



## We really like mortgages - and naturally real estate - as an investment vehicle

Investing is a challenge. Investing so you see consist growth can be downright difficult. Talk to almost anyone and you will hear varying opinions on what to do. Buy gold, oil, this stock, that stock, livestock, real estate, foreign exchange... you have heard them all. Today the uncertainty seems to be at a higher level than ever. Watching the TSX, DJIA, S&P 500, and Nasdaq on a daily basis is like watching a bee buzzing near your porch light; it's unpredictable to say the least.

Let's look at some facts. Over 11 years ago, on January 1, 2000 to be exact, the DJIA (Dow Jones Industrial Average) opened at 11,487 points. Over 11 years later it sits around 11,000. The Dow is an index that shows how 30 large publicly owned companies, based in the United States, are trading collectively. You do not need to be a mathematician to know what investing in the equity markets has done; a dollar invested in the Dow 11 ½ years ago today would be worth about the same – plus or minus a few pennies (not taking into account the dividends that many Dow 30 companies pay). Compare that to your home, land, farm, or commercial property.

How about Warren Buffett? He is a very smart man running one of the most respected fund companies in the world; Berkshire Hathaway (BRK). BRK's share price has not quite doubled in these 11 ½ years (up 89.95% in 141 months). This is the equivalent return of 5.75% per annum over the 11 ½ years. And of course you have to be able to buy BRK that trades for more than \$100.000 per share.

So think about what you own in real estate today and how much value it has gained since 2000 and how much your equity has increased. This will vary based on your location but most Canadians will find that their best investments have been in real estate. We at Alta Pacific certainly have experienced this. Investing in mortgages has proven to be a very consistent and reliable investment vehicle for us. As we finalize our audit for the 2011 year (with our year in June 30th), we are on track to once again exceed our target rate of return of 8-11% per annum.

And finally, with investments in real estate and mortgages, isn't it nice to not have to watch that buzzing bee on a daily basis.

## » Did You Know?

Q1 statements will be sent in the mail the week of October 1st. This statement will also include the audited year end balance from June 2011 for those investors that have been with Alta Pacific prior to year end.

## » Articles of Interest

- » [Berkshire Hathaway Inc. since Dec 31, 1999](#)
- » [Dow Jones since Dec 24, 1999](#)

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## » Our Locations

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