

Reality Cheque

March 2008

Create abundance from what you have regardless of how much money you start with.

Quick Facts

- Time to take a spring forward. Daylight Saving Time begins March 9. Remember to test your smoke detectors and change the batteries while resetting your clocks.
- Looking for Management Expense Ratios (MERs)? Try these places:
 - the fund prospectus
 - the fund company's website
 - www.morningstar.ca (Tools)
 - www.globefund.com (Research Tools)
- What's your Burn Rate? Discover your spending personality with this simple test. www.burnrate.ca

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or
www.maliroo.com

Inside this issue:

<i>Investing In Experience</i>	2
<i>Over To You</i>	2
<i>By The Book</i>	2
<i>Diving Into Due Diligence</i>	3
<i>What's That?</i>	3
<i>Time For Fun</i>	3
<i>Cashflow Game Nights</i>	4
<i>Catching Up</i>	4

Making The Next Step

Whether you have \$20 or \$20,000 a month to invest, moving to the next level of investing essentially requires the same process.

One might summarize this process into four key areas:

- ü expand your context
- ü expand your network
- ü expand your business
- ü expand your resources

Expanding your context may be the single most important factor in achieving greater levels of anything you desire.

Imagine you are a bottle nearly full and desire more "milk" in your life. You have two choices

- ? limit yourself to having what can fill the rest of the bottle

? become a bigger bottle so you can hold much more than you ever could have before.

Admittedly, it is not always easy to overcome past beliefs, learn new concepts or see things from a different perspective.

But the rewards of a whole new world that opens up are worth any bumps experienced along the way.

Connecting with people who already are where you want to be can make the whole process easier.

Expanding your network not only increases your access to resources and opportunities, it also helps to



embed changes and further your thinking.

If the five people you spend the most time with are a good representation of how you think and act, who would you choose to be among those five - even if you don't know them right now?

Next month the focus will turn to the roles of expanding your business and your resources in moving to the next level.

The Next Generation

Life as a rat in Cashflow City
by Jenaya (11) & Anja (12)

The first time we played Cashflow 101 we were pretty astonished at some of the deal prices.

Deals are very important in getting out of the Rat Race because that is where

you get your cash flow. There are good and bad deals. Cheaper prices make some of the best deals with stock. Although with real estate, Big Deals and good ROI make it easier to get out of the Rat Race.

Sometimes we got stuck with a Doodad which is an unnecessary item that we

"chose" to buy. We got pretty frustrated when we "bought" something expensive like a \$17,000 boat on loan!

But the reward does come once you find your way out of the Rat Race and live the life of luxury in the Fast Track.

Investing In Experience

from the desk of Debbie & Gary

Worry, stress, indecision, second guessing yourself...are they a part of investing? These negative feelings and thoughts don't have to be. The cure is simple... education and knowledge.

Investing and finance is not taught in our school system and advice from others is often based on "hot tips", rumors, fear or outdated information that does not work in today's market.

Educating yourself and understanding an investment can make all the difference between losing your shirt, maybe getting average returns and achieving great results.



No matter what type of investments you have and whether they are managed by yourself or by another, understanding the investments can avoid costly surprises and make it easier to sleep at night.

In the past we left our investment decisions to a financial planner, choosing our funds from a menu based on his advice with little time and effort put into managing our investments.

Achieving average results at best, as well as dreaming of retirement and a

lifestyle of freedom, led us on the quest for knowledge. Time spent watching reruns on TV was replaced with investment seminars, and reading financial books.

Learning even the basics of investing removed the frustration and confusion, making it easier to understand and take interest. Understanding our investments or ones we were considering made investment decisions easier, built confidence and eliminated stress and worry.

The decision to educate ourselves on investing has been fun, interesting and a rewarding experience. It all helped us to grow and has also brought some wonderful like-minded people into our lives.

Knowledge is understanding... the key to achieving greater success.

Over to You

"Is there any way of getting out of paying the Management Expense Ratio you talk about? If not, who will charge the least amount?" *Denise D, Calgary*

If you choose to invest in mutual funds then MERs are part of the package. How then can you get the most money in your pocket rather than in someone else's?

Decide which type of fund(s) is best suited to help you achieve your goals

(eg. fixed income, growth, ETF, etc) and then compare the MERs of the funds within that category. Target your research towards funds combining the highest return with the lowest MER. Be alert for those funds with the lowest returns while having the highest MERs.

(See *Quick Facts* for

sources of MER information.)

Index or ETF (Exchange Traded Funds) tend to have lower MERs as do no-load and front load funds as compared to their back-end load equivalent.

Often you can negotiate a better rate with your advisor on front load fees or direct commissions.

"Nurture your mind with great thoughts, for you will never go higher than you think.."

By The Book

"Who Took My Money" by Robert Kiyosaki - 2004, ISBN: 0-446-69182-8

In rereading this book from 2004 one quickly realizes the more things change the more they stay the same.



"Who Took My Money" is a timeless (re)read for anyone who truly wants to kick ordinary investing into high gear.

Kiyosaki addresses a wide range of topics including cash flow versus capital gains, getting good advice, finding opportunities and accelerating your money through leverage and integration.

Like other books in the Rich Dad series the focus remains on financial

education and expanding one's mindset.

Be prepared to look at your money and investing in a whole new way.

If you are tired of hearing the same old spiel and it's time to see better results, this book will open the doors to new ideas and possibilities.

Diving into Due Diligence

Infrastructure

Fortune tellers read cards to predict the future. Sophisticated investors read sewer systems to predict the future. Who would have thought?

While roads, sewers, vacant land and so on may not be the sexiest aspects to research, they do provide a high degree of insight into the long term growth potential of an area.

People follow paths of least resistance. Areas that are fast and easy to access at-



tract people and businesses. More routes, wider roads, overpasses, light rail transit and highway extensions all provide greater access and reduce commute times. Even scheduled airline service opens up access to previously less desirable areas.

But how fast do you want to get to a place where there is not enough water or no electricity?

The rate of growth in an area is limited by its capacity to handle the basic services and utilities.

No one wants to be playing catch up all

the time or having to pay for expansions year after year.

A tight squeeze on space will also turn businesses and people away. If there's no where to grow then it's easier to go somewhere else. Long term planning needs to account for available space for industrial growth and housing development for the people who will follow.

Long term viability is tightly tied to a long term (and accurate) outlook. But plans are not enough. They can be delayed, reworked and even shelved.

Reduce the risks of speculation by waiting until the shovel is actually in the dirt.

What's That?

Return on Investment

Return on Investment, or ROI, is a simple ratio enabling you to measure how well your invested money is working for you.

The ROI calculation is:

$$\text{ROI} = \frac{\text{(annualized) Profit}}{\text{Cost of Investment}} \times 100$$

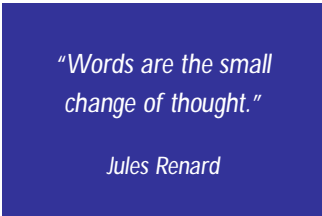
For example, if the net monthly

profit from a rental property is \$125 and the down payment was \$54,500 then the ROI is 2.75% $[(125 \times 12) / 54,500 \times 100]$.

ROI acts as an equalizer so you can see how well your money is working for you across different types of investments. In a sense, ROI allows you to com-

pare "apples to oranges".

Tip: *Always calculate your own ROI as part of your due diligence so you know if the values used are accurate.*



In real estate, ROI is also referred to as Cash on Cash Return (CCR) and with paper assets, ROI is also referred to as the Yield.

Time For Fun

Did you know:

Like a finger, everybody's tongue has its own unique tongue-print.

A cough expels air at up to 60 mph; a sneeze expels air at up to 100 mph. (Google: human body facts)



Brain Teasers

a) What joins two people together but only touches one?

b) What goes into water red and comes out black?

c) One of the words in this puzzle is

spelt incorrectly. Which one?

precede ~ delicacy ~ parallel ~ rhythm
separate ~ deceive.

- see answers next month -

February's Answers:
a) sponge b) ACH c) a riddle

GLOMAR VPC INC.



*Transforming dreams ...
into extraordinary lives.*

Lorraine Watson & Bonnie Duckett

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MALIROO PROPERTIES INC.



*Dreams Become
Reality ...
One Property at a Time!*

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Cashflow Game Nights

Come out and have a fun night playing your way onto the Fast Track ... where your money works hard for you instead of you working hard for your money.

Okotoks

(doors open 6:15pm)

Crystal Shores Beach House - 403 Milligan Drive

- March 26, 2008 6:30pm - 9:30pm
- April 2008 - TBA 6:30pm - 9:30pm
- May 2008 - TBA 6:30pm - 9:30pm

RSVP to vpcinfo@glommar-vpc.com or register at the Beach House: 995-1358

Calgary

(doors open 6:30pm)

Willow Ridge Community Centre - 680 Acadia Dr SE

- March 14, 2008 7:00pm - 10:00pm
- April 11, 2008 7:00pm - 10:00pm
- May 9, 2008 7:00pm - 10:00pm

RSVP if possible to vpcinfo@glommar-vpc.com

Please remember to bring a calculator, pencil and eraser.

Join our courtesy Game Night reminder service at:
www.glommar-vpc.com/event_schedule.html
or www.maliroo.com

Catching Up

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Bonnie & Lorraine

Perhaps a trip to the chiropractor in order to fix this sudden case of whiplash. Trying to catch a glimpse of February flying by must have done something for sure!

The snow, cold and bad roads may have forced us to cancel our scheduled Cashflow Game Night in Calgary last month but we were pleasantly surprised by the number of people who were able to make it out

the following Friday - even though it was the start of a long weekend! And our Game Night in Okotoks had an overflowing table with seven people eager to play.

The real estate market in Alberta continues to look strong from a fundamentals perspective. With the colder weather creeping in over these past few months tropical properties seem to have all the buzz. To hear Europeans are in love with Alberta real estate as much as we are in love with the tropics was humorous. But it does show from a larger perspective we are still in good shape.

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Deb & Gary

February was an exciting month for us with my sister's wedding in Cancun, Mexico. The Caribbean Sea was a beautiful backdrop for the ceremony. It was a beautiful hot sunny day and a good time was had by all.

This was the first vacation we have taken with my family and some special memories were made. One unforgettable experience was swimming with dolphins. They are such incredibly smart and gentle creatures, even my daughter and her grandma swam with them. What an exciting feeling to have two dolphins tow me through the water while I held their fins.

We have been working with our accountant and lawyer, and the set-up of our corporate business structure is progressing nicely. We are very excited about moving forward and what the next few months will bring.