

INTELLIGENT INVESTING

with
CARY LEON



DIVERSIFIED AMERICAS

In past articles I have written about some of the more exciting international opportunities available to investors. Today I would like to make you aware of a Mutual Fund that offers Pan American Diversification, while still complying with the foreign property restrictions governing Registered Retirement Savings Plans.

The Diversified Americas Fund is managed by Global Strategy on the advice of Rothschilds - one of the greatest names in international finance. Most North American investment opportunities invariably exist outside of Canada, the U.S. stock markets alone are more than ten times larger than Canada's. By having a small amount invested in derivative securities (stock options) in the U.S. markets, the fund is able to provide a large effective exposure (up to 100%) to the U.S. stock market. The fund managers at Global Strategy are able to dramatically minimize risk by holding large amounts of Canadian cash and fixed income securities, along with the stock options realizing that foreign investment gains can be eroded by fluctuating exchange rates. Rothschilds seeks to reduce the foreign currency risk by employing currency hedging techniques in forward currency markets.

In closing, I believe that the Global Strategy Diversified America's Fund provides an excellent way for investors to achieve broad Pan American Diversification for their retirement savings accounts. Other important information can be found in the simplified prospectus available by contacting the author.

Cary Leon & Mike Phillips are a full service financial advisors with First Marathon Securities and can be reached at 855-8266. Call today and inquire about the "NO-FEE" self directed RRSP.



MONEY MATTERS

Turn your hobby into a new business

By **ANNE STARRET, CA**
Special to The Independent/Free Press

Ask anyone who works for a living to describe the ideal job and they'll most likely tell you: one where you get paid for doing something you really enjoy.

There may very well be such jobs out there - but they're few and far between. And not everyone is lucky enough to have one.

Rather, many people today may have jobs that - to say the very least - they simply don't enjoy. Too many jobs may be dull with no challenge, and therefore personally unrewarding.

So those holding down such jobs are missing out on that scarce commodity known as job satisfaction. And this could be one reason why a great many Canadians are turning to hobbies for the enjoyment and satisfaction their jobs don't provide.

Nearly every hobby costs money. And depending on which one you take up, it can cost a lot - or comparatively little. Just how much is all up to you.

Take photography as an example. If you go overboard with expensive cameras and equipment, it could cost you several thousand dollars. But the beauty of it is - it doesn't have to.

Quite apart from what you spend on supplies, there may be courses you want to take or material you have to buy or upgrade regularly. All of this costs money.

Any money you spend on a hobby

for your own enjoyment, of course, is a net expense to you. There's no tax break - unless...

Unless you turn your hobby into a source of income, that is. In this case you'd really be creating a small business. Now you not only have additional revenue coming in - you're doing something you really enjoy.

Once you start to generate income from your hobby, any money you spend on it becomes a business expense - therefore tax deductible. But not automatically. And not all that simply.

First of all, your hobby must have the potential to become profitable. Even if your hobby turns out to be reasonably profitable, the amount of deductions you can make must have a relationship to the amount of revenue you're earning.

For example, you'll have a much tougher time justifying many expenses on \$100 a year versus \$1,000 a year income. That makes sense, as any chartered accountant would tell you.

You could be in line to claim other business-related expenses as well, such as use of your car and space in your home. It depends.

Doing something you enjoy is a great stress reliever. Unless your hobby-business grows to the point where you can't keep up with demand for your product or service.

But that's another kind of stress you might be happy to cope with.

This Moneycare column is general financial advice by Canada's chartered accountants. Anne Starret is with Starret Starret & MacDonald.



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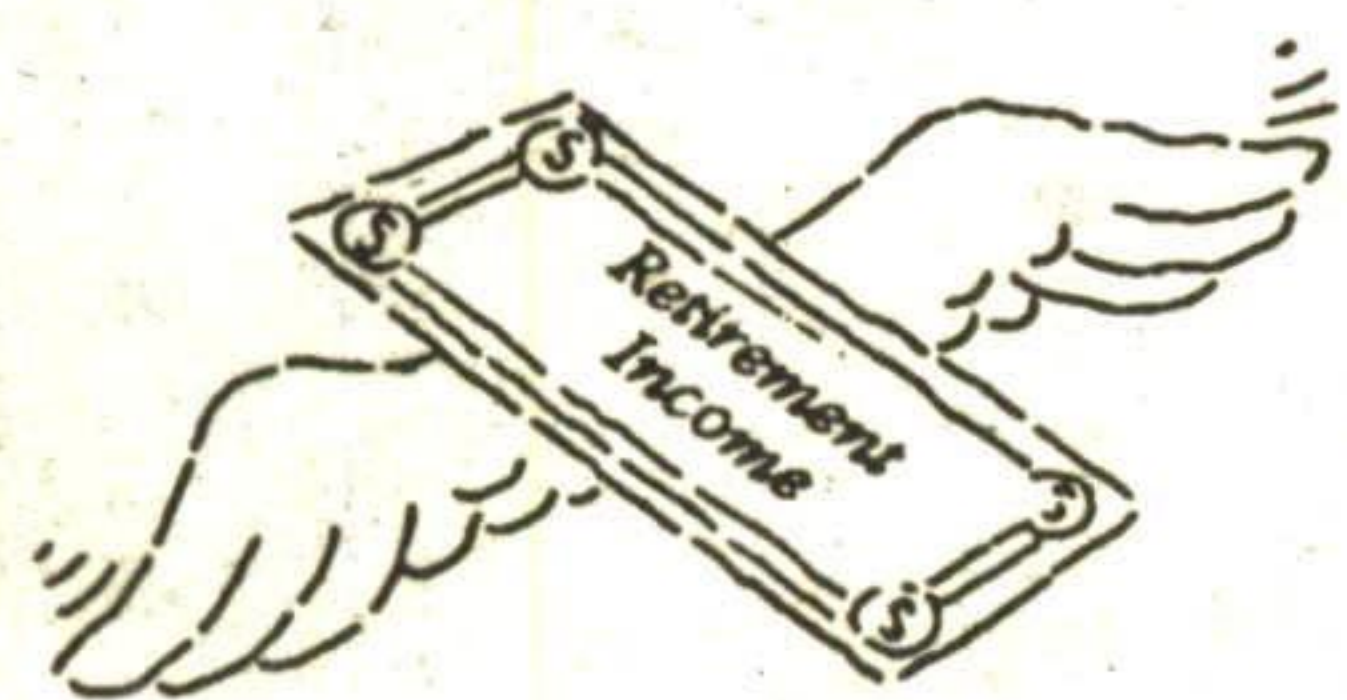
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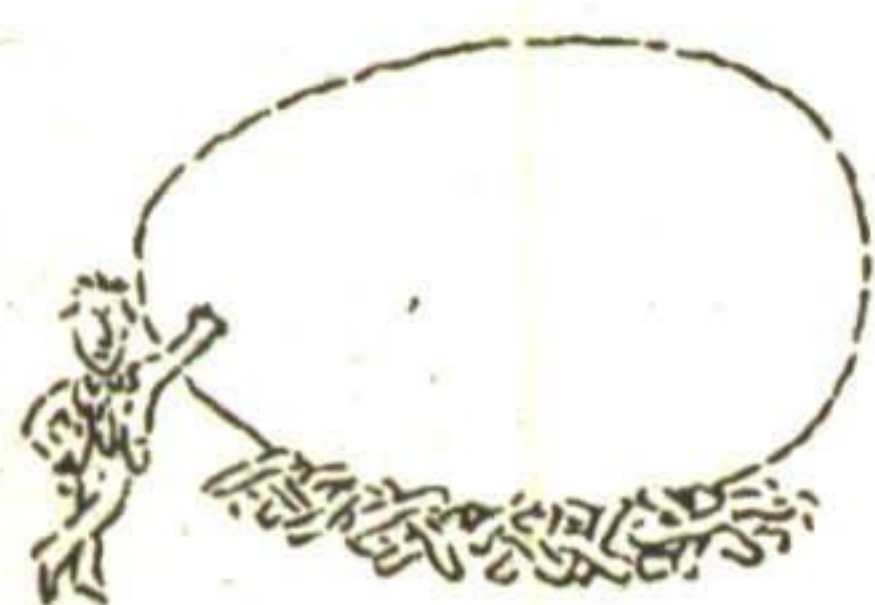
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