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Month-In-Review

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

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What Moved the Markets

The S&P/TSX Composite rose 2.5% in October to finish at 12,676.24. Earnings announcements in both Canada and the U.S. provided support as markets continued their September advances. The S&P 500 and Dow gained 3.7% and 3.1% respectively. Crude oil gained 1.8%, while natural gas gained 4.3%. Precious metals continued to be favoured by investors as gold gained 3.9%, while silver advanced 13.8% in October.

Third quarter earnings in the U.S. have been markedly upbeat with 77% of companies reporting above earnings expectations. **Bank of America (BAC)** and **JP Morgan (JPM)** both exceeded earnings estimates but were light on revenues, a trend throughout the banking sector. Technology stocks continued to outperform as **Microsoft (MSFT)**, **Intel (INTC)** and **Apple (AAPL)** all reported earnings growth. In Canada, gold producers **Barrick Gold (ABX)**, **Goldcorp (G)** and **Eldorado Gold (ELD)** all came in ahead of earnings estimates, while natural gas names **Encana (ECA)** and **AltaGas (ALA)** showed weakness as oversupply continued to weigh on gas prices. **Rogers Communications (RCLB)** came in above expectations but faced selling pressure after highlighting concerns around competition in the wireless space.

U.S. markets were aided by positive economic news as initial jobless claims trended downwards, new home sales improved, and GDP in the third quarter strengthened. The market spent the majority of this month preoccupied with two events taking place in November, the mid-term Congressional elections and the Federal Reserve's next policy meeting. The Bank of Japan and the Bank of China both made surprise rate announcements but in opposing directions. Japan cut its overnight rate essentially to zero and announced a new securities purchase program in an effort to promote a more sustainable economic recovery. Conversely, China raised rates a quarter point, a move aimed at dampening inflation expectations and cooling the property market. Germany continued to show mixed economic results as unemployment fell to an 18-year low and consumer confidence declined, while both France and the UK implemented harsh new budget restrictions in order to improve their fiscal positions. Canada continued to experience mixed economic results as the economy shed over 6,000 jobs in September, however, retail sales came in well above estimates.

In Canadian Mergers & Acquisition news, **Royal Bank of Canada (RY)** purchased UK asset manager BlueBay for \$1.56B, **Equinox Minerals (EQN)** acquired Australian miner Citadel Resource Group for US\$1.23B and **First Quantum Minerals (FM)** acquired **Antares Minerals (ANM)** for \$460M.

Fixed Income

The Bank of Canada kept overnight lending rates at 1.0% at the Bank's meeting on October 19. The accompanying statement highlighted headwinds for the Canadian

economy, stating that the Bank did not expect unused economic capacity to be absorbed until the end of 2012, one year later than previously forecast. Without an FOMC meeting during the month of October, U.S. fixed-income markets speculated about the details surrounding a possible second round of Large Scale Asset Purchases. The speculation was prompted partially by comments from Federal Reserve Chairman Ben Bernanke, who indicated that depending on the near-term path for growth and inflation it "may be appropriate before long" to consider the easing of monetary policy.

Number Crunching

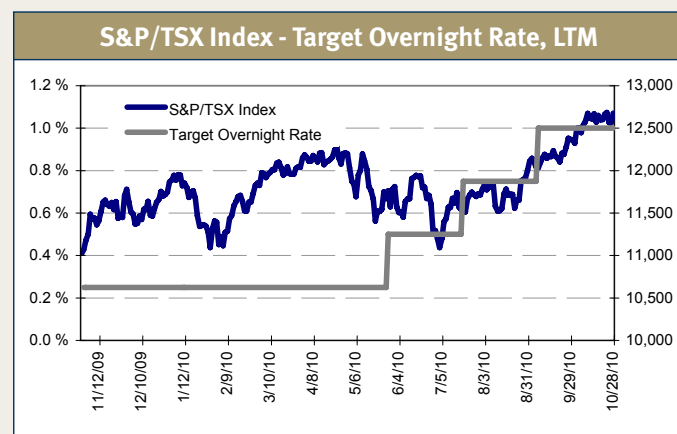
Equity Indices	Index Level	Month	YTD*
S&P/TSX Composite Index	12,676.24	2.5%	7.9%
Dow Jones Industrial Average	11,118.49	3.1%	6.6%
S&P 500 Index	1,183.26	3.7%	6.1%
NASDAQ Composite Index	2,507.41	5.9%	10.5%
MSCI World	1,222.23	3.6%	4.6%
MSCI EAFE	1,616.41	3.5%	2.3%
MSCI World TR	4,081.19	3.7%	6.9%

S&P/TSX Sector Performance	Index Level	Month	YTD*
S&P/TSX Financials	1,628.03	1.6%	3.8%
S&P/TSX Energy	2,827.52	1.5%	-1.0%
S&P/TSX Materials	3,744.18	4.1%	24.0%
S&P/TSX Industrials	1,269.13	2.1%	11.9%
S&P/TSX Consumer Discretionary	1,060.27	2.8%	17.9%
S&P/TSX Telecom Services	851.33	0.1%	17.3%
S&P/TSX Information Technology	226.40	11.2%	-13.1%
S&P/TSX Consumer Staples	1,672.67	4.4%	8.2%
S&P/TSX Utilities	1,832.77	-0.9%	7.7%
S&P/TSX Healthcare	485.22	8.2%	49.5%

*YTD return data is simple price return. All indices are in local currency unless otherwise noted.
Source: Bloomberg

Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.0194	-1.0%	-3.2%
Euro	1.4217	1.3%	-5.8%
British Pound	1.6351	1.1%	-4.0%
Japanese Yen (100)	1.2675	2.8%	12.0%

Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$81.43	1.8%	2.6%
Natural Gas (per million btu)	\$4.04	4.3%	-27.5%
Gold (per ounce)	\$1,359.40	3.9%	23.9%
Silver (per ounce)	\$24.75	13.8%	46.6%
Copper (per pound)	\$3.71	2.3%	11.5%
Nickel (per pound)	\$10.40	-2.1%	24.2%
Aluminum (per pound)	\$1.05	-0.2%	5.4%
Zinc (per pound)	\$1.10	10.4%	-5.4%



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