DOLLAR FACTS

Second Quarter 2008

For the friends and clients of

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Adrian Perera is a Canadian Investment Manager and Fellow of the Canadian Securities Institute. He has been an investment professional for over 13 years, is a registered continuing education Professor at Seneca College and was formerly a licensed instructor for the Canadian Securities Institute. To assist in administrative and portfolio management demands Adrian has the dedicated service of his associate Sudha Gurunathan. Sudha has a Masters degree in Business and an undergraduate degree in Computer Science. For further information or a complimentary financial review please contact us.

"We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."

- Warren Buffet

A global financial crisis continues to drag down world equity markets. Excess within the sub prime debt market has forced many of the largest financial institutions in the world to take significant write downs and declare unprecedented losses. I had written to you about the effects of rising interest rates in Q2 2007. And while the market was saying "its different this time" I was telling you that it was not. In fact, in every market cycle I have been through there are always those that say "this time is different". However, every cycle proves the same; fundamentals of the market simply do not change.

This cycle has come to a grinding halt on the back of financial institutions. What is unfortunate is that not much of their misfortune is based upon their primary businesses but is due to the "smart" minds that they employ to develop complicated debt structures that they themselves did not understand. The most incredible aspect of this crisis is that almost every large financial institution in North America bought into the concept. Some were prudent enough to limit their exposure namely Royal Bank, TD Bank, Scotiabank, and Goldman Sachs. However, to my disbelief, some seemed to have no risk management whatsoever and ended up on the verge of insolvency. Bear Sterns, a world leading investment bank, has been bailed out by JP Morgan Chase by instruction from the Federal Reserve. As you can well imagine many executives, risk managers, and financial officers have lost their jobs, and rightly so!

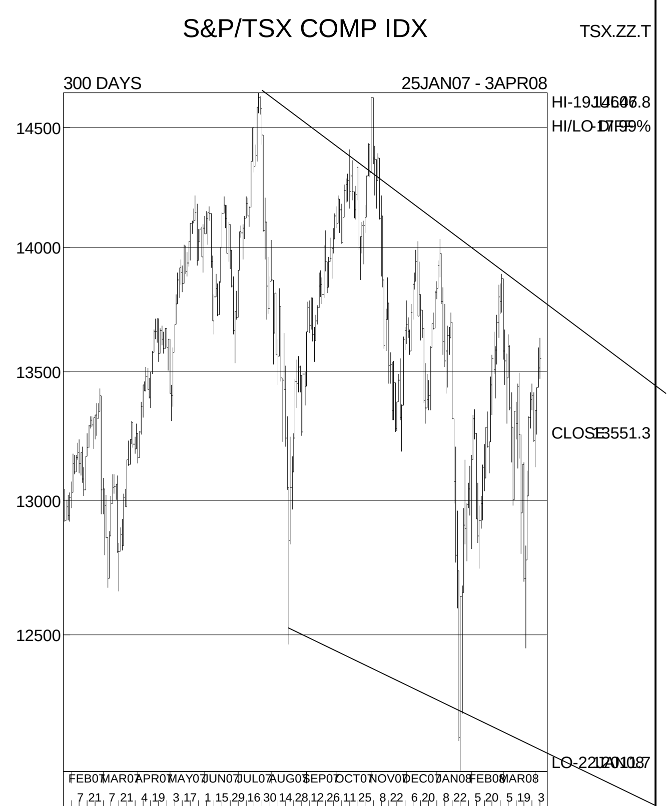
That being said, central banks are responding rapidly and effectively to alleviate credit issues. The US Federal Reserve has dropped its lending rate from 5.25% in September of 2007 to where it stands now at 2.25% and at least one further rate cut is anticipated. The Bank of Canada has followed suit, albeit not as aggressively, and has dropped the overnight lending rate to 3.5% from the 4.5% level it was at December of 2007.

This action reveals not only that this is considered to be a very significant problem, but also that the central banks are willing to take the necessary measures to help sustain a healthy economy. In other words, they are doing their jobs!

In addition to a helpful monetary policy foreign investors have also supported capital needs by North American banks to the tune of over $25 billion. I suspect that these measures coupled with newly formed executive teams will lead to renewed faith in capital markets. While I anticipate it will take at least another quarter or two for the dust to settle, beyond that we should witness decent growth again.

Historically, reduced interest rates have provided investors with solid gains in equity as reduced levels result in lower cost for debt and is intended to stimulate growth . On average recessionary periods have resulted in a peak to trough return of -27%. In this current cycle we have suffered a peak to trough loss of 20%, so there may be some further downside ahead of us.

The graph below illustrates the TSX. I have drawn 2 trend lines; 1 connecting peaks the other connecting troughs. The characteristics of a bear market are lower peaks and lower troughs with 3 typical legs down. From my estimate we are through two legs down and would anticipate 1 more taking us through the first 2-3 quarters of 2008.



THANK YOU
FOR YOUR BUSINESS!

ALSO THANK YOU FOR ANY REFERRALS.
MY BUSINESS IS BUILT ON REFERRALS
AND I APPRECIATE EACH
ONE OF THEM.

In light of this we will continue to hold an above average position in cash in your account. There are isolated opportunities within this market and we are consistently trying to identify and expose your portfolio to them.

For many of my fixed income oriented clients we have seen preferred shares come down in price as well as having to deal with lower fixed rates. I expect that as credit conditions improve we will see pricing of preferred shares trade back at reasonable levels. I am comfortable with the quality of these holdings so in the meantime we will continue to collect the quarterly dividend cheques.

Since rates have declined significantly over the past year we will not be looking at any mid or long term bonds until we see rates trend back upwards later in the next cycle.

As always we will be looking for opportunities for clients to capitalize in market growth and good quality fixed income offerings. We will be in touch to discuss further as these opportunities come up.

We hope you have a wonderful Spring !

Sudha's Helpful Hint:

The annual RSP administration fee will be charged to your account on June 19, 2008. The options available are to pay for this fee outside of your RSP or to sell enough of one of your holdings. If you need any clarifications or suggestions, I can be reached at (905)897-8394.

Rate Advisor

GIC Rates-Annual

Term	Interest Rate
1 Year	3.92%
2 Year	4.10%
3 Year	4.32%
4 Year	4.52%
5 Year	4.65%

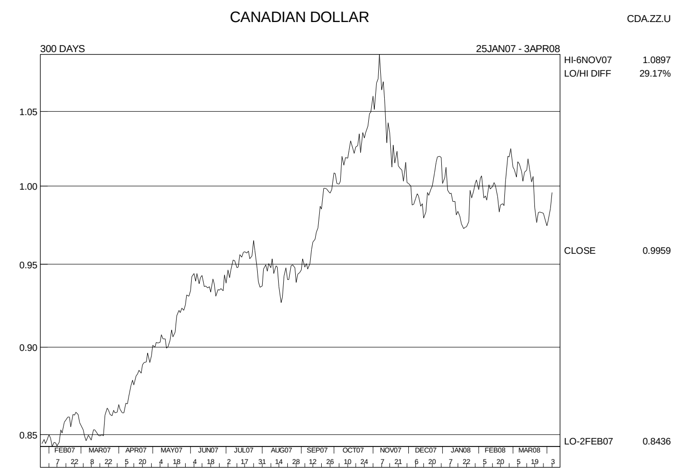
Preferred Shares

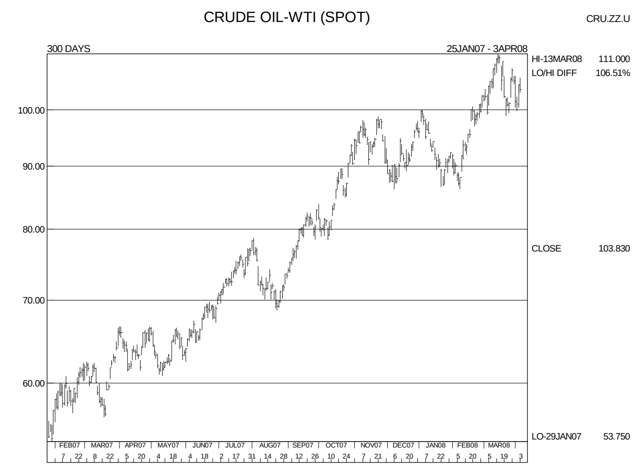
Issuer	Price	Approx. Int Equivalent
RBC	21.00	7.75%
Weston	17.25	9.60%

Rates are subject to change without notice. *Please call for current rates.*

	Curr. Val.	1 yr. Prev.	% change
TSX	13441	13519	-0.57%
DJIA	12660	12569	0.72%
S & P 500	1369	1444	-5.19%
NASDAQ	2363	2469	-4.29%
CAN 10yr Yield	3.59%	4.19%	-14.31%
Can 30yr Yield	4.03%	4.24%	-4.95%

Listed below are various graphs from our technical research Trend and Cycle that may be of interest to you. I have also listed our Strategy List of recommended stocks as well as weightings in the different sectors of the market.





STRATEGY STOCKS

INTEREST SENSITIVE (30%)	CONSUMER (10%)	INDUSTRIAL (15%)	RESOURCE (45%)
TD Bank	Canadian Tire	Finning	Encana
Scotia Bank	Shoppers Drug Mart	West Jet	Husky Energy
Royal Bank		Research In Motion	Suncor
Sun Life			Imperial Oil
Manulife			Trans Canada
Rogers			Inmet
			Potash
			Teck Cominco
			Kinross

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