



November 8, 2011

Tel: (604) 270-6457
Fax: (604) 273-7684
Toll Free: 1-800-341-9909

**Markets Rebound on European Optimism
(or Fall on European Pessimism)**

Headline writers must be having a field day as each day brings plenty of ammunition to create story bylines. By the time you get this letter, one of the two (above) divergent titles may apply. Accounts have rebounded nicely (from the September 30th low point). About the only short-term prediction worth making right now is to continue to expect significant ‘up and down’ market volatility.

The beginnings of a comprehensive plan to deal with southern Europe’s debt problems have been derailed of late by Greek government turmoil. Maybe in the long-term, it’s good that this issue drags on in this ‘messy’ fashion as this situation is demonstrating to larger (deficit-addicted countries) the need to get their own fiscal houses in order at a time when, fortunately, bond yields remain ultra low in debt heavy U.S., Japan and UK. All eyes are on Italy at the moment as their bond yields (in the ten-year area) are up to a close to unaffordable 7 percent range.

As we have been saying for a while now, the best way to handle this uncertainty is to continue to upgrade fixed income issuer quality and also emphasize a high quality, high dividend equity portfolio that can perform well over the long-term (even if there is a sovereign debt crisis). We have been waiting for this market uptick of late to proceed to making our ‘Index and Stock Strategy’ portfolio even more defensive. We are in the process of contacting clients with some switch recommendations. Below are the companies and ETF’s (indexes) we are keeping plus some new additions.

Canadian Index Strategy

iShares S&P/TSX 60

U.S. Index Strategy

iShares Russell 2000
S&P 500

International Index Strategy

iShares MSCI EAFE
iShares MSCI Emerging Markets

Pope Team Canadian Stock Picks

Barrick Gold Corp.
Canadian National Railway
Canadian Pacific Railway
Enbridge
Fortis
Lululemon Athletica (in USD)
Shopper's Drug Mart
Telus Corporation (Non-Voting)
Toronto Dominion Bank
TransCanada Corp

The Dogs of the Dow Strategy

AT&T
DuPont
General Electric
Intel
Johnson & Johnson
Kraft Foods
Merck
Pfizer
Proctor & Gamble
Verizon Communications

The Pope Team U.S. Stock Picks

Berkshire Hathaway "B"
DuPont
General Electric
Home Depot
Honda
IBM
Microsoft
Morgan Stanley
Pfizer
Wal-Mart

We are taking profits on half the Lululemon positions (which has increased significantly over the past two years), adding steady earners CP Rail and Shoppers Drug Mart and also adding Barrick Gold Corp. (which has an amazingly low 10 times earnings P/E ratio). On the U.S. side, we are emphasizing very reasonably priced global multinationals by doubling positions in WalMart, GE, and Dupont. We are also adding Warren Buffet's 'Berkshire Hathaway B shares'. For only the second time in that company's history, it has announced a share buyback, based on perceived undervaluation of its assets. By the way, Mr. Buffett just bought a record amount of new stocks.

We are also adding a new exchange traded fund, the iShares MSCI Emerging Markets Index (EEM) (which will give direct exposure to large companies in China, India, South Korea, Brazil, and 19 other developing economies). We have been looking for an appropriate entry point into emerging markets and, at current levels, we can buy this group of companies at a price close to where it traded five years back. In the past ten years, developing economies have paid down their sovereign debt nicely (from about seventy five percent of GDP to a little over forty percent today) and at the personal level, many developing countries have fifteen to twenty percent savings rates. In contrast, in the richer 'developed world', debt to GDP has increased from about forty percent (to about seventy five percent) over the same ten year time frame and personal savings rates are low.

Also (for those in our Index and Stock Strategy), we are also updating our 'Dogs of the Dow strategy' where we own the ten highest dividend payers from the Dow Jones (thirty) company index. This 'buy low, sell high' strategy rotates money out of outperforming Dow stocks into lower priced 'cheaper' Dow stocks.

It is becoming clear that interest rates will likely stay low for a very long period of time so in some accounts, we are shifting some money out of our variable rate 'short-term loan fund' into a fixed rate high yield bond fund.

All the best.

Sincerely,
CIBC Wood Gundy

Neil Pope, MBA
Investment Advisor
First Vice-President

John A. Doyle, CFP, FMA, CIM, FCSI
Associate Investment Advisor

Melanie Burns
Investment Advisor Assistant

Cheryl Sy
Investment Advisor Assistant

Gusviria (Vivi) Boedy
Investment Advisor Assistant

P.S. Check out our *two full pages* of disclaimers... that may be a record?

NEIL	604-207-8578	<i>neil.pope@cibc.ca</i>
JOHN	604-207-8585	<i>john.a.doyle@cibc.ca</i>
MELANIE	604-207-8583	<i>melanie.burns@cibc.ca</i>
CHERYL	604-207-8581	<i>cheryl.sy@cibc.ca</i>
VIVI	604-270-6457	<i>gusviria.boedy@cibc.ca</i>

Barrick Gold Corporation is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

CIBC World Markets Inc. has received compensation for investment banking services from Barrick Gold Corporation in the past 12 months

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by Barrick Gold Corporation.

CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from Canadian National Railway Co. in the next 3 months.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by Canadian National Railway Co.

A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of Canadian National Railway Co. or one of its subsidiaries.

Canadian Pacific Railway Ltd. is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

CIBC World Markets Inc. has managed or co-managed a public offering of securities for Canadian Pacific Railway Ltd. in the past 12 months.

CIBC World Markets Inc. has received compensation for investment banking services from Canadian Pacific Railway Ltd. in the past 12 months

CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from Canadian Pacific Railway Ltd. in the next 3 months.

CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from Canadian Pacific Railway Ltd. in the next 3 months.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by Canadian Pacific Railway Ltd.

A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of Canadian Pacific Railway Ltd. or one of its subsidiaries.

Enbridge Inc. is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

CIBC World Markets Inc. has managed or co-managed a public offering of securities for Enbridge Inc. in the past 12 months.

CIBC World Markets Inc. has received compensation for investment banking services from Enbridge Inc. in the past 12 months

CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from Enbridge Inc. in the next 3 months.

CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from Enbridge Inc. in the next 3 months.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by Enbridge Inc.

Fortis Inc. is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

CIBC World Markets Inc. has managed or co-managed a public offering of securities for Fortis Inc. in the past 12 months.

CIBC World Markets Inc. has received compensation for investment banking services from Fortis Inc. in the past 12 months

CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from Fortis Inc. in the next 3 months.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by Fortis Inc.

TD Bank is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

CIBC World Markets Inc. has managed or co-managed a public offering of securities for TD Bank in the past 12 months.

CIBC World Markets Inc. has received compensation for investment banking services from TD Bank in the past 12 months

This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.

CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from TD Bank in the past 12 months.

CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from TD Bank in the past 12 months.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by TD Bank.

CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by TransCanada Corp.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns, including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed. Their values change frequently, and past performance may not be repeated.

Yields/rates are as of November 8, 2011 and are subject to availability and change without notification. Minimum investment amounts may apply.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same. CIBC World Markets Inc. and its representatives will receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2011.

CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada.