



**The Mellow, Schooley & Richardson Group**

Wealth Advisors

55 King St. West  
Kitchener, Ontario  
N2G 4W1

Tel: 519-571-3700

Toll Free: 1-800-265-6360

Fax: 519-742-0680

www.theMSRwealthgroup.com

**Table of Contents**

Market Commentary

TSX

Supply and Demand 101

Estate Planning: Where to start

WLU Homecoming

New Webpage

One Final Thought

**The Last Word**

*"The inherent vice of capitalism is the uneven division of blessings, while the inherent virtue of socialism is the equal division of misery" Sir Winston Churchill.*



# The Investment **EDGE**

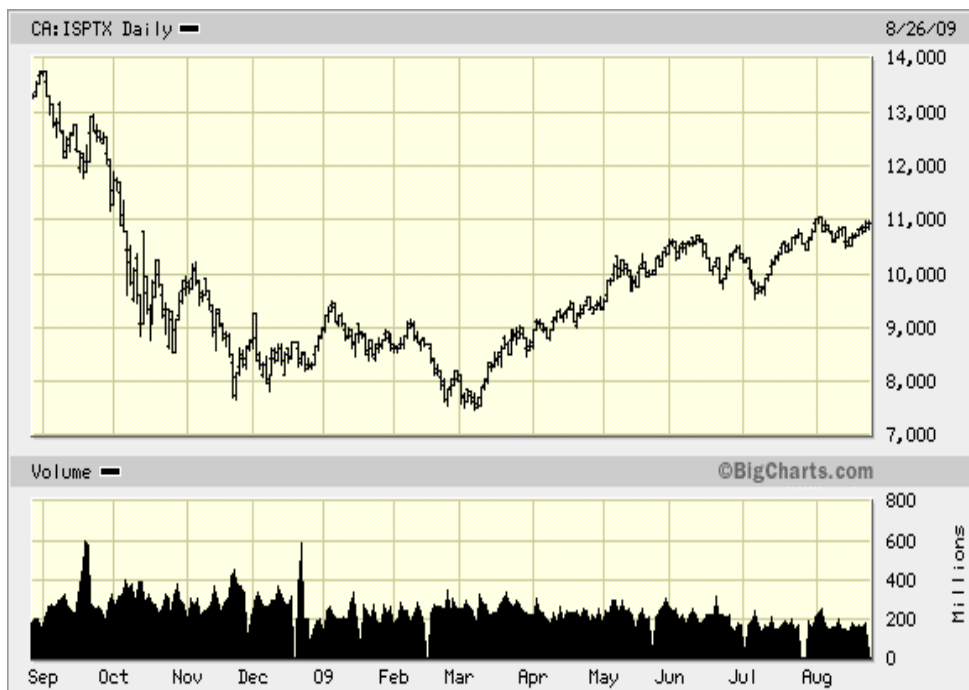
Summer 2009

**Market Commentary**

Confidence has returned to the capital markets! In our spring newsletter we wrote of "Green economic sprouts" and how we believed the worst was now behind us. This trend continues as stock markets are moving higher (see below chart of TSX) and investors are embracing risk once again.

On the micro level the month of July was earnings season – the combination of overly pessimistic analyst's expectations and aggressive corporate cost cutting lead to the majority of Canadian and U.S. companies topping quarterly earnings estimates. In macro economic news most economic numbers are showing improvement, helping to confirm the MSR group's assumption that the recession has ended or will end sometime very soon. We were extremely encouraged to see a spike down in U.S. jobless claims and US housing data getting closer to finding a bottom as both sales and prices improved. The credit markets are functioning normally and corporate bond spreads are tightening. These three events all needed to happen in order for us to believe we've seen the bottom. **(Cont. on Page 2)**

**The Next Bull Market?**



This publication is intended only to convey information. It is not to be construed as an investment guide or as an offer or solicitation of an offer to buy or sell any of the securities mentioned in it. The author is an employee of ScotiaMcLeod, a division of Scotia Capital Inc. ("SCI"), but the data selection, analysis and views expressed herein are solely those of the author and not those of SCI. The author has taken all usual and reasonable precautions to determine that the information contained in this publication has been obtained from sources believed to be reliable and that the procedures used to summarize and analyze such information are based on approved practices and principles in the investment industry. However, the market forces underlying investment value are subject to sudden and dramatic changes and data availability varies from one moment to the next. Consequently, neither the author nor SCI can make any warranty as to the accuracy or completeness of information, analysis or views contained in this publication or their usefulness or suitability in any particular circumstance. You should not undertake any investment or portfolio assessment or other transaction on the basis of this publication, but should first consult your investment advisor, who can assess all relevant particulars of any proposed investment or transaction. SCI and the author accept no liability of whatsoever kind for any damages or losses incurred by you as a result of reliance upon or use of this publication in contravention of this notice.™ Trademark used under authorization and control of The Bank of Nova Scotia. ScotiaMcLeod is a division of Scotia Capital Inc., Member CIPF.

**(Cont.)**

This is not to say that there are not still problems and hurdles to overcome. Unemployment is high and will likely remain high for sometime, deficits and debt levels (particularly in the U.S.) have reached unprecedented levels and the consumer is not in very good financial shape. Overall however, we believe that many of these economic problems are typical of most economies coming out of recession and that brighter times lie ahead.

- If you have been named as an executor, consider if you need assistance.
- Consider insurance as part of your estate plan.
- Consider if trusts are appropriate.
- Consider if charitable gift planning should be part of your strategy.

Ask us for a complementary booklet on estate planning.

.....

*The MSR Wealth Group invites you to our*  
**5<sup>th</sup> Annual Laurier Homecoming Football Game**

**VIP Tent Event**

*Saturday, October 3<sup>rd</sup>, 2009 at 1:00pm*  
*University Stadium, Waterloo, Ontario*

.....

**New Webpage Launched**

[www.theMSRwealthgroup.com](http://www.theMSRwealthgroup.com)

The site is a source for up-to-date financial information and insights that we feel are important.

.....

**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 [linda\\_koebel@scotiamcleod.com](mailto:linda_koebel@scotiamcleod.com)

.....

**One Final Thought:**

*Hindsight is 20/20....we found this quote in the New York Times from 2001.*

*"Apple Computer introduced a portable music player today....But while industry analysts said the device appeared to be as consumer friendly as the company said it was, they also pointed to its relatively limited audience."*

ipods sold 173 million world wide, and itunes downloads over 1 billion.

**Supply and Demand 101**

"Auto sales have slumped to a startling low annual rate of 9.3 million vehicles. There are about 250 million vehicles in the US and about 5% get scrapped each year. That means around 12 million get junked and right now we are only producing around 9 million. The total could move down if a stretched consumer decides to do away with a second car but the gap is still large. If we stay too long at a sub replacement rate, the average car will soon have 100,000 miles on it." **Vince Farrel**

"Or consider housing starts for a moment. They've obviously plunged from the historically unattainable 2.2 million annualised starts rate seen in mid - 05 to something closer to .5 million annualised starts presently. Population growth and immigration are relentless tidal forces, which unless they've been stopped, suggest that in the not-too-distant future we shall have a shortage of housing here in the U.S. rather than the present surplus. We think the transition from surplus to shortage will be swift and shocking in nature and after months of watching as the housing stocks have tested and re-tested their lows, we find them at least interestingly, if not almost fascinatingly, cheap. History tells us that." **Dennis Gartman**

**Estate Planning: Where to start?**

- Work with a professional to ensure your estate plan is integrated with your overall strategy.
- Have a properly drafted will.
- Prepare Powers of Attorney.
- Consider appointing a corporate executor/trustee.

All performance data represents past performance and is not indicative of future performance.

