

This means the most important numbers on the report, if they're available, may be the three-year, five-year or 10-year annualized returns.

Don't have any long-term investment objectives, you say? Perhaps now's a great time to create some.