

THE green REPORT

Paul's Perspective

by Paul Green, CFP®

Better than last year!

The second quarter was much better than last year where the great gains from the first quarter were eroded by soft markets. We continue to see strength in the US market where stocks are up 20% in the first half of 2013. In contrast, stocks are flat in Canada so far this year. Portfolios at GFG are up between 4% and 10% depending on how much fixed income is in the mix. Bonds have had a difficult time as of late. We continue to be concerned about bonds and have recently adjusted some of the portfolios to reflect shorter term bonds. Regardless, bonds have taken away from performance so far this year. The Federal Reserve in the US has signaled they will be taking measures to reduce stimulus to the economy in the near term. This has caused the bond markets to sell, which is why we are closely monitoring to try and protect the "safety" side of your portfolio.

Diversiflex continues to perform!

As I wrote last quarter, we saw strength in the US and in particular Home Construction, Pharmaceuticals and Financials. These and other positions in Diversiflex have worked out well. Diversiflex and Di-

versiflex Plus are up 8% and 10% respectively for the year.

We continue to like the US and the above mentioned sectors of that economy.



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As this is a new product, we will continue to send out information emails to you on a monthly basis to provide you with more detail and up to date performance numbers. For those of you who could not attend our seminars on June 4th, we have an audio link for a summary of the talk featuring Jeremy Fehr, President of SIA Charts. This is the firm we trust to do the technical analysis for us. They also provide DundeeWealth with the needed technical information to manage Diversiflex and Diversiflex Plus. Please visit our website to hear what Jeremy has to say about investing at www.greenfinancialgroup.com.

Watch for volatility...

I am sure you have seen a big change in how GFG manages your money and also how we think about markets and investments. We are far more short term oriented and do not believe the buy and hold strategy for the long term is best for most investors as they cannot tolerate the substantial declines in stock markets approximately twice every 10 years. That said, we believe there will continue to be very volatile times in both the stock and bond markets. With computers running the majority of trades in these markets and information around the globe at everyone's fingertips it only leads to more swings in prices. Geopolitical tensions in the Middle East and concerns in Europe about the economy are just a few other reasons to pay attention in the shorter term. We will continue to watch for these issues but most importantly, we will watch where the "Big Money" is flowing and follow trends that will give us a better chance to make reasonable returns even in volatile markets.

Have a safe and wonderful summer!

*Charting Your Course
to Financial Independence*

GREEN TEAM NEWS

Service Matters

Notice of Assessments
Another tax season is over but before you file away your records, please don't forget to provide us with your 2012 Notice of Assessments. You can either scan and email them to: **sburton@greenfinancialgroup.com** or drop by our office and we will quickly take a copy for our files.

Greenfinancialgroup.com Have you had a chance to browse through our new website?

Launched in April, our new site was designed to help serve our clients better. Check in with us at **www.greenfinancialgroup.com** for updated events, our latest blog update and to log into your WealthTracker™ account. You'll also find a variety of online financial calculators to help you with Retirement Planning, Education Planning, Mortgage and Loans and more.

Diversiflex Statements
DundeeWealth will be sending quarterly Diversiflex and Diversiflex Plus statements. Since this is a new investment platform, we will mail/e-mail a monthly statement to give you an update and show performance.

Woodstock Hospital Foundation Board



Congratulations to Paul Green on his recent appointment to the Woodstock Hospital Foundation Board. Paul hopes to put his expertise to use in helping to raise and manage funds for this important cause. Learn more about the foundation and their activities at wgh.on.ca/wghf.

Charity Golf Tournaments



Green Financial Group team members have already hit the golf course several times this year in support of some worthy causes. Paul recently participated in The Youth for Christ Tournament which netted \$30,000 for the charity. He also played in the Ronald McDonald Tournament.

Dave has also teed off for charity in the last few weeks helping to raise \$12,300 at the Alzheimer's Golf Tournament and \$3,000

at ODY's Golf Tournament which will be donated to Big Brothers Big Sisters and Canada Feed Kids in Haiti.

The season is young and more golfing for a good cause is still to come! The Woodstock Hospital Foundation Charity Golf Tournament will take place on July 24th at Craigowan.



Joe McCarney, Dave Harris, Terry Nancekivell, Dean Matheson



Ontario Summer Basil Pesto

CHEF'S CORNER with Chef Rob Bartley

- Makes 500 ml*
- 12 cups fresh Ontario Basil (best to buy at local farmers market)*
- ½ cup pine nuts*
- 1 large clove of fresh garlic*
- 1 cup good quality olive oil*
- 2 tsp sea salt*
- ½ cup fresh grated Parmigiano Reggiano cheese*

Equipment – high speed blender, rubber spatula, mixing bowl

- 1.** Choose young basil as best as possible (smaller leaves that are supple and vibrant green with no flower heads)
- 2.** Pick leaves from stem and soak in cold water numerous times to remove any dirt. Once clean store leaves in cold water until ready to use.
- 3.** Store blender top in fridge or freezer to keep cold until ready to use.
- 4.** In the blender add the pine nuts, garlic, olive oil and salt and puree until smooth and creamy.
- 5.** Drain off the water from basil (doesn't need to be completely dried though) and add handfuls at a time, pulsing the blender until mostly incorporated. Add the final handful of

- basil and flip the switch to high speed for 30 seconds, carefully pushing any wayward leaves down with rubber spatula.
- 6.** Add cheese and pulse to incorporate
- 7.** Taste pesto and adjust seasoning if needed.
- 8.** Store in an airtight plastic container in fridge with a little olive oil on top. Use generously on simple boiled pasta, fish, chicken, salads, anything. It's a taste of summer

NOTE: Basil hates heat – a blender's motion causes heat from friction. So it's important for the blender top to be cold, ingredients cold and to only pulse for short periods until last stage so not to create friction/ heat from its motion.



Don Minato

Don and Natalie Minato were 2011 Share the Green winners for their Ugali Growing Project entry. Located in Ingersoll, Ugali Growing Project is a grass-roots fund-raising initiative that raises money for Canadian Foodgrains Bank, a partnership of 15 Canadian churches and church-based agencies working together to end global hunger.

Every year, the Ugali Growing Project hosts a fundraising supper that features dishes native to a country that Canada Foodgrains Bank supports. The dishes are prepared by a group of volunteers who research the food and recipes and recreate them for the supper guests. The dinner includes a speaker who has a connection with the featured region.

The Minatos regularly attend the annual dinner and are humbled by the efforts of the volunteers supporting the Project which began on 17 donated acres



of land south of Ingersoll. It has since grown to 35 acres on 3 donated fields. Corn, soybeans and wheat are grown and all crop inputs are donated by local agribusiness with labour and machinery supplied by the local committee. The harvested crops are sent to third world countries or sold to support the project. The money raised at each year's dinner pays for fertilizer and seeds.

The Minatos recently attended the April 2013 dinner, a sold-out event which was

held at the Trinity United Church in Ingersoll. "This year's dinner was South American themed," Don said. "The dinner supports a good cause, but it's also good food and good company".

You can learn more about the Ugali Growing Project at www.stonecroffolk.ca/foodgrains.html and about the Canadian Foodgrains Bank at www.foodgrainsbank.ca.



Shelley Green

Mothers With a Heart for Ethiopia was founded in August of 2011 by three adoptive mothers of Ethiopian born children. Shelley Green, one of the founding mothers, has recently returned from a trip to Ethiopia with eight of the organization's 80 volunteers.

The organization is 100% volunteer with no overhead expenses and raises money in three ways: 1) the sale of necklaces that are made by Ethiopian women with the proceeds going back to Ethiopia to support existing programs for women and children, 2) their signature event Gems & Java and 3) through donations.

Over \$50,000.00 US has been donated by Mothers With a Heart for Ethiopia to support women and children in Ethiopia over the past year and a half.

The trip to Ethiopia in June was a great success. Donations included supplies for the Reward Based Store, leather shoes, school supply kits, clothing, toys, as well as cash donations. One of our volunteers said of the trip "the blessings received from giving fill your heart to overflowing!".

If you are interested in getting involved with Mothers With a Heart for Ethiopia, please send an email to Shelley at: info@moms4ethiopia.ca. If you would like to learn more about the trip, visit their blog at www.moms4ethiopia.ca.

The Cycle of Market Emotions

DAVE'S INSIGHTS by David Harris, CFP®

Whether we like to admit it or not, our emotions are the driving force behind most decisions we make. When applied to investing, emotional decisions can lead to poor results. The chart below identifies the various emotional stages that accompany the stock market cycle. We have been through this twice in the past 13 years. By identifying where on the graph you are, you can better understand the relationship of your emotions to the market.

The Impact of Rising Interest Rates

Last year we began educating clients on the impact of low and rising interest rates on the more "secure" bond component of their portfolio. We talked about how after a 30 year bull run in bonds, clients would likely see at best, low returns in bonds and possibly negative returns if interest rates moved up quickly in the future. Most clients took this information in stride not having too much concern but understanding the situation. This is a non-emotional response since bond performance had been fine for some time. Fast forward to June 2013.

The recent comments by the US Federal Reserve caused significant volatility in the bond markets, pushing the broad bond index to a loss of over 3% year to date (DEX Bond Index). In recent meetings

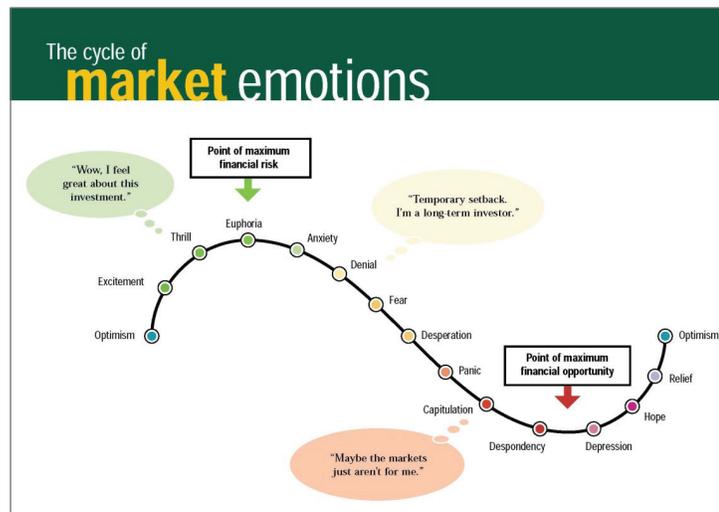
clients are asking questions about bonds and are concerned about what might happen. Their anxiety level is increasing as the news of the day gets worse. As the chart below shows, investors move through many emotional stages as they follow the stock market cycle. Clearly the best time to invest is at the bottom of the cycle and in hindsight this is easy to see. However, if you think back to March 2009 (the bottom of the stock market decline) it may have been difficult to look past the recent 50% decline and determine that you were at the point of maximum financial opportunity.

The Relative Strength Approach

Fortunately, by using a relative strength approach to investing, we can make investing decisions without the cloud of emotions blurring our vision. Relative strength investing helps us identify the strongest asset class based on real time cash flow information

among other measures. This is often counterintuitive to the market but can result in less volatility and more consistent performance.

How are you feeling about your investments? Find your emotion on the chart above and give us a call to discuss if you are concerned.



Charting Your Course to Financial Independence



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