



# Invest Locally

By Marcin Drozd

Before Mergers & Acquisitions, prior to stock market IPO's and even before the modern day printing presses, we were investors. Nothing like we are today, with instant updates streaming to us live through BNN or a plethora of media outlets. No, today we can own a company at 9:35am and decide to sell it just before heading out for lunch. We can make "millions" and lose "millions" faster in 2012 than in any other period in time. The world is increasingly becoming a smaller place, more connected than ever with billions of facts and figures firing off at lightning speed from investment brokerage's trading desks to people's laptops (likely connected to free Wi-Fi at Starbucks).

The paradox here however is that with the abundance of videos, reports, and information available regarding just about anything, many people today find themselves more overwhelmed than ever before. We live in a world where we have to contend with information overload. Very few things are simple today; even grocery shopping.

Gone are the days when chicken was just "chicken" or eggs were just "eggs". Today, between GMO (Genetically Modified Organism) and/or artificially grown "real" food, it is nearly impossible to know where our food comes from. I remember when I was a small boy in Poland, my Grandma used to send me to the corner of our block every Tuesday to meet the

milkman. He would arrive in a truck with several gallons of milk for the neighborhood. It was fresh, tasted great and we knew exactly where it came from (and may even have unknowingly played amongst the cows that provided it). Other groceries were bought at the local farmers markets where we knew the people we bought our food from. Fast forward twenty plus years and we live in a world where our nutrition depends on a handful of large companies that, through profitable consolidation and other efficiencies, have indirectly disconnected us from our food suppliers. If you look around the country a grassroots movement has started. It has various names/groups/associations but most have a common theme of eating locally produced organic/natural food and supporting local farmers. Many of these groups have a common core belief and it includes getting "you" the consumer, reacquainted or closer to your local food supplier. I have been a big supporter of this movement myself for several years seeking out local grocers and only in the last few months I've realized that there is a striking similarity between the "Eat Local" movement and what I have been advocating to investors, "Invest Locally".

In my opinion, as with the origination of our food, the

majority of people are oblivious as to where their money is actually invested.

Don't get me wrong, they may know that they have "X" amount of dollars as of the last statement that they received and some may even understand that they own mutual funds or stocks, but the vast majority of people I have come across know very little on this subject.

Now, there are those people that are informed about their finances and investments. They spend time studying markets and reading up on world events that may affect their portfolio. This would be similar to someone who is aware of the dangers of genetically modified foods and reads the labels on everything they buy at the mainstream grocery store. In the world of finance the individual researching mutual funds or stocks will come across terms such as P/E Ratio's or the Sharpe Index when deciding to make an investment in the public markets. In similar fashion, someone looking to make more health conscious purchases at the mainstream grocery store will read up on common ingredients they may want to be aware of such as sodium nitrate or monosodium glutamate (MSG). In the world of finance we call this kind of research due diligence, and I applaud anyone taking the time and interest in understanding the playing field.

The issue/dilemma I believe investors inevitably end up with is the realization that they are just too far/disconnected from the actual investments themselves. A mutual fund in the average person's portfolio can hold other mutual funds or hundreds of stocks and bonds making proper due diligence very difficult, especially for a time strapped investor. Also, transparency comes at a premium with many companies today pushing to make their enterprise look as promising as possible. The other alternative of course is buying stocks directly which requires incredible focus/attention and reliance on mountains of due diligence by numerous parties with various personal interests.

Consider also the volumes of unrelated industry reports/gossip that seem to regularly send stock prices plummeting as speculators push their interests. At the end of the day, the only real control an investor can have over his/her stock holdings is their ability to buy or sell in this knee jerk reaction environment. On the other end of the spectrum, today's choppy stock market can also prove quite lucrative for the few that have the nerves/bank accounts to tolerate the uncertainty. In my opinion, the majority of Canadians have **two** main options:

**1** They can continue to invest "blindly on faith" in funds they know nothing about, with people they have never even met (those currently managing their money) and with their money flowing to who knows what part of the world.

**2** Take some time to learn about alternative investment opportunities that the masses are not yet exposed to. There is an entire regulated industry out there (called the Exempt Market) that supports investing in private opportunities, many of which are local and in your hometown.

The Exempt Market is a place where every day Canadians (subject to provincial qualification rules) are able to assess individual opportunities for their own merit and appeal. If it is a local RRSP eligible real estate opportunity; you as the investor can drive out to the site and "kick the dirt," review the financials and business plan, ask questions and dialogue with the actual people that will be utilizing your investment dollars to finance the development. Overtime, as the project moves forward you can drive by the site on your way home from work and see things taking shape, take pride in the jobs and increased property values that your investment dollars have helped catalyze. The Exempt Market is an industry that by nature removes the "normal" degrees of separation and encourages transparency between investors and those entrusted to best utilize the funds. This direct approach also helps set expectations for everyone involved.

With the global markets becoming increasingly interconnected and volatile, I believe we need to take a page from the

"Eat Local" movements springing up across Canada and lay the groundwork for an "Investing Locally" movement supporting viable local businesses and in turn helping support the communities we live in.

A consistent top performer in the exempt market space, Mr. Drozd is a respected advocate for investor and advisor education regarding Alternative Investments. Mr. Drozd's public awareness campaigns through educational talks to thousands of people across Canada, and he has been featured in various publications including Canadian Real Estate Wealth Magazine, The Calgary Herald, Edmonton Journal, The Winnipeg Free Press, and the Exempt Edge.