



SCOTIAMCLEOD ROSEDALE GROUP
THE MOIR TEAM, JANUARY 2010



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Happy New Year everyone and Happy New Decade!

We wish you all the very best for 2010. Heading into a new year is typically a good time to reflect on the big picture & to look ahead, which is exactly what we have done in this issue.

Team Update

Many of you know that Ingrid is back after her one-year maternity leave. Her daughter, Audrey Sojka, is just over a year now and is enjoying daycare near where she lives.

Emily Chiu, who replaced Ingrid during her leave, is with us until the end of February. Then, she heads off for her maternity leave. (We think it's the drinking water!) At any rate, we hope Emily will return when she's ready.

It's been slightly over a year now and I'm happily established in my new office in the Rosedale Branch! The move to Yonge and St. Clair has been very positive, although I'm regularly downtown in my former haunts. ScotiaMcLeod's Managing Director, Hamish Angus, asked me to represent the brokerage on an initiative within wealth management, the Advancement of People Committee. I'm enjoying the opportunity and am particularly committed to one of the goals, the hiring of more women in our industry.

A Quick Recap of 2009

Although global markets were falling into the abyss a year ago, we adopted a glass-half-full strategy for 2009 as we felt markets were pricing apocalyptic scenarios. The worst of the global recession came in the first quarter of 2009 and economic activity has been improving ever since.

Equity markets staged an impressive rally in the second half of 2009 with year-end tallies ranging between 26% (S&P 500) and 77% (EM). 2009 was a horrible year for the global economy, but equity markets managed to post solid performances, further illustrating the way markets feed off anticipation, not what is written in daily newspapers. As far as we're concerned, the 2009 cyclical recovery has been highly similar to other post-recession rebounds, in terms of both timing and leadership. The magnitude of the rebound, not the sequence, has been historic.



Outlook for 2010



Most feel that the investment environment is normalizing as earnings improve, credit flows again, and central banks begin to withdraw their massive monetary stimulus. During the month of January I had an opportunity to hear the views and outlook for 2010 from several professional money managers and economists. Here's a summary of their high level comments:

2010 will be a more challenging year for the financial market.

Expect first half 'good' and second half less so.

Single digit returns are expected for the S&P/TSX index.

Difficulties we'll have to deal with this year include removing Central Bank liquidity, increasing Fed Funds rate, increasing interest rates overall, and potential for an asset bubble due to low rates.

Positives this year include positive job growth leading to consumer confidence, positive global economic growth, especially from China, and a strong earnings recovery in U.S. company earnings in the range of 20%-30%.

Chinese trade has rebounded; Canada's commodities are favoured as they continue to industrialize.

OECD leading indicators herald strong economic growth.

The bond bull market has ended as rates begin to rise. Equities are favoured over fixed income and equity valuation is not excessive.

Inflation is not an immediate issue.

Corporate yield spreads are down and are now closer to normal ranges.

Stock market volatility, as measured by the VIX, has come down, although markets are expected to be "choppy" this year.

Emerging markets are strong; they are importing technology, which the U.S. does very well.

Favoured sectors in Canada: lower risk large cap names, insurance, media/cable, industrials, REITs, oil over gas, materials

Favoured sectors in the U.S.: technology, consumer and industrial multinationals.



Quotes for Thought

Success is getting what you want. Happiness is wanting what you get.
-Dale Carnegie

In the business world, the rearview mirror is always clearer than the windshield.
-Warren Buffett

If GM had kept up with technology like the computer industry has, we would all be driving \$25 cars that got 1,000 MPG.
-Bill Gates

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