

THE PRIVATE WEALTH MANAGER

For the clients and friends of Karim Visram Private Wealth Management Group of RBC Dominion Securities

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A WORD FROM KARIM

I would like to begin by wishing all of you a very happy new year. I hope everyone enjoyed Christmas and a great start to 2014. The GTA experienced a traditional white Christmas and New Year's Eve, which is exactly the way I like it. I remember many decades ago that snow was normal during the holidays, but now a white Christmas is rare.

We ended the year with one of our most successful events ever, the Christmas brunch and movie event on December 7th at Pickle Barrel. I would like to thank each one of you for bringing your families out to join us for the first-ever Christmas brunch. I apologize for it being a little tight. We had a bigger turnout than we expected, which was great. We will endeavor to find a bigger place for the second annual Christmas brunch. We had a new helper this year, my son Aqil. He always wondered what Dad did and when I would show him. So for Aqil, it was a treat to come out and meet everyone who was there. He had so much fun that he is counting the days until the next one. I want to thank you for your warm welcome. He loved it!

On the personal side, I spent most of the holidays in the Toronto area going skiing and tubing, and to many tennis

tournaments. Aqil is entering as many tennis tournaments as he can. Even though he beats his "old man" every time we play, he is coming across some very talented kids in these competitions. So he wins half the matches and loses half. But he still enjoys it, win or lose, which is what it's all about.

As we start the new year, we are also in the early stages of planning our education seminar for this year. It will most likely be in May. As we have not finalized the topic, we would welcome any suggestions you may have. Options we are considering range from estate planning, U.S. persons planning, the current economic environment, to traveling, gardening or any other ideas you may have. Please let us know!

Also, as we start a new year, please call us to confirm your TFSA/RRSP/RESP contributions.



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MARKET COMMENTARY

2013 is now in the history books and overall, it was a good year for equity investors. The TSX finished the year up 12.99% but badly lagged the S&P 500 which returned 32.39% (in USD\$) for the year. Bonds and other fixed investments lost value due to rising interest rates. The DEX Bond Universe, the broadest fixed-income benchmark, finished the year down 1.19%. While longer dated fixed-income investments, such as the DEX Real Return Bond Index lost over 13.00%.

I have been anticipating a rising rate environment and have taken measures to protect your portfolios. We have underweighted fixed income investments and shortened the duration of the fixed-income holdings so that they can better withstand the effects of a rising rate environment. I also expect that global equities to continue to outperform Canadian equities and have therefore increased our weightings in foreign equities.

American and international equities should continue to benefit from a slowly recovering global economy and a

low (but rising) interest rate environment. Governments will continue to be a drag on the economy; either through policy uncertainty or austerity measures. Canada is a much harder call to make because the core underpinnings to the Canadian economy are struggling. Canadian housing appears to be slowing down, commodity prices are subdued and there have been a large number of manufacturing plant closures and job losses recently. This has not gone unnoticed by investors which sent the Canadian dollar down 6.61% against the U.S. dollar in 2013.

In company specific news, Suncor Energy and its partners agreed to proceed with the Fort Hills oil sands project which has an initial budget of \$15 billion and is expected to produce 180,000 barrels of oil per day. Open Text purchased American firm GXG Inc. for \$1.2 billion while Valeant Pharmaceuticals agreed to purchase Solta Medical for \$250 million. In the United States, Charter Communications has just made a bid to acquire Time Warner Cable with a total cost in excess of \$60 billion.

NOTES

TAX-FREE SAVINGS ACCOUNT (TFSA)

The contribution limit for 2014 is \$5,500. If you haven't opened a TFSA yet, you can contribute up to \$31,000 in total. We strongly recommend that any Canadian over the age of 18 should have a TFSA.

2013 RRSP CONTRIBUTION DEADLINE

The deadline for your 2013 RRSP contribution is March 3, 2014. The maximum contribution for 2013 will be \$23,820.

TAX PACKAGES

RBC tax packages will be sent out by the end of February or early March. The exception will be T3s for mutual funds and ETFs, which will be out by early April.

TAX RETURNS

Many clients have asked if we can prepare their tax returns. Though we do not have any accountants on staff, we have made arrangements with several external accounting firms that will provide this service. Please give us a call if you would like to learn more about this option.

RRSP TO RRIF CONVERSION

Clients turning 71 years of age this year will need to convert RRSPs to RRIFs. Jamie will be contacting you soon to start the process.

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