

THE PRIVATE WEALTH MANAGER

For the clients and friends of “Karim Visram Private Wealth Management Group” of RBC Dominion Securities



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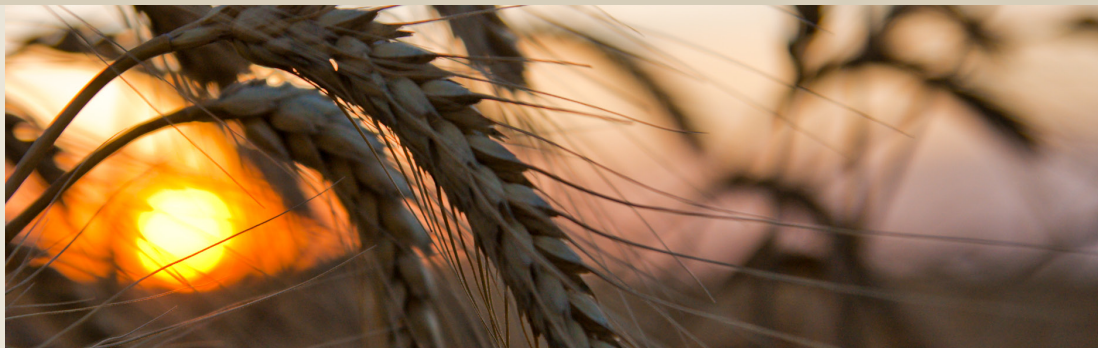
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A word from Karim

Here we are again – the end of summer and into fall. I must confess, spring and fall are probably my favorite seasons, followed by (yes) winter and lastly summer.

Aqil and Kiyaan are back in school now and they weren't very happy with that. I guess I was not either when I was their age (many decades ago) as it's always more fun not doing homework and instead playing tennis (Aqil) or swimming (Kiyaan) all day long.

Summer was great. I took the boys with some friends and family to New York and Mexico (Cabo). I too was wondering, for someone who does not like heat, why did I agree to go to Mexico in the middle of summer when it's 500 degrees (or it felt like it) there? It was because I delegated the organization to my cousins in Vancouver and Ottawa. For a control freak like me, it was a big move.

Even though I melted in the heat, Aqil and Kiyaan loved it and until now (almost six weeks later), they are still singing songs that remind them of the trip and keep looking at the pictures and wish they were still there. I guess that is the most important thing. On our way back, we went for a day to see the U.S. tennis open. This was after taking Aqil to see his heroes (Nadal and Federer) at the Rogers Cup – it was the icing on the cake.

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Home ownership costs continue to climb in Canada

Despite a significant slowing in resale market activity in recent months, the cost of homeownership continued to climb across Canada in the second quarter of this year. At the national level, RBC Housing Affordability Measures rose for the fourth consecutive time (a rise represents a deterioration in affordability). However, the affordability situation remains within a safe range in Canada.

MAJOR CITY MARKETS

Vancouver — Red flag raised

In various rankings of housing markets in Canada, the Vancouver area often comes out on top. These rankings include the highest valued residential properties, fastest rising prices during last year's rebound and highest homeownership costs relative to household income.

Toronto — Down to earth

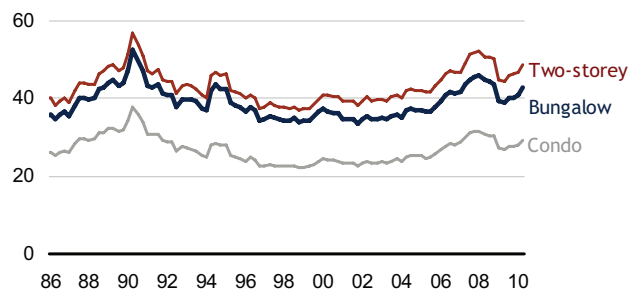
The high-flying Toronto market could no longer defy gravity this spring and has come down to earth in the months since then. The ascent to record-high sales of existing homes at the start of this year – fuelled by buyers motivated to beat the upcoming HST, new mortgage lending rules and the spectre of interest rate increases.

Montreal — Unaffordability starting to bite?

The Montreal housing market has long been known to be quite affordable by big city standards. While its cost of homeownership remains far less expensive – both in dollar terms and relative household income – than Canada's priciest markets Vancouver and Toronto, it has risen substantially in the past decade.

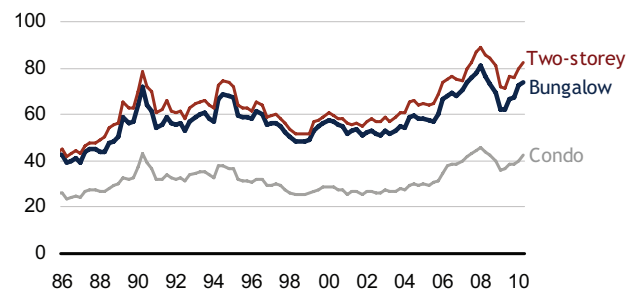
RBC Housing Affordability Measures - Canada

% of household income taken up by ownership costs



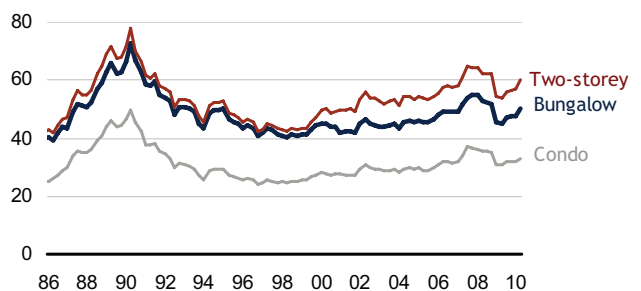
Vancouver

% of household income taken up by ownership costs



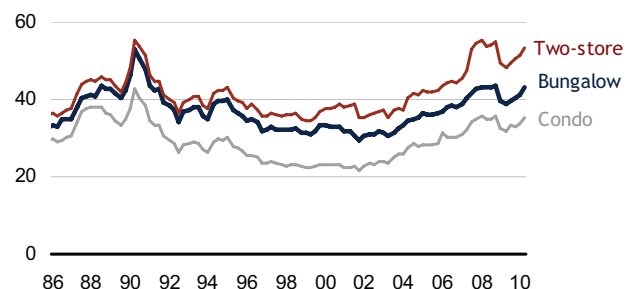
Toronto

% of household income taken up by ownership costs



Montreal

% of household income taken up by ownership costs



Investment commentary

In the U.S., key barometers continue to foreshadow moderating growth and the recovery has been slow to extend from manufacturing to the services sectors of the economy. The positive effects of fiscal stimulus and inventory replenishment are abating and will likely turn negative in 2011, leaving the corporate sector and consumers to fill the gap. In Canada, Q2 GDP decelerated markedly to a 2.0% annual rate from 5.8% in Q1.

Looking ahead, we believe we will find ourselves in a restrained, yet positive economic environment where the risk of a double-dip recession remains low, and in which investors can find long-term investment opportunities by focusing on high-quality growth companies, U.S. companies with disproportionate exposure to emerging markets, and companies that can deliver sustainable and growing dividends.

Looking back on the quarter that was, the markets rose in July only to fall in August. The markets shrugged off the European debt crisis while the S&P 500 posted its biggest September gain since 1939 with an 8.8% return. The S&P/TSX Composite advanced 3.8% during the month and gold continued its march higher to finish the quarter at record highs. Equity markets worldwide

along with commodities and precious metals have soared on the continued anticipation of the U.S. Federal Reserve's QE2 (Quantitative Easing) program that is expected to further drive down interest rates and inflate investment asset values.

The run-up in commodity prices has pushed currencies in commodity-linked economies like Canada's towards parity with the United States. The United States dollar's continued decline has been hurt by a sluggish economic recovery but also the upcoming mid-term elections on November 2 and the uncertainty of who will control the House of Representatives and Senate and the possibility of complete political gridlock at the Federal level.

An emerging trend during this quarter that should continue into the future has been the acquisition spree led by resource and technology companies. With record levels of cash on companies' balance sheets and near zero short-term interest rates, companies are using these cash hordes to acquire rivals. The primary example has been BHP Billiton's hostile bid for Potash Corporation of Saskatchewan.

For a more detailed report on our economic forecast, please call us at 416-956-8888.



Brain Teaser

Q1: It takes Marie 10 minutes to cut a board into two pieces. Working just as fast, how long does it take Marie to cut the next board into three pieces?

Q2: A snail is at the bottom of a well 30 feet deep. It crawls up three feet each day, but at night, it slips down two feet. How long does it take for the snail to crawl out the well?

Q3: A street is 40 yards long has a tree every 10 yards on each side of the road. How many trees are on the entire street?



Enough of me. I also wanted to update everyone on Jeamie's mom. Unfortunately there has not been much improvement in her condition. She is awake and able to see and move a bit, but her memory of the past has been lost. The doctors still don't know the cause of her situation. Jeamie, being the loving daughter that she is, visits her mom every day before going home to talk and sing to her. I only hope we are all blessed with kids like Jeamie. We all continue to pray for Jeamie's mom.

Housekeeping items for this quarter

- 1. Diaries.** It is that time of the year again to start thinking about 2011. As such, we will be ordering our 2011 diaries shortly. If you haven't done so already, please contact Alexandra at 416-956-4885 if you wish to receive one this year.
- 2. Tax planning.** As we are approaching year-end, I have been doing some tax planning for your accounts. You will see an above-normal level of trading activity for the next few months. If you have any information such as other investment income (and gain/losses) you believe should be taken into account during this planning period, I would appreciate it if you could contact me at your earliest convenience so we can incorporate them into our planning process.



Private Client Event: "Where Do We Go From Here?"

We are excited to invite everyone to a private update on the current economic & financial markets with guest speaker Maarten Jansen, CFA, Vice-President, RBC Dominion Securities Portfolio Advisory Group. The event is on Wednesday, November 17, 2010 at the Carlu with the reception starting at 5:30 p.m. If you would like more information, or are interested in attending (guests are welcome), please contact Alexandra at 416-956-4885.

Answers to Brain Teasers:

A1: 20 Minutes **A2:** 28 days. Once it reaches the top, it does not slip down two feet. **A3:** 10 trees



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