



Dear Valued Client:

This is probably the third iteration of the client “comfort letter” that I have worked on since the beginning of the year. We have seen a lot of volatility in the markets since July of last year and it was further exacerbated just before Christmas and into February.

In mid-January, there was an article in the Financial Post referencing advice the Royal Bank of Scotland is giving its clients. They were suggesting to sell everything because they believe there could be a further correction of 10% to 20% in global investment markets.

Sell everything? Really? How is it that these so-called investment experts don’t realize that nothing you own has a price until you do sell it? Yes, stock markets could decline another 10% to 20%, but you would only realize that loss if you actually sell your investment. Throughout this latest decline, any price you see is merely a “paper price”. It is someone else’s interpretation of the worth of what you own. It is not a “true price” until you pull the trigger. At that point in time you’ve converted someone else’s thinking into your reality.

Besides, they make 10% to 20% sound like an utter catastrophe. We’ve seen worse in just the last eight years. Yes it’s ugly, but hardly catastrophic. You need market corrections to take the market to higher highs.

So for the time being we are not selling anything. In fact, I am prepared to buy more of everything. Yes, these are really scary markets. But so was the crash of 1987 and the Asian Flu and the Russian Bear and Y2K and the tech bubble and the hedge fund crisis and 9/11 and the 2008 credit crisis and, and, and ... and these are just the things I remember off the top of my head during the 33 years that I have been in the business. What I’ve learned throughout each of those is everyone else is going to try and convince long-term savers and planners that they should actually be short-term traders.

Well we have a plan. And part of that plan is ensuring we always have the capacity to take advantage of inevitable market downturns because we really get excited about buying valuable stuff at low prices. Selling? We are buying. Panic? We have a plan.

The other factor that we have to consider is what are my opportunity costs to invest? In earlier times we could make a decent return on fixed income and potentially wait out the crisis. Now with interest rates hovering at 1% and selling now at a loss and sitting it out on the sidelines waiting for the markets to recover the recent loss, I feel that you would be better served by maintaining your current position.

I had one client who panicked and sold at the height of the credit crisis in March 2009. They sold their portfolio at a loss and made 3.5% on a 5 year GIC. Had they maintained their original position, their account would have gained 70%.

Like many people, I too can get nervous about markets. Few people are immune and the media does an excellent job of scaring us when times are bad and playing down the good news when times are good. Every time one of these frightening scenarios happens I go through my checklist:

1. Does anything in this market have anything to do with the goals I have for the remainder of my life?
2. Am I happy with the amount I am saving?
3. Am I happy with the diversification in my portfolio?
4. Am I happy with the amount of my emergency fund?
5. Am I happy with my spending plan?
6. Would I be contemplating any changes to what I'm doing if this market correction wasn't happening?
7. Would following the advice of any reactionary headline have better prepared me and my family to meet our goals than the plan we have built?
8. Will I remember all of the answers to these questions the next time a market correction hits?

Our company's vision is to help Canadians secure their financial, mental and physical well-being. We take that very, very seriously for a host of different reasons. I know you do as well.

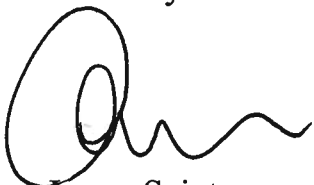
This is when we really earn our living folks and live out our respective passions. People are really struggling right now. They are scared, they are unsure of themselves and in some cases they are facing very real threats to their mental and physical health.

Sell everything? That only means we'd be abandoning the very people we are paid to protect, to serve and to grow.

I am not trying to minimize what is going on but I am reminded of what Winston Churchill once said "a pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty".

I hope that this gives you some perspective on what we are going through.

Sincerely



James Saint
President