High Net Worth Journal

An Investment Update

Richardson Partners Financial Limited
FAMILY WEALTH MANAGEMENT

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McIver Wealth Management
CONSULTING GROUP

What's News

By Neil McIver

Sentiment
Market sentiment in both Canada and the U.S. has been mixed, matching the mixed signals emanating from recent economic data and resulting in little if any market gains. There are two divergent economic views dominating current thinking, each being concerned about almost opposite future economic environments.

The first, more worrying, economic view is that the U.S. economy is slowing just as both home prices begin to fall and less discerning lenders (sub - prime lenders) run into trouble as borrowers begin to default (please see Mark's column overleaf). This would suggest that U.S. consumers (who represent 20% of the global economy) will feel much less confident, slow their spending and therefore further slow the U.S. economy to potential recessionary levels. The likely result of this potential reality would be the U.S. Federal Reserve dropping interest rates, in an effort to re-energize the economy.

The U.S. Federal Reserve, however, has indicated that its economic view is quite different than the aforementioned. It is concerned that inflation will creep into the mix and potentially damage an otherwise reasonably healthy economy. Indeed, recent economic numbers support this view and indicate that personal spending, personal income and inflation all exceeded expectations. U.S. GDP (Gross Domestic Product) last quarter was also revised upward to 2.5% from 2.2%. Additionally, the yield curve is no longer inverted, which also points toward future growth in the economy.

Perhaps the most obvious signpost of potential inflation is the very tight employment market. Everywhere I go I see 'help wanted' signs. On local radio and T.V., companies are advertising not to sell products and services but to try and recruit employees. Last week a local courier van driver told me he was headed for Alberta to cover for a fellow who was hired out of his courier van directly into the oil sands. Evidently this fellow had left the van full of packages at the side of the road. A tight job market usually means higher wages, and if these gains are not offset by greater economic productivity, then inflation ensues.

Commodities
Technical research (charting) suggests that there is growing strength in the majority of the commodity sectors, which bodes well for Canadian equities. Most commodities (including gold, silver and oil) appear to be gradually recovering from a downtrend which began last May. This renewed strength in commodities, while inflationary (see above) contradicts the view of many economists that the global economy is cooling. There appears to be renewed demand for raw materials not only on our continent but also from countries outside North America where GDP is running more than twice that of our own. Additionally, the capture and potential mistreatment of British servicemen and women by Iran has resulted in higher oil prices, underscoring the long term demand for this commodity.

Richardson's in the News
Many of you will have read about our parent company, family-owned James Richardson & Sons Ltd (JRSL), and their bid to buy Agricore, Canada's largest grain handler. The very well respected, low key and reserved family business is also celebrating its 150th year in existence this year. The company was founded by James Richardson in 1857, our current President and CEO Hartley Richardson's great great grand-father. The empire now extends from its origins in grain handling to food processing, real estate, oil and gas, pipelines to private equity and wealth management (Richardson Partners Financial Limited).

On the Mark

By Mark Jasayko

Storm Clouds and Safe Harbours

Over the past weeks the financial media has been full of disconcerting stories. After the investment markets rose gently and undisturbed over the last 4 years, they hit turbulence at the end of February. This was not totally unexpected. It was only a question of when it would happen. As readers of this column will know, I have written about this a couple of times already this year.

There are a few different sources of this increased concern of risk. However, one of the most prominent is the growing mortgage crisis in the U.S., as borrowers who hold sub-prime loans are beginning to default in significant numbers as the rates on the loans are being reset after two years of low teaser rates. Analysts are wondering aloud if this will lead to a slowdown in the U.S. economy since as many as one-third of the new jobs created over the past five years have been related to the real estate sector in some way. If the expansion in real estate added to economic growth, it might be reasonable to expect that shrinkage in that sector will detract from economic growth going forward.

Additionally, if Americans are less confident about the price of their homes, they may have less confidence to make other large purchases thereby reducing the amount of overall consumer expenditures. Since consumer spending accounts for about two-thirds of economic output, this can be a serious matter.

Tougher lending standards are beginning to be implemented. This will reduce loans to first-time home buyers that can have a chain reaction up the real estate spectrum. People moving up to bigger homes need to have new buyers coming into the market to purchase current homes.

The main risk to investors regarding this issue is the economic impact. A slower-growing U.S. economy will hurt smaller companies, companies that rely on debt-financing for growth, and low quality companies. These companies will have less flexibility to manoeuvre during tougher times.

However, investors that have access to Asset Allocated portfolios, like the ones that we provide, will have the benefit of due diligence, diversification, and a tendency to be under-weighted in overheated sectors or economies that exhibit the most near-term risk.

When bubbles burst, like in U.S. real estate or dot-com companies, there are always options for prudent investors. As long as the investor is not leveraged and is seeking out good values that are being ignored during the crisis, portfolios can demonstrate a high degree of stability. Speaking of the dot-com bubble seven years ago, investors that remained diversified with a portfolio of high-quality, good-value companies, survived that period relatively unscathed.

Sincerely Saleena

By Saleena Vellani

The Story of a Pioneering Spirit

As 2007 marks the 150th Anniversary of the Firm, we invite you on a brief journey through the history of James Richardson & Sons, Limited.

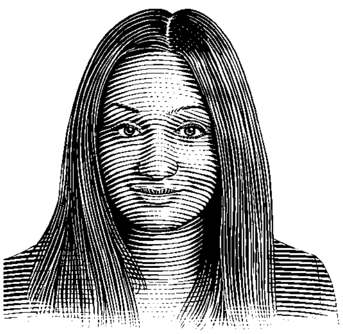
The story of James Richardson & Sons, Limited is a part of Canadian history. When James Richardson started the business, which still bears his name, Confederation was a decade away. In 1857, from humble beginnings, he established an enterprise that now spans the breadth of Canada and beyond. He launched an organization, which, without pause, has contributed to Canada's growth for 150 years.

Although today's company bears little resemblance to the original, the spirit remains the same. The spirit of a proud pioneer who knew that potential, backed by hard work and a will to succeed, is limitless.

As James Richardson & Sons, Limited celebrates its 150th anniversary, a mural depicting the major milestones reached by the company, from its founding up until the present, was created to mark this very special event which we have enclosed in this Journal as well as a brief history of our company. It's wonderful to be working for a Firm that has deep roots in Canadian history and tremendous business ethics.

Good Karma

By Karm Bhatti



High Net Worth Weekly
Tuesday March 20th marked the launch of our Tuesday market email, the High Net Worth Weekly, which compliments this popular monthly investment publication, the High Net Worth Journal.

Our new weekly email-only publication is designed to ensure that you are as informed as you deserve to be. It's designed to be quick and informative.

Each week there will be comments from Neil and a market-related commentary from Mark. In addition, Tricia will also add her professional suggestions and recommendations regarding wealth preservation.

All of the regular features from the original weekly email have been retained. Saleena will be bringing you the "High Noon Market Commentary," and under my section you can find both the "Market Summary" and "Heat Maps".

If you don't receive our new publication and wish to, please call or email me and I'll be happy to add you to our list.

Preserve and Protect

By Tricia McIver

Federal Budget 2007 - Retirees, Business Owners & Parents Benefit
When the Minister of Finance, Jim Flaherty, tabled his second Federal Budget, it was clear that this government was committed to supporting a retirement program that would provide tax relief to retirees and recognize that many Canadians are working longer into their twilight years. A number of proposals were introduced that, when combined with the Pension Income Splitting measures Flaherty announced last October, will allow pension income to be split between spouses (common law partners), providing tax relief and deferral. The principal measures include:

- Deferral to age 71 of the conversion of RRSP's to RIF's and the commencement of payments under a Registered Pension Plan ("RPP"). This will allow you to both extend the period over which you can grow your registered funds tax free and defer the payments out of registered funds thereby deferring the tax on payments.
- Expansion of the list of qualified investments that may be held by registered plans to provide more flexibility for investment choices.
- Phased-in retirement benefits that will allow employees who are members of a Defined Benefit RPP to both collect pension payments and earn future pension benefits. This measure will provide incentives to those older workers who wish to remain in the work force.

Business Owners received good news in this Budget as well. For those of you who own your own businesses, the Lifetime Capital Gains Exemption, which shields gains realized on the sale of qualified small business corporations and qualified farm and fishing property, will increase from $500,000 to $750,000. **RESP** savings were enhanced as well. The annual contribution limit was eliminated and the lifetime maximum increased to $50,000. This means that large lump sum contributions can be made at any time. But before you rush ahead to make these lump sum contributions to your children's or grandchildren's plans, bear in mind that the Canada Education Savings Grant (the amount that the government contributes each year) is subject to an annual limit. Increased to $500 per year (with a lifetime limit of $7,200), annual contributions of $2,500 (based on a 20% grant rate) are required to generate the Grant. One must therefore evaluate the benefits of contributing a lump sum early into the plan and earning tax sheltered returns versus dribbling amounts into the plan to earn the Grant. For those of you who contribute to a Private Foundation, the capital gain tax triggered on the contribution of publicly-traded securities will be eliminated. This puts donating to a **Private Foundation** on equal footing with registered charities.

A host of other positive measures may be of interest to your children and grandchildren. Please visit out website at www.mciverwealth.com (under Resources - Library) to view Richardson Partners Financial's 2007 Budget Highlights for a summary of these.

If you have any questions regarding any of the proposed measures, please do not hesitate to contact me at 604-678-6565 or tricia.mciver@rpfl.com.

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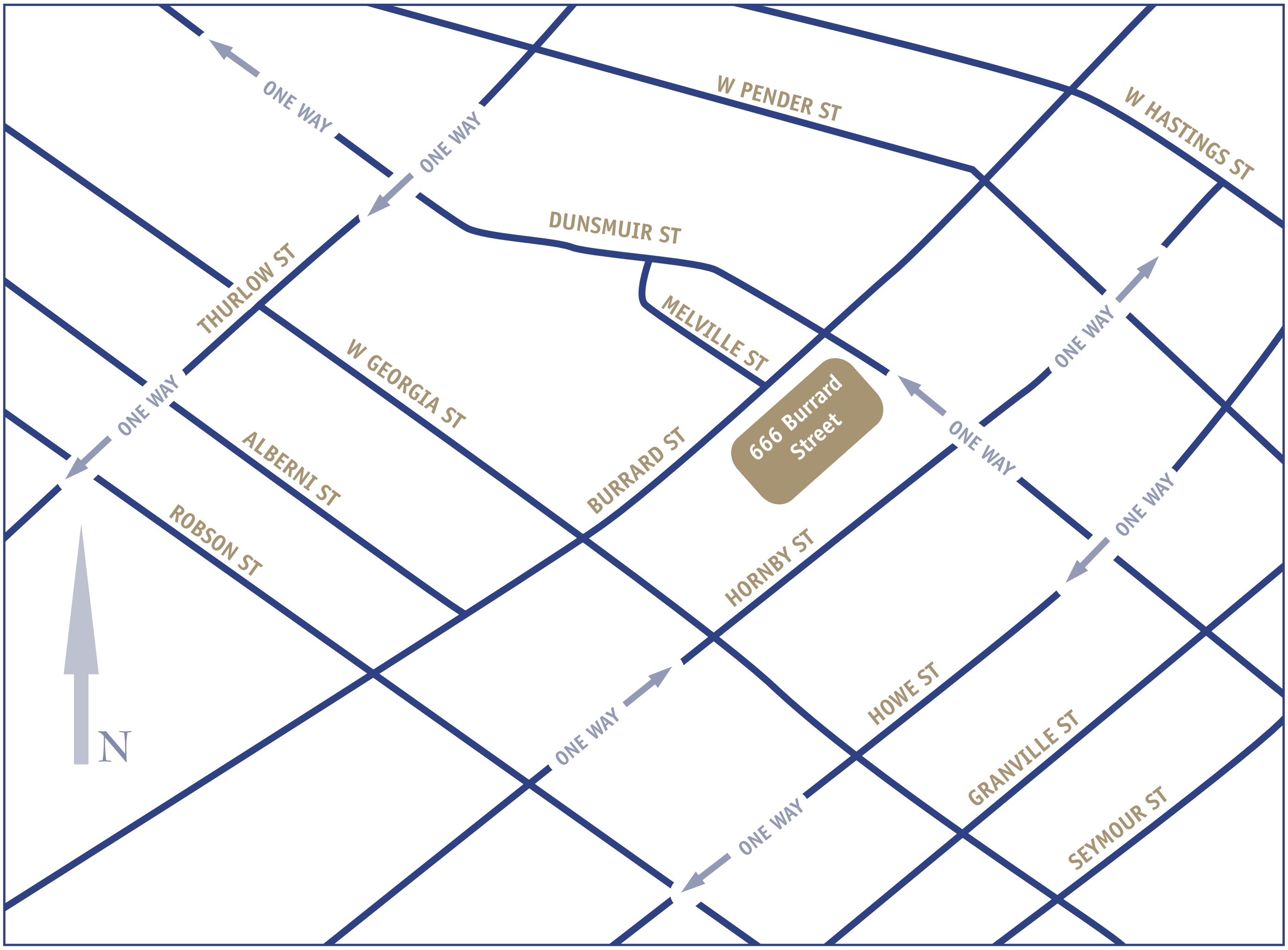

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