



3i Financial Investment Services Inc.  
"Performance Drives Performance"

# MARKET UPDATE NEWSLETTER

4th Quarter - December 31, 2010

## Consumer Corner

Prime rate at most financial institutions is at **3.00%**

The current Bank of Canada prime rate is **1.00%**

The following are some of the most competitive interest rates for deposit savings and chequing accounts:

## Deposit Savings

- 1) Peoples Trust : **2.10%**
- 2) Canadian Tire Bank : **2.00%**
- 3) ING Direct: **1.50%**

## Chequing

- 1) Manulife Bank : **1.50%**
- 2) State Bank of India : **1.15%**
- 3) M.R.S. Trust : **1.15%**

## Mortgage Rates (lowest rate)

1 Year closed	<b>3.60%</b>
2 Year closed	<b>3.00%</b>
3 Year closed	<b>3.40%</b>
4 Year closed	<b>3.74%</b>
5 Year closed	<b>3.69%</b>

\* As of Dec. 31, 2010 - Courtesy of Dominion Lending

**For further information and advice, please contact your licensed professional financial advisor:**



**DYNAMIC**  
WEALTH MANAGEMENT

**Kalson Jang**  
Financial Advisor

Cell: (416) 606-5000  
Tel: (416) 775-8777  
Fax: (905) 695-7890

## Year In Review

As we review 2010, one is struck by the divergence between the year's gloomy headlines and the generally positive results shown by the financial markets. Some of the challenges facing the global economy during the year included the effects of the major oil spill in the Gulf of Mexico and ongoing concerns that some European governments will default on their debts. These joined lingering problems in the U.S. economy, including high unemployment, slow growth and an expanding government deficit. Nonetheless, many of the world's major stock and fixed-income markets made gains during the year.

In Canada, the S&P/TSX Composite Index benefited from strength in commodities such as gold, oil, copper and potash to become one of the world's best-performing markets. The TSX and S&P 500 returned approximately 14% and 12% respectively in 2010.

However, the big story in 2010 (just like in 2009) was precious metals. Physical gold bullion was up over 35% in 2010 (US\$'s). Physical silver was the big surprise to many, appreciating over 80% in 2010 (US\$'s). Precious metals mining companies performed even better than the underlying commodities in most cases, especially junior mining companies. We believe that there will be continued growth and opportunities in the commodities sector, specifically in precious metals.

Why have so many markets rallied despite what seems to be an inhospitable environment? Stock markets are a leading indicator – they tend to anticipate future developments rather than reflect what is happening now. Judging by the results of the past year, equity market investors are expecting continued recovery and growth.



USD



Gold



TSX Index



Silver

Indeed, there are several factors supporting a positive outlook. The economy has continued to grow in all major regions of the world in 2010, including Europe. Although government and consumer debt levels are a concern, many corporations are in good shape, with strong balance sheets. This has left them well positioned to take advantage of some of the key trends in the global marketplace – such as the robust growth in emerging markets. Bond markets are also pointing to a strengthening economy, as indicated by the increase in U.S. bond yields in the fourth quarter.

Of course, events may conspire to change this outlook. Having good communication with your financial advisor, investing according to a sound financial plan and having a properly diversified portfolio tailored to your individual circumstances is fundamental to ensuring financial freedom and success.

**The Value of Advice**

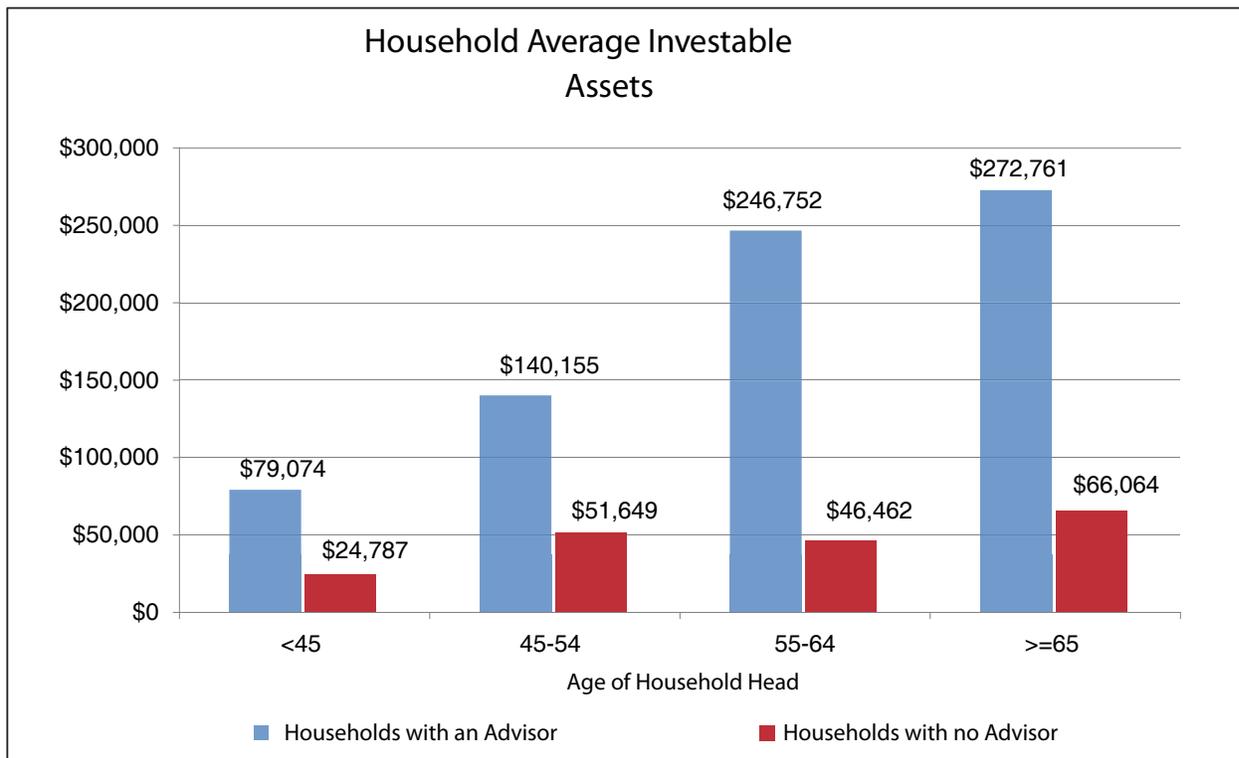
In recent research from Ipsos Reid, it was found that Canadians with a financial advisor tend to have significantly greater assets – regardless of their household income. Participation rates in RSP's and TFSA's were significantly higher in advised households versus unadvised.

With constantly rising food, utility and transportation costs there hasn't been a better time to start saving for your future retirement needs and investment goals.

An independent financial advisor can work closely with you and your family helping you get on track to ensuring a secure financial future.

**Top 5 Reasons to invest in RSP's**

1. You will pay lower taxes because RRSP contributions are tax deductible. They are deducted from your gross earned income on your tax return.
2. You will shelter assets for future use. RRSPs provide a tax shelter for your earned income. Your RRSP assets grow in value without being taxed, permitting you to save for retirement. When you withdraw the funds from your RRSP upon your retirement, your income will be lower, so these funds could be taxed at a lower rate.
3. You can contribute year-round. To avoid the last-minute rush, consider making an RRSP contribution on a monthly basis. If you prefer to contribute annually, the deadline for the 2010 tax year is March 1, 2011.
4. You can contribute to a spousal RRSP. A spousal RRSP allows you to shift income from the spouse with the higher potential retirement income to the spouse with the lower income. This income-splitting leads to reduced taxes when retirement withdrawals are made.
5. You can borrow from your RRSP to help buy a home (Home Buyer's Plan) or to finance education (Lifelong Learning Plan).



Source: Ipsos Reid Canadian Financial Monitor