



KEVIN DEHOD
MCLEAN & PARTNERS
Vice President, Portfolio Manager

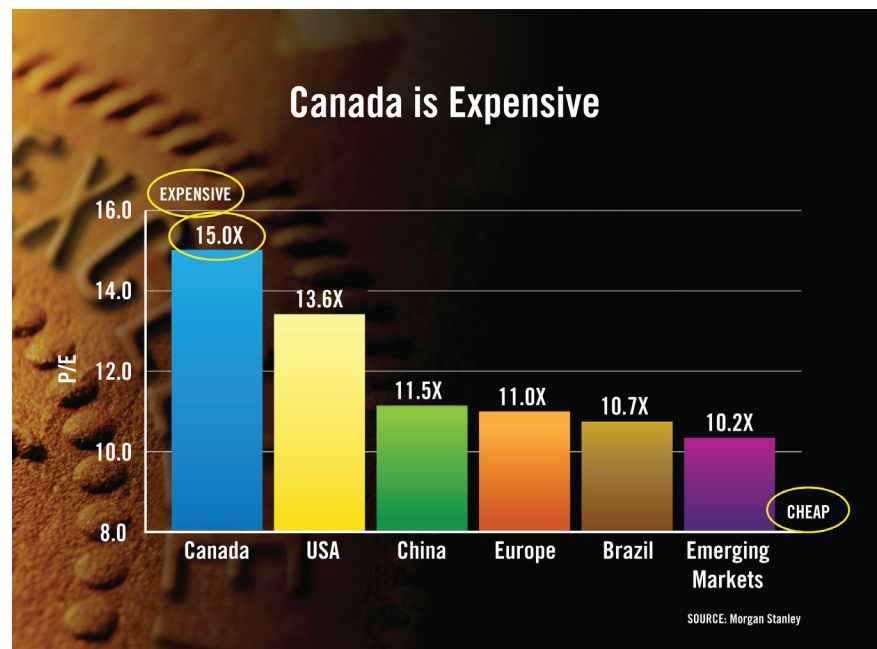
A Case for International Investing

BY KEVIN DEHOD

Canada is a great place to invest, however given current valuations and the reality of broader opportunities internationally, investors seeking performance while lowering their risk should diversify globally.

Valuations are a key factor when determining the risk/reward profile of a specific stock or stock market. The price/earnings ratio is a good barometer to gauge whether a stock or market is expensive or cheap, and generally speaking a lower ratio is preferred by investors.

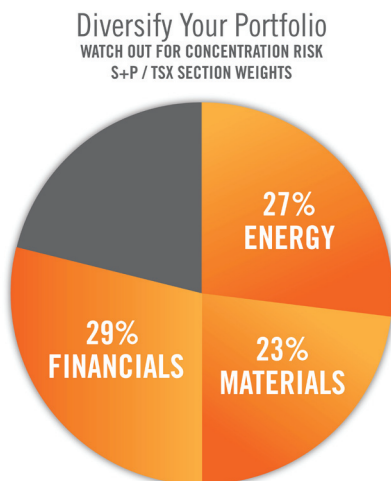
FIGURE 1



The European sovereign debt uncertainty and investors' concerns about rapidly rising inflation in the Emerging Markets has compressed P/E ratios into an attractive territory for long-term investors. As you can see in the chart above China, Brazil and the Emerging Markets are trading at attractive multiples relative to Canada.

Growth is another key factor in the risk/reward profile. Based on the most recent expectations, China and Brazil's GDP's are expected to grow by 9.5% and 4.0% respectively, while Canada is only expected to grow by 2.9% this year. Even Europe, which has growth rates projected to be similar to Canada, is offering better value on this basis.

FIGURE 2



Concentration is another factor to consider when evaluating your risk/reward profile as an investor. The Canadian economy and stock market have had a lot of things going for them – sound government policy, low government debt, a stable banking system, and a major commodity exporter to the Emerging markets, in particular China. However investors need to be very aware that our stock market is concentrated with 79% in only three sectors. To gain exposure to industry giants in technology, healthcare, and consumer stocks you need to look outside Canada. Sector diversification is very important when it comes to risk reduction and maximizing opportunities.

FIGURE 3

Canadian \$ Appreciated
2000-2010

	Canadian Currency Appreciation
Canadian vs GBP	+50.2%
Canadian vs USD	+44.9%
Canadian vs JPY	+14.7%
Canadian vs EUR	+8.9%

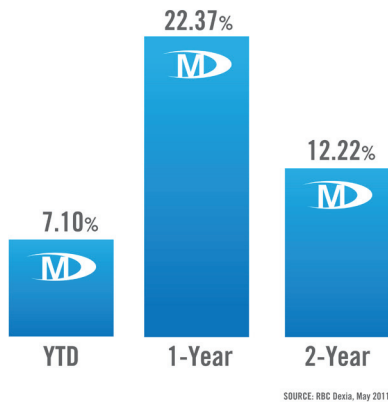
Currencies are an important factor when it comes to global investing. Over the last 10 years the Canadian dollar has experienced significant appreciation versus other foreign currencies, in fact outperforming the Euro, Yen, British Pound and of course the US dollar. This has been a significant headwind for Canadian investors in foreign markets, and a key reason why International Equities have underperformed Canada over the decade (on a Canadian dollar perspective).

FIGURE 4



FIGURE 5

McLean & Partners Performance



Yet you may be surprised to learn that over the past 30 years International Equities have increased over 1100 percent!!! That's more than twice the return of the TSX over the same time period. Going forward given current valuations, future growth prospects, and an already advanced Canadian currency, we believe investors should have a sizable portion of their portfolios in the International marketplace.

McLean & Partners Wealth Management

Managing in excess of \$1 billion, McLean & Partners offers high net worth investors with portfolio services through five distinct private pools; encompassing global equities, fixed income, and market alternative strategies, along with customized segregated portfolios.

**To learn more please contact us at 403-234-6103,
or by email at solutions@mcleanpartners.com.**

McLean & Partners

International Equity Pool

- ✓ Diversification outside North America
- ✓ Focused on dividend paying stocks

McLean & Partners

Global Dividend Growth Pool

- ✓ Global diversification by sectors and countries
- ✓ Focused on dividend paying stocks

McLean & Partners

Global Balanced Pool

- ✓ Diversification in global equities and fixed income investments
- ✓ Quarterly income payout available

McLean & Partners

Global Segregated Portfolios

- ✓ Customization of a globally diversified portfolio
- ✓ Customization for income and taxation needs

McLean & Partners

Alternative Income Class

- ✓ Attractive 5% annual capital gain income distribution
- ✓ Low equity correlation, extremely low volatility
- ✓ Anticipated 7-10% annual returns

McLean & Partners

Alternative Growth Class

- ✓ Protective growth strategy
- ✓ Low-medium correlation to the market
- ✓ Anticipated 8-12% annual returns

McLean & Partners provides independent research and advice to its clients on a fee for service basis. The company is not engaged in any investment banking, underwriting, consulting or financial services activities on behalf of any companies. McLean & Partners' research reports are for the sole purpose of managing client portfolios on a managed and non-managed basis. The company may engage in proprietary trading to invest surplus corporate cash balances. The opinions expressed herein are those of the author and do not necessarily represent those of McLean & Partners Wealth Management Ltd. The information contained in this report has been obtained from sources believed to be reliable, however, we cannot represent that it is accurate or complete. McLean & Partners Wealth Management Ltd. is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. How the Portfolio has performed in the past does not necessarily indicate how it will perform in the future. WP20110630/11