

# the green report

News & Views



## Paul's Perspective



**Paul Green®**  
Investment Advisor,  
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### Politics. Enough already!

What a quarter! The US election that seemed to last forever and now the fiscal cliff was miraculously avoided in the eleventh hour! I think I can speak for everyone when I say we are all very tired of the political games in the south and would all like to get back to business as usual.

With all of the distractions going on in the fourth quarter of 2012, the stock markets were basically flat telling us there was too much uncertainty for stocks to move in any clear direction. Our portfolios were flat also and up approximately 5% for the year. Compare this to bonds up 3%, Canadian stocks up 4% and US stocks up 10% for 2012.

### Will there be compromise in 2013?

There are many that believe we are moving into a year of compromise in Washington. With this, it is possible that we could break away from the lack of direction in stocks to an environment of strength in equities, especially in the US. We are seeing continued strength in the economy and we believe this could continue, provided the politicians play nice and get along in 2013. On a technical basis, we have been seeing strength in areas like home building and

financials in the US, suggesting very good things for that economy going forward. Also, we are starting to see strength from China as it has been quite weak for a while. A stronger economy in China and the USA bodes well for our economy, but on a technical basis, we see the US market continue to be stronger than the Canadian market.

### Risk management is the key

I can assure you, it feels good to be a bit more optimistic heading into the New Year. Nothing would be better than to see investors well rewarded for the risk they are taking. As you know, I have been quite concerned and cautious over the past 3 years so good results would be very welcome. That said, I will continue to use technical tools to help protect your portfolios from major declines. With the launch of Diversiflex (see Dave's article on page 4) we will be able to rotate out of stocks if our signals suggest further price erosion. Ultimately, this will protect you from significant losses in your portfolios, which I believe will continue to be the most important strategy for many years to come. If you were unable to attend our seminar last November, we will be sending a video presentation to your e-mail shortly or you can go

to our website to find the video presentation.

### A sincere thank you

2012 has been a challenging year as GFG transitioned from the Mutual Fund world (Investment Planning Counsel) to the securities world at Dundee Wealth. This was done so that we could protect your portfolios better and we have now launched Diversiflex for this purpose. I want to thank you for your loyalty and trust through this journey and I promise you we will work hard to serve you even better this year.

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## Service Matters

### **TFSA limit increase**

As of January 1, 2013 the TFSA contribution limit has been increased to \$5,500. This increase is great news for anyone saving for a vacation or that next big purchase. Come see us to top up your TFSA account or start saving using this government incentive.

### **New DundeeWealth tax packages**

You will receive your annual tax package from DundeeWealth. This package will let you know what tax slips you can expect to receive from DundeeWealth. You may also receive tax slips from individual fund companies.

When you receive your tax slips this year be sure to hold on to them, you will need these when filing your 2012 taxes.

### **2012 RRSP deadline**

The final day to make contributions towards your 2012 contribution limit is March 1, 2013. Avoid the last-minute rush and book an appointment now to make the most of the \$22,970 you can contribute and take a bite out of your income taxes.

### **Healthy Homes Tax Credit**

The government of Ontario introduced the Healthy Homes Renovation Tax in 2012. This refundable personal income tax credit allows anyone over the age of 65 to claim a 15% refund up to \$10,000 spent on certain home repairs. If you live with a family member who is age 65 or older you **could** still qualify for this tax credit.

Only certain renovations qualify for this program. For more information visit: <http://www.ontario.ca/taxes-and-benefits/healthy-homes-renovation-tax-credit>

### **Ontario tuition grant**

Current full-time students attending a public college or university can apply for this program. Those who qualify receive a 30% tuition grant. Students pursuing degrees can receive \$1680 and diploma/certificate students can receive \$770. To get more information or apply for this grant visit:

<http://www.ontario.ca/education-and-training/30-off-ontario-tuition>

## Green Team News

### **Welcome Bradley**

We are proud to welcome Bradley Winlaw to the Green Financial Group team. Bradley is security licensed and is working towards his certified financial planner designation. He will be assisting our financial planning work. Bradley looks forward to meeting and working with you in the near future.

### **New website in development**

We are currently working on a brand new Green Financial Group website. The new website will allow us to offer you more convenient services online. Our new online presence will be available soon. Watch for details in an upcoming issue of The Green Report.



### **MAC N' CHEESE STUFFED BAKED POTATO - SERVES TWO**

#### **Ingredients:**

- 2 large russet baking potatoes
- 1 tsp olive oil
- Generous sprinkle of sea salt
- 1 cup cooked elbow macaroni
- 1 tb minced onion
- 1 clove of garlic, minced
- 4 strips thick cut bacon
- 1 tsp flour
- 1 cup 35% cream
- ¼ cup grated cheddar cheese
- ¼ cup grated provolone cheese
- 2 Tb grated Parmesan
- 1 Tb truffle oil
- 1 TB minced chives
- Salt and fresh pepper to taste

#### **Directions:**

1. Wash the potato skin thoroughly.
2. Rub each potato with a olive oil and sprinkle with sea salt.
3. Place in a 375F oven, on the oven's wire racking.
4. Bake for 45-60 mins until potato is fully cooked. Allow to cool.
5. Remove the top 1/3 of the potato and scoop out the middle- leaving ¼ "wall" around the inside of the potato.
6. In a sauce pot cook the bacon over medium heat until the fat has rendered out. Remove the bacon and keep aside.
7. Add the minced onion and garlic to the pot with the bacon fat and sauté lightly, do not brown.
8. Add the flour and stir well.
9. Slowly add the 35% cream, while continuing to stir well. Simmer on low for 10 mins.
10. Remove from heat and stir in all the cheeses, cooked bacon, chives, salt, pepper and truffle oil. Check seasoning.
11. Allow to cool for 10-15 minutes.
12. Place the two baked potatoes on a small baking sheet with the openings facing upwards.
13. Spoon the mac 'n cheese into the holes of each potato.
14. Sprinkle each with grated cheddar cheese.
15. Bake in a 400F oven for 10-15 minutes.

# Put your trust in us and DundeeWealth

Our business is built on trust. The trust you place in us is key to our ability to successfully grow your portfolio and ensure the safety of your retirement nest egg. Earning this trust is something we do gradually, over time by demonstrating our commitment to providing you with the best possible service. It's also something we do by working with our partners at DundeeWealth.

DundeeWealth helps advisors who do business with them maintain the highest standards. All of our trades and management go through DundeeWealth. There are stringent compliance standards to ensure the safety of your hard-earned money.

Finding an advisor you can trust also means finding an advisor with the experience and credentials to be able to act in your best interest. Both Paul and David hold the Certified Financial Planner (CFP) designation. Advisors with this designation have met high standards of planning professionalism and ensure that their

activities abide by a strict code of ethics enforced by the Financial Planners Standards Council.

Earning this trust is something we do gradually, over time by demonstrating our commitment to providing you with the best possible service.

As we move into the New Year we look forward to maintaining our trusted position with you. Book an appointment and let us know if your needs or wants have changed. We can ensure that your investments match your plans for the future.



## Share the Green

### Thank you for five years of success

Your support ensured that our original Share the Green program ran for five successful years, helping people in need. You've shared stories and ideas that have inspired our community and brought much needed support to those who need it here and around the globe. Thank you to all who have participated in the first five years of Share the Green.

On the right side of the page are photos from our recent Share the Green reception held in the fall of 2012. At this event we gave each attendee \$10 and asked them to "pay it forward" and do something good for someone else. We asked you to tell us what good deed you did with the money, here are three responses we received.

*"Letting you know that I purchased some groceries and dropped it off at a shut in here in town. She is 82 yrs. old. Thank you again for the opportunity to do something for others."*

*"With the \$10 I was given, I doubled it, and purchased healthy snacks for a public school snack cupboard. With the donation I was able to find sales and purchase 16 granola bars, 8 instant oatmeal packets, 16 pudding /jello packs, 8 fruit snacks, and 8 real juice drink boxes."*

*"For the past ten years or so we have supported a youngster in Romania through World Vision. Our 6 year old grandson, Adam Giroux decided that we will pay forward the monies towards the purchase of a rooster and two chickens."*

### Share the Green going forward

We are currently planning the details of our next Share the Green event. We have decided to focus on making a difference here in our local community in two distinct ways:

First, we aim to improve the food that our young people, especially those in need, eat at school. We will be helping to fund the nutrition program at schools in our community and ensuring that healthy lunches are available to those kids who really need them.

Secondly, we will be setting aside funds to help a local family in need. We aim to support a family that has recently endured a crisis and is having trouble coping through a difficult time.

We will update you on the renewed Share the Green program in a future issue of The Green Report. Watch this space for further details.





# Investing in uncertain times

Green Financial Group is excited to announce the introduction of the Diversiflex investment program. Through partnership with DWM Securities Inc., we are able to bring this unique approach to investing to our clients this year. This proactive investment strategy is designed to deal with the realities of today's markets. Over the past few years improvements in technology and new investment products have provided access to asset classes beyond traditional stocks and bonds. We have implemented the use of technical analysis to assist us in determining strength and weakness in the markets. By combining these two important tools, we have a better opportunity to reduce risk in your portfolios and improve long-term returns.

Diversiflex is an extension of the Tactical Asset Portfolio System we introduced last year. By combining technical analysis with fundamental analysis, we can answer the question of when to buy and not just what to buy.

An example of this is the S&P 500 since the year 2000. By simply using fundamental analysis and holding stocks over the entire period, you would have gone through two bear markets losing approximately 50% each time. If you had been using technical analysis, you could have reduced those losses and improved overall performance over the 13 years. Diversiflex reduces the risk of significant losses and therefore enhances your long-term returns.

By analyzing the market from a technical perspective (ie. looking at trends in price

and cash flows) we can identify points in time during the past 13 years when the market had fallen through support levels or rose above resistance levels. Using this information would have provided us with the opportunity to rotate in and out of the market depending on whether it is favored or not. In addition to identifying the strengths and weaknesses of a particular market or individual security, we can also compare one asset class against another and determine where the relative strength is. Understand that when money is flowing out of the stock market it doesn't just disappear, but rather moves to other asset classes such as cash, bonds, commodities or currencies.

The Diversiflex program has a Portfolio Manager who uses Relative Strength Analysis to select and monitor the

Overall, we would expect that you would experience less volatility and better returns when using the Diversiflex program

holdings in the portfolio every day. The portfolios typically have between five and eight holdings representing the strongest relative strength asset classes as determined by our daily technical analysis. The holdings will be a combination of exchange traded funds and Dynamic mutual funds. Rebalancing may involve the replacement of one fund with another

that shows a higher relative strength. In the event that the daily analysis determines that the equity markets are not favourable, the manager has discretion to protect your money by moving some or all of it into cash.

In hypothetical back testing of our process, the results on our investment returns have been very solid. We saw significant protection from losses when markets were not favourable and typically saw equal performance during favoured markets. Overall, we would expect that you would experience less volatility and better returns when using the Diversiflex program.

Please give us a call to arrange a meeting for more information.



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