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This Week's Market Movers

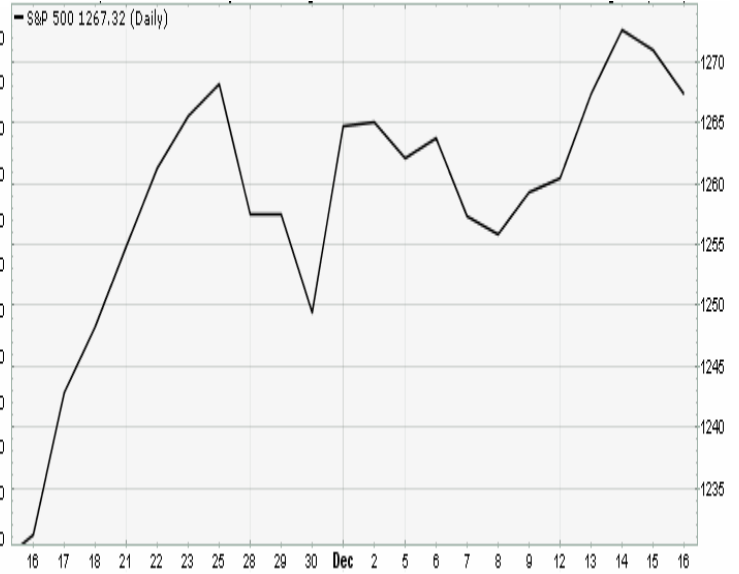
- The price of gold continues to climb reaching \$537 per ounce followed by a drop to \$508 at the end of the week
- OPEC, supplier of 40 percent of the world's oil, announces that it plans on keeping output close to a 25-year high to avoid "scaring" the market as the price of crude oil hovers near \$60 a barrel
- Fed raises key rate to 4.25% changing the language to indicate that the cycle of interest-rate increases may be over sooner rather than later
- The US dollar drops against major currencies following the news of widening US trade deficit
- The US inflation drops 0.6% in November reflecting a fall in gas prices (in comparison with previous month)
- Despite weakness in short-term fundamentals, the equity markets continue to advance due to seasonal year-end rally

S&P 500 Charts

Chart 1: 5 years



Chart 2: 1 Month



Charts courtesy of Stockcharts.com

Performance of Our Model Portfolios

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

In terms of risk-adjusted returns, three of our model portfolios continue to outperform the benchmark funds.

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	0.90	4.17	0.43	9.80
S&P 500	0.63	5.00	0.47	10.55
EFA – MSCI EAFE	1.55	7.38	0.72	10.32
VTI – US Total Stock	0.49	6.03	0.46	13.02
AGG – Lehman Aggr. Bond	0.32	0.44	0.24	1.80
IYR – Real Estate	0.59	6.00	0.91	6.63
SHY – US Treasury	0.21	0.36	0.11	3.38
FBALX – Fidelity Bal.	0.32	4.51	0.45	9.97
FFALX – Franklin Bal.	1.02	3.77	0.30	12.40
VBINX – Vanguard Bal.	0.50	3.72	0.32	11.65
Model 40/60 (equity / bonds)	0.54	2.40	0.23	10.62
Model 60/40 (equity / bonds)	0.66	3.61	0.29	12.52
Model 80/20 (equity / bonds)	0.79	4.94	0.38	12.87
Model 100 (equity)	0.93	6.38	0.50	12.75

Note: Inception date October 31, 2005

Chart 3.

Return (since inception) %

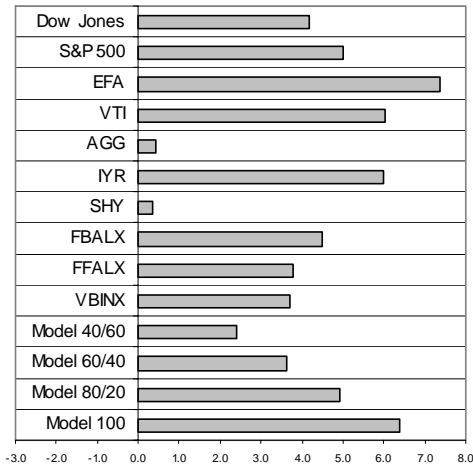


Chart 4.

Risk % (since inception)

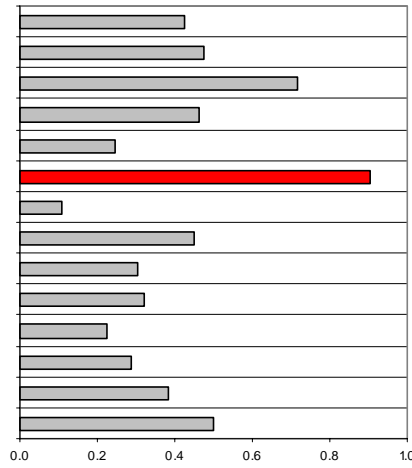
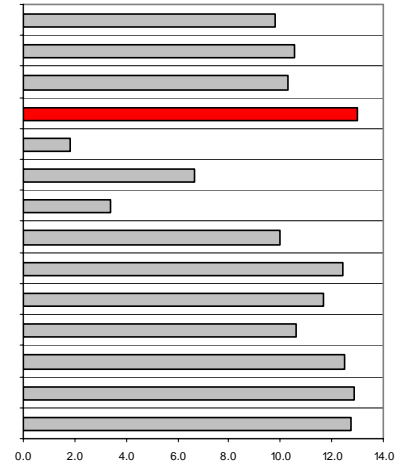


Chart 5.

Return Risk-adj. (since inception)



Canada

This Week's Market Movers

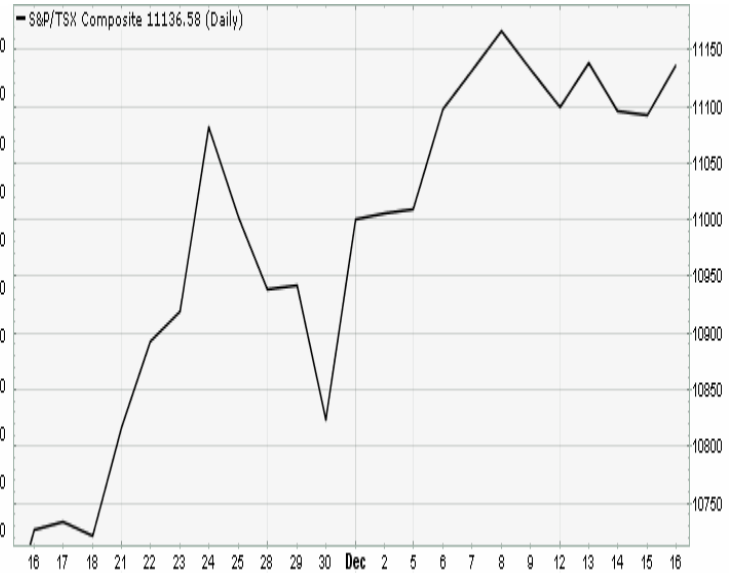
- The equity markets continue to advance due to seasonal year-end rally
- Following a stronger-than-expected Canadian trade surplus and a record U.S. deficit, the Canadian dollar reached 87.45 cents (U.S.), its highest level since 1992. We continue to believe that the Canadian currency will appreciate vis-à-vis US dollar due to strong macroeconomic fundamentals in Canada

TSX Charts

Chart 6: 5 years



Chart 7: 1 Month



Charts courtesy of Stockcharts.com

Performance of Our Model Portfolios

Conclusions based on the table 2 and charts 8, 9 and 10. Since inception, **XSP** has been the best investment on risk-adjusted basis. On the other hand, **XBB** continues to lag along with other fixed income instruments.

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	0.04	7.25	0.69	10.51
XIN – MSCI EAFE	-0.17	4.13	0.76	5.45
XSP – S&P 500	0.82	6.80	0.63	10.87
XBB – Fixed Income	0.44	1.17	0.25	4.75
Model 40/60 (equity / bonds)	0.35	2.03	0.25	8.07
Model 60/40 (equity / bonds)	0.29	2.75	0.33	8.30
Model 80/20 (equity / bonds)	0.22	3.61	0.46	7.89
Model 100 (equity)	0.14	4.64	0.62	7.44

Note: Inception date October 31, 2005

Chart 8.

Return (since inception) %

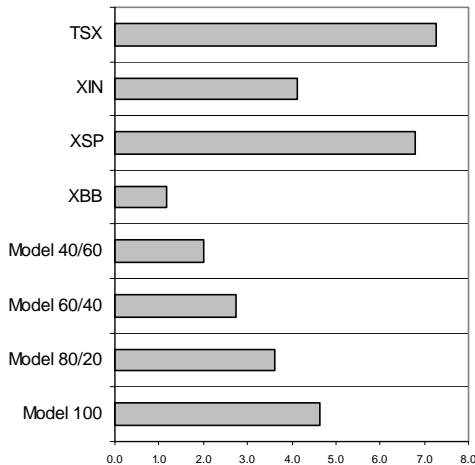


Chart 9.

Risk % (since inception)

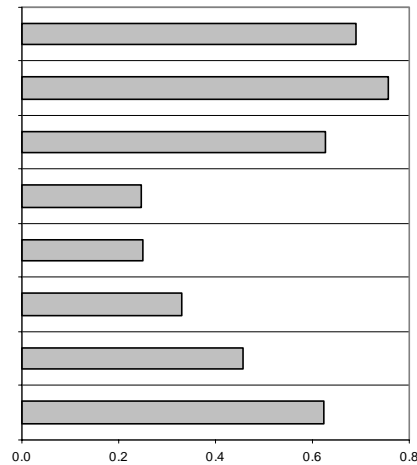
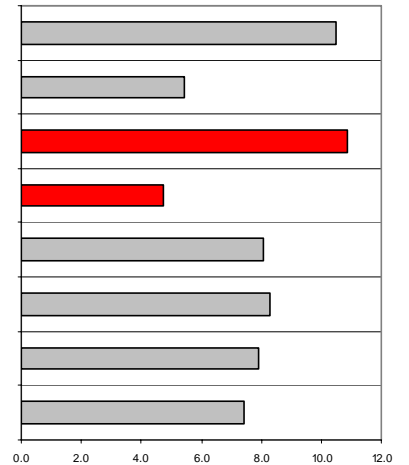


Chart 10.

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.

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