FSG FINANCIAL STRATEGIES GROUP
WEALTH MANAGEMENT

Planning Report

Summer 2010

Building Wealth That Lasts

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FSG Mission Statement

To align our clients' values and goals with sound, strategic financial solutions.

This allows you to enjoy your life while delegating the investment management process to FSG.

From Chris's Desk

Gratitude

" *the quality or feeling of being grateful or thankful*". I've been feeling a lot of this of late - gratitude, for my faith, family, friends, clients, staff and country. Nothing can stand up to gratitude. There is no negative emotion - not fear, self-doubt, sadness or anger which can survive exposure to the radiance of gratitude. I read a book the other day that suggested starting a Gratitude List - your own unique statement, in writing, of all the important things in your life for which you are deeply grateful. Please take a moment and start writing. What you and I have to think about and practice is keeping thanks, everyday, in our hearts. The bumps and bruises of this world will not stop trying to beat thanksgiving out of us.

At FSG, we are grateful for the privilege to serve you and your family. We take our role as your family's "Chief Financial Officer" seriously and continue to seek the best practices in the world to bring you more certainty that your wealth will last.

We have moved our quarterly newsletter to semi-annual, with the goal that the content will be reflective and relevant to you. We deeply appreciate introductions of FSG to your friends, family and associates. Your introduction of others to us is the highest compliment you can give us.

We know from our surveys and client feedback that we provide an integrated and holistic financial, income, tax and estate planning that we are told is unparalleled in large institutions. We take our role in this long-term relationship with our clients seriously. Much of our purpose, meaning and usefulness in our role come from the daily task of helping you see the truth of your financial reality.

For that we are grateful.

Chris

Investment Commentary

After a meteoric rise from March 2009 to the winter of 2010 of almost 60%, the markets have recently cooled into a corrective phase with the onslaught of debt problems triggered by Greece. This debt crisis has raised concern that the economic recovery will fade.

Still, the Organization for Economic Co-operation and Development (OECD) members will grow 2.7% this year, more then the 1.9% predicted in November 2009. If you include non-members like China, the global economy will expand an astounding 4.6% this year and 4.5% in 2011. This highlights the divergence in the global economy; while some economies like China and India and even Canada risk overheating, heavy debt may threaten expansion in many of the developed nations including Europe and USA.

Overall, we believe the world economy is in the early stages of its current recovery. Although the economic data is generally positive, this recovery is being buffeted by pockets of concern such as those countries with heavy debt. Non-payment of sovereign debt is not new; both Argentina and Brazil defaulted on their debt in the last decade.

I would remind you that your investment fund managers are constantly adjusting your portfolio to take advantage of valuations in the marketplace. During times of panic and selling, your managers can use cash they have in the funds to buy companies and bonds at attractive valuations. There are daily and weekly reviews and adjustments to your portfolio's provided by the best people in the world. If we feel your portfolio managers are not staying in benchmark, we will discuss appropriate changes with you.

Mary Anne has a system to contact you at least twice a year for reviews; often you may feel your review is not necessary. This is fine, and if we need to make any change, we will advise you. As always, please contact me if you have any questions or would like a review more frequently than Mary Anne's call.

Beef up your savings with the FSG TFSA™

The FSG TFSA™ features:

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- Best Investment Funds
- Best Integrated Tax Planning
  - RSP, RIF, TFSA, Corporate Class

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Investing 101—"The Rule of 72"

The Rule of 72 simply states: **Take the number 72 and divide it by the rate of return of an investment. The result is the number of years it takes for that money to double.**

THE RULE OF 72

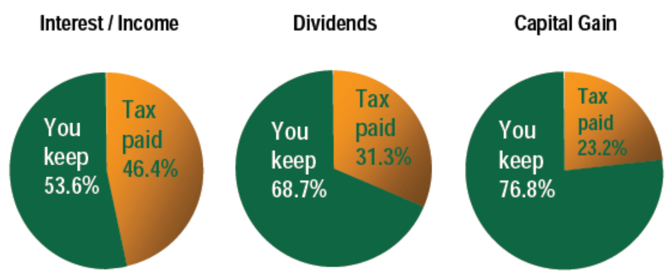
Annual Rate of Return	Investor's Money Doubled Every...
1%	72 Years
2	36
4	18
6	12

Corporate Class Mutual Funds vs. Mutual Fund Trust Investments

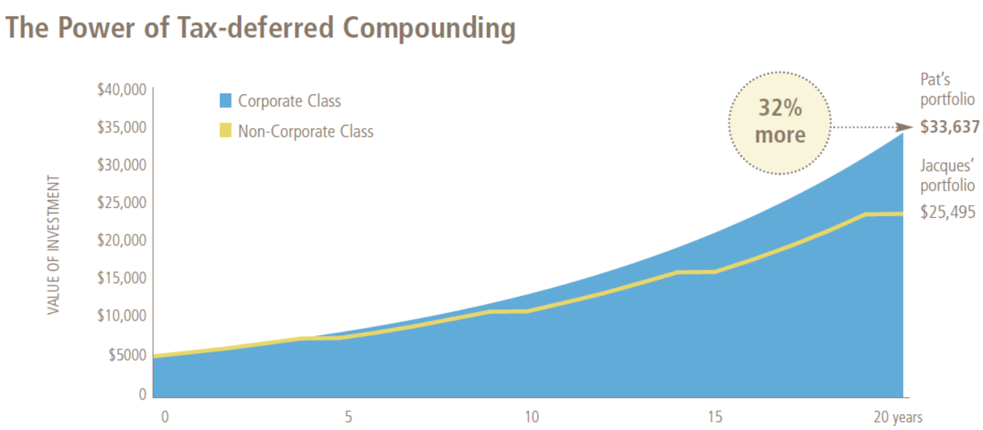
If you hold mutual fund investments in your RRSP or RRIF, the distributions are not a problem as the distributions are sheltered from tax. Distributions such as Interest, Dividends, Foreign Income and Capital Gains in non-registered mutual funds generate income affecting income tax, as well as income-tested benefits such as OAS.

Corporate Class mutual funds look exactly like regular mutual funds, however the tax is deferred through the corporation structure as expenses, and capital losses can offset the gain they would normally distribute to you in form of a T3 – Statement of Trust Income Allocation and Designations. The immediate advantage is to reduce income, reduce income taxes, and improve the overall rate of return.

The chart below highlights the taxes you would normally pay for Interest, Dividends and Capital Gains. Through Corporate Class, these distributions can be reduced or eliminated. The overall tax you paid is dependent on your marginal income; however opportunities to reduce income and tax will directly affect the overall rate of return on your investments.



The illustration below highlights the importance of managing tax, and the overall effect of Rate of Return.



The information contained in this newsletter is for general purposes only and is the opinion of the writer. It is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.

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