

The McCartney Report

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The Last Word

"It is one of the most beautiful compensations of life that no person can sincerely try to help another without helping themselves." - Ralph Waldo Emerson

Thanks

In the last couple of Newsletters, I've told you about The Super Cities WALK for MS. The MS Society has the following goal: *To be a leader in finding a cure for multiple sclerosis and enabling people affected by MS to enhance their quality of life.*

On April 15th, 2007, a team of fundraisers (We called ourselves "Orange Whip" based on a classic John Candy cameo in the Blues Brothers) converged on a very chilly Sunnybrook Park in Toronto with other groups of volunteers and fundraisers to walk and help raise money for MS.

Thanks to people's support we were able to raise \$12,380 for this wonderful organization.

Thank you for being so generous. Making a difference comes one dollar at a time.

Market Update

The old saying goes, "March comes in like a Lion and out like a Lamb". Have you looked at the equity markets lately? The Lions are getting pretty aggressive, and the Lambs seem to be

getting fatter all the time. April started out with talk of a huge offer for BCE, Canada's largest communications company. The consortium of organizations involved in the discussions include the Canada Pension Plan Investment Board, Caisse de depot, and private equity giant Kohlberg Kravis Roberts & Co. Today, the market opened with a hostile takeover bid for Alcan Inc. by Alcoa Inc, two global giants in the Aluminum industry. In between these two potentially significant merger events (ones that would drastically alter the Canadian corporate landscape), have been a series of deals that continue to drive markets to new highs at a frenzied pace.

Let's look at April's numbers:

April Month End & Year to Date World Indices Performance

<u>World Index</u>	<u>MTD</u>	<u>YTD</u>	<u>YOY</u>
S&P/TSX Comp.	1.91%	3.94%	9.94%
Dow Jones	5.74%	4.81%	14.92%
S&P 500	4.33%	4.52%	13.11%
NASDAQ	4.27%	4.55%	8.72%
FTSE-100 (London)	2.24%	3.67%	7.07%
CAC 40 (Paris)	5.78%	7.55%	14.87%
DAX (Frankfurt)	7.11%	12.31%	23.28%
Nikkei (Tokyo)	0.65%	1.01%	2.92%
Hang Seng (H.K.)	2.62%	1.77%	21.95%

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The German DAX continues to be strong, and those U.S. numbers are very impressive. Unfortunately our dollar appreciated by 4% to the US\$ over the month thereby eliminating most of investor's gains.

To stay on the topic of the Merger and Acquisition activity theme, I wanted to provide you the viewpoint from our Portfolio Strategy Analyst, Vincent Delisle:

M&A Activity Should Support Markets through '08

Record M&A Value in Canada, Strong Levels Globally

- *M&A activity has been making headlines on a daily basis in the last few weeks and the market's attention appears to be focused solely on identifying the next potential targets. Spurred by sustained profit growth and low financing costs, equity indices are finding a tremendous source of support in this extended consolidation phase.*
- *Q1/07 preliminary M&A data is strong and point towards another solid year. In Canada, 486 deals have been announced in Q1/07 compared with 500 for the same period last year. Despite a soft year-over-year comparison in the number of deals announced (-3%), the value of transactions has more than doubled to C\$65B, surpassing the previous Q1/00 record by C\$1.4B.*
- *Compared with last year, the number of deals is up 2% in the U.S. and 4% globally. In terms of value, global activity is closing in on its 1999 peak of US\$3.4 trillion*

There's no question, global equity markets have been strong. Signs point to continued strength.

With that in mind, have you looked at the breakdown of your portfolio recently? Have you looked at your Asset Allocation?

Remember these questions from my March Newsletter?

- *What's your Time Horizon?*
- *What's your Investment Objective?*
- *What's your tolerance for risk (i.e. your tolerance for declines in your portfolio)?*
- *What's your need for Liquidity (Cash)?*
- *What are your living expense requirements when you stop working?*
- *How knowledgeable are you about investing?*

How you answer these questions help determine how your portfolio should be invested.

Hot markets like the ones we've been experiencing over the last couple of years, can alter the asset allocation you originally set up. You could actually be sitting on a portfolio with much more risk in it than you think you have. Rebalancing your portfolio at this time could serve to lock in some of your gains and reduce some of your risk. Sure you might miss some upside in this explosive market. You could also miss some downside should things go the other way. Either way, if you haven't re-visited your comfort level with risk in awhile, now's as good a time as any to do it.

Call me if I can help.

The Role of Insurance in Tax Planning

Insurance has typically been used to protect against the risk of future financial loss. However, more and more, innovative insurance solutions are being used to safeguard the value of investors' assets in a tax-efficient manner.

Key Tax-Related Insurance Benefits

1. *Creating a tax-free wealth transfer*: Insurance is transferred to beneficiaries outside of your estate and as such does not trigger taxes, probate fees, or legal costs.
2. *Preserving assets against taxation*: Insurance can be designed to provide beneficiaries with a lump sum of cash equal to the taxes owing on the deemed disposition value of your investments.
3. *Generating tax-preferred income*: Insurance strategies can be used to create tax-preferred retirement income streams.
4. *Minimizing tax on corporate assets*: Insurance can provide a means to move surplus assets out of a corporation on a tax-preferred basis while enhancing the value that will be passed to beneficiaries.
5. *Minimizing tax through charitable giving*: Insurance will help increase the size of a charitable gift and in most cases provide significant tax benefits.

For more information on any of these ideas, please give me a call.

