May 2018

Elixir News

elixir

ELIXIROFINCOME.COM

CREATING INCOME FOR EVERYDAY PEOPLE BY USING TECHNOLOGY
TO HARVEST VOLATILITY.

Hi everyone,

Hope you are doing well and thanks again for following our story. May was a great month for Elixir, as we achieved 4.03% revenue! Our average 10-month monthly revenue has reached 2.74%, exceeding our monthly target by 0.74%!*

This May issue of the Elixir newsletter contains several articles you may find insightful. Under Global Market Observations, I talk about the upcoming federal elections in Mexico and Turkey, and the impact of these elections on the nations' respective currencies. I also include a brief piece about the falling price of West Texas Intermediate Oil. The second article in the "Why We Started Elixir" series shares my research into the stock market (US, Canada, UK and rest of Europe). My conclusion is that the future stock market's return will be lower than what we have experienced throughout the past 60 years. In the Economic Traveler's Report, I highlight observations I made during a recent visit to Puerto Rico.

In this issue, we also make two important announcements: We introduce the newest member of the board, Mr. Marcel Jreige, and announce the opening of our new office in Burnaby, BC. The end of the issue contains a one-pager about our trip to Mexico at the end of October. Please email me directly if you are interested in joining.

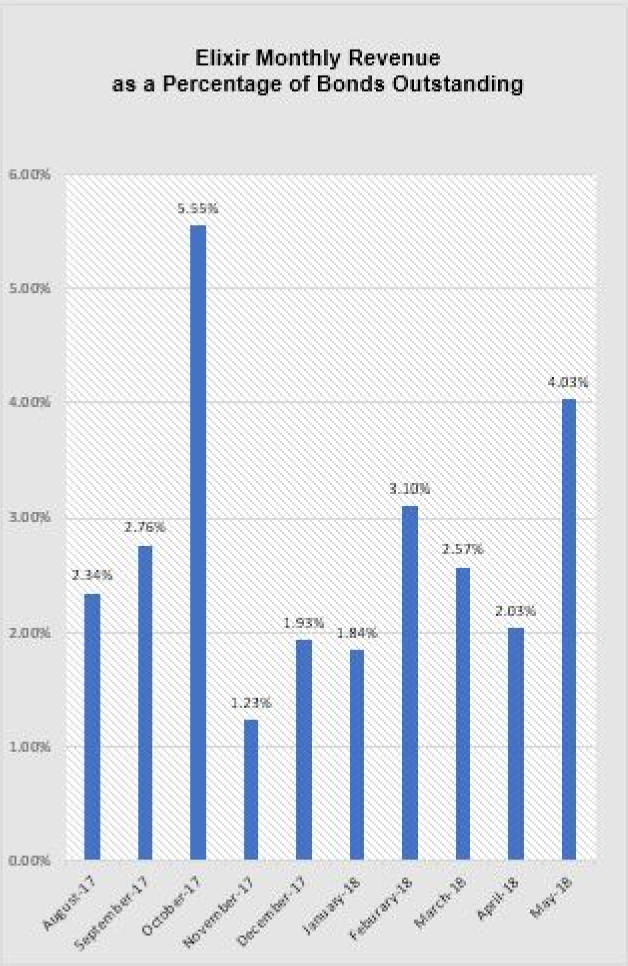
On the personal side, look at these wild salmonberries! Eve and I have been munching on them for two weeks now, when we take our daily hike in the forest. They are nature's great treat!

Please feel free to reach out at any time. We are planning a small social event in the Vancouver area towards the end of June, celebrating our exceptional May performance. We will circulate an invitation soon.

Sincerely,
Bill

**This key performance metric is calculated based on realized revenue dividing by bonds outstanding at the beginning of the month. The realized revenue is from interest earned on deposits and from rebalancing our hedge.*

ELIXIR'S MAY 2018
REVENUE PERFORMANCE



Elixir's financial target is to produce revenue amounting to 2% of investors' bonds each month. Revenue comes from earnings on deposit interest as well as from capital gains created through the rebalancing of the DDVARH hedge. The DDVARH hedge allows us to capture some of the daily volatility that underlying deposits and assets produce. As a reminder, Elixir is a company and uses GAAP accounting; the quoted revenue is realized (not unrealized) revenue.

May was a strong month. Revenue performance as a percentage of redeemable bond deposits ended at 4.03%. However, we caution our followers to expect that returns will revert to more normalized amounts in the coming months, as volatility in June has been very low.

GLOBAL MARKET OBSERVATIONS

This month, I would like to comment on the upcoming federal elections in Mexico and Turkey as well as on the impact these elections will have on the nations' respective currencies. I'll also discuss the capital movement behind the oil market and what it means for future oil prices.

The Mexican Peso & Mexico's Federal Elections

Since the publication of our last newsletter, the Mexican Peso has dropped 6% in value. This is not only a response to general emerging market volatility, but also a market reaction to the center-left candidate, Andres Manuel Lopez Obrador (AMLO), who is leading all polls for the Mexico federal election, to be held July 1. With a current lead of 20%, AMLO may finally, on his third attempt, become Mexico's president.

Being center-left, AMLO's party is equivalent to Canada's New Democrats Party (NDP). The business community is very concerned about the prospect of a socialist running the country. A list of business tycoons, such as Germán Larrea, Victor Almeida and Pedro Martin, have openly rejected AMLO. Material fears include the fact that AMLO agrees that NAFTA should increase wages for Mexican workers. He also plans to reassess whether Mexico should continue allowing the oil industry to accept private investment or whether it should, instead, adopt Saudi Arabia's state-owned structure. At the moment, AMLO's political stand internationally is unclear; on the one hand, he has said to approach Trump with "caution and respect", but on the other hand, the Wall Street Journal has caught AMLO criticizing Trump as being an anti-immigrant-rhetoric racist, xenophobic and neo-fascist.

Internally, AMLO's campaign has positioned him as a man of the people, a fervent social activist with an authoritarian streak. He has a strong track record as the former mayor of Mexico City. Seven days a week, he hosted a 6:15 a.m. press conference to set the city's agenda for the day. This earned him a reputation for getting things done. AMLO built Mexico City's first elevated freeway and co-designed a system with former New York City Mayor Rudy Giuliani to reduce the crime rate. He also created efficiencies to save money, showing that he can increase spending without taking on more debt. AMLO said he would run the nation of Mexico the same way he ran Mexico City. He promised to crack down on corruption, reduce the crime rate and grow the economy.

Based on what we know so far, I believe AMLO is speaking as a socialist to gain the popular vote. Corruption has engulfed the current administration, which is also plagued with a slow economy and increased violence. I believe that Mexico's future will be bright under AMLO's leadership if he runs the country like he did Mexico City. I also believe that Mexico's relationship with the US may be less fraught than it is under the current administration. Therefore, I am not concerned about the outcome of Mexico's elections and I believe the peso will soon return to its normal range of volatility.

The Turkish Lira & Turkey's Federal Elections

Since January 2018, the Turkish Lira has dropped about 20% in value. This decrease can be attributed not only to the general emerging market volatility but also to serious concerns about increasing inflation and interest rates, and to a weakening economy. The current political leadership, President Recep Tayyip Erdogan, is making the situation worse and may be re-elected on June 24.

Inflation remains a concern in Turkey. At the end of the first quarter of 2018, it was officially reported to be just over 10%. This inflation is a result of the fact that, to spur economic activity, government funds are lending directly to companies and projects. The country's growth was 7.4% in Q1 2018, which is putting upward pressure on the inflation rate.

The Central Bank of the Republic of Turkey must fight inflation by increasing interest rates. In the spring, Turkey's central bank raised rates by 5%, to 18.5%. This is expected to support the lira and cool the economy.

It seems that the sharp increase in interest rates may be working. A monthly purchasing managers' index, produced by the Istanbul Chamber of Industry, showed that the manufacturing sector indicator fell to 46.4 in May – the third consecutive decline. (Any reading below 50 indicates a decline in economic activity.)

President Erdogan has inflicted damage by making irrational comments to the media. The climax of his poorly-thought-out actions occurred on May 14, 2018, when he appeared live on Bloomberg TV. In the interview, President Erdogan said that Turkey's central bank was doing a bad job; he announced that, if re-elected, he would like to assume responsibility for Turkey's monetary policy. Although he retracted this statement later in the day, it had already made the lira extremely volatile and created heightened concern among investors. Turkey's central bank and President Erdogan have formally confirmed that Turkey will maintain separation between the country's leader and the central bank.

Turkey's current situation has certainly dampened our enthusiasm about adding significant amounts to our Turkish Lira deposits. We are content with the positions we have already purchased. The Lira pays very high interest and its daily and intraday volatility has been remarkable. (Some days, the lira's swings in value have been greater than 5% to the positive or negative.) This means the potential exists that we can sell our positions for a profit at some point in the future. We are closely monitoring Turkey's federal elections. If the competing party wins instead of President Erdogan, the expectation is that the Turkish Lira would significantly increase in value.

Capital Movement in the Oil Market

Last month, we discussed the buying and selling pressures that the currency and commodity markets face. We examined in detail a chart from the Commitment of Trader's Report on Euro and concluded that the Euro was likely to fall, as commercial investors had significantly more USD buying power than did speculative investors.

This month, the Commitment of Trader's Report reveals something dramatic in the buying and selling pressure of West Texas Intermediate Oil (WTI). As background knowledge, WTI has increased from \$25 to \$72 per barrel over two years.

As the chart shows, the large speculators (hedge funds – green line) are unwinding their trade. Small retail investors (blue line) are gobbling up this high-priced oil with more passion than at any other time in the last five years. As a result, over the last three weeks oil has started falling in value. It has dropped from a high of \$72 to \$66 per barrel.

Historically, retail investors choose the worst time to invest – even worse than large speculators. This chart leads us to believe that WTI will continue falling.

WHY DID WE START ELIXIR?

Concerns About Long-Term Stock Market Returns

Two months ago, I began writing a series of articles explaining the reasons behind the founding of Elixir. As a brief recap, I believe the period of making easy money in stocks, bonds, commodities and real estate has reached its end. Over the next 50 years, people will have trouble preserving their capital in these investments, let alone make money off them. Yet, despite this fact, market volatilities still create income opportunities. We created Elixir to capture those opportunities.

In the March newsletter, I raised my concerns about real estate investment returns. I concluded that passive real estate returns over the short term and long term will underperform inflation and produce negative real returns for the conceivable future.

Today, I would like to share my views on the long-term returns of the stock market in the US, Canada, the UK and the rest of Europe.

First, let's look at the history. My stock market analysis of historical returns is based on data from the Dow Jones Industrial Average. I chose the Dow Jones Index for two reasons. One is because the US stock market return is highly correlated with the UK, the rest of Europe and Canada; therefore, the conclusions that we reach in our studies of the US stock market will give us a pretty good idea of what will happen in those countries.

Second, because most of us hold onto our stock investments (e.g., self-directed stocked, mutual funds, exchange traded funds, etc.) for 20 to 40 years, and because children may have an even longer investing period of 50 or 60 years, our analysis must cover a long period of time. However, it is difficult to find stock market return studies that stretch beyond 10 years. Given these circumstances, I decided to conduct my own data study. Within the US stock market, the Dow Jones Index maintains the oldest historical data. The further back in time we can go, the more credible our study becomes.

As a first step in finding the stock market's historical long-term returns, I looked at the Dow Jones Index's daily closing values from 1900 to 2018. In total, this represents 118 years or 1,433 months of data. (The data was purchased from a third party authorized by the US Federal Reserve.) Then, from the opening level, I calculated the future 10-, 15-, 20-, 25-, 30-, 40-, 50- and 60-year returns. For each period, I found the lowest, median and highest period of time over the past 118 years. Below is the result of my study.

Note: These calculated returns do not include management fees, transaction costs, taxes or dividends. The Dow Jones Index's current dividend yield is 2.2%, which is similar to mutual funds' management fee. If the investment is held through a low-cost exchange traded fund, the return for investors could be 1 to 2% higher than the numbers in the chart.

Holding Period	Worst Annual Return	Best Annual Return	Median Annual Return
10 yrs	-9.84%	16.39%	3.28%
15 yrs	-6.15%	15.52%	4.69%
20 yrs	-3.71%	13.84%	5.07%
25 yrs	-1.17%	13.84%	6.34%
30 yrs	-0.26%	9.79%	4.77%
40 yrs	1.68%	9.01%	5.35%
50 yrs	1.67%	8.57%	5.12%
60 yrs	3.35%	8.06%	5.71%

I would like to draw your attention to three things:

1. The shorter the investment holding period, the higher the annual return volatility. For a 10-year stock market investment, the return for the investor could be as low as -9.84% or as high as 16.39%. To reduce the return volatility/risk, investors would have to keep their investments for at least 30 to 40 years, as shown in the chart.

2. The worst annual returns from 10 years to 60 years tell us that even with a long holding period, very low returns are possible from stocks that do not keep pace with inflation. In many cases, investing in GICs would be better than investing in stocks.

3. The stock market median annual return over a long investment period is only about 5 to 6%. This is much lower than the 10% long-term return many investors expect to get.

After studying the historical return data, I have concluded that over a long period of time, stock return is not great. However, that said, some investors did achieve good annual returns over a long holding period. How did they do this? What is the most important factor determining future return when one invests in the stock market?

The answer is simpler than most would think.

The most important factor is how cheap or expensive the stocks are when one first invests. For example, if one invested in 1929 when stocks were expensive, their 60-year expected annual return would be around 3 to 4% (as shown in the historical return chart). If investors bought stocks at an average price, they could expect to receive a median return of about 5 to 6%. If they bought stocks cheap, they could expect a return of around 7 to 8% over a 60-year holding period.

Another law of the stock market that sophisticated investors use to determine the timing for investment is that a period of high returns is always followed by a period of low returns, and vice versa. In other words, if one enters the market after a poor return period, one can expect a high return on investment. Here are four examples from my study that demonstrate the above point:

1. The best 10-year annual return was from May 1989 to May 1999. The annual return was 16.39%. The 10 years following the return, from May 1999 to May 2009, saw a loss of -2.89% per year.

2. The best 15-year annual return was from May 1985 to May 2000. The annual return was 15.52%. The following 15 years saw an annual return of only 3.47%.

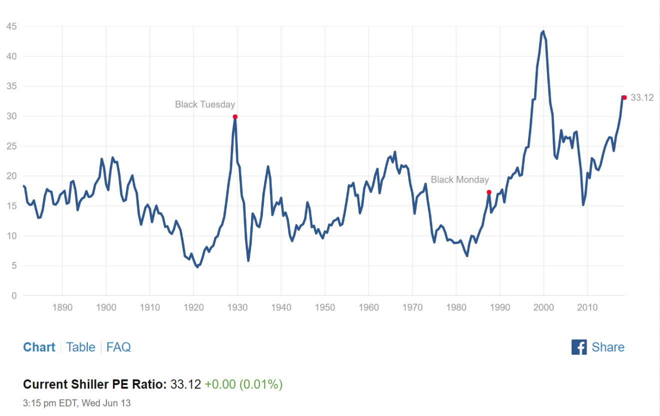
3. The worst 20-year annual return was from September 1929 to September 1949. The annual return was negative 3.71%. The following 20 years, from September 1949 to September 1969, saw a return of 8.02% per year.

4. The worst 25-year annual return was from July 1907 to July 1932. The annual return was negative 1.17%. The following 25 years, from July 1932 to July 1957, saw a return of 10.20% per year.

So, where are we with the stock market today?

- Stocks Are Expensive

Stocks are expensive. Companies are priced at a multiple of their earnings. Typically, public companies have traded at a multiple of 16 times their last 10 years' earning average adjusted for inflation. As you can see below, companies, on average, are trading at 32 or twice the normal valuation. This is historically very expensive – higher than the valuation before the great stock market crash of 1929 and the financial collapse of 2008.



Source: http://www.multpl.com/shiller-pe/

Excellent companies are even more expensive than the stock market as a whole. We all know that Amazon, Netflix and Alphabet (Google) are excellent companies. Below is the price earnings multiple of these companies based on their share price on June 1, 2018.

Company	P/E Ratio
Alphabet (Google)	62
Amazon	266
Netflix	287

The extreme high valuation of popular companies is not a new phenomenon in the market place. In the late 1960's and early 1970's people invested in popular companies at similarly high multiples. McDonalds, Coca-Cola, General Electric, and Procter & Gamble were the "Netflix, Amazon and Alphabets" of their time. These stocks reached their peak in 1972, then fell greatly in 1973 and 1974. The table below demonstrates the return difference when one invested in the same company two years apart, in 1972 and 1974. The investor who waited until 1974 to purchase these stocks had a much higher long-term return. Amazon and Netflix are great companies but it would be wise to purchase them only after they decline in value.

Stock	Total Return 1972-1982	Total Return 1974-1982	Total Return 1972 - Present	Total Return 1974 - Present
McDonald's	2%	269%	8,000%	25,000%
Coca-Cola	1%	93%	2,860%	8,450%
General Electric	3%	196%	1,736%	4,180%
Proctor & Gamble	6%	62%	2,442%	3,780%

- Current Returns Have Been Higher than the Historic Average

Below I have compiled the annual returns on your investment, assuming you sold out your stocks on June 1, 2018. Notice that between the 10-year and 60-year holding period, the annual returns are consistently higher than the average historic median annual return. Because the current returns have been higher than the historic average, the future result should be lower than the past.

Period of Time	Annual Return Sold out on Jun 1, 2018	Average Historic Median Annual Return	Amount Above
10 yrs	7.03%	3.28%	3.75%
15 yrs	7.03%	4.69%	2.34%
20 yrs	5.21%	5.07%	0.14%
25 yrs	8.05%	6.34%	1.71%
30 yrs	8.62%	4.77%	3.85%
40 yrs	8.81%	5.35%	3.46%
50 yrs	6.83%	5.12%	1.71%
60 yrs	6.84%	5.71%	1.13%

Based on these current data and observations, I predict that the future long-term stock market annual median return will be much lower than the 5 to 6% that has historically been obtained; it will likely be closer to 2 to 3%. This means if you buy stocks today at a high price or before this high-return period ends, after 30 or 40 years the annual yield on your investment could be as low as 2 to 3%. In the US, the current inflation rate is just under 3% and may very well grow. The possibility of the long-term return being lower than the inflation rate is enough to discourage me from investing in the stock market.

What about the opinions of other analysts and leaders in the financial market?

John Bogle, Jeremy Gratham and Robert Anott are among my most respected group of analysts in the global financial market. Below is a summary of their respective backgrounds and opinions about the stock market's future return. I wish they could provide return estimates for the next 25 to 50 years, but predictions for the next seven to 10 years are valuable references, too.

> "It is very difficult for the stock market to sustain superior performance. What goes up must come down, and it is true more often than you can imagine."
>
> -John C. Bogle

John C. Bogle

4% annually over the next 10 years

John C. Bogle is an 89-year-old legend in the global investment community. He is famous for starting the first index mutual fund – the precursor to exchange traded funds. His desire to do this stemmed from the fact that he wanted the average investor to have a low-cost way to acquire a widely diversified stock portfolio. His 1999 book Common Sense on Mutual Funds became a bestseller and is considered a classic within the investment community. Paul Samuleson, the famous economist who was the first American to win the Nobel Prize in Economic Sciences, said that this "invention belong[s] in the same class as the wheel, alphabet and printing press." Source: BBC

In October 2017, Bogle was interviewed by Morningstar and asked to provide a 10-year nominal (return before considering inflation and fees) expected return of the US stock market. Due to concerns about high current valuation, he predicted 4%. When adjusted for 1% annual fees and 2% inflation, this would provide a gross 10-year return of 5% per year.

Jeremy Grantham

Minus 3% annually over the next 7 years

Jeremy Grantham is an 80-year-old British investor and the co-founder and chief investment strategist of Grantham, Mayo, & Van Otterloo (GMO), a Boston-based asset management fund. It is one of the world's largest asset management firms, with $118 billion in assets under management. Grantham considers himself a student of the history of the world's previous 34 completed bubbles. He says that this study of history allowed him to predict the fall of Japanese equities and real estate in 1988, the dot-com crash of 2000 and the great recession of 2008. Currently, he is issuing a warning that the stock market is significantly overvalued; this is why he predicts annual negative returns for the next seven years.

I would like to share a profound insight he had about the great recession of 2008 and his ability to predict it:

"I described it as being like watching a train wreck in very slow motion. It seemed so inevitable and so merciless, and yet the bosses of Merrill Lynch and Citi and even U.S. Treasury Secretary Hank Paulson and Fed chairman Ben Bernanke – none of them seemed to see it coming. I have a theory that people who find themselves running major-league companies are real organization-management types who focus on what they are doing this quarter or this annual budget. They are somewhat impatient, and focused on the present. Seeing these things requires more people with a historical perspective who are more thoughtful and more right-brained – but we end up with an army of left-brained immediate doers."

- Jeremy Grantham

Robert D. Arnott

2% annually over the next 10 years

Robert D. Arnott is an American analyst and entrepreneur who founded Research Affiliates (RA). RA advises on over 160 billion USD in institutional investment assets. He edited the CFA Financial Analyst Journal from 2002 to 2006 and has received "Best Article of the Year" honors seven times from the CFA Institute. Arnott has published more than 100 academic papers. He has been credited with using technology to improve on John C. Bogle's original concept of index mutual funds and inventing fundamental indexes. Currently, using these mythologies, he predicts that the expected returns of US equities will be only 2% a year over the next 10 years.

"History teaches that when valuations are extreme, a move toward historical norms, is likely. Many investors prefer comfort, chasing what is popular and loved rather than pursuing what is out of favor. The markets do not reward comfort"

- Robert D. Arnott

In conclusion, after analyzing history, studying current data and confirming information with individuals I highly respect, I believe the future stock market return will be lower than what we have experienced over the last 60 years.

Stocks do not represent a good investment option. We want to give investors a better model, one that generates higher returns than the stock market does. This is one of the reasons why we started Elixir.

Elixir Traveler's Report

In May, Eve and I went to Puerto Rico for vacation. This marked my second time visiting the island. Through conversations with others, I learned that many people are interested in this island – and not only about its tourist attractions but also about its economy. Here I share four of the most-asked questions.

What is Puerto Rico's relationship to the United States?

Many of us aren't familiar with the island's political structure; we know only that Puerto Ricans hold US passports. The relationship between the United States and Puerto Rico is complicated, to say the least, and has been since the US acquired the island after the Spanish-American War in 1898. While we can spend a long time trying to determine whether the island is a commonwealth or a territory of the US, I would like to share basic facts I learnt through research and many conversations with locals.

1. The island's highest elected official is the Governor. The US Congress holds ultimate responsibility for Puerto Rico's government.

2. The island flies its own flag and recognizes both English and Spanish as its official languages. The locals prefer to speak Spanish. They think that Mexican Spanish is more proper than the "lazy" version of Spanish spoken in Puerto Rico.

3. Puerto Ricans carry US passports. They are US citizens with conditional voting rights. If they live on the island, they are not allowed to vote in US federal elections but if they become residents of the continental US, they are granted the right to vote.

4. Puerto Ricans serve in the US Armed Forces.

5. Puerto Ricans use the US dollar and US postal service.

6. Puerto Rico imposes a separate income tax in lieu of the US federal income tax. Only employees of the US federal government pay income tax to the US.

7. Most Puerto Ricans consider themselves independent from the US. Internationally, they compete on their own, such as in the Miss Universe contest and Olympic Games.

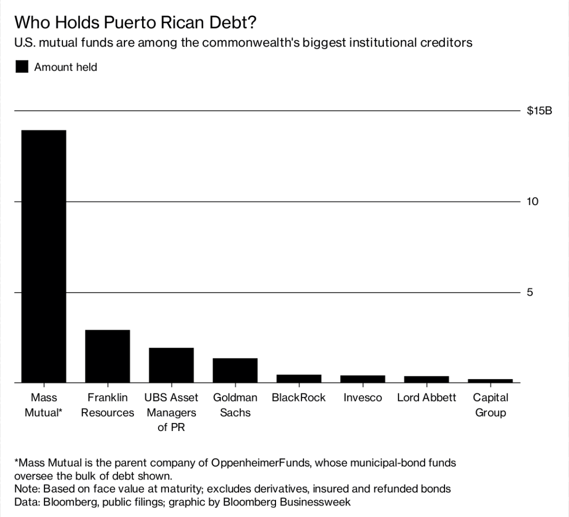
How has Puerto Rico recovered from Hurricane Maria?

We visited the island seven months after Hurricane Maria hit last fall. In San Juan, the damage is still noticeable. The power grid remains unstable and repair work on broken windows and street signs is ongoing. We stayed at the Intercontinental San Juan. Due to power outages, the hotel had to turn on its own generator a couple of times. Since the hurricane, the famous El San Juan Hotel next door has remained closed; however, the groundskeeper told us that the hotel may open for business this fall. Tourism is significantly down. For example, the captain of a very popular catamaran snorkeling tour told us that, before the hurricane, 11 boats from various companies worked out of their marina, taking people to snorkel. After Hurricane Maria, only three boats are operating.

Outside San Juan, things are much worse. Many people are still without proper housing and jobs. Several factories are still in reconstruction and some – for example, large pharmaceutical manufacturers – have simply closed their plants for good. Likely, another year or two will pass before the island returns to its "normal" state. I believe that one of the reasons for Puerto Rico's slow recovery is the large number of residents who are fleeing. The government of Puerto Rico estimates that 200,000 people will have left for the US mainland by the end of 2018. This is in addition to the 500,000 people who have left throughout the past 10 years. If this estimate is accurate, by the end of this year the number of Puerto Ricans living in the US will surpass the number of people living on the island.

How is Puerto Rico doing financially?

Not well. In May 2017, Puerto Rico filed for the equivalent of US Federal Bankruptcy. It owes $74 billion in debts and $53 billion in unfunded pensions. US mutual funds are the biggest institutional creditors (see chart). The island was in this poor financial position before Hurricane Maria hit. Its financial situation should be much worse after the hurricane.



Is it worth visiting as a tourist?

I have enjoyed my visits to the island. During my first visit, I drove over 500kms around the island, getting a sense of its character. There are some cultural and historic sights to see. I would say it bears a resemblance to Cartagena, Colombia or Old Panama City, Panama. Puerto Rico has many nice hotels, and the beaches in San Juan are clean and well-maintained. People are friendly and helpful. They have Uber and speak English.

Some undesirable traits are that Puerto Rico's coral reefs are bleached (at least the parts where tourists can snorkel), the food options are very limited, especially for vegetarians (this is a good place to lose weight if you are on a plant-based diet), and, lastly, there are no direct flights from western Canada (though this is a trait shared by all eastern Caribbean countries). Nevertheless, for those who want to lounge on the beach and enjoy the sun, Puerto Rico is a good place for a laid-back vacation.

ANNOUNCEMENT

NEW Director

We would like to take this opportunity to introduce the newest member of the Elixir board, Mr. Marcel Jreige. Marcel has experience and knowledge in various sectors. Born and raised in Halifax, Nova Scotia, he studied engineering at Dalhousie University. After leaving the East Coast more than 15 years ago, he established a successful career in health care in the Toronto area. His passion for private investment eventually led him to pursue a career as a licensed advisor on private equities. We are excited to have Marcel on the board and, through his membership, to have a stronger presence in Ontario!

new office

Elixir Income Inc.

201 - 4501 Kingsway,
Burnaby BC V5H 0E5

We Love Our Office Because...

We are pleased to announce that, after 10 months of being an independent company, Elixir has graduated to its own office!

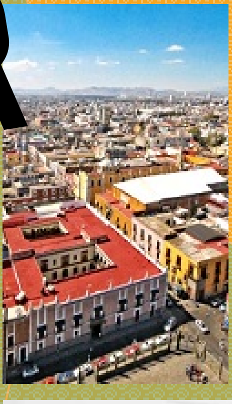
We had four criteria for an ideal space. We wanted to be fiscally responsible and spend shareholders' money wisely. We wanted the location to be convenient for all staff members and visitors. We wanted a place with fun, positive energy. Lastly, we considered environmental sustainability to be important.

After much research, we chose "Space Kraft" in downtown Burnaby. Space Kraft is an office space that we share with other technology companies. The office has an open environment, similar to Google's, with bright working spaces. In addition to shared desks and private offices, we have access to virtual meeting rooms, a boardroom, telephone rooms, a kitchen and a casual sitting area where we can have coffee with visitors. The space also has a ping-pong room where the office regularly hosts tournaments to encourage social interaction, as well as a meditation/sun room where people can be quiet and alone with their thoughts.

We love the idea of sharing office space. Not only is our consumption footprint very small, but our costs are very low as well. Our monthly fee is only $350 per employee and we can leave with just one month's notice. Because this is an all-inclusive package, in addition to the facilities I mentioned, we also get reception, the world's fastest internet, coffee and even a beer keg!

The office is centrally located in the metro Vancouver area. It is easily accessible by car and bike. The Metrotown sky train station is only a five-minute walk away. We invite all readers to drop by and see our space – and, of course, to play a game of ping-pong with us!

The ELIXIR Economic TRAVELER



Mexico City & Puebla

Oct 31 - Nov 3, 2018

The Mexican peso is a very important asset in Elixir's investment portfolio. Its volatility has created some impressive return for us over the last seven months. Most people have been to parts of Mexico that is tourism focused. Rarely would people visit the country's economic power cities, such as Mexico City and Puebla. When you spend some time in these cities, you will realize how real and vibrant the Mexican economy really is! After scouting the two cities with my wife personally last year, we have decided to organize our very first Elixir Economic Traveller tour to Mexico City and Puebla, Mexico.

These two cities also happen to offer unique cultural and sightseen experiences. There is so much to see and experience in Puebla, and we are only including some general highlights here. The city is the fourth largest in Mexico and located about a two-hour drive southeast of Mexico City. The city's golden age was during the Spanish colonial era in the 14th century. A walk around downtown is like travelling back in time to 14th-century Spain! With 366 magnificent churches and many other historical sites, the downtown area has been named as a World Heritage Site. The city is also surrounded by brilliant natural scenery. The Popocatépetl Volcano and Tuliman Cascades are only a couple of hours' drive away.

THE BEST TIME TO VISIT THESE TWO CITIES IS DURING HALLOWEEN AND THE DAY OF THE DEAD CELEBRATIONS. IF YOU ARE READING THIS, YOU ARE INVITED TO JOIN US!

We are still fine tuning the details but would like to share a general itinerary and costs. The plan is to arrive on October 31 and leave on November 3 from Mexico City. There are many airlines that fly direct from Vancouver, Calgary, and Toronto to Mexico City. Typically, fares start at $500 in economy seating. We will be staying in luxury hotels. The cost for hotel accommodations will be about $200 CAD per night, including breakfast and an evening cocktail party. With some ground transportation and an English-speaking guide, the total cost would be approximately $1,500 per person.

If you are interested in joining us, please email me for details.