



BLACKMONT

CAPITAL™

Our View

The Angas-Shick Investment Group
Investment Committee Report
November 15, 2007

General outlook:

- Monetary and fiscal policy in the U.S. supportive of a weak US dollar
- China gradually shifting some of its foreign exchange reserves towards the Euro and considering converting US debt for US equity further supporting a weak US dollar
- Emerging consensus on sustainable higher oil prices
- Continuing bank/credit concerns and US sub prime housing problem increasing fears of recession and causing increased market volatility
- Inflation on the rise (energy and food)
- Interest rates will likely be cut in the US and possibly in Canada
- Continued growth in global economy
- Continued strength in emerging markets accompanied by volatility

Commentary:

In our view, the outlook for industrial, commodity and energy prices remain positive and any short-term corrections within the continuing bull market will provide further buying opportunities.

A period of consumer led, mid-cycle lower growth in the U.S. economy could develop but we believe it would be of fairly short duration. The Canadian economy should remain stable because of the strength in resources, oil & gas, base metals and gold.

Canadian business confidence remains high and we expect increases in cash flow resulting in increases in dividends and stock buy-backs. We look for continuing growth, strong profits and low but moderately increasing domestic inflation.

The TSX has delivered positive returns year to date however it has been derived from a small number of sectors that make up the index. Growth stocks have contributed to the index return while blue chip income producing stocks have under performed.

There has been increased volatility in our index as well as other global indices caused by the uncertainty regarding the value of asset backed commercial paper (ABCP) held by some financial institutions. The threat that the US economy may experience a slow down is further heightening the volatility. The markets have delivered exceptional returns in the past few years with little set backs. We remind investors that it is not unusual to experience these periods of pullbacks that come with increased volatility, and in fact, they are necessary for the markets to regain higher levels.

Sometimes with very good markets over a long period of time investors become complacent and expect that markets will continually increase and that there is little or no risk in equity investing even in the short term. It is always important to be comfortable with the risk in your portfolio but also to focus on past-achieved long-term performance not performance in the short term and especially not from peak levels to trough levels.

Investment Strategy:

Our **Growth** and **Balance Growth** portfolios remain below market weight in bank stocks, as we believe there may be further pressure due to credit concerns and the prospect of further write-downs due to ABCP exposure.

We are adding to our utility and energy transportation stocks (pipelines), as we believe they are the best positioned sector in this volatile market. We remain bullish on resources, particularly base metals and oil. We also like the agriculture/fertilizer sector, infrastructure, especially water and the continuing growth story in India and China.

We continue to favour maturity ladders of government bonds and strip coupons for our **Income** and **Balance Income** portfolios but of shorter duration. The equity component holds bank and non-bank financial, power and pipeline utilities, REITS and selected business income trusts.

Asset Mix

Asset mix continues to play an important role in successful wealth management. The last quarterly review of our four model portfolios resulted in some minor changes to the asset mix categories.

	Income	Balance Income	Balance Growth	Growth
Fixed Income*	70.0%	40.0%	25.0%	10.0%
High Yielding Equities**	15.0%	15.0%	20.0%	20.0%
Cdn Large Cap	7.5%	25.0%	20.0%	15.0%
Cdn Mid/Small Cap	-	-	5.0%	10.0%
US Large Cap	-	10.0%	10.0%	5.0%
US Mid/Small cap	-	-	-	5.0%
Int'l Large cap	7.5%	10.0%	10.0%	5.0%
Int'l Mid/Small Cap	-	-	-	5.0%
Focus Theme***	-	-	5.0%	10.0%
Alternative Investments****	-	-	5.0%	15.0%

* includes cash

** income trusts and preferred shares

*** country/region and/or industry sector

**** flow-through issues, hedge funds and labour sponsored venture capital funds