

Top Ten Update

The credit crisis has clearly evolved into a crisis of confidence. This is impacting the economy in a very real way as business and consumer spending has ground to a halt. This environment is stress testing business models to an extent we have not seen in decades. The feeble franchises are failing. Portfolios and Portfolio Managers are also being stress tested as some companies that seemed like profitable investments in the good times are quickly turning into liabilities.

Given the environment, we thought that a quick update of our top ten holdings would help reiterate their investment merits. Our top ten holdings make up nearly half of the portfolio. Four of these companies (Pason, Gennum, Leon's and Richelieu), have no net debt, the other six have no significant near term refinancing requirements. These companies remain strong industry leaders. All of them pay a dividend.

Company	Industry
AltaGas Income Trust	Energy Infrastructure
Empire LTD	Consumer Staples (Grocery)
CCL Industries	Label & Container Manufacturing
Pason Systems	Oil and Gas Services
Gennum Corporation	Technology
Leon's Furniture	Consumer Discretionary (Retail)
Astral Media	Consumer Discretionary (Media)
Mullen Group Income Fund	Trucking
Canadian Western Bank	Regional Banking and Insurance
Richelieu Hardware	Hardware Component Distributor

There has been a flurry of companies reporting this past week including four quarterly updates from companies in our top ten. Results are as follows:

AltaGas Income Trust

AltaGas Income Trust's operating income increased 9% per share during the most recent quarter. The majority of AltaGas' revenues are underpinned by contractual arrangements that provide stable and predictable cash flow. The fund pays a distribution of \$0.18 a month and currently yields over 11%. The outlook for the Company is healthy. They provide power to Albertans and extraction, processing and gathering services to the oil and gas industry. Despite a slowdown out west, the power market remains tight and their energy services remain essential for the oil patch.

CCL Industries

CCL reported revenue growth of 5% and net earnings growth from continuing operations of 6%. End market demand in the North American consumer segment has been weak but is being offset by growth in the health care end market. The Company had the foresight to issue long term debt at favourable rates at the beginning of the credit crisis and is keeping their balance sheet strong during the downturn. They have an economically sensitive business model but they are well positioned in this environment. CCL has grown their shareholders equity by 10% since the beginning of the year.

Pason Systems Inc

Pason reported revenue growth of 32% for the quarter. Earnings per share growth was approximately 33%. Shareholders equity has grown by 24% year to date. The Company raised their dividend by 20%. Pason continues to invest in new initiatives but cash continues to build on their balance sheet. Cash per share represents close to 10% of their market cap compared to approximately 2% at the start of the year. The combination of internal growth opportunities and a strong balance sheet makes Pason well positioned during a downturn.

Mullen Group Income Trust

Mullen reported 35% revenue growth and 53% growth in cash flow per unit in their most recent quarter. The Company reported very large profit margins in their trucking division. Going back over a decade of data we have not come across a quarter where this division has been more profitable. The Company has no debt maturities until 2016. They attribute the bulk of their margin improvement to focusing deeply on their costs. On the conference call CEO Murray Mullen really hammered home their commitment to operational excellence. "We are happy with the business we have.....we just need to keep focused, focused, focused on our business".

Despite good execution and growth from these companies year-to-date, all of their stock prices have declined. That is the nature of a bear market. Behind the ticker symbols are real businesses that are of very high quality. It is realistic to expect that a global slowdown will have an impact on their operations but we are comforted by their performance during these difficult times.