



The Lion's Roar

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

Can You Believe It Is 2004?

As is customary for us, we like to do a review of where we have been over the last year and what our plans are for the upcoming one.

As a recap:

2003 was a tough year, filled with lots of challenges and a roller coaster of emotions. Our industry is undergoing tremendous change, the bureaucrats have invaded it with more and more paperwork requirements. The big keep getting bigger and independence is becoming an even harder environment to find and then prosper within. Technology has mushroomed and we have managed to ride the wave on its crest. Oh ... and don't forget the longest Bear Market in history! All of these things I have already shared with you in previous editions of the "Lion's Roar" or "My View". The bottom line is ... we survived and did well in relation to our colleagues.

So going forward:

First:

Ownership, independence and control of how we look after your needs will continue to dominate the landscape. We are working diligently to address these concerns in order to allow us to continue to look after your needs without compromise or undue external pressure.

Second:

Our practice will be reorganized in order to continue to focus on your specific needs. *This year we will only be accepting twenty new clients who must be introduced to us by you, their accountant or lawyer and who meet our criteria. What that means is that ... if you wish to make that introduction, don't procrastinate.*

Third:

Technology, its advancements in information management and reporting will be a continuous theme of support to our relationship management strategy. As you know we are high touch first, high tech second. But as the world keeps evolving so must we in order to keep meeting our commitment of excellence. Hence we are in the process of introducing a much more interactive tool to assist us in raising our service bar even higher.

Fourth:

Having a deep knowledge and understanding of what your dreams and fears are, plus ever improving team knowledge and support, continuous education, process involvement and commitment to service excellence are the keys to our mutual success.

Fifth:

Having you understand and being able to articulate what "unique value" we bring to you; how we do what we do and why you choose to deal with us. We also want to determine how well we are meeting your needs and if there are areas that require some tweaking. Hence, we will be conducting an independent, third party survey in order to assess our strengths, weaknesses and areas of opportunity. If you are sent one, please give us your honest feedback.

Sixth:

Continue to monitor your holdings, markets, life plan, and most importantly, your big picture in order for us to build together the foundation that will enable your dreams to become a reality that you can live and enjoy.

I would like to thank you for your loyalty, support and encouragement over the past year. From our family to yours, we wish you and your loved ones good health, happiness, prosperity and the fulfillment of your dreams.

Happy New Year!

Victor

It's that time again!

But this time it's with a difference. A broad market drop of 68%, still down 50%, and an opportunity to buy excellent securities as they are going back up.

Never since the Great Depression has this opportunity so blatantly existed to create ...

long-term permanent wealth.

So now it is up to you. Your choice:

- ◆ Contribute nothing
- ◆ Contribute the minimum
- ◆ Contribute the maximum for the year
- ◆ Get caught up and take advantage of our own 1929 opportunity

Did you realize that more money was made after the Great Depression than in any other time in history? We have just gone through our own 1929 ... but ours was the longest bear market in history! So what are you waiting for?

Please give our office a call so we can assist you in taking advantage of this *once in a lifetime opportunity.*





A Case for Optimism

By Victor Didkowsky CFP

With the U.S. presidential elections about a year away and George Bush Jr. wanting to stay in office for another term, the American economy will certainly keep producing favorable numbers. We are now entering the seventh quarter of our economic turnaround and the second consecutive quarter of improved operating profits. The American slumping greenback, which now looks closer to its colorful Canadian counterpart, has resulted in increased domestic manufacturing, corporate reinvestment, and has also made it possible for the Bank of Canada to not only maintain, but even lower, interest rates. Here in Canada, we are in the midst of improving productivity and cost cutting in order for the government not to step in and lower the Canadian dollar in order for us to regain our competitive advantage on the world's trading stage. Inflation is at bay. Additionally, we have been taught a lesson for the lack of our verbal military support, by the flexing of the U.S. Mad Cow muscle. West Nile will be forgotten until next summer and hopefully the winter deep freeze will diminish the mosquitoes' numbers for next year.

The *always late to the table* investor is slowly returning to the market trough. Interestingly enough, the bottom of the down market was reached in October 2002. People started to notice an upward movement in the summer of 2003 and now that



it is December, one and a half years later, optimism has once again returned. So far the NASDAQ has gained the most because demand for the end product has returned. Therefore, earnings growth has dramatically improved, so, as a result, stock prices are up.

So is the upturn sustainable? Heck of a good question, even if I do say so myself! If there is enough time given, President Bush gets a second term, we have a change in our own illustrious leadership and the largest economy in the world representing 40% of global consumption, by that I mean the U.S.A., starts firing on most cylinders ... *the answer is a resounding yes.* Chances are pretty good that this will be the case, at least for a period of time.

The luster of gold is great for jewelry, or as a few collector coins, but past that I am not sure of what of its true significance. Commodity prices for oil, gas, and building raw materials will remain high, and as developing nations continue to evolve, *they will buy it from us in even greater quantities.* Water will become a big deal for Canada and our neighbors to the south will continue to increase their pressure for that life-giving fluid.

Boy, the investment world has changed. Gone are the days of double, if not triple, digit specific holding returns (at least until we forget our last lesson). What we now have are more realistic, substantiated and down to earth returns, as well as more accurate and responsible corporate reporting. Is this not the key to what long-term systematic wealth creation is all about?

Call me an optimist, but I see good things ahead ... however, because the world has most certainly changed, the way opportunities will be incorporated into your portfolio will look different than what we may have seen in years past. The focus today is to create some profit in order to take advantage of alternative investment opportunities as they present themselves, to constantly strive for balance in everything we do and *remember that money is a means to an end ... in itself it is not the end. It allows us to do what is truly important in our lives and to live our financial dreams.*

How 9/11 Changed Our Mindset

Our world will never be the same. From our political alliances to our economic partnerships, things have forever been changed.

What has become most visible is the cost of security, and the countless hours of delays we all face. It has also challenged people's beliefs and attitudes, shifted preferences from future to present, causing more of a live for today mindset. Undoubtedly it has shortened our perception of time, at least in our own minds.

Why can't we all live in harmony?



As a sidebar, it is interesting to note that the American economy posted only one quarter of negative growth as a reaction to 9/11.

Dinner Draw Winners

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

Congratulations!

This Period's Dinner Draw winners are Kelli & Dan Southerland who introduced us to Michelle & Rob Stewart. We welcome Kelli & Dan to our practice and thank Michelle & Bob for their continued support.
Bon Appetit!



China - A Force to be Reckoned With

China is challenging the efficiency and methodology that global production has come to know and that will create massive change!

Over the last twenty years China has experienced an annual GDP growth rate of 9.7%, making it the largest and fastest growing economy in the entire world. In order to satisfy this horrific pace of industrialization, in excess of thirty million people move from the rural areas into cities every year. To put that into perspective ... that is the population of Canada moving every year!

Because of urbanization they are experiencing a growing consumer culture, they are not just producers. As we also all know, the quality of products being manufactured is very good and their breadth continues to expand daily. Improving transparency, corporate governance and the political process have been, and will continue to be, an ongoing challenge, but things are getting better.

So why is China so attractive?

Basically, because the economic reforms are irreversible, it has become the world's largest privatization story. Its economy is gaining importance and it has a sustainable competitiveness in labour costs. Large multinational firms are investing hard currency in plants and equipment to, not only facilitate industrialization, but to cash in on China's domestic and international markets.

But ... not all is rosy. There is a growing disparity in the distribution of wealth, a weak financial system and an opaque legal system, coupled with corruption issues. Add to that mounting pressure to revalue the RMB (their currency) in order to improve the competitiveness of imported goods, a large trade surplus with the U.S. but a



significant deficit with the rest of Asia, and their domestic money supply is exploding. In addition, there was poor disclosure on the SARS outbreak, but in all fairness that was a relic from the past and quantum changes have been instituted to correct that shortcoming. What it did point out is that China is a member of the global community.

There are also the not so cordial military issues. If China assists North Korea in its various military pursuits, this will reflect very badly and may cause the U.S.A. to rethink its support. In 2004, Taiwan will hold elections and so far China has been the "Big Bad Bully". This has also caused the U.S. to throw its might behind defending Taiwan. The jury is out on the eventual outcome. Hopefully, because of these issues, the American trade barriers and protectionist measure walls do not start getting erected.

Certainly there are opportunities to be capitalized on and there are various ways of accomplishing that. Two of the less volatile ones are to invest into a China-focused managed fund, the other, into an international fund that would have a select number of Chinese corporate holdings within its portfolio of holdings. Your appetite for market ups and downs, as well as your current mix, will determine the best course of action. If this opportunity is something that you would like to explore in more depth, then do not hesitate to contact Victor at 244-7400.

News & Views

Where do you turn for advice?

It seems like there is a story about the *intergenerational transfer of wealth* in the newspaper or on TV almost every week. It's only natural that parents should want to pass their assets on to the next generation, but the complexity of the process can make things difficult.

Several of my clients have recently *acquired large sums of money through death or divorce*, and together we are deciding how best to put the funds to use. Others have introduced me to their family so that we can plan for an orderly and equal distribution of estates with the minimum amount of taxation. If you are – or think you may soon be – in this sort of position, I want you to know that *I am here to help*.

In my circle of allied associates we have the legal, accounting and financial planning expertise to provide information and solutions to people with complicated estate issues. Whatever the case, I'm sure that we can be of assistance.

If you would like me to meet with a friend or family member, or if you'd like some advice on another matter, please do not hesitate to contact me.





The Invitation

It doesn't interest me what you do for a living. I want to know what you ache for, and if you dare to dream of meeting your heart's longing.

It doesn't interest me how old you are. I want to know if you will risk looking like a fool for love, for your dream, for your adventure of being alive.

It doesn't interest me what planets are squaring your moon. I want to know if you have touched the center of your own sorrow, if you have been opened by life's betrayals or have become shriveled and closed from fear of further pain. I want to know if you can sit with pain, mine or your own, without moving to hide it or fade it or fix it.

I want to know if you can be with joy, mine or your own, if you can dance to the wildness and let the ecstasy fill you to the tips of your fingers and toes without cautioning us to be careful, to be realistic, to remember the limitations of being human.

It doesn't matter to me if the story you are telling me is true. I want to know if you can disappoint another to be true to yourself; if you can bear the accusation of betrayal and not betray your own soul; if you can be faithless and therefore trustworthy.

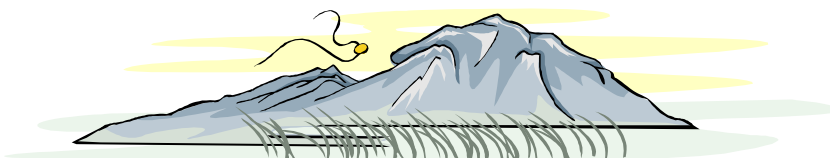
I want to know if you can see beauty, even when it's not pretty, everyday, and if you can source your own life from it's presence.

I want to know if you can live with failure, yours or mine, and still stand on the edge of the lake and shout to the silver of the moon, "Yes!"

It doesn't matter to me who you know or how you came to be here. I want to know if you will stand in the center of the fire with me and not shrink back.

I want to know if you can be alone with yourself and if you truly like the company you keep in the empty moments.

Oriah Mountain Dreamer



Preparing for Tomorrow

The holidays are always such a "feel good" time of year. This year I have something extra to look forward to, *Baby's First Christmas!*

My holidays will be spent shopping for that extra special gift to give to my son, taking a ton of pictures for all of our friends and family who can't be here to witness Baby open his very first gift, throw it aside and play with the wrappings, and just enjoying these precious moments with my family.

With RRSP season hovering just around the corner it is also a good time to prepare for the future. Like all of you, by looking after my financial wellbeing now, I can ensure that future holiday seasons can be spent watching my family grow up and *not worrying about what the future may hold.*

As in past years, on behalf of Victor, I will be calling all of you to remind you about your RRSP contributions. You can mail in those contributions (making the cheque payable to Worldsource Financial In Trust), drop it off or book a time to come by in person. I look forward to speaking to all of you.

Have an extra special holiday and a very happy new year.

Carrie Haughay

