



Planning Report

Building Wealth That Lasts

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FSG Mission Statement

To align our clients' values and goals with sound, strategic financial solutions.

This allows you to enjoy your life while delegating the investment management process to FSG.

From Chris's Desk

Summer focus



Summer is absolutely the most wonderful time of the year in Southern Ontario. The Cahill family will be taking advantage of warmer weather at our trailer in Fairhaven's and our cottage in Haliburton. Our daughter, Amy, will be a Counsellor In Training (CIT) working for two weeks at Forest Cliff Camp and a week at Joy Bible Camp. Our son, Ryan, is going to work at Forest Cliff's Camp kitchen for a week. Following that, Amy and Ryan will be campers at Joy Bible Camp.

While the kids are both in camp, my wife, Lori, and I are going to have a little time for ourselves. The first week of July we are going to be starry-eyed tourists in New York City. During the summer I will be commuting in and out of the office and staying connected virtually through my laptop.

As always, behind the scenes at FSG we have put a lot of work, thought, and effort into making sure that we are identifying the best ways of managing your money with the least risk and most return for you. We are at a time of high valuations. In fact, we have seen a 90% increase in the Canadian market since 2002. While there is a sense of euphoria in the market, investors should be cautiously optimistic and prudent. Based on past experience, we expect a pull back over the summer. Within the pull backs there are underlying opportunities; the key is to stay focused on long-term goals.

As always we are here to serve you and we appreciate the opportunity to work with you. Thank you also for your introductions to friends and colleagues. We are grateful for the referrals and look forward to working with you to meet your goals over the coming years.

Investment commentary

A few weeks ago, Lori and I took a jaunt across the border to Port Huron to do some shopping at Birchwood Mall. I bought some Columbia shorts for \$19.99 and we bought a clock for the family room. We felt like we got a pretty good deal even though we had to wait at the border crossing for half an hour.

The same logic can be applied to buying international equities right now. Purchasing foreign companies has never been cheaper and a lot of fund managers are taking advantage of the high-flying Canadian loonie to find bargains in foreign equities.

What does a stronger Canadian dollar mean?

The main contributor to our dollar's rise is the weakening of the U.S. dollar. The drop in the U.S. dollar is due to lower interest rates. In the U.S., Americans are experiencing a large deficit and a slower economy. Since the Canadian loonie is benchmarked against the strength of the U.S. dollar, a weak U.S. dollar works in favour of our dollar. As the U.S. dollar loses ground, currency traders flock to more stable currencies like the Canadian Loonie for security, thus fueling our dollar's further strength.

There is no crystal ball

Trying to guess the dollar's trajectory is fraught with peril. When the Canadian dollar hit 61 cents in 2001, many feared further devaluation and suggested linking our currency with American currency. Now that our Canadian dollar is valued at 94 cents on the U.S. dollar, many people wonder whether it could soon be on par with our southern neighbour's currency, or even exceed it. But the truth is, no one has a crystal ball that will predict the future when it comes to how our currency will fare in the marketplace. The Canadian dollar movement can be seen in the chart on page 3.

So what is an investor to do?

Balance is the key and broadly diversified portfolios are the key to success. You can be sure that when everybody is on the same side it is time to get nervous. But, as an investor, you need to stop listening to media noise. Enjoy your life and delegate to us. Remember that you're an investor, not a currency speculator. Markets go through cycles, but our emotions should not do the same.

It's great to educate yourself about currency movements, but don't get carried away worrying about fluctuations. A rising loonie is usually no reason to make radical changes to your portfolio. We believe that holding a diversified portfolio of international stocks along with Canadian stocks and bonds will hedge your risks against currency fluctuations and market conditions.

continued on page 3...

A person's pursuit of goodness leads to greatness, but the pursuit of greatness leads to ruin. Pursue goodness and you will achieve great things.

-John E. Kramer

Investment commentary

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Learn more and leave the work to us

We have included an informative insert in this newsletter called the “Psychology of Investing.” Please take a moment and study this insert. We encourage you to keep it as a resource.

In the meantime, if you have any questions please call us. We would be more than pleased to discuss your situation with you in more detail.

U.S. dollars per Canadian dollar



Source: Pacific Exchange Rate Service

Inquiring Minds Want to Know

What is Book Value?

Some of our suppliers will often publish “Book Value” in their statements.

What is book value?

Book value is your deposits minus withdrawals plus distributions.

When do we use book value?

The book value is only used for calculating taxable capital gains when you remove money from open or non-registered accounts.

The Thirty Second Quiz

-Author Unknown

**Don't bother getting a pen and paper; just read.
If you can't answer a question, just keep going.**



1. Name the five wealthiest people in the world.
2. Name the last five Heisman trophy winners.
3. Name the last five winners of the Miss America contest.
4. Name ten people who have won the Nobel or Pulitzer prize.
5. Name the last five Academy Award winners for Best Actor and Actress.

How did you do?

The point is, none of us remembers the headliners of yesterday. These are not second-rate achievers. They're the best in their fields. But the applause dies. Awards tarnish. Achievements are forgotten. Accolades and certificates are buried with their owners.

Now here's another quiz. See how you do on this one.

1. Name three teachers who aided your journey through school.
2. Name three friends who helped you through a difficult time.
3. Name five people who have taught you something worth while.
4. Think of a few people who have made you feel appreciated and special.
5. Think of five people you enjoy spending time with.

Easier?

The lesson?

The people who make a difference in your life aren't the ones with the most credentials, the most money, or the most awards. They're the ones who care.

The information contained in this newsletter is for general purposes only and is the opinion of the writer. It is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.



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