

Now is the perfect time to share with you the best investment I have ever made. It has been expensive, but the return on investment is without equal. This month my two youngest children graduated from University, each with a four year degree. Natalie's degree is in medical science from Western, and Dave's degree is a Bachelor of Commerce from McGill. Their eldest sister Krysta graduated from McMaster five years ago with a degree in Theatre and Film, and Melissa graduated last year from Western with an English degree. Melissa is now in Australia completing her Masters degree.

I did some basic math on Father's Day and realized that I have now fully funded 36 years of education for my children. Broken down, that is 19 years amongst three different private schools, and 17 years across four different Universities.

As we stood around the barbeque on Father's Day, I was filled with pride. Children who have a sense of accomplishment and know how hard you have to work to finish a job, who have self confidence and desire to continue moving forward to reach their individual goals, are just a few of the tangible character traits that confirm to me my investment has yielded spectacular long-term rewards that are priceless.

Here are some of the highlights from the past quarter that you may find interesting:

- Passed my final U.S. exam and am currently registered in Florida and Arizona.
- Attended the Nuvo Research Annual Meeting and got an update on how Nuvo plans to get their lead drug, Pennsaid, to market in the United States.
- Transferred money from company pension plans to a Locked in Retirement Account for clients who resigned or retired from their employer.
- Bought Trinity Wood Flow Through shares for certain clients. They offered a unique nine month holding period and also qualified for the Investment Tax Credit.
- As Chairman of the Kid's Help Phone Charity Golf Tournament, we raised approximately \$40,000 this year. Over the past 13 years we have raised almost \$500,000 for Kid's Help Phone. I am privileged to work with seven generous and outstanding businessmen who help make this tournament happen; they are: Robert Keilty, Sam Costa, Kevin Brady, Hal Shaw, John Farquharson, Stephen Edwards and Andy Geddes.
- Transferred several RRSP Segregated Investment Fund portfolios from Transamerica to regularly structured RRSPs. In these situations the market value of your portfolio was either very close to, or greater than, the guaranteed value. We expect our rate or return going forward will be higher because we have eliminated the Transamerica MER which has increased over the past few years.
- Continued to build investment portfolios with an emphasis on dividend income and conservative equity holdings.

My sense of reading research reports and the newspapers is that there is a Dr Jekyll and Mr. Hyde type attitude in the stock market lately.

On the one hand, investors are happy because several North American stock market indexes are at or near all time high levels, earnings are strong and the S & P is trading between 17 and 18 times trailing earnings.

On the other hand, bond yields have risen in anticipation of interest rate increases that are expected in the near future, as the Central Banks attempt to curb inflation. It is debatable whether this concern about inflation is real, when you take food and energy out of the equation. The Canadian dollar has risen above .94 cents U.S. lately. Just ask anyone in the trucking industry about the effect this has on freight going to the United States and you will know it is not good news.

Global political situations are just as disturbing today as they ever have been.

In Canada we have our own challenges including, the recent Federal Government report that stated the RCMP is “horribly broken,” the Newfoundland and Nova Scotia claim that the Harper government has broken promises on revenue sharing, and the Manufacturers and Exporters’ claim that the high Canadian dollar is damaging their business.

Through it all, we continue to build investment portfolios to stand the test of time over the long term. We want to own great businesses that do business around the world, produce a lot of free cash flow, have barriers to entry, and are run by honest capable managers.

For each of our portfolios we establish a rate of return that we want to achieve over the long-term. We accept the actual return in the short term may be higher or lower than our goal, but if I have done my job properly in structuring the portfolio, we will be successful in the long run despite the many bumps in the road that we are sure to experience. This brings to mind the expression “It is the time in the market, not timing the market.”

Thank you for the privilege of working with you and your family, with the overall goals of preserving and increasing your wealth, and reducing your taxes.

Our business has been built on providing consistent investment advice that best addresses your requirements, and on giving you the best service of which we are capable. Your past introductions of friends, family members and business colleagues are most appreciated, and will continue to be. Please phone or email us if there is anyone you would like us to send our newsletter to, or would like us to speak with about helping them.

I wish you and your family a healthy and safe summer and I would like to close by quoting an old friend of our family, Murray Goldman, who said, “You can never give children too much love.”

Sincerely yours,

Fred Banwell, BA, CFP, TEP
Senior Vice President,
Investment Advisor

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