

*“Two roads diverged in a wood, and I-
I took the one less traveled by,
And that has made all the difference.”*

The Road Not Taken, Robert Frost

At PCM we have traveled down a road not taken by many for a long time. Steadfast in our unshakeable beliefs that risk and reward eventually balance out, that valuation is the key determinant of long term returns and that the prudent and steady ultimately win the race we stayed the course..

Below are PCM’s annualized returns over several time periods; staying the course has certainly protected and grown your capital during a time when others have incurred substantial losses and equity returns have underperformed T-Bills.

	PCM	TSX Total Return	S & P 500 (CAD \$)
Since Inception*	7.35%	1.43%	-5.83%
Five Years	5.00%	4.16%	-3.27%
Three Years	4.74%	-4.79%	-6.89%
One Year	4.53%	-32.93%	-22.25%

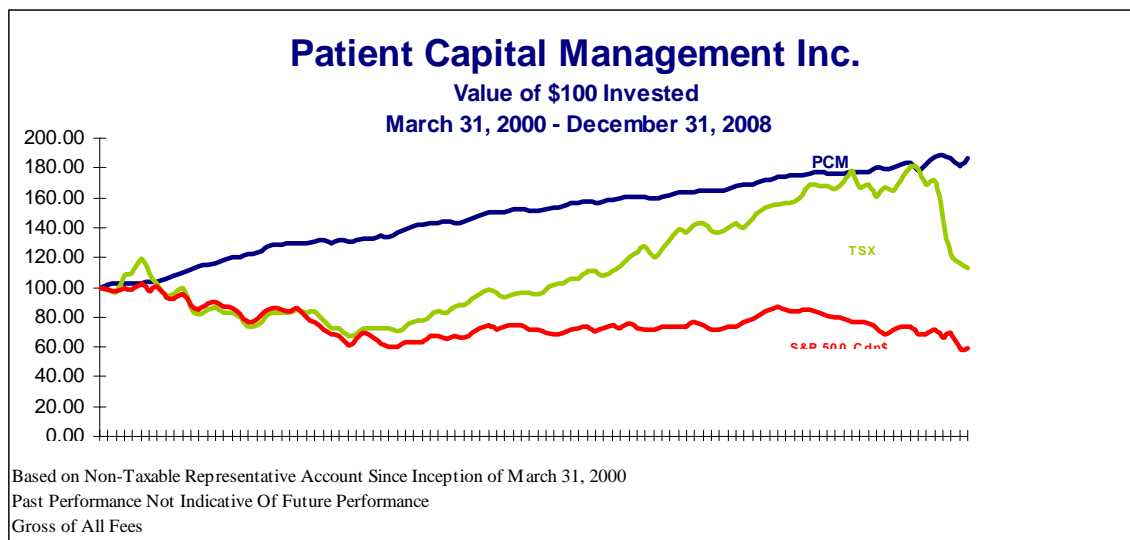
Inception Date March 31, 2000

Before Fees and Expenses

Based on Representative Account

Past Returns Not Indicative of Future Returns

The following graph shows how \$100 invested with PCM has grown relative to the TSX and S & P 500 in CAD. This is our favourite illustration because its simplicity allows us to clearly see a fundamental investment principal; that the preservation of capital combined with even modest returns allows the magic of compounding to increase capital over time.



The road we have traveled is now history. Where does the road lead us from here?

There is no doubt that the current situation is disconcerting. Several financial institutions around the world are in a state of crisis, global economies are now in recession, unemployment is rising and newspaper headlines are quite scary. Conditions are likely to get worse before they get better.

So we are buying! We have turned greedy when others have turned fearful. We are once again on the road less traveled. For the long term investor, shares of many high quality businesses are now priced to offer an acceptable return.

Our optimism is based on two fundamental facts. We believe that despite the current environment the profitability of most major businesses will be higher in five years than it is today.

A look over the past century shows how resilient free market economies truly are; despite two world wars, a depression, an oil shock and a multitude of other crisis, businesses and stock markets have continued to grow. It is truly remarkable how the human spirit seems to triumph over all sorts of adversity.

Our second source of optimism comes from the fact that valuations have now corrected back to their long term averages. While we have no idea what equity prices will do in the short to medium

term, we strongly believe that long term returns from today's levels should be in the six to eight per cent range. At PCM we are getting quite excited because we are starting to uncover opportunities with very high potential rates of return.

We are also hopeful that now that the party is over we will collectively return to more traditional values. We believe that households will start to live within their means and that managers will focus on managing their business rather than managing their earnings. We are hopeful that the realm of financial alchemy has been exposed for the irresponsible recklessness that it is and that financial institutions will focus on safety over excess returns. We strongly believe that out of our current difficulties will emerge a more productive economy and safer financial system.

Every team has its unsung heroes. At PCM ours is Domenic Rinaldi. Domenic is the ultimate professional and partner; highly competent, extremely committed and unconditionally supportive. The absolute trust and faith that I have in him allows me to focus almost exclusively on the investment process. I should sing his praises more often!

All of us at PCM truly enjoy working with each of you. If you know of others that might benefit from our approach we would appreciate the referral. Please have them give us a call at 416-214-2212.

We wish you and your families much health and happiness in 2009. We thank you for your continued support.

Vito Maida

February 3, 2009
