

The Investment EDGE



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A perfect summer day is when the sun is shining, the breeze is blowing, the birds are singing, and the lawn mower is broken.

~James Dent

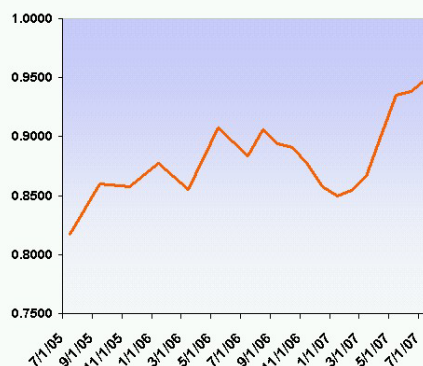


Welcome to our new quarterly newsletter!

Working together as a group we often share magazine articles and various news items with each other. We wanted to share excerpts from some of these insightful bits with you. We also want to provide you with current market statistics and timely messages from our team members to keep you up to date with our business. We hope you will find the content of our newsletter both interesting and informative. Happy Summer 2007!

Can Parity be Next?

Canadian US Currency Exchange



Observations

There seems to be an anti-dilutive effect in equities. During the technology bubble of 2000 there was a major trend of new companies (IPO's) coming to market and companies raising more capital by issuing shares. The opposite is happening in 2006 – according to Trim Tabs the US market lost \$600 billion worth of tradable shares in 2006 due to share buybacks and private takeovers, and in the first quarter of 2007 we lost another \$300 billion (approx. 1.4% of US market value). All other things being equal, this is a positive for this bull stock market: same amount of capital bidding for an ever-shrinking supply of equity equates to higher prices.

On Wise Men in the East ~ EXCERPT FROM THE GARTMAN LETTER

Twelve years ago, Estonia, the little Baltic country that had been under Soviet domination for so long and which chafed badly to become a free market proponent after seeing how badly collectivist thinking had served the people, became the first country to adopt a perfectly flat tax rate. It mattered not in Estonia whether it was capital or wages, or individuals or corporations; everyone paid the same flat tax rate. The tax started at 26%, fell to 22% as the revenues taken in at the first rate were far above expectations so the authorities thought it wise to cut the rate, expecting to take in less revenues whilst still balancing the budget.

Wise men cont'd...

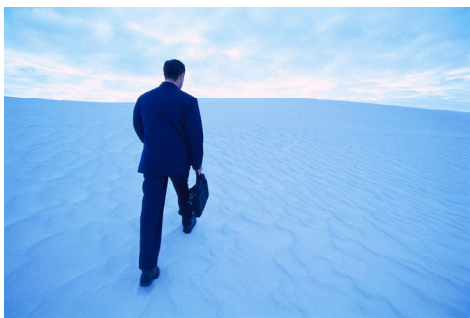
They were wrong in doing so, for at 22% they began to take in more than they were taking in at 26%, and so they are cutting it to 20% in '09.

Estonia is booming. Immediately after the fall of the Soviet Union, Estonia's average per capita income was 35% of that of its European neighbours. Now, Estonians are nearly parity with western Europeans, and the economy is growing at more than 10%! Given this booming economy and low, flat tax rate, foreign companies are flocking to Estonia. Microsoft, 3M, Bristol-Meyers Squibb, and Johnson & Johnson have all moved facilities there, and direct foreign investment in Estonia is now 20% of GDP. As a result, tax revenues are moving up even more swiftly than the GDP can grow.

Lower taxes promote economic growth. Take note Prime Minister Harper!

The role of the Executor is a demanding, onerous job

Being named the executor of an investor's estate may seem like an honour at first, but the role carries with it a heavy burden of responsibility. It is the executor's duty to wrap up the remaining financial matters of the estate – including benefits payable, outstanding bills and income tax returns – in addition to ensuring the estate is distributed according to the wishes of the deceased. The larger and more complex the estate in question, the more complex the executor's role will likely be, and the executor is liable for the decisions made in disposition of the assets.



Therefore, for high-net worth investors, close friends or relatives may not make good sole executors, and in many circumstances their investment advisors are not the best option either. In the latter case, there may be a perceived conflict of interest.

*ScotiaMcLeod can provide you with an Estate Planning Handbook. If you are interested in receiving a copy, please send an email to: carol_cadeau@scotiamcleod.com.

The Crude Truth

Higher prices at the pump today are a matter of simple economics. U.S. refiners have the ability to churn out 17 million barrels of gasoline per day. Demand is around 22 million barrels per day. To make up the difference, they bring in gasoline from foreign refiners, which means that, at the margins, pump prices are set by import prices.

Total U.S. demand for oil products is up 2.7% year to date, boosted in part by the surge in cold weather in February. But since the U.S. is far from the only country importing gasoline and other key refined products, they don't have a lot of say in what those prices are.

Gasoline, like crude oil, is auctioned worldwide to the highest bidder, and with overseas economic growth strong because of our fantastic appetite for iPods made in China and T-shirts made in Costa Rica, we have to pay up to keep our supply coming in. And that's all there is to it.

Important Dates**LAURIER****SEPTEMBER 22, 2007**

It's that time of year again for our annual VIP Tent in the end zone at the Wilfred Laurier University Homecoming Football game.

Email Carol for more information.

Thinking Green

Can we send this newsletter to you electronically? In order to reduce paper we would be happy to add you to our email list.

If you have any ideas or suggestions for our newsletter, we'd love to hear from you! Just send an email to carol_cadeau@scotiamcleod.com

One Final thought:

Two Rules For Success:

- 1) Never tell people everything you know.