

THE PRIVATE Nealth Manager

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WHAT MOVED THE MARKETS

The S&P 500 Index, Dow Jones Industrial Average and S&P/TSX Index all reached 13-month highs as positive corporate earnings and economic data, a weak U.S. dollar and expectations that U.S. interest rates will remain at a record low for an extended period of time increased

investor confidence about a global economic recovery. Commodity prices and commodity-related shares strengthened in November as the U.S. dollar fell to its lowest level in 15 months against six major currencies. The gold spot price, which reached a new record high of over \$1,194/ounce, was also pushed higher due to acquisitions by central banks including the Reserve Bank of India's \$6.7B purchase of 200 tonnes of gold. The price of copper rallied to a 14-month high.

In the backdrop of a 10.2% unemployment rate and sluggish consumer spending, the FOMC kept the target Fed Funds rate in the 0 - 0.25%range. Earnings season continued with companies

such as Wal-Mart (WMT) and Deere (DE) reporting strong financial results while DELL (DELL) missed analyst expectations. M&A activity during the month included Berkshire Hathaway's (BRK.B) ~\$34B acquisition of Burlington Northern Santa

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Number Crunching

Equity Indices	Index Level	Month	YTD*
S&P/TSX Composite Index	11,447.20	4.9%	27.4%
Dow Jones Industrial Average	10,344.84	6.5%	17.9%
S&P 500 Index	1,095.63	5.7%	21.3%
NASDAQ Composite Index	2,144.60	4.9%	36.0%
MSCI World	1,149.01	3.9%	24.9%
MSCI EAFE	1,559.57	1.8%	26.0%
MSCI World TR	3,750.31	4.1%	28.4%

S&P/TSX Sector Performance	Index Level	Month	YTD*
S&P/TSX Financials	1,533.96	3.8%	35.2%
S&P/TSX Energy	2,727.94	1.5%	29.0%
S&P/TSX Materials	3,133.93	14.1%	38.4%
S&P/TSX Industrials	1,061.93	5.6%	15.8%
S&P/TSX Consumer Discretionary	853.59	2.9%	5.5%
S&P/TSX Telecom Services	706.11	3.2%	-2.0%
S&P/TSX Information Technology	226.89	-3.5%	25.7%
S&P/TSX Consumer Staples	1,499.01	6.4%	2.9%
S&P/TSX Utilities	1,582.67	5.3%	4.8%
S&P/TSX Healthcare	320.58	2.6%	27.0%

Currencies (in Canadian Dollars)	Exchange	Month	YTD*
US Dollar	1.0562	-2.6%	-13.3%
Euro	1.5849	-0.7%	-7.0%
British Pound	1.7365	-2.7%	-2.5%
Japanese Yen (100)	1.2223	1.5%	-9.0%

Commodities (US\$)	Spot Price	Month	YTD*
Crude Oil (WTI per barrel)	\$77.28	0.4%	73.3%
Natural Gas (per million btu)	\$4.85	-3.9%	-13.8%
Gold (per ounce)	\$1,179.60	12.8%	33.7%
Silver (per ounce)	\$18.49	13.3%	62.3%
Copper (per pound)	\$3.13	6.9%	126.9%
Nickel (per pound)	\$7.41	-10.3%	40.7%
Aluminum (per pound)	\$0.92	8.2%	34.6%
Zinc (per pound)	\$1.05	7.5%	92.2%

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

Source: Bloomberg



Fe (BNI), Hewlett-Packard's (HPQ) \$2.7B acquisition of 3Com (COMS) and a potential Hershey (HSY) / Ferrero International joint bid for Cadbury (CBY).

In Canada, Research In Motion (RIM) announced a share repurchase program for up to \$1.2B in shares after several brokers downgraded the company. Manulife (MFC) shares fell after the lifeco announced plans to raise at least \$2.5B in common equity, its second equity issue in less than a year. Earnings season continued with companies such as Loblaw (L) and Enbridge (ENB) releasing strong quarterly results. Bank of Montreal (BMO) posted better than expected financial results and announced that it had agreed to buy Diners Club from Citigroup (C). In other news, EnCana's (ECA) shareholders approved a bid to split the company in two.

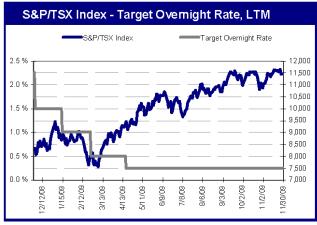
The euro zone and wider European Union emerged from recession as Germany and France's economy grew further in the third quarter due to exports and Italy's economy also started to improve. Britain's economy still remains officially in recession. While Japan's GDP rose stronger than expected in the third quarter, the appreciation of the yen, which reached a 14-month high against the dollar, and concerns of a credit rating downgrade continued to put pressure on the Nikkei. Investor sentiment was hurt worldwide near the end of the month after Dubai World, which has an estimated total debt of ~\$59B, asked creditors to postpone its forthcoming payments until May.

A CLOSER LOOK – CONFERENCE BOARD LEADING ECONOMIC INDEX (LEI)

Economic indicators provide ways for analyzing changes in the economic cycle and are categorized as lagging, coincident, or leading. Lagging indicators are used to confirm the long-term trends of the economy. Coincident indicators highlight the current state of the economy. Leading indicators are the most widely followed indicators since they are used to predict the future state of the economy. Below we will discuss the Conference Board Leading Economic Index (LEI) and its significance.

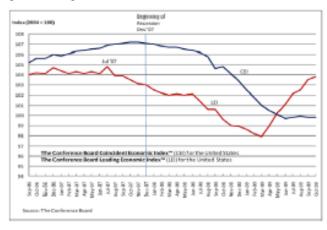
What is the Conference Board Leading Economic Index (LEI)?

The Leading Economic Index (LEI) is an index published on a monthly basis by the Conference Board, a New York-based private research group, which can be used to predict economic activity three to six months in the future. A rising LEI indicates that economic activity will most likely increase in the near future. The Conference Board also produces leading economic indexes for the Euro Area and eight other individual countries including the U.K., Germany, France, Spain, Japan, Australia, Korea and Mexico. In 2004 the value of the LEI was re-based to represent the average value of 100.



* Source: Bloomberg

US Conference Board Leading Economic Index (2004=100)





Month-In-Review | continued from page 2

By analyzing the LEI, investors can form their own expectations about the future and make better informed decisions. The LEI can also be useful in forecasting stock price changes. If money had been invested in the S&P 500 Index during periods in which the LEI was positive over the past 49 years, investors would have earned an annual return of approximately 9.95% vs. a -0.74% annual return if investing when the LEI was negative.

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Return	Months	Months
9.95%	426	72%
-0.74%	165	28%
	Return 9.95%	

Components of the U.S. LEI

The economic components of the LEI are different for each country.

- 1. Average weekly hours, manufacturing
- 2. Average weekly initial claims for unemployment insurance
- 3. Manufacturers' new orders, consumer goods and materials
- 4. Index of supplier deliveries vendor performance
- 5. Manufacturers' new orders, non-defense capital goods
- 6. Building permits, new private housing units
- 7. S&P 500 stock index
- 8. Money supply, M2
- 9. Interest rate spread, 10-year Treasury bonds less federal funds
- 10. Index of consumer expectations expectations

U.S. LEI Trend

The Conference Board LEI fell steadily since mid-2007 before reversing in April and increasing for the seventh consecutive month in October by 0.3% to reach 103.8 (2004=100) following a 1.0% gain in September, and a 0.4% rise in August. Six of the 10 indicators increased in October led by the interest rate spread, initial unemployment claims (inverted) and stock price components which more than offset declines in consumer expectations, residential building permits and the index of supplier deliveries. The LEI increased 5.0% for the six months ending in October with eight out of 10 components increasing. According to the Conference Board, the behavior of the LEI indicates that "the recession is bottoming out and that economic conditions will continue to improve in the near term."



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