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The Wise Investor OCTOBER 2010

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A Strong Recovery

As we review 2010, one is struck by the divergence between the year's gloomy headlines and the generally positive results shown by the financial markets. Some of the challenges facing the global economy during the year included the effects of the major oil spill in the Gulf of Mexico and ongoing concerns that some European governments will default on their debts. These joined lingering problems in the U.S. economy, including high unemployment, slow growth and an expanding government deficit. Nonetheless, many of the world's major stock and fixed-income markets made gains during the year.

In Canada, the S&P/TSX Composite Index grew 14% in 2010 benefitting from strength in commodities such as gold, oil, copper and potash to become one of the world's best-performing markets. U.S. equities also moved up with the Dow Jones up 11% for 2010, with sectors such as industrials and consumer discretionary products among the leaders. It's worthwhile to note that those sectors are cyclical – they perform best during a period of economic growth. Overseas, equities in emerging markets and Asia also rose, while European stock markets were mixed. Equity indexes in those countries with the biggest debt problems were down for the year.

Why have so many markets rallied despite what seems to be an inhospitable environment? Stock markets are a leading indicator – they tend to anticipate future developments rather than reflect what is happening now. Judging by the results of the past year, equity market investors are expecting continued recovery and growth.

Indeed, there are several factors supporting a positive outlook. The economy has continued to grow in all major regions of the world in 2010, including Europe. Although government and consumer debt levels are a concern, many corporations are in good shape, with strong balance sheets. This has left them well positioned to take advantage of some of the key trends in the global marketplace – such as the robust growth in emerging markets. Bond markets are also pointing to a strengthening economy, as indicated by the increase in U.S. bond yields in the fourth quarter.

Of course, events may conspire to change this outlook. That is why I suggest investing according to a sound financial plan, having a diversified portfolio tailored to your individual circumstances, and maintaining a long-term view for your equity investments.

If your personal or financial circumstances have changed, we urge you to contact our office immediately to provide us with the updated information. This is important as any change may result in an adjustment to your portfolio in order to ensure that it remains in line with your investment objectives and risk tolerance.

If you require to update or your mailing address or your banking information, please call our office at 560-3430 or email us at inforce@faiellafinancial.com and our office will gladly process your request on your behalf.

If we do not hear from you, we will assume that the information we have on file is correct and remains the same.

It has been our pleasure to have been introduced to many of you over the past four months and our entire team looks forward to our continued relationship in 2011. I wish you and your family all the best for the coming year.

Should you have any questions about your Mutual Fund Portfolio or the outlook for capital markets, please do not hesitate to give me a call.

Introducing Online Access--We Are Excited!!

We are excited to announce that we now are able to offer to both our Mutual Funds and Segregated Funds clients with "online access" to their account. This access is now available through our website at www.faiellafinancial.com which has been approved by **FundEX Investments Inc.** In order to gain access; please email Chantal at Chantal@faiellafinancial.com. Charlene and Chantal arrange Username and Passwords that will provide you with Daily Valuations of your accounts through us.

Blue Cross

Faiella Financial Group introduces **Blue Cross** to our product offering which now provides clients with a choice of Travel Insurance coverage as well as individual Drug & Dental programs along with many other products. For more information on Blue Cross, please contact Rocco at 674-1974 #123.

Contact Information

Included in this Newsletter is a Client Contact Information card. We are updating all client files to include correct name(s), mailing addresses, email addresses, home phone, business phone and cell phones. Please take the time to complete this information and return it to us by mail or email. Over the course of your relationship with **Faiella Financial Group**, personal information will be collected in order to administer all of your accounts. This information typically includes your personal contact information

It is important that we are able to contact you whenever necessary and we thank you in advance for providing us with your current contact details. As an organization that collects, uses and discloses personal information, **Faiella Financial Group** is subject to the federal *Personal Information Protection and Electronic Document Act* (or by similar laws in the provinces of Alberta, British Columbia and Quebec), effective January 1st, 2004.

How far you go in life depends on your being tender with the young, compassionate with the aged, sympathetic with the striving and tolerant of the weak and strong--because someday in life you will have been all of these. - George Washington Carver

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