



Commentary

December 2009

In closing this decade, I thought it would be interesting to reflect on the last ten years. I think we would all agree that they have not been dull. The concept of a steady 8% return has been just that: 'a concept'. Significant change seems to have been the only constant.

As humans, we tend to believe in steadiness and stability. But the truth is that we live in chaos. One only has to look at the returns of various stock indexes, interest rates, foreign exchange prices, or commodity prices over the last decade to be convinced of this fact.

Is chaos increasing? Technology clearly allows everything to move faster: information, the buying and selling of securities, global trade, money supply changes, wars, terrorism, disease, business success and obsolescence, etc. My guess is we will continue to have significant and rapid changes in the prices of assets for the balance of our lives.

I think it's important to try and educate our clients of this reality. As your asset manager it means we need to be more willing to make rapid asset changes and use cash as an asset class. This is both a positive and negative.

In closing I leave you with some of the significant changes in broad asset prices over the last decade:

2001/2002	2003/2007	2008/2009	2009
Recession:	Recovery:	Recession:	Recovery:
Brazil: -50%	+744%	-57%	+108%
India: -52%	+696%	-60%	+100%
Shanghai: -31%	+461%	-71%	+90%
Oil: -10%	+706%	-74%	+110%
Gold: -15%	+284%	-30%	+71%
NASDAQ: -71%	+144%	-47%	+94%
TSX: -35%	+150%	-46%	+46%
DOW: -30%	+86%	-49%	+46%
CAD/USD: -10%	+68%	-26%	+26%
US 10 year: +30%	+4%	+34%	-12%

Do not expect any boredom in the coming decade!

– Derek Webb

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