

# the green report

News & Views



## Paul's Perspective



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### A very good quarter!

Stocks had a very good quarter despite many areas of concern for investors. The promise of continued stimulus from central banks around the globe has bolstered markets. There have been signs that suggest the economy is moving in the right direction, albeit at small increments. Regardless of the major economic indicators showing very slow growth and a weak recovery, investors seem to favour stocks. The market of choice seems to be in the US with the S&P 500 climbing over 5%. Our "typical" balanced portfolio gained roughly 3% for the third quarter, and approximately 5% for the year.

### Caution continues

It is encouraging to see such a positive quarter after a difficult second quarter. As I have mentioned before, declines in the stock market happen often and should be expected. Although our technical signals point to stocks as the strongest place to invest currently, we remain concerned about economic conditions. Topping the list of concerns is the mounting debt that governments have accumulated. We have no way of

knowing how the actions of central banks and governments will determine the outcome, but we will be closely monitoring the technical indicators. These indicators can alert us with changes of the flow of money into stocks. We can use this information to recommend changes to your portfolio that may protect you from significant downturns. Currently, we are comfortable with a mix of stocks and bonds that suit your risk tolerance. Please remember, our objective is to grow your portfolio, while protecting it from downturns in the market.

### Improvements at Green Financial Group

We have been working very hard to ensure we deliver strong investment performance to our clients. The first big step was to move to a full securities platform from a mutual fund platform. Secondly, we have transitioned many clients to the tactical asset portfolio system, which allows us to be more proactive in managing the asset allocation of your investments. We believe this will give our clients a fighting chance to protect their hard-earned money from major declines in the stock markets. Excitement is building as we are

about to launch another major improvement for your investments. This product will have the ability to make changes more often without the need for you to be notified at the time. This will make our process much more efficient and will allow for changes to be made that will ultimately improve performance. Please watch for more information about these improvements in the near future.

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## *A “greener” Green Report*

The summer edition of the Green Report was the first issue to be distributed digitally over email. While everything we do for our environment helps, we still have printed copies of this publication available should you prefer paper. Simply pay a visit to the office to get your copy – it would be great to see you!

## *RESP deadline is coming up*

Don't forget that this year's deadline for RESP contributions is **December 31, 2012**. Beat the rush and contact us now to setup your education savings.

## Green Team News

### *Well done Carolyn and David!*

Congratulations to both Carolyn Buckley and David Harris on successfully completing the Canadian Securities Course (CSC). To learn more about the CSC visit [www.dundewealth.com](http://www.dundewealth.com).

### *Chipping in for a Good Cause*

On September 26 Paul Green played in the Youth For Christ golf-a-thon at the Oxford Golf & Country Club. The event raised \$50,000 for your local Youth for Christ Chapters.

### *A New Share the Green in 2013*

Our annual Share the Green philanthropy contest will take a new turn in 2013. After a strong five-year record of making the world a better place the original program has reached a successful conclusion.

Share the Green will continue to provide help to those who need it most, but you'll have to wait until a future issue of The Green Report to get the scoop on the exciting new direction for our annual charitable event.

## Service Matters

### *Understand the TFSA rules*

The Tax-free Savings Account or TFSA is a great way to grow your assets while avoiding taxation on your earnings – provided you understand the rules.

76,000 Canadians have recently been reminded by the Canada Revenue Agency that once an amount has been withdrawn in a given year, the amount can only be replaced in a later calendar year. Re-contributing during the same year as the withdrawal can lead to a costly tax bill.

Thankfully, you don't have to do it alone when it comes to the TFSA rules. Our team at Green Financial

Group is ready to help you open an account if you don't have one and plan your investment strategy if you do.

### *DundeeWealth Fast Apps*

One of the benefits of moving to DundeeWealth is that we are able to make investment changes to your account with your verbal agreement. DundeeWealth also offers leading edge, secure technology with the ability to accept your digital signature for certain changes or updates to your account. If you are interested in 'signing' from the comfort of your home please let us know. We will need you to sign a couple forms.

## Chef's Corner

with chef Rob Bartley



### ROASTED PICKEREL HEIRLOOM TOMATO CARPACIO, PICKLED AVOCADO AND WATERCRESS SALAD - SERVES FOUR

#### Ingredients:

- Four 6 oz boneless fillets of fresh pickerel (skin on)
- 1 oz extra virgin olive oil
- 4 cloves of garlic, smashed
- Juice of 1 lemon
- Salt and freshly cracked pepper
- 2 large heirloom tomatoes, thinly sliced
- 1 avocado, cut into large cubes
- ¼ cup black olives, pitted
- ¼ red onion, thinly sliced
- 3 tablespoons of sherry vinegar
- 1 teaspoon of capers
- ½ cup thinly sliced red radishes
- 1 tablespoon of Goji Berries, soaked in hot apple juice or water for 5 minutes to plump up
- 1 bunch watercress, washed and large stalks removed
- 2 tablespoons finely chopped chives

#### Directions:

1. Season the pickerel with salt and fresh cracked pepper.
2. Heat olive oil in skillet over medium heat and fry the pickerel, skin side down.
3. Once skin is golden brown add the smashed garlic and flip fish over to brown and cook fish throughout- approximately 4 minutes.
4. Transfer to a hot plate and keep warm, pat off any excess oil with a paper towel.
5. Arrange the tomato slices on to serving plate, season generously with sea salt, pepper and extra virgin olive oil.
6. In a mixing bowl combine the vinegar, olive oil, salt and pepper and marinate the red onion, avocado, radish, olives, Goji berries and capers together and let sit for 10 minutes.
7. Gently toss the watercress and chives together with the above.
8. Arrange the fish on top of tomatoes followed by the above salad.

# Can you tell a fair deal from a fraud?

While most of us would like to think that we see through misleading advertising, there is new evidence that our ability to doubt may suffer over time.

There are a number of physical changes commonly associated with the natural process of aging. Eyesight often needs correction and muscles and joints aren't as strong as they once were. But recent research has discovered that there could be more change than previously thought. A recent study<sup>1</sup> from the University of Iowa has concluded that our decision-making ability is reduced as we age (specifically, due to a decline in the prefrontal cortex, a part of our brain that controls much of our behavior and personality). And that decline in ability can leave people susceptible to scams or outright frauds that target the elderly.

These findings come in a time when seniors make up an ever-increasing portion of our population and when these retirees hold increasing wealth--the retirement savings they have worked so long to amass. While being aware of the risk is the first step to preventing fraud, it's important to understand how some of these frauds operate. Here are some quick tips to help you identify offers that may be too good to be true.

- Never send money to anyone who says you've won a lottery or big prize – you'll never see any winnings.
- Don't be rushed into sending off money by tight deadlines.
- Never disclose bank account, credit card or personal details to people you don't know.

- Don't send money because a letter seems official.
- Be skeptical of people representing themselves as foreign government officials asking for your help in placing large sums of money in overseas bank accounts.
- Your bank or financial institution will never ask you to send personal information via unsecured email. Be wary of messages posing as communications from these institutions asking for this type of information.

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Like any other part of your body, your brain can benefit from a regular workout. According to a study from the University of Waterloo<sup>2</sup>, keeping active can have an impact on the brain. Light activity including “walking around the block, cooking, gardening, cleaning and that sort of thing” was enough to show significant improvement. Staying sharp mentally by continuing to learn and “stretching” your brain on occasion can help as well. To get warmed-up why not test your mind with the Brain Gym puzzle in this issue?

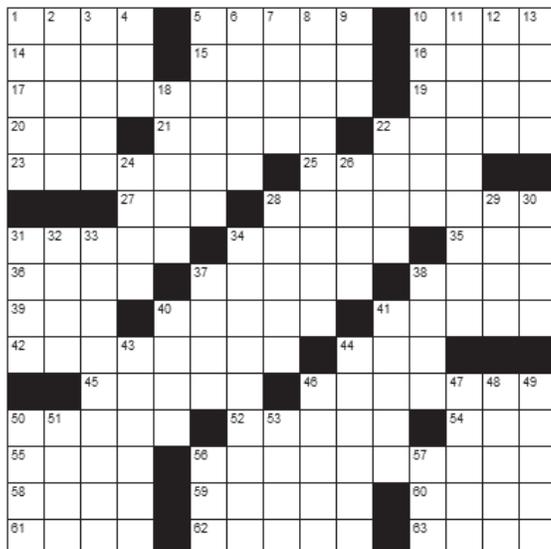
<sup>1</sup>A neuropsychological test of belief and doubt: damage to ventromedial prefrontal cortex increases credulity for misleading advertising – 2012

<sup>2</sup>Activity Energy Expenditure and Incident Cognitive Impairment in Older Adults



## Brain Gym

Try your hand at this challenging crossword.



### ACROSS

1. Biblical garden
5. Tag
10. Frozen precipitation
14. Tart citrus fruit
15. Without company
16. Bygone time
17. Helper
19. The Sun
20. Golf ball support
21. Coral island
22. Robbed
23. The arch of hair above each eye
25. Cowboy movie
27. Anagram of "Spa"
28. Presuming
31. Make a splashing sound
34. Ancient Celtic priest
35. Paddle
36. Home for bees
37. The Earth
38. Russian parliament
39. Anger
40. Exploded stars
41. Inquisitive
42. Unconsciousness
44. One thousandth of an inch
45. Ottoman title
46. Malleable

### DOWN

50. Overact
52. Engagement
54. Minimum (abbrev.)
55. Nothing (British)
56. A commissioned military officer
58. Affaire d'honneur
59. Utter
60. Arch type
61. Arid
62. Not outer
63. A unit of pressure
1. Cheer up
2. Of uncertain outcome
3. Host
4. Prefix meaning "New"
5. Portable computer
6. Permit
7. Be in an agitated emotional state
8. A pen or cage
9. Away from the wind
10. Plan of action
11. Disreputable
12. Verbal
13. Existed
18. Quagmire
22. Wall support
24. Pedestal

26. Largest continent
28. Wall hanging
29. Anagram of "Mean"
30. Between black and white (US spelling)
31. Tibia
32. Former Italian currency
33. Vanquish
34. Variation
37. Twaddle (British)
38. Airhead
40. It smells
41. Specialty
43. Cows
44. Grumble
46. Sedate
47. Insect stage
48. Large commercial ship
49. "Come in!"
50. Concludes
51. Pout
53. Bridle strap
56. Fifty-six in Roman numerals
57. Negation of a word

# Understanding Risk in your Portfolio

Risk is a big concern for all investors. We have found that people are even more sensitive to the risk of market volatility following 2008 than ever before. Recent mutual fund data shows that people are moving their money more into bond and balanced funds as they look for perceived safety. Looking back at the past 5 years, bonds have had a great run. The DEX universe bond Index was up 6.9%. In comparison, the S&P/TSX Composite was up only 0.2%. The bond market has benefited from falling interest rates over the past 5 years, but from this point forward interest rates cannot go much lower and will likely rise. This will negatively affect bond fund returns. People are tempted by the recent return statistics and relative "safety" of bonds to invest more in bonds and less in the "risky" stock market.

## Invest where the money is going, not where it's been

Unfortunately, this bias to invest based on recent experience may cause great harm to your investment portfolio. In the past 12 months, the S&P 500 has gained 27%, while the Canadian stock market is up almost 6%. At the same time banks are offering extraordinarily low interest on savings and 1-year GIC rates are just over 2%.

History has shown us that making your investment decisions based on past performance can have negative effects on the growth of your investments. By looking at fund industry data, we can see that more money is invested in stocks at the peak of the market, when they are the

most costly than at the bottom when the potential for growth is greatest. Our role is to help you avoid these types of mistakes.

As we look at the financial situation around the globe we see unprecedented levels of government debt, while it may take years for many governments to balance their budgets. Until such time there will be muted economic growth in these countries. However, not all countries are in this position and as an investor you need to be aware of this.

At Green Financial Group we want to move away from the stocks vs. bonds discussion and help you recognize that each asset class has favorable times. Our view is that there will continue to be significant volatility in the stock market until the debt problems are resolved. We will continue to be proactive in the management of your asset allocation.

History has shown us that making your investment decisions based on past performance can have negative effects on the growth of your investments.

We will guide you using our systematic relative strength investing approach. Through this approach we attempt to identify, from a technical perspective, whether stocks or bonds are set to

outperform in the coming months. By using this information to adjust your portfolio weighting from time to time, we hope to reduce volatility and improve returns.

This method of managing your investments changes the risk discussion and allows for an objective assessment of your investment approach.

## What you can control

As fall arrives, please take a little time to review your financial goals and see how you are progressing towards them. A good financial plan starts with a clear understanding of what your monthly lifestyle expenses are. Fall is a good time to update this information and see if there are any changes from the previous year. If you need help please get in touch and we can help with an expense worksheet for you.

If you have reached some savings or debt repayment goals then—congratulations! Take some time to re-evaluate your goals and write down new ones or bring the ones you are still working on to the forefront.



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