

In this issue:

1. Last Week Market Movers
2. S&P 500 Charts
3. Performance of Our Model Portfolio

Canada

1. Last Week Market Movers
2. TSX Charts
3. Performance of Our Model Portfolio

Description of Symbols Used
Criteria for Assessing the Model Portfolio

Last Week Market Movers

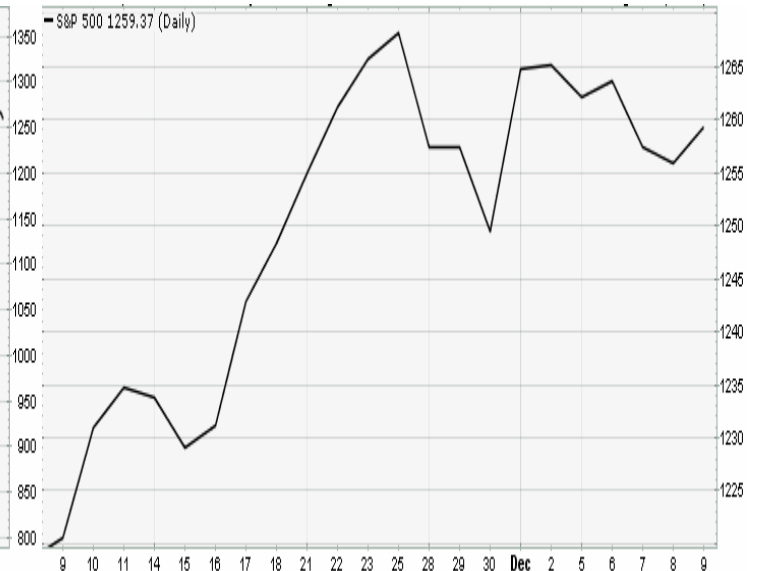
- Downsizing in auto industry is expected to continue into the next year as the Big Three automakers adjust production to reality
- The US productivity accelerates to 4.7% (annualized) in 3Q2005 while labor costs decline. Clearly good news for holders of equities and bonds.
- As the short-term market fundamentals are flushing warning signals, we expect to see some negative numbers in equities in near term. However, the long-term outlook remains strong.

S&P 500 Charts

Chart 1: 5 years



Chart 2: 1 Month



Charts courtesy of Stockcharts.com

Performance of Our Model Portfolio

Conclusions based on the table 1 and charts 3, 4 and 5. Since inception, **VTI** has been the best performing investment on risk-adjusted basis. Though, the return of **IYR** was respectable, its volatility was very high, hence lower rating in the risk-adjusted category.

Three of our simple portfolios (even after commission) have outperformed all the balanced funds on risk-adjusted basis.

Our model portfolios re-confirmed that a higher return usually comes with a higher risk.

Table 1.

Symbol	Return (one week) %	Return (since inception) %	Risk as volatility (since inception) %	Risk-adjusted Return (since inception)
Dow Jones	-0.91	3.24	0.45	7.28
S&P 500	-0.45	4.34	0.50	8.73
EFA – MSCI EAFE	1.24	5.74	0.72	8.02
VTI – US Total Stock	-0.41	5.52	0.48	11.43
AGG – Lehman Aggr. Bond	0.27	0.12	0.25	0.49
IYR – Real Estate	-0.68	5.38	0.95	5.63
SHY – US Treasury	0.10	0.15	0.11	1.32
FBALX – Fidelity Bal.	-0.64	4.17	0.48	8.70
FFALX – Franklin Bal.	0.16	2.73	0.32	8.46
VBINX – Vanguard Bal.	-0.20	3.20	0.33	9.65
Simple 40/60 (equity / bonds)	0.27	1.85	0.22	8.24
Simple 60/40 (equity / bonds)	0.27	2.93	0.29	10.06
Simple 80/20 (equity / bonds)	0.27	4.11	0.39	10.48
Simple 100 (equity)	0.27	5.40	0.52	10.47

Note: Inception date October 31, 2005

Chart 3.

Return (since inception) %

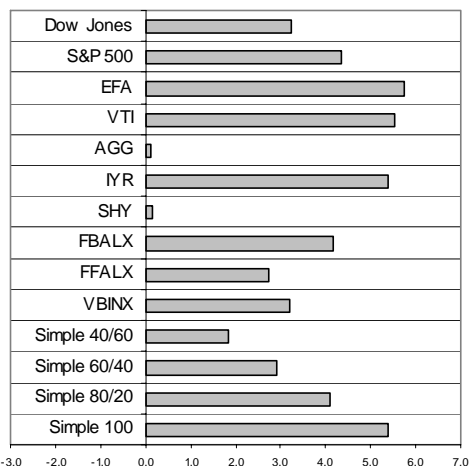


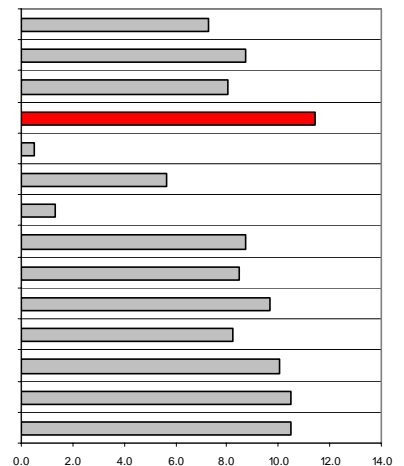
Chart 4.

Risk % (since inception)



Chart 5.

Return Risk-adj. (since inception)



Canada

Last Week Market Movers

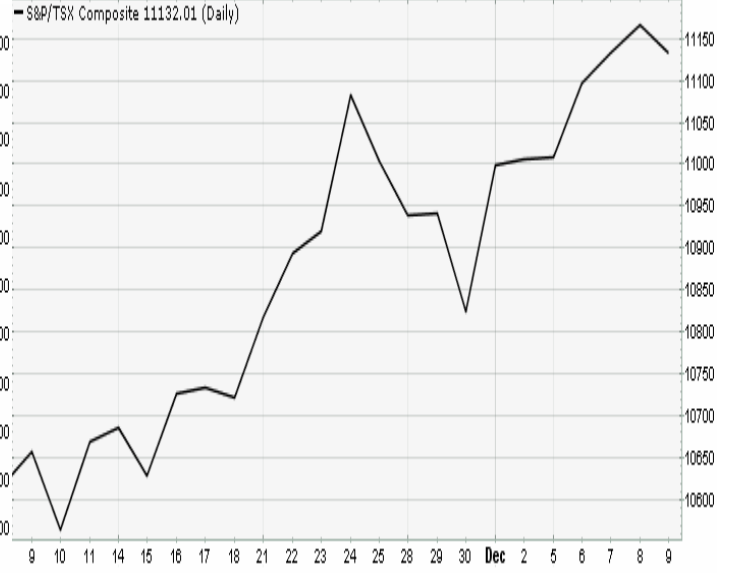
- The Bank of Canada and major banks raise interest rates. The new prime rate is 5%.
- Supported by strong commodity prices, the Canadian dollar reached its 14-year high at 0.867. We expect further strengthening of the Canadian currency due to continuation of strong macroeconomic fundamentals.

TSX Charts

Chart 6: 5 years



Chart 7: 1 Month



Charts courtesy of Stockcharts.com

Performance of Our Model Portfolio

Conclusions based on the table 2 and charts 8, 9 and 10. Since inception, **TSX** has been the best investment on risk-adjusted basis. **XBB**, along with other fixed income instruments remains the worse performer.

Our four model portfolios continue to deliver respectable gains combined with lower level of risk.

Table 2.

Symbol	Return (one week) %	Return (since inception) %	Risk as volatility (since inception) %	Return (risk adjusted since inception)
TSX – Canada	1.15	7.21	0.73	9.85
XIN – MSCI EAFE	-0.60	4.31	0.78	5.52
XSP – S&P 500	0.13	5.93	0.66	8.95
XBB – Fixed Income	-0.10	0.72	0.26	2.79
Simple 40/60 (equity / bonds)	-0.19	1.67	0.27	6.27
Simple 60/40 (equity / bonds)	-0.24	2.46	0.35	6.97
Simple 80/20 (equity / bonds)	-0.30	3.38	0.49	6.96
Simple 100 (equity)	-0.37	4.50	0.66	6.79

Note: Inception date October 31, 2005

Chart 8.

Return (since inception) %

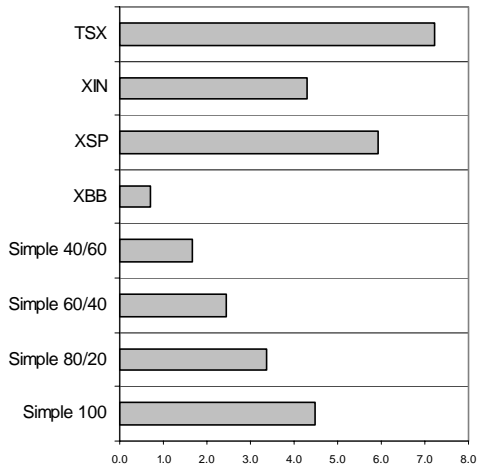


Chart 9.

Risk % (since inception)

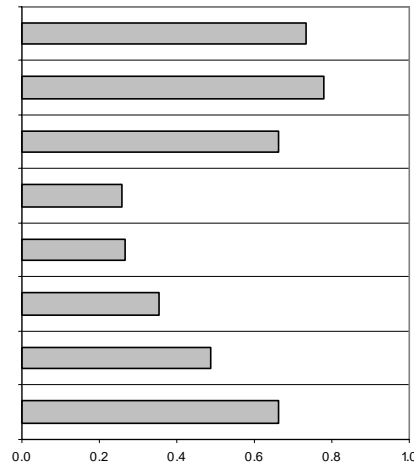
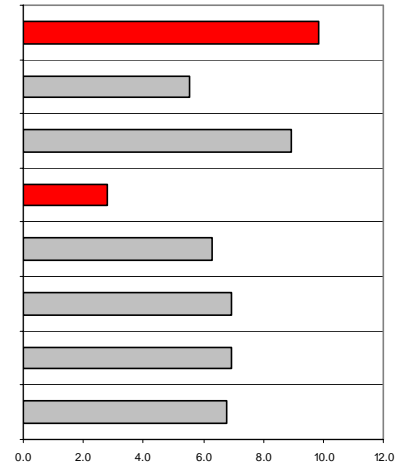


Chart 10.

Return Risk-adj. (since inception)



Description of Symbols Used

TICKER SYMBOL	NAME
INDU	Dow Jones Industrial
SPX	S&P 500
EFA	ishares MSCI EAFE
VTI	Vanguard Total Stock
AGG	ishares Lehman Aggr. Bond
IYR	ishares Real Estate
SHY	ishares Lehman 1-3 yr Treasury
FBALX	Fidelity Balanced
FFALX	Franklin Templ. Founding
VBINX	Vanguard Balanced
TSX	TSX - Canada
XBB	Canada - Fixed Income
XSP	Canada - S&P 500
XIN	Canada - MSCI EAFE

Criteria for Assessing Model Portfolio

We compare our model portfolios based on 3 criteria:

1. **Returns** (higher is more desirable)
2. **Risks** as defined by volatility (lower is more desirable), which means that with lower volatility investors sleep better at night
3. **Risk-adjusted returns** (higher is more desirable). This would be the most optimal measure which indicates that an investor is investing well and sleeping well.

Copyright: The contents of InvestWELL Monthly Monitor are the property of InvestWELL Financial Inc. and may not be reproduced or sold without written permission.

Disclaimer:

InvestWELL Financial, as a provider of independent unbiased financial information, places its first priority on the education of our clients. Not only do we provide practical information about securities, we coach our clients to become successful independent investors. Given these purposes, InvestWELL Financial does not take any responsibility whatsoever for any use of any information from the website or related publications. Although all sources of information are vetted and the information is believed to be reliable, it is not provided as investment advice by itself. Past performance is not an indicator of future performance in securities. Each portfolio must be balanced upon personal circumstances and riskier investment decisions should be made in consultation with a professional. InvestWELL receives no commission or benefit of any kind from the companies whose securities InvestWELL Financial showcases. We do not necessarily own shares in the showcased securities, but if we do, these shares are only held in the case of widely-held and publicly distributed companies. There is no intention whatsoever of profiting in a manner where price-impact of trading or holding of a security might arise. The website and related publications of InvestWELL Financial are intended only to be used for educational purposes.