

Creating and Preserving Wealth
For Generations...

Planifier et épargner pour
Les générations à venir



2008 IN RECAP: WHAT HAPPENED AND OPPORTUNITIES FOR 2009

Results Worldwide: 1 Year Change		
TSX	Canada	-30%
S & P 500	USA	-36%
DOW	USA	-32%
NASDAQ	USA	-35%
FTSE 100	Britain	-29%
DAX	Germany	-40%
Micex	Russia	-66%
Nikkei 225	Japan	-40%
Hang Seng	Hong Kong	-47%
Shanghai	China	-62%
NSE 500	India	-52%
Tadawul	Saudi Arabia	-56%
Tel Aviv 100	Israel	-44%

*At market close January 15th, 2009

A new world

In mid-September 2008, markets around the world were reminded of just how fragile our financial system really is. From Hong Kong to Israel to Canada market losses have ranged from 30% to 70%. Without exception, the globalized economies of the world are experiencing all the tell-tale signs of a recession: growing unemployment, decreasing productivity, and drastic drops in consumer and producer demand. In just 4 months, tens of trillions of dollars vanished and the markets are back to where they were in 1998 [if, as should be done, we exclude the .com bubble].

What happened to the omelet?

Over the last 10 years, the financial elite officed in the top floors of high finance have been making decisions based on the panoramic view of their 100th floor and the blinking dots on their computer screens. Using complex mathematics and financial models, these financiers created a solution to “eliminate” the risks associated with lending money. The foundation of risk reduction was a theory that if you package the right amount of bad debt with the right amount of good debt, you could create a safe investment vehicle. This vehicle could then be sold to investors who would collect the proceeds of the loan payments. Lenders could share the risk of these loans and became very motivated to lend more.

To give this a real world twist, let's say I want to sell omelets and I have 100 eggs of which 40 are rotten. I could throw out the 40 rotten eggs and miss out on the 8 omelets I could have sold or I could "securitize" my omelets. Instead of putting 5 good eggs in each omelet, I will put 3 good eggs and 2 rotten eggs. Who will know? At first I only take slightly rotten eggs. My customers don't complain and I am selling. As time passes, my 3 eggs are getting worse and worse. My customers still don't know because they have gotten used to the bad omelets. One day, I go overboard and put a rancid egg. A customer gets sick and all of a sudden everyone is feeling sick. Other restaurants that have been doing the same thing to stay competitive get pinched as well and we all suffer 30% to 70% drops in sales.

I can't always eat at home.

This omelet crisis has destroyed the public's confidence and people don't want to risk eating out anymore. That means even great restaurants are suffering. What do they do? Drop their prices to attract clients. Therein lay the opportunities for 2009. Right now, it is cheaper than ever to eat at a great restaurant or, to finish with this example, to buy pieces of great businesses. All over the world the good and the great companies are being priced as if they were bad business. For a savvy investor, this means buying into great companies at discount prices. When the markets pick up again - and they will - that means very good returns. Since most of us can't and don't want to do this ourselves, this is the best time ever to be getting the right financial advice.

Braley Winton's 2009 President's Letter summarizes our 2008 and discusses our thoughts for 2009 (see letter). Not only did Braley Winton's funds beat the market by dropping much less than any of the indices, but we have high hopes of recovering some of your losses in 2009. Why? Because Braley Winton is hands on and reads the menu and visits the kitchen. Each one of our funds is scrutinized and every fund manager assesses thoroughly. Braley Winton only selects funds that demonstrate the right combination of track record, strategy, goals, and professional experience. We wouldn't put your money anywhere we wouldn't put our own money.

In a world where global economies are so interdependent, it is critical to find an investment advisor that understands these realities and helps you **grow and protect** your money. Braley Winton invites you to take advantage of the opportunities that exist by sitting with your advisor and finding the right strategy for you. Let us do the work and give you some suggestions. At the very least we can always suggest a great place to get an omelet!

About Braley Winton

Braley Winton Financial Group is a privately owned financial services firm specialized in developing and implementing financial strategies that achieve a multitude of financial goals and help customers hedge against the many risks in life. Braley Winton's broad range of customized strategies include Saving, Investment, Insurance, Estate Conservation, Estate Planning, Tax-Planning, Home Purchasing, and many others. Braley Winton operates in both Quebec and Ontario and has over \$300 million of assets under management. Through its partnership with the Executive Planning Group, Braley Winton can deliver its regional expertise in top-tier services on a national scale.

More at www.braleyfinancial.ca.

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