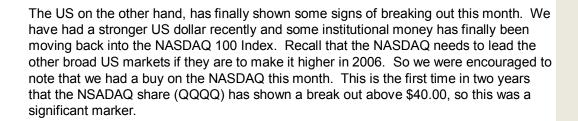
Market Timing

Lots of noise to cut through in November... But we did get some buys!

October and November have both lived up to their reputation of being volatile market months. October witnessed the big sell off in the TSE broad market and November has seen it rebound back from the October lows. Interesting to note however, so far, while the TSE has bounced back this month, it has yet to break through its September 2005 high, which was the same ceiling of its last expansion cycle peak in September 2000. So despite much commotion, we are not into a new break out or a new growth trend for the TSE, at least not yet. We will see where it goes from here. Investment strategists have been forecasting year-end targets for the TSE in 2006 of about 11,000, in other words, where it sits right now. There is the likelihood of considerable fluctuation between now and the end of 2006, which may give us another opportunity to buy the TSE at a lower level. If this is the case, we will be happy to ride it back to 11000 or whatever other peak it chooses to find in 2006.



Another positive in November was that the Liberals announced their intention to not reduce tax incentives for income trusts. The sector had laboured under a heavy cloud for the past couple of months since the Feds had announced they were reviewing the possibility of removing some of the preferential tax treatment afforded to this security type. This overhang, coupled with rising interest rates had taken a heavy toll on the price of this sector in the past couple of months, with some of the most established trusts like Superior Propane losing 30% of their market value. These forces have all worked in our favour as we patiently waited for an opportunity to buy this sector. With prices considerably off from their August highs and the question of their tax treatment somewhat answered for now, we have had an opportunity to buy the Barclays Income Trust iUnit this month (symbol BTH.UN). The yield on this for us, is currently over 7%. So we are happy to collect this income for so long as the price trend remains positive.

Lastly Gold is back on our radar. After buying the Gold Index (XGD) in November 2004,



Cory Venable CFP, CIM, FCSI
Technical Market Analyst



Danielle Park LL.B., CFP, CFA Associate Portfolio Manager

J.C. HOOD INVESTMENT COUNSEL INC.



33 Clapperton St. Barrie ON L4M 3E6 Tel: (705) 792-3991 Toll Free: 866-792-3991 Fax: (705) 792-3992



we had not had another opportunity to add it to new accounts in the past year. Of late the trend has once again broken out and we are on the verge of confirming a buy, so long as it maintains a price above \$500 a once.

We have several more sectors and country units on deck for a potential buy in the near term. We will keep you posted. As always, we are happy to execute buys whenever our valuation criteria is met, and we will continue our diligent watch for any future breakdowns signalling exit or entry points.

We are also pleased to see that shorter-term yields are finally picking up into more reasonable territory. While 1 year Canadian t-bills were yielding a low of 2.4% back in July, of late, one year notes are climbing their way back to a 3.8% yield today. This is good for the fixed income funds we have parked in the short end over the past few months, as now we are able to roll the money back over at higher and higher yields. As we approach the end of the current rate tightening cycle sometime in 2006, we will buy longer-term bonds to lock-in higher yields again. This will aid in bumping up the returns from the fixed income side in accounts.

A note about sectors

We wanted to explain an important rule with respect to our use of sectors. Our risk management/asset allocation rules dictate that we can only add individual sectors such as gold to accounts over \$100,000 in assets. For individual accounts of less than \$100,000 we must work with the broad market indices primarily. This can be the case where clients have assets divided over several different registered and regular accounts. For example, one of the client's accounts may be a spousal RSP and be less than \$100,000 and another of the accounts may be an RSP over \$100,000. In this case, sectors can be added to the larger account, but not to the smaller. We wanted to emphasis this to explain why you may hold sectors in some of your accounts but not in others.

Best wishes for the Holiday Season. May wisdom keep us focused on the things that truly matter.

"Nothing is so firmly believed as that which we least know." —Michel De Montaigne

"An extraordinary life is all about daily, continuous improvement in the areas that matter most."

-Robin Sharma

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