INVESTED INTEREST

FundEX INVESTMENTS INC.

Mutual Funds provided through FundEX Investments Inc.

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Office News

We trust you had a relaxing and enjoyable summer. And what a beautiful summer it has been. After thirty years as an Ottawa resident it goes down in our history books as one of the best for Ottawa weather that we can ever remember. Let's hope this is a trend that will continue for many summers to come.

But as they say, it's back to business. Holidays are over and September is the time for back to school and work for many of us. If you have not seen us over the past year, you are due for your financial check up. Please call our office and we will schedule a time to meet. Our interest is to update your file, review your asset allocation to ensure it is consistent with your objectives and make recommendations that we feel appropriate at this time.

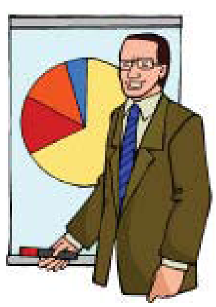
We look forward to seeing you.

How's Your Asset Allocation?

We pride ourselves on taking a balanced approach with our investment advice. **Whether you are at, or close to retirement, or at the accumulation phase of life, we always approach our investment recommendations with a cautious view.** This is not to say that our clients are immune to market movements but rather the wild gyrations are mitigated when this approach is followed.

Typically our senior clients want a balanced approach with some fixed income funds, including bonds and cash. The percentage weight can be between 25 and 50% depending on the person's risk tolerance. The remainder is in equity funds sprinkled equally between Canada, the US and outside North America.

Our younger clients who are looking for a more growth oriented portfolio will have a lesser allocation to fixed income funds. In some cases the fixed income portion may be as low as zero to maybe 25% or higher. Again this allocation is based on the person's risk tolerance. These portfolios tend to be more volatile based on the increased allocation to equities.



We recently reviewed the asset allocation of the Canada Pension Plan (CPP). We would consider this to be the best long-term asset allocation barometer for the Canadian public. This pension is designed to provide all Canadians with a minimal government pension after retirement. The government cannot afford the political embarrassment of making foolish mistakes with our pension money.

As of June 30, 2010 the asset allocation of the CPP was approximately 54% equities (split 15% to Canadian and 39% to foreign equities), 35% fixed income and the remaining 11% in real estate and inflation sensitive assets. Again, this is a very conservative and balanced approach.

We encourage you to review your asset allocation with us on a regular basis, at least annually. We will discuss your current asset allocation and make recommendations to rebalance if necessary. Call us today for your annual asset allocation check up.

It's Back to School

September represents back to school time for many young Canadians. For many it's back to college or university and all associated expenses and costs. **Do you have young children who will some day be attending higher education?**

Many of our clients are saving in Registered Education Savings Plans (RESPs) for children's education purposes. As a refresher, you have a contribution limit of $2,500 per year per child that is eligible for a grant of 20% or $500. That's free money from the government. If you're not saving inside a RESP now, but you do have some money set aside for your child's education we must strongly recommend that you seriously look at the RESP option. Its free money that's available but you must open a RESP plan to receive the grant.

If your child is 16 or 17 this year you are only eligible for the grant if you meet either of these two conditions. You must have contributed at least $2,000 to a RESP plan prior to the year your child turns 16 or contributed at least $100 per year for the 4 preceding years that your child turns 16.

If you have not maximized your grant eligibility you may be able to catch up however the maximum you can contribute in any year and receive a grant is $5,000. We can help with these calculations. Please call our office if you would like assistance to decide if the RESP contribution makes sense for you.

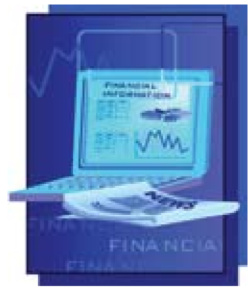
Ten Tips for Business Owners

Clients will often consult with us when they are deciding to go into business for themselves. **Although we are not lawyers or accountants we do have a basic knowledge and a few tips that have been found to be helpful in making this decision.** Here is our top 10 tips for business ownership.

1. Incorporate if your business income is more than you need for personal expenses or at risk of litigation.
2. Always pay what your corporation owes to the government on time. Directors and officers can be personally liable for these debts.
3. Ensure sufficient personal liability. In the event of a serious accident a director's home can be seized to pay any shortfall.
4. Ensure spouse is outside the reach of creditors. If your spouse is not involved in the business you will have more flexibility with creditor protection.
5. Make use of spousal RRSPs to transfer wealth to a spouse and away from creditors.
6. Consider moving personal assets, like your house into your spouse's name. If your spouse is involved in the business consider a family trust.
7. Hold life insurance personally, not corporately. Name a "family class" beneficiary to prevent creditors from seizing insurance proceeds. This also ensures immediate transfer of wealth to your beneficiary at death.
8. Place savings into investment vehicles sold by insurance companies. Segregated funds offer potential creditor protection when a "family class" beneficiary is named.
9. Get professional tax and legal advice. This is not a do-it-yourself plan.
10. Make a plan now. Once a business is in trouble it is almost impossible to establish a creditor protection plan. It must be done while the business is healthy.

Call today to discuss your business plans. We can help or refer you to a specialist who can.

And What About Those Headlines?



Did you hear enough about Greece and the BP oil spill over the month of July? I'm sorry to mention it again however this will be the last time. All those negative headlines really put a downer on many days that may otherwise have been much brighter.

As investors we feel the need to know what's going on in the world so that we can make sound decisions about our investments. In reality there's very little one can do in response to the hysteria that gets reported everyday by the media.

Let's go back to 1800. Europe convulsed through the Napoleonic wars, the US was at war with Britain and Canada in 1812, and the US had their Civil War followed by the abolition of slavery and the assignation of a President. Can you imagine the agony our forefathers would have suffered if the world had radio, television, and internet throughout that period? There were financial panics and banking crises in 1819, 1837, 1857, 1893, 1907, 1929 and more recently 2009. In the last century we saw two world wars, a Great Depression, a Cold War and a proliferation of nuclear weapons.

Yet despite that history of chaos, US equity markets continued to grow at an average of 6.5% above inflation throughout the past two centuries. If the Civil War, two World Wars, and a Depression could not interrupt the market's assent, do the headlines about Greece, BP matter at all?

Yes, we feel for the people of Greece and wish the oil spill had never happened. However we cannot allow these events to take us off our path and make financial mistakes that could affect us for the rest of our lives. Stay invested, trust us and the money managers we recommend invest more when you can and thoroughly enjoy life.

Keep In Touch

We welcome your suggestions, ideas, comments and questions by email at rick@invested-interest.ca.
You can also contact us at: 1276 Wellington Street, Ottawa, Ontario K1Y 3A7.
Phone us at 613-798-2421 or fax us at 613-798-2427
Don't forget to check our website for interesting articles, new links and updates at www.invested-interest.ca