

My Views
November 5, 2002

Once in a very long time the stars seem to line up and you get a real strong feeling that there exists a golden opportunity. Well, I have that feeling now, but I want you to decide, for yourself.

The facts:

- The economy is abuzz, not only here, but in a lot of places around the world
- We have historically low interest rates
- Very low unemployment figures
- A large trade surplus
- Very low and stagnant inflation
- We know that a tech bubble caused the biggest melt down since 1929
- We know that irrational emotions are driving the behavior of the market
- It is true that the longer the down period, the longer, higher and more sustainable the upside is
- Huge liquidity exists in the market, trillions of dollars looking for a home
- The forces of supply and demand are at work, as usual
- The TSX (old TSE) is down 55% since January 2000
- The S & P is down 49% since January 2000
- The NASDAQ is down 78% since January 2000
- Valuations of a lot of great companies are at historic lows

Why is this important?

Over the last while, some of the heavyweight, value bias wealth managers who oversee billions of dollars in invested assets, not only in equities but bonds, are shifting their investment strategies.

The facts:

- They have significantly lowered their cash holding (some by up to 95%).
- They are reducing their weighting in bonds and are trading in some government bonds for corporate bonds (confidence in the corporations)
- They are seizing opportunities to buy badly beaten up, quality company stocks at deep, deep discounts and are taking their usual weightings of 40–50% in equities up considerably.
- These are the same people who have reputations that are decades long of being very conservative and risk adverse managers. They care as much about capital preservation as they do growth, if not even more!

So what do they know that we could capitalize on? Are they seeing signs of dramatic increases of equity values in the near future?

Let me ask you:

- ***When is the most rational time to invest?***
 - When the market has gone up 55% or down 55%?
- ***When is the safest time to invest?***
 - When the market has gone up 55% or down 55%?
- ***When is the scariest time to invest?***
 - When the market has gone up 55% or down 55%?

Doing things in the face of adversity takes courage, but that's where the rewards are earned.

Another fact:

- I am not a lover of consumer debt, especially when it results in non-deductible interest used for purchasing depreciating assets.

However, what if:

- You could write off the interest at your marginal tax rate?
- Remove the margin call risk?
- Mitigate the market risk?
- Minimize the cash flow risk?
- Reduce your income tax?
- Maximize the return potential?

We may well be, but no guarantee, on the precipice of experiencing that once in a lifetime opportunity that we all dream about; the one that catapults us into creating legacies for future generations.

Unfortunately, I do not have a crystal ball, so I cannot guarantee that this is the right time or when the trigger will be pulled. If you don't buy into the doomsdayers belief that the worst is yet to come (remember, good news does not sell), then please call me immediately to find out more about this opportunity and how you could possible capitalize on it, (403) 244-7400.

I do not want you to say, "***I wish I would have***", and "***hindsight is 20/20***"

We have suffered the pain, now maybe is the time to capitalize on the gain!

Warmest regards,

Victor

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