Intellectual Property

VOLUME 10 - FALL 2014

INCOME FOR LIFE

Since the year 2000, which saw the stock market collapse after the dot com and communications boom, the equities market in Canada has shown very little growth when inflation is factored in. The S&P/TSX composite index increased from a peak in 2000 of 11,388 up to a high of 15,658 on September 3 of this year (before the latest pull back), an average annual increase of only 2.68% over those 14 years, while inflation has averaged about 2% per year over the same period. The equity market, after inflation, has provided a return to investors of only about 0.68% per year.

The S&P/TSX index, on average, reflects the values of Canadian equity mutual funds and, therefore, the aforementioned numbers should be a measure of what the performance of these mutual funds has been versus inflation in recent years. However, for equity mutual funds, the fund companies charge an annual management fee of over 2% per year on a fund's value. When that also is factored in, the average growth rate of equity mutual funds in Canada since 2000 has been NEGATIVE. Some equities, of course, pay dividends in the average range of 2%-3% per year, so there has been some trickle of income available to investors in those stocks. Otherwise, on average, investors in Canadian equity mutual funds have seen investment capital in this market shrink over the past 14 years.

> *S&P/TSX average annual increase of only 2.68%*

In recent years there have been increasing concerns voiced by the many baby boomers and others who will soon be entering, or are in retirement, that the funds they have allocated for their declining years will be depleted long before they themselves are gone, and they will then be forced into very unsatisfactory lifestyle choices, if any. This trend is exacerbated by our increasing lifespans thanks to healthier lifestyles and improvements in medical knowledge and interventions.

NO WONDER! As there has been virtually no growth or negative returns in equity portfolios over the last 14 years, retirees have had to draw down the principal of their retirement accounts and cross their fingers while hoping for a stock market boom.

Commercial real estate investments, on the other hand, not only tend to

OUR LATEST OFFERING

Greenbay Business Park is our latest commercial real estate syndication.

Situated in the well-established McNamara Industrial neighbourhood in West Edmonton, Greenbay Business Park provides tenants with quick access to major traffic routes.

For more information, please contact your Exempt Market Dealer, or the Millennium III Group of Companies.

beat inflation in both value and income increases, but their net worth also grows as debt is being paid off with tenants' rents. As well, tax saving strategies inherent in real estate investment can be taken advantage of. As a result of these factors, investors in real estate limited partnerships with the Millennium III Group of Companies have seen the debt on the properties their partnerships hold being paid down steadily while their values are increasing. Properties that have become debt free in recent years are now paying out to investors annual distributions in the range of 25% of their initial cash investment ($5,000± annually on an initial unit cost of $19,700.00). As well, the after tax write-off cost of these investments is significantly lower than the investors' initial cash input, so returns are actually higher than 25%. Many more of our properties are now becoming debt free or will be so in the next few years, and similar results will be achieved.

THESE INVESTORS DO NOT HAVE TO WORRY ABOUT DEPLETING RETIREMENT FUNDS. Real estate continues to increase in value, as does the rental income therefrom, and the distributions they receive can continue to increase without lowering their capital base. For example, an investor might have bought 5 investment units from the Millennium III Group between 1995 and 2000, say, at a cost each of $19,700. These could be in Smallwood, Wells, Asquith, Peel and Spencer Limited Partnerships. The investor would now have committed a total of $98,500 which, after initial tax deductions, would have been reduced to approximately $70,000. This investor would be receiving in the range of $4,000 - $5,000 per investment unit for a total of $20,000 - $25,000 per year. A handsome return indeed on their investment.

As a means of avoiding worries about depleting your retirement savings before you go to your great reward, it is suggested that you have a look at our real estate limited partnership investment program. This should make up a significant portion of your retirement nest egg.

NOW IS THE TIME.

Limited Partnership units in the following partnerships are at optimum valuation for inter-generational or spousal transfer:

Drake Properties L.P.
Glover Properties L.P.
Mackinson Properties L.P.
Milbanke Properties L.P.

In future editions of this newsletter, we will apprise you of limited partnerships that are at this point in the investment cycle.

MORTGAGE FREE!

Hurricane Building

Liberator Building

Spitfire Building

Spencer Properties Limited Partnership retired its mortgage obligation on February 1, 2014. Investors in this partnership can look forward to significant returns for many years to come!

To receive future editions of this newsletter electronically, please advise us via email at dawnh@millennium3.ca