

Sound Advice

Rod's Quarterly Commentary:

The Advantage of Distance

Over the past few months I have had an opportunity to keep in touch with a large number of you by phone and in person. My top priority in the past year has been to make myself available to you so that we may discuss your many questions and concerns. It also offered me a chance to remind you that at this time, the most important action you can take is very simply to remain calm and make smart financial choices. The emotional traps that have caused many to make poor financial choices have swirled around us for some time now. I am pleased to report that my clients have not been among those making rash decisions. After many conversations with you over the past quarter, it dawned on me that I should take a holiday to relax and unwind from the hectic pace of the last few months.

So, where did I decide to go for a holiday? I finally made good on a promise to a long time friend to "go north" to his wilderness cabin situated 60 miles northeast of Island Falls, Saskatchewan. There is no telephone, email, electricity and nobody around for miles, and one can experience complete isolation from the hectic pace of modern day life. The trip offered me an opportunity to experience what the world was like before all the electronic mediums began creating a mass attention deficit that is so common today. For the first day or so I confess I did go through a certain amount of withdrawal. But as each day progressed with its own share of wonderment and adventure, I came to appreciate the advantages of slowing down. Here are some of the things that I realized are part of the "advantage of distance."

When you are traversing a river with swift rapids, whirlpools and hidden rocks while keeping your sights on the next bend or twist in the river, you realize the importance of always having a "backup plan" no matter what activity you are tackling. What do you do when your original plan doesn't quite proceed as you thought? My traveling partner had 25 years of experience running rapids like these. I trusted his judgment, but he too always has a backup plan if a problem should arise. I was struck by the similarities between running a river with rapids and the financial planning process. The recent declines in the capital markets remind all of us how important it is to have a plan in place and to revisit this plan when the road, or river, gets bumpy. It is extremely helpful to know that you can adjust to changing circumstances when you need to in order to stay on course.



Rod Tyler, CFP, RFP, CLU

Rod Tyler

Continued on page 2 ...

The Advantage of Distance ... continued from page 1

A second realization I had while trekking through wilderness without another soul around for miles and certainly no one to readily call for help, is the importance of having a well thought out and up to date will. You will all be pleased to know that I do in fact have an estate plan for myself. As fortune would have it, I was not lost in the wilderness and there was no immediate need for my estate plan to be put into action! This reminded me of a famous quote from Mark Twain when he traveled around Cape Horn and was reported missing at sea. Twain's response was: "the reports of my death were greatly exaggerated." Later in this newsletter, on the subject of estate planning we've introduced a new column which I know you will like called "Estate Planning Failures of the Rich and Famous" which describes what happened when famous people failed to have a working estate plan at the time of their death. While you may find some humour in the stories, they do illustrate how important it is to have a plan. As always, I am available to help you develop your plan. I am able to work in conjunction with your lawyer to implement it. It all adds up to peace of mind for you and your family.

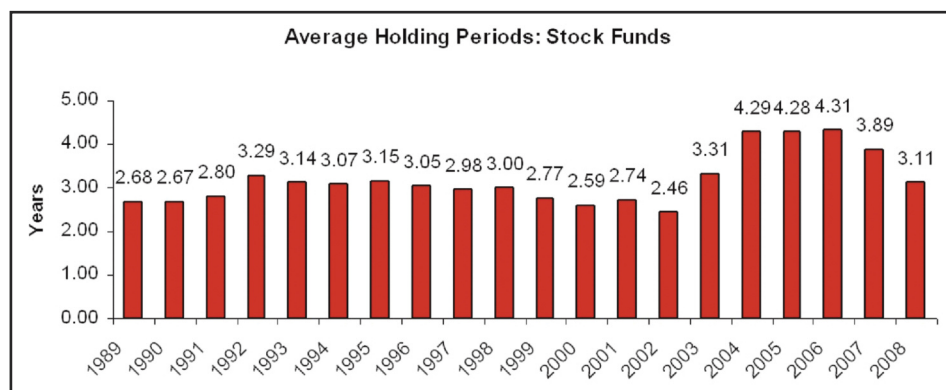
I had another great insight while up north as I reflected on all the recent media reports full of "doomsday" scenarios regarding the economy. I recalled that the most successful investors of all time have often achieved their success by distancing themselves from the "noise" of the financial markets and constant media coverage in times of turmoil. The classic example is Warren Buffet of the famous Berkshire Hathaway company. Warren lives in Omaha Nebraska, a city not unlike any Western Canadian prairie city. Clearly he didn't have to be on Wall Street or Bay Street to achieve huge success. I would venture to say that he has used this relatively remote choice of home to his great advantage. He keeps in touch with what the average person values but distances himself from the financial excesses and trends that dominate large financial centers. Buffet has taken advantage of the recent crisis by deploying Berkshire's considerable available cash to buy steeply discounted assets, which often include attractive dividends and interest payments. Remarkably the Berkshire Hathaway share price has risen 28.48%

(Bloomberg News July 1, 09) from its low on March 5, 2009. I doubt that Warren was very concerned on March 5th that the many high quality businesses he owned were going to suddenly become worthless! But then again he has the advantage of distance, doesn't he? (see the attached graph- Berkshire share price).

One of the other advantages of living in a remote location, and what Warren Buffet undoubtedly understood, was that you can't make snap decisions that involve the buying or selling of a security on the spur of the moment. Nor can you check on your portfolio value hourly or daily. Buffet has stated that his ideal holding period for investments is "forever". You simply buy quality investments and let time do the work.

There is a revealing study prepared each year by a financial reporting service called Dalbar Inc. The study measures how long the average retail investor holds investments. In the graph below you can see that the time period is only about 3 or 4 years. What this means is that short term investors never get to participate in the long term results of well managed funds. My goal is to help my clients prosper by holding investments for a longer period than the average investor, thereby reaping the long term rewards.

My final insight is one that I am sure everyone has experienced. Have you ever tried to remember a particular fact at a critical time and have just drawn a blank only to recall it later that same day? Or, have you ever exhausted yourself trying to solve a challenging problem only to have the solution burst into your mind while you weren't even thinking about it? The point is that sometimes the best way to solve problems or create solutions is to "get away" or to "sleep on it." I used this holiday to do just that, and this newsletter article is the result. Here's hoping that you enjoy the summer and take some time for a get away yourself!





Team Member Profile

Zena Amundsen

How would you describe your role on the team?

My role on the team is that of Client Service Specialist. I am available to assist you with any questions and requests you may have regarding your accounts. My typical day at the office starts with the making of a blended fruit smoothie for all of us at Tyler & Associates. Then, smoothie in hand, I go straight to any client requests and account transactions that need to be processed for the day.

What is your favorite part of your job?

My favorite part of my job is meeting clients and getting to know them. I enjoy the opportunity to become acquainted with the person behind the phone, letter or email request.

What activities do you enjoy in your spare time?

My spare time is spent enjoying the company of my family and friends. Our daughters swim with the Dolphins Swim Club and keep us busy traveling and driving to the pool morning and night! As a family, we enjoy running, swimming, biking and occasionally compete in races for fun. This summer we will be packing up the sports gear, strapping the water bottles on our dog Max, and heading to the mountains for a few weeks.

Do you have a favorite recipe, joke or other item you'd like to share with our clients?

Favorite Morning Smoothie

2 frozen ripe bananas, 1 cup of yogurt, 1 cup of milk or soymilk, Handful of frozen blueberries, Handful of frozen strawberries. Put all ingredients in blender and blend until smooth.

Optional: 1 tablespoon of multi-green food powder (available in the vitamin section of your pharmacy or health food store).



Estate Planning Failures of the Rich and Famous

In this issue we have added a new feature column. It has been said that the best way to succeed in anything is to study what does and what doesn't work. In this case we are looking at case histories of famous people who failed to plan for the equitable, tax efficient distribution of their estates. History is full of examples of magnificent failure. We will begin this feature with a tale of a famous and learned fellow who decided to write his own will using the "do it yourself" method of estate planning.



Warren Burger, (1907 - 1995)

Warren Burger was Chief Justice of the United States Supreme Court from 1969 to 1986. It goes without saying that for him to achieve this position of high responsibility he had already distinguished himself as a lawyer with his primary area of practice in

corporate, real estate, and probate matters. For reasons unknown, instead of consulting a estate planning professional, Burger wrote his own will. The will was a 176 word document that mentioned nothing about taxes and failed to grant power to his executors. Ultimately this cost his 1.8 million dollar estate \$475,000 in taxes, most of which could have been avoided.

The moral of this story is that those who choose to write their own wills risk making fundamental errors that are left for the family to solve. You may also be providing the government with an unintentional "gift" of tax money which could have been greatly minimized with proper planning.

Do you need advice regarding your estate planning? I can help. In fact, estate planning is one of our areas of specialty at Tyler & Associates. We will help you articulate your wishes in a clear and straightforward format and we will put you in touch with the appropriate legal professional who can help you carry out your wishes. It need not be a complicated or costly process and it begins with a call to us at 1-877-225-5250 or 525-5250.

A Money Manager's Perspective

Article courtesy of Hartford Investments



Richard Jenkins is Managing Director at Black Creek Investment Management, and Lead Manager of Hartford International Equity Fund and Hartford Global Balanced Fund, two of three funds (the other is Hartford Global Leaders Fund managed by Black Creek President, Bill Kanko) managed exclusively for Hartford Investments. Richard recently added Adidas as a portfolio holding.



About the Company

Adidas is a well known global brand recognized for its sports footwear, apparel, and accessories. It commands the leading market share in Europe and Asia, and is the second most popular brand in North and South America. It also markets under the name of Reebok, Reebok CCM, Taylor Made Adidas Golf, and Rockport shoes.

Why We Like this Company

- Adidas has leading market share in a challenging economic environment.
- Reebok is the number one brand in running and soccer shoes.
- Sporting activity worldwide continues to grow ever more popular.
- Adidas has strong and experienced management.
- Profit margins are sustainable and have the ability to grow.
- Adidas concentrates primarily on design and marketing while contracting manufacturing out to third parties.
- Shares have been available at a very attractive price during the recent global recession.*

*July 6, 2008 share value of 27.39 vs. December 26, 2007 shares value of 51.26 (Google Finance)

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