

## Mike Robinson

**From:** Mike Robinson [mike@signaturefs.ccsend.com] on behalf of Mike Robinson [mike@signaturefs.ca]  
**Sent:** October 31, 2007 10:08 AM  
**To:** mike@signaturefs.ca  
**Subject:** The Signature Line - A quarterly update on the markets and the economy



November 2007

# The Signature Line

## A quarterly update on the markets and the economy

### This Quarter's Update

Start 2008 With a Financial Plan in Place

The Impact of the Rising Dollar

What the Affluent Investor should Know

Mike Robinson, Financial Security Advisor and Principal at Signature Financial Security recently authored a new report on four issues the affluent investor should know. [Click here](#) to view the report at no charge on our website [www.signaturefs.ca](http://www.signaturefs.ca).

### ASK A PROFESSIONAL!

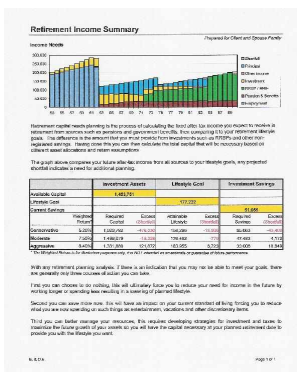
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Dear Michael,

In the past you have been receiving periodic e-mails from me that comments on recent events in the markets or the economy with an emphasis on how this may be affecting your personal financial plan. This new communication, The Signature Line, will now be sent out on a scheduled quarterly basis so that you will consistently receive relevant education from me. Please feel free to forward this on to someone you think might see value in it, and please visit my newly designed web site at [www.signaturefs.ca](http://www.signaturefs.ca).

## Start 2008 with a Financial Plan in Place!



Typically, it takes about two months to create a financial plan that is truly comprehensive and integrated. That means that if you want to start out the new year by implementing your own unique financial program then it means we need to get started in November! Call me today at (403) 226-0321 to set up a time for us to have a cup of coffee and look at how a comprehensive financial plan is so much more than simply an investment plan. An investment plan is certainly important but it's only a subset of a full financial plan.

At Signature Financial Security we look at your whole financial picture. We gather more data than most about your financial situation and use leading edge technology to develop your unique financial program, which goes well beyond what you would expect from other firms or the banks.

As at November 1, 2007

## The Rising Dollar

Implications for our strong loonie



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In any discussion on the effect of the dollar on the capital markets it is important to first understand the primary reasons for the strength of our currency in recent years. Succinctly, the appreciation of our loonie reflects the ongoing power of our economy, as well as our strong government and country finances. The currency of a country is similar to the common stock of that country. In Canada's case, the loonie has been in a bull market, driven by an exceptional set of fundamentals.

#### The Economics

Canada has a positive trade and current account, as well as a fiscal surplus. This combination is unique amongst G-7 nations. Furthermore, and this is most important, we have the greatest exposure of any G-7 country to the burgeoning resource markets. This has been especially bullish for our economy overall, our markets and our currency. Certainly, the strong currency has been harmful for sectors such as manufactured exports, (which have not enjoyed the price increases as in the case of our commodity exports), as well as tourism, especially from the United States. However, these negatives have been more than offset by a remarkable adaptability on the part of Canadian businesses, the strong resource sector here in the West, and by significant increases in government revenues and spending (for better or worse). Furthermore, the increase in Federal government revenues has led to a significant rise in transfer payments from the "have" provinces to the "have not" provinces. Thus, large numbers of Canadians have benefited from the strength of the resource sector. Overall, this strength has been reflected in robust growth in our overall jobs market. Our employment level now is the highest, percentage-wise, in our history, and our national unemployment rate of 5.9 per cent is the lowest in over 30 years.

#### How Might This Affect Your Investments?

While nobody can predict the long term value of the dollar, Canada's economic fundamentals are unlikely to change in the short term, creating some stability in the value of the dollar in the short term. This makes us take pause and consider the attractiveness of foreign investments, especially in the United States. As the dollar has been appreciating relative to the US dollar (and some other global currencies) the effect has been a drag on foreign investments. This means that even though the US or other markets may have performed well, when converted back into Canadian dollars on your statement, we have seen a drag on returns.

However, while the loonie may continue to trade higher in the short-term, the bulk of its appreciation versus the U.S. dollar has probably been seen. Going forward, the U.S. stock market and investments in general in that country should be judged more on their own merit. And in that respect it is believed that U.S. equities look quite good, longer-term. Earnings should continue to move ahead, liquidity is ample, corporate balance sheets are strong and, as we have indicated in previous reports, we expect a gradual rise in price/earnings ratios (or valuation rates).

#### Looking Ahead

As has been discussed before, while we have views on directions and trends, nobody knows the future value of either the dollar, interest rates or the stock market. As a result we recommend that investors hold fixed income and equity, both in Canada and abroad, in proportions suitable to their risk and volatility tolerance. The rising dollar has caused many US and global investments to underperform, although the expectation is that the bulk of the appreciation is over and may be less of a factor moving forward.

The views expressed in this commentary are those of GWL Investment Management Ltd. ("GWLIM") and Signature Financial Security as at the date of publication and are subject to change without notice. Economic data is provided by GWLIM. This commentary is presented only as a general source of information and is not intended as a solicitation to buy or sell specific investments, nor is it intended to provide tax or legal advice. Prospective

investors should review the offering documents relating to any investment carefully before making an investment decision and should ask their representative for advice based on their specific circumstances.

Based in Calgary, Alberta, Signature Financial Security is a professional, independent wealth management and retirement planning firm that specializes in working with successful self-employed, and other affluent, individuals. The principal, Mike Robinson, established the firm following a successful period as a Private Wealth Counselor where he was an advisor to other financial planners working in the affluent market. He is an expert in creating comprehensive financial plans taking into consideration all unique factors of working with the affluent and self-employed.

## Get to Know Signature Financial Security

Mike Robinson and Signature Financial Security know that there needs to be a fit for you and your potential financial advisor. There has to be a fit for Signature as well. That's why Mike is committed to spending some time with you in person and in a casual way, perhaps over coffee, to let you get to know him, and vice versa.



To see if Signature Financial Security might be a valuable financial asset for you, give Mike a call at (403) 226-0321 or drop him an email at [mike@signaturefs.ca](mailto:mike@signaturefs.ca) today. Additional information about Mike and the firm can be found on the website at [www.signaturefs.ca](http://www.signaturefs.ca).



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