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January 2013

Performance Report

Enclosed is your performance report for the past four and one-year periods ending on December 31, 2012. The report shows the value of your accounts (on a combined basis). RESPs and 'In Trust' accounts are shown separately.

'Inflows' is defined as how much money came into your accounts, including amounts transferred from another CIBC Wood Gundy account. 'Outflows' is defined as funds withdrawn from an account, including transfers to another CIBC Wood Gundy account. 'Revenues' is defined as total cash interest, dividends and distributions paid into your account.

The percentage profit on a four-year basis is the average annualized (per year) return for the past four years. Returns include cash interest and dividends plus capital growth.

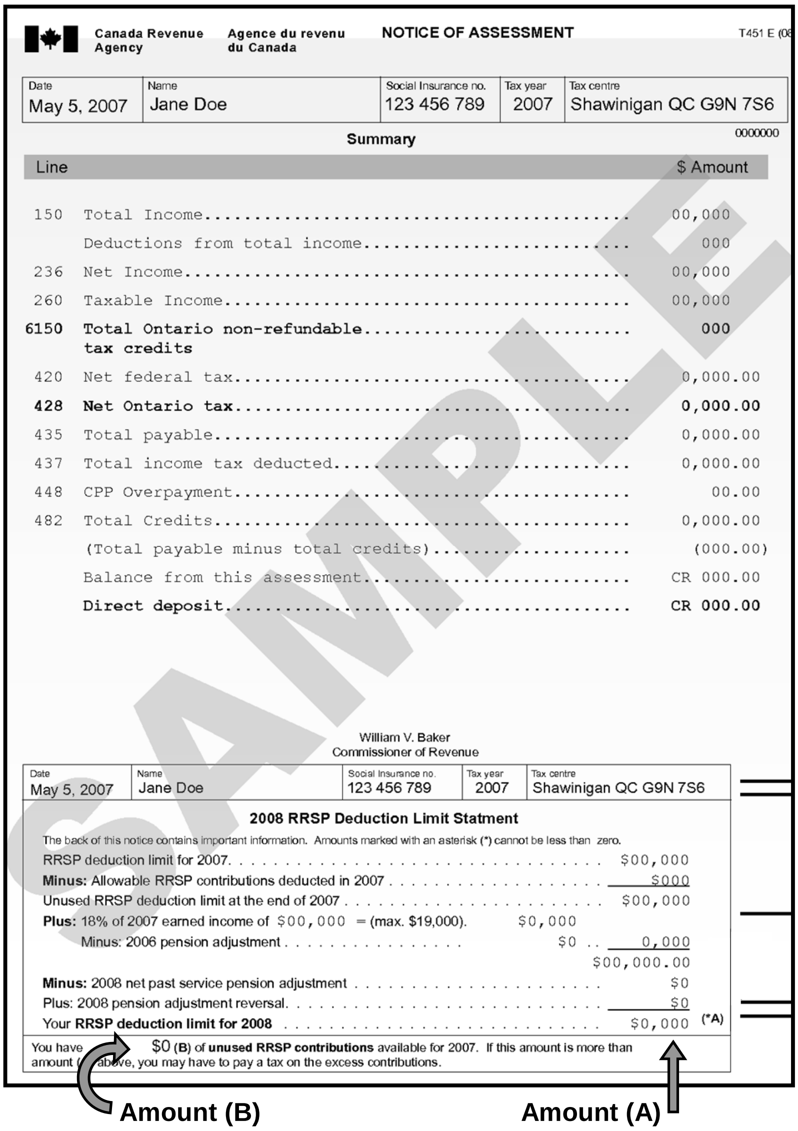
The report also shows a comparison of how your accounts performed against various indices. The first index is the Canadian bond index, the second is the global stock market index and the third is the Canadian stock market index. Overall, client returns have been strong in comparison to these index average returns.

In 2012, we continued our focus on increasing fixed income quality and being relatively defensive in terms of the nature of our stock exposure; and we added some resource exposure to our "Index and Stock Strategy" due to inexpensive valuations in that sector. We expect interest rates to stay close to today's low levels for the short to medium-term so would not be surprised to see individual investors begin shifting (some) bond money into the stock market. For the previous five years (in a row) North American investors took more money out of stock related investments than they put in, with bonds being the main beneficiary of this flow of funds. With interest rates as low as they are, this has to stop at some point. If so, a shift back to equities could cause the stock market to surprise a bit on the upside in 2013. Stock valuations are still about fifteen percent below average, which helps.

From a risk standpoint, we pay little attention to the political remarks and battles of the day, eg. 'The President vs. Congress Fiscal Cliffs' (ugh!) which we wrote a short while ago would soon turn out to be another overused catchphrase. In Europe, risk and noise has subsided a bit for now, but there has been little progress on dealing with excessive government debt levels there — and in the U.S. and Japan. For that reason, we will continue to play it safe on the fixed income side, in case it takes a 'shock to the system' to force politicians to adopt responsible fiscal policy.

We have spoken to a lot of clients about how you wish to fund TFSA contributions for this year and are proceeding with a number of ‘in kind’ contributions right now. We will endeavor to contact all remaining clients over the next couple of months, but please do not hesitate to contact us, particularly if your preference is an ‘in kind’ rather than cash contribution. We now begin year five of TFSA contributions and the limit has increased to $5,500 for 2013. Please note that CRA is almost one year behind in tracking your TFSA contributions, so if your CRA Notice of Assessment says you did not make a contribution in 2012, that might not be true.

It is also RRSP time. Your limit is eighteen percent of trailing net earned income (plus net rental income) to a maximum of $22,970 for 2012 (and $23,820 for early bird 2013 contributors). If you are in a pension fund, your RRSP limit is lower. Check your Notice of Assessment for your deduction limit — see Amount (A). Also shown on your Notice of Assessment is any unused RRSP contribution room — see Amount (B). The form can be a bit confusing and sometimes overcontributions can be mistakenly made so please pay special attention when Amount (B) is anything but $0 — this is ‘RRSP money contributed but yet to be deducted’. If that is the case, please let us know and we suggest using that amount towards your RRSP this year.


Canada Revenue Agency | Agence du revenu du Canada | NOTICE OF ASSESSMENT | T451 E (0

Date	Name	Social Insurance no.	Tax year	Tax centre
May 5, 2007	Jane Doe	123 456 789	2007	Shawinigan QC G9N 7S6

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Summary

Line		$ Amount
150	Total Income	00,000
	Deductions from total income	000
236	Net Income	00,000
260	Taxable Income	00,000
6150	**Total Ontario non-refundable tax credits**	**000**
420	Net federal tax	0,000.00
428	**Net Ontario tax**	**0,000.00**
435	Total payable	0,000.00
437	Total income tax deducted	0,000.00
448	CPP Overpayment	00.00
482	Total Credits	0,000.00
	(Total payable minus total credits)	(000.00)
	Balance from this assessment	CR 000.00
	Direct deposit	**CR 000.00**

William V. Baker
Commissioner of Revenue

Date	Name	Social Insurance no.	Tax year	Tax centre
May 5, 2007	Jane Doe	123 456 789	2007	Shawinigan QC G9N 7S6

2008 RRSP Deduction Limit Statment

The back of this notice contains important information. Amounts marked with an asterisk (*) cannot be less than zero.

RRSP deduction limit for 2007		$00,000
Minus: Allowable RRSP contributions deducted in 2007		$000
Unused RRSP deduction limit at the end of 2007		$00,000
Plus: 18% of 2007 earned income of $00,000 = (max. $19,000).	$0,000	
Minus: 2006 pension adjustment	$0	0,000
		$00,000.00
Minus: 2008 net past service pension adjustment		$0
Plus: 2008 pension adjustment reversal		$0
Your **RRSP deduction limit for 2008**		$0,000 (*A)

You have $0 **(B)** of **unused RRSP contributions** available for 2007. If this amount is more than amount (A) above, you may have to pay a tax on the excess contributions.

As income splitting on RRIF income is now allowed, spousal RRSPs are not as important as they were in the past; however if one spouse will be in a materially lower income tax bracket in retirement, spousal RRSPs can still be advantageous.

It is ‘New Years Resolution Time’, so I encourage all our working age clients to open up (or add to) monthly saving plans. Most of us see ‘many’ debits on our monthly chequing statement, so it is nice to have at least one of these debits being paid to 'oneself '. Also, if you are a CIBC client and bank online, you can now add your Wood Gundy account as a 'bill payee'. Search for 'CIBC WG', type in your eight digit Wood Gundy account number and presto, you can add funds to your account here with a click of a button.

This is a busy time of year and tax time is also around the corner. Cheryl is our team's 'tax info expert' and knows as much as anyone out there in terms of calculating fun things like 'ROC' and 'phantom distributions'. As always, we are here to help you with regard to tax reporting.

Please call us if you have any questions whatsoever including any stemming from your review of this performance report.

Thanks to all clients who have referred someone to our practice in the past. It is really appreciated. We will continue to do our very best for any new and existing client and we were pleased to hear we again obtained the designation of 'Five Star Wealth Manager' which is awarded annually to the top two percent of the wealth managers in the Vancouver area. We continue to add some clients to our practice but our new account minimum remains on the high side at around $1 million. We are always pleased though to help anyone you know with some general advice over the phone (regardless of how much they have to invest) and we welcome as clients any direct family members regardless of account size.

All the best in 2013 and it's a pleasure to be of service.

Regards,
CIBC Wood Gundy

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