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LAST-MINUTE RRSP THOUGHTS

By Gordon Pape, Editor and Publisher

We're coming down to the wire for RRSP season so if you're going to make a contribution, you'll have to act soon. Before you do, however, here are some last-minute thoughts to consider.

RRSPs and debt reduction. There has been some debate in the media about whether it is better to pay down debt or make an RRSP contribution. One way to approach the decision is to look at the relative returns from each option. Will you be better off by having the money working for you in a tax-sheltered environment or by reducing the amount of interest you pay each month?

If the debt you're considering is a high-interest credit card with an astronomical rate (19.99% is common) then it's a no-brainer. There is no way you are going to generate that kind of return in an RRSP, at least not with any consistency. Even if you have a low-interest card such as the SmartLine Platinum MasterCard which offers a rate of 5.99% for three years, you may not be able to do as well in your RRSP.

However, if the debt you're looking at is a low-interest mortgage the decision may be more difficult. For example, Royal Bank is currently offering (until Feb. 29) a closed seven-year mortgage for 3.99%. If you invest your RRSP money in a GIC you won't be able to match that return. But if you invest in a diversified portfolio that averages a gain of 6% annually (which I maintain is very achievable) you'll do better over time.

I have not taken into account the impact of taxes in these examples as they will vary depending on the individual. Any savings on interest costs have no tax consequences whereas an RRSP contribution will generate a tax refund. Be sure to consider this aspect before making a final decision.

If you need more help, there is a very detailed RRSP vs. mortgage calculator at http://www.taxtips.ca/calculators/RRSPvsMtgCalc.htm

Borrow or not? Another hot topic this year is whether or not people should borrow to make an RRSP contribution. My view has always been that this kind of leveraging is a good idea, provided the loan is paid off within two years at the most (one year is preferable). If that does not appear to be feasible, don't do it.

The math works like this. Let's assume a marginal tax rate of 35% and an RRSP contribution of $10,000, which you borrow against a line of credit at 4% interest. That generates a tax refund of $3,500. Then let's assume the invested money earns 5% in the first year, adding another $500 to the RRSP. Your total return in year one is $4,000 or 40% on the borrowed money. If you discharge the loan over one year, the monthly

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***Last Minute* – continued from page 1…**

cost will be $851.50 and your total interest expense will be $217.99. That's a small price to pay for a $4,000 gain.

However, if you take five years to pay off the loan, your total interest expense increases to about $1,050. After 10 years, it is up to $2,150. So the longer you take to discharge the debt, the less effective the strategy becomes. And of course if the loan interest rate is higher, the cost will be even greater.

Starting young. We all know that the more years that money compounds, the greater the end value. An investment of $1,000 compounding at 6% will be worth $3,207 after 20 years. But after 40 years that balloons to $10,285. So it's a good idea to start saving early and – little known fact – there is no age limit for opening an RRSP. The only criterion is earned income. If your teenager earns money from a paper route, baby sitting, lawn mowing, or a summer job and files a tax return, he/she can open an RRSP and make a contribution.

What's more, and this is very important, the tax deduction does not have to be claimed for the year it was made. It can be carried forward until the youngster has finished school and has a full-time job with adequate income to make the deduction worthwhile. Meantime, the contributions have been growing in the plan, giving him or her a great head start on savings. And remember that the RRSP money does not have to be used for retirement only. It can also be put towards buying a first home or continuing education, through the Home Buyers' Plan and the Lifelong Learning Plan.

Contributions in kind. If you don't have the cash for a contribution and own a self-directed RRSP, consider making a contribution in kind. This involves transferring a security you already own in a non-registered account directly into the plan. Stocks, mutual funds, GICs, bonds, etc. are all eligible. You will receive a tax receipt for the value of the security on the day it goes into the plan (not the original price you paid).

A word of caution. The Canada Revenue Agency takes the position that the transfer is a deemed sale. That means any profit you have earned to date on the security (interest, dividends, capital gains) will be taxable. However, you may not claim a loss for a security that is worth less than you paid for it. In that case, sell it into the market and use the cash to make the RRSP contribution. This enables you to claim a capital loss when you file your tax return.

"Low returns". One newspaper published an interview last week with a Toronto financial analyst who said he would not make an RRSP contribution this year "because the return on investment is really low". This excuse would be understandable from someone who does not know much about investing but I was shocked to see it from a financial analyst. The reference appeared to be to GIC returns, which are very low (in most cases below the rate of inflation). But RRSP money does not have to be invested in GICs and, in my opinion, should not be at a time when rates are low. The average Canadian Neutral Balanced fund has returned 6.34% annually over the past 20 years. That's a respectable rate of return: every $1,000 invested then would be worth more than $3,400 today.

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YOUR QUESTIONS

Stock liquidity

Q – I greatly enjoy and look forward to your newsletters. I hope that you will not mind a few questions about liquidity of stocks. For example, a recent newsletter mentioned Genworth MI Canada Inc. (TSX: MIC). By mid-day Feb. 16 the traded volume was about 10,000 shares. My questions:

1. How would an investor buy or sell say 3,000 shares in a thinly traded stock? Does one just put in a buy at market and accept that the acquired or sold shares may range in price by $0.10 to $0.30 or more? Is the strategy to wait for double-digit percentage gains to take into account the modest liquidity of the stock?

2. Occasionally one will see 50,000 or 100,000 share trades or more where the average trade in the stock is in the 100s. Does that occur off the market somehow? I have a similar question about large trades that sometimes occur right at market close at 4 p.m.

3. Does the liquidity of a stock affect the recommendations of the newsletter? – R.S.

A – Let me deal with the questions in order.

1. Place a limit order on the stock and make it good until filled. For example, MIC was trading at $21.64 as of mid-day Friday. If you did not want to pay any more than that you would tell your broker to buy 3,000 shares at $21.64 or better, if necessary in small lots. The broker should adjust the commission to take account of that.

2. Large trades such as the ones you describe are usually done at the institutional level. For example, a hedge fund might want to unwind its position in a stock and a pension fund may step in and purchase it.

3. We rarely recommend thinly-traded (low liquidity) stocks. When we do, we alert readers to the fact and advise placing limit orders. – G.P.

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GLENN ROGERS: FROM RUSSIA WITH PROFITS

Contributing editor Glenn Rogers is with us this week and he has been spending some time looking for investment opportunities in parts of the world that we tend to ignore. Today he turns his attention to Russia which, despite the corruption and the ham-handed bureaucracy, he thinks offers good profit potential. Here is his report.

Glenn Rogers writes:

With all the drama we've been experiencing surrounding the European debt crisis, we have almost overlooked the upcoming elections in Russia and the opportunities for investment in that huge and tumultuous country. Let's take a look at that often forgotten part of the BRIC acronym.

Prime Minister Vladimir Putin has formally announced that he is running again for president, thereby extending his reign for potentially another 12 years. That can be seen in two ways. On the one hand, compared to the craziness that Russia had previously endured, one could argue that his almost certain reelection signals comparative stability and a level of relative certainty for investors over the next few years. On the other, the state overreach into what is nominally known as private industry in Russia, combined with the stunning degree of bureaucratic corruption, does not necessarily bode well for the future.

Recent demonstrations in Moscow indicate that the Russian populace is finally tiring of the Putin era. Whether this will be enough to make what is certain to be a gerrymandered election become close enough to be a repudiation of his policies is not yet clear. However, recent loosening of press freedoms and statements he has made at conferences and in the media indicate that he is least is aware that his popularity, once bulletproof, has slid. Here's a quote from a recent speech that Putin gave at the VTB capital "Russian calling!" Investment Forum:

“Again, our strategy aims to gradually reduce the state’s direct involvement in the economy. Therefore, we will gradually (please note the word “gradually”) withdraw from the capital of state corporations. I have said it many times before, and I’ll say it again: we don’t seek to create state capitalism. Even if we participate in state corporations, even if we have established them, we have done so only to concentrate resources in strategic areas that couldn’t be concentrated other than with the support and direct participation of the state on markets dominated by major international companies.

"If the Russian state had failed to enter these areas of business, such as shipbuilding, aircraft building, or rocket building, there would have been no chance for us to maintain our presence on these markets. However, it doesn’t mean that the state will sit there forever. We are now building their organizational structures, and will subsequently increase their capitalization, retrofit them, and gradually put them back on the market. We will privatize state-owned shares in these companies and introduce independent professionals on the boards of directors of the companies with state interest.

"Next, the establishment of a reliable financial sector in Russia is among our priorities. Two major Russian exchanges – MICEX and RTS – will merge before the end of the year. The enactment of the bill on a central depositary will allow the united exchange to become a major trading and settlement centre. Eventually, it should join the ranks of major global securities exchanges in terms of major performance indicators. I believe it will easily be on the list of top ten exchanges. The approximate annual trading volume of the united exchange will exceed 200 trillion rubles, or almost 7 trillion dollars. That will place Russia among top ten global exchanges initially. This is a crucial step towards the creation of an international financial centre in Russia. Under this program, we intend to develop domestic investment instruments in Russia, so as to able to effectively convert domestic savings into development capital. So far, these funds have not been used much in Russia.”

Note his emphasis on gradual change with significant involvement still from state-owned enterprises. They will always have an inherent advantage against private capital given their absolute lock on the machinery of government, especially the court system, which still lumps all commercial activity under the criminal system, as opposed to a commercial justice system as we are used to in North America.

However, his statement does indicate that he at least is aware that change needs to happen. Putin has stated that he is in favour of judicial reform although he has not indicated when that might happen.

But let's put all the political considerations aside and just contemplate the assets Russia brings to bear on the global economy. They have a number of the same strengths enjoyed by Canada and Australia, which include significant scale, abundant natural resources, a high level of education, and a relatively stable political situation, at least compared to some of the more extreme emerging semi-democratic nations.

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Russia – continued from page 3…

It is in the natural resource area that Russia can lay claim to some significant advantages. These include large reserves of oil and natural gas, on which Europe is heavily dependent for a significant part of its energy needs. Russia also has abundant precious and industrial metals in the ground and here again they are well-positioned geographically to supply the world with their products.

Additionally, a number of their alliances around the world enable them to deal with nations that we find troublesome such as Syria, Iran, and other unpleasant parts of the globe. This allows them to sell arms and other technology which benefits their public purse without apparently troubling them morally or ethically.

Russia is also gradually developing a high-tech sector and because of its well-educated population they are likely to progress faster than we would guess into a first world economy. Finally, they are spending a much smaller proportion of their GDP on military adventures than they have in years gone by, which is also to their advantage as they clean up their national balance sheet.

The two easiest ways to play Russia are through ETFs, specifically the Market Vectors Russia ETF (NYSE: RSX) and the more recently launched Market Vectors Russia Small Cap ETF (NYSE: RSXJ).

RSX holds the big energy and material companies (60%). There are some financials (11%), telecommunications (11%), and utilities (9%) but this is primarily an energy story.

The small-cap fund has a lesser energy and materials component (43%) and adds in some consumer discretionary exposure (10.5%) but the two funds trade pretty much in lockstep so you could buy a little of both. However, since RSXJ is half the price you will get a little more volatility but a little more Russia for your buck.

What could go wrong? Well, just as Canada gets a cold when the U.S. sneezes, Russia does the same when Europe goes sideways. So these issues could be volatile over the next few months. That said, as of the time of writing RSX was up 18.8% year-to-date and the RSXJ was up 16.2% so they are performing well despite the chaos in Europe. This is a way to play commodities while diversifying your portfolio geographically.

Action now: Buy RSX with a target of US$40 and buy RSXJ with a target of US$25. The shares closed on Friday at US$31.87 and US$18.34 respectively.

GLENN ROGERS'S UPDATES

It's been nearly a year since we updated the shippers and with one exception it has been a brutal period for the entire sector. In the past these stocks have been a favourite of mine since they offered high yields and a dependable dividend stream.

All that changed with the global economic meltdown. Global demand fell just as a glut of new ships hit the market. That drove down day rates and killed the profitability of many of the players in this industry particularly the oil tanker participants.

Rates for dry-bulk vessels are recovering faster than rates for oil tankers. But the stocks are still trading close to their 52-week lows and the industry is facing a glut for several more years. The situation is akin to the housing market in the U.S. which is taking years to work off the excessive building of the past.

Having said all that the companies we recommended have continued to pay dividends through the whole period but the capital has taken a hit.

Last year we recommended selling Eagle Bulk Shipping (NDQ: EGLE) when it was trading at $3.56 (figures in U.S. dollars). That was a good idea since it's now trading at $2.01 although it is up 78% since the beginning of the year. Here's a rundown of the remaining shipping stocks on my list.

Euroseas Ltd. (NDQ: ESEA)

Originally recommended on Feb. 18/08 (IWB #2807) at $13.08. Closed Friday at $2.98 (all figures in U.S. currency).

When I last looked at ESEA it was trading at $4.41. It dropped as low as $2.26 in late December but has since rallied a little.

Somewhat surprisingly, given the poor performance of the stock, the Athens-based company remains profitable. Euroseas released fourth-quarter and year-end numbers earlier this month and they showed a profit of $1.1 million ($0.04 a share) for 2011, all of which was earned in the final quarter. Adjusted EDITDA for the year was $26.1 million.

CEO Aristides Pittas said he is "optimistic that the containership market will improve towards the middle of the year" but announced that the company will reduce its quarterly dividend to $0.05 a share ($0.20 annually).

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Glenn Rogers's updates – continued from page 4…

Still, that represents a yield of 6.7% at the current price.

Action now: Euroseas is a Hold. Very aggressive investors who are interested in a beaten-down stock with significant upside potential when economic conditions improve may Buy at this level.

Knightsbridge Tankers (NDQ: VLCCF)

Originally recommended on Feb. 18/08 (IWB #2807) at $27.25. Closed Friday at $15.50 (all figures in U.S. currency).

We suggested buying Knightsbridge at $27.25 and it has tanked, pun intended, since then to $13.48 before rallying to the current price of $15.50. Here again, the financial results are better than the slumping share price suggests. The company's fourth-quarter results beat analysts' estimates for the second quarter in a row, with net income of $0.39 a share compared to $0.25 the year before. For the full year, the company earned $1.41 per share, down from $2.02 in 2010.

Knightsbridge continues to pay a quarterly dividend of $0.50 a share with the next payment due on March 8 to shareholders of record as of Feb. 23. That equates to a yield of 12.9% based on the current price, which reflects the high degree of risk the market ascribes to this stock.

The company is now switching to hauling dry goods this year while they wait for the oil tanker business to recover.

Action now: Sell. However, you may wish to delay until after the ex-dividend date of Feb. 21.

Textainer Group Holdings (NYSE: TGH)

Originally recommended on Nov. 23/09 (IWB #2942) at $15.68. Closed Friday at $31.79 (all figures in U.S. currency).

We recommended buying Textainer Group at $15.68 and despite the problems in the shipping industry we have doubled our money so far. The container sector of the group seems to be generally in the best shape and the rates have held up better than for the oil shippers.

Last Tuesday, the Bermuda-based company released fourth-quarter and year-end results and they were encouraging. Textainer reported record net earnings attributable to common shareholders of $54.9 million ($1.10 per share) for the fourth quarter and $189.6 million ($3.80 per share) for the full year. The average fleet utilization was 97.7% for the fourth quarter and a record 98.3% for the full year.

The company passed on some of the profits to shareholders by increasing the quarterly dividend by 5.7% to $0.37 a share or $1.48 annually. At that rate, the stock yields 4.7%.

Action now: Hold.

Summing up: These stocks offer an unusual combination of high yields and a speculative play on the global recovery. If you believe things are turning around, the dry bulk and container shippers will be early beneficiaries. If you believe China will be slowing and Europe will crater, it will be a long year ahead for this sector. Highly aggressive investors should keep an eye on this group over the next few weeks and perhaps add to positions if you start to see them advance further.

- end Glenn Rogers

Questions – continued from page 2…

Income funds

Q – Income funds such as RBC Canadian Equity Income, Fidelity Monthly Income, and TD Monthly Income have done well recently. Do you see them playing a role in a core portfolio? For instance, as opposed to holding Fidelity Canadian Balanced Fund (your recommendation), what would be the pros and cons of holding half Fidelity Balanced and half Fidelity Monthly Income for the core Canadian component in a portfolio? Or would you consider this as "chasing performance" because the dividend paying companies have had a great run and may be fully valued at this point? – K.G.

A – The composition of the income funds can vary significantly – they are not interchangeable parts – so you need to be careful in making comparisons. For example, Fidelity Monthly Income is a balanced fund with about 40% of the assets invested in stocks and about the same amount in bonds. TD Monthly Income has a larger equity weighting (59%) while RBC Canadian Equity Income is a pure stock fund.

Fidelity Canadian Balanced has a very similar asset mix to that of Fidelity Monthly Income although the holdings are quite different. So it would make little sense to hold both – choose one or the other. Both are above-average performers but Monthly Income has done better recently.

All the funds you mention should be solid, long-term performers. I would not consider an investment in any of them as inappropriate at this time. – G.P.

AN RRSP PORTFOLIO

We continue to receive requests from readers for model portfolios. We already have created two for IWB readers: The Very Conservative Portfolio and the Defensive Portfolio. Since we are now closing in on the end of RRSP season, we are adding a third portfolio to our line-up: the IWB RRSP Portfolio.

For this one, we're taking a somewhat different approach. We are selecting securities from the Recommended Lists of the IWB and from our two other newsletters: The Income Investor and Mutual Funds/ETFs Update. If you only read the IWB, this means some of the selections may be new to you. However, we feel this is the best way to include our top RRSP choices from across the complete range of our recommendations. Note that our selections have been made without taken minimum investment requirements into account so in the case of smaller portfolios some substitutions may be required.

This portfolio contains a mixture of ETFs, mutual funds, common stocks, and REITs. That means the only way you can replicate it is by having a self-directed RRSP with a brokerage firm, either full-service or discount. The initial portfolio value is based on an investment of about $25,000. We have rounded fractions of units/shares up or down to the nearest whole number so the actual opening value is $21,031.92. We will track the results periodically and recommend changes when appropriate. Here are the securities we have selected with our rationale and the recommended weightings.

iShares DEX Universe Bond Index Fund (TSX: XBB). Every RRSP should have a core position in bonds and this is the easiest and cheapest way to acquire a diversified holding of government and corporate issues. Results have consistently beaten the average for the Canadian Fixed Income category with a 10-year average annual compound rate of return of 6.4%. Cash distributions are made monthly; arrange to have them reinvested. This is a very low risk fund; the worst 12-month period in its history was a loss of 0.98% for the year ending June 30/06. Weighting: 30%. Closing price on Feb. 16: $31.33.

Fidelity Canadian Large Cap Fund (FID231). This outstanding equity fund is a pick of Dave Paterson, a highly-respected financial analyst and the editor of Mutual Funds/ETFs Update. The fund boasts one of the best records in its category with a 10-year average annual compound rate of return of 9.2% to Jan. 31. The latest one-year gain was 10% compared to an average loss for the category of 8%. About half the assets are in Canada with 27% in the U.S., about 11% in the U.K. and France, and a high 12% cash position. The top 10 holdings include Fairfax Financial, Shoppers Drug Mart, Metro Inc., TD Bank, and British Petroleum, so this is clearly not a closest index fund. There's risk here, of course, as there is in any stock fund. But as the performance numbers show, this fund performs well over the long term even when setbacks such as 2008-09 come along. Weighting: 20%. Closing price on Feb. 16: $29.97 (B units).

Beutel Goodman American Equity Fund (BTG774). U.S. equity funds underperformed Canadian stock funds for most of this century but the tide seems to be shifting. Wall Street beat Bay Street in 2011 and is likely to do so again this year. So there should be a U.S. position in your RRSP, apart from the incidental exposure in Fidelity Canadian Large Cap. This conservatively managed fund is a good way to get it. The managers use a value approach for stock selection with an emphasis on capital preservation and a focus on absolute return and risk. They achieve this by investing in a small number of large-cap U.S. companies and ADRs that are leaders in their fields. Top holdings include Wells Fargo, CVS Caremark, Met Life, Covidien (an Irish company), Cisco Systems, and Pfizer. Over the past three years, the fund has posted an average annual compound rate of return of 9.9%. Weighting: 15%. Alternative: If the initial minimum is too high for you, the Dynamic American Value Fund is a viable option. Closing price on Feb. 16: $7.83 (D units).

Mawer World Investment Fund (MAW102). International markets are weak these days but you need some global exposure in your RRSP. This fund from Calgary-based Mawer Investment Management has outperformed the category average over all time frames from one month to 20 years. It recorded 5.2% loss in the 12 months to Jan. 31 but that was much better than the average decline of 11.1% recorded by the peer group. Despite that setback, the average annual compound rate of return over the past three years was 12.9%, double the category average. The focus of the fund is on Europe with about two-thirds of the assets in the U.K. and continental countries. Asia represents 12% of the total with emerging markets at 13% and the rest scattered around. Weighting: 5%. Alternative: Fidelity NorthStar. Closing price on Feb. 16: $31.36.

Brookfield Renewable Energy Partners LP (TSX: BEP.UN). This Bermuda-based limited partnership is a recommendation of The Income Investor. It operates one

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Portfolio – continued from page 6…

of the largest publicly-traded, pure-play renewable power platforms globally. The portfolio is primarily hydroelectric and totals approximately 5,000 megawatts of installed capacity. Diversified across 67 river systems and 10 power markets in Canada, the United States, and Brazil, the portfolio generates enough electricity from renewable resources to power two million homes on average each year. We originally recommended it in July 2009 at $16.62 and the price has moved steadily higher since. So has the payout which is now US$1.38 a year to yield 5%. Brookfield Renewable is targeting annual growth in unitholder distributions in the range of 3% to 5%. Weighting: 10%. Closing price on Feb. 16: $27.43.

Brookfield Infrastructure Partners LP (TSX: BIP.UN, NYSE: BIP). This is the older brother of the Energy LP. Both are spin-offs from Brookfield Asset Management, which retains an ownership stake, and both are based in Hamilton, Bermuda. This is another Income Investor recommendation, first picked in September 2010 at $18.90. The LP owns and operates utilities, transport and energy, and timber assets in North and South America, Australasia, and Europe. It also seeks acquisition opportunities in other infrastructure sectors with similar attributes. Financial results released this month showed 2011 funds from operations (FFO) of $392 million ($2.41 per unit, figures in U.S. currency) compared to $197 million ($1.79 per unit) the previous year. The quarterly distribution was raised 7% to $0.375 ($1.50 per year) to yield 5.1%. Weighting: 10%. Closing price on Feb. 16: C$29.39, US$29.53.

Firm Capital Mortgage Investment Corp. (TSX: FC). This small mortgage investment company has done very well for Income Investor readers since it was first recommended back in January 2004. There is nothing flashy about this; it's just a solid, well-run company that generates steady and dependable cash flow with low risk. The monthly dividend is $0.078 per share or $0.936 a year to yield 6.9%. Weighting: 5%. Closing price on Feb. 16: $13.51.

Boardwalk REIT (TSX: BEI.UN). Our final choice is one of the best real estate investment trusts in the country. It was first recommended in The Income Investor in August 2006 by contributing editor Gavin Graham at $29.44 and is now trading at almost double that. The REIT owns and operates in excess of 225 properties and is Canada's largest owner/operator of multi-family communities. The portfolio is concentrated in Alberta, British Columbia, Saskatchewan, Ontario, and Quebec. Current distributions are $0.15 a month ($1.80 a year) for a yield of 3.3%. That's very low for a REIT and reflects the high quality of the assets. Weighting: 5%. Closing price on Feb. 16: $54.75.

Here is a summary of the portfolio.

IWB RRSP Portfolio (a/o Feb. 16/12)

Security	Weight	Price	Shares/ units	Value
XBB	30%	$31.33	240	$7,512.00
FID231	20%	$29.97	167	$5,004.99
BTG774	15%	$7.83	479	$3,750.57
MAW102	5%	$31.36	40	$1,254.40
BEP.UN	10%	$27.43	91	$2,496.13
BIP.UN	10%	$29.39	85	$2,498.15
FC	5%	$13.51	93	$1,256.43
BEI.UN	5%	$54.75	23	$1,259.25
Totals	100%			$25,031.92

GORDON PAPE'S UPDATES

Cenovus Energy (TSX, NYSE: CVE)

Originally recommended by Yola Edwards on Oct. 23/06 (IWB #2638) at C$25.93, US$23.06. Closed Friday at C$38.73, US$38.89.

The Alberta oil sands company reported fourth-quarter and year-end results that were much better than those of 2010 and raised its dividend by 10%. However, the numbers fell short of analysts' expectations so investors sold, knocking down the share price by $0.52 after the reports were released. That's fine; more money on the table for us!

Looking at the figures it is hand to see why anyone would be disappointed. Cash flow for 2011 was almost $3.3 billion, up 36% from $2.4 billion in 2010. Net earnings were $1.5 billion ($1.95 per share) compared to about $1.1 billion ($1.43 per share) the year before.

Production increases failed to keep pace with financials, however. Total output of oil and natural gas liquids production averaged 134,239 bbls/d, a 4% improvement over 2010. Fourth-quarter results were better with an 11% year-over-year gain.

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The company's reserves are growing at an impressive rate. Proved bitumen reserves as of Dec. 31 were about 1.5 billion barrels, a 26% increase over 2010. Best estimate bitumen economic contingent resources were 8.2 billion barrels, a 34% increase over the previous year.

The dividend increase brings the quarterly payment to $0.22 a share ($0.88 annually) and Cenovus suggested in the statement accompanying the release that there is more to come with the comment: "we expect continued financial strength will allow our Board of Directors to place a priority on continuing to grow the dividend."

This is the best of the oil sands stocks right now. If you don't already own a position, it's time to get on board.

Action now: Buy. – G.P.

USEFUL WEBSITES

This week we are starting a new feature on useful websites for investing and money management. Suggestions from readers are welcome, please send them to me at Gordon.pape@buildingwealth.ca. Our first nominee is creditcards.com where you can search for the best card for your specific needs.

Website: Creditcards.com Canada
Address: http://canada.creditcards.com/

Sponsored by: The website is part of the Bankrate Online Network which claims to be the "leading aggregator of financial rate information" on the Internet. Its flagship website is Bankrate.com.

What it offers: The ability to search the database for cards that meet specific needs, e.g. low interest charges, rewards, student cards. You can also search according to credit history; there are options for people with a bad credit record or no credit history.

What's good: The site is very easy to use. Results are displayed in easy-to-read tables that enable you to compare interest rates, annual fees, balance transfer fees, etc. If you find a card you like you can apply immediately with a single click.

What's bad: No critical analysis. When you click on "Best credit cards" 20 entries pop up. There is no explanation of why these are the 20 best or whether the first one on the list is superior to number 20 and, if so, why. Also, there is no provision for user feedback, which would be extremely valuable.

Rating: $$$ (out of four). – G.P.

MEMBERS' CORNER

NOTICE TO MEMBERS

In order to increase the level of security for our newsletters to ensure that unauthorized people cannot access them, we are enforcing our existing password-protection system. From now on, when you click on a link to open a newsletter you will be asked first to enter your user name and password. If you have forgotten them, you may contact Customer Service toll-free (weekdays) at 1-888-287-8229 or send an e-mail to customer.service@buildingwealth.ca.

Turbo Tax problem

I recently came across an issue with the "Online edition for Mac" for Turbo tax. The calculations when reporting T5 amounts and splitting them 50% with the spouse in my case seemed to be way off. When looking at the Income Summary page the amounts for me were not correct and the amounts for my spouse were off by thousands of dollars. I worked out a couple of copy scenarios and the numbers for my spouse became bizarre to say the least. After I contacted them, Turbo Tax advised they have corrected the issue. The moral of the story is to keep an eye on technology as it far from perfect. – David S.

Response: There appear to be other problems with this year's version of Turbo Tax. You can check out the complaints and their answers at http://www.facebook.com/TurboTaxCanada

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The deadline. Finally, if you're a genuine down-to-the-wire investor, keep a close watch on the calendar. Normally the last day for RRSP contributions to be eligible for deduction in the previous tax year is March 1. But not this time. Because 2012 is a leap year, the deadline is Feb. 29. The law says you have 60 days from the start of a year to get the money into the plan. So don't procrastinate.