

News & Views

Winter 2010

Happy New Year!!

It is with great pleasure that we say goodbye to 2009 – well at least the first 3 months of it! The next 9 months of 2009 saw the highest, fastest returns in stock market history.

So the main question we are hearing from clients?

What to expect next.

The following is what we are hearing from the majority of the portfolio managers.

Expect 2010 to continue to have growth but not to the same extent as 2009. Expect some market volatility, in other words, there will be dips along the way. Buy on weakness. Be selective in what companies you buy. **Companies that went up really fast last year were the companies that least deserved to.** They were generally the ones that were bailed out by governments or had the least reason to improve.



They include international banks and car companies. The companies that have solid earnings and little debt and are generally well managed companies, **are still trading at a fair value.** For the previous 10 years, these same companies were trading at higher than fair value. In other words, **there is still room for growth in the market** and the expectation is that you will continue to be rewarded for staying invested in good quality investments. The developing world (Asia, India, Brazil) will continue to lead the world with their need for things like consumer products and for building materials.

This is good for Canada as we are resource rich. The government stimulus favouring alternative energy solutions will also be a growth area. There are a multitude of excellent investment choices and we have access to them because we are independent advisors.

Thank you to all of our clients who have held fast through what we hope is the one and only time we experience such an event. It has been a good learning experience – especially from the aspect of how much you can tolerate “risk”.

There was no place to hide last year unless your entire portfolio was invested in bonds or cash. A portfolio like that would have required a crystal ball – and we don’t have that.

Now the place to be is not bonds and cash, but as always you should be in a well balanced portfolio that **includes** bonds and cash, but also includes a

percentage in stocks. Not just any stocks, and not just in Canada or just in one area of the economy.

With interest rates at an all time low and not expected to go up much in the foreseeable future, investors who need income must look at other options. We are able to provide those income solutions.

You pay for good management, and we aim to deliver just that.

This newsletter will talk about a few topics that are top of mind for us and for our clients.

We will talk about Long Term Care Insurance to protect you in the event of injury or illness and we will talk about retirement income that is guaranteed to pay you an income for life – regardless of whether you use up all of the money you invested.

Both of these topics **help you weather a financial nightmare** – getting sick and needing to pay for it while you can't work and - having your investments go down in retirement due to a market correction. Both are things that are likely to happen so we

need to protect ourselves from life's inevitable changes.

Also, see the article on the **Home Renovation Tax Credit**. This is really important for your tax preparation this year.

If you have topics that you would like us to cover, please let us know.

Long Term Care Insurance

We look for certain things when choosing the best Long Term Care Insurance for clients. These include:

1. The care does not have to be in a nursing home, but can be done in your own home, by a family member or by hired help.
2. The income from the insurance comes to you (or a family member) not to a care facility.
3. You can choose how the income is used. You choose the drugs and the care regime and you are not expected to report monthly for an expense cheque.
4. Premium protection.

We have included a brochure that highlights

one of our insurance providers – Sun Life.

Also included is information about a company (Ashby Memory Method) that assists people with early onset Alzheimers and Dementia – something happening to more and more people we all know.

Income for Life Plan

Do you have a pension plan? If you do, you are one of the lucky 30% of Canadians with one. For the vast majority of us, there is no pension plan – except the Canada Pension Plan. We are required to create our own income in retirement.

What is wrong with that??

Well, the chance of running out of money or not having enough to keep up with the cost of living is huge.

We can help you create a pension plan that guarantees you **income for life**. We have attached an article on that. Please contact us if you would like to discuss further.

All the best in 2010!!

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