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Life Matters!

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www.frankdanielson.ca

Rethinking the Way You Invest

Avoid The Slippery Slope

One of the trends developing among investors is the belief that your portfolio can be divided into two components. The larger component consists of more conservative investments and is comprised of traditional asset classes. It may contain bonds, blue chip stocks, broadly diversified mutual funds, or exchange traded funds (etfs)—and it is called the core of your portfolio. The smaller portion of the portfolio is used for aggressive investments and may include speculative positions, concentrated stock options of high risk equities, industry over-weightings, tactical asset shifts, or alternative investments—and this is called the explore portion of your portfolio.

This type of portfolio construction seems logical and prudent. And yes, limiting risk to one portion of your total assets is definitely better than having 100% of your investments tied up in exploratory options. Financial institutions claim that institutional pension plans have been successfully using a concept called “core and satellite” for quite a while now. You could also make the argument that this type of construction allows all the great investment ideas to come together in your portfolio. So wouldn't this be a viable option for individual investors?

For individual investors, the problem with core-and-explore investing is that the “explore” portion all too often provides the mental justification for taking unnecessary—albeit sometimes thrilling—risks. It can serve as a psychological prop that encourages investors to make silly investment bets and to embark on strategies with a low probability of success. The explore portion of the portfolio can foster bad investment habits such as market timing, chasing hot manager performance, huge industry bets, aggressive tactical asset allocation, and speculative investments, to name a few.



The main challenge in executing the core-and-explore strategy is that we are all human—and our emotions tend to get in the way. All too often, the explore part of the portfolio leads us to buy high and sell low. We tend to buy investment concepts that are in vogue or hot today, which is when investors are most prone to behavioural investing errors. Biases towards recent investment trends, jumping in on the herd mentality and, above all, investor and advisor overconfidence can lead investors to take much larger gambles than they might have intended.

This article was excerpted from Core & Explore: A Slippery Slope. "Rethink The Way You Invest" is a series of white papers that the Frank Danielson Group is presenting. You can download the reports from:

www.frankdanielson.ca/public/resources/white.html

"I've found that when the market is going down and you buy funds wisely, at some point in the future you will be happy. You won't get there by reading 'Now is the time to buy.'"
Peter Lynch

Food for Thought

With Natalie Sui, RD and
Susan Howell, RD

Weight Loss And Waist Circumference – Veggies and fruits are a good source of fibre and fluid. Most veggies are low in calories, so fill 1/2 of your plate with 2 different veggies and include them as healthy snacks.



Triglycerides – With more vegetables in your diet, there is less room for large portions of starch and animal proteins. This translates to appropriate portions of carbs and fat, which in excess, can increase triglycerides and potentially suppress HDL.

Blood Pressure – Veggies and fruits contain key minerals such as potassium to help regulate blood pressure. Potassium-rich produce include: Swiss chard, sweet potatoes, beets, spinach, brussel sprouts, banana, cantaloupe, oranges, and kiwis.

Cholesterol – Many veggies and fruits have soluble fibre that can help lower unhealthy LDL cholesterol. Those higher in soluble fibre include: artichokes, green peas, broccoli, carrots, onions, green and yellow beans, pears, oranges, apricots.

Blood Sugar And Cravings – High fibre diets help manage blood sugars, which also helps to control cravings. A diet high in veggies and fruits (8-10 servings/day) is a great way to boost your fibre intake. 1 serving looks like: 1/2 cup of cut-up veggies or fruits, 1 med.-size piece of fruit, or 1 cup of leafy greens. Fruit juice is concentrated in sugar, so try to limit portions to no more than 1/2 cup 2 times a day.

To protect against heart disease, certain cancers, and help boost immunity – veggies and fruits provide antioxidants – substances that protect cells from damage caused by unstable molecules known as free radicals. Some health issues related to free radical damage include heart disease, macular degeneration, cognitive impairment and cancer. Antioxidants may also enhance immunity, thus lowering the risk of infections.

Consult a dietitian for recipes and healthy tips to increase vegetables and fruits in your diet!

Natalie Sui is a Registered Dietitian at Copeman healthcare in Calgary. She has specialized training in the area of diabetes and cardiovascular disease. Susan Howell is a Registered Dietitian at Copeman healthcare in Calgary.

Living the Ideal Life

With Teresia LaRocque

A very wise client of mine once said, “Success looks like I thought it would look, but doesn’t feel like I thought it would feel.” Can you relate?

Most of my clients tell me the main reason they started their business was to gain more freedom and independence in their lives and the biggest complaint I hear is that they feel like a slave to their business. Why is that?

We all know that in business there is the never ending to do list and unless we choose how we want to spend our time we are a slave to our business.

We create what we focus on and if you don’t take time to focus on creating a great lifestyle for yourself, it’ll never happen. It doesn’t matter how much money you make, or how many opportunities you discover, it’s just not satisfying unless you have a well-rounded life to support it.

Your challenge:

1. The first step in moving toward your ideal lifestyle is to get clear on what it looks like. What would make your life even richer and more fulfilling? How would you spend your time? How often would you like to take a vacation? Take some time and write about what is your ideal lifestyle?
2. The second step is to write up a detailed description of your ideal lifestyle. What kind of life do you most want to live? Write a detailed description that feels inspiring and post it where you can easily see it every day.
3. The third step is probably the toughest one, but also the most important. Make a commitment to start living your ideal life now. In your schedule, block in the personal priorities first. Choose 2 or 3 simple things you can do immediately to come closer to your vision. Maybe you don’t have time to get to the gym 5 times a week, but what about twice? You may not be able to fly off to Europe for a month, but you might be able to devote one afternoon each week to your family. Be realistic, but take steps that count. Even small steps create momentum, and you’ll feel empowered to keep moving.

Teresia LaRocque, professional speaker, first Master Certified Coach in Canada, is passionate in helping self-employed professionals leverage their business so they can live life on their own terms. For more information visit www.teresia.com or email Teresia@teresia.com

Top Ten Tips for Tax Time

- 1. Open a TFSA.** The new tax-free savings account, launched Jan. 1, is the ideal place to put up to \$5,000 of savings and earn tax-free income and/or gains for life. Any withdrawals are not taxed, do not negatively affect eligibility for government-tested benefits and can be re-contributed the following year.
- 2. Set up a spousal RRSP.** The primary benefit of a spousal RRSP is that funds withdrawn can generally be taxed in the hands of the (hopefully) lower-income spouse.
- 3. Earn tax-efficient investment income.** For those who have maxed out their RRSP and TFSA contributions, consider tax-efficient investment income outside of these tax-sheltered plans by investing in Canadian dividends, which are eligible for the dividend tax credit.
- 4. Open up RESPs for kids.** Don't forget to make at least \$2,500 of contributions to each child's RESP this year to take advantage of the \$500 grant
- 5. Consider income splitting.** A spousal income-splitting strategy whereby the higher-income spouse or partner loans funds to the lower-income spouse or partner to invest may be ideal given the record low prescribed rate.
- 6. Maximize RRSP contributions.**
- 7. Donate "in kind" to charity.** When planning your charitable giving for 2010, consider donating appreciated securities directly to your charity of choice and eliminating all tax on any accrued capital gains.
- 8. Plan now to avoid a tax refund.** If you regularly get a large tax refund each spring, consider applying for a reduction of tax at source using CRA Form T1213.
- 9. Consider opening an RDSP for a disabled person.** If you or someone you care about has a disability, consider opening up a registered disability savings plan. Contributions to RDSPs, limited to \$200,000 over the disabled beneficiary's lifetime, may be augmented by up to \$90,000 in Canada Disability Savings Grants and Bonds.
- 10. Investigate pension splitting** If you've received pension income in 2009, be sure to investigate whether splitting up to half of that income with your spouse or partner makes sense when you file your 2009 tax return this spring.

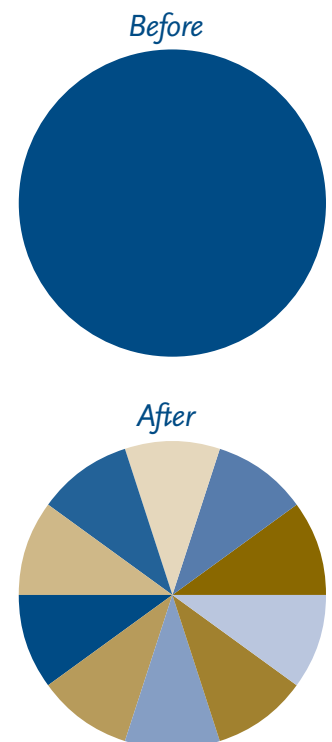
Diversification Matters!

Many Canadians concentrate most of the investing holdings in their home stock market. They choose Canadian stocks and mutual funds—or use several brokers who focus on Canadian equity investing. Yet, many of these investors may not consider their portfolios to be undiversified. From a global perspective however, limiting one's investment universe to a single stock market is a concentrated strategy with possible risk and return implications.

The global capital markets offer investors exposure to thousands of publicly listed securities enabling investors the opportunity to reduce and/or eliminate company-specific risk.

A concentration portfolio (such as the Canadian stock market) may lead to higher financial reward but it also signifies higher financial risk in the form of portfolio volatility. One measure of volatility is standard deviation. On the other hand, a broadly diversified portfolio consisting of various asset classes may lead to a similar (or even higher) return but importantly reduces the overall volatility of a portfolio during periods of extreme market volatility. Diversification is "the only free lunch in finance." Three primary strategies used in implementing diversification:

- 1. Diversification by Asset Class** - Cash, fixed income, equities, real estate
- 2. Diversification by Geography** - Canadian equities, U.S. equities, international equities, emerging market equities
- 3. Diversification by Dimensions of Risk** - large companies & small companies (as defined by market capitalization) and growth stocks and value stocks (as defined by book-to-market ratio)



When it Comes to Life, Make it Matter!

We hope you find these Life Matters! ideas interesting

Websites Worth Checking Out

Just when you thought you've seen it all

Jott - www.jott.com

Jott is your personal transcription assistant. With Jott, you just call a simple phone number, speak your notes, messages, or updates and hang up. Then, Jott takes the spoken messages, turns them into text, and sends them to the right destination via email, text message, or web update. Jott Voicemail works the same way, but your friends, family, and colleagues are the ones leaving the messages when they call your number.

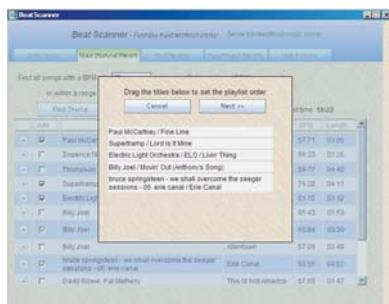
Via Michelin - www.viamichelin.com

A hi-tech hark-back to the days of leisurely motoring. ViaMichelin gives you maps, routes and directions throughout Britain and continental Europe with added panache. The maps have a pleasant printed quality about them and, naturally enough, your route is accompanied by gastronomic highlights to be found along the way. There's also information about destinations..

Beat Scanner

Create the perfect workout playlists

Do you enjoy listening to music? Do you do any fitness activities such as walking, running, swimming, aerobics etc. Now imagine doing your workout while listening to your favorite music at a pace that matches your workout - it really pumps you up and energizes the workout.



BeatScanner is a completely free software that helps you to create workout play lists that match your mood and preferred workout rate. Platforms: Windows 95/98/Me/NT/2000/XP

Download the application at this website link:
www.topshareware.com/BeatScanner-download-50107.htm

Productivity Tips

Aside from rising early, try these

Do not multitask

There is an illusion that we will accomplish more if we multitask. But study shows that it is wrong. Be sure that you do only one task at a time. Doing only one task at a time allows you to have the necessary focus to accomplish the task with the highest possible standard.



Prevent interruption

Preventing interruption is important to help you enter a state of deep focus and concentration, which is called "the flow". Find what may interrupt you, such as the cell phone, people around you, or the Internet. Then take necessary steps to eliminate any possible interruption as much as possible (turning off the cell phone, asking people around you not to interrupt you, and so on).

Harrison Hot Springs

When all you have is a weekend to get away from it all

People have traveled up river to Harrison Lake since 1886, to bathe in the rejuvenating, healing waters of Harrison Hot Springs. The water averages 1,300 parts per million of dissolved mineral solids, one of the highest concentrations of any mineral spring.



Located at the southern end of spectacular Harrison Lake, Harrison Hot Springs Resort & Spa is surrounded by lush woodlands, soaring peaks, wildlife and waterways. The Resort is owned by Delaware North Companies, which is a global leader in hospitality and owns very interesting properties throughout the world.

www.harrisonresort.com
www.delawarenorth.com

"Simplicity is the peak of civilization."

Jessie Sampter

Life Matters!

Welcome to our latest edition of Life Matters! As your personal CFO, we believe in bringing balance to all aspects of your life, not just financial. In our efforts to make our communication, and the sharing of information, easier between clients and ourselves, we are proud to announce the launch of our new and resourceful website, www.frankdanielson.ca

We know how intricate the world of wealth management can be and understand how challenging it is to stay on top of your financial affairs in today's busy world. That is why our Personal CFO program is uniquely suited to provide your family with the comprehensive wealth management solutions you require.

At the F. Danielson Group we are passionate about providing our clients with the highest level of wealth planning services through the creation of a trusting, long-term relationship.

The Team Update

What we have been up to!

Our team is excited to announce the recent strategic partnership with one of our colleagues, David Woo, which expands the team of professionals within the Frank Danielson Group.

While David has successfully built his own practice and will continue to service his own clientele, he will also become a valuable resource in enabling our team to ensure we continue to deliver a superior wealth planning experience to our clients.

David brings considerable experience and expertise including sixteen years as a Senior Financial Planner and four years with Wood Gundy (now known as CIBC World Markets) in their London, England office as part of their Institutional Equity Department.

By harnessing our collective strengths, it is one further commitment we are making to our clients to simplify their financial lives by delivering personally customized wealth management services and solutions.

This alliance does not affect our existing client/advisory relationship – Ray and I will continue to act as your wealth management advisors with the entire support of our team.

I look forward to discussing these exciting changes with you at our next meeting. If you have any questions in the interim please feel free to call.

A partnership that works

Each of our advisors act as a personal CFO and wealth mentor for a select number of high net worth individuals and families. We are committed to a systematic, principled approach to wealth management.



YOUR TEAM: DAVID, RAY, AND FRANK

Our mission is to simplify and enhance the lives of our clients. Our personal CFO program improves financial decision making and helps clients translate the complex challenges of wealth into a more fulfilling life experience.

If you have family or friends that would benefit from our approach, we encourage you to contact us. We ensure they will receive highly confidential advice and appropriate services needed to lead a simpler, more fulfilling life.



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