

2006

Values and Views of Ultra-Affluent Individuals



Stenner Investment Partners

truewealth *Report*

Values and Views of Ultra-Affluent Individuals

 **sensus**[™]
KNOWING IS BETTER

Dear reader,

Thank you for your interest in the 2006 Stenner Investment Partners TrueWealth Report. We hope that you find the contents and findings of this exclusive research to be very useful and meaningful as you integrate your own wealth, living, and philanthropic plans.

As a private family office, we have the opportunity to work with some very successful families, and for this, we are very blessed indeed.

A significant amount of resources were dedicated to publishing this report, and we truly hope that you enjoy it!

Sincerely,



V. Thane Stenner
CIM, FCSI



Rod S. Bower
CFP, FMA



Rory M. O'Connor

Stenner Investment Partners
stennerinvestmentpartners@gmppc.com

“It is possible to give freely and become more wealthy, but those who are stingy will lose everything. The generous prosper and are satisfied; those who refresh others will themselves be refreshed.”

Proverbs 11:24-25

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“The initiative to undertake research into a sector of growing importance is applauded and this study will make a valuable contribution to a greater understanding of the financial service expectations of Canada’s wealthiest families.”

Keith Sjögren
Director, Strategy Consulting
Investor Economics Inc.

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“Our experience at NUVO over the past eight years has brought us a clear perspective on Canada’s affluent. This report confirms what we know: Canada’s wealthiest individuals are proactive and creative in the way they approach their investments and lives. They are well aware that money in and of itself does not buy happiness: they seek out meaning in every activity.”

Pasquale Cusano
Founder and Publisher
NUVO Magazine

1.0

FOREWORD

The 2006 Stenner Investment Partners TrueWealth Report is a confidential, exclusive national study of the views and opinions of Canada's ultra-affluent. Based on the results of a survey of 165 Ultra High Net Worth (UHNW) individuals, this report serves as a knowledge bank to shed light on what drives the ultra-affluent in their decisions on investing and lifestyle.

- The 2006 Stenner Investment Partners TrueWealth Report is the first study of its kind in Canada.
- This report will have important implications on the economy as well as the business and investment communities. More importantly, it provides a benchmark for UHNW individuals to compare themselves with their peer group.
- The UHNW are defined as individuals with a total household net worth of \$10 million or more (including real estate, investments, business interests, and principal residence). Respondents were invited to participate through select professional organizations, referral and personal invitations by peers. Sensus Research conducted the 165-sample survey of UHNW individuals on behalf of the Stenner Investment Partners.
- The process was secure, 100% confidential and anonymous.



1.0 FOREWORD

Report Topics

The survey's purpose was to learn this group's opinions and behaviours regarding key financial topics such as investing, philanthropy and estate-planning.

More than just the financial perspective, the survey collected data within six main themes:

- 1) Passion Investments and Interests
- 2) Philanthropy and Family Values
- 3) Benefits and Challenges of Wealth
- 4) Trends in Real Estate
- 5) Wealth and Advice
- 6) Professional Relationships

Demographic information was also collected to provide practical findings and conclusions. The data collection took place over a 7-week period in Nov/Dec of 2005.

Report Providers

The TrueWealth Report is commissioned and underwritten solely by the Stenner Investment Partners, a leading group of private professional advisors in Vancouver. With a "family office" model, the Stenner Investment Partners of GMP Private Client excels at integrating and managing the affairs of businesses, charitable organizations and families with a net worth of \$10 million or more.

Sensus Research Inc. developed and conducted the survey. Founded in 1989, Sensus is now one of the largest privately owned and operated Canadian marketing research firms. Sensus provides local, national and international clients with customized, leading-edge marketing research solutions. Sensus upholds the highest standards of the Canadian market research community as a member of the Market Research and Intelligence Association (MRIA).

Irving + Company collaborated with Sensus in the development of the study and the design and publishing of the report. Irving + Company is a leading, Vancouver based marketing consulting and strategy firm.

"Ordinary millionaires are usually defined as those with \$1-\$10 million net worth. The TrueWealth Report is unique in that it zeroes in on the extra-ordinary millionaire: those with \$10+ million. Indeed, this is a rare—even elusive—group. While the focus of the survey is on Canadians, this category consists of but four-tenths-of-one-percent of US households. I suspect the proportion is similar in Canada.

"In several important ways, the Canadian and U.S. extra-ordinary millionaires are similar. They both crave privacy and are concerned about security issues. Both tend to be philanthropic on a large scale. Both, for the most part, earned their wealth through hard work and investments, with very few having inherited it. This provokes the universal question of how to inspire the same level of ambition in the next generation.

"The bottom line: it is relatively easy to live the low profile life of "the millionaire next door." It can be hugely challenging to be a good steward of extra-ordinary wealth."

William D. Danko, PhD



William D. Danko, PhD, is chair of the marketing faculty at the State University of New York at Albany. He is the co-author of *The Millionaire Next Door*, a New York Times best-seller. He is currently working on a new book, entitled *Richer Than A Millionaire*.

2.0

PASSION INVESTMENTS AND INTERESTS

Passions and interests affect most of our individual choices, both professionally and personally. The following section shows what Canada's UHNW population is passionately interested in, and how that shapes their activities.

- The Four Seasons is the luxury hotel of choice for UHNW Canadians. In total, 44% of those surveyed claim they are most likely to reserve accommodations at The Four Seasons when traveling. Traveling happens to be one of the top three favourite pastimes or hobbies for a majority of respondents (53%).
- 53% of respondents own at least one Mercedes while another 43% own at least one BMW. 33% of respondents own a Porsche.
- After travel, golf is the favourite/preferred activity for 39% of respondents. A large number of respondents also rate sports or athletics of some kind as a favourite activity.



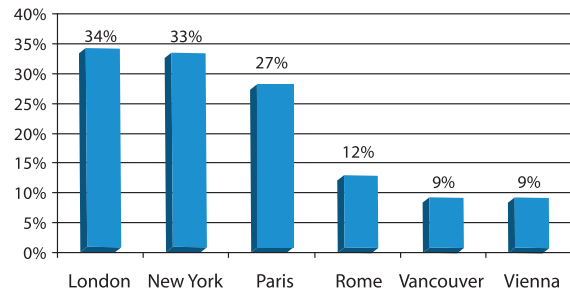
2.0 PASSION INVESTMENTS AND INTERESTS

This first section gauged the personal interests and motivations of the ultra rich. The graph for Q1 shows the top six travel destination cities as identified by respondents. Four of the top six destinations are located in Western European countries, along with New York City in the United States and Vancouver in Canada.

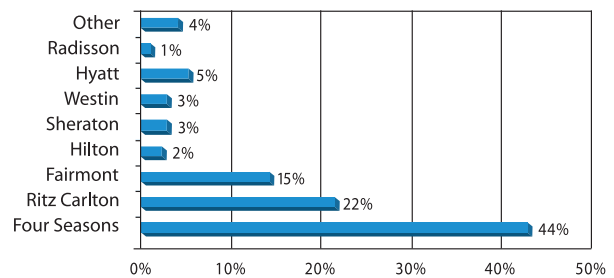
The survey results also find that The Four Seasons chain of luxury hotels is preferred by 44% of respondents. The Ritz Carlton is the next favourite, chosen by 22% of respondents, followed by Fairmont Hotels and Resorts, which was chosen by 15% of respondents.

Survey respondents as a whole are members of a variety of business organizations according to data collected. The largest segment belongs to the World Presidents' Organization at 22% while another 20% are members of TEC International. A smaller portion of 13% belongs to the Young Presidents' Organization while 5% belong to VIRTUS.

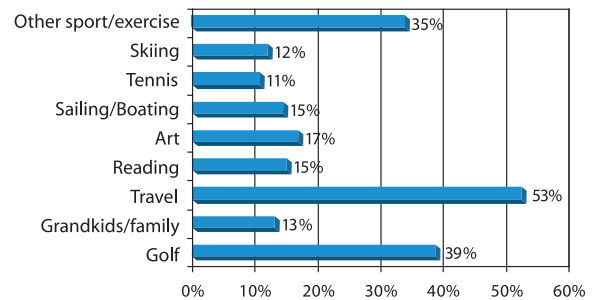
Q1 What would you say are your three favourite travel destinations? [Top 6 Cities] (n=164)



Q2 When travelling, where are you most likely to reserve accommodations? (n=163)



Q3 What would you say are your three favourite activities or hobbies? [Responses over 10% of the sample size] (n=165)



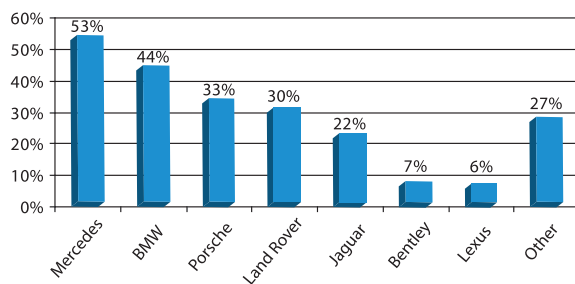
“I am not surprised at the percentage of UHNW persons who collect art. It is consistent with their appreciation of the finer things in life — representing success, culture and having arrived.”

Barrie Mowatt, president and owner of Buschlen Mowatt Fine Art Galleries Ltd.

"The automotive ownership findings of the TrueWealth Report bear out Mercedes-Benz Canada's share of market in the high luxury segment. Truly discerning affluent consumers have always chosen—and repeatedly in many cases—Mercedes-Benz flagship models as their car of choice."

Marcus Breitschwerdt
President and CEO of Mercedes-Benz Canada

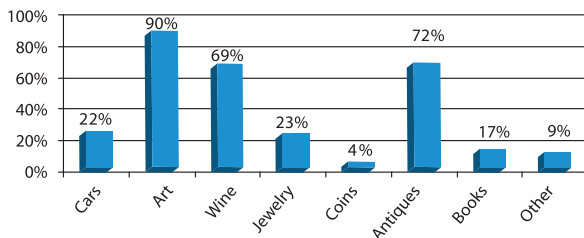
Q4 What makes of vehicles do you own?
[Top 7 responses] (n=165)



Travel is the most popular activity or hobby identified by 53% of respondents with 39% claiming golf to be a favourite. From the graph Q3 we can see that sports or athletics of some type are popular activities for a large number, or 35%, of respondents.

The majority of vehicles owned by UHNW individuals fall within a select number of categories. In total, 53% of respondents own at least one Mercedes while another 43% own at least one BMW. Porsche rounds out the top three most popular vehicles within this sample of UHNW Canadians, with a 33% ownership.

Q5b What types of collections do you own?
(n=141)



Sensus asked respondents whether or not they own any collections. Only 15% of respondents said "No" compared to 85% that stated "Yes". The second part to the question asked respondents to identify the categories of collections personally owned. Respondents collect an assortment of items but the most popular item was art, collected by nearly all respondents (90%). Antiques at 70% and Wine at 69% are also popular collections to own.

"I found the results of this report to be interesting. They confirmed a number of trends which speak to the challenges of wealth management. I personally noted with interest the trends toward art collecting and philanthropy, both of which I heartily endorse."

Jake Kerr, CM, OBC
Lignum Investments Ltd.
CEO Member

3.0

PHILANTHROPY AND FAMILY VALUES

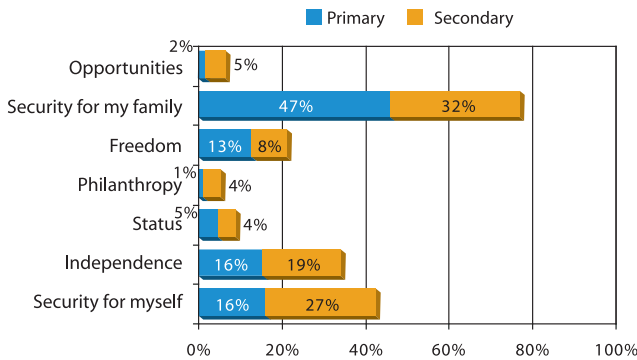
Understanding the values and priorities held by fellow ultra-affluent peers is an area of high interest to this unique part of the population. Not only do these unique values shape these individuals, but they also directly cause them to make decisions in very specific ways. The following section explores the values of UHNW individuals and the impact these values have on philanthropic decisions.

- The most important aspect of wealth for nearly half of all respondents (47%) is providing “Security for my family.” “Security for myself,” came in at a distant second with 16% of respondents listing it as being of primary importance. The opportunity for *Philanthropy* was only considered to be of primary importance to 1% of the survey sample.
- Philanthropy is certainly a significant part of the UHNW Canadian’s way of life however, as 69% of respondents donated over \$100,000 to philanthropic causes or organizations in the past year.
- 55% of respondents are specifically committed to the arts while 70% are committed to children’s charities.
- A majority of respondents (60%) claim that one of the top three reasons they choose to give their time, money and/or support is that “While I give to support a certain cause or organization, I am also mindful that it provides me with strategic personal tax and estate benefits.”



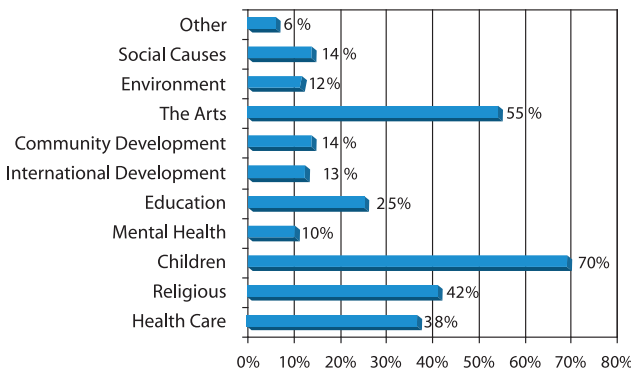
3.0 PHILANTHROPY AND FAMILY VALUES

Q6a/b What is most important about wealth to you and your family? (n=165)



The TrueWealth survey attempted to identify the specific values and objectives that motivate the ultra wealthy individual. For instance, survey respondents were asked to identify what were the most important intangible values that were realized through wealth. As the graph shows, “Security for my family” was the most common primary and secondary objective. “Security for myself” and “Independence” were also popular responses. Few individuals (5%) emphasized a strongly altruistic opportunity as an important aspect of their wealth.

Q7 What types of charitable organizations or causes are you most committed to supporting?[Choose 3] (n=165)

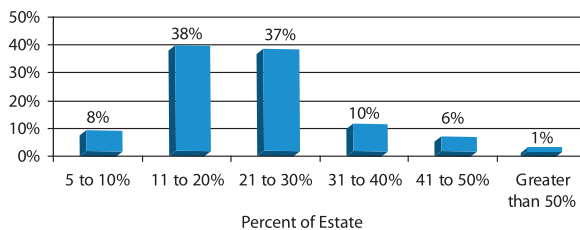


At the same time, 87% of respondents plan to leave a substantial charitable gift when they pass away. The graph shows the percentage of their estate that respondents intend to donate to charity/church or other worthwhile causes. The majority of respondents (75%) intend to give 11-30% of their estate to philanthropic causes.

In the past year, a majority of those surveyed (57%) donated somewhere between \$100,001 and \$500,000 to philanthropic causes or organizations. A number of respondents, (5%), report giving over \$1 million in the same time frame.

Most respondents have made single, large donations to charitable causes at some time in their life. In fact, 61% of respondents have made at least one donation worth over \$100,000 so far during their lifetime.

Q8b What percentage of your estate do you plan to give to charity/church or other worthwhile cause? (n=143)



The survey results indicate that the type of charitable organization respondents are most committed to supporting is children’s charities. Survey respondents are also committed to supporting the arts (55%) and religious organizations (42%). Mental health (10%) does not garner as much support within the survey sample nor does the environment (12%). It may be surprising with the multitude of health-related charities that health care was only the fourth most frequent response (38%).

“These results confirm our experience at Benefic Group: People of faith are committed to charitable giving irrespective of their financial situation. Wealthy individuals and families also often feel a sense of obligation to give back to their communities and towards public good works due to their fortunate circumstance irrespective of religious motivation. Wealthy sophisticated donors always appreciate strategic tax advice, making their giving more economically efficient and meaningful.”

Blake Bromley, LLB
Principal
Benefic Lawyers



“What seemed to stand out to us from the results of this report is how important it is to provide security to one’s family. Many successful families continue on their path to finding significance in their lives—establishing values and then charting a course to live accordingly with passion!”

Peter and Rita Thomas, President – Life-Pilot, The Thomas Foundation
 Founder, Century 21 Real Estate
 World Presidents’ Organization, International Director

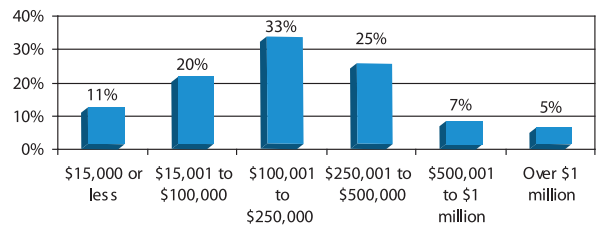
Q9a/b Please select the THREE that most closely describe why YOU choose to give your time, money, and/or support to various charities, causes and non-profit organizations: (n=164)



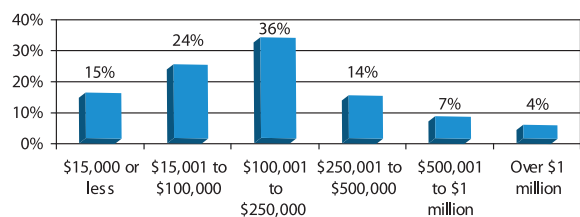
Survey respondents were asked to self-identify their personal motivations behind why they give their time, money, and/or support to charities. The results show that for three out of every five respondents (60%), strategic personal tax and estate benefits are a part of their reason for giving. However, only 7% of those surveyed indicate this as their “most important” reason for giving.

In contrast, 40% of respondents state that their religion/faith is one of the three main reasons for their support, and nearly all of those individuals indicate that their faith is also the “most important” reason why they give. As well, the understanding that UHNW individuals have a fortunate life is the main motivator for nearly one-quarter (23%) of respondents.

Q10a Approximately how much did your household donate to philanthropic causes / organizations in dollar terms in the past year? (n=163)



Q10b And what has been your single largest donation to a charity, church or cause so far in your life? (n=163)



4.0

BENEFITS AND CHALLENGES OF WEALTH

Some people think wealth makes life easier. The respondents of the 2006 TrueWealth survey know this is not always the case. With great resources come even greater responsibilities. The following section illuminates what the real challenges and benefits are for Canada's UHNW population.

- The top ranked benefits of wealth are "Gives me long term security and peace of mind" and "Allows me to provide advantages for my family." The results show that the ultra rich love their ability to provide the best to their family and not have any material concerns or wants, but simultaneously do not want their family to be too comfortable in their prosperity, or develop a state of entitlement.
- The top wealth-related concern for one-third of respondents is maintaining their lifestyle (34%). Approximately one-quarter (24%) of respondents are more worried that their children or grandchildren will become less motivated because of family wealth, an effect termed "affluenza".
- The top challenge of wealth named by 38% of respondents is "Maintaining a strong work ethic and sense of values in my family."



4.0 BENEFITS AND CHALLENGES OF WEALTH

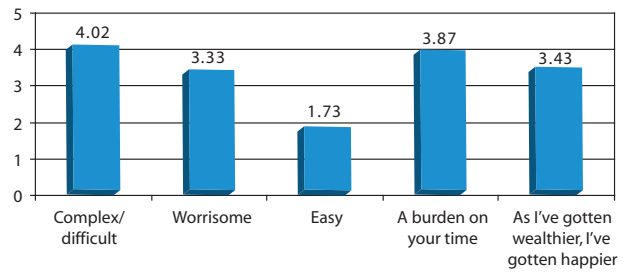
The survey progressed to analyzing the perceived benefits and challenges of wealth for the UHNW individual. The results show that managing wealth can be a time-consuming and difficult task. The top graph to the right compares the average levels of agreement with a number of statements regarding the management of wealth.

Overall, respondents most strongly agreed that managing their wealth is complex or difficult. In all, 80% of respondents indicated a rating of 4 or 5 on that statement. The statement that respondents were most likely to disagree with was that managing their wealth is easy.

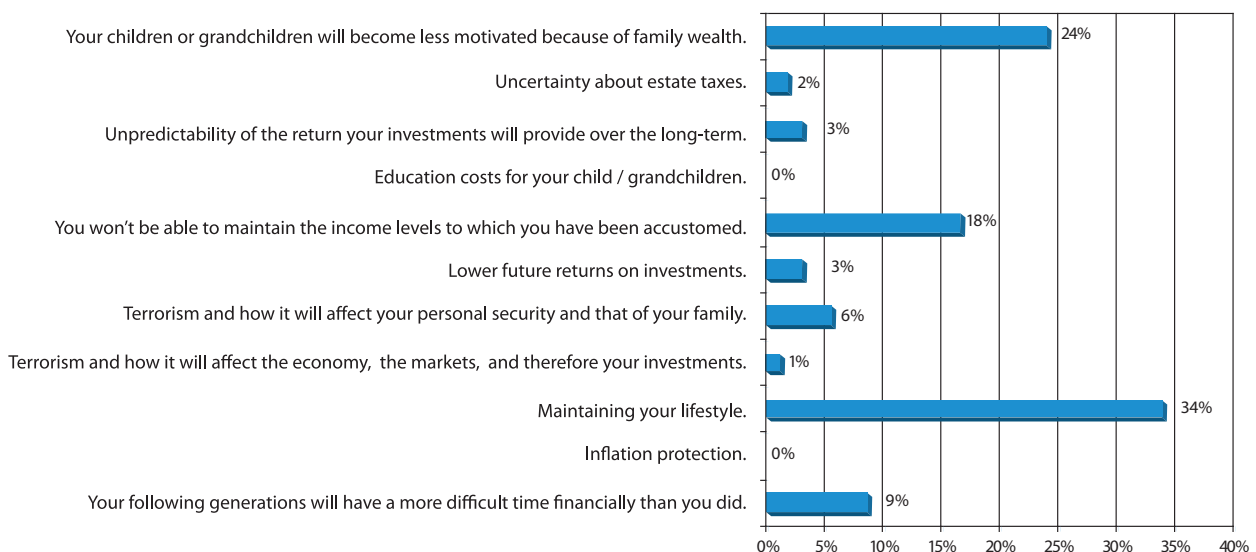
Respondents did not show much unanimity on the statement, “As I have gotten wealthier, I have gotten happier.” While 52% of respondents agreed with the statement (4 or 5 rating), the other 48% were neutral or actually disagreed with the statement (1, 2 or 3 out of 5). This only goes to prove that even significant amounts of money will not necessarily buy happiness.

Of the issues that survey respondents currently worry about, “Maintaining your lifestyle” is expressed by the most respondents (34%). This finding is reinforced by recent economic trending that indicates that the luxury rate of inflation, that is the rate of inflation for luxury items often consumed by UHNW individuals, is currently between 6% and 11%. This rate is far higher than the inflation rate for the general population.

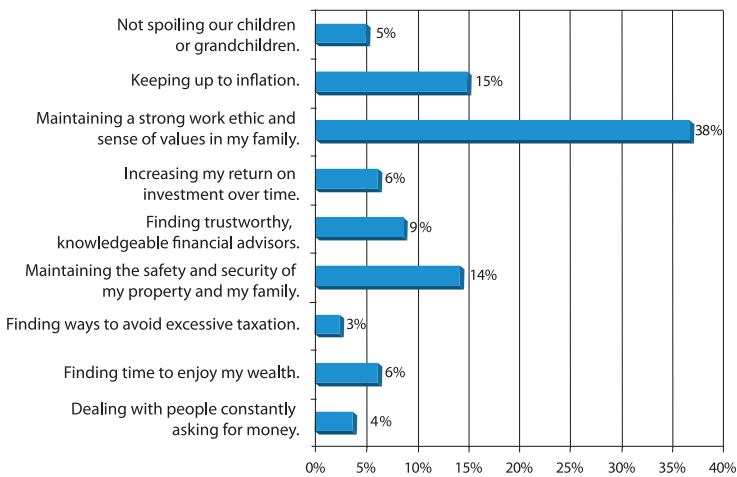
Q11a-e Do you find managing your wealth to be:
[Mean score out of 5 where 1 = Strongly Disagree and 5=Strongly Agree]



Q12c Current wealth-related issue that respondents worry about most (n=160)



Q13c Challenge of wealth ranked first (n=159)



The UHNW’s strong desire to maintain their lifestyle is supported by a recent study from the JPMorgan Private Bank entitled, *Wealth Preservation: The Rate at Which You Spend Matters—Even More Than Your Asset Allocation*. As reported by John Ferry in *Worth* magazine, the JPMorgan report claims that investors living solely off a fixed pool of assets, spending 5 percent annually of their net wealth, has a one-in-three chance of suffering a 20 percent reduction in real wealth over the course of two decades.

“...[W]e would recommend that our clients maintain their spending at about an annual 3 percent or 4 percent level,” says Tricia Stewart, author of the report and managing director with JP Morgan Private Bank in New York. “You can’t be spending 5 percent or 7 percent of a fixed pool of assets every year and still expect to meet your lifestyle goals.”

Another significant concern expressed by respondents is the development in their children or grandchildren of “affluenza”. This is defined by Thane Stenner in his National Best-Selling book, *True Wealth: An expert guide for high-net-worth individuals and their advisors*, as a lack of ambition or aspiration, brought on by a life of wealth or privilege. At the time of the survey’s collection, almost one-quarter or 24% of the sample indicated it was currently their top wealth-related worry.

“Maintaining a strong work ethic and sense of values in my family” is rated the top challenge of wealth by 38% of the survey sample. This relates back to affluenza again.

Except for this statement, the rest of the survey respondents are fairly split as to the top challenge of wealth as the distribution of responses shows above.

Privacy is most certainly an on-going concern of the UHNW. While not a category that was included in Q12 or Q13 of the survey, it was cited highly as an

“Does money buy happiness? I would say a qualified, ‘yes.’ Does it provide meaning in one’s life? I would say a resounding ‘no.’ As I have accumulated more wealth, I have found that the power, influence and freedom that sometimes goes along with that has given me the opportunity to devote myself to creating things that give me meaning. Ultimately, true wealth and satisfaction come from offering others what you have to give.”

Lorne R. Segal, President, Kingswood Properties Ltd.

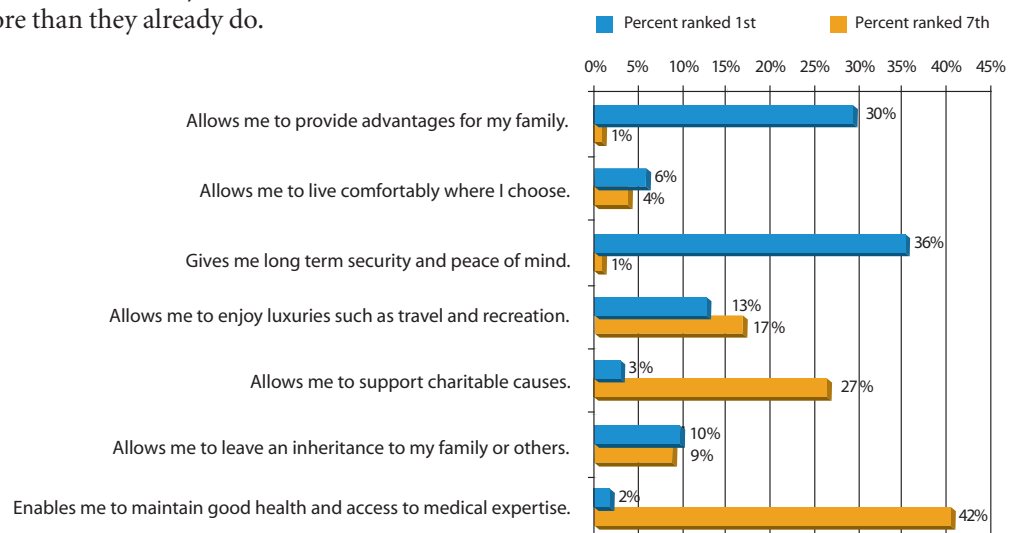
“Other” response. The survey did show the remarkable finding that a total 39% of respondents indicate maintaining personal or family privacy as an additional worry or challenge of their wealth.

Greater consensus is observed towards the benefits of wealth as seen in the graph below. The graph shows that a majority of respondents identify one of two options: 36% state “Gives me long term security and peace of mind” while another 30% state “Allows me to provide advantages to my family.”

At the same time, two statements were ranked the lowest by a majority of respondents. The data shows that for at least 42% of respondents the fact that wealth enables them to “maintain good health and access to medical expertise” is at best a marginal benefit. The statement “Allows me to support charitable causes,” was also ranked consistently low, with 27% of people ranking it last and only 3% ranking it first.

Finally, in this section, respondents were asked to give their opinion of the taxes that they pay each year. Overall, 72% of respondents believe they are overtaxed compared with 28% that feel they are taxed appropriately. Only a single respondent indicated that the government would be justified in taxing him or her more than they already do.

Q14a Rank the following benefits of wealth in order of importance to you (n=164)



5.0

TRENDS IN REAL ESTATE

The fascinating topic of real estate can be greatly influenced by the opinions and activities of Canada's most wealthy segment of the population. The following section specifically discusses Canada's real estate market—what the ultra-affluent think about the industry and their uniquely-informed predictions about its future...

- From the perspective of the survey sample, Canadian real estate is currently a seller's market. Only 5% of those surveyed believe real estate values are relatively cheap at present.
- At the same time, two-thirds of respondents (67%) believe the Canadian real estate market is set to take a downward turn within the next 12 months.
- The 2005 Capgemini/Merrill Lynch World Wealth Report confirms this seller's market concept. The report claims that the UHNW individual's real estate allocations declined in 2004 from 17% to 13% of total net worth, illustrating some profit-taking on strong gains.



5.0 TRENDS IN REAL ESTATE

The TrueWealth survey was used to gauge the ultra high net worth individual's current outlook on the Canadian real estate market. At this time, 91% of survey respondents own at least two real estate properties, but most (69%) own either two or three properties.

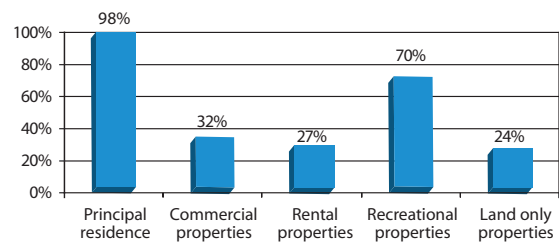
The ultra wealthy do not appear to be purchasing properties at the moment. Only 20% of respondents acquired more properties in the last year and of those, 91% only acquired one new property. The remainder acquired two new properties. To compare, 62% of respondents have actually sold real estate as a profit taking measure in the last 12 months.

Some explanation for this behaviour may lie in the responses to Q18. Survey respondents overwhelmingly indicate that they view current Canadian real estate values as relatively expensive. In fact, only 5% of respondents indicate feeling that market values are currently cheap, relative to other periods or places. As well, two-thirds of respondents (67%) feel that the Canadian real estate market is likely to take a downward turn within the next 12 months suggesting that this group of people will be very selective or avoid purchasing real estate altogether within that period of time.

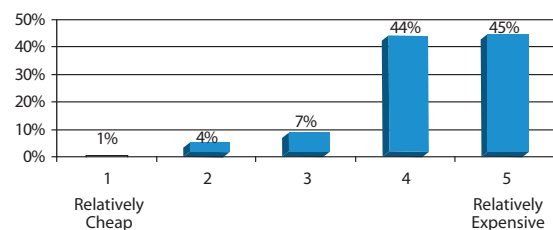
The types of real estate that survey respondents own are indicated in the graph for Q17b. Virtually all those surveyed own their principal residence (98%) and the majority (70%) also own some form of recreational property. Undeveloped land is the least common type of property owned.

A later survey finding is that 60% of UHNW respondents cite investments, real estate or business ownership as their primary source of wealth. These investments play a significant role in creating either initial wealth or in growing the net worth of the UHNW. This supports the notion that UHNW individuals are disciplined and astute buyers and sellers of investments of all types.

Q17b What types of real estate do you own?
(n=165)



Q18 Do you view current Canadian real estate values as relatively expensive or relatively cheap?
(n=165)

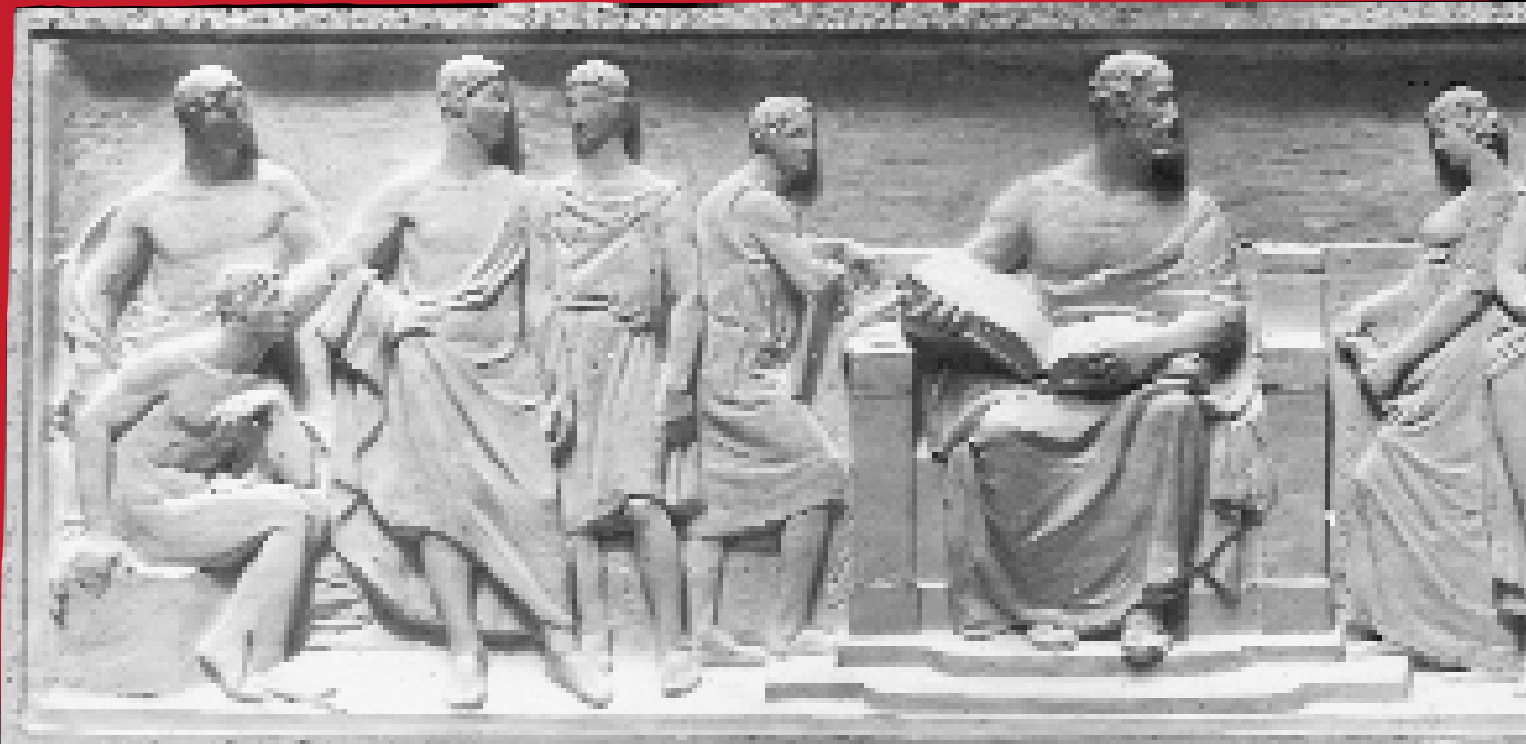


6.0

WEALTH AND ADVICE

Initiating greater information sharing within the ultra-affluent population is a priority goal in the creation of the TrueWealth Report. The following section conveys the unique knowledge held by Canada's ultra-affluent population, sharing it not only with affluent peers, but also with the entire population.

- Most of the UHNW Canadians surveyed (55%) anticipate 7 or 8% as the average compounded pre-tax rate of return on investment over the next five years.
- When asked "If you had to invest 20% of your own net worth tomorrow, which sector would make the most sense to you?" close to half of those surveyed responded with the stock market.
- Another 12% chose real estate and 10% chose Principal Protected Notes (fixed-income security products that guarantee a minimum return equal to the investor's initial investment).



6.0 WEALTH AND ADVICE

In this section, survey respondents discussed how they create and manage their wealth. The top graph to the right reveals the major sources of wealth for those in the survey sample. The primary source of wealth for most UHNW individuals is either “earnings from a business” (26%) or “sale of a business” (21%). “Earnings from corporate employment” (15.8%) ranks as the fourth most frequent response as it sits marginally behind “Inheritance” (16.4%) as a primary source of wealth. Close to a third (31%) of respondents list “Inheritance” as either the primary or secondary source of their wealth.

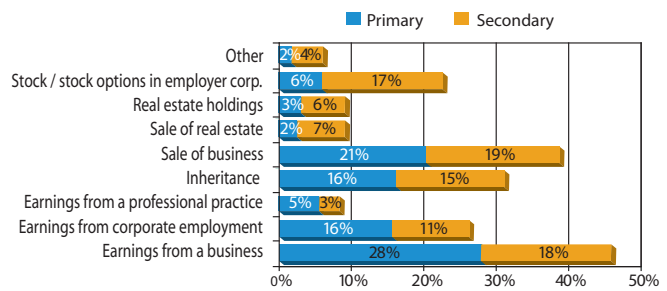
Also of note is that although only 6% of respondents list “Stock or stock options in employer firm” as their primary source of wealth, the percent who list it as their secondary source of wealth jumps to 17%. This underscores the importance of stock and stock options as a supplement to the base salary of corporate executives.

Survey participants utilize a number of wealth structures in the management of their wealth. The graph below highlights the survey responses. Many survey respondents employ several different types of wealth structures. More than half of respondents make use of each of the top six different responses. An offshore trust is the one type of wealth structure that is not used by as many respondents (13%).

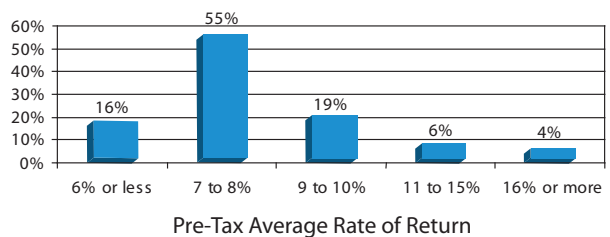
The majority of respondents expect to achieve an average compounded pre-tax rate of return of 7-8% on their investments over the next five years. Approximately 1 in 10 respondents has much more optimistic expectations, however. They expect a rate of return of 11% or more over the next five years.

When asked which financial sector respondents think would make the most sense to invest 20% of their net worth in tomorrow, nearly half (49%) of respondents indicate the stock market (Q24, next page). However, without prompting in the survey, one out of every ten respondents suggests they would be most confident in investing in principal protected notes, denoting a typically higher sophistication level in this segment. The second most frequent response was real estate; mostly stated by those who do not expect the market to take a downturn in the next 12 months (Q19).

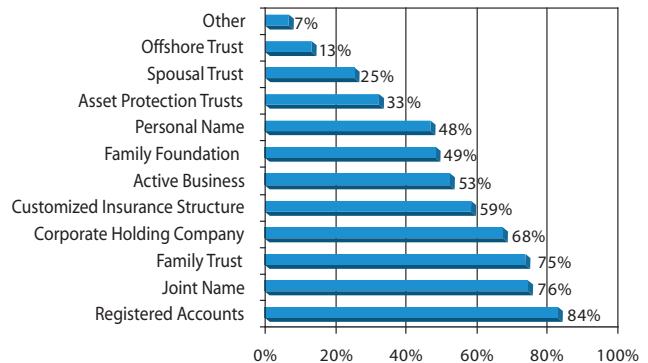
Q20 a/b Sources of wealth? (n=163)



Q21 What is your expected average compounded pre-tax rate of return on investments before tax over the next five years? (n=165)



Q22 What type of wealth structures do you employ? (n=165)



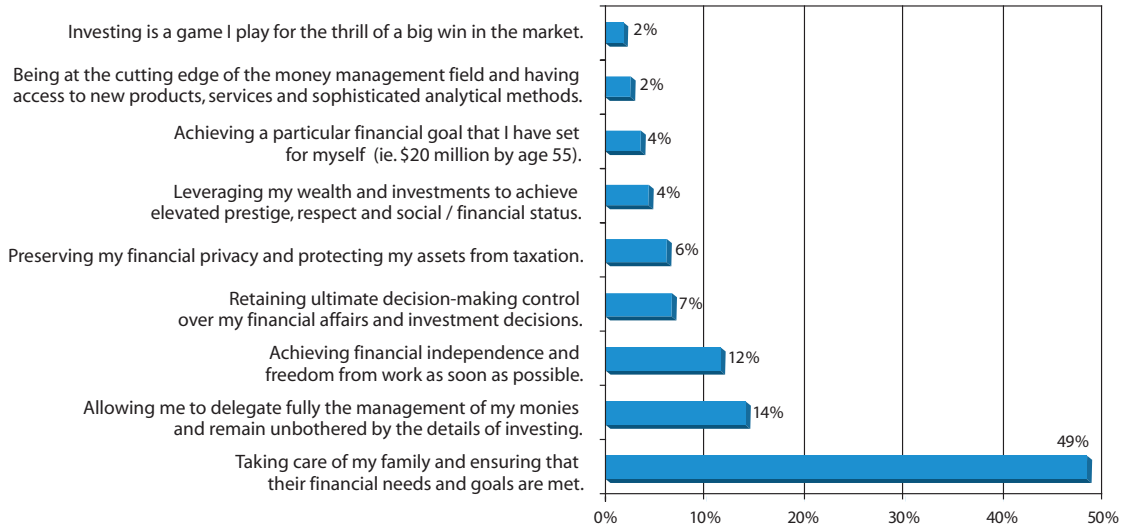
“Estate planning takes on more importance as the level of family wealth increases. Questions arise around intergenerational wealth transfer as well as philanthropic interests, which ultimately leads to developing a proper plan involving various structures like Family Trusts, etc.”

Edgar Frechette, LLB
Partner, Fasken Martineau Estate and Trust Specialist

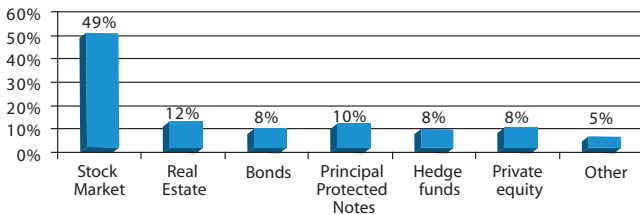
“Really wealthy investors only invest in Venture Capital or private equity investments with their ‘risky portion’ of their overall assets, focusing on conservative strategies for the remaining bulk of their wealth.”

Peeyush Varshney, LLB, Varshney Capital Corp.

Q23 Which of the following best describes your primary objective when it comes to investing? (n=163)



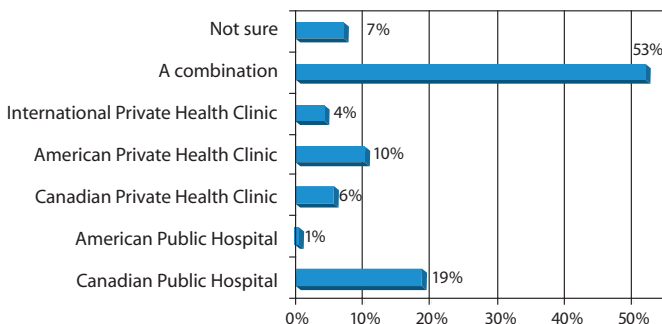
Q24 If you had to invest 20% of your own net worth tomorrow, which sector would make the most sense to you? (n=165)



The graph for Q23 shows that for nearly half of all participants (49%), their primary objective when it comes to investing is taking care of their family financially. The fewest respondents (2%) invest purely for the thrill of “the game”, indicating that family financial security far outweighs the potential thrill aspects of investing amongst the UHNW group.

The second most common response, indicated by 14% of respondents, refers to a desire to remain unburdened by the business of wealth management. Only half as many individuals (7%) indicated a strong motivation to retain ultimate decision-making control over their financial affairs. This suggests that they may be looking for a trusted advisory source to partner with.

Q25 If you found out that you had a serious illness and needed immediate treatment, where would you go? (n=165)



Lastly, in this section, respondents were asked where they would seek medical treatment if they had a serious illness that required immediate treatment. While one out of every two respondents (53%) propose they would use a combination of resources, one out of every five (19%) would rely upon a Canadian public hospital for treatment. The findings suggest that respondents will go to wherever they find the best service, but that they do not necessarily distrust the current Canadian public health care system, as may have been anticipated since with universal, one-tier health care in Canada. Affluent patients are not able to pay for faster, higher quality treatment, at least not yet on a larger scale.

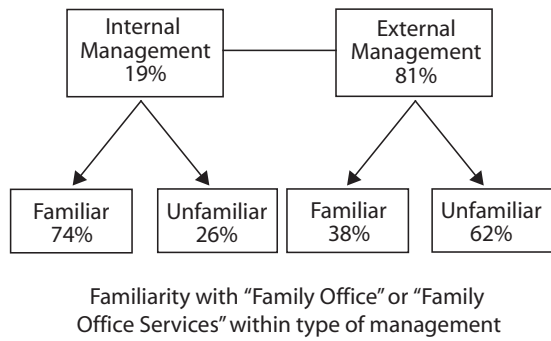
7.0

PROFESSIONAL RELATIONSHIPS

Canada's ultra-affluent are quick to profess that their financial success is not solely their personal doing. The people closest to the UHNW population often greatly affect the choices made and values held by this unique group. The following information highlights how close professional relationships held by the UHNW individual impacts their choices.

- Survey respondents were most likely to maintain a professional relationship with an accountant with 95% indicating they currently use one. In all, one-third of respondents would also choose their accountant as their "Personal CFO" out of all of their other professional relationships.
- Respondents who indicate using a Family Office Services Group are much more likely to choose them as their personal CFO than any other relationship.
- While only 35% of those with an accountant chose their accountant, we find that 71% of those using a Family Office Services Group would make them their personal CFO.
- Private Family Offices, like the ones pioneered by the Rockefellers from New York, look to be gaining some popularity in Canada. Although awareness and acceptance levels in Canada are still at an early stage compared to the U.S.





7.0 PROFESSIONAL RELATIONSHIPS

The data reveals that four-fifths of respondents (81%) currently use an external individual or group to manage their wealth rather than an internal group. Referring to the chart on the left, we learn that nearly three out of every four respondents with an *internal* individual or group managing their wealth are familiar with the family office concept. On the other hand, less than two out of every five respondents with wealth managed by an *external* individual or group are familiar with the terms.

“As someone who has been through succession in our family business three times, I think this survey points to some important themes that we as a family didn’t address very well. Now, in my role as an advisor to business families, I am excited about the opportunity to assist others in dealing with these important issues.”

David C. Bentall
 Founder, Next Step Advisors

Most survey respondents currently maintain more than a few professional relationships. The most common professional relationship drawn upon is the accountant. Fully 95% of respondents claim to currently have a professional relationship with an accountant. The majority of respondents also maintain a relationship with an insurance representative, investment advisor, private banker, stock broker/brokerage firm and a tax lawyer. Relatively few respondents currently have a family business coach (6%). Given upcoming succession issues, this engagement could increase substantially in order to create maximum value to all constituents, as well as reduce stress amongst family members.

“Working *on* the business is as important as working *in* the business. Developing an optimal succession strategy is crucial—whether it involves an inter-generational transfer, management buy-out, Income Trust/IPO monetization, or sale to a third-party.”

Josephine Margolis Nadel, LLB
 BLG Lawyers

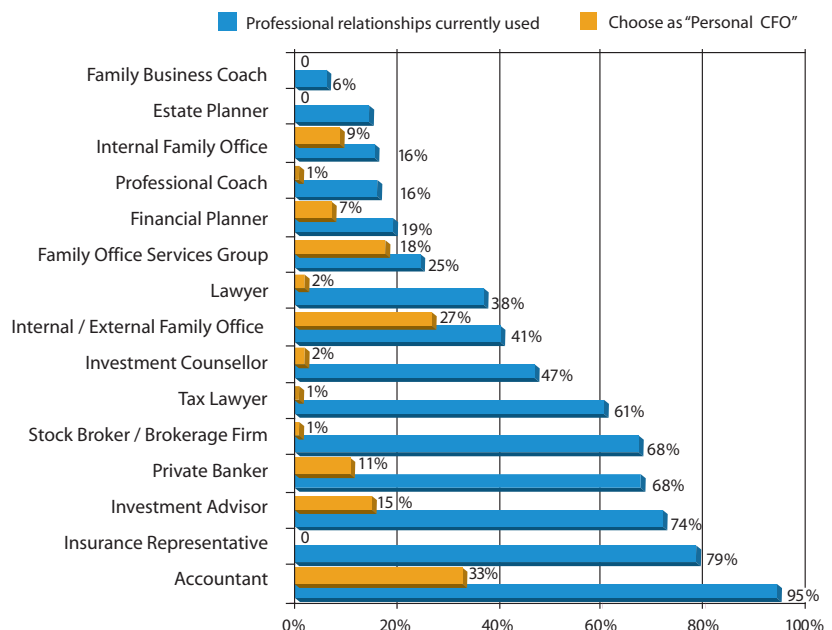
“It is so important for UHNW individuals to have a solid understanding of their values. Our private family office group concludes this because wealth tends to positively *and* negatively amplify individual personalities. Significant wealth does not necessarily make life easier. The complexities of life created by wealth can be quite stressful for families. We do everything we can to assist in this area, helping families feel more at ease about their wealth.”

V. Thane Stenner, CIM, FCSI, Managing Partner – Stenner Investment Partners, GMP
Private Client
Author – *True Wealth: An Expert Guide for High Net Worth Individuals (and their advisors)*

Most frequently, respondents would choose their accountant as their “Personal CFO” out of all of their professional relationships (33%). However, this works out to only around one-third of those who maintain an accountant as choosing their accountant.

By comparison, of the 25% of all respondents who have a private family office services group (externally provided by a financial institution), better than 7 out of 10 would choose their family office services group as their personal CFO. More than half of respondents with an internal family office would also choose them as their Personal CFO over their other professional relationships.

**Q27 Professional relationships currently used/
Q28 If you had to choose one of your professional relationships as your “Personal CFO”, who would it be? (n=165)**



8.0

SURVEY METHODOLOGY

This survey of UHNW Canadians was conducted from November 10, 2005 to December 19, 2005. A total of 165 respondents from across Canada participated in the survey. Respondents were contacted via email as well as through hard copy surveys distributed by Canada Post. The initial list

included individuals within the Stenner Investment Partners databases, personal connections, as well as members of various strategic business organizations and networking groups. A “snowball” technique involving respondent recommendation of the survey to other suitable candidates was also used to increase the reach of the survey to this difficult-to-access and exclusive segment.



8.0 SURVEY METHODOLOGY

For ease of response as well as privacy, respondents had the option of completing the survey through Sensus' proprietary online survey collection system or by filling out a paper copy and either faxing or mailing in the completed survey. The hard copies of the survey were accompanied by postage-paid pre-addressed envelopes to make returning the survey as simple as possible. Respondents were able to access the survey 24 hours a day during the collection period thanks to the online and paper survey methodology. This increased individual flexibility in participation while maintaining confidentiality.

All respondents were asked to encourage completion of the survey by their spouse as well, increasing the likelihood of gender diversity in survey sample.

Survey respondents were provided with two forms of incentive to complete the survey. The first was the option of receiving an electronic copy of the 2006 T. Stenner TrueWealth Report upon publication. The second incentive included a complimentary one-year subscription to NUVO Magazine valued at \$55.

In all, 116 surveys were submitted through the online system while the other 49 surveys were received either by fax or mail.

Margin of Error

The accuracy of results in any survey is always determined by the level of two different types of error:

1. Sampling error
2. Non-sampling error

Non-sampling error occurs when respondents incorrectly code responses, or omit questions from the survey. Also, the wording of questions may introduce bias into responses. Sensus Research minimizes non-sampling error by thoroughly pre-testing survey content and online survey programming logic.

Sampling error, on the other hand, occurs because the survey speaks to only a small portion of the entire population of interest (the "sample" or "n") and not everyone within the population (i.e., a census). As the size of the survey sample increases, the amount of sampling error decreases at a non-linear rate. Sampling error is most commonly expressed as the confidence interval for a percentage or an average (i.e., plus or minus a certain percent or value) at a stated level of confidence (i.e., 95% or 19 times out of 20).

This survey collected a sample of 165 surveys, which allows us to interpret most results as being accurate to within plus or minus 7.6% of the stated value with a high level of confidence (we are 95% certain that the results are accurate). Throughout the survey however, some members of the sample are not eligible to answer certain questions or have provided a non-valid response (i.e. "don't know" or "refuse to answer"). In these cases the confidence interval or margin of error will be slightly larger than for the entire sample. The following table provides the approximate margin of error for a variety of sample sizes found in the survey to aid in the interpretation of results.

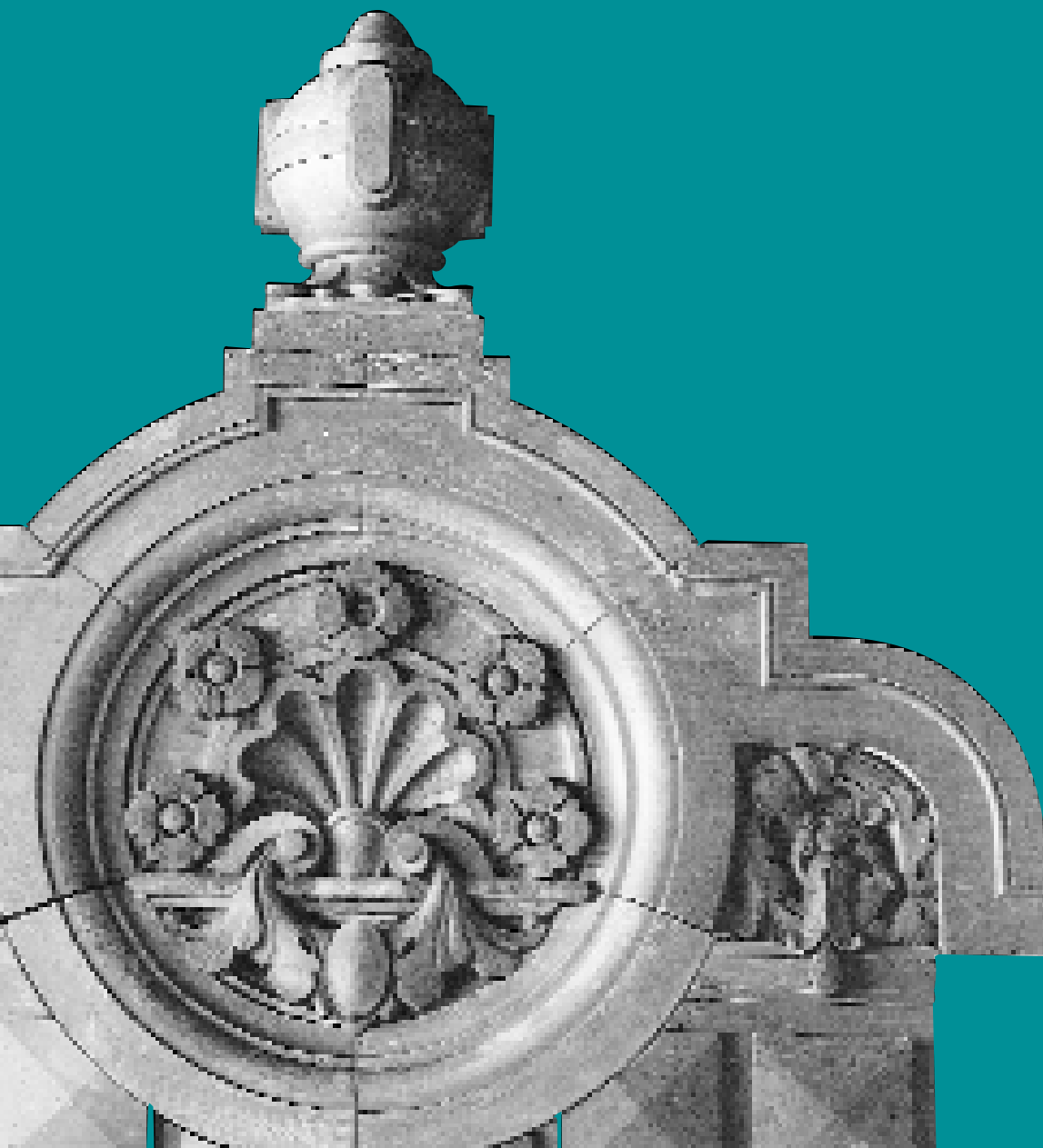
Confidence Table

Sample Size	Margin of Error at 95% Confidence
n=200	± 6.9%
n=180	± 7.3%
n=160	± 7.7%
n=100	± 9.8%
n=75	± 11.3%
n=50	± 13.8%
n=25	± 19.6%

9.0

RESPONDENT ANALYSIS

The Respondent Analysis section provides analysis for survey data through graphic presentation and discussion. Demographic data collected from survey respondents allows us to develop a picture of the basic composition of the survey sample.



9.0 RESPONDENT ANALYSIS

The pie chart for Q34 shows that the largest proportion of respondents (41%) was between the ages of 40 and 55. Only 7% of respondents were below the age of 40 years old. This suggests that UHNW individuals tend to be older than the general population, which makes intuitive sense, suggesting it takes time and experience to accumulate a fortune. The gender of respondents was skewed heavily towards males. Over three-quarters (77%) of respondents were male while less than one-quarter (23%) were female.

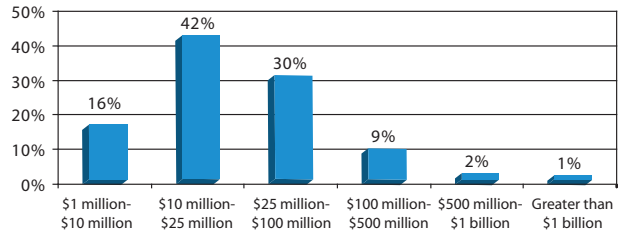
The majority of respondents (see Q33 below), are currently married (78%). If common-law marriages are included in the figure, the percentage increases to 87% of the total sample. Only 2% of the sample are single (have never been married) which is equivalent to only 4 people out of 165.

As can be seen in the following pie chart (Q32), only half (51%) of the sample considers him/herself to be still working. At the same time, despite the high average age of respondents and the apparent affluence of the sample, only 19% of respondents would consider themselves to be fully retired.

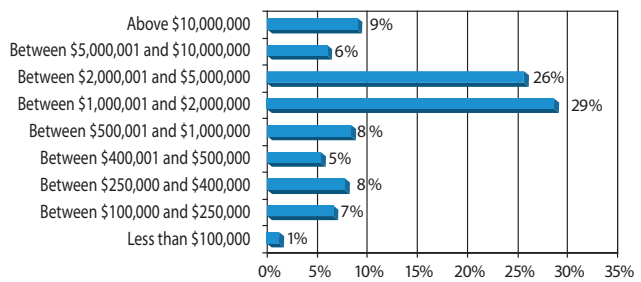
The majority of respondents have a total net worth of between \$10 million and \$100 million dollars, which accounts for 72% of the total sample. While only 3% of the sample has a net worth of over \$500 million dollars. As well, 70% of the sample has an average annual household income of over \$1 million dollars.

The sample also includes some respondents that indicated a net worth below \$10 million but who had self-identified themselves as qualifying as an UHNW individual. These individuals may be close in relationship to UHNW individuals, be very close to having a net worth of \$10 million, or are members of a family worth over \$10 million in aggregate and responded from a personal perspective.

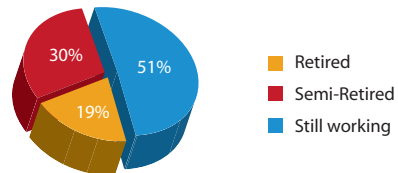
Q30 What is your household's approximate total net worth (including real estate, investments and principal residence)? (n=165)



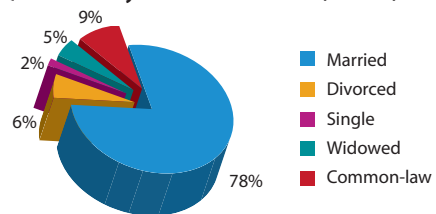
Q31 What is your household's average annual income from all sources? (n=165)



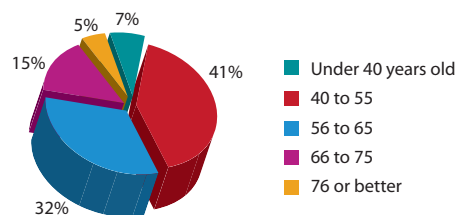
Q32 Do you consider yourself retired, or are you still working? (n=165)



Q33 What is your marital status? (n=165)



Q34 Which of the following age ranges best describes yourself? (n=165)



10.0 ABOUT THE AUTHORS

The Stenner Investment Partners of GMP Private Client is a *leading* group of private professional advisors based in Vancouver. With a “family office” model, we excel at *integrating* and *managing* the affairs of businesses, charitable organizations and families with a *net worth* of \$10 million* or more.

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Values and Views of Ultra-Affluent Individuals



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