



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

# MARKET UPDATE NEWSLETTER

3rd Quarter - September 30, 2009

## Notice the contact change

### Consumer Corner

Prime rate at most financial institutions is at **2.25%**

The current Bank of Canada prime rate is **0.25%**

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

### Deposit Savings

- 1) Peoples Trust : **2.10%**
- 2) Canadian Tire Bank : **1.20%**
- 3) ICICI Bank of Canada: **1.20%**

### Chequing

- 1) State Bank of India : **1.25%**
- 2) Manulife Bank : **1.00%**
- 3) M.R.S.Trust : **0.60%**

### Mortgage Rates (lowest rate)

- |        |              |
|--------|--------------|
| 1 Year | <b>2.65%</b> |
| 2 Year | <b>2.90%</b> |
| 3 Year | <b>3.49%</b> |
| 4 Year | <b>3.74%</b> |
| 5 Year | <b>3.99%</b> |

\* As of Sept 30, 2009

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

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## Recovery?

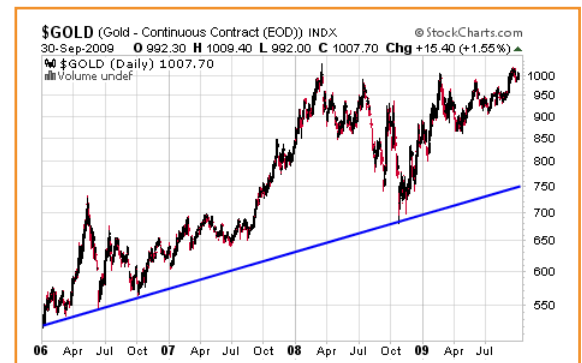
We hope everyone had a fulfilled and safe summer and is now eager to get back into the swing of things and begin the final quarter of the calendar year. The market has rallied off the lows significantly and the mainstream media can be very convincing as we are told that the recession is already behind us. Has it ever been so confusing to be an investor?

When things become overwhelming, sometimes its a good idea to take a step back and take a look at the "big picture." If you take a close look at the Dow Jones Industrial Average chart to the right you will notice that the top, relative to the bottom, puts us at a 50% retracement from where the market was at its highs. This is hardly a recovery by any definition. The only market which was able to sustain a 100% recovery from its lows is gold, an area we have continued to recommend to all of our clients .

Today the reality is that hundreds of thousands of people are becoming unemployed every month in the United States and only 1 job is being created for every 6 people looking for a job. Central bankers and federal governments have continued to pump an enormous amount of liquidity into the financial system in an attempt to stimulate the global economies - essentially, printing new money and lending it to banks with the hope that this money will be lent out and stimulate economic growth. Unfortunately, banks are unwilling to lend out money to individuals and businesses because of the poor economic climate and high debt levels. The stimulus money is just sitting on the bank balance sheets. High levels of unsustainable debt got us into this mess in the first place, why should indebted individuals and businesses further be the solution to the problem? In our opinion this is not the right approach mainly because no government has ever 'printed' their way out of an economic crisis. Printing excessive amounts of money will only lead to instability and potentially very high levels of inflation.



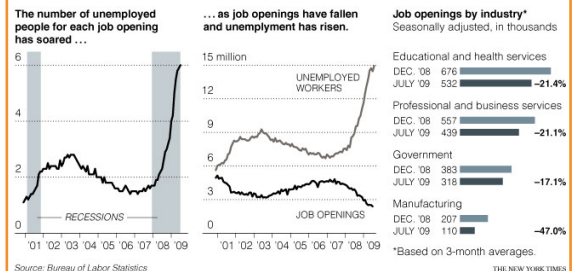
Dow Jones Industrial Average Index



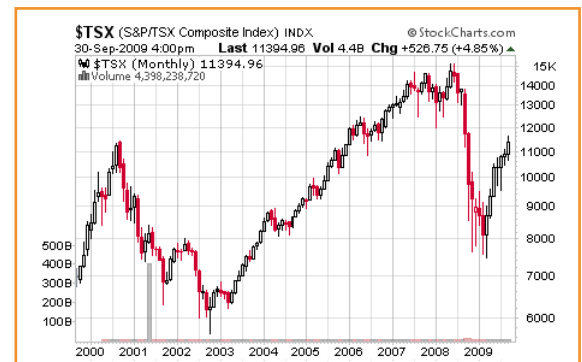
Gold Index

### Unemployed Workers Competing for Limited Job Prospects

In July, there were nearly 14.5 million unemployed workers in the United States, but only about 2.4 million job openings, according to the Labor Department — or six unemployed people for every job opening. In many industries, the number of job openings has fallen sharply this year.



Limited Job Prospects



TSX Index

Which brings us to our main theme, the demise of the U.S. Dollar. There are no fundamental reasons to hold U.S. dollars over the long term. Since 1931, the U.S. Dollar has lost 98% of its purchasing power. What this means is that over time as the currency loses its strength - it buys less and less of what you consume. Last week, at the U.S. Federal Reserve meeting, the 'Fed' announced that they will leave interest rates unchanged for an extended period of time (the current bank lending rate in the U.S. is 0.00-0.25%, effectively 0%). It is becoming clear that nothing will be done to buoy the value of the falling U.S. Dollar. As the American currency plummets, other nations also continue to follow the American example and print money (in order to devalue their own currencies). This is done because a falling U.S. Dollar makes foreign goods (imports) less attractive to American buyers.

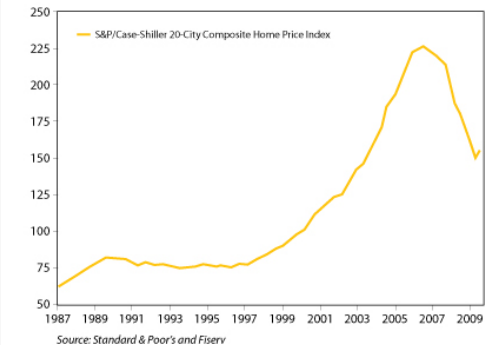


As a result foreigners are also printing money at an alarming rates to not only attempt to stimulate their economies but also to make their currency cheaper (or more competitive). Never in our history has all major world central banks printed money simultaneously.

This is a major concern to all individuals because these actions have historically always led to high levels of inflation (but not necessarily economic growth). The 70's and early 80's are an excellent example of a period in economic history which experienced not only high levels of unemployment and multiple recessions, but also a consistent erosion of purchasing

## Proper Perspective

American home prices are no longer falling, but are a very long way from full recovery.



Proper Perspective

power as wages did not keep pace with the increase in price of daily consumables (cocoa, coffee, sugar, oil). We continue to advise clients to diversify out of U.S. Dollars and diversify into precious metals, such as gold, silver and platinum, as well as adopt low-risk income solutions which continue to generate a consistent and reliable cash flow for investors.

## TD Asset Management

## PRODUCT SHOWCASE

### TD Short Term Bond

#### Investment objective

The fundamental investment objective is to maximize income while simultaneously preserving investment capital and liquidity by investing primarily in debt obligations issued or guaranteed by the Canadian federal or provincial governments or any agency of such governments, as well as debt obligations of Schedule I Canadian chartered banks, debt obligations of loan or trust companies and debt obligations of corporations. In each case such obligations may have a term to maturity of up to five years.

#### Fund details

Inception date	01/12/2003
AUM (million)	\$1,931.9
MER	1.05%
NAV	\$10.43

#### Portfolio Composition

Portfolio Composition		Bond Type	
Stocks:	-	Corporate Debentures:	56.28%
Bonds:	89.63%	Federal Bonds:	25.99%
Cash:	8.40%	Provincial Bonds:	6.86%
Others:	1.97%	Municipal Bonds:	0.38%
		Others:	10.49%

#### Bond Term

1-5 years maturity: 89.51%

#### Risk Profile



### FUND PERFORMANCE

AS OF SEPT 30, 2009

#### Performance

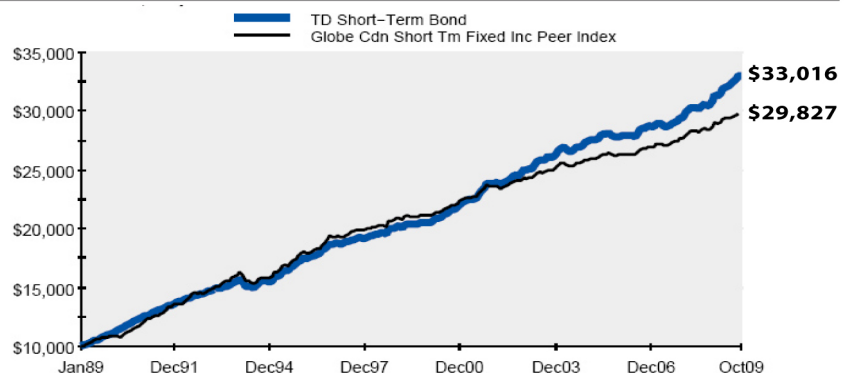
##### Average Annual Compound Returns

3 month	6 month	1 year	3 year	5 year	10 year	since incept.
2.1%	3.36%	8.21%	4.71%	3.85%	4.86%	3.84%

##### Annual Returns

2008	2007	2006	2005	2004	2003
6.33%	2.39%	2.80%	1.28%	3.83%	---

#### Growth of 10,000 Invested



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus, which contains detailed investment information, before investing. The indicated rates of return (other than for each money market fund) are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of distributions. The indicated rates of return for each money market fund is an annualized historical yield based on the seven-day period ended as indicated and annualized in the case of effective yield by compounding the seven day return and does not represent an actual one year return. The indicated rates of return do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured. Their values change frequently. There can be no assurance that a money market fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Past performance may not be repeated.

Graphs are only used to illustrate the effects of the compound growth rate and do not reflect future values of any fund or returns on investment of any fund.

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