



June 2010

PI Insights

“The key to making money in stocks is not to get scared out of them.”

– Peter Lynch



Exchange Traded Funds Continue to Grow

Did you know that in Canada, there are now over 100 ETFs that trade on the Toronto Stock Exchange on a daily basis, representing over \$30 billion in assets.

ETFs offer the best of both stocks and mutual funds:

- intra-day liquidity
- transparency
- diversification
- tax-efficiency
- low cost

Is Your Retirement Plan on Track?

If you are interested in reviewing your retirement plan or financial situation, please give me a call. We offer basic financial planning for those just wanting a snap shot of their financial situation, or comprehensive financial planning for those wanting to construct a detailed plan.

Those approaching retirement are now the fastest growing segment of the Canadian population and the number of seniors has topped four million people.

Will you be ready for retirement? Is your portfolio properly diversified and will it help you attain your goals?

For more information on ETFs or a second opinion on your portfolio, call or e-mail me today.

European Contagion, Chinese Economic Slowdown, and Gulf Disaster

May saw global stock markets decline as worries over the European sovereign debt crisis has caused investors to sell stocks and money has flocked to the US dollar and the other global safe haven currency – gold. Surprising as it may seem, the US dollar is still considered the ultimate safe currency despite a trillion dollar budget deficit and a massive debt that continues to grow. Our Canadian dollar’s brief flirtation with US dollar parity didn’t last long as lower commodity prices and a weakened Euro has seen it trade down relative to the US greenback.

In Canada, the Toronto market has weakened on the heels of consolidating prices in the commodity market, and concern over an economic slowdown resulting from the European situation. The dreaded “double dip” recession concern seems remote given the recent 6.1% Q1 GDP growth that was announced this week and the resulting Bank of Canada action to raise the key overnight rate to 0.50% in order to stem the tide of inflation.

Meanwhile, as the investing public tries to digest all of this mixed information, we are witnessing one of the worst oil spills in history, wiping out billions of dollars in market capitalization of British Petroleum and creating uncertainty in global oil markets as to the future of offshore drilling. Not to mention, the environmental damage that will cost bil-

lions and create yet to be seen hardships for the region.

Let’s put in all into context. The Canadian stock market is still up 50% from its recession low, and small corrections are normal as markets can get overheated. We don’t make absolute market timing decisions and always maintain some equity exposure. For client portfolios, I am maintaining our broad-based exposure to Canada, U.S., developed Europe and Asia, and emerging markets. On the fixed-income side, I have shortened maturities (duration) in bond portfolios to protect capital from rising interest rates. My sector overweights continue to be in energy, gold, and information technology. As has been proven time and time again, having a component of gold in portfolios is crucial. I



PI Financial recently completed its 28th consecutive year of profitability, since inception. With a strong capital position and sound corporate governance, we are one of Canada's top regional investment dealers. Our Toronto office recently opened with the hiring of 7 professionals in our new Scotia Plaza location on King St. in the downtown financial district.

Products / Services

- Portfolio Management
- Stocks, ETFs, options
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- New Issues and Financings
- Comprehensive financial planning
- Life, accident & sickness, disability insurance
- Segregated Funds
- Accounts**
- Canadian & US cash / margin
- RRSPs / Locked-In RRSPs
- Tax Free Savings Accounts (TFSA)
- Registered Education Savings Accounts
- Commission and/or Fee-Based pricing

have raised cash to 20% to be somewhat defensive as we enter the historically slower summer season. I will be opportunistic and re-enter the materials sector as commodity prices begin to stabilize and reverse their downward trend.

Global Stock Market Returns

As at June 4, 2010

	YTD %	1 YR
S&P/TSX Composite Index	-1.5%	9.1%
S&P/TSX Venture Exchange	-2.2%	30.5%
S&P 500 Index	-4.0%	18.52%
Dow Jones Industrial Index	-2.79%	14.9%
MSCI EAFE Index	-13.87%	1.19%
MSCI Emerging Markets Index	-8.32%	13.08%

Fixed-Income Yields

	1 YR	2 YR	5 YR
Guaranteed Investment Certificates	1.75%	2.35%	3.60%
Government of Canada Bonds	1.03%	1.73%	2.66%

PI ETF Portfolios

Since Inception (Sep. 1, 2009)

PI Core ETF Portfolio	3.8% (5% annualized)
PI Actively Managed ETF Portfolio	9% (12% annualized)
PI Income ETF Portfolio	Current Yield 4.8%
S&P/TSX Composite	7.5%

**One Year Returns
as of Mar. 31/10**

PI Managed Portfolios

(managed by Connor, Clark & Lunn)

Balanced Income	17.6%
Balanced	21.9%
Balanced Growth	23.5%
Growth	24.9%



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