



The Lion's Roar

Quarterly Bulletin for the Clients and Friends of Networth Asset Management Inc. Canada

WILL WE EVER LEARN?

By: Victor Didkowsky, CFP

It never ceases to amaze and sadden me how short our memories are. After having gone through the second steepest correction in recorded history, all-be-it the longest one, you would think that the sting of that experience would still be freshly ingrained into our grey matter. What caused the melt down in the first place was greed – *the euphoria that fuelled the perception that things will always go up, regardless of common sense*, business evaluations, and in some cases the executives of the firms saying that the stock price was nonsense...but the prices kept going up anyway.

It seems to me that neither the industry, nor the investor learned a darn thing over the last three and one half years. You open up the paper and what do you see, a select few managed funds out of the 4000 some odd offerings out there, showing eye-popping returns over the last 12 months. Coincidentally, those are the same funds that did the worst over the last downturn. It also is interesting to note that the firms promoting this propaganda are the ones designed for the do-it-yourself crowd.

Managing money is a business, and as such, market share is critical to success. The industry term is "Share of Wallet", which I hate. You would think that these firms would have more brains and experience to not

get on, or worse yet, initiate and then promote the roller coaster ride. But that does not seem to be the case. Let us not forget that they are also publicly traded companies and want their stocks prices go up.

Let us once again refocus on short-term returns, forget about the fact that these same gems lost double their returns of last year in the previous few years. Let's also forget about balance and long-term goals and objectives. It is time to once again roll the dice, put your money down and foolishly deceive ourselves into thinking, that this time, it will be different, that we are smarter and that we've learned from our previous mistakes. *If that was the case, then why are the same stupid, short-sighted things happening over again?*

If you keep doing the same things over and over again you will get the same results. If you want to change the result then stop doing the same things over and over again. A somewhat smart man, by the name of Albert Einstein came up with these pearls of wisdom. Maybe he was on to something!

People lost great sums of money in the last go round because diversification meant five different technology holdings. Now they are behind the eight ball, desperation may have set in and they need to make up for lost ground in a hurry. *What better way to make up for that lost ground but by repeating the same actions that got them there in the first place.* Could that be viewed as insanity?

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CLOSET MONSTERS

As a parent, I have noticed that the older my child gets, the less rest I get. Kids, or at least my son, like some company at bedtime and at various intervals during the night to keep away all of those "closet monsters". Sleep is a precious commodity and one that is becoming quite rare these days. I can only hope that as children grow, so do their sleep tendencies, although I am pretty sure that this is not the case.

I thought you might enjoy a little light heartedness in this issue, and maybe find something that we, as parents, can all relate to!

One summer evening during a violent thunderstorm a mother was tucking her son into bed. She was about to turn off the light when he asked with a tremor in his voice, "Mommy, will you sleep with me tonight?" The mother smiled and gave him a reassuring hug. "I can't dear," she said. "I have to sleep in Daddy's room." A long silence was broken at last by his shaky little voice: "The big sissy."

Carrie Haughay





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We are naturally hardwired to do things arse backwards, when it comes to investing. Let's buy when it goes up and sell when it goes down. Everything else we acquire, we look for sales, but no, not with investments. **We are our own worst enemy.**

Long-term success is not an easy road; it is fraught with obstacles, potholes, incorrect signage, and at times, requires you to go against the traffic. If it was easy, then everyone would be successful, instead of only 5% being that way.

I know it is hard to tune out the hype, not pay attention to the preaching of greed and stick with what is real. But together, with me taking the role of the steward of your family's financial dreams, not only will we achieve those dreams, but be able to successfully live them as well.

There is a world of difference between systematic wealth creation and market speculation. I do not participate in the latter and neither should you.

I am very grateful that you have chosen to allow me to touch your lives in such a deep and meaningful way. Also for having facilitated my introduction to others, who you admire, respect and care for. This has allowed me to focus on what is truly important to you and your loved ones.



IF SHOES WERE SOLD LIKE INVESTMENTS

A man walks into a shoe shop and says, "I'd like to buy a pair of black leather shoes, please."

"Sir, if only it were that simple. Here's my card, letter of introduction and here's your Statutory Notice."

"What's this for?"

"It tells you that I can only talk to you about shoes and allied products sold by this shop. I can't talk to you about shoes sold by any other shoe shop nor can I give advice on sausages for instance."

"I see."

"Probably the best way to proceed is to show you where we fit into the footwear industry. We buy the most of our footwear from the Far East at a fairly modest price and sell them onto the public at a considerably higher price. Of course, out of the mark-up we pay for transportation, import duties, rent and sales, display staff, sales staff, cleaners and administration staff, etc., and, of course, the shareholders have to be paid a dividend out of the remaining profits. Not many people think about this when they buy shoes. It may be that even when I have all the facts I may recommend that you do not buy footwear at all. May I proceed?"

"What do you want to know?"

"Well how many arms and legs have you got for a start?"

"What have arms got to do with shoes?"

"Well, sir, if for example you had only one arm and I sold you a pair of shoes with laces - it could be construed by BASTARD as bad advice."

"Who's bastard?"

"The Boot and Shoe Trade and Regulatory Directorate."

"What would they do?"

"Put the boot in. A friend of mine had to leave the industry."

"What did he do wrong?"

"Sold a pair of carpet slippers."

"What's wrong with that?"

"Turned out the guy didn't have a carpet. So you see, I need to build up a full profile of you. For example, do you need the shoes for business or pleasure or business and pleasure? How many shoes have you got already? How many are casual, smart, trainers and sandals? How many suits and what colour are they? Do you have athlete's foot? Can you touch your toes? Any corns or bunions or has your family a history of foot rot? What kind of socks do you wear? How often do you cut your toenails? How much do you earn and what's your overall budget? Well, thank you for that information ... I'll give it some serious thought and will be able to advise you about the appropriate product in two weeks time."

Two weeks later ...

"Ah, good morning sir I've given your enquiry serious thought and what

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Dinner Draw Winners

Don't forget, every time that you introduce us to someone who becomes a client, your name is entered for a diner draw. We have the pleasure of awarding this symbol of our appreciation every quarter.

Congratulations!

This period's dinner draw winner was **Curtis Ling**, who introduced us to **Jackie Dressler**. We welcome Jackie to our practice and thank Curtis for his continued support.
Bon Appetite!





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you need is a pair of black leather shoes."

"Isn't that what I asked for in the first place?"

"With respect sir, you have had the benefit of my professional advice based upon all the relevant facts as provided and you now know with some certainty that you require black leather shoes. All the guesswork's been taken out of it. Here's your Risk Analysis - I recommend you buy these leather shoes because they'll keep your feet dry, match your suits, look smart and you can afford them."

"Well, I'm glad that's settled."

"Right. Please complete this application form. Here's a quotation for your signature. It shows a complete breakdown of costs and profits and includes my 1.27% commission. The product particulars describe in great detail how the shoes are made and the "key features" are a summary of the product particulars, highlighting the risk factors."

"Risk factors?"

"Yes, for example, if you live too long the shoes may need repairing. On the other hand, if you die before you've had your wear out of them, I'm afraid there'll be no refund, even if they don't fit another member of the family. So just to recap: you've got my card, Letter of Introduction, your Statuary Notice, product particulars, key features, quotation and Risk Analysis. Now please take a seat while we await the letter from my head office advising you that I do in fact work for this company. By the way, there is a cooling

off period - you can still return the shoes within 30 days and receive a full refund if you don't like them for any reason.

Incidentally, how are you paying?"
"Cash."

"Well, sir, we have to consider the possibility of money laundering, so would you mind nipping home for a telephone bill or utility bill, your last tax return with your tax number clearly printed by CCRA and a certified copy of your birth certificate to prove your identity so that I can be sure that you are genuine and not mixed up in some sort of unsavoury financial arrangement? And one last thing, sir, do any of your friends require shoes?"



"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."

Charles Darwin

News & Views

A KEEN EYE

By: Victor Didkowsky, CFP

Interested in buying some gold, jewels or maybe a luxury home? If you want to accumulate significant wealth then maybe you should consider stocking up on computer supplies.

A recent story that appeared in the Chicago Sun Times revealed that inkjet printer ink is one of the most expensive items on earth. A typical cartridge costs approximately four dollars (\$4.00) to produce, but consumers pay ten times that amount when they buy it.

To put that mark up in perspective, the article compared the price of ink to that of gasoline and it came to the conclusion that it would **cost U.S. \$175,000 to fill a regular size automobile gas tank with inkjet ink. Now that is an investment, if I ever saw one!**





WHERE THERE'S A WILL...

I am very pleased to contribute to **The Lion's Roar** for this issue. Having enjoyed receiving this helpful publication myself, I have an appreciation of the value it can provide in an often confusing world of planning options.

In considering what topic to choose, I decided that it would be helpful to address the most frequently asked, legal questions presented by my clients over the last year. By doing so, I hope that you will find something which can assist in clarifying your questions or concerns. Perhaps you will find an issue raised which had not previously occurred to you.

Why should I have a Will?

I have found that the best reason to have your legal affairs in order is to leave a personal legacy by which you would like to be remembered. Quite apart from any monetary bequests which you may leave to selected beneficiaries, you can choose to be remembered by your friends and family in a positive way, or as someone who caused tremendous difficulty and delay in finalizing your estate. Whether you have a Will or not, it will be necessary to have the Court review your affairs prior to anyone concluding matters on your behalf. If you provide a clear "map" as to your intentions, which is also in a format familiar to the Court, your estate will be concluded systematically in keeping with the laws of Alberta. If you do not, then whoever takes on the job of concluding your estate will be faced with a daunting task indeed - and your reputation will suffer accordingly, both during and after the significant and costly delay. Most people can recite unfortunate stories of concluding someone's estate. You may even know of a family member whose death resulted in tremendous difficulty and internal discord. It's your choice to either minimize or eliminate.

My estate isn't large enough to need a Will!

You'd be surprised! Remember that your estate can include assets received as a result of you being listed as a beneficiary in *someone else's* Will - before or after your death! Are you certain that you are not a beneficiary now or could be one in the years remaining before your death? How would you know? Also, your Will can address issues which are not directly monetary such as whether you wish to be cremated or buried. Do the proper persons know your intentions in this regard? Are there family members who might challenge any decision you make unless it was in the written form of a Will? Is it possible that you may perish with, or after, the very family members to whom you have provided verbal instructions covering any number of issues. Of course, there is always the likelihood that your financial worth could change between the time that you decide not to have a Will and the date of your death. If you have been delayed in getting a Will so far, what makes you believe that you will have more time or inclination in the future?

I don't need a Will - everything will just go to my spouse anyway.

That simply isn't true in Alberta - never was! The good news is that your assets will be divided up and distributed through the workings of a series of provincial government Acts. Your estate *literally* represents a lifetime of effort, relationships and choices. If you consider yourself generic enough that it is unimportant to you how the provincial government concludes your estate, then perhaps you do not need a Will after all - but it will also most likely cost your estate considerably more to have the Province conclude your estate because the cost comes right off the top before any distribution of asset value to anyone else!

If I do need a Will, I can just get one advertised in the media. They can be valid...

Yes, they can. The client who first approached me, with such a document, was a geologist. Not being personally satisfied with the product options which the program had provided, he offered the best response I have heard: *"Next time you're asked, find out what that person does for a living. Then just reverse the situation, and see how they react when you say that you were going to seek their services to drill an oil well (or provide an engine overhaul or correct a tooth cavity or whatever), but then you saw a program on T.V. where you could drill that oil well for under \$40.00!! They may wish to reconsider."* Bottom line: it's your estate.

Paul Newcombe
Barrister & Solicitor

If you should have any questions or concerns, feel free to contact me at (403) 253-2100

THE LATEST ADDITION TO THE TEAM

Hello, my name is Joelle Pierre. I am now part of the Networth Asset Management team and my position is that of a part time Client Services Administrator.

A little bit about me. I am originally from an island called Mauritius located off the coast of Madagascar and have been living in Calgary for about 14 years. My hobbies are weight training, martial arts and reading. I am also a massage therapist, having worked at Bankers Hall Club for about a year.

My main role is to relieve Carrie of some of her responsibilities, since she is getting more and more projects to deal with. My responsibilities include interacting with clients; I will be scheduling appointments with Victor, coordinating various events such as birthday breakfasts or lunch dates, annual reviews, RRSP meetings and more. I will be organizing various events and fulfilling my administration duties. I am more than happy to assist our clients as much as I can and am ready to answer any questions or inquire that you may have.

I am thrilled to be a part of the Networth Asset Management team. I am looking forward to meeting and speaking with you in the near future.

Joelle Pierre

