



MAC IC

MAC INVESTMENT CLUB

MARKET AND PORTFOLIO UPDATE

For the week of
October 23th, 2011

www.macic.ca

MAC INVESTMENT CLUB

info@macic.ca

MACIC MarketWatch Portfolio Winners/ Losers¹

| | Closing Price | Change |
|-------|---------------|---------|
| PG | 5.17 | (2.63%) |
| BBD.B | 3.99 | (1.48%) |

| Holdings | Previous | Today |
|----------|----------|-------|
| Equity | - | 10.8% |
| Cash | 100% | 89.2% |

Economic Indicators

| | Est. | Actual |
|----------------|------|--------|
| Inflation(y/y) | 3.1% | 3.2% |

Current News and Events

| | Impact |
|---------------------------|--------|
| Indian Festival of Diwali | + |
| European Summit | +/- |

World Indices²

| | Closing Price ³ | Change |
|-------------|----------------------------|---------|
| TSX | 11949 | (1.09%) |
| TSX Venture | 1532 | (1.59%) |
| DJIA | 11809 | 1.41% |
| S&P 500 | 1238 | 1.12% |

Upcoming Events

| | |
|-------------------------------------|--------------------------|
| Trader in Residence | October 25 th |
| Macic Meeting | October 26 th |
| Academic Awareness Conference (ACC) | October 27 th |
| Equities Seminar | October 27 th |

Welcome

The club is underway and in the markets, adding Premier Gold and Bombardier to our portfolio. This week coming up may set a record for number of pitches in a single night with almost every sector preparing to pitch on Wednesday. There will be an equities training seminar in the GTF for all members on Thursday night at 5:30pm. The seminar will cover efficient market hypothesis and whether there is an opportunity for the small investor to make money. The Academic Awareness Conference is being held this coming Thursday for anyone interested in learning more about what DeGroot has to offer and the various professional designations in business.

The club had our second speaker of the year, Marius Alexe. Marius is the CEO of Phincorp Global Asset Management and spoke about behavioural finance and the inefficiency of traditional approaches to markets and their behaviour. Marius will be coming back for another speech as a continuation of his first. Anyone interested in emailing Marius questions or borrowing the Elliot Wave Theory book that he so kindly donated, please email info@macic.ca .

Key News Stories

Bank and Tech Sectors Report

It was a busy week in earnings with the season in full swing. On the Bank side, **Wells Fargo, Goldman and Bank of America reported.** Wells Fargo missed estimates by 1 cent on EPS while revenue came in at \$19.6 billion while analysts were expecting \$20 billion for the quarter. Goldman Sachs reported terrible numbers that saw revenue decline by 60% on a year over year basis. Revenue missed estimates by nearly \$1 billion. Bank of America has slightly better fortunes thanks in large part to its significant asset sales that took place over the quarter including the China Construction Bank. BoA beat estimates by \$0.34 cents on revenue of \$28.54 billion. On the tech side, IBM reported on Monday with EPS for Q3 of \$3.28 on revenue of \$26.2 billion, slightly below analysts expectations of \$26.25 billion. For the first time in seven years, Apple missed expectations on earnings due to slower iPhone and iPad sales. It should be noted that Apple profit grew 54% and revenue 39% year over year.

Rioting across Greece

With tensions mounting and the EU in near crisis stage, society in Greece seems to be deteriorating with days of rioting. The Government of Greece passed a key austerity vote this week while one rioter died in the clashes with police.

Google to Finance Yahoo Purchase?

With talks heating up of a potential Yahoo sale to two private equity firms, there are rumours that Google may enter the process and help finance the acquisition in order to quell regulatory fears of market monopolization and unfair practices undertaken by Google.

Our Portfolio

PG and BBD.D have entered in the red alongside the markets over the last week. Gold prices closed the week at \$1640/oz, down 2.25% for the week. The volatility seen in the markets may provide an opportunity to average down the clubs position in BBD.B if the stock continues to bounce off of the \$3.90 support.

Premier Gold Mines Limited (TSX-PG) announced that Mr. Brian Morris has accepted a position with the Company in the role of Vice-President of Exploration. Brian will guide Premier's US-based operations until year end, but will then replace Tim Twomey as corporate Vice-President of Exploration, as Tim will be retiring from the Corporation. Mr. Morris brings a strong history in project exploration and development, particularly in the United States. In addition to helping advance the Canadian-based assets, Mr. Morris will spearhead Premier's Saddle Project in Nevada and will assist in identifying prospective project opportunities and growing the Company's US property portfolio.

Premier Gold Mines Limited (TSX:PG) announced that it has entered into an agreement with a syndicate of underwriters co-led by RBC Capital Markets and Canaccord Genuity Corp. to purchase 2,000,000 common shares at \$5.50 per Common Share and 3,000,000 flow-through common shares at \$6.50 per Flow-Through Share for aggregate gross proceeds of \$30.5 million.

SKF and **Bombardier Aerospace** have entered into a long-term contract for SKF to supply rod assemblies and titanium bearings for Bombardier's all new C Series aircraft. The contract covers rods for flight control systems, door rods and hydraulic rack and landing gear bearings that will be manufactured at SKF Aerospace's North American and European factories. The aircraft are scheduled to enter into service in 2013.

Bombardier is set to build a plant in Qatar if it wins a billion-dollar rail contract it is bidding for, a company executive said. The company is bidding for the \$1.8 billion Lusail Light Rail Project, a planned rail system linking parts of Qatar's yet-to-be-built Lusail City.

Bombardier Commercial Aircraft, demonstrating its commitment to Korean Air and the broader Asia-Pacific marketplace, will team with the airline to showcase a full-scale cabin demonstrator for the all-new C Series aircraft at the Seoul International Aerospace & Defense Exhibition from October 18 to 23.

Pitches this week

Toronto-Dominion Bank (TD:TSE): The Bank's operations and activities are organized around four business segments: Canadian Personal and Commercial Banking; Wealth Management, including TD Ameritrade; U.S. Personal and Commercial Banking, operating under the brand name, TD Bank.

Altria Group Inc. (MO:NYSE): A holding company controlling subsidiaries involved the production of cigarettes, smokeless products, cigars, wine and financial services.

Suncor (SU:TSE): An integrated energy company. It explores for, acquires, develops, produces and markets crude oil and natural gas in Canada and internationally, and it transports and refines crude oil and market petroleum and petrochemical products primarily in Canada. It is focused on developing petroleum resource basins, which includes Canada's Athabasca oil sands. Suncor operates in business units, which include Oil Sands, Natural Gas, International and Offshore, and Refining and Marketing.

TransCanada Corporation (TRP:TSE): A North American energy infrastructure company focused on natural gas pipelines, oil pipelines and energy. TransCanada is engaged in development and operation of North American energy infrastructure, including natural gas and regulated gas storage facilities. The Company's Keystone is a crude oil pipeline system.

Silver Corp Metals (SVM:TSE): is engaged in the acquisition, exploration, development and mining of high-grade silver-related mineral properties in China and Canada. Silvercorp is the primary silver producer in China through the operation of the four silver-lead-zinc mines at the Ying Mining Camp in the Henan Province of China.

**For complete research reports on all pitches see our website: www.macic.ca

Looking Forward

CME trading Simulation

The trading simulation is hosted by the University of Guelph. The purpose of the event is to provide students with the opportunity to compete in a daylong trading simulation, gain valuable experience, and network with industry professionals. The overall goal is to provide a venue where industry professionals and students can come together in a mutually beneficial atmosphere. The competition is made up of teams from different Universities and our club will be sending a team so if you are interested in participating please email info@macic.ca. The event is November 12th and registration is due before November 1st.

<http://www.cmetradingsimulation.ca/>

John Molson Stock Exchange

This event will be the second installment of this trading simulation at the new state of the art John Molson (MB) building taking place on November 12th. Participants will be able to compete in groups of four against other students from universities across Canada for monetary prizes. Each student competes in an open-outcry market, entertaining and soliciting bids and offers, in pursuit of maximizing the value of his or her fictitious futures portfolio. Using custom designed software created by our team of student software programmers under the supervision of professors; we aim to provide students the most realistic experience of what it is like to be a pit trader in an open outcry market.

This prominent event is an occasion for students to hold the world of Finance in their hands. The best and brightest will compete and represent their individual universities, for a chance to claim the top prize. This event is also a great opportunity for students to network and meet with industry executives.

Prizes given are as follows:

| | |
|------------------|----------------------|
| Team #1: 1,500\$ | Individual #1: 750\$ |
| Team #2: 1,000\$ | Individual #2: 500\$ |
| Team #3: 500\$ | Individual #3: 250\$ |

To participate students may visit our website at <http://fisaonline.ca/jmse-page> where they can register for the competition, receive further information through our participants package, and arrange for the 50\$ payment.

All the materials needed for the daylong event will be provided, as well as coffee, snacks, lunch and dinner.

**Remember the Degroote Commerce Society will reimburse students a certain percentage of the fees associated with attending events. For more information check out the DCS's website.