

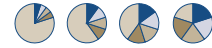
HIGH NET WORTH JOURNAL

An Investment Update



**RICHARDSON PARTNERS
FINANCIAL LIMITED**
FAMILY WEALTH MANAGEMENT

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MCIVER WEALTH MANAGEMENT
CONSULTING GROUP

What's News

By Neil McIver



International Travel:

The Canadian dollar has appreciated a respectable 45% during the past three years and is trading in the 88 cent range which is near 30 year highs. To a large degree, the rise in the Canadian dollar can be attributed to the dramatic rise in base commodity prices. International currency traders view the Canadian dollar as a proxy for commodities which

has given rise to the term "Petro-Loonie" or "Petro-Dollar" to refer to our national currency.

The reality is that our dollar has benefited from not only strong commodity prices but also trade and fiscal surpluses and robust economic growth (all arguably a result of strong commodity prices however). While global demand for our base commodities will likely remain strong, although not as strong as past years, further sustained upward pressure on our dollar versus the U.S. dollar is unlikely. This is due to a number of factors including resilient strength in the U.S. economy. While short spikes in the Canadian dollar are possible, even up to parity, the vast majority of rise in the Canadian dollar is now behind us.

If you were planning to buy a vacation property in the U.S., perhaps now is the time to begin considering it. Conversely, if you plan to repatriate U.S. dollars and don't need to do so immediately, I would suggest holding off for the time being.

Two Paths:

The U.S. economy is clearly slowing after a tremendous four year growth cycle (which did not proportionately increase U.S. stock prices although the Dow did reach a moderate all time high recently - more

on this next month). The debate now surrounds how severe the U.S. slowdown will be and the possible impact on our economy.

The 'hard landing' scenario suggests a U.S. recession based upon a dramatic decrease in consumer confidence due to a severe correction in the housing market (consumer credit limits are general based upon the value of one's home). When an economy cools down it's difficult to determine how significant the slowdown will be. Evidence now suggests that this 'hard landing' scenario is less likely.

More likely (60%) a 'soft landing' will take place. The U.S. housing market is experiencing what has been described as an "inventory correction" (meaning there are too many homes on the market) and prices have declined modestly. Counterbalancing this, U.S. housing starts have decreased sharply which will allow this market to stabilize. While the U.S. economy slows we will likely see further expansion overseas, particularly in Japan, Europe and the emerging BRIC markets (Brazil, Russia, India and China). The International Monetary fund is projecting the global economy to grow at a very healthy 4.9% in 2007, barely beneath the 5.1% experienced this year. This bodes well for continued demand for our Canadian commodities.

Black Gold:

Gold, Oil and Natural Gas have all corrected in the past few months. Technical research suggests that base commodities, such as these, may well have bottomed in advance of the next upward leg. Gold in particular looks technically strong for a number of years into the future. If you own our Canadian stock portfolio inside your Asset Allocated portfolios, we have made some specific adjustments including taking profits on Telus and Oil and adding Shaw Communications, Barrack Gold and Inmet Mining. Earlier this year we adjusted all your allocations to increase your weighting in Gold and to take some profits on Oil.

Please excuse the delay of this months Journal. I was in Montreal at our annual Richardson Partners Financial Limited Partners conference.

On the Mark

By Mark Jasayko



Another "Leeson" in Risk Mismanagement:

It was widely reported in the global financial press last month that a hedge fund named Aramanth Advisors, based in Connecticut, lost a staggering \$6 billion of its \$9 billion in client assets in a single week. There were a few Canadian connections to this story, the most significant of which was that it was one of

their Canadian employees, a trader working in Calgary, who was responsible for the losses. He was betting for a price increase in natural gas, probably hoping for a few disastrous hurricanes and a forecast for a very cold North American winter. However, there have only been weak and harmless hurricanes so far this season, and the forecast is for a mild-weather-inducing El Niño effect this winter.

The loss was the highest profile hedge fund debacle since Long Term Capital Management, also based in Connecticut, was unwound in 1998 after the use of a mind-boggling amount of leverage combined with losing positions placed parts of the American banking system under stress. However, the Amaranth episode initially bears much more resemblance to a case surrounding a rogue trader named Nick Leeson who worked in the Singapore office of Barings Bank. Barings collapsed as a result in 1995 and the remnants sold off to ING Bank, thereby ending the reign of an institution that served as the personal bank to HM The Queen. After a number of inquiries and case studies, there was a general consensus that the senior staff at Barings failed to place checks and balances in its world-wide trading operations and failed to properly supervise Leeson.

In the case of Aramanth Advisors, it initially appears as though senior staff did not recognize the risk of allocating so much responsibility to a single trader two time zones away in a different country. Perhaps it was the initial trading success of this individual that lulled senior staff. With respect to the trader himself, there may have been an element of hubris from earlier success that blinded him to the consequences of such exposure to risk. The bottom line is that there was a failure in terms of managing operational risk (supervision) that lead to enormous financial risk. Unfortunately, the investment industry is still generally return-focused, not risk-focused.

In order to provide the highest quality investment advice, we love to state that we should concentrate on first managing the risk, and then letting the returns result when the market offers them. We do this by targeting a risk level for each client with a tailored asset allocation and by continually reassessing the risk exposure to determine if the portfolio needs to be adjusted to maintain the target. Our process provides a very strong defence against any build-up of excessive risk and its potentially adverse effects. In addition, the wide diversification of our asset allocations will not permit a dramatic overweight to a specific asset class.

Risk exposure can be targeted and managed. Periodic returns (over a month, a year, or, in the case of Amaranth, a week) can't be targeted or managed despite what the geniuses in the newspapers and on television say...and despite what hubris-filled genius traders think.

Sincerely Saleena

By Saleena Vellani



Withdrawals:

There are many different ways to withdraw cash from your portfolio here at RPFL. These include us mailing a cheque directly to your home, a bank wire (which involves a small fee) or by automatically depositing these funds directly into your bank account (EFT). EFT's are credited into your bank account within 24 to 48 hours.

We have found EFT's to be the most effective method for our clients and they avoid the inconvenience of waiting around

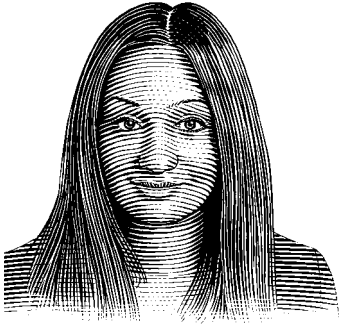
for your cheque to arrive by mail and then having to deposit the funds to your bank yourself. The EFT system requires a document to be signed by you and a void cheque. If you would like to set up an EFT for your account, please give me a call directly.

Please note, any third party transactions, any withdrawals you require made payable to another individual other than the account holder(s), will require a letter of authorization signed by the account holder(s) prior to processing your request. Our back office will require the original copy with your original signatures.

Speaking of withdrawing money, I am heading down to Las Vegas! I am very excited to be able to get away for a few days. Wish me luck!!

Good Karma

By Karm Bhatti



Portfolio Management:

As you know, we monitor and review each selected security in the asset-allocated portfolios to ensure that the future investment potential remains in tact. Through this strict screening process, any individual stock, bond, hedge fund or mutual fund which fails to meet our criteria, is sold and replaced by a more appropriate and carefully selected investment vehicle. We

monitor each position daily and complete a full review of each position in your portfolio every 90 days.

By now, Neil or Mark should have contacted those of you that own our Canadian Equity Portfolio. Below is a summary of the latest changes to the portfolios:

Sell	Buy
Telus	Shaw
Canfor	Inmet Mining
Western Oil Sands	Barrick Gold

You will receive a trade confirmation as usual for each transaction. If you have any questions please call me directly.

Preserve and Protect

By Tricia McIver



On the Topic of Probate:

Probate fees, a tax by any other name. It can be a costly "tax" and well worth considering through your legacy planning process.

Probate fees, levied by the province, are payable to obtain a Grant of Letters Probate.

Through the process of obtaining Letters Probate the court confirms the validity of a Will and the authority of the executor of the Will. Though every Will may not need to be probated, it is often the case that it is required as third parties such as financial institutions, the Land Title Office or ICBC may require assurance that the executor has the authority to deal with the assets of the estate. Where probate is required, the entire value of tangible estate assets situated in B.C. and the value of intangible estate assets wherever situated is subject to probate fees. For estates over \$50,000, the fee is 1.4% or \$70,000 on an estate of five million.

All assets dealt with under the Will is subject to probate fees. Planning that results in removing assets from the Will (meaning the passing of assets to heirs is not dealt with in the Will but through some other mechanism) will protect the value of those assets from probate.

There are a number of effective strategies for reducing probate fees:

Joint Tenancy:

Property held in joint tenancy passes automatically to the surviving owner(s) by right of survivorship. As such, the property is not part of the estate and probate fees will be avoided. But be aware, control over the asset is compromised. Additionally, the asset will be exposed to the creditors of all joint owners, and of course income tax consequences - both on the transfer of the asset into joint tenancy and on future income streams and or gains - must be considered.

Gifts Prior to Death:

What you don't own at death cannot be "taxed" at death. But bear in mind that the use of the asset is lost once ownership passes and, at the time of the gift, accrued gains in the value of the gift will be subject to income tax (and in the case of real estate may be subject to Property Transfer Tax).

Named Beneficiaries:

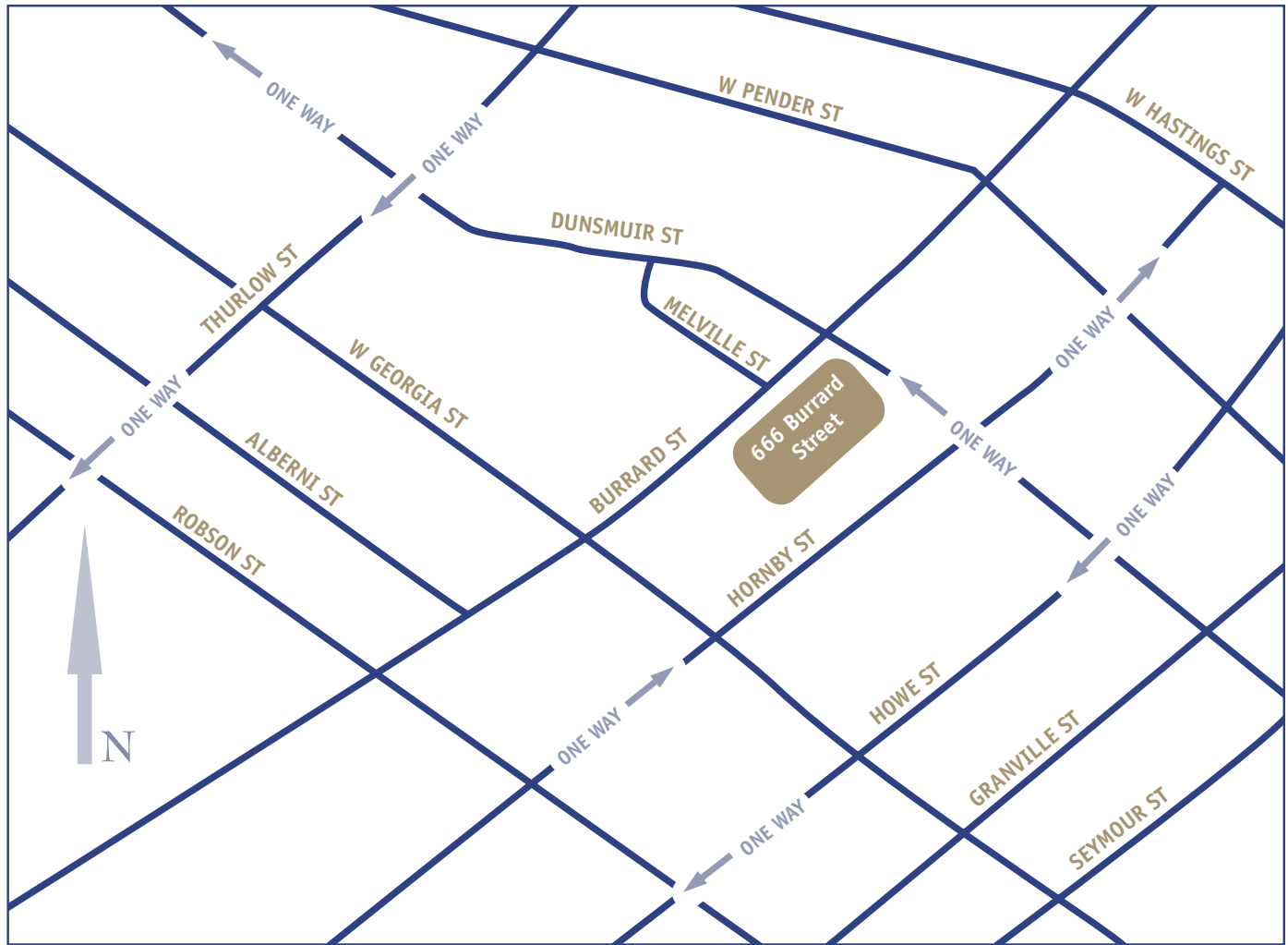
Designating a beneficiary under RRSP's/RRIF's, pension plans or insurance policies will allow the payments out of such plans or policies to be paid directly to the beneficiary and not to the estate.

Transfer of Assets to Trusts or Corporations:

Transferring assets to other legal entities will ensure probate is avoided as these assets will not be owned by the individual at death. Although this technique may be highly effective, employing other legal entities to hold assets is complex, may be expensive to implement and may have significant income tax implications.

No strategy is a sure fit for everyone. A thorough review of the strategy must be undertaken to evaluate cost-benefit implications, both from a financial and non-financial aspect. I would be happy to discuss the various strategies with you.

Visit Us in Person or Online!



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