

The Dream Achiever



DECEMBER 31, 2011

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What is a GMWB?

"An idea that is developed and put into action is more important than an idea that exists only as an idea."

~ Buddha

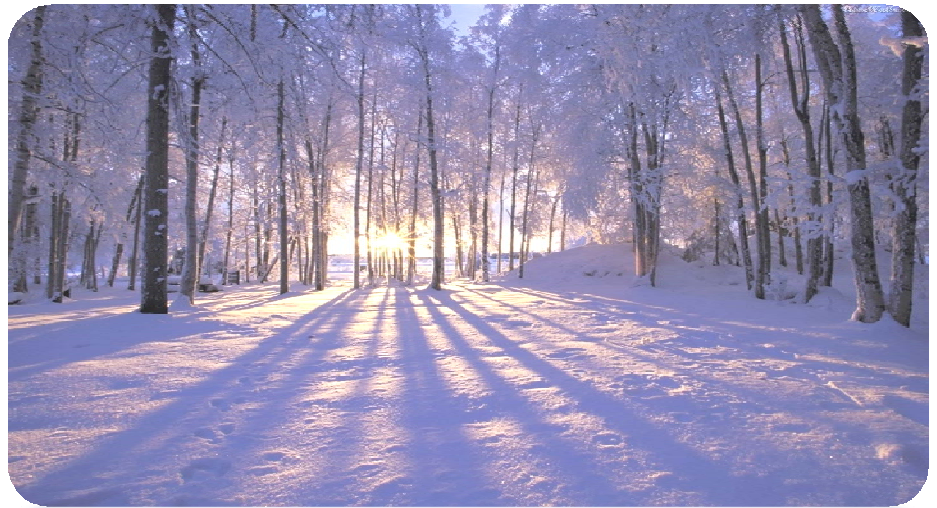
Banana Bread = comfort food

Ingredients:

3 or 4 Ripe bananas – mashed,
1 teaspoon vinegar,
1 teaspoon vanilla,
½ cup melted butter,
¾ cup milk,
1½ cup sugar,
3 beaten eggs
1 teaspoon baking soda,
1 teaspoon baking powder,
½ teaspoon salt,
2 cups of all-purpose flour,
(Dave and Matt add chocolate chips)

Preheat oven to 350F (175C). In bowl #1 mix butter, sugar, eggs, & milk. In bowl #2 mix flour baking soda, baking powder, & salt. In bowl #3 mix mashed bananas, vinegar, & vanilla. Combine the three bowls. (Add chocolate chips: optional).

Pour mixture into a buttered loaf pan. Bake for 1 hour. Cool on rack. Remove from pan and slice to serve. Enjoy!



Market Overview – Looking for the light

First off we want to wish all of you a happy new year 2012 and to thank you for your continued loyalty and support over the past year.

The extreme market volatility that started in August continued right through to the end of the year was both frightening and tiring. It seems to make no sense when valuations change so quickly with little to no new fundamental information. This has caused some of us to question if there is a light at the end of the tunnel.

In the U.S. there has been some indication that baby steps are being made in the right direction and the economy is showing small signs of improvement.

In Europe the news has gotten so bad that decisions are actually being made by those in power. The issues that surfaced in 2010 were swept under the rug and seen as political in nature. Now that it has become obvious that there are real economic threats and some assistance is being granted and because of this we should see some better results in the coming year. Benjamin Tal, Deputy Chief Economist of the CIBC, said in a recent conference call that the short term volatility will probably continue in Europe, but in the long term things are currently priced for negative events that he just doesn't see happening. Almost all of the investment managers we have been talking to see the issues in Europe as well on the way to being worked out, though they do concede that it will take some time.

Another item in the news these days is the topic of Canadian household debt. The household debt to disposable income ratio grew to 149% in the second quarter of 2011. It was just 50% in 1990 and 110% in 2000. It is important to build breathing room into our budgets for future rate increases, even though we don't see those increases coming in the near term.



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Market Overview Continued

The Canadian marketplace has seen signs of slowing labor and relative weakness in commodity demand due to softness in emerging economies. These facts should continue to weigh on the market and devalue the \$CAD vs. \$USD over the coming months, but as the world economy continues to improve both of these should recover quickly.

What does this mean for your portfolio? For long term investor, it's still not time to move into cash. A diversified approach with a tilt towards dividend paying equities and corporate debt has paid off. Most of you should see a small increase of your portfolios in the 4th quarter.

We'd like to help you be informed – so if you have any concerns about the markets, your portfolio summaries, or any other financial matter, call us. It will be our pleasure to assist you.

New-year planning items

Things to look at in the new-year include:

- **RRSP Contribution deadline:** For the 2011 tax year you need to contribute before February 29, 2012. The maximum room for 2011 is \$22,450.
- **Tax Free Savings Account (TFSA) :** As of January 1, 2012 you received another \$5,000 of contribution room. This would be combined with any unused room you carried forward plus any withdrawals you made in 2011.
- **RESP:** You can now do your 2012 RESP contributions and benefit from the government grants.
- **Conversion to RRIF account:** Those of you who turn 71 years of age in 2012 will need to convert their RRSPs into RRIF accounts. We will be in contact to assist you on how to get that done.
- **Your annual review**
- **\$2K pension deduction:** Age 65 and above



Matt's Planning Corner – What is a GMWB?

First off, what does it stand for: **Guaranteed Minimum Withdrawal Benefit**. Many of you may know the more popular marketing names such as **Manulife Income Plus, CI Sunwise Elite Plus, or IA's Ecoflextra** which have been popular investments in the marketplace.

This product type was developed to try and create a product similar to a defined benefit pension plan for people who don't have access to one. The guaranteed income is backed by the insurance companies. There are many moving parts to these plans which make them fairly complex, but there is an idea of a notional bonus during accumulation and a percentage as a guaranteed minimum payment for life in the payout phase.

The drawbacks of these plans are high fees and minimal flexibility to change to another investment in the future.

These products all offer attractive selling commissions to the advisor, but even though **we can sell them**, we haven't been big promoters of this type of product. We feel that the lack of flexibility and overall costs outweigh the benefits in most cases. Should you wish to explore GMWBs for yourself, please feel free to contact us for more information.

Disclaimer:

The foregoing is for general information purposes only and is the opinion of the writer. This information is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. However, please call **David Humes, Matthew Humes, or Chantal Massicotte** to discuss your particular circumstances.

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