



December 2008

Hello to our clients,

I trust all is well.

As we enter the last month of this unprecedented year of decline in both the stock market and economy, we have to remind ourselves that these corrections have happened before and they will happen again. I just think moving forward we will never see a correction of this magnitude in our remaining living lives because this, in my opinion, is a once in a century “perfect storm”. Is this different from the corrections of the past? Absolutely! This time it is quite severe yet we need to remind ourselves that the measures being taken to turn this around are also unprecedented. I attribute the measures to change moving forward to six distinct points:

1. **Government Bailouts:** Rescue/recapitalization of the world’s leading Financial Institutions
2. **Liquidity:** Injecting enormous amounts of money into the credit markets to encourage lending
3. **Interest Rates:** Central banks around the world have cut and will continue to cut interest rates to help encourage lending and stimulate the economy
4. **Economic Stimulus:** World economies have proposed, and in certain cases begun, to implement stimulus into their respective countries to revive their economies
5. **Regulation:** The Bush administration was “pro” deregulation. This is changing not just in the U.S but around the World to ensure that markets/products will have full regulation to ensure this does not happen again
6. **Obama White House:** His inauguration is on January 20, 2009 yet he already has his economic team of advisors, including Timothy Geithner - Secretary Treasury, in place. On that day, he will be sending a \$700 billion economic stimulus package to congress for approval. Obama's team has received a resounding approval by the world stock markets. The markets believe that this team of great minds can bring resolve to this current downturn. **Please feel free to visit his website at [WWW.CHANGE.GOV](http://WWW.CHANGE.GOV)**

The stock market is a leading indicator. Basically, the stock market corrects before an economic downturn (which is what we already experienced), and then rebounds before an economic recovery. As a matter of fact, stock markets usually recover 6-9 months before an economic recovery. Right now we are hearing of job losses/cuts by companies around the world and poor corporate earnings with downgraded forecasts for 2009. Yet you need to realize that corporations are trimming down expenses to compensate for lower revenue yet leading to profitability moving forward. Once Corporations begin announcing earnings for the first quarter of 2009, we will hopefully begin to see better than expected profitability - this is what we need to see to begin the stock market recovery.

I don't want this e-mail to be too long but please take a look at the attachment. It shows the Canadian stock market since 1956. It shows all the bear markets & bull markets, the drop/increase in percentage terms, and the duration of each period. We are poised for the next bull market which is why we need to be patient and wait!

As always if you have any questions, please do not hesitate to contact me. If you have any family members, friends, and/or colleagues at work that you think would benefit from this information, please forward this e-mail to them.

Best regards,

A handwritten signature in black ink, appearing to read 'LMB', written in a cursive style.

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Certified Financial Planner