

May 16, 2011

A clarion is a medieval trumpet that had clear, shrill tones. Trumpets were often used to get people's attention when making announcements. We are also using "clarion" in the context of making announcements, as well as being thought-provoking when sharing our information and opinions with those people who are interested in new investment ideas.

for your Information

New-Look Website

eResearch has updated its website with a new look, more simplified, more appealing, and better laid out. Our latest Reports and Videos are now up-front and centre on the Home Page. We have added considerably to our Technical component.

We are always trying to give our Subscribers better service and trust this website revision will be well accepted. If you like it, let us know.

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Topic: Sector Rotation

The following table shows the performance of the Canadian market sectors (1) since the beginning of 2011, and (2) from the highs for the year-to-date.

After the bull-market ride of the commodity sector in 2010, 2011 has seen investors adopt a more defensive posture. The defensive sectors typically are utilities, health-care, consumer staples, and telecommunications.

Lo and behold, since the beginning of January, *Health-Care* leads the pack, up 20%. Caveat: there are only four stocks in the sector and, one of them, comprises a 50% weighting. *Telecommunications* (+8%) and *Information Technology* (+7%) hold down second and third place. *Materials* fared by far the worst, down 11%. This mirrors the dismal performance of the TSX Venture Exchange. The DJIA was the best performing major market index.

	Dec 31 <u>2010</u>	Current May 13 <u>2011</u>	Change for <u>2011</u>	High for <u>2011</u>	Change from high <u>2011</u>
Health-Care	49.88	60.09	20%	62.37	-4%
Telecommunications	89.36	96.72	8%	96.89	0%
Information Technology	30.70	32.80	7%	35.64	-8%
Industrials	110.22	116.82	6%	120.26	-3%
Financials	183.86	195.25	6%	201.65	-3%
Consumer Staples	196.29	205.79	5%	207.53	-1%
Utilities	222.31	225.56	1%	228.53	-1%
Energy	323.18	321.00	-1%	370.75	-13%
Consumer Discretionary	99.63	97.39	-2%	103.74	-6%
Materials	444.61	395.07	-11%	461.63	-14%
DJIA	11,577.51	12,597.75	9%	12,876.00	-2%
NASDAQ	2,652.87	2,828.47	7%	2,887.75	-2%
S&P 500	1,257.64	1,337.77	6%	1,370.58	-2%
S&P/TSX Composite	13,443.22	13,377.16	0%	14,329.49	-7%
London FTSE 100	5,899.94	5,925.87	0%	6,105.77	-3%
Tokyo Nikkei	10,228.92	9,648.77	-6%	10,891.60	-11%
S&P/TSX Venture	2,287.85	2,038.22	-11%	2,287.82	-11%

Stock-of-the-Week

<Will return>

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Since the highs of 2011, there is a different story. And, even more defensive posturing.

Only *Telecommunications* was able to hold on to, or remain near, its March highs. Two other defensive sectors, *Utilities* and *Consumer Staples*, have performed relatively well, both off only 1%.

In concert with the decline in commodity prices over the past two months, *Materials* and *Energy* have recorded significant pull-backs, down 13% and 14% respectively.

Information Technology dropped 8%, primarily as a result of the market weakness in one stock: Research-In-Motion.

As in the Canadian markets, in the U.S., the defensive sectors represented by *Consumer Staples*, *Utilities*, and *Health-Care* continue to out-perform the broad market.

In addition, the major U.S. Indexes have performed much better than their Canadian counterparts, which are more heavily weighted to the resource sectors.

The stock market continually cycles, rising to reflect improving economic conditions and falling to reveal economic softening. This market oscillation continues throughout the year as it follows its major trend, whether it be up or down.

When the economic outlook dims, investors head for cover, switching out of “high beta” equity sectors in favour of money-market instruments, bonds, and “low beta” equities.

Stock markets continually look ahead, as the saying goes, “across the valley”, being typically about six months. Part of that period, now, is the up-coming summer months, which usually are a weaker period for stocks.

Unless investors soon switch back to the more aggressive sectors, a continuing out-performance by the defensive sectors could be a harbinger for another market correction over the next 4-6 months.

Bob Weir, CFA,
Managing Director, Research Services

**New eResearch
Material Since
May 9, 2011:**

1. Initiating Reports

[Leader Energy
Services Ltd.](#)
05/11/2011

[Nemaska
Exploration Inc.](#)
05/10/2011

**2. Update Reports
and Bulletins**

[Bioniche Life
Sciences Inc.](#)
05/13/2011

[CI Financial Corp.](#)
05/12/2011

[IGM Financial Inc.](#)
05/12/2011

[Anglo-Canadian
Uranium Corp.](#)
05/11/2011

3. Analyst Articles

[Analyst Articles
\(Various\)](#)

[Market Breadth](#)
05/09/2011

[Phases&Cycles](#)
05/09/2011

In addition to these reports and articles, our full complement of research is available at www.eresearch.ca

BriefCase

NewsBytes from May 5 - May 13, 2011

Additional information on the companies featured in NewsBytes may be found at www.sedar.com, and at www.eresearch.ca.

For the latest eResearch publications, see sidebar opposite.

Golden Dory Resources Corp. (\$0.15 - May 5, 2011; GDR-TSX-V) Golden Dory reported final results from the diamond drill program at its Brady gold project in central Newfoundland. All six holes intersected multiple zones of gold mineralization. Two additional holes are planned at Brady.

SLAM Exploration Ltd. (\$0.125 - May 9, 2011; SXL-TSX-V) (1) SLAM and Namex Explorations Inc. have entered into an agreement on SLAM's Miminiska gold project. Namex can earn up to a 70% interest in the property, which is located near Miminiska Lake in northwestern Ontario. **(2)** SLAM has contracted for a high-resolution airborne magnetic survey over its wholly-owned Reserve Creek gold property, the Opikeigen gold joint venture with Beatrix Ventures Ltd., and the Miminiska property (optioned to Namex).

Integrated Asset Management Corp. (\$0.86 - May 11, 2011; IAM-TSX) (1) IAM reported unaudited financial results for the second quarter ended March 31, 2011. Total revenues for the three months increased to \$4.1 million from \$3.7 million in the corresponding period of 2010. EBITDA was \$0.2 million compared with negative \$0.1 million. The net loss was \$0.3 million or (\$0.01) per share compared with a net loss of \$0.5 million or (\$0.02) per share. **(2)** IAM and its real estate arm, GPM Investment Management, announced the closing of *GPM (12)*, the 12th fund in a series of pooled real estate funds. \$174 million was raised.

Purepoint Uranium Group Inc. (\$0.19 - May 11, 2011; PTU-TSX-V) Purepoint has begun building a series of three-dimensional numerical earth models of the Turnor Lake region in Canada's Athabasca Basin, designed to further identify and prioritize drill-hole targets for the Company's next drill program on the property. The 9,705-hectare Turnor Lake project is 100%-owned by Purepoint.

Antioquia Gold Inc. (\$0.24 - May 13, 2011; AGD-TSX-V) *MarketWatch* reported that Colombia's Constitutional Court struck down strict mining regulations that were passed in 2010. The mining code was deemed unconstitutional as indigenous communities in the mining areas had not been consulted. This casts a bit of a cloud over mining in Colombia, although the current regulations will remain in effect for two years to allow time for a replacement bill. The existing mining code calls for a ban on mining in the Paramos highland ecosystems (above 3,200 metres). Antioquia, however, is compliant with this regulation, with all of its projects lying below these protected areas.

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Opportunity Knocks

At the present time, eResearch has no positions available.

If you are interested in learning more about eResearch, please contact Bob Weir at the following: bweir@eresearch.ca.

“Research is the bedrock underpinning all capital markets”

Monthly Top Ten

(Includes reports and articles only)

The top ten downloads from www.eresearch.ca since April 18, 2011:

1. SLAM Exploration Inc., Perspective, April 29
2. Analyst Article, Ominous Signs, May 13
3. Leader Energy Services Ltd., Initiating Report, May 11
4. Nemaska Exploration Inc., Initiating Report, May 10
5. Phases & Cycles, Market Thought, April 25
6. SLAM Exploration Inc., Perspective, April 6
7. Microbix Biosystems Inc., 4 Perspectives, March/April/May
8. Golden Dory Resources Corp., Perspective, April 19
9. Global Railway Industries Inc., **StockPotentials**, May 5
10. Bioniche Life Sciences Inc., **StockPotentials**, April 27

Bi-Weekly Top Five

(Includes reports and articles only)

The top five downloads from www.eresearch.ca since May 1, 2011

1. SLAM Exploration Inc., Perspective, April 29
2. Analyst Article, Ominous Signs, May 13
3. Leader Energy Services Ltd., Initiating Report, May 11
4. Nemaska Exploration Inc., Initiating Report, May 10
5. Microbix Biosystems Inc., Perspective, May 5