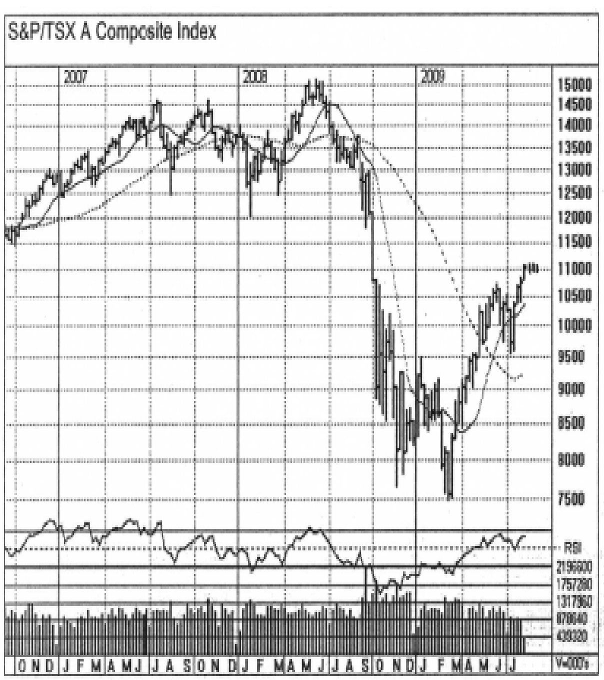
HOWSON TATTERSALL
PRIVATE ASSET MANAGEMENT

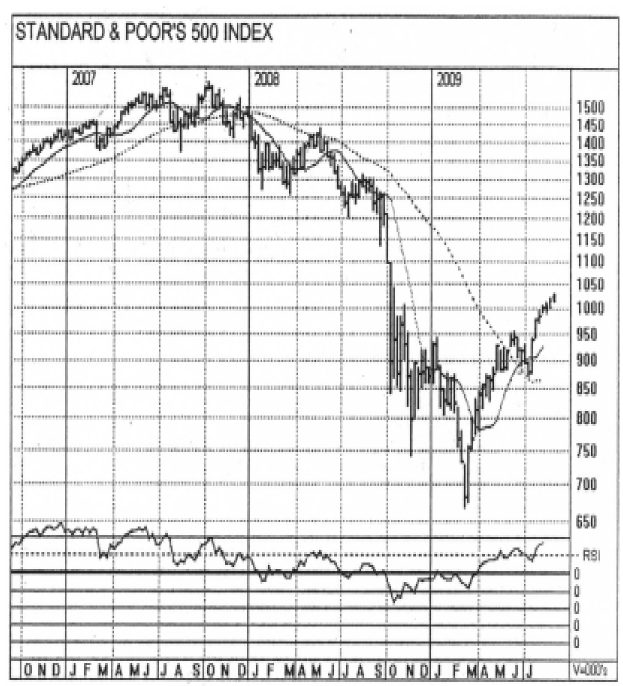
August 2009 REPORT

Enclosed, please find your portfolio valuations and transaction summaries for the month of August.

Canadian stock prices advanced in August but the pace of growth slowed from earlier months with the S&P/TSX Composite Index adding 1.0% for the month. As we compare against Index levels from one year ago the bear market fades. Compared with the August 2008 levels the Index is off 18.2%. At its worst comparison, at the end of February of this year, the Index had declined 38.2% over the prior year.

Fixed income markets also experienced gains as the Dex Bond Index advanced 1.1% in August and 7.2% for the last twelve-month period. Declining government bond yields was the key contributor to the gains.





Source: Independent Survey Company

Equity investors have now enjoyed six straight months of rising stock prices. We have recovered approximately one half of the bear market losses from the peak in mid-2008.

Does the bull market recovery to date and the accompanying retreat in corporate bond yield premiums mean that the world is back to normal? Not by a wide margin in our view.

Many of the financing schemes that typified the easy money period before the crash are thankfully still dead as a doornail. For example, the demand by investors for non-Bank sponsored Asset Backed Commercial Paper is non-existent and, with losses from a supposedly low risk investment still fresh in investors' minds, it is unlikely to rise from the dead any time soon.

The backdrop to the credit crisis was the use of too much debt and poor financing choices by various sectors of the economy in addition to certain financial institutions. While corporate bond spreads have narrowed closer to historical norms and the borrowing market is gradually opening to less-than-top-notch borrowers, the high debt levels remain. They will have to be worked down and that will take time. We are also aware that governments in many countries, and at many levels, have been running substantial deficits and that debt will also have to be dealt with.

As well, now that the financial system and the worldwide economy appear to be on the mend it is likely that governments and regulators will turn their minds to creating new legislation designed to ensure that the events of 2008-2009 never happen again. It is too early to comment on the future effectiveness of new financial system regulations but it is likely to put some constraints on growth.

For investors, perhaps the most important observation is that, while the credit crisis is easing the root cause of the crisis, the misuse of debt financing remains. Corporate borrowing costs are falling but we will continue to place great importance on both debt levels and upcoming financing requirements in the companies we both own or are analysing as potential purchase candidates.

If you have any questions about either our investment strategy or your portfolio specifically, please contact Brian Smith at your convenience.

Sincerely,

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