

Taking Stock with Steele

Your Monthly Newsletter

The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.

We believe Knowledge Pays and we want our knowledge to help pay for you.

ECONOMIC TIDBITS AN INVENTORY OF NOTABLE DATA AND INFO

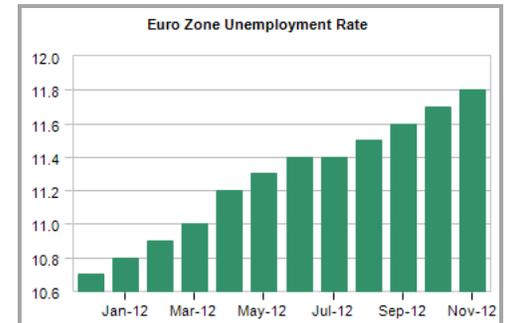
- Equity markets advanced since our last newsletter. Equity markets faced pronounced weakness in late December as U.S. politicians appeared unable to bend, but a last minute deal resulted in a global equity market rally with the S&P 500 closing at a 5-year high.
- Economic data continues to show improvement with the JP Morgan Global Manufacturing PMI breaching 50 (the inflection point between expansion/contraction) for the first time since May 2012, led by expansions in the U.S., China and the UK. Though this data points to marked improvement in the global manufacturing sector and the global economy as a whole, much of the recovery seems to be seasonally driven as the Eurozone remains in recession and most other economies are expected to see sluggish growth in 2013. See Fig. 1 for chart of the Eurozone Unemployment Rate.
- The economic calendar and market volume has been light due to the holiday season with the only market moving news being that related to the U.S. Fiscal Cliff negotiations and manufacturing PMI data. As U.S. policymakers only dealt with income tax rates and a few other timely matters, investors may soon become skittish as resolutions to the debt ceiling and sequestration issues are needed by March.

LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

Seasonal Cyclical Rally Appears to be Gaining Steam

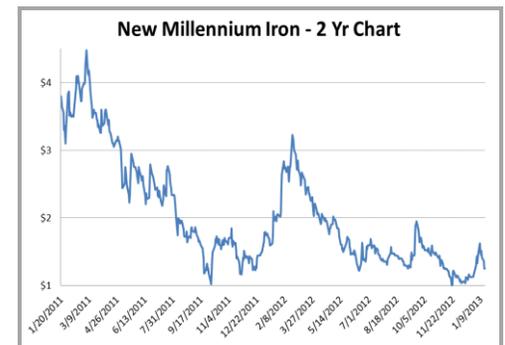
- Small cap, mining and small cap mining stocks in particular have been advancing strongly since mid-December
- This trend typically continues until at least early March when the seasonally strong period for small cap stocks ends but the seasonally strong period for mining stocks can last as long as early May
- **New Millennium Iron (NML)** and **Cliffs Natural Resources (CLF)** are two investment ideas related to this theme:
 - New Millennium owns 20% of an operating mine and several other prospective mines in Quebec/Labrador. See Fig. 2 for 2-year chart.
 - Cliffs Natural operates iron, coal and ferroalloy mines across North America and Australia. See Fig. 3 for 2-year chart.

Fig. 1



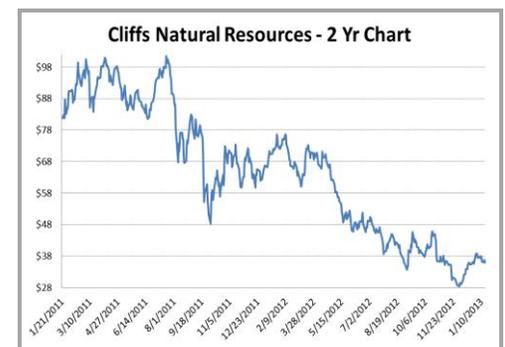
Data Source: Moody's Analytics, Economy.com

Fig. 2



Data Source: Market-Q

Fig. 3



Data Source: Market-Q

RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

Transforce Debenture A Maturing September 30th, 2018 (TFI.DB.A)

- Transforce provides freight transportation and logistics services in North America
- This is a 5.7 year debenture with a conversion price of \$22.10 (current price: \$20.75)
- This debenture yields 3.92% until maturity at a current trading price of \$108.75

Manulife Preferred A (MFC.PR.A) Retractable on December 19th, 2015

- Manulife provides insurance and wealth management products globally
- At \$25.90, the issue has a yield-to-retraction of 2.94%; the shares are rated Pfd-2H

RETIREMENT PLANNING OVERLY EXPENSIVE INSURANCE POLICIES

In past newsletters, we have talked about the need for life and disability insurance and the usefulness of critical illness and long-term care insurance. In this newsletter, we wish to highlight some forms of insurance that you should think about before buying.

Identity Theft Insurance

An identity theft policy covers lost wages and other expenses incurred while clearing your name. Since the tangible losses incurred from identity theft are covered by your bank and most people can clear their name without a major disruption at work there is no reason to buy identity theft insurance. The best way to limit the cost of identity theft is to regularly review your bank and credit card statements and credit reports.

Accidental Death and Dismemberment (AD&D) Insurance

An AD&D rider is often offered when purchasing life insurance and pays out when you die in an accident or are dismembered and survive. Buying AD&D insurance is not part of a prudent insurance plan as the amount of life insurance purchased should cover all needs making any additional accidental “windfall” money unnecessary. It is more cost effective to buy additional term life insurance than it is to buy AD&D life insurance.

Mortgage/Credit Life or Critical Illness Insurance

Mortgage/Credit Life insurance pays off the outstanding balance on any outstanding mortgage or credit obligations at death. Most individuals can get additional term life or critical illness insurance to cover these obligations at a lower cost elsewhere. In addition, insurability may not be transferable from bank-to-bank and the death benefit decreases as your mortgage balance decreases, but the premiums may not.

Rental Car Insurance

If you have outstanding auto insurance, you may be covered from liability when driving a rental car. Your credit card company may also cover some liabilities. It is imperative you check your auto insurance and credit card contracts before renting a car to avoid double-insuring against liability.

JEANNINE’S TIP O’ THE MONTH ENHANCING YOUR SWM EXPERIENCE

Another Canadian ritual approaches – the deadline for making your 2012 tax year RRSP contributions is Friday March 1st, 2013. The maximum RRSP contribution limit for 2012 is \$22,970.

Please contact us if you have not already made your annual contribution.

Current Rates & Data

Govt of Canada

90 day	0.90%
1 year	1.07%
2 year	1.17%
5 year	1.43%
10 year	1.88%
30 year	2.45%

U.S. Treasury

90 day	0.08%
1 year	0.14%
2 year	0.24%
5 year	0.73%
10 year	1.80%
30 year	2.99%

Canada Prime Rate

3.00%

U.S. Prime Rate

3.25%

Canada CPI Y-o-Y (Nov)

0.80%

U.S. CPI Y-o-Y (Nov)

1.80%

Exchange Rates

CAD/USD	1.014
USD/EUR	1.329
JPY/USD	88.40

This newsletter has been brought to you by Steele Wealth Management

Brian Steele, CA, CFA | Jeannine Campbell | Laura Prust, CPCA
Kelly Townsend | Matthew Bell, CFA | Keith Gummow, CFP, CLU, Ch.F.C.

Phone: (519) 883-6030 Toll-Free: 1 (877) 642-6408

Email: steelewealthmanagement@raymondjames.ca

Address: 1001-20 Erb Street West | Waterloo, Ontario | N2L 1T2

Website: www.steelewealthmanagement.com

**To opt out of receiving this newsletter, please reply to this e-mail with the word
“Unsubscribe” in the subject line.**

**If you know someone who would benefit from receiving this newsletter, please forward it to
them and let them know they can subscribe by emailing us at:
steelewealthmanagement@raymondjames.ca**

Any bond, debenture or preferred share ratings listed within this newsletter are those of DBRS (Dominion Bond Rating Service).

All rates mentioned within this newsletter are as of January 16th, 2013, unless otherwise stated.

This newsletter has been prepared by Steele Wealth Management and expresses the opinions of the author and not necessarily those of Raymond James Ltd. (RJL). Statistics, factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. This newsletter is furnished on the basis and understanding that RJL is to be under no liability whatsoever in respect thereof. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities. RJL and its officers, directors, employees and their families may from time to time invest in the securities discussed in this newsletter. This newsletter is intended for distribution only in those jurisdictions where RJL is registered as a dealer in securities. Any distribution or dissemination of this newsletter in any other jurisdiction is strictly prohibited. Securities-related products and services are offered through Raymond James Ltd. Member-Canadian Investor Protection Fund. Insurance products and services are offered through Raymond James Financial Planning Ltd., which is not a Member-Canadian Investor Protection Fund.