



3i Financial Group Inc.  
"Performance Drives Performance"

# MARKET UPDATE NEWSLETTER

4th Quarter - December 31, 2007

## Consumer Corner

Prime rate at most financial institutions is at **6.0%**

The current Bank of Canada prime rate is **4.25%**

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

### Deposit Savings

- 1) Dundee Bank - **4.05%**
- 2) M.R.S Trust - **4.00%**
- 3) Altamira - **4.00%**

### Chequing

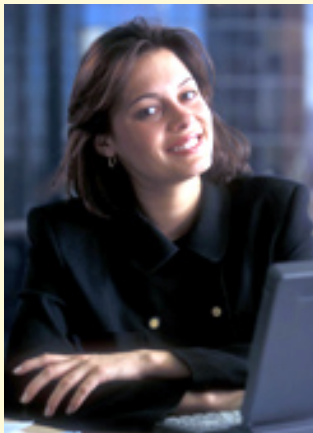
- 1) Manulife Bank - **3.80%**
- 2) ATB Financial - **3.60%**
- 3) Dundee Wealth Bank - **2.75%**

### Mortgage Rates (lowest rate)

1 Year	<b>5.30%</b>
2 Year	<b>5.40%</b>
3 Year	<b>5.50%</b>
4 Year	<b>5.70%</b>
5 Year	<b>5.75%</b>

\* As of December 31, 2007

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



## Miss Advisor

**Financial Advisor**  
Tel: (905) 326-5408  
Cell: (416) 416-xxxx  
Fax: (905) 326-5405

*We would like to wish all subscribers a Happy New Year. Please accept our warmest wishes for a healthy, happy and prosperous 2008.*

## Recap of the 2007 Annual Returns on Specific Markets

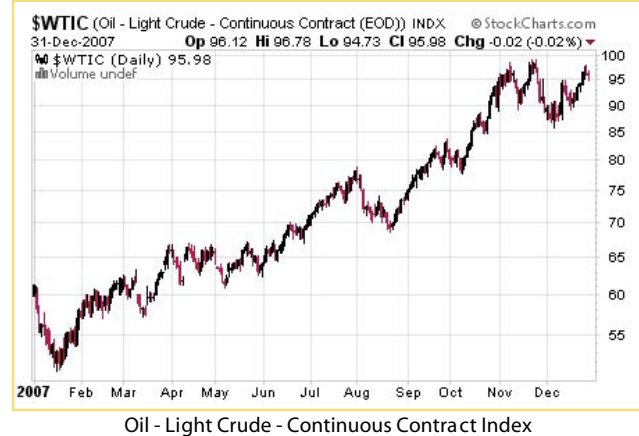
Gold	+32.08%
Hong Kong Hang Seng Index	+39.31%
S&P / TSX Index	+ 7.16%
Dow Jones Industrial Average Index	+ 6.43%
S&P 500 Index	+ 3.53%
Nasdaq Index	+ 9.81%
Nikkei Index	- 11.13%
Canadian Dollar	+17.17%
U.S. Dollar	- 8.42%
Crude Oil	+57.22%

## What to Expect in 2008

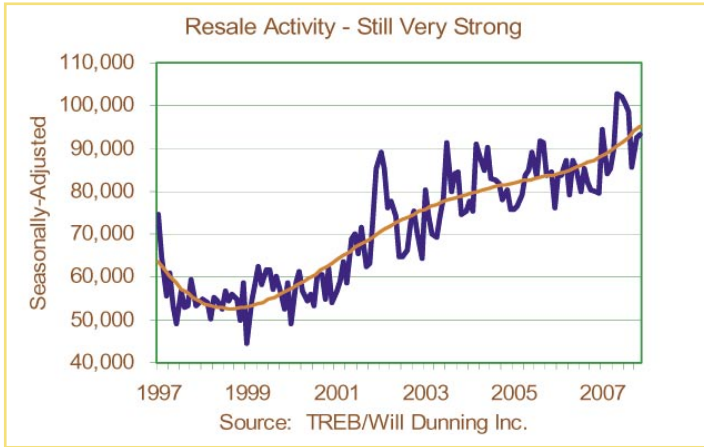
1. Increased volatility in the financial markets
2. Continuous down trending of the financial sector – avoid banks
3. Much higher gold prices and hence a much lower U.S. Dollar
4. Canadian Dollar will go higher than \$1.10
5. The U.S. economy to go into a recession
6. Crude oil prices will go over \$100 per barrel and stay over \$100 per barrel
7. The credit crisis and sub-prime derivative problems to get worse
8. Higher inflation and interest rates

## Themes for 2008

1. Precious metals like gold, silver, and platinum
2. Foreign currencies like the Euro, Australian Dollar, Chinese Yuan, and the Canadian Dollar. Avoid the U.S. Dollar and/or diversify out of it
3. Energy – crude oil, natural gas, petroleum, bio-diesel, and ethanol
4. Emerging markets like Brazil, India, China, and Russia



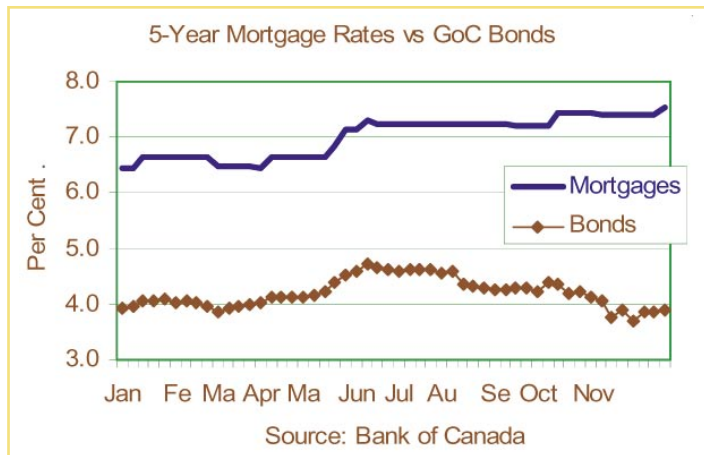
5. Food and farm related industrials
6. Soft commodities like wheat, soy beans, and rice



## Effects of the Credit Crunch on the Greater Toronto Area (GTA)

The credit crunch situation continues to cause mortgage rates to be higher than they should be. It is not just the mortgage rates that has been affected, other market interest rates are also affected (up). Credit constraint is yet another risk factor to consider in 2008. However the GTA housing market remains very healthy.

Mortgage rates have increased and a posted 5-year fixed term rate is typically around 7.55%. The spread between bond yields and posted mortgage rates (5-year terms) continues to expand and is now 365 basis points versus a normal spread of about 250 basis points. Generally speaking, this is not a good sign.



## Interest Rate Outlook

There is now a good probability that the Bank of Canada might reduce interest rates in the near term as it is trying to control the pace of advance in the Canadian Dollar. The Canadian Dollar has risen too much in a short period of time and the Bank of Canada views this as counter productive to the overall Canadian economy. A high Canadian Dollar makes Canadian exports more expensive and erodes the competitiveness of the Canadian producers and manufacturers. One of the measures Bank of Canada will take is reducing the current bank rate to control the rise of the Canadian Dollar. With the inflation rate within the Bank's comfort zone, they are more inclined to reduce the current bank rate.



## PRODUCT SHOWCASE

### The Benefits of Segregated funds in an RRSP

Incorporating segregated funds as part of your RRSP portfolio will enable you to take advantage of many of its featured benefits:

- Tax Deferred Savings
- Creditor Protection in Bankruptcy
- Bypass Probate; Executor and Legal Fees
- Guarantee Against Market Losses\*
  - Maturity Guarantee
  - Death Benefit Guarantee

\* If investment is held to maturity (at least 10 years) and provided that the maturity and death benefit guarantee is at least 100%.

**Probate** is the process under which a court formally approves a will as the valid and last testament of the deceased person. It also confirms the appointment of the person designated in the will as executor. Probate entails costs and the process is public, which means a deceased's financial and personal information becomes available to the public.

**Segregate funds** allow you to avoid the complex, time-consuming and often costly probate process. Proceeds are paid directly to your named beneficiaries. Unlike assets distributed in a will, segregated fund contracts are not public documents, so you can disburse their segregated fund assets privately.

The following chart illustrated the potential savings of bypassing probate:

Fee	Structure	Maximum Cost
Probate fee*	\$250 + \$15 per \$1,000 of assets over \$50,000	\$1,000
Executor's fee**	2.5% revenue receipts/disbursements 2.5% capital receipts/disbursements 0.4% pa gross asset value of estate	\$750
Legal costs**	0.5% to 3% of assets + accounting fees	\$500 - \$3,000 + accounting fees
Total potential savings		\$2,250 - \$4,750 + accounting fees

\* For illustrative purposes only. Assuming a \$100,000 segregated fund portfolio for the province of Ontario. Probate fees vary by province. Source for Ontario probate is the Estate Administration Tax Act, 1998 S.O. 1998, Chapter 34.

\*\* The costs displayed represent a typical range for fees that may be incurred by clients utilizing third-party assistance in managing their estate.

At 3i Financial Group, you can leverage "The Power of Choice". We offer segregated funds from:

- |                      |                    |                          |                            |
|----------------------|--------------------|--------------------------|----------------------------|
| <b>Canada Life</b>   | <b>Empire Life</b> | <b>Equitable Life</b>    | <b>Industrial Alliance</b> |
| <b>RBC Insurance</b> | <b>Sun Life</b>    | <b>Transamerica Life</b> | <b>Pacific</b>             |