3i Financial Investment Services Inc.
"Performance Drives Performance"

Market Update NEWSLETTER

4th Quarter - December 31, 2011

Consumer Corner

Prime rate at most financial institutions is at **3.00%**

The current Bank of Canada prime rate is **1.00%**

The following are some of the most competitive interest rates for deposit savings and chequing accounts:

Deposit Savings

Peoples Trust : **2.10%**
Canadian Tire Bank : **2.00%**
ING Direct: **1.50%**

Chequing

Manulife Bank : **1.75%**
State Bank of India : **1.10%**
M.R.S. Trust : **1.30%**

Mortgage Rates (lowest rate)

1 Year closed	**2.75%**
2 Year closed	**2.99%**
3 Year closed	**2.89%**
4 Year closed	**2.99%**
5 Year closed	**2.99%**

** As of January 23, 2012 - Courtesy of Dominion Lending*

For further information and advice, please contact your licensed professional financial advisor:

DYNAMIC
WEALTH MANAGEMENT

Kalson Jang
Financial Advisor

Cell: (416) 606-5000
Tel: (416) 775-8777
Fax: (905) 597-8366

With the arrival of a new year, I would like to take this opportunity to provide you with an overview of events in the financial markets in 2011 and some insights into the current investment climate.

Global equity markets were volatile for much of the year. After beginning 2011 on an optimistic note, prices slid lower through the summer and fall and many stock indexes finished the year with double-digit declines. Notably, the U.S. was the world's best-performing major stock market in 2011. Despite the relative strength of the Canadian economy, our equity market was down, thanks in part to the weakness in natural resources stocks. In contrast, high-quality bonds posted good results as investors sought the safety of government securities.

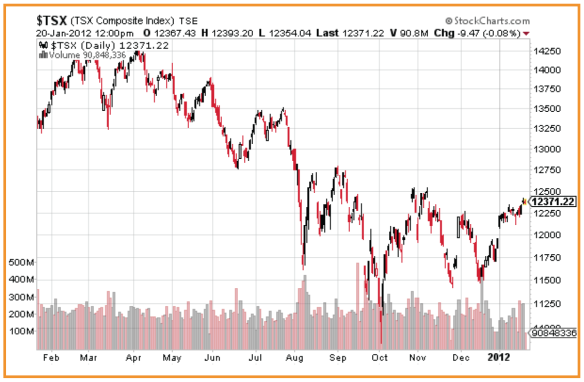
The year's challenges came from several sources. Early in the year, political uprisings in North Africa and the Middle East and Japan's devastating natural disaster rattled investor confidence. Later, rising inflation in emerging markets, especially China, led central bankers to take steps to cool their heated economies, raising additional concerns about the pace of global growth. The summer's protracted political wrangling over the U.S. debt ceiling and the decision by Standard & Poor's to remove the triple-A rating on U.S. government debt also weighed on investor sentiment.

By far, however, the biggest issue fuelling investor fear throughout 2011 was the ongoing sovereign debt crisis in Europe. What began as anxiety about the debts of smaller countries such as Greece expanded to encompass major nations like Italy and France and raised significant doubts about the viability of the euro currency and many of the region's banks.

The impact of these concerns on market psychology was clear, as wary investors eschewed riskier assets, including stocks, in favour of perceived safe havens. The price of gold, for example, reached an all-time peak

USD

Gold



TSX Index

Silver

of nearly US$1,900 per ounce in mid-August, although it corrected significantly later in the year. The U.S. dollar strengthened against many other world currencies, including Canada's. Investors flocked to U.S. and Canadian government bonds, driving up prices and reducing their yields even further.

As we look ahead, it is fair to say that the situation in Europe remains uncertain and could take years to resolve. However, it is encouraging that European Union leaders are now taking steps to address the region's challenges. Other positive factors include low interest rates and continuing economic growth in North America, Asia and emerging markets.

Investors can also take comfort in the strong performance of well-run corporations around the world, with many reporting healthy earnings, increasing dividends and buying back shares. The divergence between companies' good results and their reduced share prices has led many experienced investors to conclude that today's markets present attractive buying opportunities. Warren Buffett, for example, expressed his confidence in the future by buying significant positions in several businesses, including an $11 billion stake in IBM.

In my view, these developments underscore the importance of sticking with a well-diversified portfolio of high-quality investments, in a mix that's tailored to your individual needs. Meanwhile, the new year is a good time to review your investing plans and your objectives.

Five Strategies for Dealing with Difficult Markets

When markets are volatile, it's natural to be worried about the impact on your portfolio. And when you're worried, you want to take action. However, it's important to recognize that sometimes the best course of action may be to do nothing. If you have a sound investment plan, you already may be in the best possible position to weather the market storms.

There is no strategy that can fully insulate you from a market decline. Nevertheless, we have been through severe market volatility before, and these strategies have been proven to add value and to position investors to prosper over the long term.

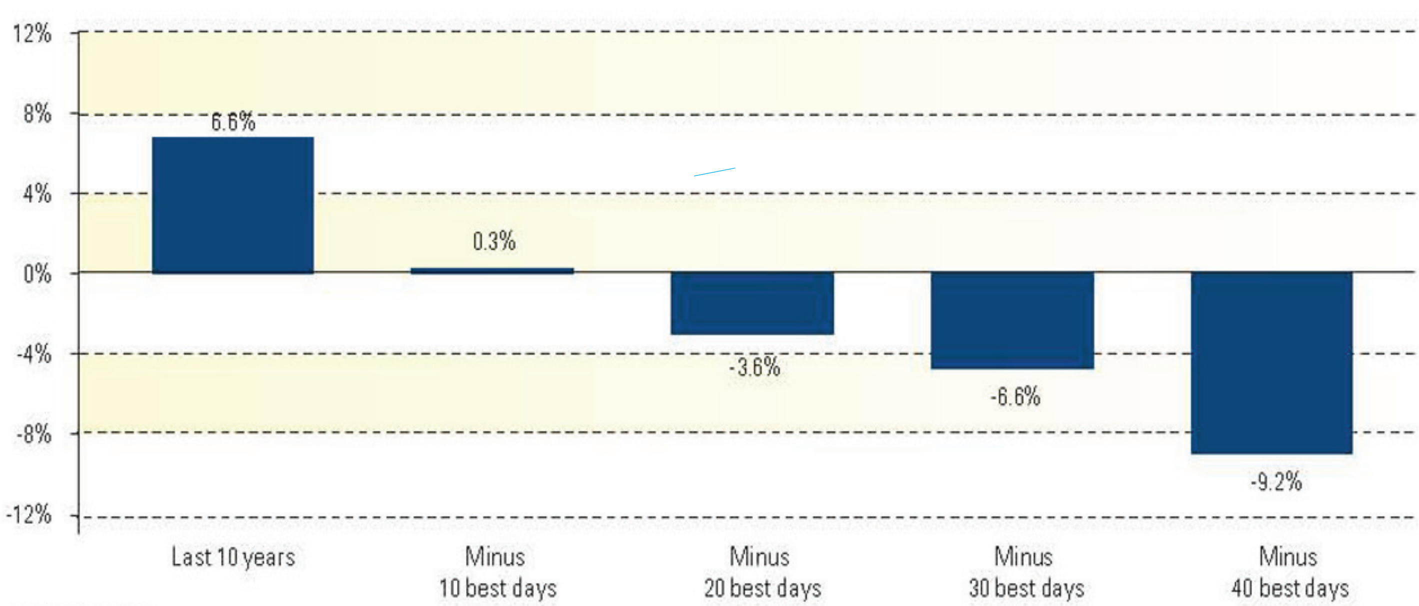
The strategies are:

1. Take a long-term view
2. Be diversified
3. Resist the temptation of market timing
4. Take advantage of market volatility
5. Invest with an advisor.

The following chart shows how market timing can punish investors. When the market recovers, its gains often come in bursts. Missing those few days or months of strong returns can have a huge impact.

How market timing can punish investors

S&P/TSX Composite Index returns 2000-2010 – staying invested vs. missing the best days



Source: Dalbar, Inc.