



A NEW PEAK IS COMING



“The Canadian market is a mess. Investors are unnerved by how the Canadian market has unravelled. Most see the big picture: our market is faltering after a superb run of five straight winning years.

So, how about a pep talk? With a little perspective about what's going on today in the markets, you'll be much less likely to make any rash selling decisions and more likely to do the smart thing and selectively buy the quality stocks that are now on sale.

Let's start with what's happened to the Canadian stock market since it peaked in June. Data supplied by the investment dealer Odium Brown show that through to the end of last week, the energy, materials and information technology sectors had fallen between 23 and 26 %, while the S&P/TSX composite index was off 15 per cent. These three sectors account for about 54 per cent of the composite index, so they've been by far the biggest contributor to the current market misery.

Other parts of the market have also fallen since June, but not nearly as much as the three sectors of the apocalypse: energy, materials and information tech. Telecom stocks fell a mere 2 per cent. Financials, one of the worst-performing sectors of the past 12 months, fell a modest 5 per cent. Consumer staples, just the kind of sector you'd expect to avoid the worst of a down market, fell 5 per cent.

What comfort could there be from observing that many sectors aren't doing as badly as the overall index? Simply, that it's possible to be invested in the stock market without taking big hits like those in the headlines. Quick example: The \$2.5-billion Mackenzie Ivy Canadian Fund, with just 11.5 per cent of its assets in energy, lost 3.3 per cent last week, or less than half of the S&P/TSX composite.

When will the Canadian market start turning around? Maybe next year, maybe next week. [Recently] the independent investment research firm Phases & Cycles issued a bulletin saying the pattern of trading in the S&P/TSX composite suggests: “Toronto should reach a new all-time high before the year is out.”

The current all-time high of 15,155 was reached on June 6. At some point, be it later this year or beyond, the next **peak** awaits.” --ROB CARRICK, Globe and Mail Update, September 9, 2008

Any Questions? Contact us.

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ONLINE TOOLS HELP INVESTORS GAIN PERSPECTIVE ON VOLATILE MARKETS:

With the volatility in the global equity market in recent months, many investors are wondering when is the best time to exit or re-enter the markets. To help you answer this question, Fidelity Investments Canada launched four online tools that illustrate how global markets and asset classes have reacted and recovered from major upsets.

- > Market crises
- > Timing the market
- > Stock picking
- > Unpredictable returns

The tools are available at :

www.fidelity.ca/volatility

Staying invested is still the best course of action.

Investment Executive. IE Staff. September 10, 2008.



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