

Dear Client,

June 2003

*After 8 months of software updates and data conversions we are pleased to present you with the new look of your consolidated portfolio holdings statement. As a result of the final data conversion and upgrade, Halton Financial will be able to provide you with more timely statements at the end of each quarter. Due to the ongoing conversions we were unable to provide you with statements ending March 31, 2003. However, from this point forward we should be able to provide statements 2 weeks after the end of each quarter. I thank you for your patience and welcome any feedback on your current statement.*

*A lot has happened since your last statement, the U.S. and coalition forces invaded Iraq leading to a swift victory, Martha Stewart and the U.S. Attorney General had their day in court, SARS stalled the world economies, Toronto made it on and off the World Health Organization's watch list and Mad Cow found its way into Canada. U.S. interest rates had dropped to 45-year lows and the U.S. stock market indexes dropped 20% by April. After all that, World Markets including the U.S. and Toronto managed to recover from their lows and post positive results for the period ending June 30, 2003. A clear indication that no one can begin to speculate as to what drives the markets and when they'll decide to take off. As the second quarter came to a close, equities turned in a strong finish as investors took advantage of attractive valuations, a positive surprise in profits and favorable government policies. Moreover, similar to the recent narrowing of spreads between higher risk fixed income products and T-bonds, the rally in stocks suggest that the long awaited recovery in investor confidence has begun. This is not to suggest that the road to recovery will be paved in gold but rather provide a path to which investors will be more able to navigate. Margins are recovering in both the U.S. and Canada. Profits are in a sustainable up trend and should be sufficient to propel the market higher as the current cycle continues. What appears to be clear is that we seem to be entering the very early stage of a shift in earnings prospects and a shift in investor confidence to the positive.*

*As I have indicated in the past, markets are not about timing but rather time-in. The above negativity and subsequent optimism reflects how quickly things can change and reinforces the fact that investing is for the long term. No one can accurately predict when to get in or when to get out. The primary element of investing is to maintain proper asset allocation in your portfolio and not go beyond your comfort level. Investing isn't about guessing what will be the next Microsoft or General Electric but rather balancing the wants of greater returns with the needs of capital protection. I look forward to continuing to assist you in achieving your goals.*

*Enjoy a safe and happy summer.*

*Sincerely,*

*Don*

*Donald G. Flack CFP CLU CHFC*