Now is the time to talk to your broker or advisor

The current capital markets are challenging for much of the investing community, but for some, it is also the most attractive buying opportunity since 2008. We agree.

What you might be seeing in the mass media is generally just background noise compared to what is happening in your own portfolio. Whether gold is up $50 one day and down $50 the next, is irrelevant. What is important is making money and whether the equity of your portfolio goes up or down.

In the first week of October, we saw the S&P/TSX Composite Index hit a low of 10,848.19, with the S&P/TSX Venture Composite Index reaching its low of 1305.53 – levels we have not seen since 2009. Even though we are nowhere close to the lows of 2008/2009, remember that period provided the best buying opportunity since 2002, and today we believe this is the best buying opportunity since 2008/2009.

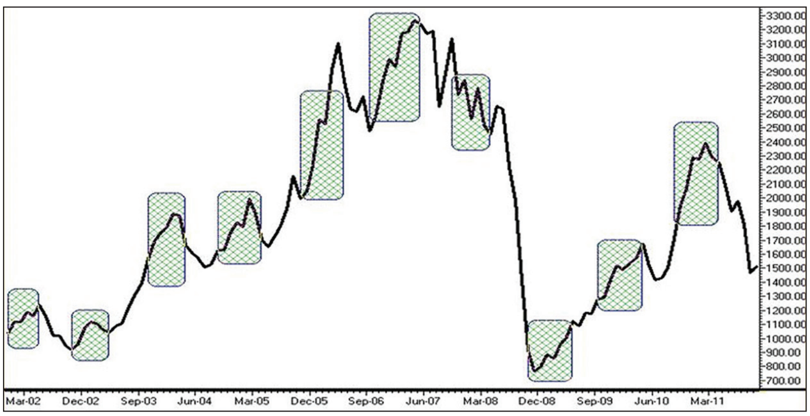
Can things get cheaper? Always. But, as an investor, you should not be trying to pick the bottom (or top for that matter) of any stock or market. What is important is that valuations today are very attractive relative to past times. High quality projects and companies take time and money to develop. If your investment time horizon is appropriate, we believe buying quality companies today will reward you in the coming years – with the understanding that if you buy today, opportunities can always get better or worse in the coming months. This is a function of volatility. Do not try and predict it.

Between now and the end of the year, whether it is tax loss selling, fluctuations in sector allocations on hedge funds, or some other variable, there will be many catalysts adding to volatility. Volatility should not force you out of the market or any one position. Maintain quality positions and do not let the psychology of what is happening in your portfolio allow you to panic. If you are sitting on cash, buy more quality.

When the chips are down and the markets are selling off, remember there are also people buying. Be one of those people. In other words, be a contrarian. Companies with a lot of cash on the balance sheets will do the same thing. This is why we are starting to see some consolidation in the market. Recently, Sinopec International Petroleum announced they will purchase Daylight Energy Ltd. for $10.08 per share or $2.2 billion. Daylight closed at $4.59 the day before the announcement. Why such a premium? Because this is what the company was worth according to both parties. This is representative of how oversold this market is. Big companies with cash know that and are paying up for it. The difference is, as an investor, you do not have to pay the premiums they do. You can buy companies today at depressed valuations while the rest of the market is being forced to sell, whether that is because of financial or psychological influences or both.

Other consolidations: B2 Gold's recent $160 M offer for Auryx Gold at $0.88 per share; Minmetals Resources Ltd.'s agreement to buy Anvil Mining for $1.33 billion cash or $8 per share; and Cameco Corp's offer to buy Hathor Exploration for $520 M cash or $3.75 per share. These are just a few examples of many and we believe the trend will continue.

Investors are also arguing that companies with large cash positions should be paying this out to shareholders instead, in the form of larger dividends. According to Bloomberg, Standard & Poor's 500 Index companies paid 27% of earnings in dividends in the second quarter, down from 30% in 2008 and below a 30-year average of 41%. The S&P 500's ratio of net debt to earnings before interest, taxes, depreciation and amortization has dropped to 2.6 from 5 in mid-2008. Companies' cash, equivalents, and short-term marketable securities also jumped 63% to $2.77 trillion in the same period. Companies are hoarding a lot of cash and they're get-



ting a very low return for it.

The reason companies are harboring cash is because the economic and political outlook remains cloudy and they are saving for a rainy day. But, a more aggressive dividend policy would help attract investors who are migrating to fixed income, back to equities. This is one way companies can differentiate themselves as far as being better total-return prospects if they do pay up more in dividends during rough times. But, before many dividends are increased, you will likely see more M&A activity, and possibly even share buybacks from companies that see their stock as cheap.

We want to leave you with one last reason why you might want to buy something this month – seasonality. If history is an indicator of what we will see in the future, the chart shows that, seasonally, now is a great time to invest in the TSXV. The same is true for the TSX.

Buying in October and selling in May has proved opportunistic in nine of the last 10 years on the TSXV. October 2007 to May 2008 is the exception as investors would have taken minor losses, but would have been on the sidelines for the catastrophe that ensued when the index lost over 65% of its value.

The point is, get on the phone and talk to your broker or advisor. This is the time to be actively managing your money, not sitting on the sidelines. In six months, you might be happy you did. ■

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