



ADVANTAGE
FINANCIAL SERVICES

P O R T F O L I O S T R A T E G I E S

c o r p o r a t i o n

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Random Thoughts

When somebody tells you nothing is impossible, ask him to dribble a football.

-Author unknown

Humor has a way of bringing people together. It unites people. In fact, I'm rather serious when I suggest that someone should plant a few whoopee cushions in the United Nations.

Ron Dentinger

The difference between try and triumph is a little umph.

-Author unknown



Just a reminder that you are now able to receive your Portfolio Strategies statements online. Check for an email from our office with instructions and log in information.

We would really appreciate you taking a few minutes to complete this process.

Questions? Give us a call.

RRSP DEADLINE IS
FEBRUARY 29

Thoughts on 2012

2012, like much of 2011, is looking to be full of uncertainty. There are a couple of main themes that I believe will drive the markets this year:

- global economic growth
- the potential breakup of the European Union

The emerging market countries have been the growth engine of the global economies for the past number of years. Recently however, they have been trying to cool their economies fearing inflation.

Global growth is expected to slow to about 3% per year on average. This rate is somewhat below the average of the last two decades. The greatest challenge for the global economy in this slow growth environment will be to raise productivity without losing job opportunities for the millions who are looking for reasonably paid jobs to support their living standards.

Much of the gloomy economic outlook is the result of the two-year-old debt crisis in the euro zone. The breaking point for Europe could be the more powerful nations deciding to discontinue providing "bail out" money to nations in crisis because of their unwillingness to make the necessary cuts to spending. If a nation decides to leave or is forced out of the European Union because of this, the Results will be far reaching. In the first quarter of 2012, much of the focus will be on Italy, which is facing a very large bond refunding schedule.

Although Europe remains a significant concern, the US economy has proven to be quite resilient. Corporate earnings have moved to record highs and the economy is beginning to show signs of accelerated growth. The recovery will likely remain slow in the western world as people and governments to work their way out from excessive debt.

On a more positive note, many stock prices already partially reflect the possibility of worst case scenario in Europe . If these nations are able come to a compromise, then we could see an uptick on the markets. As well, equities remain very inexpensive relative to bonds or cash and provide a hedge against inflation. Inflation would be a real possibility if we see another move of quantitative easing (printing of money) from central banks.

How will things unfold in 2012? Unfortunately, my crystal ball is not giving me any definitive answers. What I do know, is that with all the uncertainty swirling, it is more important than ever that we stay diversified. Diversity allows us to participate in any "better than expected" outcomes and also mitigates our risk on the downside. In most cases, our portfolios should have a combination of the following:

- Stocks - perform well when there is better than expected financial news. They have also shown to be one of the most appreciating assets over the past 50+ years.
- Bonds - loans to governments or corporations which usually outperform in poor economic times or during recessions. They are normally less volatile than stocks.
- Commodities - do well during periods of inflation. When paper money is being printed, people often turn to tangible assets and things that can retain value.
- Alternative investments - investments in real estate, land and mortgages that have no correlation to stock or bond market returns. (We have several options for this type of investment)

If you would like to review, or discuss your portfolio, please call our office for an appointment with Ryan. We offer various investment options, including the ones mentioned above.

Keeping you informed:

Well-worn 'excuses' for keeping your money under the mattress

<http://www.financialpost.com/m/wp/personal-finance/rrsp/blog.html?b=business.financialpost.com/2012/01/17/wellworn-excuses-for-keeping-your-money-under-the-mattress>

What's your financial IQ?

<http://quiz.ca.msn.com/EN-CAMoney/financialIQquiz>

Canadian Retirement Income Calculator

<http://www.servicecanada.gc.ca/eng/isp/common/cricinfo.shtml>