

FACTS & OPPORTUNITIES

An Investment Update



RICHARDSON PARTNERS
FINANCIAL LIMITED
FAMILY WEALTH MANAGEMENT

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MCIVER WEALTH MANAGEMENT
CONSULTING GROUP

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“Everything we hear is an opinion, not a fact. Everything we see is a perspective, not the truth.” – **Marcus Aurelius**

Quick Market Facts:

The U.S. Market, as represented by the Dow, has been trapped in a relatively narrow range over the past six months, reaching a peak in January only to fall back below 10,000 before recovering to near the January high of 10,500. The Canadian market, after a spring pause, has recently set new highs driving through 10,000 for the first time in more than 4 years based primarily on rising oil prices. This is the highest the Canadian market has been since the heady days of the tech bubble in the spring of 2000. We recently have been experiencing this historically rare period of out performance of the Canadian market over the U.S. market due to the very traditional dynamic of rising commodity prices. In fact, every time this out-performance has taken place over the past 70 years it is due to precisely to this same dynamic. As I've mentioned before, this recent demand for commodities has been primarily driven by the evolving industrial revolutions in both China and India.

The concern at this juncture surrounds the additional economic costs of higher energy prices, which will eventually filter through to all consumer goods. If oil prices maintain their current price, or continue to rise, this will eventually drive up interest rates (borrowing costs), cause inflation, and slow the global economy just as global growth begins to slow anyway, potentially magnifying this severely. I feel the biggest risk is perhaps in real estate values which show all the signs of an asset

bubble based upon cheap money (low interest rates and inflation).

In order to take advantage of this situation and inoculate your portfolios, we have weighted the equity component of your Asset Allocated portfolios in both Canadian equities and in particular commodities, mostly oil. In addition we have also recently increased the target for non-market-correlated investments in the portfolios to reduce risk. Also, some corporate bonds are beginning to look attractive again as institutional investors shy away.

Travel:

As the summer doldrums roll into the market I will be away with my family for the next few weeks in Europe. Should you have any administrative questions please call our licensed Assistant Karm Bhatti at 604 678-6563 or email her at karm.bhatti@rpfl.com. If you have any investment or portfolio questions please call my Associate Mark Jasyko at 604 678-6562 or email him at mark.jasyko@rpfl.com

Be good - Neil

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BEST RATES – RRSP ELIGIBLE

GIC		GOVERNMENT TREASURY BILLS		STRIPPED BONDS	
1 year	1.50%	30 Days	2.38%	1 Year	2.86%
2 year	2.00%	60 Days	2.44%	3 Years	3.09%
3 year	2.25%	90 Days	2.48%	5 Years	3.46%
4 year	2.50%	180 Days	2.57%	10 Years	4.44%
5 year	2.80%	364 Days	2.70%	28 Years	5.07%

On the Mark

Insight into our investment approach

As Neil and I have reset the **Asset Allocation** target percentages, the portfolios will become slightly more conservative in order to defend against some of the uncertainty in markets. Asset Allocation recognizes that it isn't possible to accurately forecast short-term market returns and addresses this challenge by remaining diversified through different asset classes. There is always a possibility that the markets will continue to climb the current "wall of worry," so we are still maintaining some stock-market related positions just in case.

However, in those asset classes exposed to the stock market, our research has been delivering results. The AGF Canadian Real Value fund was #1 out of 759 Canadian Equity funds for April accounting to Globe Hysales (Part of Globe Media). As a result, investment in this fund over the month led to a position rate of return when almost all other funds in the category as well as the Canadian stock market as a whole lost capital. The odds state that being the #1 fund out of 759 should occur only once in about 63 years! It is also a pleasure to note that the AGF Canadian Real Value Fund is our most commonly used fund for our clients in Asset-Allocated portfolios

Mark Jasayko

Good Karma

Account Sweep

Some of you will notice that you are continuing to receive RBC statements which report small amounts of cash balances still left in the old account. It is very important that you inform the Team upon these balances to ensure that we can have them swept into your corresponding account here at Richardson Partners. In previous months the old accounts were automatically being swept to the accounts here, however, from this point forward accounts will only be swept on an individual basis. The most efficient method of informing the Team would be either to fax through your RBC statement to 604-678-6640 or to simply call our office at 604-678-6563.

RPFL Statements

We realize that our direct Team contact information is not listed on the monthly statements; however we are in the process of updating them to reflect our contact information. Your latest May statement, which you just recently received, reflects this progress. Do note, this contact information is based upon on our Toronto office whom are more than happy to direct your call towards our Team.

Karm