

In this issue:

1. [This Week's Market Movers](#)
2. [S&P 500 Charts](#)
3. [Performance of Our Model Portfolios](#)

Canada

1. [This Week's Market Movers](#)
2. [TSX Charts](#)
3. [Performance of Our Model Portfolios](#)

[Description of Symbols Used](#)
[Criteria for Assessing the Model Portfolios](#)

This Week's Market Movers

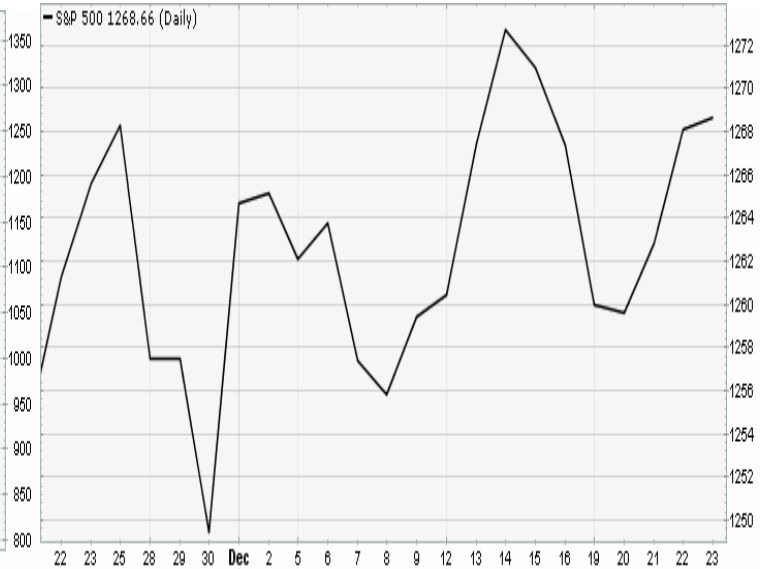
- Many Asian and European equity markets have reached their 4-year highs.
- A mixed bag of news in the real estate market with new home sales plunging and strong housing building data.
- The federal regulators are beginning to seriously question the viability of "exotic mortgages", which allow home buyers to delay repayment of the home mortgage principal and interest. We believe that the housing prices are detached from reality and the regulators should indeed be very concerned about sustainability of the housing market.
- U.S. monthly orders for durable goods jumped 4.4 percent in November. The increase was narrowly related to a surge in demand for aircrafts (i.e., excluding the transportation components, the orders were down by 0.6%).
- This was a quiet week, as many market participants were preparing for the holiday season. This is a lack of surprise, however, as market activity often tends to be considerably low between Christmas and New Year's Day

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, **FFALX** has been the best investment on risk-adjusted basis. Although the return of **IYR** was relatively high, its volatility was also rather high, hence lower rating in the risk-adjusted category.

In terms of risk-adjusted returns, all our model portfolios have done very well on absolute basis, as well as in comparison with their benchmarks (i.e., other balanced portfolios).

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	0.07	4.25	0.42	10.21
S&P 500	0.11	5.11	0.46	11.10
EFA – MSCI EAFE	-0.99	6.31	0.75	8.38
VTI – US Total Stock	0.19	6.24	0.45	13.78
AGG – Lehman Aggr. Bond	0.59	1.03	0.23	4.41
IYR – Real Estate	-1.12	4.82	0.88	5.47
SHY – US Treasury	0.11	0.47	0.10	4.64
FBALX – Fidelity Bal.	0.80	5.34	0.45	11.82
FFALX – Franklin Bal.	0.46	4.25	0.30	14.40
VBINX – Vanguard Bal.	0.30	4.02	0.31	12.78
Model 40/60 (equity / bonds)	0.26	2.67	0.22	12.18
Model 60/40 (equity / bonds)	0.08	3.70	0.29	12.95
Model 80/20 (equity / bonds)	-0.10	4.83	0.38	12.57
Model 100 (equity)	-0.31	6.06	0.50	12.05

Note: Inception date October 31, 2005

Chart 3.

Return (since inception) %

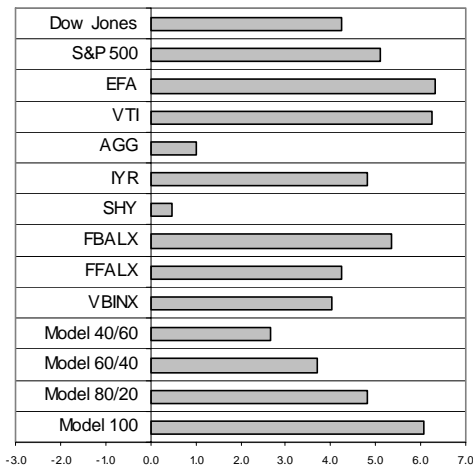


Chart 4.

Risk % (since inception)

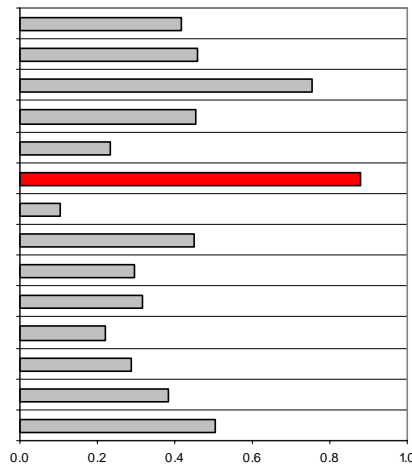
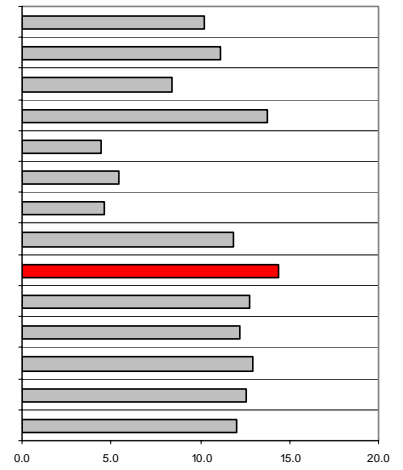


Chart 5.

Return Risk-adj. (since inception)



Canada

This Week's Market Movers

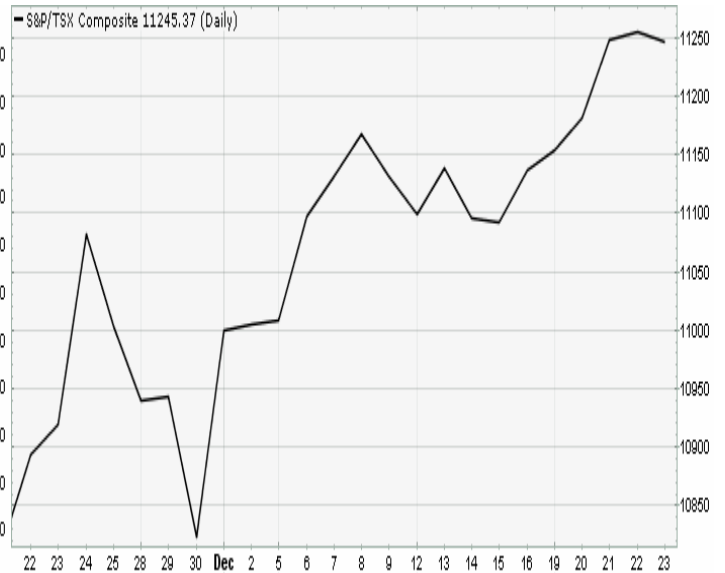
- Toronto-based Barrick Gold agrees to buy Placer Dome, a Vancouver-based rival, creating the world's largest gold producer.
- Barclays Canada issues four new ETFs aimed at buyers interested in sector exposure, higher yield, and inflation protection. The new ETFs are: XMA – Materials Sector Index, XTR – Income Trust Sector Index, XDV – Dividend Index and XRB – Real Return Bond Index. The four ETFs are a new addition to a growing pool of ETFs available for Canadian investors
- The political parties continue to campaign for the January 23rd election

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, TSX has been the best investment on risk-adjusted basis. **XBB**, along with other fixed income instruments, has been the worst performer.

Our four model portfolios continue to deliver respectable gains combined with a 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	0.98	8.30	0.65	12.80
XIN – MSCI EAFE	2.97	7.22	0.76	9.49
XSP – S&P 500	-0.12	6.67	0.62	10.72
XBB – Fixed Income	-0.75	0.41	0.28	1.45
Model 40/60 (equity / bonds)	0.12	2.15	0.25	8.46
Model 60/40 (equity / bonds)	0.65	3.42	0.32	10.61
Model 80/20 (equity / bonds)	1.27	4.92	0.44	11.06
Model 100 (equity)	2.00	6.73	0.61	10.97

Note: Inception date October 31, 2005

Chart 8.

Return (since inception) %

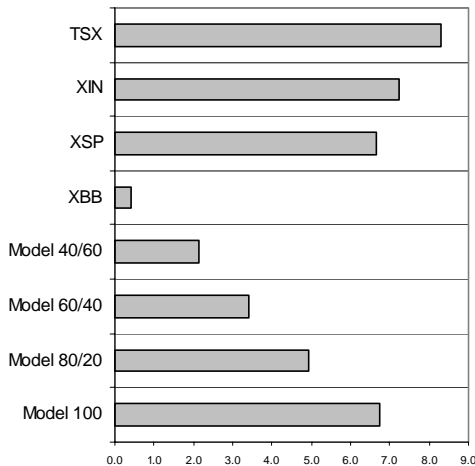


Chart 9.

Risk % (since inception)

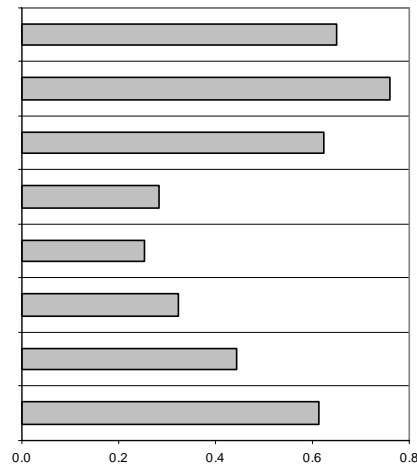
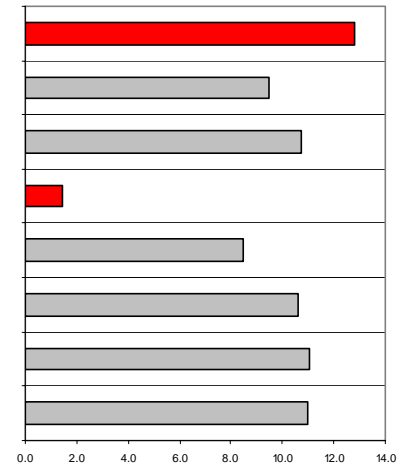


Chart 10.

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
XIN	Canada - MSCI EAFE
XSP	Canada - S&P 500
XBB	Canada – Fixed Income

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 is the most optimal measure when indicating that an investor is investing well and, therefore, 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 and unbiased financial information, prioritizes the importance of educating our clients. Not only do we provide practical information about securities, but we also coach our clients to become successful independent investors. Given these purposes, InvestWELL Financial does not take any responsibility whatsoever for 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 high-risk 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 to only be used for educational purposes.