



FUND REPORT

Compounded to October 31, 2010



Fund	RRSP Eligible	Volatility	1 yr %	3 yr %	5 yr %	10 yr %
CANADIAN EQUITY						
BMO Dividend	Y	M	12.37	-4.15	3.07	6.94
BMO Monthly High Income	Y	M-H	11.07	1.76	4.62	6.15
Dynamic Power Canadian Growth	Y	H	16.68	-7.96	6.33	7.14
Fidelity Monthly High Income	Y	M-H	15.50	3.74	7.07	n/a
Fidelity Canadian Disciplined Equity A	Y	M-H	17.67	-2.26	6.71	6.39
Fidelity Dividend Plus (was Income Trust)	Y	M-H	28.98	9.22	12.18	n/a
Front Street Growth	Y	H	40.42	7.30	12.76	n/a
IA Canadian Conservative Equity	Y	M-H	19.13	1.31	4.53	7.15
IA Clarington Canadian Leaders	Y	M	13.65	-0.70	7.75	n/a
IA Clarington Canadian Small Cap	Y	H	14.83	-3.40	4.59	13.52
IA Clarington Dividend Inc-T4	Y	M	16.53	-3.81	2.43	7.60
Sprott Canadian Equity	Y	H	45.19	-1.60	12.03	19.25
INTERNATIONAL/GLOBAL EQUITY						
Dynamic Global Discovery	Y	H	15.89	-3.79	5.82	n/a
ROI Global Supercycle 7	Y	H	10.71	n/a	n/a	n/a
Mackenzie Cundill Value A	Y	M	7.48	-5.27	-0.25	4.79
Mackenzie Cundill Recovery C	Y	H	17.11	-6.22	7.87	11.47
BALANCED FUNDS						
Acuity Canadian Balanced	Y	M	9.71	-2.01	3.35	5.63
Acuity Conservative Asset Allocation	Y	L-M	9.26	1.11	3.36	n/a
IA Clarington Tactical Income	Y	L-M	15.27	n/a	n/a	n/a
Dynamic Value Balanced	Y	M	12.05	3.82	7.01	7.74
Dynamic Power Balanced	Y	M-H	14.22	2.02	8.22	7.93
Fidelity Canadian Asset Allocation A	Y	M	9.82	0.69	5.80	5.27
Fidelity Canadian Balanced	Y	L-M	13.17	1.94	6.08	6.15
OTHER FUNDS						
Vertex Fund	Y	H	23.69	6.55	11.50	14.42
Arrow High Yield	Y	L	16.37	9.56	8.27	n/a
Front Street Special Opportunities Canadian	Y	H	34.90	15.06	18.34	n/a
Hillsdale Canadian Long/Short	Y	H	3.41	-4.47	-0.77	6.66
Hillsdale Canadian Performance Equity A	Y	H	23.85	-11.30	0.22	7.79
Sprott Opportunities Hedge Fund LP	Y	H	5.77	3.78	9.90	n/a

All Mutual Funds Sold by Prospectus Only & Hedge Funds Sold by Offering Memorandum

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* Funds sold by Insurance Companies Source of Data – Globefunds.com

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Future Financial News

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WINTER 2011 NEWSLETTER

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Carl's Comments

Another year has come and gone and the markets are higher than when we started the year. The S&P/TSX Composite Index started at about 11,700 in January, fell to 11,000 in February, rallied to over 12,200 only to test the 11,000 mark in July. We had a number of inquiries from clients who were concerned that the market would plummet back to 2008 levels. My comments were that the market had very quickly risen, in almost a straight line, from 7,000 to over 12,000 and because of this unprecedented 70% plus increase, it would be normal to experience some market correction. Generally, pullbacks of 10 to 20% are common after a large run up. What did surprise me about the pullback was that it wasn't larger. We must recognize that nothing goes straight up and nothing goes straight down and nothing that I read indicated that Armageddon was upon us. Since those lower days in July, the market is up 20%, and year to date, it's up 12%.

Is there a perfect storm brewing? Perhaps there is. Are there opportunities during storms? Without a doubt there is. It appears that countries around the world, led by the US, have the printing presses running flat out. The US feels this is the best way out of its current mess, and other countries are doing their best to keep pace. The classic 'keep up with the Jones' mentality. No one wants the US currency devalued against their own as that would give them too much of a trade advantage.

It appears that investors are not anxious to embrace the US dollar or the Euro and have

reached to gold instead which, appears to be the third currency. This activity has pushed the price of gold over the 1,400 mark with a target that could exceed 5,000. Surprisingly, everything that's old is new again. Many managers feel that silver represents much better value in the year ahead than gold and I tend to agree.

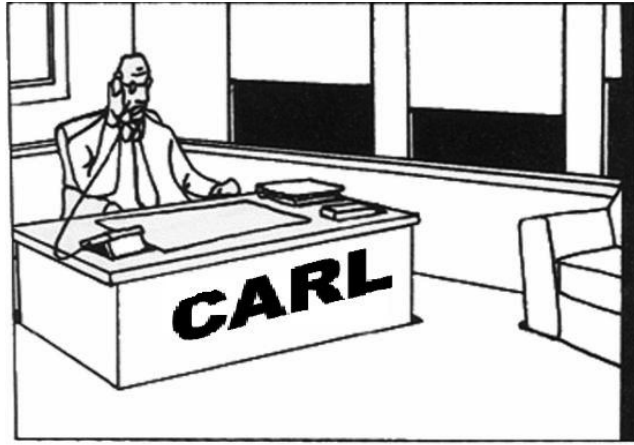
There is no doubt that these are interesting times. For example, there was over 1 trillion dollars in regular savings accounts as of June earning virtually 0% after-tax and 33 miners are rescued after more than two months in a mine, one mile beneath the surface. Nothing seems to surprise me.

We continue to search the world for excellent risk adjusted return investments. Every decade seems to pose its unique challenges. We do feel we have a lot of great products on our shelf and invite you to explore them with us.

2010 has proven to be a great year at Future Financial. Many things have contributed this success; including dedicated employees providing great client service, continued customer loyalty, a steady flow of referrals and last but not least, the wind has been at our backs where the markets are concerned.



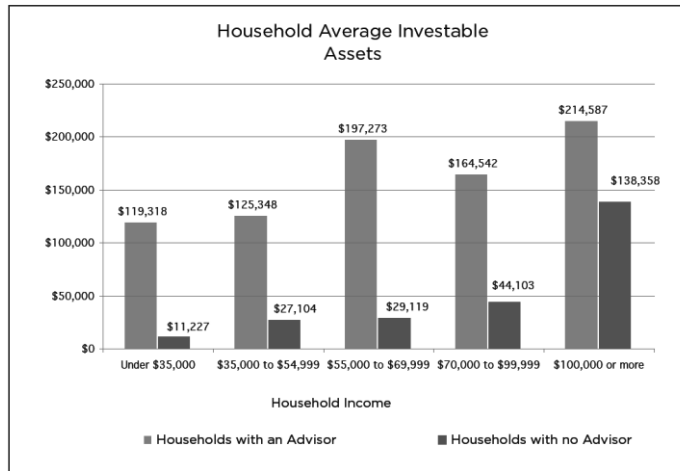
We want to thank all of our clients for their continued support and confidence. May 2011 continue to bring you good health and prosperity.



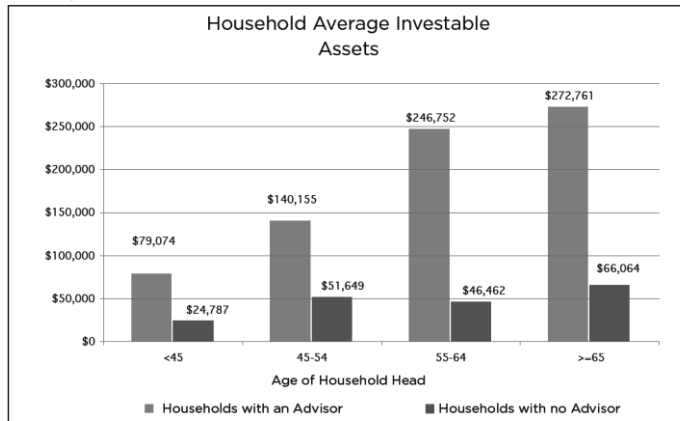
"I just have to create a few loose ends for my daughters to clear up, and then I can get out of here."

V alue Added Service

In a new report entitled *The Value of Advice*, research confirms the positive effect of advice on the financial well-being of Canadians. Regardless of age or income level, having an investment advisor is strongly associated with the accumulation of financial wealth.



Source: Ipsos Reid Canadian Financial Monitor



Source: Ipsos Reid Canadian Financial Monitor

Some advisors also play a crucial role helping clients in areas beyond investments including retirement and estate planning, tax planning and insurance. Insurance planning can be extremely important as it not only relates to life insurance, but disability, critical illness and the newer long-term care product. There certainly are no disadvantages in talking with us and have these potentially life altering conversations before it's too late.

R isk and Understanding It

What is risk? Can you see it, smell it, touch it, or feel it? I've determined that risk means a lot of things to a lot of people and that there are 5 main financial risks we need to effectively manage.

Longevity Risk – living beyond today's life expectancies

Inflation Risk – losing real value of savings because of the increased cost of living

Asset Allocation Risk – having a portfolio that is too conservative or too aggressive

Health Care Risk – not having enough money to cover health related expenses

Withdrawal Risk – drawing down on savings too rapidly or running out of funds

Some individuals feel that they can solve the risk problem by buying a fixed deposit investment. They feel these are "safe" investments and will protect them should the world come to an end. Let's examine some facts. What are your rights with a GIC? You have the right to stand in line at a bank or trust company if they go bankrupt. That company then has the right to stand in front of a government that is currently one half of a trillion dollars in debt to collect on their CDIC guarantee. The government, who is currently enjoying the ability to heavily tax the average working stiff, may lose that right should unemployment rise.

I feel the biggest risk is running out of money before you die. This can occur as a result of

any or all of the above five risks. Unless you have millions to invest, a portfolio of GICs may not be best suited for you. Take for example, \$1 million dollars at 3% (5 year, non-redeemable rate), this gives you \$2500 monthly before tax and inflation.

We know how inflation affects us. We are being led to believe that the rate is hovering around 2% - but it definitely does not seem this way in my world. Take a look at your property tax bill or hydro bill or perhaps the price of groceries. Does 2% really make sense? So, if inflation is more like 4%, 5% or 6%, how does a 3% GIC protect you against this risk?

Considering all of the medical advances, life expectancies continue to rise and the likelihood of increased health care related expenses looms.

In terms of withdrawal risk, most individuals manage this very well on their own however, the government will force the issue in a RRIF account with minimum withdrawal amounts. The minimum payment at age 71 (if you're fortunate not to have to withdraw before then) is 7.38% and rises by about an eighth of one percent annually thereafter. If you buy a GIC ladder with terms varying from one to five years and averaging a little over 2% (let's use 2.38%) your capital or principal will decrease by 5% as you take out your RRIF minimum payment. This reduction in capital really doesn't protect you or your spouse.

The way I see it, each individual perceives risk differently, and it means different things to different people. The best way to guard against risk is to have a balanced portfolio.

F inancial Literacy and Your Wealth

A new working paper from the University of Pennsylvania's Population Aging Research Center concludes that there are significant payoffs to increasing your financial knowledge. The study found that it is actually financial literacy, rather than general

education and schooling that contribute to this positive effect on household wealth. It further concludes that an understanding of fundamental concepts such as risk and interest have particularly strong effects on wealth generation.

J ust For Laughs

Dan was a single guy living at home with his father and working in the family business.

When he found out he was going to inherit a fortune when his sickly father died, he decided he needed to find a wife with whom he could share his fortune.

One evening, at an investment meeting, he spotted the most beautiful woman he had ever seen. Her natural beauty took his breath away.

"I may look like just an ordinary guy," he said to her, "but in just a few years, my father will die and I will inherit \$100 million."

Impressed, the woman asked for his business card and three days later, she became his stepmother.

Women are so much better at financial planning than men!

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