STARVIEW
FINANCIAL ADVISORS

We are growing…

We are pleased to announce that Barry Sinclair has joined Starview Financial Advisors and WH Stuart Mutuals as a Financial Consultant. Barry brings more than three decades of financial and management

experience largely from a successful career with the Ontario Ministry of Agriculture, Food and Rural Affairs. Barry will provide advice to his own clients while supporting Starview Financial Advisors' existing business. Please join us in welcoming Barry!

Market Update

With a promising start in the first quarter, Canadian and US capital markets retreated somewhat in the second quarter. Over the first six months this year the benchmark S&P/TSX Composite was down 1.5%. While the U.S. equity market remained a bright spot, with the S&P 500 Index gaining 9.4% year-to-date (as at June 29, 2012 in Canadian dollars). Corporate America has regained stability and the strength which helps to remind us that, there are healthy, profitable and growing companies out there today, despite the gloomy headlines.

In the Eurozone, Greece and Spain continued to be headline makers. Worries that Greece, which continues to struggle to meet its debt obligations, might make a disorderly exit from the monetary union persisted until general elections provided some stability in mid-June. At the end of June, Eurozone leaders reached an agreement that included providing funds directly to struggling banks, rather than funnelling it through member governments. The deal was seen as a very positive development, especially for Spain and its troubled banking system, and prompted a rally on global stock markets.

While the pace of growth in emerging economies continued to moderate, it remained relatively strong, with China's economy growing at an estimated 7.5% annually. The Chinese central bank cut interest rates in the second quarter to ensure that this growth rate is sustained.

The U.S. Federal Reserve, acknowledging the need for continued economic stimulus, extended its "Operation Twist" bond purchase program to the end of the calendar year. Canada also continued to experience modest economic and employment growth.

With modest growth expectations in Canada and abroad, prices for commodities such as oil and copper have dropped in response. This has exerted pressure on Canada's benchmark S&P/TSX Composite, which is heavily weighted toward commodity producers and financial services companies. Investors have continued to seek security in higher-quality government bonds, and yields for 10-year U.S. and Canadian bonds dropped to record lows.

There will be some continuing challenges for investors for the coming months as developed and emerging economies tackle their complex fiscal issues. Although the global economic recovery continues, capital markets remain sensitive to every piece of news.

We continue to believe the best strategy is to take a long-term view, investing with care in a portfolio that is well diversified and one that suits your tolerance for risk.

Saving Paper… In lieu of quarterly paper statements by mail from WH Stuart Mutuals, you now have the option to receive notification that your quarterly account statements are available electronically on the WH Stuart Mutuals Client website. Let us know if you wish to switch to electronic, otherwise you will continue to receive paper statements by mail.

Getting paid to wait

Even with current economic conditions, we know that over time equities tend to produce the best overall performance for investors. However, in the short-term, low interest rates and market volatility leave investors wondering where to place their hard earned dollars – but where do you go?

Dividend Funds often contain high quality, large cap, blue chip stocks that have good long term growth prospects. They are defensive in nature and often drop less in value during general market down turns. Balanced Funds that focus on income, hold similar dividend paying equities and are often combined with a diversified mix of real-estate income trusts (REITs), government and corporate bonds. During periods of market volatility reinvested income (dividends or interest) helps to provide stability in investment portfolios – ie “you get paid to wait” until markets turn more positive. If your investment time frame is at least 5 years and depending on your risk tolerance, dividend funds and balanced income funds can be great place to invest a portion of RRSPs/RRIFs, TFSAs, RESPs and non-registered accounts. For non-registered investments there are tax efficient options available.

There are many exceptional offerings in this space, let us know if you wish to discuss this avenue for your next investment.

Enjoy the rest of your summer (and eat a lot of ice cream!)

Old Age Security (OAS) Changes

The 2012 Federal Budget included changes to the OAS pension including delaying payment from age 65 to age 67. This change won’t take affect for 11 years and will be phased in over a 6 year time frame.

If you’re 54 or older as of March 31, 2012 (born prior to April 1, 1958) you won’t be affected by these changes. If you’re born on or after February 1, 1962 you won’t receive OAS benefits until 67. And if your birthday falls between April 1, 1958 and January 31, 1962 you will be part of the phase-in period.

A second change to OAS is an option to voluntarily defer OAS in return for a actuarial adjusted payment in the future. And finally, proactive (automatic) enrolment is being phased in removing the need to apply for OAS. You will be notified by mail if you are eligible for proactive enrolment.

Contact us if you have any questions on the OAS changes or to understand how these changes will affect your personal situation.

Three-in-one: Manulife Synergy

As a relatively new offering from Manulife, Synergy is a unique combination of Life, Disability and Critical Illness insurance all-in-one. The base coverage amount is used as a pool that can be drawn on in the event of disability, covered illness or death. The risk of a 40 year old male or female becoming disabled, critically ill or dying prior to age 65 is greater than 40%. Synergy is an affordable all-in-one package providing protection for you and your family.

Contact us if you wish to learn more.

Starview Financial Advisors • www.starviewfinancial.com

Terry Sullivan: tsullivan@starviewfinancial.com, 519-941-4813
Trevor Pugh: tpugh@starviewfinancial.com, 519-941-4813
Barry Sinclair: bsinclair@starviewfinancial.com, 519-941-8735

66 Starrview Crescent • Orangeville ON • L9W 3W9
Toll-Free: 888-820-9426 • Fax: 519-941-9515