

Lots to be excited about!

- Mike Weir beat Tiger Woods in their golf match on Sunday.
- The Canadian dollar is at par or higher than the U.S. dollar.
- Provincial elections this month.
- Stock Markets resembled a roller coaster this summer.
- Gold closed on Friday, September 28th at \$743 per ounce and oil at \$81.66 per barrel.
- Our vocabulary is expanding with words like “sub-prime mortgages” and “asset backed commercial paper (ABCP)”.

On June 1st, 2007 the TSX Composite Index was at 14,119.37 and on September 28th, 2007 it was 14,098.89. Not too much of a change, but if you followed the market gyrations daily during this 4 month period you appreciate my comments about a roller coaster.

In response to the slowing of the U.S. economy, The U.S. Federal Reserve recently lowered interest rates ½ %, and many are predicting at least one more interest rate cut will follow before year end. Stocks generally go up in value when interest rates go down, because the present value calculation of future cash flows is higher when you use a lower interest rate.

Will Canada follow suit with an interest rate cut of our own? I think so, because it will be hard for our economy not to be adversely affected when our largest trading partner slows down.

We often read of the number of businesses that have left Canada to manufacture their products in China or some other country where labor is cheaper, and many industries are experiencing difficulty because of the high Canadian dollar, and certainly businesses that rely on North American auto makers have seen better times.

As much as this type of news may be disconcerting, there is another side to The Canadian economy, which is Alberta and Saskatchewan. They are thriving because of the oil and gas industries. It is a little curious to watch what is happening in Alberta, as the provincial government considers increasing the royalties they receive. If you combine Flaherty’s assault on Income Trusts last October 31st, with a potential increase in royalties that

companies may have to pay, Alberta may yet experience a slowing economy.

Here are some of the projects we have been working on:

- Back in the insurance business*, after a 9 month pause. Thank goodness! Our new insurance/estate planning specialist is Mr. Peter Fortune who has over 30 years experience. I have included a separate page with this letter outlining his experience in more detail, and some of the services and solutions we can address. If you would like to meet with, or speak to Peter please give me a call and I will arrange it.
- Principal Protected Notes may be a good alternative to traditional fixed income investments like GIC's or Bonds. PPN's offer a guarantee of capital up to 100%, often regular income and the opportunity for an increased rate of return if the underlying investments perform well. If you would like to discuss the options available and how they may fit into your financial planning please call me.
- Flow Through Shares for last minute tax planning to reduce 2007 taxes. If you think you are going to have an income tax problem next April, please phone me NOW! There is very little product available so we would have to act quickly to find something suitable for your needs.
- Managed Money: Blackmont Capital offers many world ranked portfolio managers who will manage money on a fee basis. For example: Jarislowsky Fraser, Brandywine, KBSH, Guardian, Barometer and Northern Trust. We are able to combine managers and mandates to get a best in class mix, with the suitable asset allocation. If this option appeals to you, let us know and we will provide you with additional information.

Listen to your clients:

I was very appreciative a few weeks ago when a client told me was not very happy with the presentation format of his portfolio statements. It would have been easy to say nothing, but I am keenly interested how we can provide better service. The format of the statements being included with this letter is different than previously produced, and I would like to hear from you with your comments as to what you prefer.

Happy Thanksgiving:

By the time you read this letter Thanksgiving will have passed, but I do hope you and your family had a great holiday weekend.

In closing, thank you for your business and have a very safe and prosperous autumn.

Sincerely yours,

Fred Banwell B.A., CFP, TEP
Senior Vice President and Investment Advisor

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