



September 30, 2008

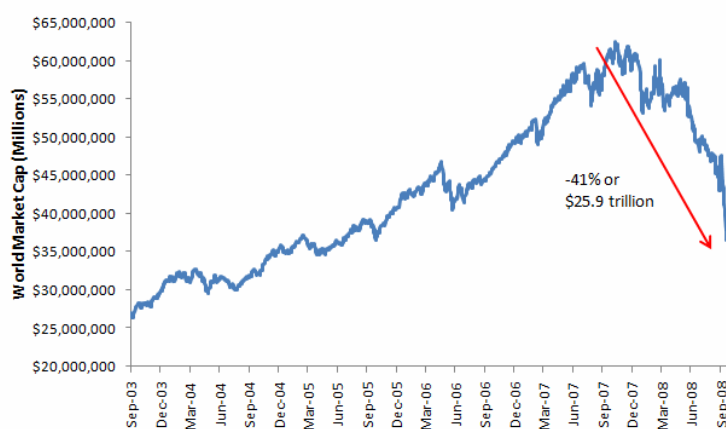
One World, One Market

The size and breadth of the distressed financial markets has been unprecedented, continuing to spread and historic in scope. Investors have paid handsomely for a dramatic collapse of a U.S. based borrowing binge that unwound like a clock.

Our portfolios have come under significant pressure as all markets worldwide have decompressed under the weight of murky fear. Exactly how wide and deep this crisis of toxic paper will reach is anyone's guess, however the need for action has been paramount. While we witness famous "prominent" institutions, banks, and insurance companies collapse, the Federal authorities have reached deep into their tool box to attempt to stem the tide. What started out as an acknowledgment that credit was massively overextended in the U.S. fueled by a system that rewarded the sale of debt to any citizen, regardless of a capacity to repay the debt, has spread like a wild fire worldwide into the heart of all credit markets. Lending has ceased, liquidity has dried up, and economic consequences will follow.

As shown in the chart below, *Bloomberg's* World Market Cap index has fallen from \$62.5 trillion at its peak on October 31st, 2007 to its current level of \$36.6 trillion. On an individual country basis, the US has lost by far the most at nearly -\$7 trillion. China ranks second (-\$1.77 trillion), followed by the UK (-\$1.72 trillion), Japan (-\$1.54 trillion), and Hong Kong (-\$1.47 trillion). \$25.9 trillion -- gone.

Bloomberg World Market Cap: 9/03-Present



Market Cap* Losses From 10/31/07 Peak

Country	Loss Since World Market Cap Peaked on 10/31/07
US	\$6,948,192,505,420
China	\$1,765,572,720,000
UK	\$1,717,109,258,980
Japan	\$1,541,112,432,050
Hong Kong	\$1,466,095,000,000
France	\$1,313,740,515,880
Germany	\$937,304,857,840
Canada	\$767,878,449,230
Brazil	\$745,596,332,200
World Equity Markets	\$25,924,624,000,000

*From Bloomberg World Market Cap Data

Our portfolios have always been diversified with an emphasis on financial holdings and energy equities. We have always believed in the strength of the Canadian banking system. They have a near monopoly in Canada, generate predictable returns and have operated with greater regulation than their U.S. counterparts. While the volatility we are experiencing is an unnerving rollercoaster, we are confident that quality equity holdings will stand the test of time.

Below gives you a sense of the magnitude of this recent stock market sell-off. There was no country, asset class, or sector that escaped the turmoil. Thankfully, we are beginning to see a few “green arrows” cropping up.

Daily, Weekly and Monthly ETF Performance (% Change)

US Related

ETF	Description	1-Day	5-Day	1-Month
SPY	S&P 500	↓-0.60	↑ 5.32	↓-24.90
DIA	Dow 30	↓-2.59	↑ 4.53	↓-22.92
QQQQ	Nasdaq 100	↑ 0.12	↑ 3.13	↓-24.71
IJH	S&P Midcap 400	↓-1.35	↑ 0.26	↓-31.06
IJR	S&P Smallcap 600	↓-2.62	↓-1.26	↓-29.16
IWB	Russell 1000	↓-0.16	↑ 4.50	↓-25.55
IWM	Russell 2000	↓-2.35	↔ 0.00	↓-30.07
IWV	Russell 3000	↓-0.81	↑ 2.96	↓-26.18
NYC	NYSE Comp	↓-0.02	↑ 4.31	↓-27.10
IWV	S&P 500 Growth	↑ 0.64	↑ 1.56	↓-23.99
IJK	Midcap 400 Growth	↓-0.33	↓-0.75	↓-31.07
IJT	Smallcap 600 Growth	↓-2.03	↓-0.03	↓-28.91
IVE	S&P 500 Value	↓-0.63	↑ 3.05	↓-25.47
IJJ	Midcap 400 Value	↓-1.08	↑ 0.46	↓-31.14
IJS	Smallcap 600 Value	↓-2.46	↓-0.10	↓-29.14
DVY	DJ Dividend	↓-1.63	↑ 6.07	↓-25.82
RSP	S&P 500 Equalweight	↓-1.58	↑ 1.70	↓-29.90
FXB	British Pound	↓-0.31	↑ 1.40	↓-5.89
FXE	Euro	↓-0.48	↓-0.01	↓-7.80
FXJ	Yen	↑ 0.03	↓-0.73	↑ 5.86
XLY	Cons Disc	↑ 2.02	↑ 0.50	↓-26.36
XLP	Cons Stap	↑ 0.75	↑ 3.01	↓-12.24
XLE	Energy	↑ 2.20	↑ 5.85	↓-35.52
XLF	Financials	↓-2.85	↑ 1.66	↓-31.41
XLV	Health Care	↓-0.38	↑ 8.12	↓-17.27
XLI	Industrials	↓-2.16	↑ 0.08	↓-28.84
XLB	Materials	↑ 2.67	↑ 0.27	↓-32.73
XLK	Technology	↓-0.96	↑ 4.03	↓-20.67
IYZ	Telecom	↓-0.16	↑ 6.12	↓-27.96
XLU	Utilities	↑ 0.51	↑ 6.41	↓-21.69

Global

ETF	Description	1-Day	5-Day	1-Month
EWA	Australia	↓-5.39	↑ 4.79	↓-32.26
EWZ	Brazil	↑ 1.68	↑ 8.94	↓-40.73
EWC	Canada	↑ 1.44	↑ 1.17	↓-34.26
FXI	China	↓-5.85	↓-0.22	↓-29.93
EWQ	France	↓-1.94	↑ 1.72	↓-29.77
EWG	Germany	↓-2.53	↑ 3.76	↓-30.12
EWK	Hong Kong	↓-3.22	↑ 2.46	↓-26.81
INP	India	↓-5.12	↓-4.15	↓-35.55
EWI	Italy	↓-1.89	↑ 5.42	↓-28.65
EWJ	Japan	↓-1.35	↑ 8.03	↓-22.72
EWL	Mexico	↑ 0.79	↑ 5.44	↓-34.38
RSX	Russia	↓-0.91	↓-2.39	↓-52.09
EWU	UK	↓-0.23	↑ 2.23	↓-28.41
EFA	EAFE	↓-2.13	↑ 5.08	↓-27.99
EEM	Emerging Mkts	↓-3.14	↓-0.61	↓-36.57
IOO	Global 100	↓-0.90	↑ 4.86	↓-21.19
EEB	BRIC	↑ 0.44	↑ 5.04	↓-35.64
DBC	Commodities	↑ 1.13	↓-1.86	↓-21.97
USO	Oil	↑ 0.05	↓-10.72	↓-28.15
UNG	Nat. Gas	↑ 1.93	↑ 4.07	↓-12.22
GLD	Gold	↓-2.62	↓-7.22	↓-10.20
SLV	Silver	↓-3.85	↓-5.82	↓-25.92
SHY	1-3 Yr Treasuries	↑ 0.07	↓-0.07	↑ 0.77
IEF	7-10 Yr Treasuries	↑ 0.63	↑ 0.31	↓-1.40
TLT	20+ Yr Treasuries	↓-0.69	↓-2.17	↓-0.11
AGG	Lehman Aggreg Bond	↑ 0.36	↑ 6.44	↓-6.84
BND	Total Bond Market	↑ 0.55	↑ 5.41	↓-3.74
TIP	T.I.P.S.	↓-0.41	↑ 0.09	↓-8.33