Thackray Market Letter

— Know Your Buy & Sells a Month in Advance —

Published the 10th Calendar Day of Every Month

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Special Announcement !!!!

All future copies of the Thackray Market Letter will be published on the 10th calendar day of the month. If the 10th calendar day falls on a weekend, the newsletter will be published on the Monday. The reason for this change is that the Horizons AlphaPro Seasonal Rotation ETF, symbol HAC on the TSX, will have its portfolio holdings published on the same day. The portfolio will be published at www.hapetfs.com.

Market Comment

Despite the debate of whether the economy is in trouble in the long-term, the economy has been showing signs of life once again. Investor's confidence is up and the market has been doing well.

Although the market may be a bit pricey, and there may be some volatility ahead, there is still some room to grow. This is particularly true as we are in the favourable period of the year (October 28-May 5). Yes, there are times when the market goes down in this period, but the times are few and far between. Over the last sixty years, the S&P 500 has only lost 10% or more two times. Surprisingly, despite the volatility last year, the S&P 500 produced a 6.5% gain in the favourable period in 2008-2009.

S&P 500 - Last 3 Years

Horizons AlphaPro Seasonal Rotation ETF
Portfolio Exposure as of November 30, 2009

Symbol	Holdings	% of NAV
Canadian Dollar Exposure		
XIU	iShares CDN S&P /TSX 60 Index Fund	19.0
XFN	iShares CDN S&P /TSX Capped Financials Index Fund	4.8
XSP	iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund	24.0
XMA	iShares CDN S&P/TSX CappedMaterials Index Fund	9.4
		57.3
United States Dollar Exposure		
MOO	Market Vectors - Agribusiness ETF	9.6
XLY	Consumer Discretionary Select Sector SPDR Fund	9.5
XLK	Technology Select Sector SPDR Fund	14.3
SMH	Semiconductor HOLDRs Trust	4.8
		38.2
Canadian Dollar Futures (Dec 2009) Currency Hedge **		0.5
Cash and Equivalents & Other		4.0
Total (NAV $10,012,145)		100.0 %

** Actual exposure reflects gain / loss on hedge (Notional exposure equal 40.0% of NAV)

Portfolio Comments and Highlights

The Horizons AlphaPro Seasonal Rotation ETF was launched on November 20th under the symbol HAC on the TSX. The fund is the first of its kind in North America, if not the world. It has been designed to capture seasonal outperformances in both the broad market and the different sectors of the market. Both Don Vialoux and myself are the research analysts for the fund.

The fund has been well received by investors and the media. For more information on media interviews and updates on the fund, please reference http://www.hapetfs.com/index.asp. It is a good idea to bookmark this page and to visit it on a periodic basis.

The fund is currently overweight the sector investments in the portfolio that are not represented by ETFs for the S&P 500 and TSX. As of November 30th the fund was fully hedged for exposure to the U.S. dollar.

Materials (Canada)

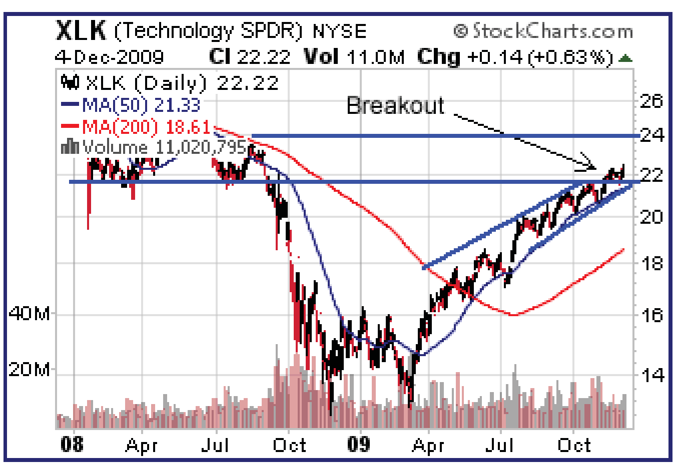
The HAC fund has been well positioned in the market place to take advantage of outperforming trends in the market. The materials sector in the Canadian market has been performing well. One of the main sector holdings for HAC is XMA, iShares CDN S&P/TSX Capped Materials Index Fund. This ETF has benefited from strong performance in gold, fertilizer and metals and mining stocks. Approximately 60% of the fund is gold stocks, 18% fertilizer stocks and a sizeable portion of metals and mining stocks. Recently, all three of these sectors have been outperforming the market - gold has been rising and has crossed the $1,200 threshold, fertilizer stocks have done well as demand has increased for fertilizer, and the metals and mining stocks have been doing well in part as a result of the declining U.S. dollar.

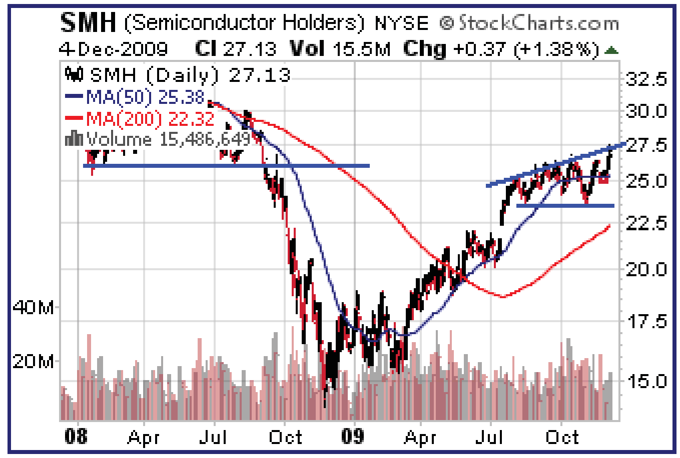
Gold has its strongest seasonal strength from July 12th to October 9th. At that point it often corrects and then at the beginning of November it once again starts to rise. This year gold did not produce a gain from October 9th to October 30th. At the beginning of November once again started to increase. Gold very often will increase until approximately the end of the year, or even into February with strong momentum.

Based upon the seasonal trends it is prudent to consider lightening up on gold positions over the short to mid-term. The same rational applies to XMA as it is mainly gold stocks.

Technology

Technology stocks have been doing well in accordance with their seasonal trends. Both the XLK, Technology Select Sector SPDR Fund, and SMH, Semiconductor HOLDRs Trust, holdings have been outperforming the market recently. The seasonal sector trade for these sectors ends on January 17th, but it is usually prudent to start lightening up on the sector before the Consumer Electronics Show in Las Vegas which takes place in the first week in January 2010.

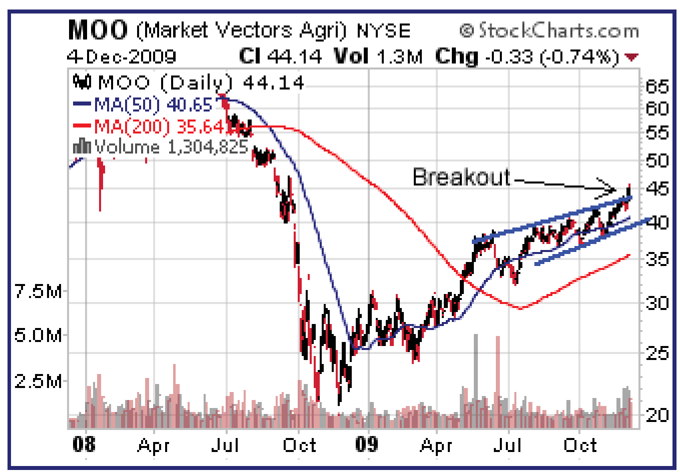




Agriculture

The agriculture sector, represented in the fund by the holding MOO, Market Vectors - Agribusiness ETF, has performed extremely well. On a seasonal basis the agriculture sector usually outperforms from August to December. This year the sector has performed particularly well as grains have benefited from the falling U.S. dollar, fertilizer stocks have benefited from farmers no longer on the brink of bankruptcy needing to apply fertilizer and increasing farm equipment sales.

From a technical perspective the sector has had a breakout and is expected to continue to do well. From a seasonal perspective the sector finishes its period of strength at the end of the month and investors should consider reducing or exiting their positions.



Consumer Discretionary

The consumer discretionary sector has been performing as expected as it is outperforming the consumer staples sector. During the favourable six months from the end of October to the beginning of May the discretionary sector is the preferred sector. This year the consumer discretionary sector has been outperforming the consumer staples sector, as expected.

Financials (Canadian)

Canadian financial stocks typically start their outperformance towards the end of October. Canadian banks have a year end of October 31st and they have often announced dividend increases at this time and forecasted positive results for the next year. In anticipation of positive announcements at the end of November, investors tend to increase their holdings in November.

So far this year, after positive announcements by most of the large banks, the sector has performed in a lackadaisical fashion. Despite the sector being in its period of seasonal strength it is not expected to dramatically outperform the market. As a result, it is not substantially overweighted in the HAC portfolio.

There maybe a pickup for Canadian banks after the American banks "prove" themselves. This is what took place last year. As it is the American financial sector that lead the market into its steep decline, investors will be looking for signs of change mid-January during the release of bank's earnings. It is possible that the sector might pickup early if there is a expectation of strong earnings. Nevertheless, investors, like last year, will be hesitant to take a large position in Canadian banks until the sentiment for American banks becomes more positive.

Future Seasonal Opportunities / Considerations

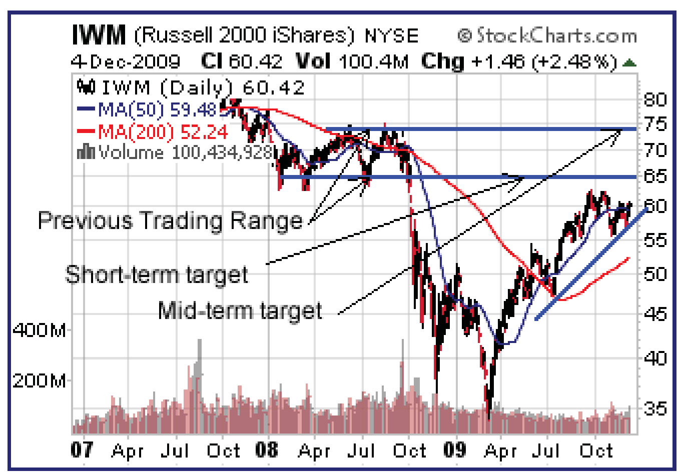
Below are highlights of approaching seasonal opportunities for investors.

Small-Cap Effect (Small Cap Sector)

Large companies (large caps) have been outperforming in the stock market recently, but that might all change very shortly. Small companies (small caps) have on average outperformed from December 19th to March 7th. From 1979/80 to 2008/09, the Russell 2000, the venerable index of small companies in the stock market, has produced a return of 5.4% during its seasonally strong period. This compares with a return of 2.1% for the Russell 1000 (large cap index) during the same time period.

The Small Cap Effect is a modified January Effect strategy, which is one of the most researched seasonal anomalies in the stock market. This traditional strategy is based upon small companies outperforming in the month of January because of tax loss selling in December.

The premise of this strategy is that investors sell their small caps in December to generate losses in order to offset any capital gains that they created during the year. Investors are more likely to sell their small companies that are trading at a loss, rather than their large companies because they typically see their large companies as long-term holdings. The net result is small company stocks are often beaten down in price and end up representing good value for an astute investor.



This strategy has worked well, but the entry date has shifted from December 31st to December 19th. The shift has been caused by the popularity of the strategy. As more and more investors have tried to capitalize on this strategy, the date has shifted. Seasonal investors take advantage of the "earlier" January Effect by getting into the sector before the other investors who are still operating under the old paradigm of the trade starting at the beginning of January.

Platinum

The period of seasonal strength for platinum is from January 1st to May 31st. The primary driver for this period of seasonal strength is the auto industry ordering platinum for catalytic converters and investors optimistically anticipating increased car sales at the beginning of the year. Last year platinum increased 29% during its seasonally strong period. Unlike gold, platinum is still well below its high set in 2008. Platinum has been increasing and has recently broken out of its trading channel, which is a positive indication.

Platinum is shaping up to be a good opportunity for the end of the year/beginning of the next year.

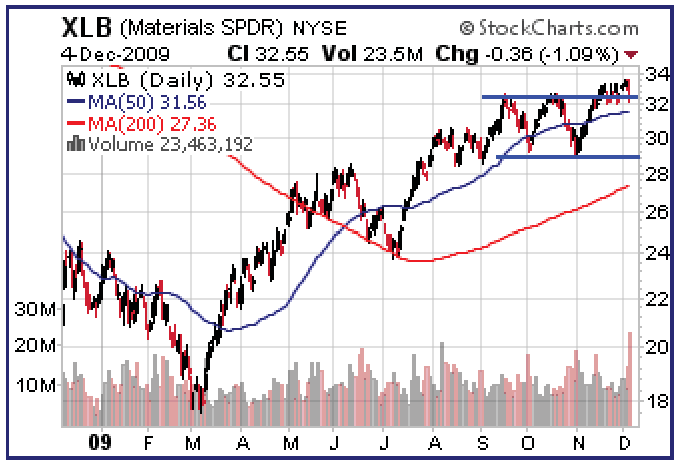
Metals and Mining

The metals and mining sector typically outperforms from November 19th to May 5th. Last year this sector produced a 61% return. Recently it has been trading in a rising channel and has pulled back to mid-channel. Within the seasonal period of strength the materials sector can have a short period of strength at the end of December and then "soften" in the first week or two of January. Investors should consider adding this sector to their portfolio before its next run in January.

Materials (USA)

The materials (U.S.) sector typically does well from January 29th to May 6th. From 1990 to 2008 the materials sector has produced an average gain of 8.0% and has been positive fourteen out of twenty times.

Currently the technical pattern on the U.S. materials sector, as represented by the ETF, XLB, is positive - the sector has recently broken out of its trading range.



The U.S. materials sector is substantially different than the Canadian materials sector as the U.S. sector has very little gold and approximately 60% chemical companies.

Because of the relatively weak seasonal opportunities for the Canadian materials sector in January, investors should consider reducing their position in the Canadian materials sector over the short-term and increasing their position in the U.S. materials sector in January.

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