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Tides and Tsunamis

I was struck by a conversation the other day - one of my canniest clients, who knows full well the difference between investing (which involves a long-term strategy) and gambling (the short-term hunt for big rewards) was venting that their high quality, top tier investment assets were forced to ride up and down with a market that appears to be driven by big money and seemingly incomprehensible reasons. My client's quote, "What with mad fiends jumping in and out of bonds in China and Greece, the world has turned the Investment business into entertainment... and I have to watch my assets ride their wave!"

Ouch.

In truth, we are having similar conversations with many of our clients at the moment. The world seems chaotic and assets appear to be whipsawing as a result. However, we always return to our fundamental components of investing.

1. The **QUALITY** of the asset is paramount when constructing your portfolio. We screen very carefully for assets based on strong fundamentals. Most of that which we recommended pay their yields from operating cash flow. We actively invest in companies that have solid reasons for which we see room for growth, and for the business to succeed *in the long-term*.
2. The **CONTRACTS** actively seek provide our clients with comfort in knowing how, what and when they will be paid. It is fixed. Your payment is governed by the contract and not simply the movements in the market. These quality assets can pay their shareholders even while their share prices are being tossed around by market forces.
3. The third is that over which we have no control: the **MARKET**. As they attempt to stay in front of the action, the Big Money Movers, Hedge Funds and the gamblers (those with their own reasons) flow their huge amounts in and out of the market causing tides ... even tsunamis in their wake. This is where we need patience.

We agree that it is unnerving to watch your assets ride these waves. However, you have more than courage on your side. You have the math!

The ride is temporary given the quality of the assets you have selected and the nature of the contracts. That is what makes the Kingsmill Saar Group different. Our clients know we would rather the surety of companies that pay dividends from solid operations rather than companies that pile on debt chasing growth. We are confident that the fundamentals are good before we recommend an asset.

We've experienced these moves in the past and we understand the vagaries of the market. We all need buffers from the big money managers, speculators, gamblers and the tsunamis they can create. In our experience, the difference lies in seeking quality and doing the math.

Breathe. Do the math again if you like, or call us. We're here for the long-term for you.

Robin Kingsmill, B.Sc.
Sr. Vice President &
Investment Advisor
(905) 897-5212

Joanna Saar, CFP, TEP
Investment Advisor &
Financial Planner
(905) 897-1347

Susan Taptelis, B.A.
Associate Investment
Advisor
(905) 897-5227

Teresa Wilejto
Administrative Assistant
(905) 897-1204

Jennifer Bannon, HBA
Marketing Assistant
(905) 897-5208

BMO Nesbitt Burns • Ste 1400 • 50 Burnhamthorpe Road West • Mississauga, Ontario • L5B 3C2
www.thekingsmillsaargroup.com

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