**Your Dundee Wealth Team**

**Murray D. Morton, B.A., CLU, CFP, FCSI**
Investment Advisor
'The Financial Coach"™
Dundee Securities Corporation

**Matthew D. Morton, B.A., CPE**
Investment Advisor
Dundee Securities Corporation

3 Gardenvale Road
Toronto, ON M8Z 4B8
Telephone: (416) 236-7200
(905) 457-0108
Fax: (416) 236-7203

With the RRSP deadline approaching, many of us are focused on making this year's contribution. But don't forget that retirement planning is just one aspect of your financial life.

Call us today. We can talk about how your RRSP fits into your overall financial plan and how to make that plan keep working for you—today right through to retirement.


FOCUS ON INVESTING

# How to profit in a slowing economy

**North American economic growth is slowing. But that doesn't mean your investment plans should slow as well. Smart investment moves designed to take advantage of a changing economic situation can cushion your portfolio against a slowdown and even boost investment returns.**

Here are some strategies we can explore to keep you on the road to achieving your investment goals.

**Invest where economies are stronger.** Many parts of the world are growing faster than North America, particularly certain emerging economies. Strong growth in Asia and South America, for example, is generating opportunities for companies and their investors.

**Hunt for bargains.** In a slowing economy there is typically an overreaction, with masses of investors dumping stocks because they're going down. This may reduce share prices to attractive levels and position your portfolio for an economic rebound.

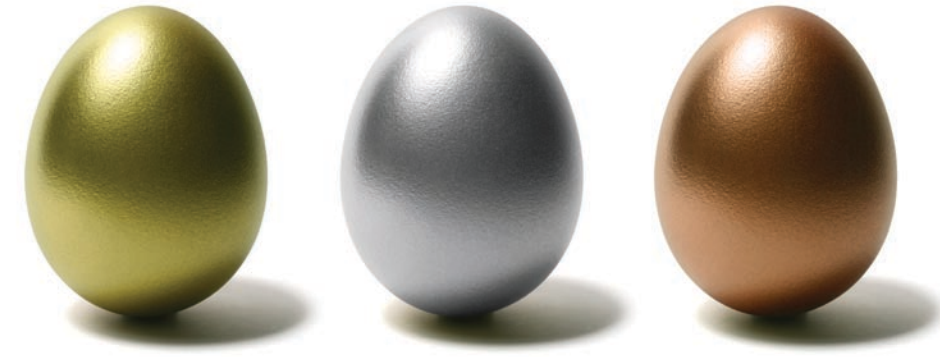
**Think defensively.** Consider "defensive" investments that may outperform when the economy slows. These include companies in industries where goods and services remain in demand regardless of economic conditions — such as consumer staples like food and beverages, household products, and utilities. Stocks that pay regular dividends may also be less vulnerable to economic headwinds.

**Go for quality.** Shares of established, good-quality companies often perform better when investors shun risk in a weaker economy. As money flows into high-quality stocks, it can push prices up.

**Focus on fixed income.** Government bonds and high-quality corporate bonds benefit from a "flight to safety" in times of economic worry. High-quality bonds offer safety of capital, regular income, and the potential for price appreciation.

We can help you make the most of today's changing economic environment. ■

# I like your (mutual fund) style!



**MUTUAL FUNDS**

**Could your mutual fund portfolio benefit from a little more style? Management style, that is. Diversifying your fund portfolio by a variety of management styles lets you take advantage of a wider range of investment potential and possibly give your portfolio an added performance edge.** Here's how.

Many mutual fund managers adhere to defined investment styles — such as "growth" or "value," for example. It turns out that a fund's investing style can have a major impact on how the fund invests and performs.

Here's what adding style to your fund portfolio can do for you.

### Try a new basket for your eggs

Fund managers become disciples of a certain style because they believe it works. In reality, different styles tend to outperform others depending on the economic climate at different financial market junctures.

Consider the two most popular equity styles: growth and value. Growth significantly outperformed value during the late 1990s, until the 2000 stock market crash. Then value took over, outperforming for much of the next decade. However, growth has been making a comeback over the past couple of years (see chart below).

Many experts believe value outperforms growth over the long term. Other experts believe the opposite. What causes one style to outperform another is a constant topic of debate in the financial world.

So as an investor, it makes sense to diversify through a variety of disciplines, rather than picking one or trying to be a "style switcher," moving money in and out of different funds as they go in and out of favour. It's also important to consider that some styles entail more risk than others — another good reason for style diversification.

### But which is which?

But how do you know which style a fund follows? Sometimes it's obvious from the fund name — for example "growth fund" or "value fund." Sometimes you need to dig through fund information to determine which style a fund follows. Some funds may not follow any particular style at all.

There are many management styles, particularly when it comes to equity mutual funds. Here's a primer:

**Growth.** Investing in companies that have experienced or are expected to experience quickly growing sales and/or profits.

**Value.** Investing in businesses whose share prices appear undervalued relative to their peers, but which have appreciation potential.

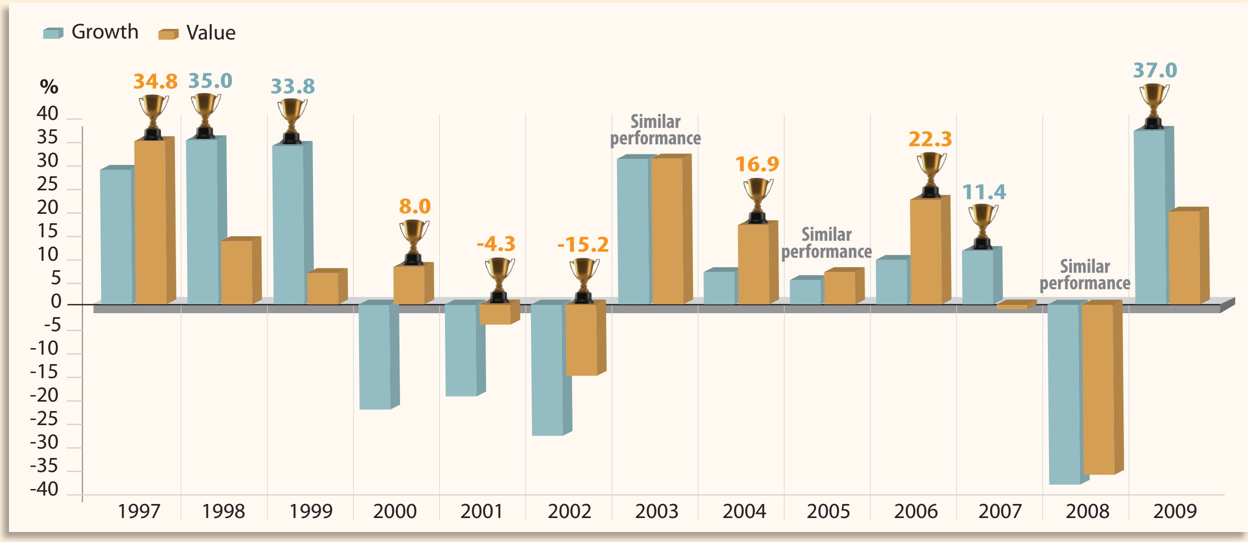
**Bottom-up.** Focusing on individual companies' financials — usually referred to as "fundamentals" — instead of the overall economic or financial market picture. This is also sometimes called "fundamental investing".

**Top-down.** Analyzing general economic conditions and determining which countries and industry sectors will benefit. Individual investments are selected from within those countries and sectors.

The bottom line? Different styles have different strengths at different times. Diversifying among them can add strength to your mutual fund investments.

**We can help.** We'll assist you in exploring this diversification strategy and show you how it can benefit your mutual fund portfolio. ■

## Value and growth each take a turn in the spotlight




**Mutual funds distinguished by their management style tend to vary significantly in terms of which performs better. Diversifying between them can help you combat volatility in your portfolio.**

*Source*: Russell 3000® Growth and Value Indices. Annual returns in percentages, based on US$.

**RETIREMENT PLANNING**

## Homeownership means a ‘discount’ on retirement living costs

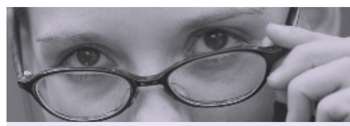
Three in four households are homeowners by retirement age, according to Statistics Canada. How fortunate we are in this country. One of the joys of homeownership is that you no longer have to pay rent or cope with periodic rent increases. This fact represents a significant contribution to the retirement income of homeowners as they enter retirement — one that investors should take into account as they plan their retirement income. StatsCan calculates the average value of rent that does not have to be paid by homeowners 60 and older at $5,500. That’s about 10% to 12% of their annual incomes.

It makes a difference where you live in Canada. Recently released survey data from 2006 show that the average benefit from owner-occupied housing is lowest is Newfoundland and Labrador, at $2,000, and highest in British Columbia, at $7,300. Across metropolitan areas, the benefit is lowest in Saguenay, Quebec, at $1,900 and highest in Vancouver, B.C., at $8,900. ■

**FOREIGN CREDITS**

## Worked or lived offshore? You may be eligible for these government benefits

If you have lived or worked in another country, or are the surviving spouse or common-law partner of someone who has lived or worked in another country, you may be eligible for government benefits that you didn’t know about as a result of Canada’s international social security agreements. More than 40 countries — ranging from Australia, Barbados, and Croatia to the U.K., U.S., and Uruguay — have agreed with Canada to recognize each other’s retirement and disability credits. If you immigrated as an adult, worked abroad for a few years, or perhaps have settled outside Canada, you may be eligible for benefits from Canada or from the other country. You can find the terms and status of each agreement through **www.hrdc-drhc.gc.ca**. Use the A to Z Index at the left of the screen to find the Income Security Programs section and then scroll down to “International Benefits” under “Related information”. ■

**EYEOPENER**
graphic evidence of how investing works

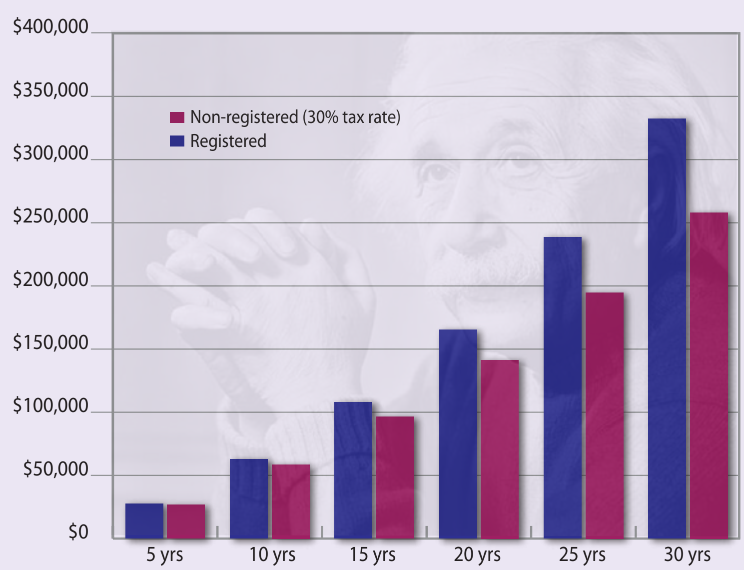
## The double-barrelled power of tax-sheltered compound returns

Albert Einstein called compound interest the most powerful force in the universe. While Al’s quote might be fiction, the power is real. Combine it with sheltering your compound returns from tax and the power grows even more.

Here’s the magic of investing $5,000 at the beginning of every year inside a registered plan versus a non-registered account, assuming an average annual return of 5%.

And here’s how the difference adds up over time:

| | |
|---|---|
| 5 yrs | $816 |
| 10 yrs | $4,232 |
| 15 yrs | $11,414 |
| 20 yrs | $ 23,931 |
| 25 yrs | $43,886 |
| 30 yrs | $74,081 |



# 5 smart RRSP strategies for today

**The right Registered Retirement Savings Plan (RRSP) moves now could be worth thousands of dollars later. This RRSP season, as we face continued economic and market uncertainty, smart strategies can make a huge difference in how much benefit you derive from the tax-deferred investment growth that your RRSP offers.**

Here are five smart strategies for making the most of your RRSP.

### 1. Review before investing

Uncertainty in the markets means that having a good grasp of where you are with regard to your retirement portfolio has never been more critical. These questions can serve as a guide for us to discuss.

- Have your retirement plans changed?
- Is your RRSP's performance meeting your expectations?
- Is your asset mix still on track, in accordance with your goals, your time horizon, and your tolerance for risk?
- Are you still comfortable with the current risk level of your investments?

### 2. Don't pay more tax than you have to

Ensuring that you're not paying more tax on your investment growth than you should means more money in your retirement pocket. Remember that different investments receive different tax treatment outside your plan.

By carefully considering which investments to hold inside and outside of an RRSP, we may be able to increase overall after-tax investment returns.

### 3. Diversify, then diversify some more

One of the hallmarks of the market tumult of 2008 was that certain investments that usually behave differently plummeted in lockstep. We can help you diversify your portfolio in new ways — for example, by management style or by adding foreign investments to expose you to a different market.

### 4. Make volatility your friend

Financial market ups and downs can be unsettling, but there is a positive side to price dips: They provide an opportunity to invest at more attractive prices.

If you're still uncertain about entering the markets, consider dollar-cost averaging through a regular investment program. It's a structured way to buy more when prices are low and less when they're high, and it could be a good way to contribute to your RRSP throughout the year, instead of waiting for the annual RRSP "season."

### 5. Don't let uncertainty hold you back

Waiting until you think markets have bottomed to invest, or trying to sell at their peak, can be a mistake. Most investors are terrible at "timing the market," often buying and selling at the wrong times. And don't be tempted to "park" your entire RRSP contribution in safe, low-return investments while you wait for a clearer market direction. You may end up still parked while rising financial markets leave your investments in the dust.

We can help you put these strategies to work so you make the most of your RRSP. ■



# 3 reasons to use a spousal RRSP

BY REDUCING THE income tax you pay in retirement, you'll have more to spend. A spousal RRSP might just be the ticket. Contrary to what you might have heard, rules introduced in 2007 — that let retired couples split pension income — did not kill the spousal RRSP.

Here are three situations for which a spousal RRSP is still useful:

**You're planning to retire early.** Because pension-income splitting is largely restricted to those 65 and older, a spousal RRSP is a viable income-splitting and tax-saving tool for couples who want to retire early.

**You need to withdraw a large sum from your RRSP.** A spousal RRSP can also help with lump-sum RRSP withdrawals. These aren't eligible for pension-income splitting, but couples can build up the lower-income spouse's RRSP and withdraw from that plan at a lower rate. Note, however, that if you make a spousal RRSP contribution in the same year or either of the following two calendar years, the amount withdrawn by your spouse will be attributed back to you and taxed in your hands.

**You have a younger spouse.** A spousal RRSP means you can contribute qualifying income to your younger spouse's RRSP after the end of the year you turn 71 — when you must wind down your own plan — so your household retirement savings can continue to build.

Setting up a spousal RRSP gets you and your spouse to start your planning well in advance. Let's discuss whether this strategy might work for you. ■