



**GENERAL MARKET COMMENTARY:** Let's do a very general recap of the past year. October '09 was down, followed by two up months. January & February went back down. March & April were up again! The "Greek Crisis" hit the news in late April, which led to a terrible May & June. July was one of the best individual months in years! August declined and September was up. Although the road was bumpy, most balanced portfolios gained more ground than GICs over the past year.

My personal opinion is that the 'bumpiness' will continue for some time. That being said, I also believe global economies are recovering, albeit at a slower rate than many of us would like! To put it in weather terminology, my forecast is for seasonal temperatures with a sun/cloud mix . . . and occasional pain!

### **THE IMPORTANCE OF A BALANCED PERSPECTIVE**

So what have we learned in 2,065 years? "The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance." *Cicero, 55 BC* Evidently nothing!

A key to success for investors is maintaining emotional equilibrium. One of my most important roles as your financial planner is to caution you when you get too excited, and to provide encouragement and hope when you get too pessimistic. Today, many Canadians are pessimistic about the American and global economies ... driven by daunting headlines about slow economic growth, depressed housing prices, high unemployment and deficit problems in the U.S. and Europe, not to mention political discord in Washington.

As a result, it's easy to miss some of the good news beyond the headlines.

That's why a conference that took place in mid September is important as it provided some offsetting perspective on the mid and long term positives for the United States and globally. Speaking to 2000 business and political leaders at "*The Big Sky Conference*" in Montana, here are comments from Warren Buffett, Steve Balmer of Microsoft and GE's Jeff Immelt.

**Warren Buffett:** "I'm a huge bull on this country ... we won't have a double dip recession. I see our businesses coming back almost across the board ... it's night and day from a year ago."

"I've seen sentiment turn sour in the last three months or so, generally in the media. I don't see that in our businesses. I see we're employing more people than a month ago, two months ago."

**Steve Ballmer, Microsoft:** "There soon will be more technological advancement and invention than there was during the Internet era and that will help drive business growth."

"We will see new technologies that move beyond the Internet to tie together computers, phones, televisions and data centers to create amazing new products. And the pace of innovation will increase as technology makes workers more productive."

**Jeff Immelt, GE:** "Angry political rhetoric is not helpful and headlines are too focused on finding negative indicators."

"Business at GE is improving. Signs across the world show growth improving as evidenced by a rise in GE's orders."

"GE is now finding it profitable to build manufacturing and service centers in the United States rather than overseas, because it is more competitive to do so."

Should you be interested, here are two articles on the Montana conference:

<http://www.bloomberg.com/news/2010-09-13/buffett-rules-out-double-dip-u-s-recession-says-berkshire-units-growing.html>

[http://news.yahoo.com/s/ap/20100913/ap\\_on\\_bi\\_ge/us\\_economy\\_leaders](http://news.yahoo.com/s/ap/20100913/ap_on_bi_ge/us_economy_leaders)

Of note, these positive views are supported by recent research from McKinsey & Company, today's leading strategy consulting firm and the first place many Fortune 500 CEOs look to advice. McKinsey surveyed 2000 executives around the world in early September.

- Almost 60% said their country's economy is in recovery
- Most expect profits to rise from last year
- And nearly 40% expect to hire employees by the end of 2010.

### **WHAT ACTION SHOULD I TAKE NOW?**

Given the attendees and their comments, the most striking thing about the Montana conference was the lack of media coverage, aside from a brief comment by Warren Buffett that we won't have a double dip recession. Perhaps that was because of its relatively isolated location in Montana, but I also suspect that right now members of the media are so pessimistic personally that they tune out good news. (It's not just the media who do this, by the way, we all fall into the trap of ignoring information that isn't consistent with our mindset.)

It's not realistic to suggest there won't be challenges ahead, both for global economies and for stock markets. And given fragile market psychology, it's highly probable that there will be some significant 'bumps' along the road to recovery.

At the same time, my primary role is to help you reach your life dreams and goals. There is much in life that we can't control, so we shouldn't spend much time on them. However, we should invest time working on the things that are within our control. Unfortunately this doesn't come naturally, so self-discipline is required! Budgeting is something only a very small percentage of the population tries to do. Rather than trying to get clients to budget, I first use a tool called the *Lifestyle Needs tracking sheet*. It simply tracks what you've spent your money on over the past year. We then compare where their money is going, with what they've told me is important to them (dreams & goals). For some people, this has been quite revealing!

One quick example: a client said saving for retirement and kid's education was very important, but couldn't even spare \$100/month. We 'discovered' that because he's on the road a lot with his job, he spent over \$5,000 on meals, snacks & coffee in the previous year (none of which was covered by his company). He honestly didn't realize how much he was spending because it was rarely more than \$5 or \$10 at a time! Armed with that 'new' knowledge, he reallocated some money into his RRSP & RESP on

a monthly basis, ate out sometimes and packed a lunch at other times. Controlling cashflow and taxes are keys to increasing your net worth.

If you'd like a copy of the *Lifestyle Needs tracking sheet* please call or email Vanessa at 905-579-777 ext. 224 or [vprasad@assante.com](mailto:vprasad@assante.com). We can help you work through it to make sure as much of your cashflow as possible is going toward your highest priorities.

**SCHOOL IS IN!** Some young people today don't go on to post-secondary education because it's harder to find good jobs and they don't have any savings to help cover the cost of education. Many others go anyway, and graduate with a large debt as their 'reward'! If you have children (or grandchildren) that are 15 years of age or younger, you should be contributing to an RESP. The government provides a 20% grant on the first \$2,500 per child per year! Especially for younger children, investing \$50 to their RESP each Christmas and birthday might be a far wiser use of money than more toys! If you would like to increase your monthly contributions, top up your RESP, or start one, please call or email Melody Glazier at 905-579-7777 ext. 223 or [mglazier@assante.com](mailto:mglazier@assante.com).

**RISK MANAGEMENT:** Everyone has auto and house insurance, yet many people pay very little attention to the type and amount of life or disability insurance they have. Which would have a greater impact on your financial future: crashing your \$30,000 auto with no insurance coverage OR becoming totally disabled because of the car crash (with no disability insurance), but the car is fully insured? If you would like to find out if you have the proper amount and type of insurance, please call or email Vanessa at 905-579-7777 ext. 224 or [vprasad@assante.com](mailto:vprasad@assante.com).

**THANKSGIVING:** CAUTION - overeating is likely to occur very soon! While you are enjoying your turkey dinner, pumpkin pie, or whatever your family tradition is - pause to be thankful for all that you have in life. People, relationships - are truly much more valuable than material things. Invest some precious time over the holiday letting family and friends know how much you appreciate them. We certainly want to express our sincere appreciation to you, our clients. We are very grateful for the opportunity of serving you. In many cases it started out strictly as business, but over the years we have developed close friendships with many of you. We have shared births and deaths, joy and sorrow - and our lives have been enriched by yours.

As always, please give me a call if you have any comments, questions or concerns, or have family or friends that need a trusted advisor. Enjoy the Fall!

Warmest Regards,



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Senior Financial Advisor

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