

August 6, 2011

Quote of the Month: “Many of life’s greatest experiences will only be enjoyed when you step out of your comfort zone”. So is there anything that you need to do to become “uncomfortable”?

Market Update: The US economy continues to plug along despite serious leadership issues in the White House and NOT having a concrete long-term plan that the economy/business can rally around. I believe the US will continue to experience very modest growth in the range of 1.5 to 2% GDP; mainly because businesses are hesitant to hire back millions of unemployed America’s without having clear direction from Washington. Remember the Government is not the economy, but they can create stable policies that can encourage business growth. It is reported that Corporate America has trillions of dollars in their bank accounts and they are not spending until they see a concrete plan...we can only hope! One of the biggest strains on the US economy continues to be the millions of foreclosed homes and unless a solid plan (notice the Theme “Plan” and the “need of good Leadership”) can be developed to address this serious issue, many Americans will continue to hand in their keys and walk away for the “American Dream”. One in six Americans are now classified and living in poverty and what a sad reality for many good people. On a positive note there is one less struggling family in the USA after last night’s winner of America’s Got Talent...way to go Landau!

Canada: The roller coaster has continued now for many months on the TSX, mainly because we are a resource based economy and when demand slows for our goods the markets reflect this. Generally the last few months of the year (October to December) the market do quite well and I feel there is a good chance of this happening again this year...so we should see a bit of a rally and the TSX rise above 13,000. I believe we could see Gold reach or exceed \$2000 per oz. and Silver over \$50 oz. mainly over the European Debt Crises or further destabilizing in the Middle East. Canada’s fundamentals remain strong but because we are in a Global Economic Village and in the big picture we are a very small player (only 3% of Global Markets); our dollar and stock exchanges will fluctuate based on these factors. Our Canadian Dollar will fluctuate between the .95 to 1.05 ranges probably over the next year. We will continue to enjoy low interest rates for the foreseeable future (1 to 2 years) and as I have stated in the past it is a great time to get rid of “BAD DEBT” (non-deductible) and be conservative with “GOOD DEBT” (borrowing to invest). Real-estate (housing) for most parts of our country will be fairly stable. The areas’ of concern are mainly in Vancouver and Toronto markets where they have become very heated up (potential bubble) and could be due for a correction in the near future (1 to 2 years possibly). Vancouver is far worse than Toronto based on income to debt ratios to purchase a home.

Europe & the rest of the world: Not a lot has changed in Europe and they continue to try to kick the can further down the road; but the serious problems of Sovereign Debt continue to plague this area of the world. I believe Greece will eventually default because they do not have the demographics or the economic power or ability to get themselves out of this financial mess. The PIIGS nations issues will take years to sort out and I do not believe the stronger players (Germany and France) will continue to want to bail out their weaker cousins indefinitely as recently shown by rejection of a new EURO bond issuance. Expect slower growth and demand of goods globally for the foreseeable future; but I still do not believe we will see a full recession near-term. The another big threat to economic stability is Geo-Political issues mainly in the Middle East at this time, and if things do not settle down we could see full scale war between Iran/her Allies and Israel/Western Allies. Pray that cooler heads would prevail!

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Your Money: All of my clients' money is in the positive year over year growth, and if we get the yearend rally we should see returns in the 6 to 12% range depending upon your asset mix. For those who have taken advantage of the Exempt Market Products they have continued to very well. Comox Bay (10% return Bond and share in 75% of the profits of the condo unit sales, 5 year term) is in Pre-sale and this offering will close in the next few months. The ReSoL project in Sherwood Park, Edmonton (Condo Development 11% return Bond, 3 year term) is close to being fully funded and this offering will also close in the near future. The Centurion REIT and our three MIC'S continue to be in very high demand with 8% plus returns. We currently have 14 separate offerings which include raw land investing in Red Deer Alberta (5 year term approx..) and a couple in the US through Walton International. We have an interesting opportunity in Las Vegas run by a very experienced Real-Estate expert from Vancouver. The only way I would recommend clients investing in the USA is if the opportunity is managed by professionals with long-term real-estate expertise who know the local and regional markets intimately. This is not a game for amateurs. We also have Flow Through shares in Canadian Resource companies and Oil & Gas opportunities. We have an Equity investment in a multi-stage Hilton Hotel Development by the Calgary Airport. We also have a very interesting Bio-Fuel investment opportunity for those who like the green market. As you can see we have a very diversified portfolio of opportunities, from very conservative to moderate to higher risk to suite different investment objectives. Some are pure growth opportunities and some offer cash-flow or a combination and varying time frames. If you are interested in getting more information please let me know.

Time to reconnect with BC Clients and Referrals September 24 to October 1st. Please let me know if you would like to meet ASAP to do some new business or have a family member or friend who would like to meet for the first time to discuss developing a financial plan. I will contact those who are due for their annual review to set up a meeting.

I hope you had a wonderful summer as Tammie and I did!

Best regards,

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