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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.

By considering all the elements of your financial plan as you explore this year's RRSP strategy — including the many financial goals you'll have before you reach retirement — we can ensure you always have a well-rounded financial plan.

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.



Mutual fund investing in a slowing economy

North American economic growth is slowing. But that doesn't mean your investment activity should slow as well. Here are some strategies for mutual fund investors to consider now.

Invest where economies are stronger. Many economies of the world are growing faster than North America, particularly in emerging markets. Funds that invest in regions such as Asia and South America can expose you to their growth.

Invest in bargain-hunting funds. A slowing economy can make share prices of some companies extremely attractive and ready for a rebound when the economy picks up. Mutual funds that follow the value investing style can help add these investments to your portfolio.

Think defensively. Consider mutual funds that focus on "defensive" investments that often outperform when the

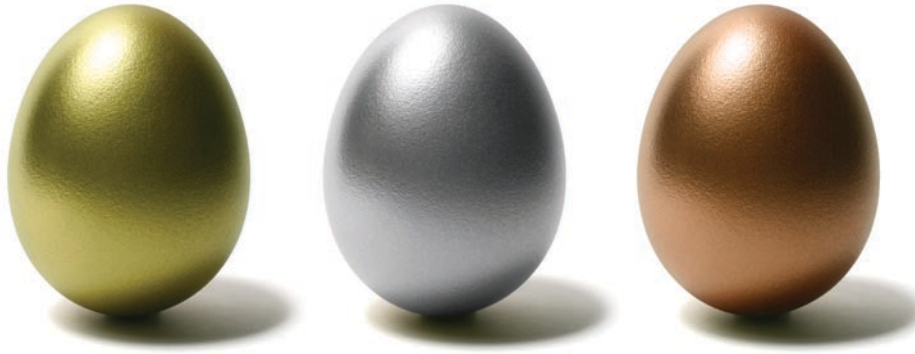
economy slows. These include industry sectors where goods and services, like pharmaceuticals and household products, remain in demand regardless of economic conditions. Dividend funds can also be less vulnerable to economic headwinds.

Go for quality. Shares of good-quality companies often perform better as investors shun risk in a weaker economy. Funds that focus on blue-chip investments can be a good bet in an uncertain economy.

Focus on fixed-income funds. Bond funds that include government bonds — and often high-quality corporate bonds — benefit from a "flight to safety" in times of economic worries. Choose from a variety of government bond, corporate bond or general bond funds to meet your needs.

Together, we can explore how these strategies 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.

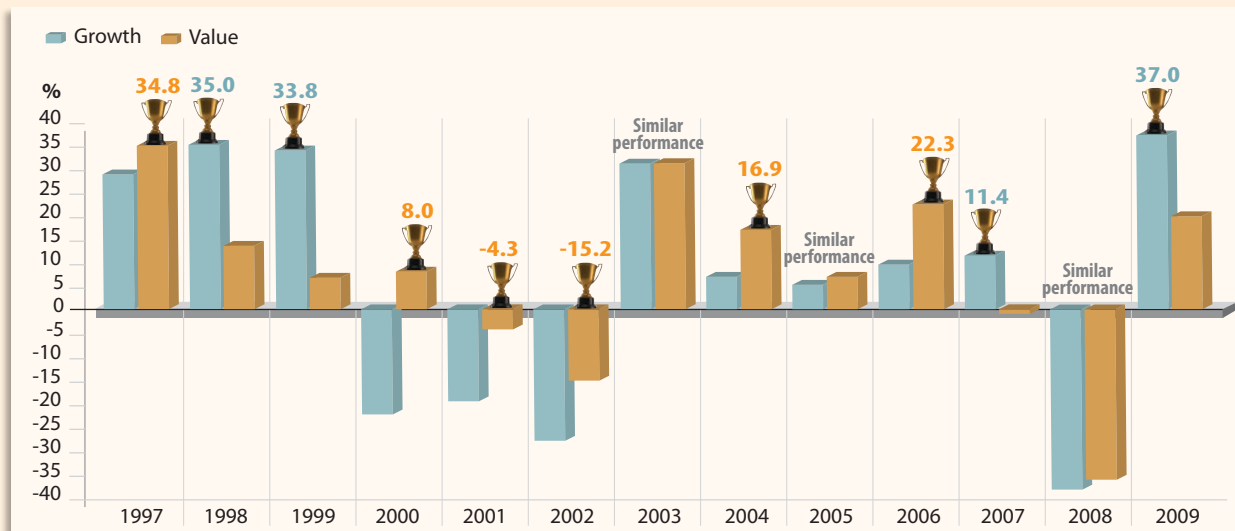
Bottom-up. Focusing on individual companies’ financials — usually referred to as “fundamentals” — instead of the overall economic or financial market picture. This is also sometimes called “fundamental investing”.

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



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

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.

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 in 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

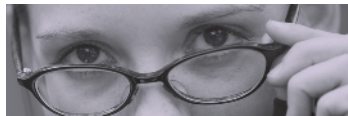
Worked or lived offshore? You may be eligible for these government benefits

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

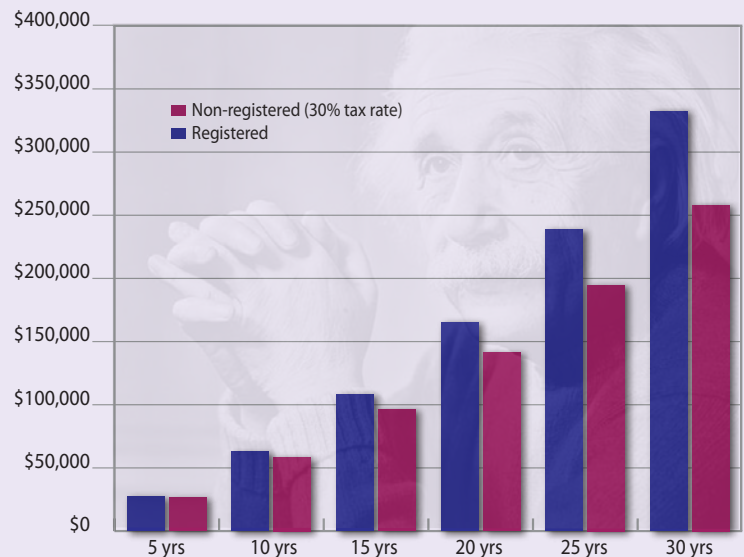
The double-barrelled power of tax-sheltered compound returns

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 mutual fund strategies for today

The right Registered Retirement Savings Plan (RRSP) moves now could be worth thousands. 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 mutual fund 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 mutual fund 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 with each other. We can help you diversify your mutual fund portfolio in new ways — for example, by management style or by adding international funds.

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 mutual fund units 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.

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, such as a money market mutual fund, 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. ■

A good choice for 'unbalanced' times

JITTERS OVER THE economy and the direction of financial markets in recent months have left many investors wondering, "Which is the better choice in today's investment climate: equities or fixed income?"

The fact is, your portfolio needs a mix of investments that will provide growth, steady returns, and a measure of security in order to reach your investment goals. Balanced mutual funds could deliver.

Balanced funds are professionally managed so the mix of equities and bonds is adjusted to reflect current market realities. These funds can play two key roles:

Instant portfolio. This is useful for new investors with a modest amount to invest, or those who prefer a more hands-free approach. These can also be useful if you change jobs and roll a company pension to a locked-in Registered Retirement Savings Plan or Locked-In Retirement Account that must be kept separate.

Core holding. A balanced fund can provide a base to which you can add more aggressive investments with the potential to generate higher returns.

A key advantage of a balanced fund is its ability to profit from both equity and bond markets. Poor performance in one asset class could be offset by strength elsewhere, since equity and bond markets often — though not always — move in different directions. The diversified asset mix also means balanced funds are usually less volatile than straight equity funds.

There are many balanced funds to choose from in Canada. We can talk about whether balanced funds are the right choice for your portfolio. ■

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