

Dear Client:

December 2001

To say that 2001 was an unbelievable year would be a huge understatement. Between the tragic September 11th attacks on the U.S., slumping North American economies, massive layoffs and a volatile stock market, if you were left feeling uncertain and anxious about your own situation and the state of the world, you certainly were not alone.

By now, you should have received a reminder of the challenging year that 2001 was, in the form of your fourth-quarter investment statements. As with the statements you received in the third quarter when the major North American stock market indexes were down between 11% and 30%, your investment performance may be slightly disappointing to you. While it is always foolish to attempt to predict market performance over the coming weeks and months, there are some very encouraging signs that the worst is behind us and that we're on the road to recovery in 2002.

The stock markets have already demonstrated the same resiliency and ability to bounce back that they have historically, in other periods of crisis. In fact, as of early December, the Dow Jones Industrial Average was up 23% from its September 21st close, the NASDAQ had rocketed up 44%, the S&P 500 had rebounded an impressive 21% and the TSE 300 gained 20%. However, I should also mention that in the latest federal budget of December 10, 2001, the government of Canada predicted our country's economic growth would be 1.3% for 2001 and 1.1% in 2002, before rebounding to 3.9% in 2003.

So, clearly there is some light at the end of the tunnel, but it is not going to happen overnight and there may be a few more bumps along the way. More important than any performance results, statistics or predictions, is the knowledge that you are still probably as well positioned as you can be. This positioning, along with a continuing focus on your long-term financial goals, is the best strategy to weather short-term setbacks and to realize solid gains when the markets and the economy do bounce back.

I am enclosing a timely piece from Mackenzie Financial, which hi-lights the importance of staying focused and invested during these volatile times. The heading says it all...

PATIENCE IS REWARDED

Sincerely,

Don

Donald G. Flack CFP CLU CHFC