 The deadline for making an RRSP contribution that can be used for an income tax deduction for the 2013 tax year is **March 3, 2014**

Positive Year for Equity Markets

The past year was a rewarding one for many investors, as most major stock markets around the world registered surprisingly strong gains against a backdrop of an improving global economy. Prices for many fixed-income securities such as government bonds were down slightly, however, in response to the growing likelihood of higher interest rates.

In economic developments, steady improvement in the United States in areas such as employment, housing and manufacturing throughout 2013 allowed the U.S. Federal Reserve to announce a gradual withdrawal of its extraordinary stimulus measures, which have kept interest rates at historic lows and supported the economy since 2009. Elsewhere, growth remained moderate across other developed economies, with Europe emerging from recession in the second quarter of the year. Several emerging markets experienced a slowdown, though their growth rates continued to be positive. Overall, business conditions remained supportive and some of the risks that had earlier dampened the recovery began to recede.

These developments boosted investor confidence and supported the gains in share prices, particularly in the latter half of the year. The Canadian benchmark S&P/TSX Composite Index posted a gain of 9.6% for the 12-month period, with strong results from health care, industrials and consumer discretionary stocks, while there was weakness in the materials and utilities sectors. The Canadian dollar, meanwhile, lost about 6.5% versus the U.S. dollar. The S&P 500 Index in the U.S. soared 29.6% to a record high and its best annual performance since 1997.

Yields of fixed-income securities increased in 2013 in reaction to the improving U.S. economy and Fed signals that it would be reducing or “tapering” its economic stimulus policies. The effect of rising yields is declining prices for interest-rate sensitive securities, including government bonds, many corporate bonds, and real estate investment trusts. The DEX Universe Bond Index, which measures the value of Canadian government and

...see Market on page 2

Happy New Year! We hope you stayed safe over the last number of weeks after ice, snow and extreme cold. We look forward to catching up with you and to continue to provide financial advice to you and your family.

In this newsletter you can find our regular market update, a piece on mutual fund fees and some apps for you to try on your smart phone or tablet.

Let us know if we can help you or someone you know in 2014. Thank you for your business and continued support.



The first winter Olympics was hosted in Chamonix France in 1924. However, prior to this, ice hockey was part of the 1920 summer Olympics. Canada won 4 straight ice hockey gold medals before Great Britain won their first and only gold in 1936. **Go Canada Go!**

TFSA Reminder: For 2014 you have received \$5,500 additional contribution room for your Tax Free Savings Account (TFSA). With a TFSA you can also make contributions for previous years if you did not contribute the full annual amount or if you made a withdrawal from your account. If you have not yet opened a TFSA, you have the potential opportunity to contribute up to \$31,000 (or a total of \$62,000 for a husband and wife). In a TFSA, interest, dividends and growth on your investments are sheltered from taxation.

Mutual Funds offered through:



Market - from page 1

investment-grade corporate bonds, was down 1.2% for the year.

While equities may not match their stellar returns of last year, many of the conditions that have supported market advances remain in place for 2014. Any rise in interest rates is widely expected to be moderate, economic growth is still positive, and inflation remains under control. A diversified portfolio that is tailored to your individual investment objectives allows you to participate in the potential for further gains while helping to protect your investments from market corrections.

In closing, we would like to wish you and your family all the best for the year ahead, and to remind you that we are just a phone call away should you wish to discuss your investment portfolio in greater detail.

The above information is derived from various sources, including CI Investments, Signature Global Asset Management, Cambridge Global Asset Management, Globe and Mail, National Post, Bank of Montreal Economics, and Trading Economics. Index information was provided by TD Asset Management, TD Newcrest and PC Bond. Returns listed for indexes are price returns. This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources; however, no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please contact me for individual financial advice based on your personal circumstances



Terry Sullivan, P.Ag., CFP
tsullivan@starviewfinancial.com
519-941-4813



Trevor Pugh, BSc(Eng), CFP
tpugh@starviewfinancial.com
519-941-4813



Barry Sinclair, P.Ag.
bsinclair@starviewfinancial.com
519-941-8735

www.starviewfinancial.com

Toll-Free: 888-820-9426 • Fax: 519-941-9515

The opinions expressed within this newsletter are those of the Financial Advisor and not necessarily those of Keybase Financial Group Inc. Any data provided is for illustration purposes only. Clients and prospective clients should always read a products prospectus and fully understand all the risks associated with the product before purchasing. Any information in relating to the discussion of taxation issues is considered to be only general in nature. Clients should seek a qualified tax professional to discuss their specific tax requirements.

What is a MER?

Management Expense Ratio or MER is the fee for investing in managed investments such as mutual funds, exchange traded funds (ETFs) and segregated funds.

We've attached a page from Mackenzie Investments that has some good details on median MERs for various types of mutual funds and a sample MER breakdown.

Each fund that an investor owns has its own MER which varies based on the type of fund. For example the median MER for a Canadian Neutral Balanced mutual fund is 2.31%. This fee can be broken down in to various parts including fund company compensation, advisor compensation, HST and fixed administration fee.

Rates of Return reported for mutual funds on account statements or in various media sources (internet, newspaper, etc.) are required to be net of fees (ie rate of return after fee is deducted.)

If you have any questions about fees, MERs or your account please let us know.

Apps for your smart phone or tablet

The following are a few free financial apps that you may want to try:

- Mint – consolidate all your bank accounts, credit cards and debt in this app. Expenses are categorized and you can setup budgets to track spending.
- Globe Investor – From the Globe and Mail, this app tracks stock markets and has breaking economic news. You can create watchlists to track your investments which can also be accessed on your PC/Mac or other connected devices.
- Investopedia – unsure what a financial or investment term means? Investopedia has an extensive listing of easy to understand definitions.

And just for fun...

- Songza – commercial free playlists that are themed and categorized. Playlists change all the time but some examples you might see are “Keeping Calm and Mellow”, “Working in the Office”, “Driving” and “Getting Fired Up”.

We cannot ensure your online privacy, safety or security when using these apps or sites, use these services at your own risk and discretion. Always password protect your connected devices and ensure your anti-virus and online security software are up to date.

Why do MERs vary from fund to fund?

Generally, MERs are lower for bond and money market funds and higher for equity funds. Why? Equity funds generally have higher research and security selection costs. In addition, international and global funds may have higher administration costs and may also use international sub-advisors to assist with research and security selection in other countries.

How do they vary?

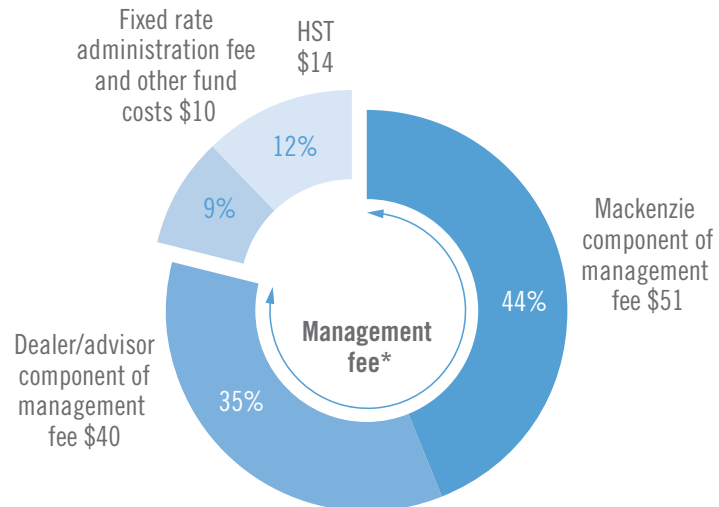
Type of fund	Median MER
Canadian money market funds	0.90%
Canadian fixed income funds	1.69%
Canadian neutral balanced funds	2.31%
Canadian equity funds	2.48%
Global equity funds	2.74%

Source: Investor Economics. Median MERs of Canadian retail Series A mutual funds with a year end of June 30 or September 30, 2011.

How are MERs calculated and stated?

A MER is expressed as a percentage of the fund's total assets. For example, if you invested \$5,000 in a Canadian neutral balanced fund with a 2.31% MER, you would pay \$115 in fees for management, administration and taxes for a given year.

The following chart illustrates how the fees you pay are calculated, and put to work.



* The 2% management fee represents 79% of the total 2.31% MER. 44% of Mackenzie management fees are paid out to dealers in some form of compensation: trailers, commissions, co-op marketing. This information is based on figures contained in Mackenzie MRFPs for the year ended March 31, 2011. This illustration assumes that 100% of the fund's investors reside in Ontario, resulting in a HST rate of 13%.

The fund returns you see listed in the newspaper or on your statements are what you get after the fund has paid the MER.