



3i Financial Investment Services Inc.
"Performance Drives Performance"

MARKET UPDATE NEWSLETTER

3rd Quarter - September 30, 2011

Consumer Corner

Prime rate at most financial institutions is at **3.00%**

The current Bank of Canada prime rate is **1.00%**

The following are some of the most competitive interest rates for deposit savings and chequing accounts:

Deposit Savings

Peoples Trust : **2.10%**
Canadian Tire Bank : **2.00%**
ING Direct: **1.50%**

Chequing

Manulife Bank : **1.75%**
State Bank of India : **1.10%**
M.R.S. Trust : **1.30%**

Mortgage Rates (lowest rate)

1 Year closed	2.89%
2 Year closed	2.49%
3 Year closed	2.89%
4 Year closed	2.99%
5 Year closed	3.39%

* As of October 3, 2011 - Courtesy of Dominion Lending

For further information and advice, please contact your licensed professional financial advisor:



DYNAMIC
WEALTH MANAGEMENT

Kalson Jang
Financial Advisor

Cell: (416) 606-5000
Tel: (416) 775-8777
Fax: (905) 695-7890

Global financial markets were highly volatile during the third quarter, with sharp drops in August and September resulting in a decline for the period. The MSCI World Index was down 16.5% and the S&P 500 Index in the U.S. slid 13.9%. The commodity-driven Canadian market also came under pressure as the price of resources tied to the global economic expansion fell, including oil and metals such as copper. For the three-month period, the S&P/TSX Composite Index declined 12.0%.

Government and other investment-grade bonds gained in value over the quarter, as investors sought the safety of fixed-income investments. Gold, with its reputation as a store of value, reached US\$1,900 per ounce in early September. Despite falling to \$1,624 by the end of the month, the precious metal was still up 8% for the quarter.

The reasons for these market moves can be traced to a number of broad economic and political factors. Most notable was the ongoing risk of debt default in Greece and the destabilizing effects this would have on the Eurozone's political, economic and financial systems. In July, the political battle in the U.S. over the government's debt ceiling and the subsequent decision by Standard & Poor's to downgrade the U.S. credit rating added to the fears over global sovereign debt.

Amid this uncertainty, the recovery in the U.S. economy appeared to have stalled, and the U.S. Federal Reserve's latest attempt to stimulate the economy was met with skepticism. Finally, data indicating slower growth in China and other emerging markets sparked investor fears that developed economies relying on this engine of growth could relapse into recession.

Whether current conditions are a harbinger of recession or simply a slowdown in a continuing recovery is unclear at this point. On a fundamental level, many of the conditions that typically underpin strong business activity remain in place. These include low interest rates, low inflation and,



USD



Gold



TSX Index



Silver

in contrast to the financial crisis of 2008, available credit. In general, corporate balance sheets are very strong, and firms are actively using their cash for mergers and acquisitions, share buybacks and dividend increases. Many companies continue to report growing revenues and profits.

The fear that is stalking the markets disregards these positive factors. Bouts of extreme volatility are a reminder that the market can be unpredictable on a short-term basis, and that equities and equity-based mutual funds are best suited as long-term investments. Although the average annual return of the Canadian stock market has been 8% to 9% over the long term, stock prices can fluctuate dramatically from year to year. In the short term, the stock market is influenced not just by corporate fundamentals, but also by investors' emotions.

Today, equity valuations have become very attractive on an historical basis and relative to fixed-income investments. While there is no way to predict when markets will rebound, many highly experienced investors believe the current environment represents an excellent opportunity to invest at reasonable prices and benefit from positive compound returns over the longer term. This is the reasoning behind the famous comment by Warren Buffett: "Be fearful when others are greedy and be greedy when others are fearful."

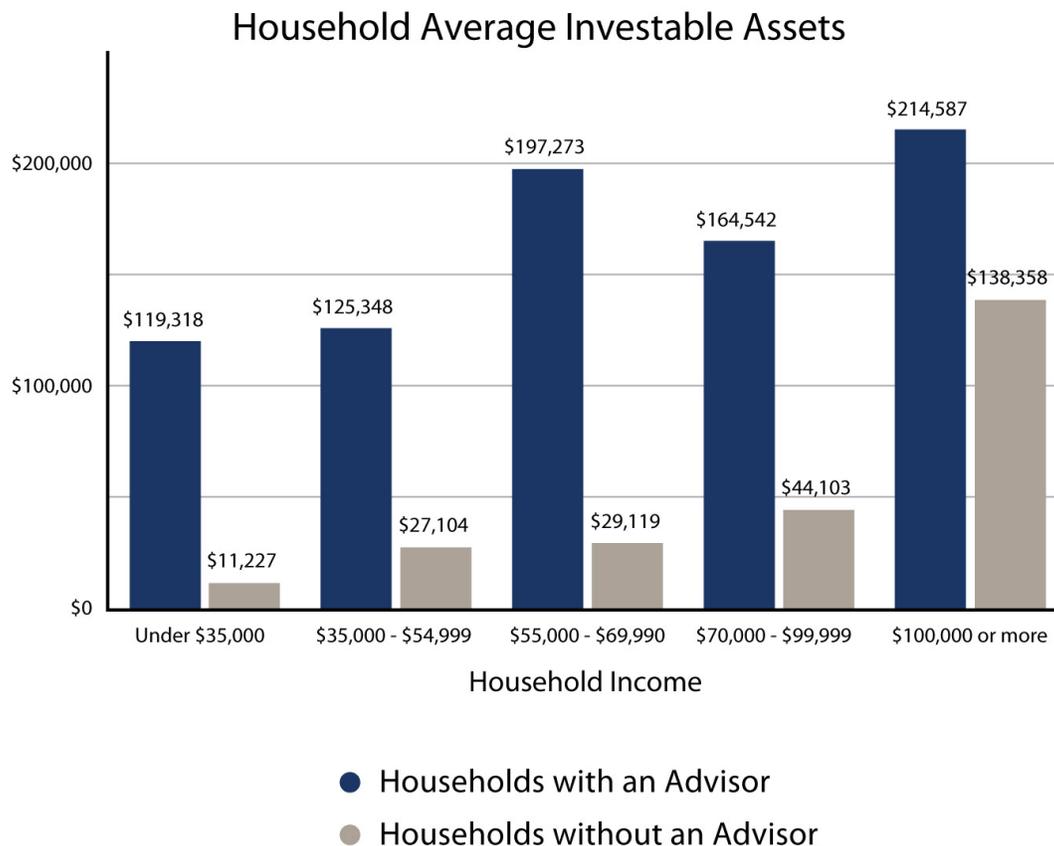
Ultimately, achieving one's long-term investment goals depends on crafting a well-diversified portfolio that is tailored to fit your goals, time horizon and tolerance for risk, which is what we have done. Should you have any questions about your portfolio, I will be pleased to speak with you.

Financial advice adds value to Investors

With many investment choices, many people are finding it difficult to plan for their future and make decisions on their investments. This is where professional financial advice can help.

An experienced financial advisor can help you reach your investment objectives.

In recent research it was found that Canadians with a financial advisor tend to have significantly greater assets, regardless of their household income. The chart below illustrates five different income levels with their investable assets with and without a financial advisor.



Source: Ipsos Reid Canadian Financial Monitor