



Monthly Scorecard

February 1, 2012

Index Performance (Price Performance % Change)

Index	Price 1/31/2012	One Month	Three Months	YTD	One Year	Two Years
Dow Jones Industrial Avg	12,632.91	3.40%	5.67%	3.40%	6.23%	25.48%
S&P 500	1,312.41	4.36%	4.72%	4.36%	2.04%	22.21%
S&P Industrials	1,765.16	4.11%	4.97%	4.11%	5.07%	26.96%
NASDAQ Composite	2,813.84	8.01%	4.82%	8.01%	4.21%	31.04%
Russell 2000	792.82	7.00%	6.98%	7.00%	1.48%	31.69%
S&P TSX Composite	12,452.15	4.16%	1.63%	4.16%	-8.12%	12.24%
FTSE 100	5,681.61	1.96%	2.48%	1.96%	-3.09%	9.50%
HDax	6,458.91	9.50%	5.17%	9.50%	-8.74%	15.16%
Hang Seng	20,390.49	10.61%	2.65%	10.61%	-13.04%	1.33%
Morgan Stanley EAFE	1,486.74	5.25%	-1.21%	5.25%	-12.36%	-1.58%
Nikkei 225	8,802.51	4.11%	-2.07%	4.11%	-14.02%	-13.68%

Sector Performance (Price Performance % Change)

Sector	Price 1/31/2012	One Month	Three Months	YTD	One Year	Two Years
Consumer Discretionary	326.65	5.86%	6.03%	5.86%	11.33%	43.19%
Consumer Staples	329.84	-1.70%	3.11%	-1.70%	10.59%	21.77%
Energy	528.53	1.48%	2.06%	1.48%	-2.81%	28.73%
Financials	189.19	7.96%	4.19%	7.96%	-14.28%	-0.91%
Health Care	413.83	2.97%	6.57%	2.97%	13.01%	13.77%
Industrials	312.52	6.91%	8.60%	6.91%	-0.43%	30.19%
Information Technology	441.01	7.58%	4.62%	7.58%	4.61%	29.94%
Materials	235.12	11.06%	8.34%	11.06%	-1.73%	28.83%
Telecommunications	124.71	-3.94%	0.44%	-3.94%	0.74%	19.97%
Utilities	176.28	-3.66%	-0.28%	-3.66%	9.47%	17.58%

Note: All returns are simple price appreciation. Figures shown exclude any contribution from dividends.

Source: FactSet

A GREAT START TO THE NEW YEAR

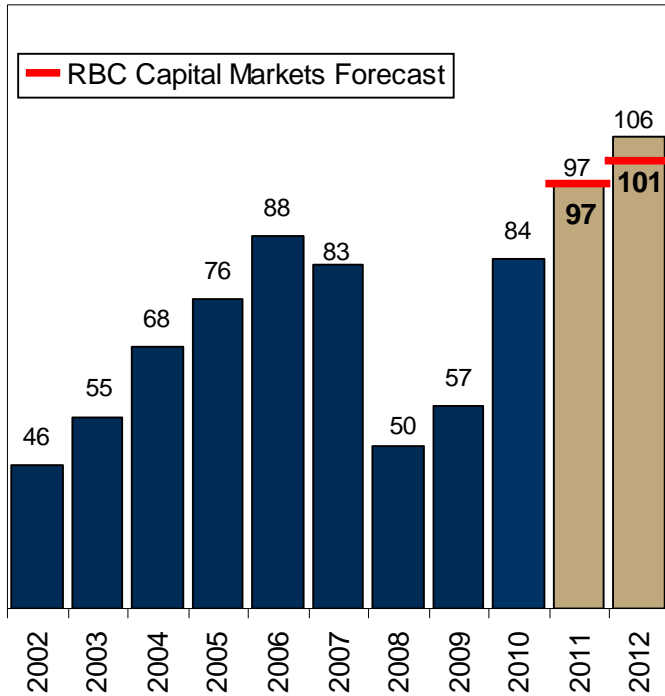
After a “flat” 2011 performance for the major U.S. averages, the market roared to life for its best January finish in nearly 15 years. The S&P 500 gained 4.4%, the Dow Jones Industrial trailed a bit with a return of 3.4%, and the Nasdaq Composite kicked in with a gain of over 8%. The markets are up some 20% from the October 3, 2011, lows, based in part on economic data that is more encouraging than negative. Among the best-performing sectors were Materials, Financials, and Information Technology. The more defensive sectors, including Utilities, Telecommunication Services, and Consumer Staples, underperformed (see tables to the left for performance data).

Where to from here?

We have maintained our “Neutral” stance on equities, which is not negative. As we look at equities, they offer very attractive valuations based on forward earnings and compared to longer-term averages (see graph on page 2). So why not be more positive? As we look at the continued backdrop of sluggish economic growth in the United States, a recession scenario for Europe and the rather big question of hard or soft landing for China, our conclusion is there’s still a great deal of uncertainty for the global economies. And while a recession for the U.S. economy is not in our forecast, it cannot be completely ruled out.

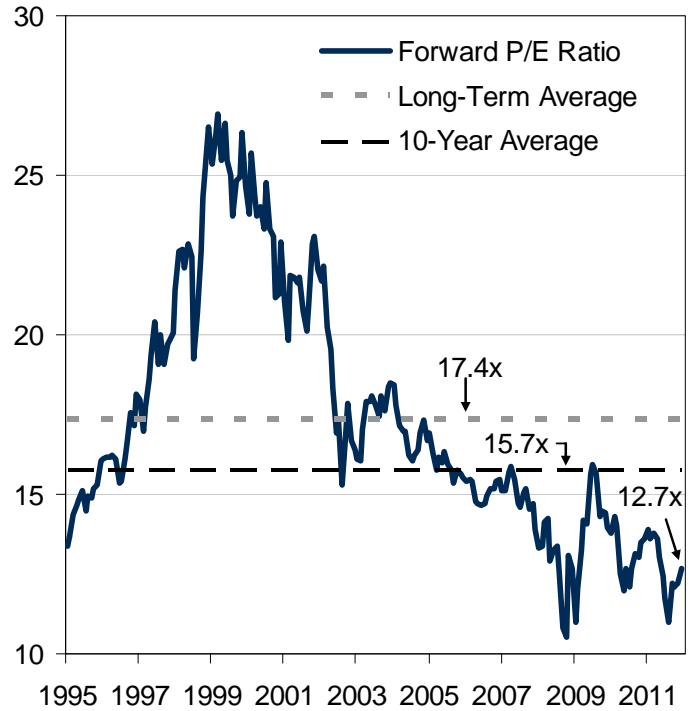
Valuations, while inexpensive, are not reflective of a possible hiccup (negative outcome) to any of the broader economic scenarios that would cause risk to our forecasts and, therefore, valuation. In addition, on a short-term basis, some market indicators look a little overbought, and as such, we will look for pullbacks as opportunities to add to attractive stocks and sectors.

S&P Annual Earnings Per Share



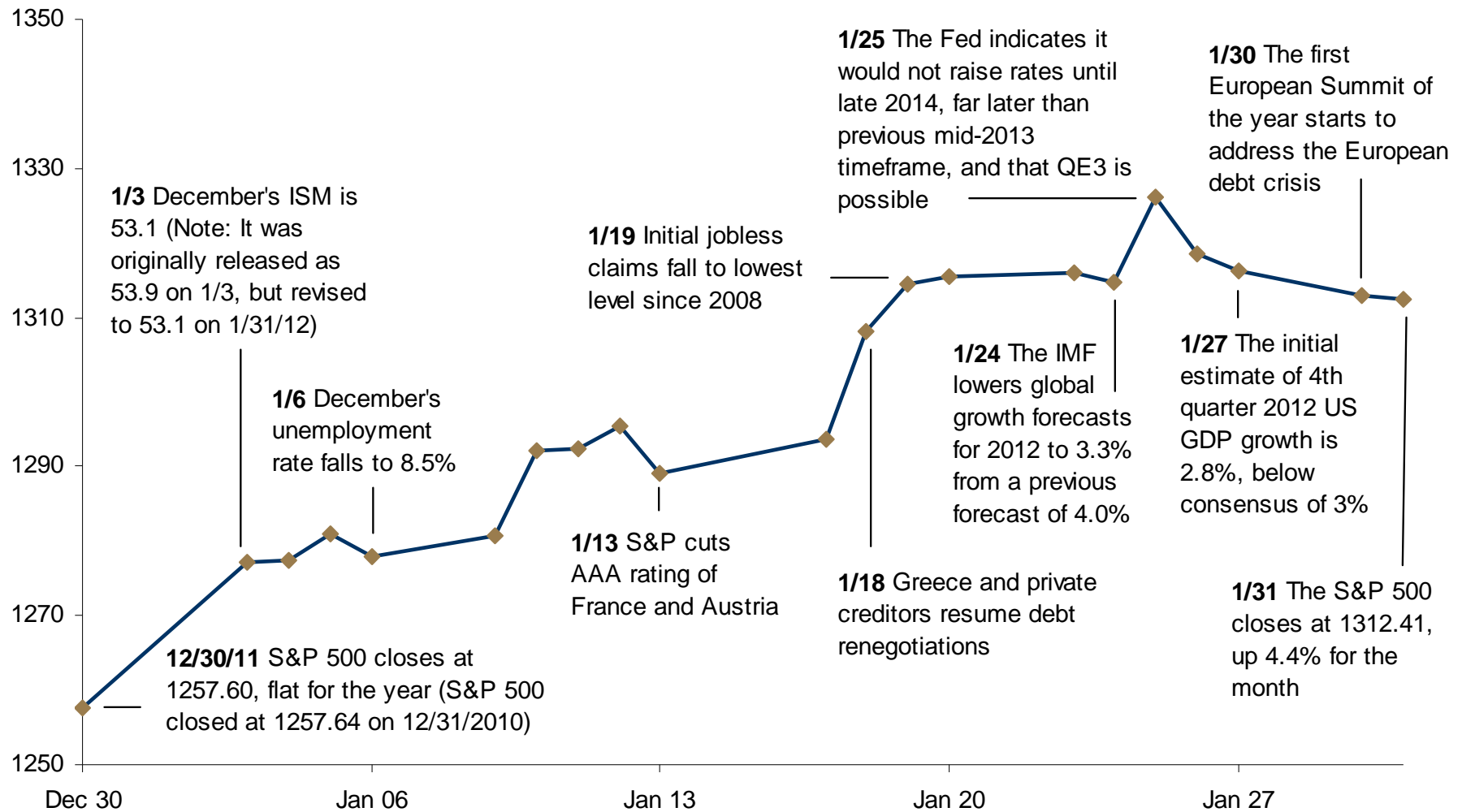
Light shaded bars indicated bottom up consensus forecast
 Source: Standard & Poor's, FactSet.

Price to Forward Earnings



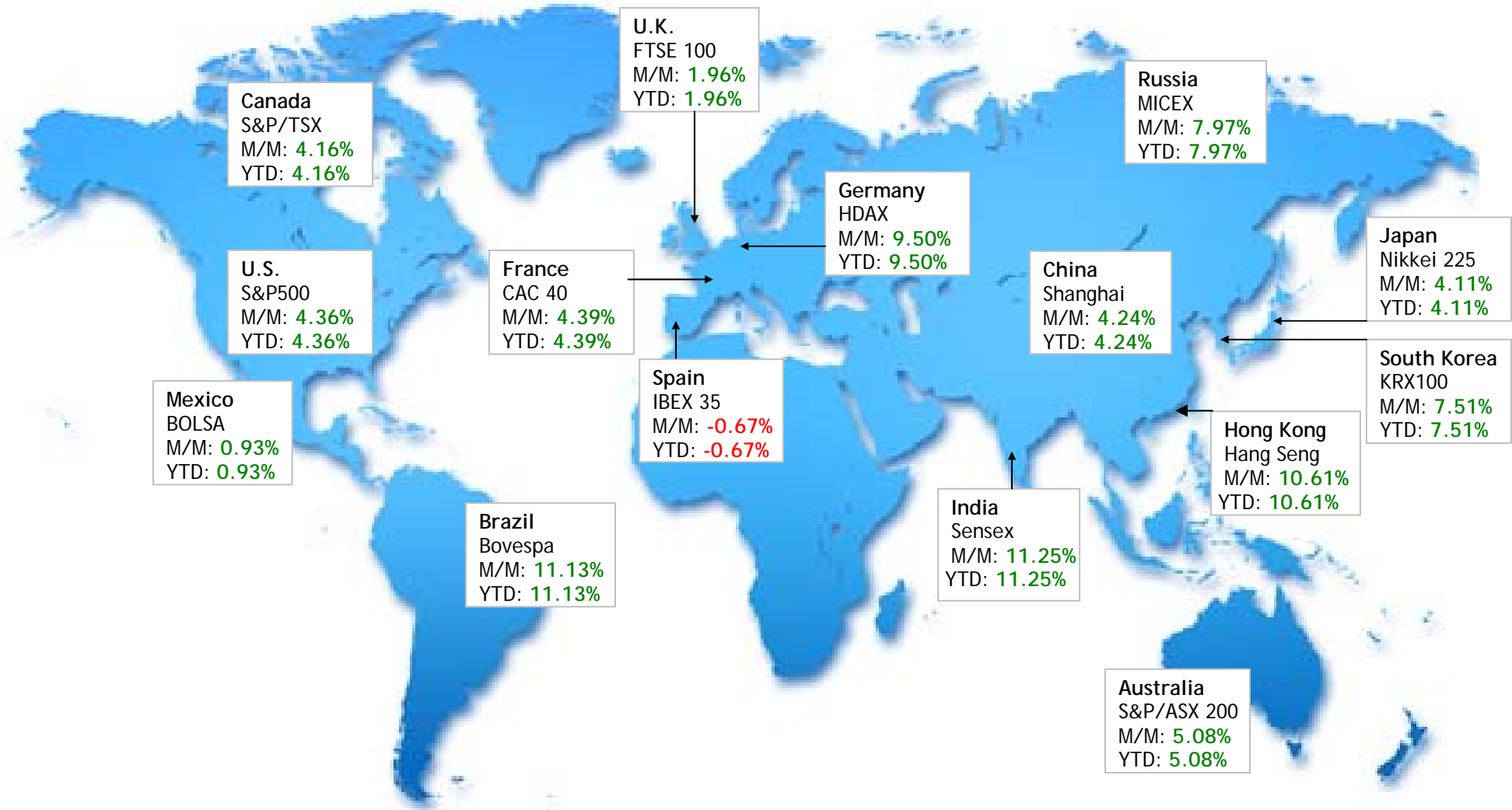
Source: FactSet; monthly data series, through January 2012

January-at-a-Glance – S&P 500



Source: Bloomberg and RBC Wealth Management, data through 1/31/12

World Markets – January 2011



Source: FactSet and RBC Wealth Management, 1/31/12

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			Count	%
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