

The McCartney Report

February 2007

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The Last Word

*"An investment in knowledge always
pays the best interest."
- Benjamin Franklin*

RRSP Reminder:

The RRSP contribution deadline for 2006 is March 1st 2007

Just a reminder: the deadline to submit your RRSP contributions is March 1st. If you haven't spoken to me yet, or are unsure of what your limit may be for this year, please feel free to give me a call. Your RRSP deduction limit can be found on your "notice of Assessment" form that the CCRA (prev. Revenue Canada) sent you last year after you filed your taxes. It will be in the bottom right hand corner of that blue form. Your accountant can also assist you with this information.

Don't wait until the last minute!!

If you are interested in ways to maximize your RSP Contribution and would like to speak about an RSP loan at prime – I can assist you in this area as well. If you have made a homebuyer's withdrawal in the past, you will likely have to make a repayment as part of your contribution.

Remember that I'm here to answer your questions about RRSPs and would welcome them.

Market Update

January Month End & Year over Year World Indices Performance

<u>World Index</u>	<u>MTD</u>	<u>YOY</u>
S&P/TSX Comp.	0.97%	9.11%
Dow Jones	1.27%	16.17%
S&P 500	1.41%	12.36%
NASDAQ	2.01%	6.86%
FTSE-100 (London)	-0.28%	7.69%
CAC 40 (Paris)	1.20%	13.35%
DAX (Frankfurt)	2.91%	17.47%
Nikkei (Tokyo)	0.91%	4.41%
Hang Seng (H.K.)	0.71%	27.63%

Another strong month for Equity investors as major markets all over the Globe continue to deliver exceptional returns. Germany led the pack in January, followed by the United States (much to the surprise of many). The U.S. housing slow down doesn't appear to be having the expected negative affect on consumer spending and the market continues to outperform. Of note is the fact that if you look back over the last five years, the U.S. has experienced exceptional corporate growth and profitability and yet it's market has lagged some other major markets. Look at the three and five year chart below:

January Three & Five Year Returns Year

 **ScotiaMcLeod™**
Building Relationships for Life

World Indices Performance

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<u>World Index</u>	<u>3 Yr</u>	<u>5 Yr</u>
S&P/TSX Comp.	15.22%	11.25%
Dow Jones	6.37%	4.94%
S&P 500	8.34%	4.94%
NASDAQ	6.04%	4.96%
FTSE-100 (London)	12.21%	3.73%
CAC 40 (Paris)	15.52%	4.68%
DAX (Frankfurt)	18.71%	5.86%
Nikkei (Tokyo)	17.25%	11.70%
Hang Seng (H.K.)	14.80%	13.39%

The markets that have performed the worst over the last five years are currently performing the best. As many of you who have held US securities over the last 5 years know, the poor performance has been compounded by the fact that our dollar increased from approximately 62 cents to over 90 cents during that period. That means your American Investments buy less Canadian dollars (i.e. you lose as the Canadian Dollar increases). Having said that, look at the last year. Canadian investors are now enjoying excellent returns from investing in our neighbours south of the border. In addition, our dollar has declined to the 84-85 cent range. This enhances your returns because your American Investments are converted back to a greater amount of Canadian dollars.

If you currently have a low weighting in non-Canadian Investments, you should consider diversifying your money outside of our market.

I'm not suggesting getting out of Canada. I'm suggesting rebalancing your portfolio to increase your diversification. The goal of rebalancing is to take money from your winners (currently Canadian Equity), and allocate it to an area that has underperformed (until recently, the US). Ideally you're setting yourself up to sell high and buy low.

I'd love to speak to you further about the concept of "rebalancing" and would welcome your calls or e-mails.

*At the end of the day, your investment strategy will tie into your personal and financial goals, your investment time horizon, and your tolerance for the inevitable **downs** in the market (forget the ups, we know you can tolerate those).*

Does your current strategy do that?

If you haven't done so already, I urge you to go to my website and:

- 1) Take the **Retirement Readiness Assessment** on the Home Page
- 2) Take the Quiz on the page "Why Consider my Services"

How did you fare? E-mail me with your results so we can discuss them. You're just steps away from putting a very sophisticated financial strategy together. **Why wait any longer to ensure your financial goals are met.**

Critical Illness Follow up

Did you read last month's article on Critical Illness Insurance? If not, it's archived on the website if you wish to check it out.

On January 19th & 27th, the Toronto Star printed articles about a man who had the option to **die of liver cancer within 6 months or to spend \$450,000 for treatment overseas**. In the article, written by Isabel Teotonio, the man opted to spend the \$450,000 in England after he was denied the life-saving help from the province of Ontario. To quote the article directly,

the Ontario Divisional Court "held Flora's Charter rights were not violated when he was forced to choose between death or costly overseas treatment. The ruling, by a panel of three judges, also quashed his appeal of an earlier decision that refused to order the province to reimburse him."

In the end, this man had to borrow money from a close friend and then use the proceeds from the sale of his mother's home to pay for the treatment.

What would you do if a similar situation arose with yourself or a loved one?

Critical Illness (CI) insurance can provide you with a tax-free lump sum if you are diagnosed with a covered medical condition, such as heart attack, stroke, or cancer, among others.

Wouldn't Critical Illness Insurance have helped in this situation?

As an Insurance Advisor, I'm licensed and qualified to discuss issues like these with you. Don't hesitate to call or e-mail me.

By the way, the articles were entitled:

"Court makes man pay for life-saving surgery", January 19, 2007
and
"Adolfo Flora's OHIP odyssey", January 27, 2007.