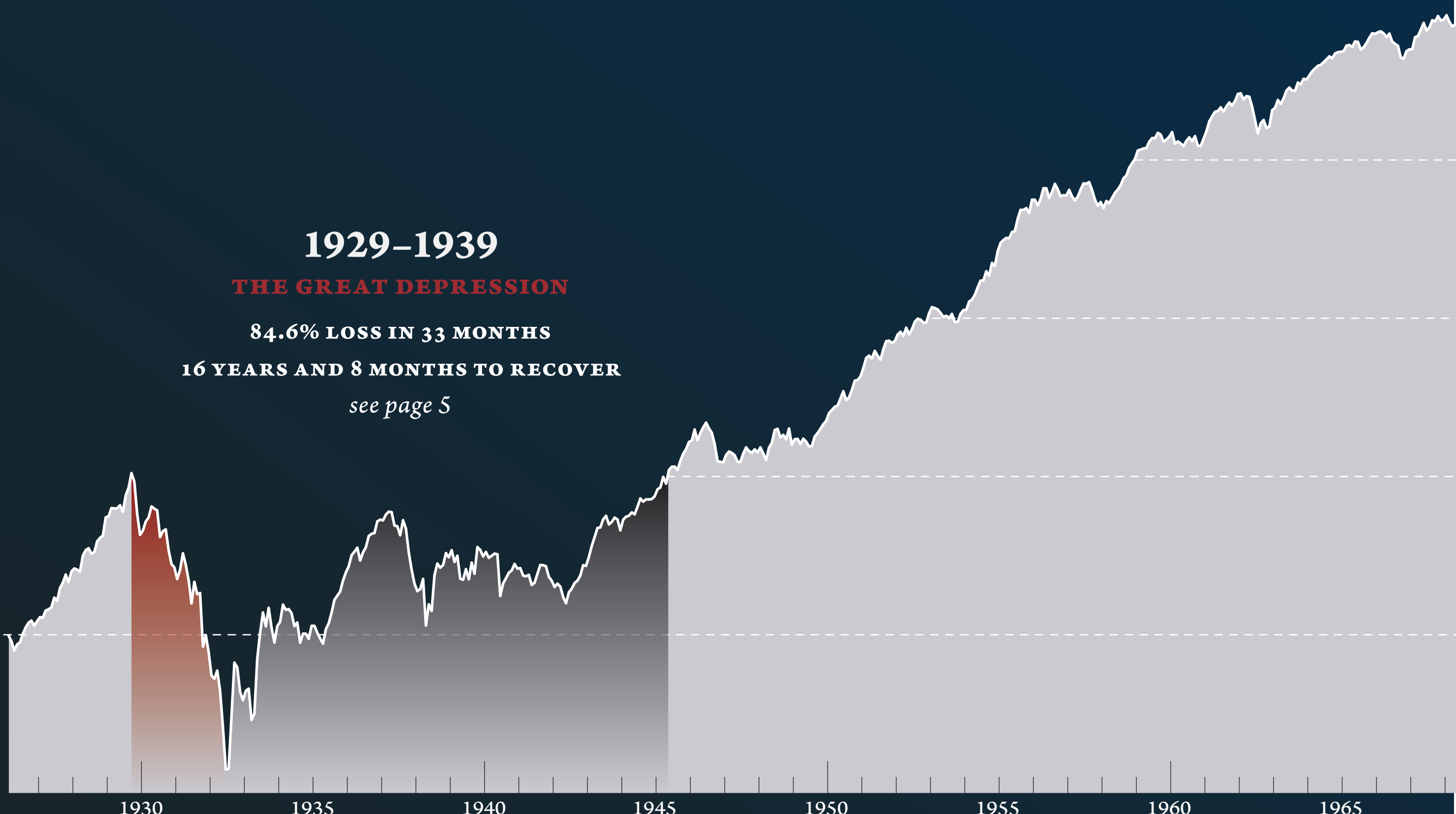
UBC PORTFOLIO MANAGEMENT FOUNDATION

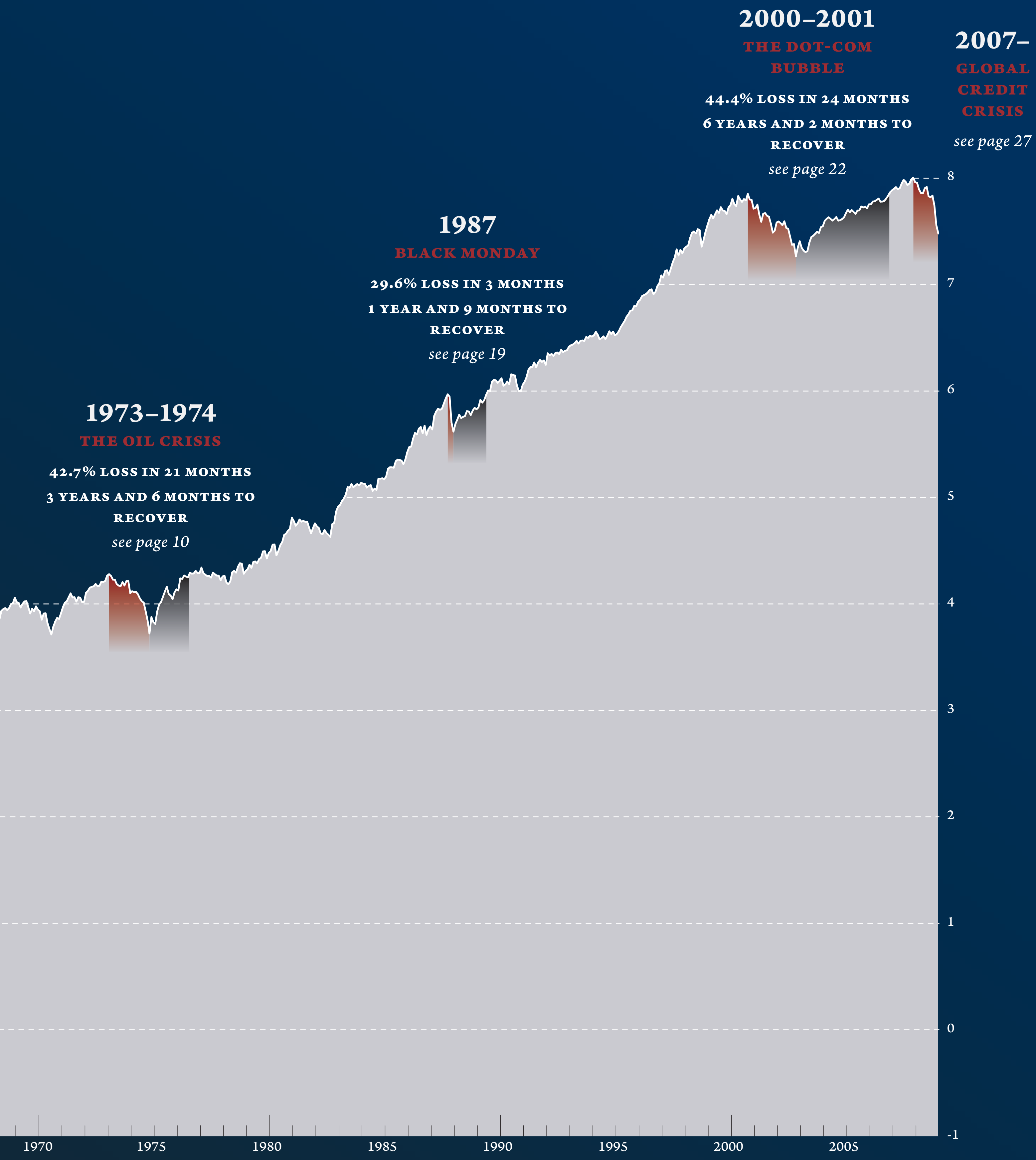
2009 Annual Report

U B C
PMF

For new capital markets players, like the PMF students, the 2008 credit crisis must seem catastrophic, and it certainly was. But, similar catastrophes have previously occurred, followed by lengthy periods of economic growth. This page provides some perspective on significant capital markets crashes we examine throughout this report.

This graph was compiled with data from the Center for Research in Security Prices at the Booth School of Business in the University of Chicago for 1925–2007 and from Thomson Datastream for 2008. We plot the cumulative log of one-plus rates of return.





1973–1974
THE OIL CRISIS
42.7% LOSS IN 21 MONTHS
3 YEARS AND 6 MONTHS TO RECOVER
see page 10
1987
BLACK MONDAY
29.6% LOSS IN 3 MONTHS
1 YEAR AND 9 MONTHS TO RECOVER
see page 19
2000–2001
THE DOT-COM BUBBLE
44.4% LOSS IN 24 MONTHS
6 YEARS AND 2 MONTHS TO RECOVER
see page 22
2007–
GLOBAL CREDIT CRISIS
see page 27
8
7
6
5
4
3
2
1
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-1
1970
1975
1980
1985
1990
1995
2000
2005

INTRODUCTION TO PMF

The Dean of Commerce (UBC) Portfolio Management Foundation (PMF) is a two-year extra-curricular program for BCom students that begins at the end of their second year of university. It consists of two summers of internships, an academic year as a “Research Associate” (assisting the students one year ahead in the program) and an academic year as a “Fund Manager.” The FMs’ and RAs’ task is to add value to a real portfolio of stocks and bonds, currently valued at about $2.6 million.

In addition, PMF students must meet with the PMF Client Committee six times per year to report their performance, explain their current portfolio structure, forecast the capital markets and provide a strategy for the near future. To help them run the portfolio and get career guidance, the PMF students have access to 15 PMF Counselors, investment professionals in Vancouver who give their time to the PMF students as needed. The total time commitment to the program during the academic year is easily 20 or more hours a week.

The summer internships provide tremendous learning opportunities. Last year’s employers in Toronto were: Barclays Global Investors, Guardian Capital Inc., Merrill Lynch Canada, Ontario Teachers’ Pension Plan, PCJ Investment Counsel, RBC Capital Markets, TD Asset Management and West Face Capital. In Vancouver, the employers were CAI Capital Management Co. and Phillips, Hager & North Ltd. Two students worked in Victoria at the B.C. Investment Management Corp. and two worked in New York, at Merrill Lynch and Morgan Stanley.

The PMF portfolio is a balanced portfolio with suggested weights of 30% bonds and 70% stocks, although the Fund Managers may vary the asset mix based upon their beliefs about stock and bond markets. Of the 70% in stocks, about 25% of that is invested in US securities. The Fund Managers are free to trade the portfolio within broad guidelines set by the Client Committee. Performance is measured both against a benchmark portfolio return and against the performances of other professional managers in Canada with similar mandates.

RBC Dexia Investor Services Trust, our custodian, holds our securities and cash and they also provide performance measurement services. Trading is done through Qtrade Investor, an on-line discount trader, Merrill Lynch Canada, TD Securities, RBC Capital Markets and other brokerages.

Portfolio analytics are made available to the PMF students by Computerized Portfolio Management Services Inc. and Capital IQ and research is provided by many of the Canadian brokerages, plus INK Research and Accountability Research Corp.

Job opportunities for graduates of the program are very good. PMF alumni, known as Leslie Wong Fellows, are employed in the capital markets in Vancouver, Toronto, Montreal, Calgary, New York, San Francisco, London, Hong Kong, Singapore and in many other locations. There is an almost even split among graduates between “buy-side” jobs with money managers and “sell side” jobs as traders, analysts or investment bankers.

The PMF symbol indicates the two-sided nature of the program: strong academics combined with skilled professional support. The two sides are, importantly, smoothly linked to provide a very special education that a PMF graduate is able to apply to begin a successful capital markets career.

PMF Principles

An important objective of the PMF program is to teach our students that success follows those with not only ability, but the correct attitude. This has been learned by observing those successful capital markets participants that have served the PMF students over the past two decades. The PMF has adopted the Five Merrill Lynch Principles, shown below, with the PMF interpretation of each. The PMF – Merrill Lynch partnership began with internships in Vancouver in 1987 and continues today with internships in Toronto and New York and a long-sitting Counselor, Justin Roach, and many PMF graduates working at Merrill Lynch in Toronto and New York.

Client Focus

Attention to the client’s needs must be demonstrated over the course of a long-term relationship

Respect for the Individual

Strive for an open and honest relationship built on understanding and dignity

Teamwork

Place team goals above the individual and encourage group involvement and responsibility for success and failure

Responsible Citizenship

Make the PMF a valued, contributing member of the local community

Integrity

A reputation for ethical action must be earned everyday through honesty, accountability and compliance with professional standards

PRESIDENT'S REPORT

The PMF Class of 2009 will graduate in a few months, entering into a time of unprecedented instability in the global capital markets. The restructuring of many investment and commercial banks is a two-edged sword. First, consolidation will result in fewer jobs on Wall Street and perhaps around the world. However, for the best people, the volatility will create opportunity. Looking into the future, risk will be shared using instruments like options, futures and even credit default swaps. How these assets are traded will likely evolve with the recent experience clear in our minds. I know that the PMF graduates will be key players in the global capital markets in the future.

My confidence in the PMF graduates' futures stems from their background and the training they receive here. For example, the Class of 2010 has a diversity of experiences, from business and the arts. The class includes members with experience in business and computer science as well as a professional singer and a professional magician. In addition, most have shown a community involvement and their university grades are excellent. Most importantly, the PMF students are highly motivated for a career in the capital markets.

The PMF takes these promising young people and provides them with two streams of education. First, the PMF students receive the same world-class classroom education as their Bachelor of Commerce classmates. The Sauder School, noted for both the depth and breadth of its research, is the leading recipient of grants from Canada's major federal granting agencies, and outperforms other Canadian business schools in the number of research articles published in academic journals. The faculty bring that research into the classroom to give our students the knowledge necessary to succeed in the business world.

The Sauder School Advisory Board helps guide our classroom efforts. Some members of the Advisory Board are Mr. Michael Ryan, PMF Co-Founder and Client Committee member, Ms. Maureen Howe, A Sauder School Ph.D. graduate and ex-Client Committee member and Mr. V. Paul Lee, a PMF Alumnus. The classroom education pays off. 680 BCom graduates from 2008 entered the workforce, with ¼ of them in finance careers. A recent survey of Sauder School alumni showed that 15% are working outside of BC. This percentage is growing, led by our PMF graduates.

Daniel Muzyka, PMF PRESIDENT
Sauder School of Business, UBC

Christina Anthony, LWF 1997 and young
John Anthony, CLASS OF 2026

The second stream of education provided to the PMF students is professional. Through two 4-month summer internships, in Vancouver, Toronto, New York, Victoria and elsewhere, summer weekly workshops, six Client Committee meetings per year and many individual meetings with PMF Counselors, the PMF students acquire the professional knowledge of the capital markets that lets them be productive employees from their first day on the job after graduation.

The PMF program works. There are 150 PMF alumni from the Classes of 1987 through 2008. The Faculty Supervisors are in regular touch with 90% of the alumni, known as Leslie Wong Fellows (LWFs), most of whom are active in supporting and training the current PMF students. There are 39 LWFs in the Vancouver area, 32 in both Toronto and New York and 9 in London. About 40% of the LWFs are on the buy-side of the street, 30% in sales and trading or sell-side research and 10% in investment banking. Merrill Lynch, Phillips, Hager & North and RBC Capital Markets employ 7 LWFs each, there are 6 LWFs at both Citigroup and TD Bank and 5 LWFs at each of Goldman, Sachs & Co. and Greywolf Capital.

The Class of 2009 is entering the capital markets in turbulent times. They will take advantage of the opportunities presented to them. Good luck!

Daniel Muzyka
Dean, Sauder School of Business
President, UBC Portfolio Management Foundation

The Class of 2009 is the 23rd graduating class from the PMF. Our alumni are one of the strengths of the program and a big reason for its success. Their loyalty and devotion to the current students is amazing and deeply appreciated by us. To indicate what they do for us, here we point out some examples. I'm sure we'll miss acknowledging some, and for that we apologize.

We rely on the Vancouver alumni (LWFs) heavily. Four of the 15 PMF Counselors are LWFs: Christina Anthony (LWF '97), David George (LWF '97), Dan Lewin (LWF '93) and Tracey McVicar (LWF '90). Tracey is also on the PMF Board of Directors, along with Doyle Bauman (LWF '87) and Scott Lamont (LWF '87). Scott also provides a summer workshop each year, as do colleagues Bryan Mascoe (LWF '02) and Kristian Sawkins (LWF '99). Many of the LWFs at Phillips, Hager & North help train PMF interns, and this past summer Tracey McVicar also took a PMF intern. LWFs currently on the PMF Operating Committee are Jim Huggan (LWF '89) and Maili Wong (LWF '01) and they were preceded by Dave Bustos (LWF '91) and Rob Edel (LWF '87).

The Toronto-based LWFs are also very active. The LWFs who provide summer workshops are shown elsewhere, as are those LWFs who act as PMF Toronto Summer Mentors to the student interns there. We are particularly pleased at the Toronto Summer Mentor program as it provides our young interns with "big brothers/sisters" that they can learn from and confide in.

The New York LWFs contribute greatly by hosting visits by the class of junior interns who tour New York at the end of their Toronto summer internship. They are also shown elsewhere in this report.

We also thank the LWFs in Vancouver, Toronto, New York, San Francisco and London who, each year, turn out for a PMF Alumni event. This allows the Faculty Supervisors to hear their thoughts about the program and the students.

Finally, the LWFs world-wide are a great resource for the students in their careers. Many are contacted directly by the students for help in seeking employment. The LWFs are always there to help.

Chris Cumming, LWF 1992
Evident Capital

Murray Carlson, PMF FACULTY SUPERVISOR
Sauder School of Business, UBC

Daniel Lewin, LWF 1993
Lewin Capital Management

The PMF portfolio has invested regularly in US stocks since mid-1999. The last few years have been difficult, especially given the dramatic decrease in the US dollar. In Canadian dollar terms, from July 2001 through June 2008, the S&P500 is off by 3%. Using a 30 June year-end, 5 of the 7 past years have seen a negative return to the S&P500. A loss of 17% for the year-ended 30 June 2008 nearly matches the more than 17% loss in the year-ended 30 June 2002.

Over this seven-year period the PMF portfolio has had an average allocation of over 15% to US stocks. This has hurt our total portfolio performance. Not only has the market been tough, but our stock selection has been poor.

Offsetting the difficult US experience is our Canadian equity portfolio. Over the same 2001 – 2008 period the TSX has averaged over 11% return per year. Our stock picking is better in Canada. For the period January 1990 to June 2008, the PMF Fund Managers have added 3.8% annual value to the TSX index.

We rely on exposure to corporate bonds in the PMF portfolio to boost fixed income returns. For the period from January 1990 through June 2008, our bond portfolio added 30 basis points per year to the DEX re-

Rob Heinkel, PMF FACULTY SUPERVISOR
Sauder School of Business, UBC

Jeff Brooke
Credit Risk Advisors

turn of 8.4%. Prior to the fall 2008 financial meltdown, the PMF portfolio contained the following corporate bond issues: Rogers Dec 11, Qwest Mar 12, Sherritt Nov 12 and Oct 14, Viterra Apr 13, a CMBS, Alliance Pipelines Dec 25 and TD Capital Dec 49. Since the meltdown, more positions have been added. Careful risk analysis and, for most of the corporates, a near-term maturity help control default risk.

We thank all the service providers who contribute not only their services, but often their expertise in educating our students. The list of providers is given in the report. We also thank all of the PMF Counselors. Recent departures from the Counselors List are Carl Hoyt of Cypress Capital, Doug Knight, now partially retired from Deans Knight Capital and Bill Tilford, recently moved from CC&L to CPPIB in Toronto. Thanks gentlemen! We also thank all the Client Committee members, shown elsewhere. Just departed from that group is David Bryson (LWF '90) who has moved to Toronto as CFO of HudBay Minerals Inc.

Murray Carlson & Robert Heinkel
PMF Faculty Supervisors

1929–1939

THE GREAT DEPRESSION

The Great Depression was the most severe and prolonged economic downturn in the history of modern economics. It began with the Wall Street Crash of 1929, and most notably, Black Tuesday on October 29, when the Dow Jones witnessed a 13% decline after what was already a very weak month for U.S. stocks. The roaring twenties, a time of prosperity and excess, had driven stock prices to unrealistic speculative highs which led to the Crash of 1929. The stock market continued to hit new lows until its final bottom in 1932 when stocks were about 20% of their value in 1929, and did not return to pre-1929 levels until late 1954. This massive decline in asset values greatly strained banks and other financial institutions, especially those that primarily held equities in their portfolio. As a result, many banks were forced into insolvency, and a few large public bank failures produced widespread panic and created a run on local banks, which culminated in an increasing number of bank failures. By 1933, 11,000 of the USA's 25,000 banks had failed. The collapse of these banks led to reduced levels of spending and demand, which led to lower production, which aggravated the situation further. By 1932 approximately 13 million workers were unemployed, which translated to an unemployment rate of approximately 25-30%. Industrial production fell by approximately 45% and home building dropped by 80%. Due to strong economic ties with the United States and Europe created after World War 1, the depression quickly spread to Europe and other industrialized nations.


London Herald
WALL STREET CRASH!

Many economists, such as Milton Friedman and current Federal Reserve Chairman Ben Bernanke, believe much of the Great Depression was caused by poor policy making on behalf of central bankers, who let the country's money supply shrink along with bank failures, and did not take appropriate action to recapitalize the banking system to keep public confidence in the system. Today's interventionist policies by governments and central banks is quite different, seeking to retain public confidence in our banking system and prevent a prolonged economic downturn such as the Great Depression.

What a year it's been. We could not have imagined a more difficult, volatile, yet fascinating environment in which to invest than that which has occurred over the past year.

The subprime mortgage problems had just begun to surface in the last quarter of 2007, yet markets did not react significantly to this news—the market expected this subprime problem to be isolated and immaterial in the grand scheme of things. The market could not have been more incorrect. What began quietly enough as a downturn in the once booming US housing market has spread like wildfire into every area of the financial system into what many consider to be the worst financial crisis since the great depression.

Since the start of the year, major North American equity indices are down 40–50%, oil prices have fallen off a cliff from $147 to $34, and credit spreads on investment grade corporate credits have soared from less than 100bps to over 300bps. The unprecedented events that have occurred are too numerous to name. Suffice it to say, none of the five major US investment banks exist as stand-alone investment banks anymore, hundreds of billions of dollars have been pumped into saving companies from collapse, and the Fed has lowered rates to a record low of 0% – 0.25%.

We have not been immune to the crisis that has and is still continuing to permeate the markets. According to RBC Dexia, for the period ended September 30th 2008, on the Canadian Equities side the fund is down 24.57% (vs the index which was down 14.40%) and on the US equities side the fund is down 12.54% (vs the index which was down 4.65%). In the midst of this distress, we have attempted to stand firm in our investment philosophy, focusing on purchasing fundamentally sound companies at attractive valuations that will outperform the market over a 1 – 3 year period.

We have taken several direct action steps in response to the market turmoil. First, we have divested of those securities whose downside we could not quantify. Second, we have made a significant tactical asset allocation deviation by allocating 35% of the fund in bonds and 65% of the fund to equities (compared to our strategic asset allocation of 30% bonds and 70% equities). Third, we have materially increased corporate credit exposure, as we feel that valuations on the credit side in particular have fallen too far out of line with fundamentals.

Despite our best efforts to preserve capital—and even profit—in this incredible market environment, we have learned many lessons the hard way. One particularly difficult lesson was learned through the purchase of Teck Cominco, one of Canada's largest diversified commodity producers. We initially purchased the company due to compelling valuation and attractive growth projects going forward. However, we underestimated the global recession and the effect it would have on commodity prices.

We could have said the above for many of the companies that we owned, but what made Teck different was that it had agreed to purchase a Fording Canadian Coal for $14 billion, $9.8 billion of which would be debt. A significant portion of debt would have to be refinanced in 2009. With plunging commodity prices and tight credit markets, investors began to doubt Teck's ability to pay or refinance its debt—confidence in the company was shattered. We purchased the shares at $33.36; less than two months later, we sold them at $6.70. Through this experience, we learned to make more pessimistic downside scenario assumptions, to not believe everything that sell side analysts say, and to focus even more on the analysis of the balance sheet.

As has been suggested earlier, we have made numerous purchases and divestitures since taking over the portfolio. Purchases include: both equity and debt of Rogers Communications, Tier –1 Capital Trust debt of both Royal Bank and TD Bank, Nova Chemicals bonds, Diageo equity, Activision Blizzard equity, Terex equity, Compass Minerals equity, and of course Teck Cominco, which we subsequently sold. All of our divestitures have come on the equity side and they include: Cott, Wal-Mart, Loblaws, Alimentation Couche Tard, Royal Bank, Canadian Western Bank, IGM Financial, Freightcar America, Open Text, and Telus.

We would like to end off by saying how grateful we are for the opportunity to be a part of the PMF and to be trusted to manage the portfolio. We have probably learned more about the markets and how they work—and cease to work—in the past year than we have over the past three years of classroom study. Counselors: Thank you for being so gracious with your time and meeting with us often; you have had a direct and positive impact on both our learning and our careers. Employers: Thank you for giving us the opportunity to learn from and work for you. Dr. Heinkel: Thank you for all of the dedication, mentorship, and hard-work you put into this program; know that the PMF has had a profound impact on each and every one of us, both professionally and personally, and has provided us with opportunities beyond what we could have imagined. Indeed, what a year it's been.

Nader Ahmed | Aaron Carter | Michael Liu

Peleg Bartfeld | David Gens | Pegah Soltani

CLASS OF 2009

Nader Ahmed David Gens Michael Liu Peleg Bartfeld Aaron Carter
Pegah Soltani

CLASS OF 2010

Eric Fang Derek Ching Andrew Tian Ane Launy Andrew Choi
Jasmine Wong Shizu Okusa

RESEARCH ASSOCIATES' REPORT

Our first six months as research associates for the Portfolio Management Foundation has been anything but a nice Sunday walk in the park. We have been allowed to experience hands-on the management of a portfolio during a market collapse, through which we have learned about aspects of investing that very few young investors get the chance to experience this early in their careers.

Our entrance into the program in January was followed by lectures with Professor Heinkel, and attending the investment meetings of the outgoing fund managers at that time and their research associates. Safe to say we did not even have the faintest idea of what awaited us. Investment terms and ratio vocabulary, together with theories of finance and portfolio construction, were just a few of the many things that we struggled to understand and digest before embarking on our first internship. We were lucky and thankful to have Professor Heinkel and the two classes ahead of us who took the time to arrange workshops and made sure that we were familiar with basic financial statement analysis and modeling techniques. This made the process come about easier than we had thought and helped us hit the ground running upon arrival in Toronto.

It has been a challenging year and it would be an understatement to say that we are nervous about assuming responsibility of the portfolio in just a few months. That being said, we are very excited to be part of an exceptional program that we learn and grow so much from, and believe that the current market conditions have presented us with a number of attractive investment opportunities to pursue.

As a class, we have already recommended investment decisions that have proven to be both successful and unfortunate for the portfolio. We have subsequently tried to keep perspective, spend as much time as possible with our counselors and to learn from our mistakes. One of our stock ideas, Terex Corp., a company in the capital equipment industry, was profoundly impacted by the global recession. However, we still feel that the company's strong balance sheet and impressive presence in the emerging markets will allow it to greatly benefit from a rebound in the global economy.

Another two of our initiations, Diageo Plc. and Activision Blizzard, are both firms that operate in defensive industries and possess brand power which we believe should provide stability and steady growth for the firms in the foreseeable future.

We are still taken aback by everything that we get to experience through the program and would like to thank our employers, the PMF alumni and all other friends of the program who took the time to meet with us over the summer, in Toronto, New York and Boston. We look back on four very inspiring months where we not only learned tremendously, but also made long-lasting friendships, and grew on both a personal and professional level.

We are currently in the process of defining our investment philosophy and are enormously appreciative of all the support and guidance that we continue to receive from Professor Heinkel and our counselors. We look forward to another interesting year and will do our utmost to live up to the standards set by the Portfolio Management Foundation alumni.

Derek Ching   Andrew Choi   Eric Fang   Ane Launy

Shizu Okusa   Andrew Tian   Jasmine Wong

1973–1974

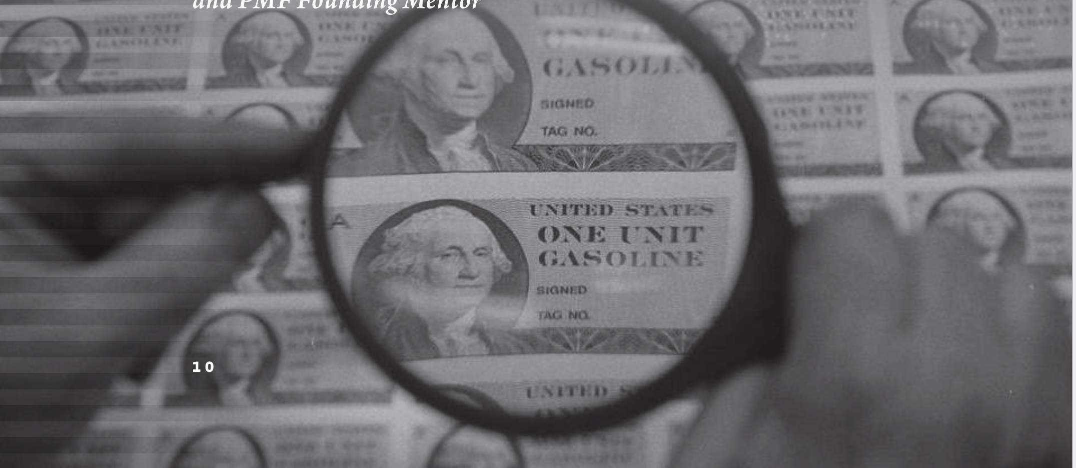
THE OIL CRISIS

The Oil Crisis of the 1970s began when OPEC placed an embargo on shipping oil to the US, in retaliation for the US supporting Israel during the Arab-Israeli war in 1973. Oil prices quadrupled over the following year and exacerbated the stock market crash as the NYSE lost $97B in value over six weeks and the DJIA was down 45%. In an effort to ease the shock, the US imposed price controls and rationing, which resulted in long line ups at the pumps. In order to keep the economy on track, the central banks cut interest rates with the idea to combat inflation after they had reestablished growth. However, the price controls and lack of supply led to a stagflationary environment. It is widely believed that many regulatory actions prolonged the recession, rather than minimize it. In March of 1974, OPEC lifted the embargo after the Washington Oil Summit. Although it took almost a decade, the markets eventually recovered and entered another bull market in the early 80s.

"Looking back at 1973-1974 to compare it with the current market malaise, it is easy to see the similarities. They include:
- *Easy monetary policy particularly around the Presidential election of 1972*
- *A boom in commodity prices*
- *A rapid rise in house prices*
- *Substantial increase in interest rate volatility albeit from an extremely low base*
- *An external shock as the price of oil trebled after the Yom Kippur War*

Fed Funds, which reached as low as 4% in late 1971, increased dramatically to 13% by mid 1974 and the 10 year US Treasury climbed from 6% to 8% over the corresponding period. What is different this time is the "virtual freeze" in credit markets. Even in the depths of the "Bear" market, corporations could get financing. Yield spreads widened between Treasuries and similar term corporate issues but the degree is a mere fraction of the current environment. Trust existed, in part, because you did the research, knew what you bought and had a Trust Indenture with meaningful covenants. Corporate and personal leverage was manageable. Deflation was not perceived to be a problem as the rate of change of the Consumer Price Index increased over this time period. The differences make the current environment extremely troubling."

Tony Gage
Former CEO, Phillips, Hager & North Ltd.
and PMF Founding Mentor



PORTFOLIO

EQUITY						$ 1,701,743
Company	Ticker	Exchange	Shares	Book Price	Market Price	Market Value
Gildan Activewear	GIL	TSX	4,650	$ 31.41	$ 14.79	$ 68,774
Amica Mature Lifestyles	ACC	TSX	11,600	6.56	3.10	35,960
Linamar Corp	LNR	TSX	8,585	12.70	3.74	32,108
Diageo PLC (ADR)	DEO	NYSE	900	66.74	69.38	62,441
Premium Brands Income Fund	PBI.UN	TSX	9,300	9.77	8.49	78,957
Canadian Natural Resources	CNQ	TSX	1,800	28.78	51.99	93,582
Petro Canada	PCA	TSX	2,275	36.69	29.10	66,203
Encana Corporation	ECA	TSX	1,900	50.63	59.75	113,525
Superior Energy Services	SPN	NYSE	3,700	32.41	20.78	76,903
Bank of Nova Scotia	BNS	TSX	2,220	39.75	33.27	73,859
Toronto Dominion Bank	TD	TSX	1,510	35.13	44.09	66,576
Berkshire Hathaway Inc.	BRK.b	NYSE	25	4,217.35	4,010.86	100,272
Terex	TEX	NYSE	3,500	47.09	22.62	79,167
Jazz Air Income Fund	JAZ.UN	TSX	21,800	6.91	3.33	72,594
BFI Canada	BFC	TSX	8,700	23.56	10.69	93,003
Activision Blizzard Inc.	ATVI	NASDAQ	4,000	12.13	11.01	44,031
Absolute Software	ABT	TSX	10,100	3.02	3.63	36,663
Western Union Co.	WU	NYSE	5,080	22.94	18.35	93,200
Compass Minerals	CMP	NYSE	1,600	53.70	73.49	117,591
Rogers Corporation	RCI.B	TSX	2,200	37.87	37.45	82,390
S&P Depository Receipt	SPY	NYSE	0	137.72	87.16	0
S&P/TSX 60 Index Fund	XIU	TSX	15,200	13.08	13.97	212,344
FX Hedge	—	—	100,000	1.22		1,600
BONDS						**$ 835,230**
Issuer	Maturity	Coupon	Face Value	Book Price	Market Price	Market Value
Quebec	Dec 1, 2010	6.25%	$ 60,000	$ 105.87	$ 108.14	$ 64,884
Government of Canada	Jun 1, 2011	6.00%	5,000	107.38	111.12	5,556
RBC Capital Trust	Jun 30, 2011	7.18%	50,000	102.65	99.89	49,945
Rogers Cable Inc.	May 1, 2011	7.25%	30,000	102.00	101.25	30,375
Nova Chemicals Corp.	Jan 15, 2012	5.00%	40,000	80.00	41.00	19,795
Qwest Corp	Mar 15, 2012	8.88%	45,000	103.00	89.50	48,612
Sherritt International	Nov 26, 2012	7.88%	50,000	100.00	88.57	44,285
TD Capital Trust	Dec 31, 2012	6.79%	40,000	106.30	97.15	38,860
Merrill Lynch CMBC	May 12, 2014	4.60%	90,000	87.97	85.02	76,518
Sherritt International	Oct 24, 2014	8.25%	30,000	106.84	84.20	25,260
Viterra Inc.	Apr 08, 2013	8.00%	40,000	102.00	103.19	41,276
Government of Canada	Jun 1, 2016	4.00%	25,000	98.12	110.35	27,588
Ontario	Jul 13, 2022	9.50%	30,000	112.74	147.62	44,286
Ontario	Sep 08, 2023	8.10%	65,000	129.10	135.56	88,114
Alliance Pipelines	Dec 31, 2025	7.22%	31,395	112.71	110.56	34,710
Government of Canada	Jun 1, 2029	5.75%	113,000	119.03	130.45	147,409
Quebec	Jun 1, 2032	6.25%	40,000	127.42	114.93	45,972
Qwest FX Hedge (Sell USD FWD to Mar 16)			48,336	1.223		773
Rogers FX Hedge (Sell USD FWD to Mar16)			31,000	1.223		496
Nova FX Hedge (Sell USD FWD to Mar 16)			32,794	1.223		525
CASH						**$ 65,768**
UBC PMF TOTAL FUND						**$ 2,602,741**

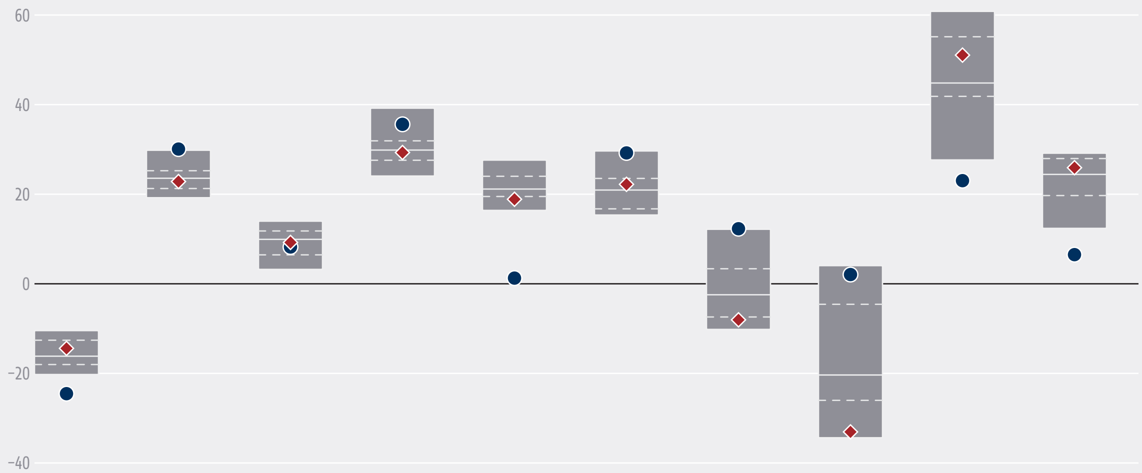
CANADIAN EQUITIES ANNUAL RETURNS

Periods ending
30 September 2008

UNIVERSE
RBC Dexia Balanced Funds—Canadian Equities

ASSET CLASS
Canadian Equities

RBC DEXIA INVESTOR SERVICES



	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
5th Percentile	−10.44	29.81	13.98	39.20	27.61	30.17	12.17	4.05	60.81	29.15
25th Percentile	−12.58	25.24	11.79	31.91	24.00	23.82	3.36	−4.62	55.15	27.96
Median	−16.15	23.56	9.92	29.85	21.15	21.13	−2.49	−20.40	44.82	24.42
75th Percentile	−18.01	21.27	6.46	27.58	19.49	16.78	−7.45	−26.06	41.84	19.70
95th Percentile	−20.23	19.22	3.22	24.06	16.39	15.36	−10.22	−34.41	27.65	12.38
● **UBC PMF**	**−24.57** 100	**30.10** 4	**8.18** 63	**35.60** 11	**1.19** 100	**29.73** 6	**12.29** 5	**2.03** 6	**23.05** 98	**6.54** 100
◆ **S&P/TSX Comp Index**	**−14.40** 33	**22.81** 60	**9.23** 57	**29.34** 57	**18.85** 80	**22.45** 36	**−8.08** 78	**−33.12** 90	**50.97** 41	**25.92** 39

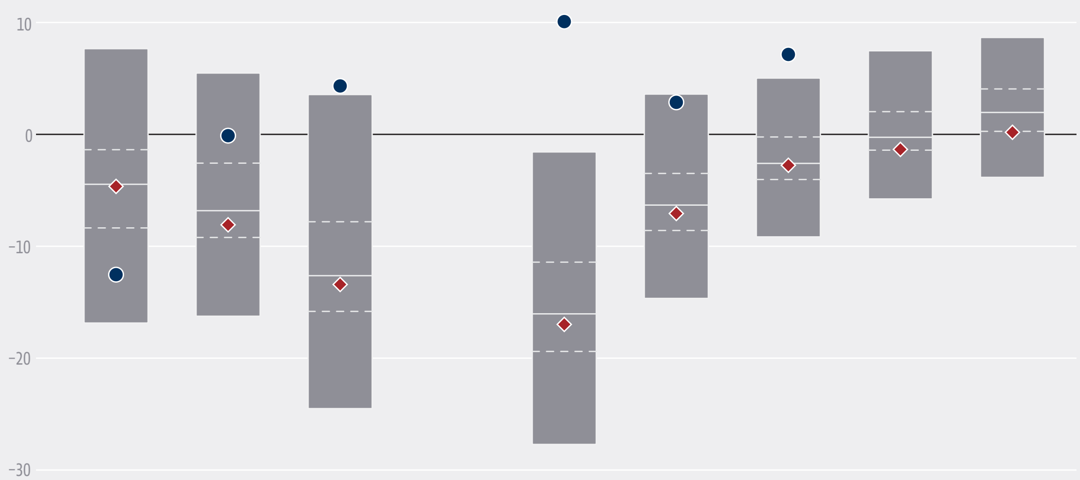
US EQUITIES CURRENT PERIODS & ANNUALIZED RETURNS

Periods ending
30 September 2008

UNIVERSE
RBC Dexia US Equity Funds (C$)—US Equity

ASSET CLASS
US Equity—All

RBC DEXIA INVESTOR SERVICES

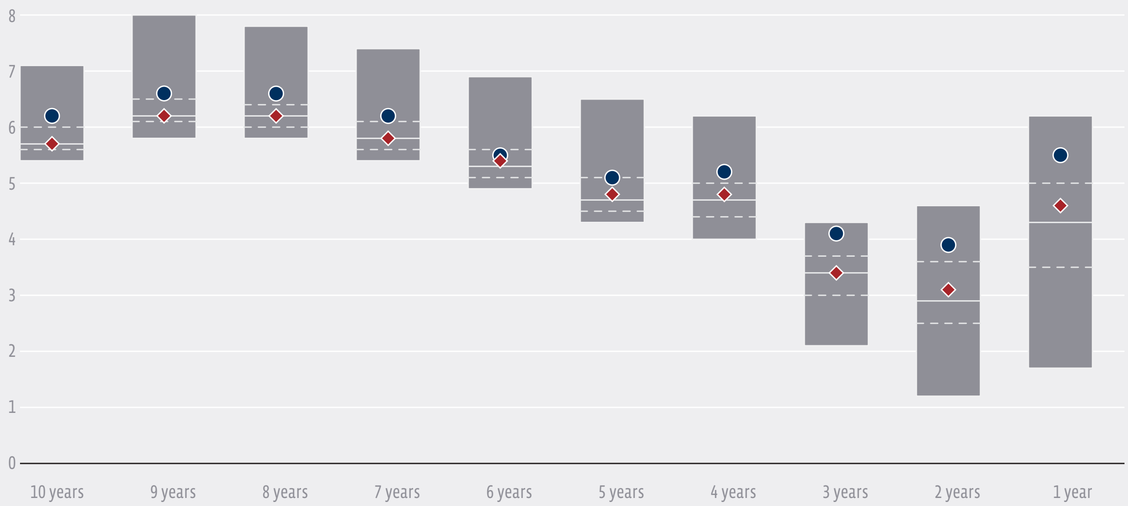


	1 quarter	2 quarters	3 quarters	1 year	2 years	3 years	4 years	5 years
5th Percentile	7.66	5.48	3.56	−1.57	3.60	5.03	7.47	8.66
25th Percentile	−1.37	−2.57	−7.81	−11.42	−3.49	−0.23	2.03	4.06
Median	−4.46	−6.82	−12.63	−16.04	−6.32	−2.59	−0.26	1.96
75th Percentile	−8.36	−9.21	−15.82	−19.40	−8.59	−4.03	−1.41	0.27
95th Percentile	−16.86	−16.25	−24.51	−27.71	−14.66	−9.16	−5.77	−3.84
● **UBC PMF (C$)**	**−12.54** 88	**−0.06** 16	**4.32** 5	**10.08** 1	**2.87** 5	**7.12** 4	**—**	**—**
◆ **S&P 500 (CAD)**	**−4.65** 51	**−8.09** 67	**−13.42** 61	**−17.00** 61	**−7.08** 63	**−2.78** 59	**−1.34** 73	**0.19** 78

TOTAL BONDS UNIVERSE SEGREGATED

As at 30 September 2008
10 years annualized

API Asset Performance Inc.

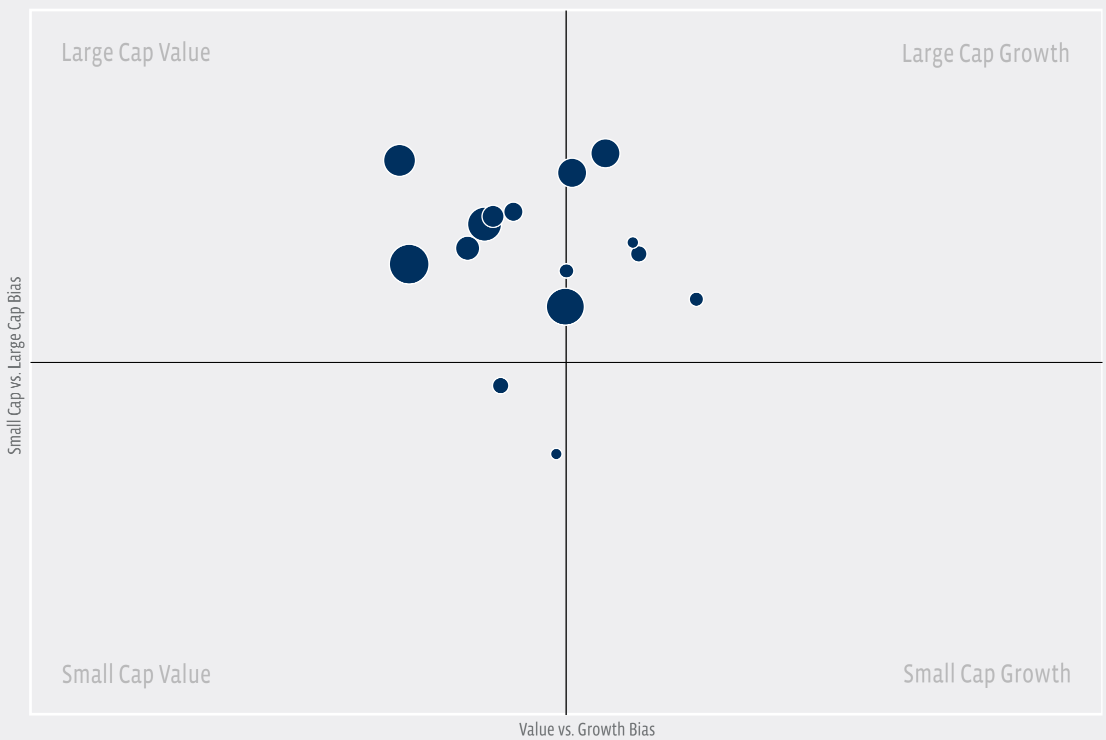


	10 years	9 years	8 years	7 years	6 years	5 years	4 years	3 years	2 years	1 year
5th Percentile	7.1	8.0	7.8	7.4	6.9	6.5	6.2	4.3	4.6	6.2
25th Percentile	6.0	6.5	6.4	6.1	5.6	5.1	5.0	3.7	3.6	5.0
API Median	5.7	6.2	6.2	5.8	5.3	4.7	4.7	3.4	2.9	4.3
75th Percentile	5.6	6.1	6.0	5.6	5.1	4.5	4.4	3.0	2.5	3.5
95th Percentile	5.4	5.8	5.8	5.4	4.9	4.3	4.0	2.1	1.2	1.7
● **UBC PMF $1.0 32.3%**	**6.2** 22	**6.6** 23	**6.6** 23	**6.2** 23	**5.5** 37	**5.1** 24	**5.2** 22	**4.1** 13	**3.9** 20	**5.5** 18
◆ **DEX Universe Bond**	**5.7**	**6.2**	**6.2**	**5.8**	**5.4**	**4.8**	**4.8**	**3.4**	**3.1**	**4.6**

CANADIAN EQUITIES UNIVERSE SEGREGATED

As at 30 September 2008
Multi-period
Style Analytics

API Asset Performance Inc.



Lesson Learned

A willingness to be open to all possibilities and to be adaptable is crucial in this dynamic industry.

NADER AHMED

Nader's experience consists of two internships on the buy side. He spent his first summer at PCJ Investment Counsel in Toronto, where he conducted company-specific equity research primarily in the retail space, and met several small-cap management teams. Last summer, he was at British Columbia Investment Management Corporation in Victoria, where he had the opportunity to take part in a rotational program between fixed income and equity research, as well as trading. For the PMF, Nader covers the consumer staples, consumer discretionary, and telecommunications sectors. Nader is a sports enthusiast who also enjoys traveling, theatre, cooking, and collecting coins.

Nader's mentor is Murray Leith of Odlum Brown Ltd.

Investing is simple, but not easy.

PELEG BARTFELD

Peleg spent his first summer working at Guardian Capital LP on the Small-Mid Cap equity team where he developed valuation models applicable to the small-cap sphere. His second internship was with the Canadian equity department at Phillips, Hager and North Investment Management. While at PH&N, Peleg worked on analysis tools and researched investment opportunities in the financials, energy and technology industries. For the PMF, he covers the industrial, healthcare and technology sectors. Outside the PMF, Peleg enjoys hockey, soccer, skiing and philosophy.

Peleg's mentor is Larry Lunn of Connor, Clark and Lunn Investment Management Ltd.

Warren Buffett's classic quote: be fearful when others are greedy and greedy when others are fearful.

AARON CARTER

Aaron's first summer internship was at Scotia Capital working on the money market desk, dealing with both retail branches and commercial clients, handling short-term deposits in money market instruments including asset backed commercial paper. His second summer internship was at British Columbia Investment Management Corporation in Victoria, where he rotated amongst many desks for equities, fixed income, and the trading floor. In the PMF portfolio, Aaron covers the utility, material, and energy sectors. Outside of school, Aaron enjoys motor sports, volley ball, meditation, hiking and reading.

Aaron's mentor is Wayne Wachell of GENUS Capital Management Inc.

Do not get swayed by the crowd in difficult markets, focus on value, and think long term.

DAVID GENS

David spent his first summer as an equity research associate at TD Securities in Toronto. He performed fundamental equity analysis in two sectors: diversified income trusts and software. During David's second summer he worked as a private equity analyst for CAI Capital Management in Vancouver. While at CAI he analyzed investment opportunities in the mid-size Canadian private equity market, evaluated and helped execute recapitalization and merger transactions for the firm's portfolio companies. For the PMF, David covers the energy, industrial, and information technology sectors. Outside of the PMF, David is a fully licensed pilot and enjoys traveling, the outdoors, and playing musical instruments.

David's mentor is Wayne Deans of Deans Knight Capital Management Ltd.

Anything is possible with determination, hard work, and a little bit of luck.

MICHAEL LIU

Michael spent his first summer in equity research on the energy and mining team with Toronto Dominion Asset Management in Toronto. His second summer was spent in sales and trading with Merrill Lynch in New York, where he rotated through interest rate derivatives trading, equity derivatives trading, corporate credit trading, and the Strategic Solutions Group. In the PMF, Michael covers the energy, materials, and financial sectors. In his spare time, Michael enjoys playing hockey, attending concerts, and watching movies.

Michael's mentor is Larry Avant of AMI Partners Inc.

Through market turmoil it is important to understand history and the fact that markets continuously evolve and innovate.

PEGAH SOLTANI

Pegah spent her first summer at CIBC World Markets in Toronto and her second summer was spent at Morgan Stanley in New York. At Morgan Stanley Pegah spent two weeks in Global Capital Markets and eight weeks on the Structured Credit Products desk. For the PMF Pegah covers energy, financials and consumer discretionary. In her free time, Pegah enjoys art, basketball, and music.

Pegah's mentor is David Schaffner of Leith Wheeler. Investment Counsel

RESEARCH ASSOCIATES

Be dedicated to learning when the opportunity arises, especially in these volatile market conditions.

DEREK CHING

Derek's first summer internship was with Guardian Capital LP on the Small-Mid Cap Canadian Equities Team. As a research analyst, Derek attended meetings and participated in discussions with the management team of Canadian companies. In addition, he researched and summarized companies' growth opportunities as part of a proprietary portfolio management tool. For the PMF, Derek covers the industrial and material sectors. Outside of school, Derek is an avid sports fan who also enjoys swimming, golfing and traveling.

Derek's mentor is John Thiessen of Vertex One Asset Management Inc.

Three rules of investing:
1) Never lose money;
2) Never forget rule #1;
3) Always do your homework.

ANDREW CHOI

Andrew spent this past summer at PCJ Investment Counsel in Toronto working as an equity analyst. Andrew was primarily involved in researching companies in the consumer and telecommunications space. Additionally, he attended numerous industry conferences and management meetings. For the PMF, Andrew covers the financial and consumer sectors. Andrew is an avid reader, a sports enthusiast and a performance artist.

Andrew's mentor is Phillip Cotterill of Connor, Clark & Lunn Investment Management Ltd.

Bet sparingly, research like a madman and make the few wagers that you do undertake significant ones.

ERIC FANG

Eric spent the past summer at TD Asset Management working on a Long-Short Portfolio as a research analyst. While at TDAM, Eric had the opportunity to evaluate, research and meet with management teams from major corporations across the globe. For the PMF, Eric covers companies in the industrials, materials and chemicals sectors. Outside of the PMF, Eric's interests include sports, politics, philosophy and literature.

Eric's mentor is Dillon Cameron of Deans Knight Capital Management Ltd.

During unprecedented market times it is important to keep perspective and remember that bad times sow the seeds for good times.

ANE LAUNY

Ane spent the summer of 2008 working for Ontario Teachers' Pension Plan (OTPP), on their Global Active Equities Team. While there, Ane conducted research and constructed financial models on companies in four different sectors: Consumer Retail, Insurance and Corporate Governance, Banking and Global Telecoms. For the PMF, Ane covers the energy and consumer discretionary sectors. Ane enjoys traveling and learning new languages and spending her spare time skiing, golfing and doing extreme sports.

Ane's mentor is Christina Anthony of Odlum Brown Ltd.

Lesson Learned

Never say never.

SHIZU OKUSA

Shizu spent her first summer internship at West Face Capital, a multi-strategy hedge fund. During this time she worked as a research analyst primarily in the oil & gas industry as well as the structured credit space. In the PMF, Shizu focuses on the energy and materials industry. Outside of school, she enjoys swimming, martial arts, and has also just recently gained interest in watching trial cases at the Vancouver Law Courts.

Shizu's mentor is David George of Connor, Clark & Lunn Investment Management Ltd.

Success is 99% perspiration and 1% inspiration.

ANDREW TIAN

Andrew's summer experience was with the Financial Products Group at Merrill Lynch Canada. He was responsible for the daily reporting of new notes, maintaining and updating the group's client-facing website, and assisting the team in handling client questions and request for information. Within the PMF portfolio, Andrew covers the financial and telecommunications sectors. Andrew enjoys the discussions shared with counselors, which have given him invaluable insight into making smarter investment decisions. Outside of the PMF, Andrew enjoys snowboarding, economics, and playing the piano.

Andrew's mentor is Tracey McVicar, LWF 1990, of CAI Capital Management Co. Ltd.

The best way to be good at anything is to have passion for it and to have integrity doing it.

JASMINE WONG

Jasmine spent her past summer at RBC Capital Markets working on the fixed income sales desk. Over the summer, she had the opportunity to conduct research within the Canadian fixed income space and prepare numerous client presentations. Furthermore, she was able to fully experience her internship by completing a full rotation on the trading floor to learn the various roles of different desks. In the PMF portfolio, Jasmine covers the telecommunications, consumer staples, and consumer discretionary sectors. Outside of school and the PMF, Jasmine enjoys cooking, traveling, snowboarding, and watching movies.

Jasmine's mentor is Daniel Lewin of Lewin Capital Management Ltd.

COUNSELORS

Counselors meet with the PMF students in small groups to provide their expertise in helping the students manage the PMF portfolio. Each year when a class returns from its Toronto internship they select one Counselor to be their Mentor for the remainder of their time in the PMF. The Mentor—Student relationship is that of a "trusted friend and advisor."

MS. CHRISTINA ANTHONY, LWF 1997
Odlum Brown Ltd.
Mentor to Ane Launy

MR. DAVID GEORGE, LWF 1997
Connor, Clark & Lunn Investment Management Ltd.
Mentor to Shizu Okusa

MR. SCOTT POWELL
MDA Training

MR. LARRY AVANT
AMI Partners Inc.
Mentor to Michael Liu

MR. MURRAY LEITH
Odlum Brown Ltd.
Mentor to Nader Ahmed

MR. JUSTIN ROACH
Merrill Lynch Canada Inc.

MR. DILLON CAMERON
Deans Knight Capital Mgmt Ltd.
Mentor to Eric Fang

MR. DANIEL LEWIN, LWF 1993
Lewin Capital Management Ltd.
Mentor to Jasmine Wong

MR. DAVID SCHAFFNER
Leith Wheeler Invt Counsel
Mentor to Pegah Soltani

MR. PHILLIP COTTERILL
Connor, Clark & Lunn Investment Management Ltd.
Mentor to Andrew Choi

MR. LARRY LUNN
Connor, Clark & Lunn Investment Management Ltd.
Mentor to Peleg Bartfeld

MR. JOHN THIESSEN
Vertex One Asset Management Inc.
Mentor to Derek Ching

MR. WAYNE DEANS
Deans Knight Capital Mgmt Ltd.
Mentor to David Gens

MS. TRACEY MCVICAR, LWF 1990
CAI Capital Management Co.
Mentor to Andrew Tian

MR. WAYNE WACHELL
GENUS Capital Management Inc
Mentor to Aaron Carter

I have been associated with the PMF program since its inception and throughout this period I have remained impressed with the quality of students that have walked through my door to seek advice, guidance, insights and anything else that a mentor might possible offer up. Because most of the time financial markets are in a bull phase this invariably leads to discussions centred around what is driving markets, where do the best opportunities lie and why. I often think that, while this is the really the fun aspect of investing i.e. making money, it really does not prepare the students for those periods when they are going to get mauled by the bear, which they are feeling the full force of in 2008. The mauling is not particularly pleasant, but it is instructive -- teaching us a variety of lessons when it comes to speculation, greed, excessive valuations, and crowd psychology. It also helps us to develop a longer-term perspective, a sense of skepticism while providing a lesson in humility -- important attributes if one is to be successful in the investment management world. While 2008 has been no fun for our students, hopefully it has at least been instructive!
Larry Lunn, Founding PMF Counselor
Connor, Clark & Lunn Investment Management Ltd.

I find that I learn as much being a PMF Counselor as do the students I am mentoring. I also feel a very strong responsibility to give back and help students in the PMF program because of the amazing people who helped me. I urge the graduating students to adopt this mantra and pay it forward. Whether it be a decision about whether to buy or sell a specific stock, or a discussion about which job makes the most sense, PMF students rely on the experience and comradery of their Counselors and Mentors to properly navigate those waters and I feel honoured to be asked to help. These unprecedented market conditions will no doubt be challenging for our students, but they can rest assured that their Counselors will assist where possible and that this will be the world's greatest learning opportunity.
Christina Anthony, LWF 1997 and PMF Counselor, Odlum Brown Ltd.

Dan Lewin, LWF 1993 Lewin Capital Management Ltd. — **Michael Liu** CLASS OF 2009 — **Peleg Bartfeld** CLASS OF 2009

PHIL COTTERILL

1987

BLACK MONDAY

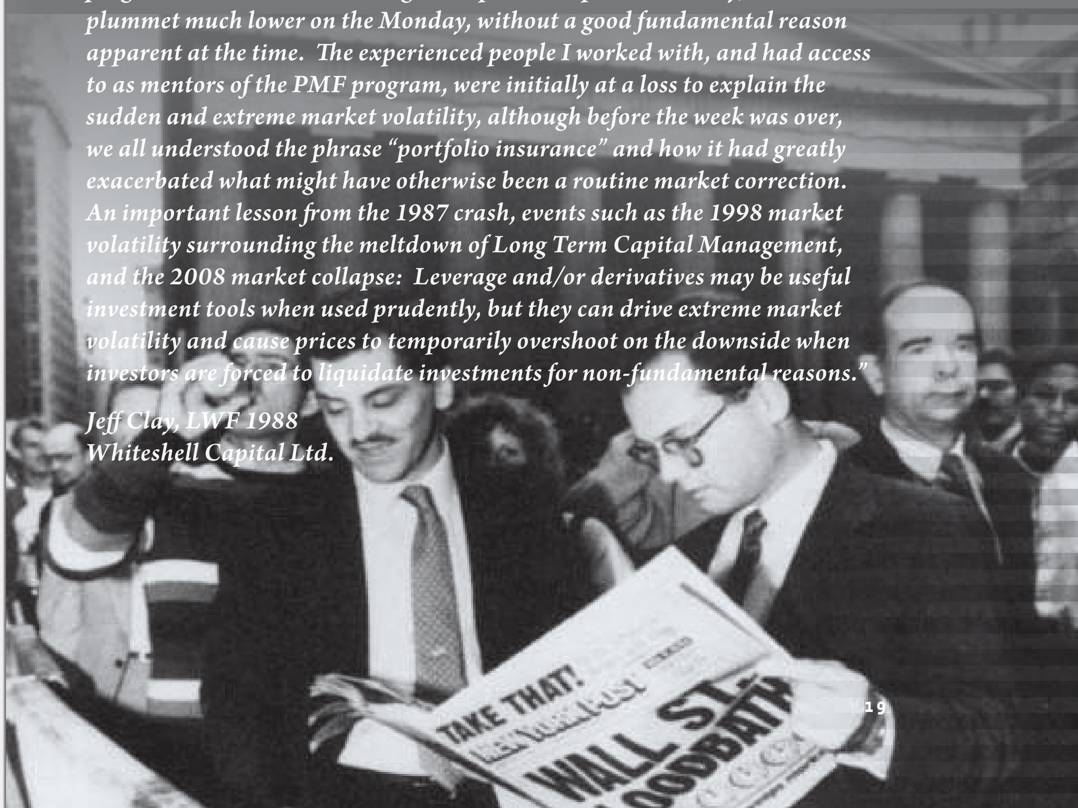
On October 19, 1987, known infamously as Black Monday, markets crashed worldwide, and represented the biggest one-day percentage decline in the history of the Dow Jones Industrial Average, falling 22.6%. The meteoric fall of the Dow was matched, and even surpassed, by other exchanges. Canadian markets were off by 23%, Spain fell by 31%, and Hong Kong and Australia each experienced declines in excess of 40%. The country whose markets had the dubious distinction of experiencing the most spectacular tumble, however, was New Zealand, falling about 60% from its 1987 peak.

Pontifications abound regarding the cause behind the collapse of the markets globally, although there is no consensus. Some believe it was a function of program trading, whereby writers of portfolio insurance derivatives were forced to sell on every down-tick, exacerbating the collapse as the markets fell. Macroeconomic reasons, such as monetary policy disputes between the G7 nations, have also been cited as causes for one of the most infamous days in financial history.

In spite of the Dow Jones' gravity drop that fateful day, it actually posted a positive return for the calendar year of 1987. The Dow's closing high of 2,722 for that year, which took place on August 25, was not reached, however, for another two years.

"The market activity on Friday, October 16th and the week of October 19th 1987 was unnerving yet very educational, especially for someone with very little capital markets experience at the time. I was very fortunate to be working part time on the institutional trading desk of a major investment dealer as an extension of the summer employment portion of the PMF program. I remember watching share prices drop on the Friday, and then plummet much lower on the Monday, without a good fundamental reason apparent at the time. The experienced people I worked with, and had access to as mentors of the PMF program, were initially at a loss to explain the sudden and extreme market volatility, although before the week was over, we all understood the phrase "portfolio insurance" and how it had greatly exacerbated what might have otherwise been a routine market correction. An important lesson from the 1987 crash, events such as the 1998 market volatility surrounding the meltdown of Long Term Capital Management, and the 2008 market collapse: Leverage and/or derivatives may be useful investment tools when used prudently, but they can drive extreme market volatility and cause prices to temporarily overshoot on the downside when investors are forced to liquidate investments for non-fundamental reasons."

Jeff Clay, LWF 1988
Whiteshell Capital Ltd.



LESLIE WONG FELLOWS

MR. KIAN ABOUHOSSEIN, LWF 1995
J.P. Morgan Securities Ltd.,
London, UK

MR. HASHEM ABOULHOSN, LWF 2008
RBC Capital Markets
Toronto

MS. MERAV ALAZRAKI, LWF 1998

MS. AUDREY ALSCHER, LWF 1990
Nanaimo

MS. CHRISTINA ANTHONY, LWF 1997
Odlum Brown
Vancouver

MR. EDWARD ARDEN, LWF 1993
UBS Warburg
Stamford, CT

MS. VIRGINIA AU, LWF 2003
Invesco Trimark
Toronto

MS. YIFEN AXFORD, LWF 1990
Wheen Finance Pty Ltd
Tokyo

MR. RAJAN BAINS, LWF 1990
Plenary Group Ltd.
Vancouver

MR. DOYLE BAUMAN, LWF 1987
RBC Capital Markets
Vancouver

MR. KYLE BERG, LWF 2007
Greywolf Capital
New York

MR. GREG BOLAND, LWF 1990
West Face Capital
Toronto

MR. TODD BONDY, LWF 1994
Goldman, Sachs & Co.
New York

MR. DAVID BRYSON, LWF 1990
HudBay Minerals Inc.
Toronto

MR. STEPHEN D. BURKE, LWF 1991
Phillips, Hager & North Ltd.
Vancouver

MR. ERIC BUSSLINGER, LWF 2006
RBC Capital Markets
Calgary

MR. DAVID BUSTOS, LWF 1991

MS. SARAH BUTCHER, LWF 2002
Barclays Global Investors
Toronto

MR. FRANK CANTONI, LWF 1991
BMO Capital Markets
Toronto

MR. KEVIN M. CHAN, LWF 2001
Goldman, Sachs & Co.
New York

MR. LOUIS CHAN, LWF 2004
Sceptre Investment Counsel
Toronto

MR. RICK CHAN, LWF 2002
Merrill Lynch
New York

MR. ROBERT CHAN, LWF 2003
Citigroup Global Markets
New York

MS. SHIRLEY CHAN, LWF 2008
Merrill Lynch Inc.
New York

MR. STEVE CHANT, LWF 1989

MR. TERRENCE CHENG, LWF 2005
Providence Equity Partners
Providence, Rhode Island

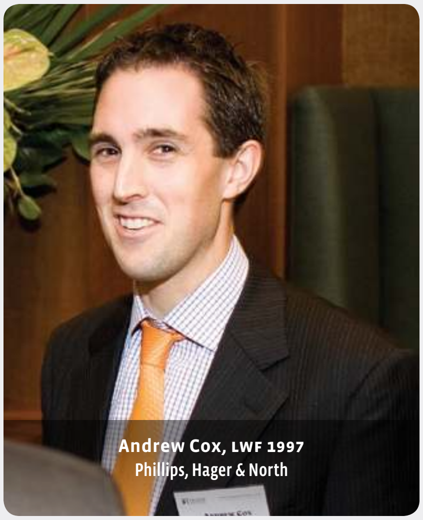
MR. CHRISTIAN H. CHIA, LWF 1991
OpenRoad Auto Group Ltd.
Vancouver

MS. RONNA CHISHOLM, LWF 1989
Dossiercreative Inc.
Vancouver

MR. CARLOS CHIU, LWF 2007
Citigroup Global Markets
New York

MR. WAYNE CHIU, LWF 1989
Canaccord Capital Corp.
Vancouver


Jim Gillespie, LWF 1995
Greywolf Capital
Jacki Zehner, LWF 1988
Circle Financial Group, New York
Rizvan Dhalla, LWF 1994
Morgan Stanley


Andrew Cox, LWF 1997
Phillips, Hager & North

MR. BRIAN CHOI, LWF 2003

MS. JOCELYN CHU, LWF 2005
Morgan Stanley Fixed Income
New York

MS. JANICE CHUANG, LWF 2005
TD Securities (USA) LLC
New York

Looking back, it is amazing to think that 15 years have passed since I was in the PMF program, where I not only learned the fundamentals of investing, but also where I was given the opportunity to discover my life's professional passion. As a part of the PMF, both as a student and as an alumnus, the PMF empowered all of us to take risks, and to build lasting bonds with others that are now friends, colleagues and business partners – within Canada and abroad. The PMF program has become an outstanding academic institution that is widely recognized in North America and globally for training some of the brightest and most innovative thinkers in the financial services industry. I am sure everyone will join me in expressing gratitude and appreciation to the founders, mentors, summer employers, alumni and especially to Rob for investing so much time and effort to making the PMF program such a success!

MR. GEOFF CLARK, LWF 1994
CV Starr & Co.
New York

MR. JEFF CLAY, LWF 1988
Whiteshell Capital Ltd.
North Vancouver

MS. NICOLETTE CLUNIE, LWF 1994
London, UK

MR. CHRISTOPHER COOK, LWF 1991
Methanex Management Inc.
Addison, Texas

MR. KENNETH COSTA, LWF 1991

MR. ANDREW COX, LWF 1997
Phillips, Hager & North Ltd.
Toronto

MR. JOSÉ CUERVO, LWF 1998
HSBC Asset Management (Europe) Ltd.
London, UK

MS. MAXINE CUFFE, LWF 1999
Threadneedle Investments
London, UK

MR. HARRY K. CULHAM, LWF 1990
CIBC World Markets
Toronto

MR. CHRIS CUMMING, LWF 1992
Evident Capital
Vancouver

MR. RIZVAN DHALLA, LWF 1994
Morgan Stanley
New York

MR. BRETT DLEY, LWF 2008
Fidelity Investments
Toronto

MS. KIM DUDRA, LWF 1992
Refresh Communications
Surrey, BC

MR. KEITH EADIE, LWF 1999
The Boston Consulting Group
San Francisco

MR. ROBERT EDEL, LWF 1987
Nicola Wealth Management
Vancouver

MR. MICHAEL B. FAHY, LWF 1990
Scotia Capital Inc.
Vancouver

MR. AUGUSTINE FAN, LWF 2002
Goldman Sachs Japan Co., Ltd., Tokyo


Shirley Luo, LWF 2007
Goldman, Sachs & Co

MR. DAVID GEORGE, LWF 1997
Connor, Clark & Lunn Investment Mgmt Ltd.
Vancouver

MS. PENNIE (SHUM) GEORGE, LWF 1997
Vancouver

MR. MARTIN GERBER, LWF 1991
Connor, Clark & Lunn Investment Management Ltd.
Vancouver

MR. JAMES GILLESPIE, LWF 1995
Greywolf Capital
New York

MS. ANN GLAZIER, LWF 1990
Alpha Scout Capital Management Inc.
Toronto

MR. RODNEY GRAY, LWF 1992

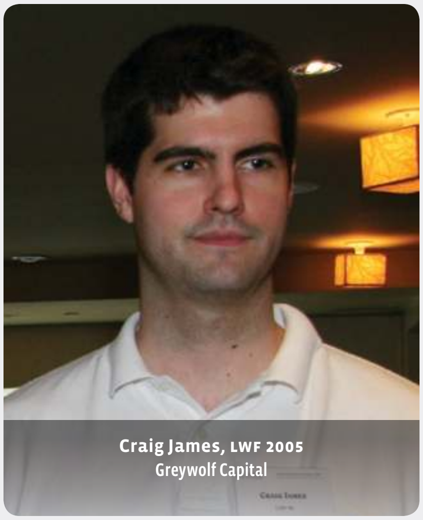
MR. GEOFFREY GRIBLING, LWF 2004
Caspian Capital Partners LP
New York

MR. ANTHONY GRIFFIN, LWF 1997
West Face Capital
Toronto

MR. DANIEL HAROWITZ, LWF 1999

MR. VISHAL HINGORANI, LWF 1996
TD Securities
Toronto

MS. CHRISTINE HU, LWF 1995
Vancouver


Craig James, LWF 2005
Greywolf Capital

2000—2001

THE DOT-COM BUBBLE

Investor speculation seemed to descend into sheer irrational exuberance during the Dot-com bubble. In March of 2000 the tech-heavy NASDAQ Composite rose above 5,000 points, a five-fold increase from 1995. At the heart of the speculation lay a visionary new technological order that would revolutionize every aspect of business and the economy. Along with this vision came unabated expectations and exorbitantly inflated valuations—the prototypical stock market bubble.

Widespread availability of venture capital, loose monetary conditions and a complete reworking of fundamental methods of valuation helped the Dot-com IPOs soar to unheard heights drawing in speculators from all realms. To keep the bubble going, some corporations began to engage in earnings management, in some cases resorting to outright corporate fraud, as with Enron and WorldCom. After a fateful pre-market sell off on 13 March 2000, the market was swiftly brought down to earth as the NASDAQ shed 3,000 points before the end of the year. As corporate scandals were gradually revealed and earnings prospects fell far short of expectations, the economy slipped into recession and the bubble burst—the Composite reached 1100 by the end of 2002.

"Our tenure as students in the PMF spanned from the spring of 1998 to the spring of 2000. As such, we had a first-hand view of several significant events in financial history: the financial crises of Asia and Russia, the collapse and bailout of Long Term Capital Management, and the parabolic ascent of technology stocks during the Dot-com bubble.

We also made some history of our own; no other PMF class had hitherto under performed the fund's equity benchmarks by the magnitude that ours did. We had felt that Nortel carried an absurd valuation, and that the appropriate number of shares to hold in the portfolio was zero despite its enormous weighting in the TSX Index. While this call was eventually proven to be correct, the portfolio under performed dramatically throughout our tenure as Fund Managers as Nortel marched to its climax.

The support and counsel offered to our class from the mentors, alumni, faculty, and friends of the PMF were instrumental in guiding us through a very trying period with our sanity and the portfolio's capital both (largely) intact. The strength of the PMF network gives us great confidence that future PMF classes will also weather financial turmoil in much the same manner."

Stephen Hui, LWF 2000
Pembroke Management Ltd.

MR. DAVID HU, LWF 1999
Timberhill Securities Ltd.
Hong Kong

MR. STEVEN HUANG, LWF 1996
Connor, Clark & Lunn Investment Management Ltd.
Vancouver

MR. JAMES HUGGAN, LWF 1989
HSBC Asset Management Canada Ltd.
Vancouver

MR. STEPHEN HUI, LWF 2000
Pembroke Management Ltd.
Montreal

MR. CRAIG JAMES, LWF 2005
Greywolf Capital
New York

MR. COLIN JANG, LWF 1989
Epic Capital Management Inc.
Toronto

MR. SAMUEL JANG, LWF 2007
RPO Management Consultants
Vancouver

MR. EMIL KHIMJI, LWF 2007
Phillips, Hager & North, Ltd.
Vancouver

MR. DOUGLAS KING, LWF 1987
Naikun Wind Development Inc.
Vancouver

MS. DIXIE KLAIBERT, LWF 2003
Merrill Lynch Inc.
New York

MR. MORITZ KRAUTKRAEMER, LWF 2006
Scotia Capital
Toronto

MR. ROBERT KWAN, LWF 1998
RBC Dominion Securities Inc.
Vancouver

MS. NANCY KWOK, LWF 2002
Connor, Clark & Lunn
Investment Management Ltd
Vancouver

MR. ERIC LAM, LWF 1992
Leith Wheeler Investment Counsel
Vancouver

MR. SCOTT LAMONT, LWF 1987
Phillips, Hager & North, Ltd.
Vancouver

MR. AARON LAU, LWF 2001
TD Securities
Toronto

MR. ARTHUR LEE, LWF 2005
Plenary Group Ltd.
Vancouver

MR. ERIC LEE, LWF 2008
Caspian Capital Partners LP
New York

MS. MICHELLE LEE, LWF 1992
GE Commercial Finance
London

MR. V. PAUL LEE, LWF 1987
Vanedye Capital
Vancouver

MR. PETER LEE, LWF 1989
Gallant Investments Group
Vancouver

MR. WILLIAM T. LEE, LWF 1993

MS. ANGELINE LEONG-SIT, LWF 2000
J.P. Morgan Asset Management
New York

MS. LILY LEUNG, LWF 1997
Vancouver

Vivian Sze, LWF 2006
Goldman Sachs Canada

Charlene Wang, LWF 2006
TD Securities

MR. DANIEL LEWIN, LWF 1993
Lewin Capital Management Ltd.
Vancouver

MR. CHRIS LI, LWF 1999
Merrill Lynch Canada Inc.
Toronto

MR. JONATHAN LIN, LWF 2006
Madison Dearborn Partners, LLC
Chicago

MR. ROBERT LOWE, LWF 1989
Chrysler Financial
Windsor

MS. JESSICA LU, LWF 2004
Nikko Citigroup
Tokyo

MS. SHIRLEY LUO, LWF 2007
Goldman, Sachs & Co.
New York

MR. JACK MACDONALD, LWF 1989

MR. CHRIS MALUDZINSKI, LWF 2008
Fidelity Management & Research Company
Boston

MS. MARGARET MCCLURE, LWF 1989

MR. PAUL A. MARTIN, LWF 1998
Greywolf Capital Management
San Francisco

MR. PAUL M. MARTIN, LWF 1997
TD Newcrest
Toronto

MR. BRYAN MASCOE, LWF 2002
Phillips, Hager & North Ltd.
Vancouver

MR. JOE MCINNIS, LWF 2001
Greywolf Capital
New York

MS. TRACEY MCVICAR, LWF 1990
CAI Capital Management Co.
Vancouver

MR. MARK MELVILLE, LWF 1992

MR. BRAD MERRIMAN, LWF 2000

MS. TANYA MESSINGER, LWF 2004
RBC Capital Markets
Toronto

Tanya Messigner, LWF 2004
RBC Capital Markets

Sarah Butcher, LWF 2002
Barclays Global Advisors

MR. TYTUS MICHALSKI, LWF 1998
PMA Investment Advisors
Hong Kong

MR. ADRIAN MITCHELL, LWF 1990
Hospitals of Ontario Pension Plan
Toronto

MR. DORON MIZRAHI, LWF 2003
Deutsche Bank AG
London

MR. JOHN MONTALBANO, LWF 1988
Phillips, Hager & North
Vancouver

The PMF program provides the most industry experience and exposure a student can hope for. On top of their day to day studies, the students are given the responsibility to manage a significant balanced portfolio and potentially face the wrath of the client committee in poor performing periods. That being said, the students are provided with all the resources to manage the portfolio including mentors, research tools and access to the best money managers in the industry. The PMF program provided me with a huge career head start with two summer internships, experience in managing a sizable portfolio and also clear direction with respect to my career path. One aspect of the PMF I most admire is the freedom within boundaries approach where students are given the freedom to make and execute investment decisions within broad guidelines.
MR. NELSON NG, LWF 2002
Macquarie Bank Limited
London

MS. RACHEL NG, LWF 2004
Morgan Stanley
New York

MR. ROY PARAPPILLY, LWF 2005
Merrill Lynch
New York

MR. BRAD PEDERSON, LWF 1995
Merrill Lynch Canada Inc.
Toronto

MS. KATHY PERRY, LWF 1989

MR. DAVID PICTON, LWF 1988
Picton Mahoney Asset Management
Toronto

MS. CARLEE PRICE, LWF 1996
Rainier Funds
Seattle

MR. JOHN PRYDE, LWF 1987

MR. JOHN PYPER, LWF 1995

MR. TERRY QUAN, LWF 1988

MR. NABEEL RAJAN, LWF 2002
Royal Bank of Canada
London

MR. JAMES RIFE, LWF 2006
Fidelity Management & Research Company
Boston

MS. ANNE-MARIE RUSSELL, LWF 1991
Mont-Royal, Quebec

MR. MATT RUSSELL, LWF 2004
Caspian Capital Partners LP
New York

MS. NEGAR SADAGHIANI, LWF 2000

MS. LISA SALT, LWF 1989
RE/Max Vernon
Vernon

MR. KRISTIAN SAWKINS, LWF 1999
Phillips, Hager & North Ltd.
Vancouver

MR. ALEX SCHWIERSCH, LWF 2001
Credit Suisse Asset Management
London

MR. DARREN SELLERS, LWF 1999
Scotia Capital Inc.
Toronto

MS. JENNIFER SHUM, LWF 1993
Toronto

MR. RANDY STEUART, LWF 2007
Marret Asset Management
Toronto

MR. ERIK S. SYVERTSEN, LWF 1995
First Investment Management
Oslo

MS. VIVIAN SZE, LWF 2006
Goldman Sachs Canada
Toronto

MR. JEREMY TAN TZE-MIN, LWF 1996
Samanea Pte. Ltd
Singapore

MR. FABIAN TAYLOR, LWF 2001
BP Canada Energy Company
Calgary

MR. ADRIAN THONG, LWF 1994
Citigroup Global Markets
New York

As I look upon my experience with the Portfolio Management Foundation, I am continually filled with a spirit of deep appreciation. I remain thankful to my mentors and summer employers who gave so freely of themselves to impart wisdom and insights about the investment profession and capital markets. I am ever thankful to Rob Heinkel for his relentless commitment to making the PMF such a success. I am thankful to fellow alumni who have taught me much about "giving back". And I am thankful for the many opportunities I have had to interact with PMF students- young people who are mature, tenacious and eager to learn.
MS. WOON AI (NG) TSANG, LWF 1996
RBC Dominion Securities Inc.
Vancouver

MR. BRUNO VANDER CRUYSSEN, LWF 1991
Credit Suisse First Boston (Europe) Ltd.
London

MR. DAVID P. VANDERWOOD, LWF 1993
Burgundy Asset Management Ltd.
Toronto

MS. MARGARET (HYDE) VOTH, LWF 1988
Burnaby

MR. ALAND WANG, LWF 2007
Scotia Capital
Vancouver

MS. CHARLENE WANG, LWF 2006
TD Securities
Toronto

MR. SIDNEY WHITEHEAD, LWF 1994
Citigroup Global Markets Inc.
New York

MS. LORI (ZARUTSKY) WHITING, LWF 1996
PIMCO, Boston

MS. CANDICE J. WILLIAMS, LWF 2003
Genuity Capital Markets
Vancouver

MS. MAILI WONG, LWF 2001
HSBC Securities (Canada) Inc.
Vancouver

MS. MALIN WONG, LWF 1995
Barclays Capital
New York

MS. NAOMI WONG, LWF 2005
Dune Capital Management LP
New York

MR. RICHARD Y.C. WONG, LWF 1994
Lincluden Management Ltd.
Oakville

MR. BRIAN WOO, LWF 2004
Blackrock Capital
New York

MS. KRISTA YUE, LWF 1996
Deutsche Bank AG
Hong Kong

MS. JACKI (HOFFMAN) ZEHNER, LWF 1988
Circle Financial Group
New York

MS. CHRISTINA ZHANG, LWF 1999
Ontario Financing Authority
Toronto

MR. YU-JIA ZHU, LWF 2008
West Face Capital
Toronto

ALUMNI PROFILE: PETER LEE

Peter is a principal in a family investment office currently based in Hong Kong. Between 1990 and 2000, Peter was an owner, and operator in a Vancouver based investment dealer focused on trading, venture capital and principal investments. In 2002, Peter began working with partners to focus on providing venture and mezzanine financing to early and development stage private companies and various real estate projects. Current investee companies operate in North America, Europe and Asia.

I was a bit surprised when I received an email from Professor Heinkel asking me to contribute to the 2009 Annual Report. My first thoughts were that it has been 20 years since I graduated as a LWF from UBC and I must be getting on. Then came the wonderful memories of working with my fellow classmates when we passionately debated investment ideas and feverishly worked against deadlines to complete presentations for client committees and whomever else that wanted to listen. The success of my fellow LWF graduates in their various professional careers is a strong testament to the sound principals that the founding fathers of the program, Mike Ryan, Murray Leith and Milt Wong, had instilled from the inception. What is fortunate for us LWFs is that the program was able to recruit someone as dedicated and passionate as Professors Heinkel and Kraus to oversea the day-to-day operations of the program. As a person who has dealt with start up businesses for many years, I am keenly aware of the difficulties of bringing an idea from concept to execution to success. The PMF's stellar result speaks for itself and I am forever indebted to what it has given me.—Peter Lee, LWF 1989

Mr. Lee has been, for four years now, supporting students in the Sauder School BCom program with generous scholarships. He is shown here with Sauder staff and recipients in the 2006–07 year: (front row) Ms. Amanda Warren, Sauder School Development Office, Mr. Lee, Nina Yang and (back row) Prof. Rob Heinkel, Michael Scott, Nima Omidi and Shirley Chan, LWF 2008.

CLIENT COMMITTEE

The PMF Client Committee acts as the representative of the President of the PMF and insures that the Statement of Investment Objectives and Guidelines is adhered to. The Client Committee monitors risk exposure with tracking error targets in the total fund, the equity and bond portfolios. Around those targets the Fund Managers are free to choose from a large universe of North American stocks, bonds and derivative instruments. The Committee also sets the Strategic Asset Allocation, currently 30% bonds, 10% US stocks and 60% Canadian stocks. Currency forwards are currently used for partial FX hedging.

PROF. MURRAY CARLSON
Sauder School of Business, UBC

MS. VALERIE LAMBERT

MR. J. STEWART CUNNINGHAM
Chair, Financial Institutions Commission of BC

MR. MICHAEL RYAN
PMF Co-Founder

MR. WILLIAM DYE
Leith Wheeler Investment Counsel

MR. DONALD M. SMITH
Western Compensation & Benefits Consultants

PROF. ROBERT HEINKEL
Sauder School of Business, UBC

MR. CHARLES VOLKOVSKIS
B.C. Investment Management Corporation

The Portfolio Management Foundation's Client Committee is composed of seasoned investment professionals with a commitment to the ongoing education of the PMF fund managers. The recent tumultuous market conditions have made the committee's bi-monthly meetings particularly challenging for the students. Whereas the focus of the analysis of prior classes has typically been on the economic fundamentals of individual companies, the current managers have been forced to consider the broader implications of economy-wide systemic change. This is, of course, a daunting challenge for any team of fund managers and I am impressed by the thoughtful and professional communication of views that takes place during each client committee meeting. I have learned much from the debate that occurs during these meetings, as I expect have the fund managers, and in the current economic environment the important role that this forum continues to play in the education of PMF students is particularly apparent.
Professor Murray Carlson
PMF Faculty Supervisor
and Client Committee Member

Doug Knight
Deans Knight Capital Management

Larry Avant, PMF COUNSELOR
AMI Partners

William E. Tilford
Canada Pension Plan Investment Board

Yu-Jia Zhu, LWF 2008
West Face Capital

Shizu Okusa
CLASS OF 2010

Chris Maludzinski, LWF 2008
Fidelity Management & Research

2007–

GLOBAL CREDIT CRISIS

The current global financial credit crisis began quietly enough—as a downturn in the once booming US housing market—and has since spread like wildfire into what many consider to be the worst financial crisis since the Great Depression.

From 2001–2007, fuelled by low interest rates, negligent lending standards, and lax regulation, the US housing market experienced one of its greatest booms in history. Borrowers with weak credit histories (also known as "subprime" borrowers) were able to take on mortgages extremely cheaply. Lenders were eager to entice subprime borrowers to take on mortgages, as the mortgages would be put under the lucrative process of securitization, in which thousands of mortgages were pooled together into structured financial instruments known as "Collateralized Debt Obligations" (CDOs). These pools of mortgages were then sliced up into various pieces, with many rated AAA by the rating agencies. Everyone in the securitization food chain was making lucrative fees and the CDO yields of slightly higher than risk-free assets seemed to offer investors extra yield at no risk.

Then the housing bubble burst. Excess supply of homes and a weak consumer led to home prices depreciation on a nationwide basis in the US in late 2006; home prices have since declined by 25%. CDOs backed by subprime mortgages and other toxic assets fell precipitously. Hundreds of billions of dollars of write downs at major financial institutions occurred. The consumer became even more pinched as commodities reached record levels and worries about a US recession were rampant.

Then things became even worse. With a dramatic loss of investor confidence, the independent investment banking industry in the US disappeared. Stock indexes in the US fell by 40% from their peak in 2008. The effects of the credit crunch were not isolated to the US. As one economist put it, "The usual saying is that when the US sneezes the rest of the world catches a cold. Unfortunately, this time around the US is not just sneezing, it has a sever case of chronic and persistent pneumonia." Leaders around the world fed trillions of dollars into the financial system to restore confidence by bailing out companies, providing liquidity, and serving as a lender of last resort. The question now isn't if the US is in a recession, but how deep and long this recession will be; indeed, many believe that we are in the midst of a global recession. Commodity prices have fallen off a cliff. Major stock indexes are making 10% moves in a single day. The volatility index (VIX) hit a record 80%. Fear and panic are rampant. This is the current state of things.

PMF FOUNDERS

Professor Leslie Wong passed away in 1967 after a long and successful teaching career in the Faculty of Commerce at UBC. Professor Wong was instrumental in the early growth and development of the Faculty of Commerce and was one of the first to carry the UBC brand to Asia, in Kuala Lumpur and Singapore. The Sauder School of Business today remains committed to teaching and research linkages with Asia.

"As significant as Professor Wong's contributions were to Singapore and Kuala Lumpur (I believe he received honorary degrees from there), it is important to underscore the resulting and lasting contributions to BC and Canada that flowed from his efforts," relates Dean Emeritus Peter Lusztig. "He clearly foresaw the value of having MBA students from that part of the world interacting with their peers from Canada. He appreciated how vital it would be for business men and women in Canada to learn from foreign students and to understand their culture, values, thinking and approaches to business."

As important as those contributions were to the Sauder School of Business and UBC, Professor Wong's biggest impact may have come in the classroom. Many of his students felt he had the exceptional ability to make business and finance seem interesting by being approachable to students, unreservedly optimistic and more practical than academic.

Peter Lusztig recalls "Leslie also valued the 'town and gown' linkage which was not generally promoted by academics on campus in the late fifties and early sixties. He invested a great deal of his spare time introducing students to the business community and drawing guest speakers from that community into the classroom. His efforts contributed to the education of many, including the generous and creative individuals who subsequently founded the PMF, backing it with their time, energy, money and, most significantly, Professor Wong's name."

Tracey McVicar
LWF 1990 PMF COUNSELOR
CAI Capital Management

Pegah Soltani
CLASS OF 2009

Milton Wong
PMF CO-FOUNDER

Clearly, Professor Wong had a special impact on the three Founders of the PMF, Mr. Murray Leith, Mr. Michael Ryan and Mr. Milton Wong. Getting to know Professor Wong clearly influenced how the three approached their careers. "He was a common sense, salt-of-the-earth person," says Mike Ryan. Murray Leith noted "I do it the way he did: as something you live and breathe."

In 1985, the PMF Founders approached the Dean of the Faculty of Commerce at the time, Professor Peter Lusztig. The Founders saw the need for well-trained investment professionals to manage the rapidly-accumulating wealth in North America and beyond. Investment consulting firms were springing up and qualified investment professionals were needed at those firms. At the time, many investment professionals got their training through employment at trust companies. However, assets under management were shifting from trusts to private investment management firms.

Wayne Deans, of Deans Knight Capital Management Ltd., met Milt Wong in 1976 and subsequently joined Milt to build the investment management company M.K. Wong and Associates. "Not long after I joined MKW in early 1985, Milt began in earnest to conceptualize the PMF idea. He talked to me about his ideas for it on a regular basis....almost daily. He truly developed a passion for it. He believed in the need within the university for a program that married the best of the academic world with the best of the downtown investment world," relates Mr. Deans.

Murray, Mike and Milt approached the Faculty of Commerce with the PMF concept, from the broadest educational objectives down to the details about program structure and content. All the Faculty of Commerce had to do was implement the plan. Dean Lusztig, Finance Division Chair Professor Rob Heinkel and his colleague, Professor Alan Kraus, took on the job of administering and promoting the program. In 1986, twelve students were admitted to the PMF program; six to graduate in 1987 and six to graduate in 1988. Roughly six to eight students have been taken into the program each year ever since, for a two-year PMF curriculum that includes two summer internships and management of an endowment that started at about $300,000 and is now well over $2.6 million.

The PMF Founders had, prior to establishing the PMF, donated to the creation of the Leslie Wong Fellowship, a program to bring to UBC each year top researchers and teachers in finance. They came to feel that the Fellowship did not have the direct impact on students as the PMF could. The Founders wanted to teach future finance students the traits that Professor Wong taught to them: hard work to build your profession and your community and enthusiastic motivation of, and care for, students. Mike Ryan and Murray Leith became PMF Mentors, two of a group of 14 investment professionals dedicated to supporting the PMF students. This gave Mike and Murray the ability to personally pass on Professor Wong's teachings. Milt also stayed involved in the program, and still meets with the incoming PMF class to talk to them about what they must do to succeed in the capital markets.

In honor of Professor Wong, graduates of the PMF are given the coveted designation of "Leslie Wong Fellow."

Murray, Mike and Milt understood that there is continuity in the spirit of supporting and teaching Professor Wong's values to the PMF students, just as they had been taught and motivated by Professor Wong. The current list of PMF Counselors (recently renamed from Mentors) includes friends and former colleagues of Murray, Mike and Milt, as well as three PMF Alumni. One of the greatest resources for current PMF students is the body of PMF alumni, now numbering over 150 and spread out throughout the global capital markets. Professor Wong's belief in the continuity of a giving spirit is alive and well.

Wayne Deans has been a founding Counselor and Mentor since 1986. Wayne helped "train" Professor Rob Heinkel as the Faculty Supervisor by essentially running the program for the first several years, somehow managing to keep his full-time job at M.K. Wong while spending countless hours on the program. He summarizes his experiences with the founders by: "I was fortunate to work closely with Murray, Mike, Peter, and especially Milt in those early days of the PMF. These guys never wavered in their commitment to the idea even when the going got tough. Milt, in particular, was never hesitant to commit his personal money (and my time) in his drive to ensure the success of the project. Now that the PMF is so successful and even widely copied, it is easy to forget that in 1986 it was revolutionary and it was not an easy sell. The bottom line: although many over the years have made major contributions to the PMF, without the initiative of Murray, Mike, Peter, and especially Milt Wong, there would not be a PMF to contribute to."

Milt Wong has seen the founders' vision become reality, perhaps even surpassing the success they foresaw. Milt noted in the 2003 annual report, "As the program continues to succeed, the foundation grows bigger and more adaptable. Leslie Wong Fellows have a lifetime commitment to the program, and the employers of PMF alumni provide an immeasurable amount of resources to the students. I am very proud to have been involved in laying the first few bricks in that foundation."

Tony Gage, recently retired long-time partner at Phillips, Hager and North Investment Management Ltd., a PMF founding Mentor and a long-time friend of the founders, understands the critical elements of the program, that so epitomize the way Professor Wong and Murray Leith, Mike Ryan and Milt Wong lived their professional and personal lives: "To me the founders are a reflection of their mentor, Professor Wong; a passion for investment management, a strong sense of ethics, and a commitment to give back to the community. You cannot have a better role model."

As founder Mike Ryan said in the 1989 annual report, "I am impressed with how much insight into the investing process the PMF members get from their practical decision making experience. The payback to the business community, coming as a result of the graduates assuming key roles in finance, is near at hand." Today, those early graduates, having attained very successful capital markets careers, are helping the current crop of PMF students.

Unfortunately, Murray passed way in 2003. His spirit is very much alive in the PMF program's values. Murray's comments in the 2000 annual report show the link between today's students, the alumni and Professor Leslie Wong: "Recently a number of PMF Alumni, Mike Ryan, Milt Wong and I dined together at a function intended to raise alumni awareness of the need for strong ongoing alumni support of the program. For me, the highlight of the evening was Professor Rob Heinkel's review of the incredible job placements of many of the program's graduating Leslie Wong Fellows over the past decade. Les' greatest contribution to his students was bringing a sense of downtown to the classroom and his discussions of real world investment decision making. Les would be immensely proud to know how many of the program's graduates have become leaders in today's highly competitive investment community."

Over the years, the Sauder School of business has received many important gifts. Few have been so enduring and meaningful in so many peoples' lives. We are all very grateful to Dean Peter Lusztig, Mr. Murray Leith, Mr. Michael Ryan and Mr. Milton Wong.

Eric Lee, LWF 2008
Caspian Capital Partners LP

Michael Ryan
PMF CO-FOUNDER

SUMMER EMPLOYMENT

Each summer the PMF students intern at a capital markets firm so that, by graduation, each student has had two internships of almost 4 months each. The first internship is in Toronto and the second is in Vancouver, Victoria or New York. These internships are a major education for the students, both professionally and personally. The internship supervisors play a major role in preparing our students for capital markets careers, and life. Their help is very much appreciated.

VANCOUVER AND VICTORIA

Nader Ahmed and Aaron Carter

BC Investment Management Corp

MR. JUSTIN AYLWARD
MR. NICK BAILEY
MR. HARDEEP BAMARA
MR. STEVE BARR
MR. CHRIS BEAUCHEMIN
MR. ANDREW BOYLAN
MR. JEFF CONSTANTINESCU
MR. ALLEN GAGE
MR. MIKE HARVEY
MR. PETER MCCRODAN
MR. DON POVILAITIS
MR. RANDY STOREY
MR. SAURABH SURYAVANSHI
MR. CHARLES VOLKOVSKIS

David Gens

CAI Capital Management Co. Ltd.

MR. CURTIS JOHANSSON
MS. TRACEY MCVICAR
MR. NICOLAS WOOD

Peleg Bartfeld

Phillips, Hager & North Ltd.

MR. DON ANDERSON
MR. DENNIS CHAN
MR. DALE HARRISON
MR. BRYAN MASCOE, **LWF 2002**
MR. KRISTIAN SAWKINS, **LWF 1999**
MR. DOUG STADELMAN
MR. ANDREW SWEENEY
MR. MICHAEL WALLBERG

NEW YORK

Michael Liu

Merrill Lynch Inc.

MR. RICK CHAN, **LWF 2002**
MR. ANDREW CLARKE
MR. JOHN HO
MS. DIXIE KLAIBERT, **LWF 2003**
MR. ROY PARAPPILLY, **LWF 2005**

Pegah Soltani

Morgan Stanley

MS. KENDRA COLLINS
MS. JOCELYN CHU, **LWF 2005**
MR.RIZVAN DHALLA, **LWF 1994**
MS. AMANDA FIELD
MR. JUSTIN GARZIA
MS. RACHEL NG, **LWF 2004**
MR. SHAWN STOVAL

Toronto Summer Mentors Program

PMF students doing their first internship in Toronto are matched with a Toronto-based LWF to act as their summer mentor. This is the second year of this program, which has proved very successful. The matchups for the summer 2008 were:

DEREK CHING & **PAUL M. MARTIN, LWF 1997**, TD Securities
ANDREW CHOI & **VIRGINIA AU, LWF 2003**, Invesco Trimark
ERIC FANG & **ANTHONY GRIFFIN, LWF 1997**, West Face Capital
ANE LAUNY & **FRANK CANTONI, LWF 1991**, BMO Capital Markets
SHIZU OKUSA & **VISHAL HINGORANI, LWF 1996**, TD Securities
JESSICA PAIK & **ADRIAN MITCHELL, LWF 1990**, Hospitals of Ontario Pension Plan
ANDREW TIAN & **ANDREW COX, LWF 1997**, Phillips, Hager & North Ltd.
JASMINE WONG & **AARON LAU, LWF 2001**, TD Securities

Rob MacLellan, TD Bank Financial — Eric Fang, CLASS OF 2010 — Amanda Noud, TD Securities — Todd Graham, TD Asset Management

Scott McBurney, Merrill Lynch Canada — Kevin Nash, Merrill Lynch Canada

It was my privilege to participate in the Toronto Summer Mentor Program this year as a mentor. Through working with my mentee, Andrew Choi, I was delighted to see that the dedication, aptitude, and thirst for investment knowledge that the Program is based upon continues to be exhibited by the new class. Looking back at my experience in the Program as a student, I was fortunate to be the recipient of great advice from mentors, client committees, and PMF alumni, all of whom shaped my investment career profoundly. Thank you for giving me the opportunity to pass on the invaluable wisdom that was bestowed on me over the years.—***Virginia Au, LWF 2003, Invesco Trimark***

TORONTO

Jessica Paik

Barclays Global Investors

MS. SARAH BUTCHER, **LWF 2002**
MS. ELEANOR MCINTYRE
MR. VINCENT ROY
MR. RAJIV SILGARDO

Derek Ching

Guardian Capital LP

MR. GARY CHAPMAN
MR. MICHAEL CHRISTODOULOU
MS. MICHELLE DE LA PENOTIERE
MR. BRIAN HOLLAND
MR. TED MACKLIN
MR. MICHAEL WEIR
MR. J.J. WOOLVERTON

Andrew Tian

Merrill Lynch Canada

MS. LORETTA MARCOCCIA
MS. JENNIFER STEWART
MR. SCOTT MCBURNEY
MS. MARGARET MCCORMACK
MR. KEVIN NASH
MS. ANN ZHANG

Ane Launy

Ontario Teachers' Pension Plan

MR. IGOR BEKKER
MS. LESLIE LEFEBVRE
MS. LEAH PATRY
MR. DRAGOS STEFANESCU
MR. ROBERT WEBB

Andrew Choi

PCJ Investment Counsel

MR. ALLY ALLADINA
MR. HEIKI ALTOSAAR
MR. JACK CAMPBELL
MR. NEREO PITICCO
MR. BRYAN ROCK

Jasmine Wong

RBC Capital Markets

MR. STEPHEN DAWSON
MR. PETER DYMOTT
MS. RUTH GOULD
MS. HANNA GRILLER
MR. JAMES KELLY

Eric Fang

TD Asset Management

MS. SANDRA CHANNELL
MR. ANISH CHOPRA
MR. TODD GRAHAM
MR. ARI LEVY
MS. MARGOT NAUDIE
MR. JOHN PEPPERELL
MR. JOHN SMOLINSKI

Shizu Okusa

West Face Capital

MS. HELEN ANDERSON
MR. GREG BOLAND, **LWF 1990**
MR. THOMAS DEA
MR. TONY FRASER
MR. ANTHONY GRIFFIN, **LWF 1997**
MS. ANNA-MARIA KANEFF
MR. JAY LUBINSKY
MR. RASHEED SALEUDDIN

Andrew Tian CLASS OF 2010 — **Jennifer Stewart** Merrill Lynch Canada

Steve Dawson RBC Capital Markets — **Dan Mills** RBC Capital Markets — **Jasmine Wong** CLASS OF 2010 — **Peter Dymott** RBC Capital Markets

SUMMER WORKSHOPS

TORONTO

Summer Stock Evaluation Project

Mr. Louis Chan, LWF 2004
Sceptre Investment Counsel

Mr. Chris Li, LWF 1999
Merrill Lynch Canada

Capital Market Careers

Mr. Joe Kan
Kan and Associates

Mr. Andrew Willis
Globe & Mail

CPMS Analysis

Mr. Mike Archibald
CPMS

Ethics in the Capital Markets

Mr. Rossa O'Reilly
CIBC World Markets

Fixed Income Investing

Mr. Barry Allan
Marret Asset Management

Mr. Patrick O'Toole
CIBC Global Asset Management

Equity Investing

Mr. Ross Healy
Strategic Analysis Corporation

Ms. Jill MacRae
J. Zechner & Associates

Mr. Andrew Marchese
Fidelity Investments

Mr. Nereo Piticco
PCJ Investment Counsel

Mr. Mark Rosen
Accountability Research Corp.

Mr. David Vanderwood, LWF 1993
Burgundy Asset Management

Mr. Michael Weir
Guardian Capital LP

Institutional Sales Careers

Mr. Ed Pennock
Dominick and Dominick Securities Inc.

Investment Banking

Mr. Aaron Lau, LWF 2001
TD Securities

Private Equity Investing

Adam Vigna
Goldman, Sachs & Co

Michael Costa
Goldman, Sachs & Co

Quantitative Investing

Ms Sarah Butcher, LWF 2002
Barclays Global Investors

Mr. Rajiv Silgardo
Barclays Global Investors

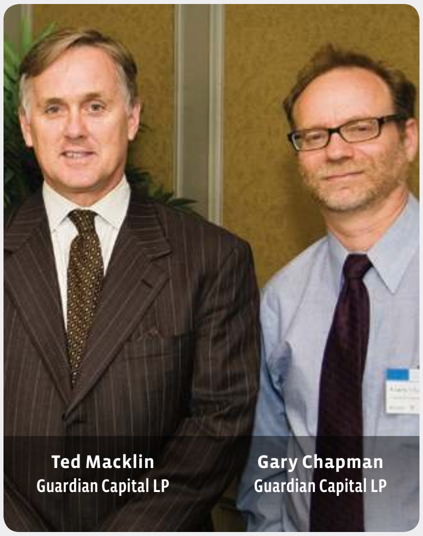
Role of the Custodian

Mr. Chris Strong
RBC Dexia Investor Services Trust

Technical Analysis

Mr. Horst Mueller
Mueller Behavioral Analytics

Andrew Choi, CLASS OF 2010 — Derek Ching, CLASS OF 2010 — Randy Steuart, LWF 2007, Marret Asset Management — Ari Levi, TD Asset Management



Ted Macklin, Guardian Capital LP — Gary Chapman, Guardian Capital LP

It is always a pleasure to meet and lead a summer workshop with the new students in the PMF Program. They are eager to learn, open to new ideas and full of questions about how things could be different. It is also a great opportunity in turn to learn how the next generation of financial professionals will be different from the current generation. They will interact with their co-workers and their work environments in completely different ways from what we have done in the past. While we can fill their heads with knowledge about the workings of the investment industry, ultimately all we are doing is providing them with a context they will bring to bear on their own work experience and a set of tools they will apply to a financial landscape that will surely show them the best of times and the worst of times just as it is doing right now. I am encouraged that the future of asset management can ultimately be left to such bright and well-prepared students as the PMF has consistently produced.—***Jill MacRae, J. Zechner and Associates, Toronto***

SUMMER OFFICE VISITS

VANCOUVER

Besides receiving normal workshops in fixed income investment, tactical asset allocation and investment banking, the Vancouver-based summer interns must present an analysis of a stock or corporate bond to PMF Counselors. This creates a dialog on equity and fixed income analysis to help the students' learning process.

Stock Presentations

Mr. Larry Avant
AMI Partners Inc.

Mr. Phil Cotterill
Connor, Clark & Lunn Investment Management

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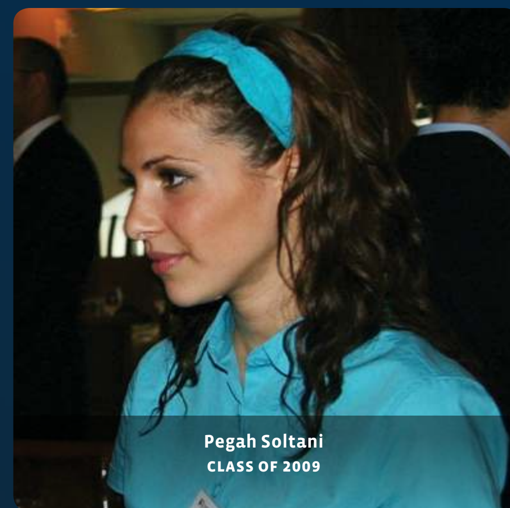

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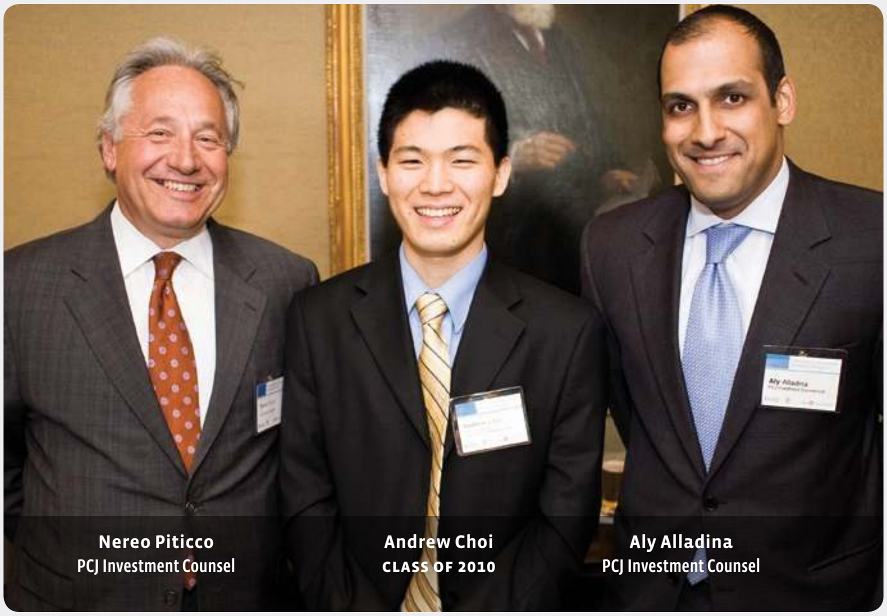

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