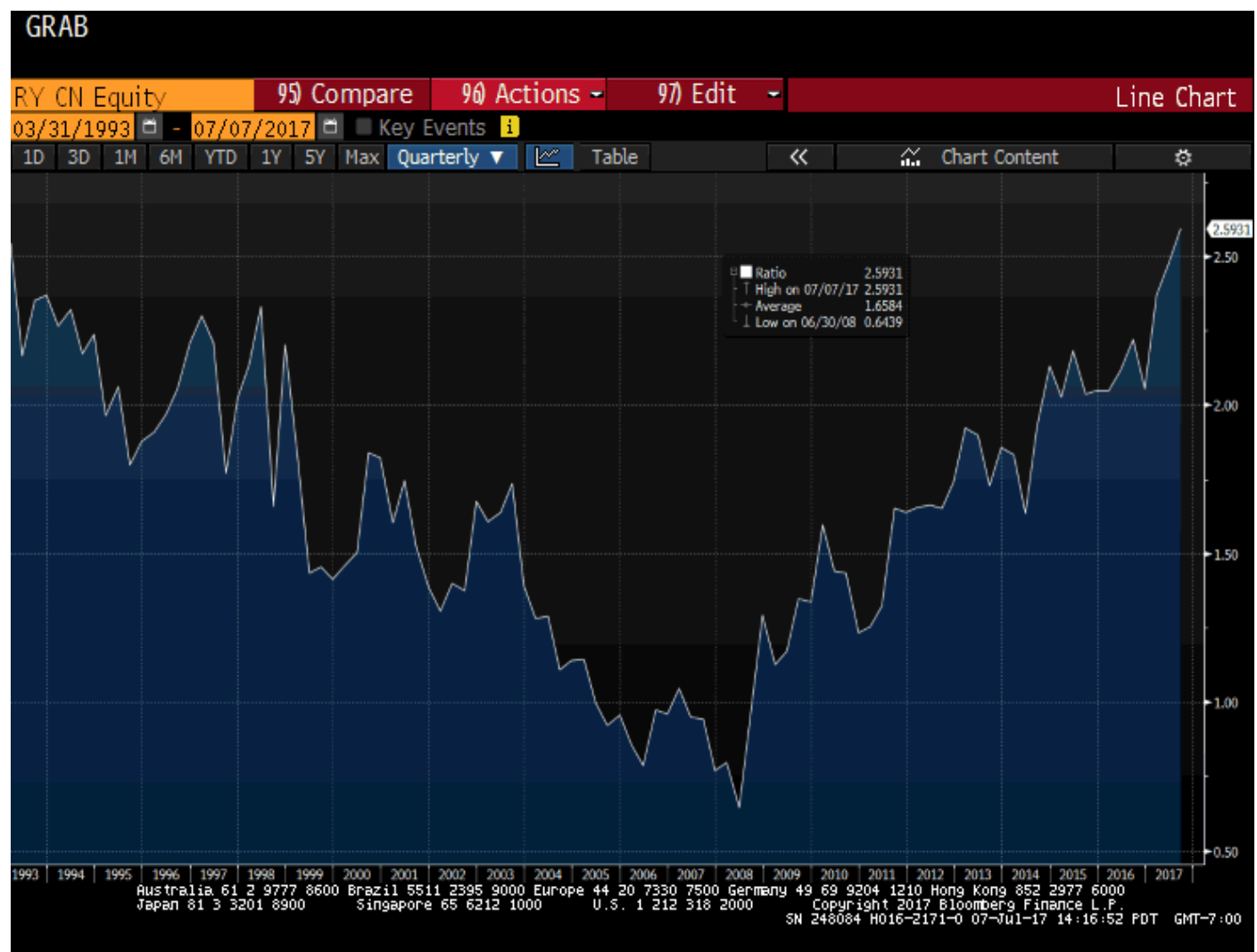


Good morning,

We just wanted to show you how expensive financials are relative to energy (see chart below). We took the bell weather financial stock, RBC, and divided by the bell weather energy stock, Suncor. In doing so, we can see the relative over or under valuation between the two stocks and sectors. We ran it over a 20 year time frame to provide context. A high ratio shows over-valuation on RBC (under valuation on Suncor). A low ratio shows the converse. Note that we are at historically high level now. Thus, a portfolio manager should generally be selling financials to buy energy. Hedge funds will short financials, and buy energy, for a market neutral trade. Hopefully this provides a little insight.

Cheers



RBC Stock Price/ Suncor Stock Price