

## **“My View”**

By Victor Didkowsky, CFP  
April 2004

***How about that made-in-Canada whale, swimming in our very own little bathtub.*** Nortel, at its high, represented a market cap of some 35% of our entire exchange. Even at its low, it still hovered around 5%, because, not only did it drop from its lofty price of \$122.80 to around 60 cents, but the rest of the market lost some 68% of its value as well. Now, a few years later, it is up around \$7.00 after divesting itself of all of its real assets (land, buildings, etc.). ***It is currently trading at sixty times earnings.*** What that means is that it will take Nortel sixty years of current earnings to justify its current share price. It now has a market capitalization larger than the Royal Bank of Canada, which would probably have some real assets, true value to its share worth and is trading at a fraction of Nortel's P/E multiple.

**So, how much of your hard earned, real money would you like to put down on the Nortel poker chip?**

One thing that puzzles and greatly disappoints me is why did the regulatory bodies not seize the opportunity over the last few years to have Nortel taken off of Canada's major exchange. It is too big for us to handle, and even if it does not mean to, it creates tidal waves of mass proportion, which can easily capsize us. How many times do we have to go under before they figure it out? Maybe if they stopped lobbying and strategizing how to take over the other three pillars (which probably no longer exist as distinct entities) of the economic foundation, concentrated on leadership, fiscal responsibility and truly protecting the investor, instead of building bigger, more powerful, greedier, expensive and cumbersome monster entities, for their own self gratification and worth, we would be way ahead...What do you think?

Regards,

Victor