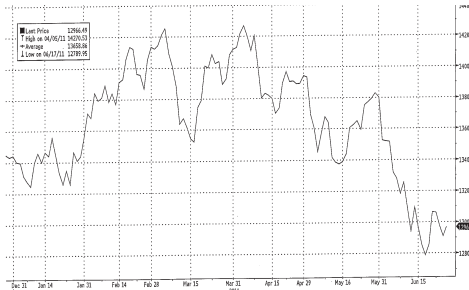




MONTHLY PERSPECTIVES July 2011

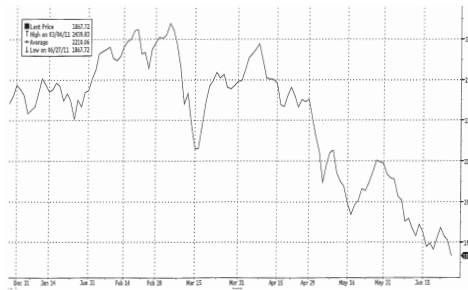
Data for charts as of trading close Jun 27, 2011

S&P / TSX



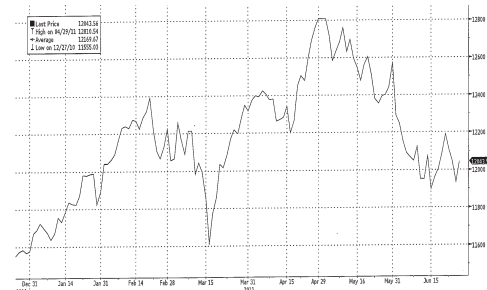
12,966.50 -5.71% month change

TSXV



1,867.72 -8.85% month change

DJIA



12,043.60 -2.83% month change

Market Indices

Financials	Jun 27	30-day net change	Commodities	Jun 27	30-day net change	Markets	Jun 27	30-day % change
3 Month T-Bill	0.82%	-0.10	Canadian \$ (US¢)	101.41¢	-0.88¢	S&P 500	1,280.10	-3.06
Long Bond CDN	3.42%	-0.08	Gold (US)	\$1,496.00	-\$29.50	FT-SE (U.K.)	5,722.34	-2.52
3 Month US T-Bill	0.02%	-0.03	Crude Oil (US)	\$90.61	-\$10.47	Nikkei (Tokyo)	9,578.31	1.65
Long Bond US	4.30%	0.02	Silver (US)	\$33.59	-\$4.06	Hang Seng (H.Kong)	22,041.77	-3.10
Bank Rate	1.25%	0.00	Copper (US)	\$4.05	-\$0.05	Bolsa (Mexico)	35,601.73	0.29
Prime Rate	3.00%	0.00	CRB Index	328.75	-15.69	DAX Index (Germany)	7,107.90	-0.88
PI Cash Account	0.20%	0.00	Lumber (US)	\$235.50	\$4.00	CAC-40 (France)	3,796.55	-3.37

Market Commentary

Mixed Results from S&P/TSX Corporations

Q1 earnings reports for Canadian corporations have been somewhat mixed. Results from the resource sector have unfortunately been disappointing. Despite positive surprises on the sales front, earnings were lower than expected for Energy and Materials firms. Breadth has also been poor for these two sectors with a majority of corporations showing negative surprises. On a positive note, all other sectors within the overall index have produced results which are currently surpassing earning expectations. The performance for S&P/TSX composite index companies as a whole has been ordinary. This said analyst expectations for the next 12-months are optimistic with positive earnings revisions outpacing negative ones by a factor of 1.6 to 1. In addition, the 3-month change in 12-month forward earnings is up 3.2%. This is off from 2011's high but is nevertheless a vote for improved performance. Analysts remain conservative on the gold price outlook predicting a price of \$1500/oz 4-quarters out. However, with negative real rates, uncertainty about sovereign debt and the continued acquisition of physical gold by the central banks (the world Gold Council showed official holdings hitting a multi-year high of 30,775 tonnes this Spring) we still think that the gold rally has yet to be exhausted. In our view, bullion remains in an uptrend and could reach as high as \$2,000, a price that would compare to levels reached in the 1980s in inflation adjusted terms. We remain of the view that cyclical sectors will be well supported by solid pace of growth over the coming months. This includes a favourable commodity price environment. As a result we maintain our overweight positions in the Materials and Industrials sectors while keeping an underweight stance on defensive sectors like Consumer Staples, Utilities, and Telecom. In addition the asset allocation remains unchanged this month.

Recent PI Research

- Viterra Inc. (T-VT) \$10.30**
Viterra Misses Estimates – Sales Slip into Q3 (Jun 10)
Rating: BUY; Target: \$13.00;
Risk: AVERAGE
- Descartes Systems Group (Q-DSGX; T-DSG) US\$6.72/C\$6.63**
Descartes Makes Tuck-In Acquisition (Jun 12)
Rating: BUY; Target: US\$9.25;
Risk: ABOVE AVERAGE
- Coastal Contacts Inc. (T-COA) \$2.44**
116% Increase in Q211 Eyeglasses Sales (Jun 14)
Rating: BUY; Target: \$3.50; Risk: AVERAGE
- New Flyer Industries Inc. (T-NFI.UN) \$7.35**
Emerging Details Support Our Thesis (Jun 14)
Rating: BUY; Target: \$12.50;
Risk: ABOVE AVERAGE
- Flint Energy Services Ltd. (T-FES) \$13.72**
"The Times They are a Changin'" – The Flint Story Enters a New Chapter (Jun 15) Initiating
Rating: BUY; Target: \$18.00;
Risk: ABOVE AVERAGE
- Sonde Resources Corp. (T-SOQ) \$2.77**
Goodbye Going-Concern Qualifier; Hello Ramped Up Horizontal Drilling Program (Jun 23)
Rating: BUY; Target: \$6.00; Risk: SPECULATIVE

Bonds / Money Market

Pricing as of Jun 27, 2011	CDN	US
30 day Bankers' Acceptance	1.05%	0.12%
60 day Bankers' Acceptance	1.08%	0.13%
90 day Bankers' Acceptance	1.13%	0.14%
2 year Fed. Gov't Bond	1.40	0.40
3 year Fed. Gov't Bond	1.54	0.63
5 year Fed. Gov't Bond	2.05	1.45
10 year Fed. Gov't Bond	2.90	2.93
30 year Fed. Gov't Bond	3.42	4.30

Considerable Monetary Stimulus

We were caught with portfolio duration below benchmark as yields moved lower and the markets became increasingly confident that the North American central banks were likely to err on the side of maintaining their pro-growth policy stance for a longer period. We expect U.S. GDP growth to pick up steam after hitting a soft patch in Q1. Core inflation in Canada has been running above the BoC forecast over the year to date and we do not expect that trend to reverse. Given our economic outlook, yields along the curve look expensive. We will keep our portfolio duration 0.4 years shorter than benchmark after the June rollouts of short term bonds from the benchmark.

Excerpt from Monthly Fixed Income Monitor – June 2011

NBF Action List

Security/Symbol	Jun 27	Target
D-BOX Technologies Inc. (DBO)	\$0.54	\$1.25
Enbridge Inc. (ENB)	\$30.68	\$33.50
Open Range Energy Corp. (ONR)	\$5.41	\$8.50
Provident Energy Ltd. (PVE)	\$8.18	\$9.50
Semafo Inc. (SMF)	\$7.16	\$13.50
Valeura Energy Inc. (VLE)	\$0.27	\$0.80

As of June 27, 2011

New Issues

The following are the current new issues still available for purchase, please contact your Investment Advisor if you wish to purchase these new issues or for more information.

Lorus Therapeutics

Price: TBD

Closing: July 6

Atacama Pacific Gold Corp.

Price: \$5.12

Closing: July 12

Huldra Silver Inc. Private Placement

Price: \$0.174 WTS

Closing: July 14

Energy IndexPlus Dividend Fund (Middlefield)

Price: \$12.00

Closing: Mid-July

Latest NBF Research

TriOil Resources Ltd. (V-TOL) \$2.40

Near-term Lochend results (Jun 27)

Recommendation: Outperform;

Target: \$6.50; Risk: ABOVE AVERAGE

Sandvine Corporation (T-SVC) \$1.85

Expecting Rebound in Revenue (Jun 27)

Recommendation: Outperform;

Target: \$2.50; Risk: SPECULATIVE

DragonWave Inc. (T-DWI/Q-DRWI)

C\$5.85/US\$5.93

LightSquared Deal With Sprint Boosts Stock (Jun 27)

Recommendation: Under Perform;

Target: US\$6.00; Risk: ABOVE AVERAGE

Research In Motion Limited. (T-RIM/Q-RIMM)

C\$27.82/US\$28.17

Investing on Takeover Thesis Risky (Jun 24)

Recommendation: Under Perform;

Target: US\$25.00; Risk: ABOVE AVERAGE

Economic Commentary

Canada: Manufacturing to the fore

The Canadian economy contracted in February for the first time in five months, mainly because of a sharp drop in manufacturing output. This was nothing to worry about, since over the previous four months the economy expanded an average 0.45% monthly – an unsustainable 5.5% annual rate. With February added to the sequence, first-quarter GDP growth is headed for an annual rate of 3.8% with only two months reported. That is well above the U.S. rate of 1.8%. The quarter

ended in strength with real monthly growth of 1.9% in March. What gives manufacturing lift despite the weight of the loonie is the strength of both U.S. and domestic demand. The Q1 performance eliminates uncertainty about the sector, which some thought would be Canada's most vulnerable this year. In sum, we expect a strong Q1 growth report followed by cooling in Q2 under the influence of supply-chain difficulties in the Canadian auto industry. The shock from Japan will be cushioned by domestic demand buoyed by the vigour of the labour market. We continue to see real Canadian growth of 3% in 2011. As for inflation, we are revising up forecasts mainly due to stronger inflationary pressures coming from food component in the BoC inflation index.

Excerpt from NBF, Economic News – June 2011

Fortis Inc. (T-FTS) \$31.43

Downgrading on bidding war uncertainty (Jun 24)

Recommendation: Sector Perform;

Target: \$34.50; Risk: LOW

Primaris Retail REIT (T-PMZ.UN) \$20.89

\$572 million portfolio increases "big city" presence (Jun 23)

Recommendation: Outperform;

Target: \$23.00; Risk: LOW

AltaGas Ltd. (T-ALA) \$25.49

Cash flow accretion offsets 'equity' requirements (Jun 23)

Recommendation: Sector Perform;

Target: \$25.50; Risk: AVERAGE

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