



ADVANTAGE
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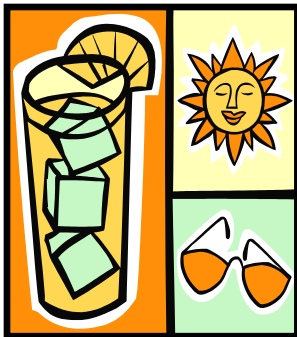
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Random Thoughts

We have two ears and one mouth so that we can listen twice as much as we speak.
- Epictetus

Never let a bad day make you feel like you have a bad life.
- Unknown

A man wrapped up in himself makes a very small bundle.
- Benjamin Franklin



Keeping You Informed

No pain investors miss out on gains:
http://www.marketwatch.com/story/no-pain-investors-miss-out-on-gains-2012-06-10?siteid=rss&utm_source=tf

Say goodbye to the 30 year mortgage:
<http://www.moneysense.ca/2012/06/21/say-goodbye-to-the-30-year-mortgage/>

Maximizing shareholder value the dumbest idea in the world:
<http://www.forbes.com/sites/stevedenning/2011/11/28/maximizing-shareholder-value-the-dumbest-idea-in-the-world/>

Market Update and Investor Worries

The first half of 2012 was a tale of two quarters. The first quarter represented the strongest start for the U.S. stock market since 1998, with Japan turning in it's best first quarter gains in 24 years. This was largely driven by a reduction of fears about Europe, as well as stronger economic data in the U.S.

The second quarter gave many of those gains back:

- Markets were driven by escalating concerns about the future of the European currency union, slowing global growth, discouraging data on employment and renewed focus on the capitalization of Europe and some American banks.
- We've also seen a slowdown in China and India, putting downward pressure on the prices of oil and other commodities and stocks in general.

There were signs of the European situation stabilizing. After being off 7% in May, markets around the world did recover with a 4% gain in June.

Here's a summary of market performance in the first half of 2012, all in local currency. This understates returns from investing in the US, as the strong American dollar has boosted returns. With it's resource exposure, Canada has continued last year's pattern of being a global laggard.

	Canada	U.S.	Europe	Emerging Markets	Global
2012					
Q1	+5%	+13%	+8%	+11%	+12%
Q2	-6%	-3%	-4%	-5%	-4%
YTD	-1%	+9%	+4%	+5%	+7%
12 Months	-11%	+5%	-8%	-6%	-2%

Source: MSCI returns including dividends, all returns in local currency

Investors today face a range of unattractive choices. The dilemma? Stocks seem risky, bonds have unattractive yields and holding cash gives little opportunity for achieving returns.

One of the most important things to consider when you're investing is the question of when you'll need the money. If you need it next year, you should invest far differently than if you need it 20 years from now.

Markets go up and down in the short term, yet people sometimes worry about that fluctuation even if they don't need the money for 20 years. Here are a few reasons why:

1. You're not confident in your investment process.

A portfolio needs to be well-designed, and broadly diversified. However, if what you own is a random collection of investments, you may start to wonder if you're losing money because of your investments and not because of the normal ups and downs of the market.

2. You're watching too much news.

Whatever your reason for watching or following the news, just make sure you're clear about why you are tuning in. Is it to be informed, or are you watching out of habit? If it makes you anxious, be more selective about what you choose to pay attention to.

3. You're listening to people with different time frames than yours.

There are many "experts" with an opinion, but the challenge is not just figuring out who's right. It's determining whether or not something is relevant to your time frame.

Always make sure the information you're paying attention to matches your time horizon. If you're investing to pay for your kids' educations 12 years from now, or your retirement 20 years from now, why worry about the latest apocalypse du jour?

4. You're projecting the recent past into the future... forever.

This is a classic error; it is really easy to look at the recent past and think a trend will last forever. Think tech stocks in the late 1990s and real estate in 2005. Now it seems that the European debt crisis will never, ever end; but it will. Remember, things always change.

5. You think we're all moving to the hills to grow our own vegetables no matter what we do.

Until I learn differently, I still think it's in our best interest to be invested in a broadly diversified portfolio. I believe that capitalism as we know it, will not be falling apart anytime soon.

Remember, your timeline is your own. It may not be the same as your neighbors', your co-workers' or your brother-in-law's. It's in your best interest to make investing decisions based on what your time frame requires and not what the professionals on TV are saying to fill a 24-hour news cycle.

Doesn't it make much better sense to design our investment plans based on our goals? We can then make changes when those goals change, instead of trying to react to the minute-by-minute updates.

You'll sleep better and will hopefully feel a bit less like running to the hills.

The complete article **Five (Bad) Reasons You're Worrying About the Markets** can be found at:
<http://bucks.blogs.nytimes.com/2012/07/17/five-bad-reasons-youre-worrying-about-the-markets/?partner=socialflow&smid=tw-nytimesbusiness>