

Where and How to Make Money

**Alberta—also B.C., Ontario, U.S., and China but
Not Eastern Europe or Mexico**

**Real Estate Trumps International Funds and Commodities
Best Two Items of Advice—Invest for the Longterm and Diversify**



**COMPAS Inc.
Public Opinion and Customer Research
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1.0 Introduction

Canada's economy is stronger than in years, but may slow down slightly. Anyone with investment dollars should look above all to Alberta. Investors should also include B.C., Ontario, the U.S., and China as places to invest but definitely avoid Eastern Europe or Mexico. Investing in real estate trumps international funds and commodities as a sensible place to put money. Best two items of advice to a beginning investor—invest for the longterm and diversity.

These are the key findings on the state of our economy and investment strategies from the current web-survey of the COMPAS panel of CEOs and business leaders undertaken for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0 How Well is Canada Doing—Unusually Strong but Some Possible Weakening

Canada's economy is performing exceptionally well but could experience a slight turn down in six months according to members of the panel, as shown in tables 2A and B.

Table 2A: Q1 "Generally speaking, how would you describe Canada's economy today? Would you say it is excellent, good, fair or poor at this time?"

	JUNE 7, 2002	DEC. 20, 2002	AUG. 18, 2003	JULY 17, 2006
Excellent	8	5	1	22
Good	65	61	48	66
Fair	23	32	48	12



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	JUNE 7, 2002	DEC. 20, 2002	AUG. 18, 2003	JULY 17, 2006
Poor	3	2	4	1
Don't know or no opinion	1	0	0	0

Table 2B: Q2 "And how do you think the Canadian economy will be in six months? Will it get a lot worse, somewhat worse, remain about the same, get somewhat better, or a lot better?"

	AUG. 18, 2003	JULY 17, 2006
A lot better	2	2
Somewhat better	37	14
Remain about the same	49	61
Somewhat worse	11	24
A lot worse	1	1
Don't know or no opinion	0	0

3.0 Investment Strategies by Where to Invest

Alberta totally outperforms all other domestic and foreign places for investment according to members of the panel, as shown in tables 3A and 3B. Ralph Klein's province earns an astounding 82% grade as a place to grow money. Positive, second-tier investment locations include British Columbia, Ontario, the United States, the United Kingdom, and China with India and Japan marginally behind.



Saskatchewan-Manitoba is a marginal place in which to locate investments. The list of decidedly undesirable locations includes Canada East of Ontario, Poland, the Czech Republic, and France.

Some respondents offered the opinion that the average investor is in no position to assess the reliability of investments in many of the foreign jurisdictions, where the strength of the local legal system is unclear. As one CEO put it, "Such...ratings must produce a real margin of error."

The only country volunteered by respondents that was not on our list is one in the news for non-business reasons. One prairie CEO and one Toronto business leader identified Israel. "It is an aggressive entrepreneurial country to invest in now," asserted one CEO, with a stock market temporarily affected by non-business factors.

Table 3A: Q4 "On a 100 point scale where 100 signifies that it is a safe place to invest with excellent economic prospects over the next 5 years, what score would you give each of the following regions?" RANDOMIZE

	MEAN	DNK
Alberta	82	5
British Columbia	66	5
Ontario	62	6
Saskatchewan-Manitoba	50	8
Quebec	43	9
Atlantic Canada	40	7



Table 3B: Q5 “And what score would you give each of the following foreign economies?” RANDOMIZE

	MEAN	DNK
The United States	61	10
China	61	11
India	57	11
U.K.	57	11
Japan	56	12
Mexico	44	13
Czech Republic	43	17
France	43	15
Poland	42	17

4.0 Investment Strategies by Type of Investment

As shown in tables 4A and B, astute investors would invest for the longer term and diversify while including a significant place for real estate among their investments. One CEO volunteered the view that so much of the world is in turmoil that pressure from immigrants wanting to live in North America will intensify and not abate: “There is only a finite amount of ...everyone seems to want to be here, so my money is on real estate including land.” For the short-term, on the other hand, one CFO warned of an impending real estate reversal in Canada. “The housing market is about to come to a grinding halt.”



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Table 4A; Q3 “If a nephew or niece of yours came into a windfall \$100,000 inheritance and wanted to invest it other than in the family home, what proportion would you recommend placing in each of the following categories?” RANDOMIZE¹

	%
Real estate or rental housing	23
Canadian public companies or indexes	21
Short-term cash investments	17
International investment funds	12
Commodity investments	10
U.S. public companies or indexes	9
Precious metals	9

Table 4B: Q6 “What’s the single most important investment advice you would give your young relative?”

	%
Invest for the long-term	23
Diversify	22
Start saving immediately	16
Get professional advice/research before investing	16
Buy real estate	13
Invest for the short-term/fast growth	3
Other	8

¹ Three per cent of respondents did not respond to the question. Their non-responses are not included when calculating the proportion to invest.



5.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted July 12-14. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 148 are deemed accurate to within approximately 8.1 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

