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May we offer our sincere wishes to you and your family for a healthy, safe and prosperous 2013.

Speaking of prosperity, allow us to start with positive news…the Organization for Economic Co-operation and Development (OECD) predicts Canada will lead the G7 for the next half century with real gross domestic product growing by 2.2% on average annually.

Despite this bullish outlook for Canada, we are still heavily influenced by the economic activity of our largest trading partner, the US. This leads us to our two top growth strategies looking forward.

Putting aside fiscal cliff and other macro-issues that the US (among others) face, there are some extremely positive reasons to be selectively bullish on corporate America:

- US corporate profits are higher than they have ever been and make up the greatest percentage of US GDP than ever before; and
- Equity valuations as measured by the S&P 500 P/E ratio are currently below historical averages.

As commented on in previous newsletters, the US is in the midst of an energy and manufacturing renaissance and is expected to be the world's largest oil producer by 2020, and is in the process of becoming a major natural gas exporter as a result of advancements in hydraulic fracturing leading to shale gas discoveries (source: Bloomberg).

At a recent industry meeting we attended, the well-respected author, Harvard professor, and historian Niall Ferguson summarized the US energy and manufacturing renaissance as:

"America Get's Lucky Again"

We also note that according to the 11/12 edition of Scientific American, the US ranks first in all four innovation categories: Patents Issued, research papers published, R&D

expenditures, and the number of science and engineering masters and doctoral degrees awarded.

We recommend two strategies for participating in this renaissance…Universal American Growth, and Front Street Growth are managed by two very different, but well respected money management teams with excellent track records, and both offer large growth potential looking forward.

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Our recommended corporate bond portfolio was up over 10% last year and has been a valuable component of our ***Paid to Wait Strategy.*** For investors who are not entirely bullish on equity markets, *paid to wait* represents a diversified collection of yield producing assets with the intention of delivering a 6-7% net yield to the client.

Our paid to wait portfolios were positive on average approximately 9% last year. This was a combination of yield and capital appreciation. We continue to believe this is an excellent strategy for *conservative investors* who desire equity like returns but do not want 100% equity exposure.

Sentinel Strategic Income, Signature High Income/Diversified Yield, Clarington Tactical Income are examples of this strategy. Our BFI website offers a description and explanation of our paid to wait strategy (www.banwellfinancial.com).

Last year the average money market fund returned .56%. Bank of Montreal was the most generous with an average of .05%!! With interest rates at historic lows, conservative investors can hardly be excited about GIC returns, or traditional fixed income securities. Numerous options exist for risk averse investors who desire preservation of capital and/or income.

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Why are (Smart) Investors Buying 50 Times More Physical Silver than Gold? *For a copy of this article written by Eric Sprott please call our office.*

Over the past ten years, gold and precious metals has been one of the best performing asset classes. Eric Sprott of Sprott Asset Management believes silver will be one of the best performing asset classes over the next five to ten years. Historically the price ratio between gold and silver has been 16:1. Today the ratio is approximately 55:1.

With gold trading at approximately $1,700 per ounce, this would suggest silver should be priced at approximately $100 per ounce. Silver presently trades at approximately **$30** per ounce!! We offer various methods for purchasing silver bullion, or silver producing companies.

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TFSA contribution amounts have been increased to $5,500 per year and can be an excellent complement to RRSP investing. For long term money we encourage clients to look beyond no interest (no advice) savings offered by the banks and consider a higher yielding strategy.

TFSA's can be used as a simple, yet highly effective ***estate planning*** strategy for parents or grandparents looking to pass on assets in a tax efficient manner.

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The response to automatic quarterly statement delivery (E-delivery) has been positive, your comments and feedback are always appreciated and considered. If you have not already signed up for E-delivery and online access, we encourage you to do so.

An E-delivery Consent Form will be included with your hard copy statement.

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March 1st is the deadline for RRSP contribution tax receipts to be used for 2012 tax returns. Please make cheques payable to Banwell Financial Inc. In-Trust, and we will confirm to you all received cheques.

We welcome any questions and/or concerns you may have about your investments and look forward to speaking with you either on the telephone or via email. Please feel free to request additional information on any of the above noted strategies.

Thank you again for allowing us the privilege of working with you and we look forward to another prosperous year!

BEST WISHES FROM THE ENTIRE TEAM