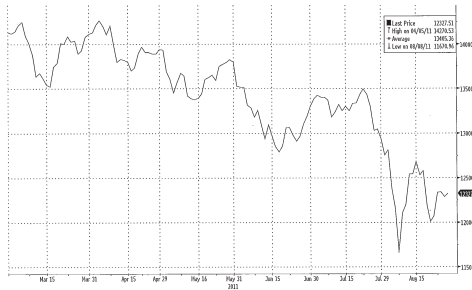




MONTHLY PERSPECTIVES September 2011

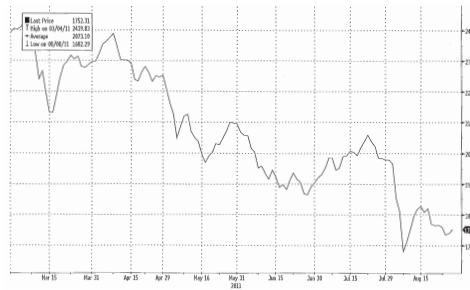
Data for charts as of trading close Aug 26, 2011

S&P / TSX



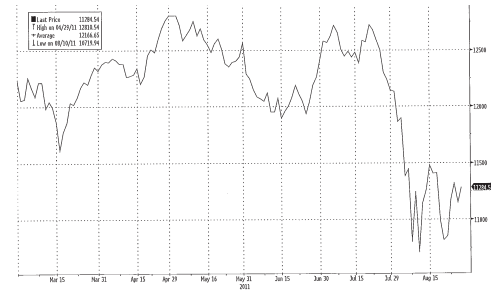
12,327.50 -8.25% month change

TSXV



1,752.31 -13.96% month change

DJIA



11,284.50 -10.39% month change

Market Indices

Financials	Aug 26	30-day net change	Commodities	Aug 26	30-day net change	Markets	Aug 26	30-day % change
3 Month T-Bill	0.84%	-0.04	Canadian \$ (US¢)	101.90¢	-3.71¢	S&P 500	1,176.80	-12.01
Long Bond CDN	3.01%	-0.39	Gold (US)	\$1,794.10	\$181.90	FT-SE (U.K.)	5,129.92	-13.42
3 Month US T-Bill	0.00%	-0.06	Crude Oil (US)	\$85.37	-\$13.83	Nikkei (Tokyo)	8,797.35	-12.46
Long Bond US	3.54%	-0.78	Silver (US)	\$40.95	\$0.60	Hang Seng (H.Kong)	19,582.88	-12.16
Bank Rate	1.25%	0.00	Copper (US)	\$4.10	-\$0.30	Bolsa (Mexico)	34,042.22	-4.05
Prime Rate	3.00%	0.00	CRB Index	335.25	-10.64	DAX Index (Germany)	5,537.48	-24.60
PI Cash Account	0.20%	0.00	Lumber (US)	\$232.50	-\$22.60	CAC-40 (France)	3,087.64	-19.02

Market Commentary

Skating on Thin Ice

The equity rebound did not stick. Following a decent upturn, the MSCI Europe and EAFE plummeted by the most in 2.5 years on August 18th (-4.9% and -3.6% respectively), a decline that was exacerbated by talks of liquidity difficulties in Europe and bad economic data from the U.S. The brunt of the decline occurred after the publication of the Philadelphia Fed survey.

The Philly fed survey of manufacturing activity plummeted 33 points in August, the biggest monthly plunge since October 2008 when Lehman went bust. The Philly fed index now stands at a level that has never been observed outside recessions.

At this juncture, it is possible that the August decline was exacerbated by the timing of the survey which was conducted during a large stock market correction and the U.S. debt downgrade. The headline index is, after all, a sentiment indicator derived from the question: "how do you feel about current business conditions?" In order to isolate sentiment from the equation, the Philly Fed survey also provides sub-indexes on new orders, hiring, delivery times, inventories and shipments. If we group these components together (as is done for the national ISM index), the August collapse was not as bad as the headline figure reported.

As shown, our combo index is certainly indicative of slower growth in Q3 as it suggests a reading of 44 on the national ISM, i.e., just above the level of 42 associated with negative GDP. Even if a recession may yet be averted, we are certainly skating on thin ice. As a result of the latest pullback, the S&P again threatens to fall into bear market territory (defined as a 20% drop) as it did on August 8.

The sentiment data has clearly soured in recent days, suggesting a weaker growth path for the global economy. We now see U.S. GDP growth of only 1% in Q3. That is down markedly from our previous view of +2%. At this juncture, there is not much to sponsor equity markets higher in the coming days.

Recent PI Research

Premium Brands Holdings Corp. (T-PBH) \$16.24
Record Q2 Results, Platform Acquisition & Positive H211 Outlook (Aug 5)

Rating: BUY; Target: \$21.00; Risk: AVERAGE

Strongco Corp. (T-SQP) \$5.10
Strong Revenue and Earnings Growth (Aug 10)

Rating: BUY; Target: \$8.50;
Risk: ABOVE AVERAGE

Trican Well Service Ltd. (T-TCW) \$21.69
Blowout Q2 Results Validate our Positive Thesis (Aug 10)

Rating: BUY; Target: \$34.00 ▲;
Risk: ABOVE AVERAGE

Palliser Oil & Gas Corp. (V-PXL) \$1.15
PXL Unlocks Heavy Oil's Overlooked Potential (Aug 15) – Initiating

Rating: BUY; Target: \$2.30; Risk: SPECULATIVE

Points Int'l Ltd. (T-PTS; Q-PCOM) C\$7.89/US\$8.02
Unlocking the Hidden Value of Points (Aug 16) – Initiating

Rating: BUY; Target: \$12.00;
Risk: SPECULATIVE

Discovery Air Inc. (T-DA.A) \$0.41
Discover a Leader in Canadian Specialty Aviation (Aug 18) – Initiating

Rating: BUY; Target: \$0.75;
Risk: SPECULATIVE

Bonds / Money Market

Pricing as of Aug 26, 2011	CDN	US
30 day Bankers' Acceptance	1.04%	0.09%
60 day Bankers' Acceptance	1.06%	0.12%
90 day Bankers' Acceptance	1.10%	0.14%
2 year Fed. Gov't Bond	1.00	0.19
3 year Fed. Gov't Bond	1.17	0.32
5 year Fed. Gov't Bond	1.57	0.94
10 year Fed. Gov't Bond	2.39	2.19
30 year Fed. Gov't Bond	3.01	3.54

BoC Expected to Stay Put Until Mid-2012

August has begun on a scary note with a plunge in a number of sentiment indicators that are flagging a significant economic slowdown. Given the crosscurrents in play, a wide range of outcomes are possible. If the dismal manufacturing surveys prove to be the first in a series of gloomy reports, 10-year Treasuries could well settle below 2%. On the other hand, sub-par but positive GDP growth could be associated with a trading range slightly above 2% for some months. In light of the deterioration in the economic outlook, coupled with the Fed's conditional commitment to stay put on rates until 2013, we see the Bank of Canada maintaining its current policy stance until mid-2012.

Excerpt from NBF Fixed Income Monitor – Aug 2011

PI's Q311 Top Picks

Air Canada (TAC.A; AC.B) \$1.71 Recommendation: BUY; Target: \$5.50
Coastal Contacts Inc. (T-COA) \$2.70 Recommendation: BUY; Target: \$3.50
Descartes Systems Group (Q-DSGX; T-DSG) US\$6.40/C\$6.10 Recommendation: BUY; Target: US\$9.25
Sonde Resources Corp. (T-SOQ) \$2.58 Recommendation: BUY; Target: \$6.00
Strongco Corp. (T-SQP) \$5.10 Recommendation: BUY; Target: \$8.50
Trican Well Service Ltd. (T-TCW) \$21.69 Recommendation: BUY; Target: \$34.00

Pricing, rating and target as of Aug 26, 2011

New Issues

The following are the current new issues still available for purchase, please contact your Investment Advisor if you wish to purchase these new issues or for more information.

Front Street FT

Price: \$25.00
Closing: Mid-Sep

Creststreet 2011 (III) FT LP

Price: \$10.00
Closing: Sep

Atikwa Resources Inc.

Price: \$0.06
Closing: TBD

Bloom Income & Growth Canadian Fund

Price: \$10.00
Closing: Mid-Oct

Claymore Silver Bullion

Price: TBD
Closing: TBD

First Trust Senior Loan Fund

Price: \$10.00
Closing: Mid-Oct

NBF Action List

Security/Symbol	Aug 29	Target
Heroux-Devtek Inc. (HRX)	\$7.80	\$12.50
Open Range Energy Corp. (ONR)	\$5.94	\$9.25
Open Text (OTC)	C\$54.81	US\$78.00
Progressive Waste Solutions (BIN)	C\$21.93	US\$29.00
Provident Energy Ltd. (PVE)	\$8.01	\$9.50
Semafo Inc. (SMF)	\$8.15	\$15.00
Telus Corp. (T)	\$53.12	\$60.00
Toronto-Dominion Bank (TD)	\$74.74	\$97.00
Valeura Energy Inc. (VLE)	\$0.22	\$0.60

As of Aug 29, 2011

Economic Commentary

Minimal GDP Growth Expected for Q2

Canada's merchandise trade deficit widened to a worse-than-consensus \$1.6 bn in June (from a revised \$1bn in the prior month) as exports fell faster than imports. More relevant for GDP, export volumes were down 1.7% in June while real imports rose 0.8%. Overall, trade was a drag on GDP, not just in June but in the second quarter as a whole. Manufacturing shipments contracted for the third month in a row with June's worse-than-consensus 1.5% drop. Factory weakness was broad-based with 15 of 21 industries seeing declines. Inventories continued to rise in real terms (flat in nominal terms). In volume terms, shipments fell 1.6%, something that will weigh heavily on June's GDP. The BoC expects Canada's Q2 growth to be "minimal to slightly negative", contrasting with their last forecast of 1.5% annualized for the quarter. Still the BoC continues to expect growth to accelerate in the second half of 2011 (although that doesn't mean much coming after a flat Q2). Like the BoC, we too have taken note of recent developments and we have accordingly downgraded our growth expectations in a tangible way. We now expect the Canadian economy to expand by only 2.0% in 2011 Q4/Q4 (from 2.9%).

Excerpt from NBF, Monetary Policy Monitor – Aug 2011

Latest NBF Research

Valeura Energy Inc. (V-VLE) \$0.22 Looking past the quarterly results (Aug 26) Recommendation: Outperform; Target: \$0.60; Risk: SPECULATIVE
Enbridge Inc. (T-ENB; N-ENB) \$31.54/ US\$32.17 Northern Gateway receives commercial support (Aug 25) Recommendation: Outperform; Target: \$33.50; Risk: LOW
D-BOX Technologies Inc. (T-DBO) \$0.48 Q1 (June) F2012 Results (Aug 25) Recommendation: Outperform; Target: \$1.25; Risk: SPECULATIVE

Pricing as of Aug 26, 2011

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