

December Review

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Perspective on Current Markets

Recent months have been extremely challenging for investors, as we pass through a difficult period for global capital markets.

Has Santa seen this before?

There have been 12 bear markets since 1950, with an average decline of 28%. The length of these bear markets has varied considerably, with the average lasting 13 months. Though any bear market feels like the worst while it's happening, we have witnessed significant declines in the past and markets have always recovered.

Let history be our guide.

There have been 30 bear markets over the past 100 years, each one followed by a recovery. After major declines in 1929, 1973/74, 1987, and 2001/2002, equity markets recovered and climbed to new highs. Actions are being taken by central banks and governments to right the ship, including lowering interest rates, and never before has this failed to rekindle economic growth over time.

What I expect will happen.

I expect that equity markets will remain volatile and I cannot be certain exactly when they will recover. What is likely is that equity markets, which normally anticipate economic growth in advance, will move higher well before the mass media or the economy recovers. Warren Buffett, who is now aggressively buying U.S. equities, was recently quoted "if you wait for the robins, spring will be over."



Tax Free Savings Account



CANADA

Starting in 2009, Canadian residents who are 18 years of age or older will be able to earn tax-free investment income within a Tax-Free Savings Account (TFSA) during their lifetime.

Contributions to a TFSA are not deductible for income tax purposes. Also, interest on money borrowed to invest in a TFSA is not tax deductible. However, the income generated in such an account (for example, investment income and capital gains) is tax-free, even when it is withdrawn.

The TFSA dollar limit is \$5,000 in 2009, and will be indexed to inflation and rounded to the nearest \$500 in later years. Unused TFSA contribution room can be carried forward to later years. The total of TFSA withdrawals in a calendar year is added to the TFSA contribution room for the next calendar year. Please give me a call to open your TFSA or with any questions that you may have.

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News & Announcements

RRSP Contribution Limits

Your allowable RRSP contribution for 2008 is the lower of:

18% of your earned income from the previous year, or

The \$20,000 maximum annual contribution limit for 2008, or

The remaining limit after any company sponsored pension plan contributions.

Have a Great Holiday Season

We wish everyone a safe and happy holiday season. And all the best in the new year.

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Number Crunching

Equity Indices	Index Level	% ytd	2007	2006	2005
S&P/TSX Composite Index	8,724.11	-36.9%	7.2%	14.5%	21.9%
Dow Jones Industrial Average	8,924.14	-32.7%	8.9%	19.0%	1.7%
NASDAQ Composite Index	1,589.89	-40.1%	9.8%	9.5%	1.4%
MSCI World	917.07	-42.3%	9.7%	20.7%	4.0%

Currencies (in Canadian Dollars)	Index Level	% ytd	2007	2006	2005
US Dollar	1.2108	21.3%	-14.7%	0.3%	-3.3%
Euro	1.7023	16.9%	-4.4%	11.8%	-15.5%
British Pound	1.8524	-6.5%	-13.6%	14.1%	-13.2%

Commodities	Index Level	% ytd	2007	2006	2005
Crude Oil (WTI per barrel) (US\$)	\$43.21	-55.0%	57.2%	0.0%	40.5%
Gold (per ounce) (US\$)	\$853.00	2.3%	31.0%	23.2%	17.9%
Silver (per ounce) (US\$)	\$10.95	-26.0%	14.7%	46.4%	29.3%
Corn (Yellow #2 / tonne) (C\$)	\$170.86	1.76%	22.0%	67.8%	10.3%
Wheat (per bshl) (US\$)	\$7.92	-12.7%	74.5%	42.8%	2.9%
Soybeans (Ont. #2 / tonne) (C\$)	\$361.37	-35.9%	72.4%	31.8%	10.0%

Interest Rates

GIC Rates	1-yr	2-yr	3-yr	4-yr	5-yr
	3.10%	4.00%	4.30%	4.5%	4.70%

 CANADIAN PRIME RATE: 3.50%

 US PRIME RATE: 3.25%