garybean SECURITIES LTD.
588 Main Street S, Exeter
519-235-4099 1-800-710-5216

Investment connection

NOVEMBER 2011

MARKET THOUGHTS FOR NOVEMBER 2011

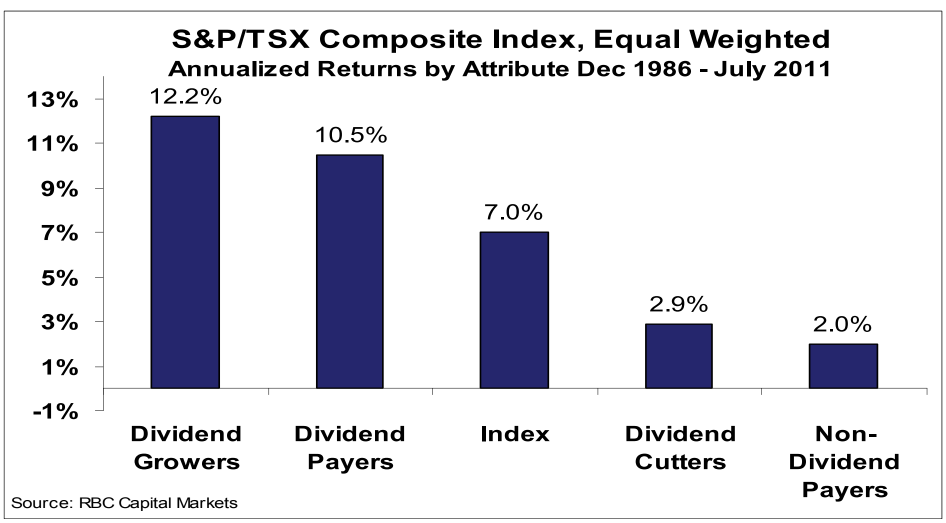
If you are like most investors, the past few months haven't been easy, to say the least. For most of us, the 2008-2009 financial turmoil and accompanying market plunge remains fresh in our minds. So when volatility – mostly to the downside – began to spike in late July and early August it evoked some very powerful flashbacks.

The kinds of swings the market has gone through over the last six months can fray the nerves. Complicating things further is the speed at which information flows around the world in today's age of technology. The internet, 24-hour financial news channels, the rise of smartphones and tablet computers have all made it possible to watch every single market gyration, and the resulting impact on your portfolio, in real time.

How should investors deal with current and future volatility in the new age of instantaneous information? They should focus on the facts. They should focus on the current and future health of the economy and the current and future health of the companies that they are investing in.

On the economic front, all of the news swirling today – Greece and the rest of the European "PIIGS", the downgrade of the U.S. credit rating and slowing growth in China – all boil down to one fundamental question, are we going to experience a double dip and another global recession? While there is no guarantee that there won't be a double dip the economic evidence just doesn't support that negative possibility.

In the U.S. the Leading Economic Indicators Index has been rising for months (for those keen on comparing today to the recession of 2008-2009, note that Leading Indicators had been slowly declining for nearly three years prior to that recession), the labour market is slowly improving adding nearly 700,000 jobs in the last six months, factory workers are putting in longer hours, incomes are edging up, and capital spending by businesses is pushing higher as well. There are certainly headwinds for the major economies of the world that we all have to acknowledge. That said, today's economic environment outside of Europe seems to be one of slow growth rather than recession.



Assuming we are in a period of slow economic improvement, what can an investor hang their hat on? Investors today should seek out well run businesses with growing cash flows and profitability. A track record of increasing dividends is one indicator of this. As you can see from the chart, companies that have increased their dividends have been on-average the best performing group of stocks over the last 25 years. This makes common sense. If a company is increasing its dividend it is likely a steady and well run business and it likely has growing profitability and cash flow to justify the increasing dividend. In turn its stock price is likely to perform well.

Bank of Nova Scotia — Price: $51.37

BNS - TSX — Yield: 4.05%

Bank of Nova Scotia is the third largest Canadian bank by assets. It is the most international of the Canadian banks, serving clients in more than 50 countries worldwide, representing close to 60,000 employees. Its operations are divided between four operating lines. Canadian Banking is comprised of Canadian retail and commercial banking. International Banking provides a complete range of financial services primarily in the Caribbean, Latin America and Asia. Scotia Capital provides corporate and investment banking services to institutional clients. Lastly, Global Wealth Management includes wealth management along with personal and commercial insurance businesses in Canada and internationally. Bank of Nova Scotia's Canadian business units have grown earnings at an average rate of 13% annually over the past decade. While this is steady performance, the company's real potential lays in its international banking segment. These divisions offer investors exposure to the faster growing, developing economies. By building out its global operating platform incrementally, the bank has so far avoided the large missteps that plagued other banks with international expansion ambitions and now finds itself with a profitable array of franchises that also bring to shareholders the advantage of geographic diversification.

The stock currently trades at roughly 11 times 2012 earnings. With average annual growth in its cash flow of 15% and an outstanding track record of increasing its dividend over the years, the Bank of Nova Scotia is a core holding for long term investors.

Home Capital Group — Price: $48.63

HCG - TSX — Yield: 1.64%

Home Capital Group is one of Canada's leading alternative lenders, offering an array of residential mortgage and consumer loan products, as well as deposit services. The company conducts these operations through its principal operating subsidiary, Home Trust Company, a federally regulated institution. Unlike a chartered bank, Home Capital does not operate an extensive branch network, relying instead on relationships with thousands of mortgage and deposit brokers across Canada.

Home Capital's loan portfolio is highly concentrated both geographically and by type of loan. At the end of 2010, over 80% of the company's loans were secured by properties located in Ontario, with British Columbia and Alberta making up another 12% of the portfolio. The company has moved to expand its presence outside of Ontario, with offices in five major cities across Canada.

Roughly 80% of Home Capital's loan book is comprised of residential mortgages, the majority being Alt-A loans, laying just below prime on the risk spectrum. The company funds its loan book largely through deposits, which are primarily sourced by an extensive deposit agent network from individual investors or small businesses. Home Capital's residential loan book has experienced significant growth over the last decade, growing at an average annual rate of 22%. Between 2001 and 2010, net income grew at an average annual rate of 32% and ROE consistently exceeded 25%. Currently trading at fraction of the valuation given to Canadian Banks, the stock looks inexpensive relative to its growth potential.

Teck Resources Ltd. Price: $38.31

TCK.B - TSX Yield: 2.09%

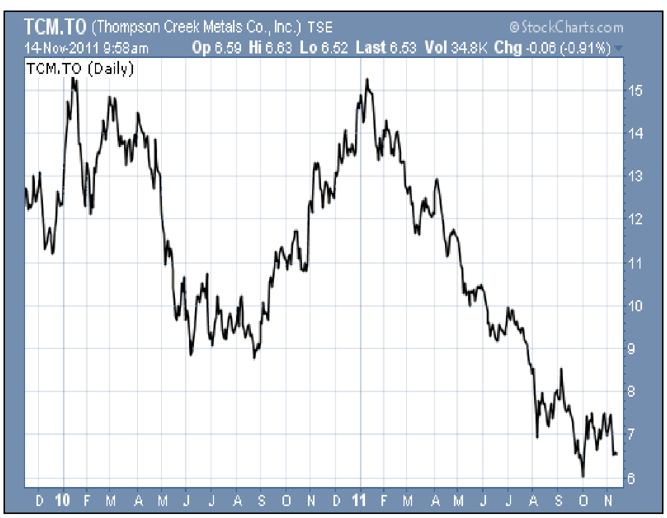
Teck Resources is Canada's largest diversified mining and mineral processing company. Teck is engaged in exploring for, developing and producing natural resources. The company's primary products are coal, copper and zinc, as well as energy and gold. Teck's goal is to build a diversified mining company that is active in low-risk jurisdictions, while maintaining a solid Canadian base.

Teck owns or has interests in 13 mines in Canada, the USA, Chile and Peru. They are also actively exploring in countries throughout the Americas, Asia Pacific, Europe and Africa. Teck is the world's second largest exporter of seaborne steelmaking coal. The company operates six coal mines: five in British Columbia and one in Alberta. Coal sales were 23.1 million tones in 2010. This accounted for 47% of Teck's 2010 revenue and 50% of 2010 operating profit. With increasing coal and copper production, combined with significant reserves and resources, Teck is well positioned for future growth. Furthermore, Teck owns a 20% interest in the Fort Hills Energy Limited Partnership, which is developing the Fort Hills oil sands project in Alberta.

Teck currently pays an annual dividend of $0.80 per share and the stock trades at approximately 8.1 times 2012 earnings. The company's Q3 results reported adjusted earnings per share of $1.26 which is roughly 60% higher than the Q3 earnings per share a year ago, as well as a $0.14 increase from last quarter. Profits in coal and zinc were better than expected due to increased sales.

Thomson Creek Price: $6.59

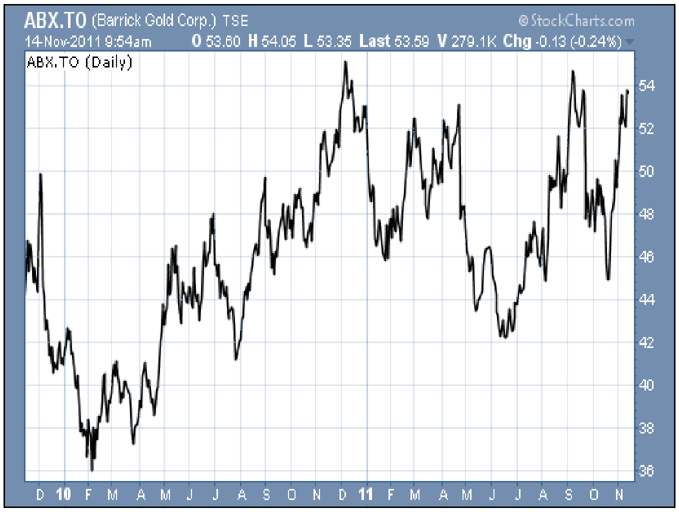
TCM - TSX



Thompson Creek Metals Company Inc. is a growing, diversified North American mining company. Thompson Creek has two large operating molybdenum mines. The open-pit Thompson Creek Mine in central Idaho has produced molybdenum since 1982. The mill has the capacity to process 30,000 tons of ore per day to produce molybdenum sulfide concentrate that is roasted into molybdenum oxide, which is sold in various forms to steel and chemical companies. The company's second operating mine, the 75%-owned open-pit Endako Mine in northern British Columbia, is currently being expanded with ore-processing capacity to be increased from 31,000 tons per day to 55,000 tons per day. The expansion is expected to be completed in the first quarter of 2012.

Additionally, construction is underway at the company's Mt. Milligan copper-gold project located in central British Columbia. Mt. Milligan will be a conventional truck-shovel open-pit mine and 60,000 tonne per day copper flotation process plant, with average annual production of approximately 81 million pounds copper and 194,500 ounces gold for the 22-year mine life. Production startup is expected in late 2013.

Molybdenum is an important industrial metal present in 15% to 20% of all stainless steels. It is mainly used as an alloy to strengthen iron and steel, to reduce brittleness and stress-cracking, to greatly enhance corrosion resistance, and to improve weldability. Petroleum refineries use molybdenum as a key component in reducing sulfur in gasoline and diesel. Molybdenum is increasingly being used in automobiles and other industrial products to improve fuel efficiency, as well as the strength-to-weight ratio, which results in less metal being needed.



Barrick Gold Corporation	Price: $53.17
ABX - TSX	Yield: 1.13%

Barrick is the world's largest gold producer, with a portfolio of 26 operating mines and advanced exploration and development projects located across five continents, and large land positions on some of the world's most prolific and prospective mineral trends. The Company also has the largest reserves in the gold industry, with about 140 million ounces of proven and probable gold reserves.

As appetites for dividends rise in the gold space, some producers have been able to please investors, while others haven't. Barrick recently did.

Just released a few weeks ago, the company's strong Q3 results were accompanied by a 25% dividend increase. Furthermore the company has indicated in recent presentations that it intends to continue to grow its dividend and strengthen its balance sheet by paying down debt and buying back shares with its excess cash.

Barrick trades at roughly 8 times next year's earnings versus the average gold stock that trades at 15.7 times 2012 earnings. The biggest knock against Barrick, and the reason for its low stock market valuation relative to its gold sector peers, has been its lack of growth. Recent exploration successes in Nevada, new mines coming on line and increasing production from existing operations all bode well for Barrick's growth in the future. Additionally the $7.6-billion acquisition of Equinox Minerals will invigorate the company's copper assets, doubling Barrick's current copper production to over 600 million pounds per year, and rising to over 1 billion pounds by 2016.

SEMAFO Inc.	Price: $8.94
SMF - TSX	Yield: 0.48%

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. The Company currently operates three gold mines: the Mana Mine in Burkina Faso, the Samira Hill Mine in Niger and the Kiniero Mine in Guinea.

SEMAFO's primary focus in West Africa is its flagship asset, the Mana Mine, located in Burkina Faso. In Q2 2011, Mana produced 47.8 thousand ounces of gold, more than 75% of the company's total production.

While 2011 production will remain relatively flat year over year (253 thousand ounces projected vs. 2010 production of 261 thousand ounces) the company expects rapid production growth over the next three to four years, as plant production capacity is increased at Mana.

Additionally SEMAFO is active on the exploration front. The company's goal for the Mana project is to double production to 500 thousand ounces per year of production by 2015. Exploration results during 2011 have been positive with the discovery of the Yaho zone which remains open both to the north and south. SEMAFO continues to successfully target open-pit satellite deposits in the north and south part of the Mana property such as Fofina, Fobiri, Yaho, and the newest target Massala.

With over $200 million in net cash on its balance sheet the company is well financed. SEMAFO's future will be determined by its ability to meet its current production targets, drive future production growth, manage its operating margins and grow its gold resources.

garybean SECURITIES LTD.

Peyto — Price: $23.00

PEY - TSX — Yield: 3.13%

Peyto Exploration is a gas-weighted exploration and production company pursuing a growth and income business model. The company has a highly concentrated and operated land position in the Deep Basin of Alberta and is currently drilling horizontal wells targeting liquids rich gas in the Cardium, Wilrich, Notikewin and Falher zones. Peyto also has an industry leading low-cost structure due to high ownership and operatorship of its gas infrastructure which contributes to its profitable gas growth strategy.

The company has more than doubled its production base organically over the past two years and remains one of the most profitable gas companies due to its industry leading low-cost structure.

Over the years Peyto's share price has moved nearly in lock-step with its gas production. From 2001 to 2006 gas production was increasing and so was the share price. From 2006 through to 2010 – roughly the same period of time the company operated as an income trust – gas production declined and so did the share price. Since then gas volumes have risen substantially and the share price has followed. If Peyto can continue to increase its gas production as it has over the past 18 months the prospects for its share price are bright.

Petrobakken — Price: $10.11

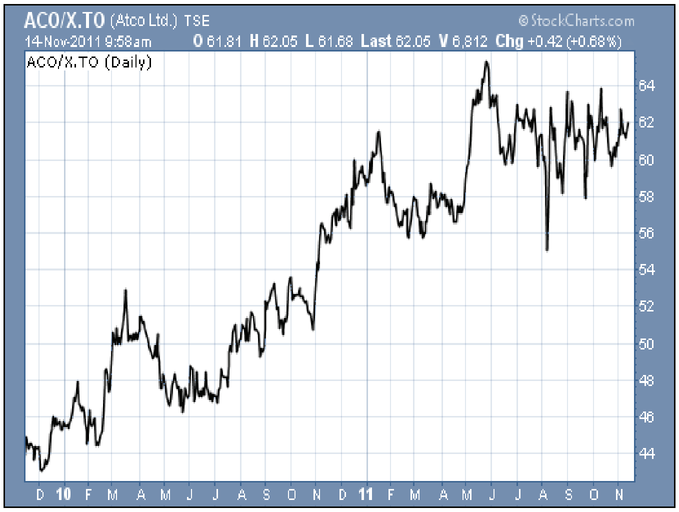
PBN - TSX — Yield: 9.50%

PetroBakken Energy Ltd. is a light oil exploration and production company focused on three main areas of western Canada; southeast Saskatchewan, central Alberta and northeast British Columbia. Southeast Saskatchewan is the company's largest and most active base of operations and includes the Bakken light oil resource play as well as the conventional Mississippian based light oil opportunities. The Central Alberta core area consists of the recently acquired Cardium light oil resource play, which is primarily focused around the Pembina oilfield near Drayton Valley. Northeast British Columbia includes natural gas opportunities in the Horn River and Montney resource plays.

While Petrobakken's resource base and land position targets some of the most prospective oil and gas reserves in Canada the company has struggled over the past two years. Well completion issues in its Bakken play related to weather and fracing complications and high decline rates during rapid early-stage investment in the company's Cardium projects have lead to growth challenges. Despite very strong internal cash flow generation from light oil production the company's stock price has floundered.

More recently the company's share price has been showing signs of life. Recent comments from the company's chairman outlining the many positive aspects of the company's development and improved production numbers during the third quarter have helped to improve investor's outlook. This more positive trend will continue if the company continues to meet or exceed its operational and production targets.

garybean SECURITIES LTD.



ATCO — Price: $61.63

ACO.X - TSX — Yield: 1.85%

With more than 8,000 employees and $12 billion in assets, ATCO is an Alberta based worldwide organization of companies comprised of three main business divisions: Power Generation; Utilities (natural gas and electricity transmission and distribution); and Global Enterprises, with companies active in industrial manufacturing, technology, logistics and energy services.

For the three months ending September 30, 2011 ATCO Ltd. reported adjusted earnings of $78.0 million ($1.36 per share) compared to adjusted earnings of $63.0 million ($1.08 per share) for the same three months of 2010. Adjusted earnings for the nine months ending September 30, 2011 were $248 million ($4.30 per share) compared to adjusted earnings of $217 million ($3.73 per share) for the same nine months in 2010.

We have talked about ATCO in previous newsletters and highlighted its consistent performance. That consistent performance continues today. Over the past five years the company has increased its cash flow, profitability and dividend every single year. Given the company's consistency, we think the share price is attractive trading at roughly 10 times earnings.

Enbridge Inc. — Price: $35.10

ENB - TSX — Yield: 2.79%

Enbridge is a North American leader in the transportation and delivery of crude oil and natural gas, serving approximately 1.9 million customers in central and eastern Ontario. Enbridge transports and delivers this energy through pipeline networks, connecting vital sources of supply with refiners and consumers across the continent. The company has a growing involvement in the natural gas transmission and midstream businesses and expanding interests in green energy technologies, such as wind and solar energy, hybrid fuel cells, and carbon dioxide sequestration. Between 2007 and 2010, Enbridge completed more than $14 billion of new growth projects. Looking forward, Enbridge has identified approximately $48 billion of potential growth opportunities, with $6.5 billion secured to date, and $8.5 billion expected to be secured through 2015.

The company's earnings have been increasing for the past fifteen consecutive years, and since 2005 earnings per share have increased approximately 66%. Enbridge plans for growth in adjusted earnings per share of 10% per year through the middle of this decade. Enbridge's goal is to deliver sector-leading growth in earnings and dividends. They have stood by this strategy.

The annual dividend has grown an average of 10% per year over the past 50 years. The current dividend is $0.98 which has more than doubled since 2004. Enbridge forecasts a 14% dividend increase to $1.12 per share for 2012.