



FACTS And OPPORTUNITIES

An Investment Update

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McIver Wealth Management Consulting Group - Building on Success

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"We know the truth, not only by the reason, but also by the heart."
- Blaise Pascal

Quick Market Facts:

Stock markets in both the U.S. and Canada have traded in a fairly narrow band since the beginning of the New Year with the Dow posting a 1.3% rate of return and the TSX losing 0.25%. This range of activity is, to a great extent, much of what we saw in 2004 with the exception being the October to December U.S. election driven rally. The direction of the equity markets for the remaining 10 months of the year is proving to be somewhat of a riddle.

The cup-half-empty clique hypothesizes that the U.S. market is fully valued at present levels and believes that future potential economic difficulties will dampen enthusiasm for equities. These difficulties include a growing U.S. annual budget deficit and resulting debt; growing U.S. trade imbalance (all of these issues increased America's dependence on foreign investment); fears of higher interest rates; lack of future stimulus for growth (the "what have you done for me lately" scenario) and finally concern that the dramatic growth of the Chinese economy will slow due to either its own internal controls (preferably) or uncontrollable external events (less preferably). This potential slowdown could have a large impact on Canadian equities, as we are to a great extent a nation that exports its raw materials.

The cup-half-full clique reiterates much of what we already know, which is that corporations are currently experiencing record profitability, many have plenty of cash, we are in a low inflation environment and corporate mergers and acquisition activity is rising. In many ways, 2005 could be compared to 1995 in which many of the same factors existed and the market experienced a 30% plus surge in value. I wouldn't hold my breath however.

Prudent research suggests modest single digit returns in U.S. equities and depending upon the price of the raw materials (and China's economic condition) the Canadian market should outperform the U.S. All in all, 2005 will likely be an unremarkable year on the equity side.

Currently in your portfolios there are some risks represented by positions showing significant profits. These need to be addressed as does some other specific changes relating to the regular grooming of your portfolios. Accordingly, we will be calling you with these changes as your portfolios are transferred in and are registered as complete.

Be good,
Neil

Transition Update:

Our transition to Richardson Partners Financial has been very successful and we're now settling into a routine in our new premises. While we know that many of you have been relentlessly contacted by our former colleagues, we'd like to thank you for your patience and your trust in our relationship. We truly believe it is about relationships, not where an advisor hangs his hat during business hours.

If, we have yet to organize your transfer, please call me directly at (604)678-6561 in order to accomplish this for you as quickly as possible.

Thank you,
Neil

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| GIC | GOVERNMENT TREASURY BILLS | STRIPPED BONDS |
|---------------|---------------------------|-----------------|
| 1 YEAR 2.95% | 30 DAYS 2.33% | 1 YEAR 2.90% |
| 2 YEARS 3.15% | 60 DAYS 2.41% | 3 YEARS 3.54% |
| 3 YEARS 3.50% | 90 DAYS 2.48% | 5 YEARS 4.03% |
| 4 YEARS 3.85% | 180 DAYS 2.56% | 10 YEARS 4.861% |
| 5 YEARS 4.25% | 364 DAYS 2.76% | 28 YEARS 5.42% |

GIC rates represent the best rates offered by a large group of Canadian financial institutions. These institutions include all major banks and life insurance companies. All institutions are CDIC insured. *Rates are as of February 16, 2005 and are subject to change.

On the Mark

Insight into our Investment

Asset Allocation governs the investment process at McIver Wealth Management. For an overall portfolio, it sets the initial level of risk and then maintains that target through the holding period. It takes diversification to the next level where the hedging effect is maximized, thereby helping to avoid the risk associated with individual securities.

In order for an Asset Allocation strategy to be implemented, the proper theories, tools, software, and databases must be used. And this must occur before any individual securities (stocks and bonds) can be considered. To propose that accounts be managed out of context by highlighting single securities is a questionable proposition. A century of financial market history and decades of empirical research and application emphatically endorse this conclusion.

Mark

Good Karma

Online – My Portfolio

Richardson Partners Financial Limited provides online account access to all of our clients. *My Portfolio* gives you the ability to track investments 24/7 in the privacy of your own home. Not only does it provide current balances and details upon your account, it provides access to top-ranked research. If you would like this service, please contact us immediately and we will have it set up. Once you have contacted us, we will then send a confirmation email in which we will provide you with your private User ID and password. Hope to hear from you soon.

Saleena Update:

As you know, Saleena gave birth to baby Zachary in late November and both mom and baby are doing well. Saleena would like to thank each and everyone of you for your kind thoughts and wishes.

Karm