



TOP TEN HOLDINGS

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Stock	Aurion Canadian Equity	S&P/TSX Composite Index
TORONTO DOMINION BANK	7.71	4.84
SUNCOR ENERGY INC	5.44	3.25
BANK OF NOVA SCOTIA	5.31	3.89
ROYAL BANK CDA	3.96	5.26
CDN NATURAL RESOURCES	3.79	2.93
POTASH CORP OF SASK	3.70	2.53
GOLDCORP INC	3.69	2.57
BANK OF MONTREAL	3.15	2.51
BARRICK GOLD CORP	3.13	3.24
BROOKFIELD ASSET MANAGEMENT	2.75	1.07

Economic/Market Commentary:

A choppy bottoming process in risk capital markets played out during the quarter, amid the backdrop of a stabilizing European financial system. Necessary and difficult choices are reluctantly being made by the political authorities in Europe that address the structural deficiencies of the Eurozone economies that have frozen capital and created the current flight to safety environment. Year-end positioning by investors dominated markets, as underperformers were purged from portfolios in favour of the winning trades such as Consumer Staples, Pipelines and Utilities. Those winners, as we have been arguing, have become overvalued relative to their fundamentals and reflect the extreme risk-averse investment climate. Conversely economically sensitive and financially leveraged sectors are at extreme levels of under-valuation, but valuation alone is not a catalyst.

Further evidence of concrete action on the debt crisis would help, but as we are now seeing in the performance of the U.S. equity market, a potential to de-couple exists. The resilience of the consumer in America is legendary, and again we are seeing signs of better than expected auto sales, as well as better job growth statistics that are helping their markets higher. A further positive would be for improved emerging market performance helping to kick-start the cyclical sectors that dominate the Canadian market. Any sign that the economy is more resilient than expected should serve to improve investor sentiment and enhance the multiples that are now at extremely discounted levels.

PERFORMANCE

	Q4 2011	1 Year	3 Years*	5 Years*	10 Years*
Aurion Canadian Equity	3.7%	(16.9%)	11.7%	(1.4%)	6.6%
S&P/TSX Composite Index	3.6%	(8.7%)	13.2%	1.3%	7.0%
Added Value	0.1%	(8.2%)	(1.5%)	(2.7%)	(0.4%)

*Annualized

Annualized Since Inception	
	Dec-11
Aurion Canadian Equity	10.3%
S&P/TSX Composite Index	8.2%
Value Added	2.1%

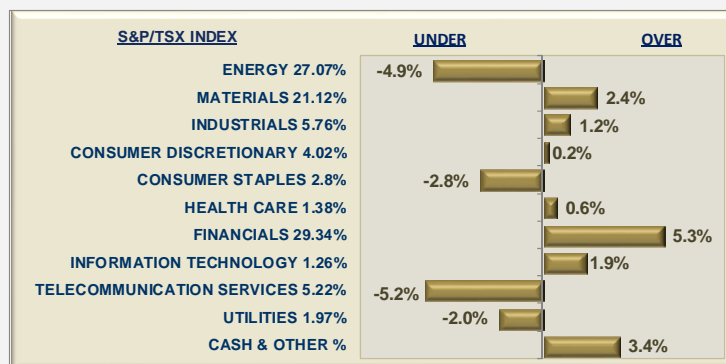
Inception Date: December 1, 1986

Portfolio Commentary:

The Aurion managed portfolio returned 3.7% for the quarter versus the S&P/TSX Composite return of 3.6%. On a year to date basis, the portfolio returned (16.9%) compared to (8.7%) for the benchmark.

Our portfolios have further reduced exposures to some of the more extended defensive stocks such as BCE and TransCanada and added some higher growth energy names. Weights in the more economically sensitive areas such as materials and energy are relatively neutral as we await further evidence of economic vigor returning to the emerging markets. Financials are our most preferred area of the market as the multiple compression resulting from the highly correlated "risk-off" trade has exposed compelling value. Stocks such as, Bank of Montreal were trading in December at a well-covered 5% yield, with a chance to participate in the U.S recovery through their recent acquisitions. This level of mis-pricing rarely lasts for long and is typical of year-end performance.

SECTOR WEIGHTS



Portfolio Outlook:

We are looking to the upcoming earnings release season to validate our optimistic stance. Although we had postulated a more traditional correction in equity markets at mid-year, we were mindful of the possibility of a sharper correction. Since that has now occurred, we feel pricing of equities is more reasonable and fully reflects the economic challenges that face the world. As we saw in the recent U. S. economy reacceleration, we expect headline risks to recede throughout the year in the rest of the world. The co-ordinated reversal of monetary tightening by the emerging economies is the leading element of this hypothesis. A soft landing environment is the necessary condition to turn us more optimistic on deeper cyclicals such as Materials and Energy. This could occur quite rapidly as the shares of most hard asset producers are discounting a far deeper economic contraction than is likely to prevail. Companies have been conserving cash and paring down cost structures, so profitability can return to record levels relatively soon with a mild recovery, led by the U.S. markets.

About Aurion Capital Management

Aurion Capital Management Inc. is an investment counseling firm with an institutional client base specializing in Canadian Equity, Fixed Income, Real Estate and Global Opportunities Fund. Incorporated in 1996, Aurion has over \$5.7 billion in AUM and \$3.4 billion in AUA as at December 31, 2011.

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