

Taking Stock with Steele

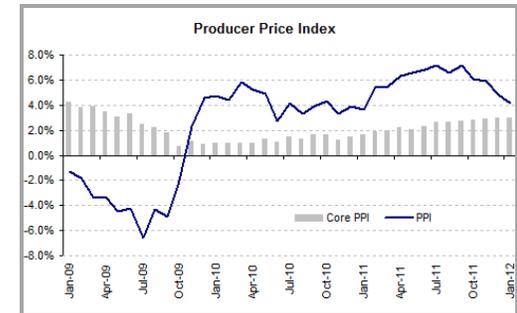
Your Monthly Newsletter

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

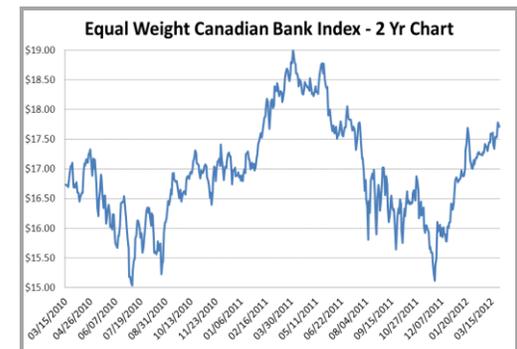
- Since our last newsletter, markets are mostly unchanged and have experienced lower volatility as economic data remains neutral-to-positive and Greece's bailout/bond swap is nearing completion.
- The JPMorgan Global All-Industry Output Index continues to predict faster economic growth for the month of February, driven mostly by expansion in the U.S. ISM non-manufacturing index. Manufacturing data shows slower expansion in the month of February, the first decline in the index since November. The two indices continue to highlight the recent performance gap between the service-oriented economies (U.S., Germany, Japan) and the manufacturing- and agricultural-oriented economies (China, India, Brazil).
- Inflation is once again a prevalent threat now that the Eurozone economies have stabilized and globally coordinated monetary stimulus continues. Producer price inflation has been rising lately and higher producer inflation typically predicts higher consumer inflation. See Fig. 1 for chart of the U.S. Producer Price Index

Fig. 1



Data Source: Haver Analytics

Fig. 2



Data Source: Market-Q

Fig. 3



Data Source: Market-Q

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

Overweight Emerging Markets, Underweight North America

- The U.S. economy is clearly pulling away from the higher risk, emerging market exposed economies over the past three months
- Stocks exposed to the U.S. economy have skyrocketed whereas stocks exposed to emerging markets have been lackluster lately
- We believe that the U.S. economy will succumb to inflationary pressures in the intermediate term and for the performance gap between the U.S. market and Canadian/emerging markets to close
- We have recently been positioning portfolios to be:
 - Equal-weight Energy and Technology companies.
 - Underweight North American Banks, Industrials and Consumer Discretionary companies. See Fig. 2 for chart of Canadian Banks.
 - Overweight Materials, Telecom, Utilities and Consumer Staples companies. See Fig. 3 for chart of S&P/TSX Materials Index.

RIDING THE CURVE A CATALOG OF OUR MONTHLY FIXED INCOME FAVOURITES

Nexen Preferred A (NXY.PR.A)

- Nexen is an oil and gas company with operations primarily in Canada and the UK
- The shares reset at 3.59% + the 5-year GofC bond on March 31st, 2017
- At \$25.10, the issue has a yield-to-retraction (soft) of 4.94% and is rated Pfd-3

Atlantic Power Debenture Maturing on June 30th, 2017 (ATP.DB.B)

- Atlantic Power owns and operates power and infrastructure assets in the U.S.
- This is a 5.3 year debenture with a conversion price of \$18.10 (current price: \$14.18)
- This debenture yields 5.08% until maturity at a current trading price of \$102.38

Student Transportation Debenture B Maturing June 30th, 2015 (STB.DB.B)

- Student Transportation operates school buses in Canada and the US
- This is a 3.3 year debenture with a conversion price of \$7.25 (current price: \$6.84)
- This debenture yields 5.07% until maturity at a current trading price of \$105

SWM WORKS TO MEET CHANGING NEEDS OF BOOMERS AND SENIORS

By 2015, for the first time ever, Canada will be home to more individuals over the age of 60 than under the age of 15. As the senior population swells, education on the needs of seniors and the risks they face becomes increasingly more important.

In an effort to meet the needs of an aging population, Associate Financial Advisor Laura Prust of Steele Wealth Management, has completed a comprehensive course about the priority aging issues impacting Canadian Baby Boomers and seniors today. Successful participants complete a thorough examination to earn the **Certified Professional Consultant on Aging (CPCA)** designation.

Whether financial, medical or social, Boomer and senior concerns are different from other age groups. Age-Friendly Business[®], the educator that administers the CPCA designation, keeps the professional abreast of all these issues by providing education, monthly updates, support and assistance regarding new developments in and practices and research about aging in Canada.

As a Certified Professional Consultant on Aging (CPCA), Laura Prust is required to annually participate in continuing education relating to the issues facing Boomers and seniors. The CPCA designation/membership ensures that Laura Prust will be able to meet the needs of Boomers and seniors, today and in the future.

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

Watch for your invitation to the next **Knowledge Pays Event**

The Truth About Aging: Six Secrets to a Great Long Life

Presented by Laura Prust, Certified Professional Consultant on Aging

Current Rates & Data

Govt of Canada

| | |
|---------|-------|
| 90 day | 0.92% |
| 1 year | 1.11% |
| 2 year | 1.25% |
| 5 year | 1.67% |
| 10 year | 2.21% |
| 30 year | 2.74% |

U.S. Treasury

| | |
|---------|-------|
| 90 day | 0.08% |
| 1 year | 0.20% |
| 2 year | 0.39% |
| 5 year | 1.14% |
| 10 year | 2.32% |
| 30 year | 3.46% |

Canada Prime Rate

3.00%

U.S. Prime Rate

3.25%

Canada CPI Y-o-Y (Jan)

2.50%

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

2.90%

Exchange Rates

| | |
|---------|-------|
| CAD/USD | 1.008 |
| USD/EUR | 1.306 |
| JPY/USD | 83.34 |

This newsletter has been brought to you by Steele Wealth Management

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All rates mentioned within this newsletter are as of March 15th, 2012, unless otherwise stated.

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