

The Kenneth Woods Portfolio Management Program

2008 ANNUAL REPORT



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JOHN MOLSON SCHOOL OF BUSINESS (JMSB)
AT CONCORDIA UNIVERSITY IS AMONG THE LARGEST
ENGLISH LANGUAGE BUSINESS SCHOOLS IN CANADA,
WITH OVER 8,000 STUDENTS ENROLLED AT ALL LEVELS.

At JMSB we educate students to enable them to become business leaders and responsible global citizens. We place strong emphasis on teaching, research and scholarship, and we strive for an intellectual climate in which excellence, innovation and imagination flourish. As an urban business school, we welcome Concordia's multilingual and multicultural constituency. Our international faculty, diverse student body, strong links to the local business community and relationships with international partners provide a learning environment that responds to the demands of a global economy and recognizes the realities of the contemporary world to achieve a better future. At JMSB, we aim to prepare graduates for long and successful futures in business and administration.

Excellence in Business Education

For over seventy years, we have been educating professionals at all levels of administration and management, preparing them for roles as innovators, entrepreneurs, and leaders in their field. We are widely recognized for the high quality of our specialized programs: specifically, we put on the table a commerce and administration education that is accessible, flexible, and highly relevant to the needs of today's students.

Our Mark of Distinction

Key to our graduates' success is JMSB's commitment to quality education and career support. Our fully-accredited programs focus on the development of real-world management skills in addition to fundamental administrative theory, emphasizing cooperative excellence, solid communication, and cutting-edge technical literacy. And we have the resources to back that up. The Kenneth Woods Portfolio Management Program truly illustrates the high level of excellence in education across-the-board offered by the John Molson School of Business.

"When financial markets are tumultuous, the value of a sound education is quickly proven. Graduates from the Kenneth Woods Portfolio Management Program benefit from having the combination of sound theoretical teaching and the practical experience of managing a large portfolio. The results speak for themselves - competitive performance and outstanding graduates!"

Donald Walcot

KWPMP Client Committee Member and Chief Investment Officer [retired] Bimcor, Montreal

Business Competitions

John Molson School of Business students are world-class competitors in the international business case competition-circuit. With a reputation for having some of the best-prepared students in Canada, the John Molson School of Business is proud of the many awards and achievements competition teams have brought home. We aim to be the best undergraduate case competitor in the world, with the high caliber of our students.

2008-2009 – Our Students Triumph

JMSB students dominated this year's competitions, continuing the record established in the previous school year in the business competition history: JMSB is the first school to have won overall gold at four of the most important competitions in Eastern Canada in the same year:

- 1st place in the core-style portfolio category at the Annual Redefining Investment Strategy Education Symposium (March 2009)
- 1st place at HEC Montréal-Caisse de dépôt et placement du Québec Undergraduate Stock Exchange (SBIU) (March 2009)
- Overall gold the Financial Open (February 2009)
- 1st place at the Eller Ethics Competition 2008
- Overall gold at Happening Marketing (March 2008 and March 2009)
- Overall Gold at HR Symposium (November 2008)



KWPMP Class of 2009 wins 1st place in the undergraduate division core-style portfolio category at 2009 Global Student Investment Strategy Symposium

“My association with Professor Brodt and the KWPM program has significantly exceeded my expectations. The students who have worked here at State Street Global Advisors in Montreal as interns have been hard working, curious and very well prepared. They have demonstrated a willingness to get stuck in and have clearly been encouraged to ask searching questions. There is a desire to have a deep understanding of the practical aspects of investment management. In my interaction with the students, as a guest of the client committee, I have been fortunate to witness the presentations of the students in their roles as analysts and portfolio managers. They have done research, formulated opinions and designed strategies that implement their expectations of future market movements. As if that wasn't enough they then have to present their strategies and performance to the client committee; which is made up of seasoned investment veterans, who cut the students no slack when it comes to tough questioning. It has been a productive and enjoyable experience and I look forward to continuing the mutually beneficial relationship.”

Peter Lindley

Vice President and Head of Investments
State Street Global Advisors, Montreal

The Kenneth Woods Portfolio Management Program (KWMPMP)

The Kenneth Woods Portfolio Management Program was started in 2000 for the primary purpose of training a select group of undergraduate students in investment management.

A unique program in purpose and size, the KWMPMP was established with an initial investment of \$1,000,000 by Kenneth Woods (MBA 75) in honour of the late Professor Calvin C. Potter, a much admired member of the Department of Finance who inspired a whole generation of business students.

This is the 5th consecutive year that KWMPMP Fund Managers have beaten their benchmark.

Program Structure

The program brings together an elite group of undergraduate Finance students to be trained in investment management.

Six to ten students are chosen each year to join the KWMPMP for a two-year period. First year KWMPMP students are referred to as 'Research Associates' and they assist the second year students who are the 'Fund Managers'. The Fund Managers are responsible for all aspects of the investment management process, including the analysis of economic and capital market conditions, asset allocation and security selection.

Working closely with top professors in JMSB's Finance Department, a Client Committee and a group of industry-leaders as Mentors, the KWMPMP student portfolio managers work with a real-life portfolio which is now worth \$1.3 million.

Each KWMPMP Fund Manager is responsible for a specific market or industry and must recommend which are the best investments in their sector. All the Fund Managers participate in the decisions on overall Asset Allocation and the portfolio weights for each industry sector.

Summer Employment Placements

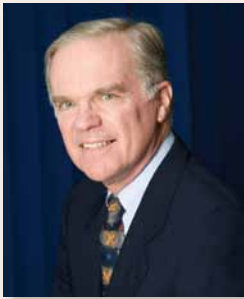
Each KWMPMP student is required to complete two work semesters: the first semester on the "sell" side, and the second on the "buy" side. Past years' students were placed with firms such as:

- BMO Nesbitt Burns
- Caisse de Dépôt et Placement du Québec
- CIBC Wood Gundy
- CIBC World Markets
- CN Investments
- Dundee Securities Corporation
- Export Development Canada
- Goldman & Company, Investment Counsel
- Industrial Alliance Securities
- Jarislowsky Fraser Limited
- KPMG LLP
- Manulife Investments
- Mercer Consulting
- Mirabaud Canada Inc
- Morgan Stanley
- National Bank Financial
- Pratt & Whitney Canada
- Presima
- RBC Dominion Securities
- Scotia Capital
- Scotia McLeod
- Standard Life Investments
- State Street Global Advisors
- TD Asset Management

The program offers employers elite undergraduate students with the best possible finance training in the country.



Founder's Message



2008 has certainly been an outstanding year for the students of the KWPMP. It was perhaps the most challenging in the eight years students have been managing this live portfolio. They did an amazing job. Other investors were not so fortunate as the housing and sub prime crisis led to terrible market returns and financial challenges for individuals, foundations, pension funds, and corporations alike. Cash proved to be the asset class of choice.

It is certain that each of the successful graduating classes have felt the pressure to perform against the Statement of Investment Objectives and a targeted benchmark. Amazingly each has done so with great success. This year's class outperformed the benchmark return by a very large margin, viz. 4.62%. Most interesting is that during the past two years the students have had to manage in unfavorable markets. This year, although the portfolio lost in value, it was a much smaller amount than it would have lost if it had not been actively managed. Undoubtedly they have established a track record that would be more than acceptable to institutional investors.

We established this program as a learning vehicle where mistakes are inevitable although controllable and an important part of learning. While we are all very pleased with the investment performance, we are ecstatic with the academic performance. Not only did all of the students attain a high standing in this challenging program, many also completed and competed successfully in other extracurricular university programs and activities. We are particularly proud of our students' performances in business case competitions. Many of our students participated at the Eller Ethics Case Competition in Arizona [winning first place], the finance event at the Inter-Collegiate Business Competition (ICBC) at Queen's University [winning second place], the Financial Open at Université Laval [winning overall first place] and the Network of International Business Students Case Competition in Tennessee [winning third place].

The students themselves are intelligent, intensely motivated high achievers. However, none of this would be possible without the high degree of involvement of the Client Committee (which acts as the equivalent of a pension fund committee) to monitor and challenge the decisions made by the second year managers. Their insight and supportive critiques help the students to learn and develop investment and interpersonal skills that will be invaluable in their careers to follow.

The students have also benefited from one-on-one mentoring from a large number of professional portfolio managers and analysts who generously spend investment time with an assigned student.

Similarly, specific seminars are given to our teams on subjects ranging from the Code of Ethics to technical analysis. The effort given by these seminar leaders is greatly appreciated.

Making it all work seamlessly is the role of the program's Director, Professor Abraham Brodt. It's clear in every student's mind that the classroom instruction offered by Professor Brodt and his colleagues provides the important academic foundation to the students' knowledge and understanding of capital markets. Professor Brodt's role goes far beyond the classroom to include student selection, mentoring, arranging Work Internships, transaction monitoring, and the many other communication and administrative duties required to make this a first-class program. The success of each graduating class is largely attributable to his involvement.

There has also been great support from many individuals and entities that have become personally associated with the program by providing funds for scholarships and activities that enhance the stature of the program. In addition, we have a wonderful group of alumni who have identified areas where improvement is desirable and have made a difference. It is exceedingly gratifying to witness this generosity and it is very much appreciated by the students, the University and myself.

Risk management is also important since this a real, not simulated, portfolio. Fortunately, and with the help of Professor Brodt's recruiting expertise, each class has been able to live up to the standards set by the previous groups. This year was another difficult one to be an investor, but a great year to learn. The students worked hard, individually and as a team, and in spite of the odd inevitable mistake that every manager makes and the challenges faced by a very bearish market, they were able to once again exceed the benchmark return for the full year - an outstanding achievement.

I hope they will all look back fondly on their experience and benefit from the opportunity to use and develop their talents to the fullest. Congratulations on your accomplishments and good luck in all your future endeavors.

Kenneth W. Woods

Dean's Message



It is with great pleasure that I present the Kenneth Woods Portfolio Management Program's Annual Report for 2008.

In 2008, our Fund Managers were faced with difficult and unprecedented conditions in the capital markets. Despite the turbulent investment environment, our students performed remarkably well and their success is largely attributed to the dedication, commitment, and expertise of our Client Committee members and the Mentors from the business community who continue to guide our talented students.

I must express my deepest gratitude to Kenneth Woods (MBA 75) for supporting this visionary initiative. His munificence and active involvement have enabled our students to reach their full potential and establish the KWMPMP as one of the most innovative business programs in Canada.

I am sincerely grateful to Program Director, Dr. Abraham Brodt, whose dedication and leadership are at the heart of this special program. Dr. Brodt has the exceptional ability of identifying promising students and nurturing their talent with the necessary academic foundation and internship training opportunities required to make this program a success.

Students selected into the KWMPMP are an exceptional group of individuals who have demonstrated an outstanding talent for the completion of this rigorous program. These gifted students graduate as Calvin Potter Fellows, as a tribute to Professor Calvin C. Potter, in whose honour Kenneth Woods established this program.

Please join me in congratulating 2008's cohort of KWMPMP Fund Managers for their solid and unparalleled performance during such a challenging time for the investment world. Their collective and individual achievement during such an early stage of their investment career is a healthy indicator of a bright future.

Dr. Sanjay Sharma

Dean, John Molson School of Business
ssharma@jmsb.concordia.ca



Program Director's Report



Abraham I. Brodt

I am very pleased to present the 2008 Annual Report of the Kenneth Woods Portfolio Management Program (KWPMMP) at Concordia University's John Molson School of Business (JMSB).

The primary objective of the KWPMMP is to provide practical training to a select group of JMSB undergraduate students in Investment Management. Six to ten students are chosen each January to join the KWPMMP for a two-year period. First year KWPMMP students are referred to as 'Research Associates' and they

assist the second year students who are the 'Fund Managers'. In their second January in the program the Research Associates become Fund Managers for a 13-month period. January is the transition month with both the new and retiring Fund Managers responsible for the Fund. The new Fund Managers are solely responsible for managing the fund February – December.

The Fund Managers are responsible for all aspects of the investment management process. The KWPMMP Statement of Investment Policy provides the guidelines for asset allocation and the permitted investment securities. The Fund Managers generally follow a "top-down" process, first analyzing economic and capital market conditions, then determining the Fund's asset allocation strategy, finally determining which securities to hold, sell and purchase.

No investor who lived through the year 2008 will ever forget the experience. Almost all investors suffered serious losses in their portfolios in 2008. According to a survey done by RBC Dexia Investor Services, Canadian pension funds had their steepest annual decline on record.

2008 was however a great year to start managing a portfolio. New investors will gain a lot more valuable experience in a year where the S&P/TSX Composite Index is down 33.0% and global equities lost 27.8% in Canadian dollar terms than they will get from a bull market

The Class of 2009 Fund Managers' performance in 2008 is one that makes us proud. While our total return in 2008 was unfortunately negative at -9.21%, the composite benchmark used to measure our performance returned -13.82%. The value added by the KWPMMP Fund Managers in 2008 was thus 462 basis points. KWPMMP Fund Managers have beaten their benchmark 5 years in a row and 6 out of the last 7 years. The cumulative value added by the KWPMMP Fund Managers since 2002 is 14.38%. The value of the fund as at December 31, 2008 was \$1,288,549.

Many of our students are also active in extra-curricular activities and in numerous Case Competitions, regularly winning top prizes for their performance. At the 12th HEC Montréal-Caisse de dépôt et placement du Québec Undergraduate Stock Exchange (SBIU) competition in Montreal on March 22nd, 2009, 90 teams from 12 universities participated. It gives me special pleasure to note that 4 out of 5 of the members of the JMSB team that won 1st Place in the Team category and the 1st Place winner in the Individual category in the SBIU event are currently Research Associates in the Kenneth Woods Portfolio Management Program.

On March 27th, 2009 the Kenneth Woods Portfolio Management Program Class of 2009 Fund Managers placed first in the Undergraduate Division "Core-style Portfolio" category at the Annual Redefining Investment Strategy Education (R.I.S.E.) Symposium portfolio competition at the University of Dayton in Ohio. A total of 50 entries were submitted in various categories for undergraduate and graduate portfolios. The competition selected winners based on their risk-adjusted performance for calendar year 2008.

On behalf of the students, I would like to express our gratitude to Ken Woods who established this special program. He continues to devote considerable time and creative energy to nurturing it and regularly commutes to Montreal for special events and Client Committee meetings.

The KWPMMP students benefit immensely from their meetings and interactions with the Client Committee, their Mentors and the Special Seminar speakers. We are grateful to these very busy professionals from the investment community for offering their particular expertise to our students.

Work Internships are a vital part of the training received by the KWPMMP students and we aim to ensure a minimum of two internships per student. These not only provide the students with excellent practical experience but often also result in the employers hiring their interns for full-time positions after they graduate. We are very grateful to all the firms mentioned in the students' biographies, for the excellent experience they provided our students through their Work Internships.

With the difficult financial situation faced by the investment community in the past 2 years, it has become quite a challenge placing our new students in one semester internships. We would appreciate hearing from any new firms that are interested in hiring our students for Work Internships and/or full-time positions.

Special thanks go to David L. Abramson, Managing Editor, BCA Research, Wayne Deans, Deans Knight Capital Management, Ron Meisels, President of Phases & Cycles Inc., Georges Paulez (BComm 77), Mirabaud Canada, Patrick Phelan (BComm 87), Vice President BMO Nesbitt Burns, and Ron Schwarz, CFA (BComm 91), Capital Markets Consultant, for establishing scholarship and bursary funds to encourage and support outstanding KWPMMP students each year. Seven scholarships and bursaries were awarded to KWPMMP students in 2008. Our goal is to obtain enough scholarship and bursary funds to support every KWPMMP student.

We are very grateful to BMO Nesbitt Burns, CIBC Wood Gundy, CIBC World Markets, CPMS, Formula Growth, Merrill Lynch, RBC Dexia Investor Services Ltd., Scotiabank and Thomson Financial Services for the services and support that they generously provide to the program.

Finally, the following people played a significant role behind the scenes and we want to thank them for their help:

Todd Beallor, John Dobson, Jerry Evarts, Amr Ezzat, Michael Gentile, Ned Goodman, Philippe Hynes, Jesse Janzen, Jeff Kobernick, Donald McDougall, Filip Papich, Vishal Patel, Kevin Trotter and Fred Westra.

Professor Abraham I. Brodt

Director, KWPMMP

Members of the KWPM Client Committee

David Abramson

David Abramson has been with the Bank Credit Analyst Research Group (www.bcaresearch.com) since 1987. He originated and is the Managing Editor of the firm's Commodity and Energy service. Before that, he ran the China Investment Strategy service. From 2000 to mid-2005, he originated and managed a European institutional service. For most of the 1990s, he was Managing Editor of the ForexCast, the currency advisory service of the Group, and also frequently contributed to the emerging market asset allocation service. Previously, David worked in the international department of the Bank of Canada for three years modeling exchange rate and trade flows. He holds an MBA and MA in International Relations from the University of Chicago, as well as a MA degree in Economics from Carleton University.



Judith Kavanagh

Judith Kavanagh has worked in the financial services industry for more than 25 years. Ms. Kavanagh is a consultant to mutual fund companies, securities firms, banks and government agencies. Ms. Kavanagh serves as a Director on the boards of l'Agence des Partenariats Public-Privé Québec, Concordia University and Dundee Wealth Management Inc., and is a former Director of CCF (Canada), Club M.A.A., the Royal Canadian Mint, The Canadian Human Rights Foundation, and Fondation Richelieu Montreal.



Frank Belvedere

Frank Belvedere is a National Partner with Mercer Consulting and oversees the firm's alternative investments research and consulting in Canada. He has over 30 years experience in the U.S. and Canadian pension and investment industries, where he has advised a variety of private and public organizations on pension plan design, funding and investment issues and on a broad spectrum of alternative investments including real estate, commodities, infrastructure, currency, hedge funds and private equity.



Randall Kelly

Mr. Kelly received his Bachelor of Commerce degree from Concordia University in 1978, graduating with Honours in Accountancy. Mr. Kelly joined Deloitte Touche in 1978 and in 1980 he earned his Chartered Accountant designation. He is a member of the Canadian Institute of Chartered Accountants. Mr. Kelly is also holder of a Chartered Financial Analyst charter, obtaining that designation in 1987. In 1984, Mr. Kelly joined the investment firm Formula Growth Limited and is currently President of the firm.



Christine Lengvari

Christine Lengvari trained as a Chartered Accountant specializing in Business Valuations and Mergers and Acquisitions. Ms Lengvari has taught financial accounting at both McGill University in Montreal and the University of Natal in Durban. She is President & CEO of Lengvari Financial Inc, a life insurance brokerage specializing in retirement and estate planning. Ms Lengvari is actively involved in the community: Concordia University, St. Mary's Hospital Foundation, David Suzuki Foundation, Quebec and the Canadian-Hungarian Artists' Collective.



Frank is a native of Montreal, Canada where he attended McGill University, receiving a Bachelor of Science, major in mathematics. He is a Fellow of the Canadian Institute of Actuaries and has attained the CFA designation. He has served on the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting, and lectured at Concordia University in Montréal. He is also Chairman of the Loyola High School Foundation and Board member of the Queen of Angels Academy Foundation. He has authored articles on hedge funds and spoken at a variety of investment conferences.

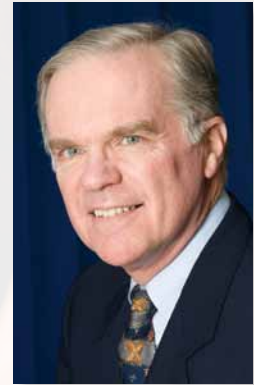
Michael Onwood

Michael Onwood is the President of Onwood Management Advisors Inc. He has forty years of financial experience in external audit, management consulting, as well as a complete range of treasury, controllership and CFO functions. He has worked for Price Waterhouse, McKinsey & Company Inc., the SNC Group, Dominion Textile Inc. and Air Liquide Canada Inc. At Air Liquide, as Vice President Finance from 1985 to 1997, Mr. Onwood's responsibilities included overseeing the pension fund investment activities as well as the complex pension accounting rules for defined benefit plans. He was instrumental in introducing a SERP for senior management. Mr. Onwood is an active member and past President of the Montréal chapter of Financial Executives International (currently known as FEI Québec).



Kenneth Woods

During the past eleven years Ken has devoted the majority of his energies to numerous community and charitable organizations in Vancouver and Montreal including the KWPM program at Concordia University. He continues to be very active in both children's arts programs and hospital foundations. During the recent past Ken has participated in research committees, and acted as Chair for both the Canadian Open and Canadian Amateur golf events, and assisted various organizations in their financial assessments during these very challenging times. Both Ken and his wife Anne are firm believers in giving back to the community and feel fortunate that they have been given the opportunity to do so.



Donald Walcot

Donald Walcot sits on a number of pension investment committees and boards. He is a graduate of McGill University, and has a Master's degree in Business Administration from the University of Western Ontario. From 1968 to 1987 he held several investment positions at Ontario Hydro, culminating in the position of Assistant Treasurer, Pension Fund Investments. In 1987, he joined Sun Life Investment Management Ltd as President. In 1992, he returned to Montreal as Chief Investment Officer of Bimcor, from which position he retired in 2004.



Academically, after obtaining his B.Sc. degree in Mathematics from the University of British Columbia, Ken went on to complete his MBA in 1975 at Concordia University and his Diploma in Accountancy at McGill University. He has taught in the C.A. Program at McGill as well as in the Department of Finance at Concordia and has lectured widely on Portfolio Management and U.S. equity investing. Ken is a co-founder and former Vice-Chairman of T.A.L., one of Canada's largest investment counseling firms, now part of CIBC. He has been involved in investment management for over 25 years.

"The KWPM goes far beyond the academic world; it is an opportunity to gain real-world Investment Management experience alongside Montreal's most respected financial leaders. The KWPM taught me to be rigorous, pragmatic and, most importantly, to adhere to the highest ethical standards. I believe that the KWPM is the foundation to my career: it gave me the knowledge, experience, confidence and professionalism to pursue an international career. I am extremely grateful to the program and to the generous people that have helped it become what it is today!"

Geneviève Lincourt,

[Calvin Potter Fellow, 2003]

Associate, Hedge Fund Analyst, Swiss Capital Group AG, Zurich, Switzerland

KWPMP Mentors

David Abramson
Bank Credit Analyst

Jay Aizanman
Standard Life Investments

Frederic Blondeau
Presima

Michel Brutti
Jarislowsky, Fraser

Raquel Castiel
Standard Life Investments

Robert Cohen
Goodman & Company Investment Counsel

Jean-Pierre D'Agnillo
Standard Life Investments

Susan Da Sie
Standard Life Investments

William G. Healy
McLean Budden

Gilles Horrobin
STM

Steven Hui
Pembroke Management

Charles Jenkins
Standard Life Investments

Rene Julien
BIMCOR

Nicolas Katsiyianis
Genuity Capital Markets

Stephen Kibsey
CDP Capital

Andrew Kost
Lombard Odier Darier Hentsch

Diane Marleau
Etudes Economique Conseil

Ron Meisels
Phases & Cycles Inc.

Todd Morris
HSBC Securities (Canada)

Benoit Murphy
CN Investment Division

Marc A Novakoff
Jarislowsky, Fraser

Justin Nightingale
Natcan Investment Management

Lambros Piscopos
Natcan Investment Management

Harold Scheer
Baker Gilmore & Associates

Ron Schwarz
Capital Markets Consultant

Tony Staples
Formula Growth

Fred Westra
Industrial Alliance Securities

"I have thoroughly enjoyed mentoring the students that have participated in the KWPMP program. This program is a terrific form for not only combining academics and real life market experience; but also in developing soft skills like networking and relationship building. The students are enthusiastic and energetic; helping me think about the qualities that I should be looking for in the hiring process."

Susan Da Sie

*Vice-President and Portfolio Manager
Standard Life Investments, Montreal*



Fund Managers



Michael [unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear] [unclear]

Research Associates



Benjamin [unclear] [unclear] [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear] [unclear] [unclear]

KWPMP Student Bios

CLASS OF 2009

**KWPMP Research Associates, January 1 – December 31, 2007
and
KWPMP Fund Managers, January 1, 2008 – January 31, 2009**

Olivier Bélanger

Olivier graduated from John Abbott College with a D.E.C. in Pure and Applied Sciences. He is currently in his third year at the John Molson School of Business pursuing his Bachelor of Commerce degree with a major in Finance. Olivier is also a member of the Institute for Co-operative Education and is on the Dean's Honour List. He was invited to join the Golden Key International Honour Society. He spent Summer 2007 on a Work Internship at Investissements PDJ in Montreal. His daily tasks were to screen companies, do research on various financial topics as well as help manage clients' accounts. In Fall 2008, he worked at Mirabaud Canada in Montreal as a Financial Analyst in North American Equity. His tasks were to evaluate companies included in the portfolio, research on different industries and sectors, build financial models and participate in investment meetings. His future goals are to earn a CFA designation and complete a Master's degree in Finance. In his spare time, Olivier enjoys playing hockey, golf and tennis. In the KWPMP, Olivier was the Fund Manager covering the Health Care sector and was co-responsible for Portfolio Analytics.



scholarships from the Swiss Consulate for three consecutive years. During the summer of 2007, Melissa worked in the Foreign Exchange department at Scotia Capital in Toronto where she priced and booked trades through the branch network. As a result of her experience at Scotia Capital, Melissa now complements her full-time studies with a part-time job at Scotiabank's Business Support Center in the Foreign Exchange department in Montreal. Melissa also completed an internship at Standard Life Investments in Montreal during the winter 2008 semester, working directly with the US Equities portfolio manager. She is excited to begin her last internship with Mirabaud in Montreal as a US equities Research Associate in the summer of 2009. Upon graduation, she intends to pursue the CFA designation and a Master's in Economics. During her little spare time, Melissa enjoys playing sports, playing the piano, and attending concerts. As a KWPMP Fund Manager, Melissa was responsible for the Consumer Staples sector and Canadian Economics.



Joshua Bridges

Joshua is currently pursuing his Bachelor of Commerce degree at the John Molson School of Business with a major in Finance. He is a member of the Institute for Co-operative Education and was on the Dean's Honour List in 2007-2008. Josh received the Mirabaud Canada and Pictet Canada Scholarship in 2007-2008. Josh has also completed three Work Internships at the following firms: Industrial Alliance Securities in Montreal as a Research Associate Intern researching the non-bank financial industry; Dundee Securities Corp. in Montreal as a Research Associate Intern covering the paper and forest products industry; and at RBC Dominion Securities in Toronto with the Harbour Group, RBC's largest and most respected wealth management branch. His academic ambitions include pursuing the CFA designation and obtaining his MBA. Josh likes to golf, snowboard and travel. In the KWPMP Josh was the Fund Manager covering the Energy sector and Asset Allocation.



Marco Giurleo

Marco is in his third year at the John Molson School of Business working towards his Bachelor of Commerce degree with a major in Finance and a minor in International Business. He is a member of the Golden Key International Honour Society and also a member of the Institute for Co-operative Education. Marco is the Executive Vice-President and coordinator for the John Molson Case Competitions Committee and was also a member of Concordia University's ICBC and Commerce Games Finance Teams. Marco has completed the Canadian Securities Course and is currently a CFA Level I candidate. In the summer of 2007, Marco completed his first Work Internship as an Investment Analyst for Lumina Fund Management in New York City. At Lumina, Marco worked closely with hedge fund analysts who specialize in behavioural finance. Marco did his second Work Internship during the Winter of 2008 at Industrial Alliance Securities in Montreal as a Research Associate with sell-side analysts focusing mainly on the financial and technology sectors. Marco completed his third Work Internship in the Fall of 2009, at Dundee Securities in Montreal where he worked as a Research Assistant responsible for the financial analysis and modeling of securities in both the Fertilizer and Paper & Forest sectors. During his spare time Marco enjoys playing soccer, rugby, squash and golf. As a KWPMP Fund Manager, Marco was responsible for the Financials sector and US Economics.



Melissa Gasser

Melissa is currently working towards her Bachelor of Commerce degree in Finance with a minor in Economics at the John Molson School of Business. She is a member of the Beta Gamma Sigma International Honour Society and has been invited to join the Golden Key International Honour Society. Melissa has been honoured to receive

Gregory Huish

Gregory is a graduate of the John Molson School of Business at Concordia University where he completed his Bachelor of Commerce degree with a major in Finance. He is a member of the Golden Key Honors Society and has been invited to the Beta Gamma Sigma Honors Society. He was on the Dean's List in 2006-2007 and received the David Abramson Scholarship for Academic Excellence. In Summer 2007 he completed a Work Internship at Goodman & Company in Toronto as an analyst for the precious metals fund, and in summer 2008 Greg was on a Work Internship at Standard Life Investments in Montreal as an US Equity Analyst. In his spare time he enjoys plays bass, reading, and running. As a KWPMP Fund Manager, Greg was responsible for the Materials and Utilities sectors in the fund and was co-manager for the Fixed Income portfolio.



Sanket Patel

Sanket is currently pursuing his Bachelor of Commerce degree in Accounting with a minor in Finance at the John Molson School of Business at Concordia University. He is a member of the Institute of Co-operative Education and also a member of the Golden Key Honors Society. During winter 2008, Sanket completed a Work Internship at Dundee Securities in Montreal conducting in-depth research and building financial models for the Fertilizers sector. In addition to this, during summer 2007, he completed a Work Internship at RBC Dominion Securities in Toronto with one of the top portfolio managers in Canada. Sanket received the Ron Meisels Scholarship in 2008-2009. He is also actively involved in student life and serves as the Vice President of Finance for the JMSB Finance and Investment Students Association for the third consecutive year. Sanket also participated in the 2009 Commerce Games representing JMSB in the stock simulation competition. Upon graduation, he intends to pursue his CFA and CA designations. During his spare time, Sanket enjoys reading and practicing various sports including golf, basketball, and football. As a KWPMP Fund Manager, Sanket is responsible for the Consumer Discretionary sector and Portfolio Analytics.



Liliana Tzvetkova

Liliana completed her Bachelor's of Mathematics and Computer Science degree and worked at the Bulgarian Academy of Sciences in 2003. She has just graduated with Bachelor's of Commerce degree at the John Molson School of Business majoring in Finance. She is a member of the Golden Key International Honour Society and is also on the Dean's Honour List. Liliana was awarded the Eric Poteet Scholarship in Finance and the Mirabaud Canada Scholarship in 2007-2008. She completed a Work Internship at Jarislowsky, Fraser in Montreal during Summer 2007 as a Junior Analyst, performing company research in the Industrials and Chemical sectors. In Summer 2008, Liliana was on a Work Internship at Dundee Wealth Management in Montreal as a Research Associate covering the Fertilizer and the Paper & Forest Products sectors. She is currently on a Work Internship at Industrial Alliance in Montreal as a Junior Financial Analyst covering the Consumer Staples and the Consumer Discretionary sectors. She plans to obtain a CFA charter in the future. In her spare time, Liliana enjoys skiing, playing tennis and reading. As a KWPMP Fund Manager, Liliana covered the Industrials sector and was responsible for the Sector Allocation of the Portfolio.



Quentin Vander Schueren

Quentin is currently in his last year at the John Molson School of Business working towards his Bachelor of Commerce degree in Finance. He completed his first Work Internship in Fall 2007 at Jarislowsky, Fraser in Montreal as a Research Associate in the equity research division. He performed research in a variety of sectors including the Energy and Telecom sectors. In Summer 2008, Quentin worked at Standard Life Investments where he carried out research on Socially Responsible Investments and the Energy Sector. Quentin is a member of AIESEC Concordia and was on the Dean's Honour List for both the 2005-2006 and 2006-2007 academic years. He is also a lifetime member of the Beta Gamma Sigma International Honor Society, the Golden Key Honor Society and a recipient of the 2007-2008 J&S Schwarz Bursary. Quentin also participates in case competitions and is part of the JMSB 2008/2009 Inter Collegiate Business Competition (ICBC) Delegation. In his spare time, he enjoys swimming competitively, playing the piano, snowboarding and reading. As a KWPMP Fund Manager, Quentin was responsible for the IT, Media and Telecom sector, and co-managed the Fixed Income Portfolio.



KWPMP Student Bios

CLASS OF 2010

**KWPMP Research Associates, January 1 – December 31, 2008
and
KWPMP Fund Managers, January 1, 2009 – January 31, 2010**

Meaghen Annett

Meaghen graduated from John Abbott College with a DEC in Commerce and is currently pursuing her Bachelor of Commerce degree with a major in Finance at Concordia's John Molson School of Business. Meaghen is also a member of the Institute for Co-operative Education and the International Golden Key Honor Society. Meaghen participated in the Jeux de Commerce 2009, as a member of the Business Ethics team. In October 2008, Meaghen and her colleague won first prize at the University of Arizona's International Eller Ethics Case Competition. Upon graduation, she hopes to pursue the CFA designation and work towards her MBA. She completed her first work internship in Winter 2007 at Dundee Capital Markets in Montreal working in the Equity Research department as a Research Associate in the Paper and Forest Products Sector. In Fall 2008, Meaghen worked as an equity analyst covering the Energy and Materials sectors at Standard Life Investments in Montreal. In Summer 2009, Meaghen will be working as a Research Associate in equity research with Industrial Alliance Securities in Montreal. During her spare time Meaghen enjoys reading, playing guitar, and practicing yoga. As a KWPMP Fund Manager, Meaghen covers the Health Care sector as well as International Economics.



member of the Institute for Co-operative Education. Jason is on the Dean's list, is a member of the Golden Key Honor Society, and was the 2008 recipient of the John N. & Sophia Economides Scholarship. At school, he is also an active competitor in the case competitions. During Fall 2008, he completed an internship at Castle Hall Alternatives in Montreal as a hedge fund Analyst/Researcher and was tasked with, among other projects, producing a database of nearly 300 hedge fund operational blowups. Prior to his work at Castle Hall Alternatives, Jason worked as an Administrative Assistant at TD Waterhouse Private Investment Advice where he gained exposure to the wealth management industry. Currently, he is looking forward to his summer internship as a Research Associate at Industrial Alliance Securities in Montreal. Upon graduation, Jason plans to continue his education abroad and earn a Master's of Finance. In his spare time, he enjoys playing hockey, tennis, skiing, and reading.

Evelyne L'Archevêque

Evelyne is the Fund Manager for Energy and Utilities and is responsible for Asset Allocation and Sector Rotation. She is currently completing a Bachelor of Commerce degree with a major in Finance at the John Molson School of Business with the intent of pursuing a CFA and CMT designation and eventually an MBA. She is a recipient of the prestigious Normand D. Hébert Scholarship at Concordia. Evelyne has completed two work terms: one at Bombardier Aerospace in Montreal in a strategic team, and the other in Toronto at CIBC World Markets in equity research. This summer she will be interning at National Bank Financial in the Investment Banking division in Montreal. She is on the Dean's list and is Vice-President External in the Finance and Investments Students Association at JMSB. In addition, Evelyne competes in local and international case competitions. At Financial Open 2009, she won Gold in the Corporate Finance case and bronze for the Finance case at the Jeux du Commerce 2009. She won bronze at Tennessee for the NIBS case competition in March 2009. In her free time, she explores her creative side by doing traditional 35mm black and white photography. She highly enjoys sports, notably basketball, kickboxing, swimming, yoga, and most outdoor adventure sports.



Benoit Chevrier

Benoit is the KWPMP Fund Manager responsible for the Energy sector, as well as Canadian Economics. He is working towards his Bachelor of Commerce degree with a major in Finance and a minor in Financial Accountancy at the John Molson School of Business. Benoit graduated from the Cégep de Granby with a DEC in Human Sciences, Administration profile. He is a member of the Institute for Co-operative Education, is on the Dean's list for the current academic year and is a member of the Golden Key International Honour Society. Benoit worked for two consecutive semesters as an Assistant Portfolio Manager and Financial Analyst at Interinvest Consulting Corporation of Canada in Montreal. Upon graduation, he plans to work towards the CFA designation. Benoit successfully completed the Canadian Securities Course in Spring 2008. In his spare time, Benoit enjoys hiking, cycling and golf.



Jason Coviensky

As a KWPMP Fund Manager, Jason covers the Consumer Discretionary sector and US Economics. Jason graduated from Marianopolis College on the Dean's List with a D.E.C in Honours Commerce. He is currently pursuing his Bachelor of Commerce degree with a major in Finance at the John Molson School of Business, where he is a



Ivana Miladinovic

Ivana is currently pursuing her Bachelor of Commerce degree with a major in Finance at the John Molson School of Business. She gained significant international experience as a student of political science at the University of Antwerp in Belgium. Ivana plans to earn a Master's in Finance or Economics and the CFA designation. She was invited to join the Golden Key International Honour Society and is on the Dean's Honour List. She spent Summer 2008 working for Manulife



Financial (MFC Global) in Toronto, looking into large cap Canadian stocks. For winter 2009, Ivana was on a Work Internship at Industrial Alliance Securities in Montreal, assisting an Analyst in charge of small cap non-bank financial stocks and also working on a wide spectrum of other sectors. Ultimately, Ivana hopes to hold a position in the investment industry, preferably in research or portfolio management. As a KWPMP Fund Manager, Ivana covers Staples as well as Portfolio Analytics. In her free time, Ivana enjoys reading, dancing and learning new languages.

Salim Najem

Salim graduated with a DEC in Commerce from Vanier College. He is in his second year of studies pursuing his Bachelor of Commerce degree with a major in Finance at the John Molson School of Business. He is also a member of the Institute for Co-operative Education. He has a strong interest in fixed income and financial derivatives. His midterm goals are to complete the Canadian Securities Course, get the CFA designation, complete an MSc program in financial engineering and gain experience in the hedge fund, investment banking or mutual fund industries. For the long term, he aims for a career in trading or portfolio management. Salim spent Summer 2008 on a Work Internship at State Street Global Advisors in Montreal where he worked with the Global Structured Product Group focusing on passive investment management. He wrote a report about correlation risk in the context of international diversification and he gained exposure to the foreign exchange, fixed income and derivatives markets, and to asset allocation. In his spare time, Salim likes to read, play chess, follow the financial markets, trade stock options and invest in equities. As a KWPMP Fund Manager, Salim is responsible for the Financials sector, as well as the co-management of the Fixed Income portfolio.



Matthew Pitts

Matthew graduated with his DEC in Honours Social Science in Commerce at John Abbott College and is currently working towards his Bachelor of Commerce degree with a major in Finance at the John Molson School of Business. Matthew received the Concordia University Shuffle Entrance Scholarship and was on the Dean's list for 2008. He completed his Canadian Securities Course in Fall 2007 with Honours. In Summer 2008, Matt completed his first Work Internship at Goodman & Co. in Toronto where he performed company and investment research. In Summer 2009, Matthew will be on a Work Internship with Natcan Investment Management in Montreal. In his spare time, Matthew enjoys playing tennis, fitness, reading and going to the movie theatre. As a KWPMP Fund Manager, Matthew is responsible for the Information Technology sector and Portfolio Analytics.



Sandy Poiré

Sandy is entering her third year at the John Molson School of Business, working towards her Bachelor of Commerce degree in Finance. She is on the Dean's Honor List, is a member of the Golden Key International Honors Society, and the Institute for Co-Operative Education. Winter 2008 Sandy interned at the Business Development Bank of Canada in Montreal



working with the portfolio development team. That same year, Summer 2008 Sandy worked as a Financial Analyst with CN Investment Division in Montreal, performing company and industry analysis for International and North American equities. This coming summer, Sandy will be working at Industrial Alliance Securities covering the Consumer Discretionary sector. Actively involved in student life, Sandy is VP Sponsorship for the John Molson Competition Committee. Sandy also competes in business case competitions, winning the prestigious Eller Ethics Case Competition (EECC) at the University of Arizona. She also competed in the 2008 Commerce Games, winning silver in Entrepreneurship. Sandy works part-time for her family business while managing full-time studies. After graduating, Sandy plans to pursue her CFA designation while working towards an MBA degree. For sixteen years, she competed in high-level figure skating competitions. As a Fund Manager for the KWPMP, Sandy is responsible for the Industrials sector.

Andrei Sabau

Andrei graduated from Marianopolis College with a D.E.C. in pure and applied science. He is currently in his second year at the John Molson School of Business and is working towards his Bachelor of Commerce degree with a major in Finance and a minor in Mathematics and Statistics. He is a member of the Institute for Co-operative Education and a member of the Dean's list for 2008.

Andrei is also a member of the Golden Key Honour Society as well as the recipient of the 2008-2009 Patrick Phelan Scholarship. He was on the JMSB Strategy case competition team which competed at the 2009 Commerce Games. He will be completing the Canadian Securities Course within the year and intends to pursue a CFA designation upon graduation. Andrei completed a Work Internship at State Street Global Advisors in Montreal during the Fall 2008. While there, he worked in the indexing and passive investment department. As a KWPMP Fund Manager, Andrei is responsible for the Materials sector, as well as a co-manager of the Fixed Income portfolio. During his spare time he enjoys reading, traveling and watching movies.



Christophe Truong

Christophe Truong is a third year student pursuing a Bachelor of Commerce degree with a major in Finance and a minor in Economics. He is also member of the Institute for Co-operative Education. Christophe is part of both the Beta Gamma Sigma Honour Society and the Golden Key International Honour Society. He is on the JMSB Dean's Honour List and is a recipient of the 2008-2009 Deans Knight Capital Management Award. Christophe plans to obtain the CFA designation and pursue a Master's degree upon graduation. In addition to his previous experience working at Barclays Asset Management France in Paris, Christophe spent last summer working as an Investment Management Analyst at TD Asset Management in Toronto where he conducted income trust research. Christophe is currently doing an internship at Mercer Investment Consulting in Montreal where he produces portfolio performance and style analysis for clients. He is the team captain of an indoor soccer team at Concordia University. Furthermore, he is a member of the 2008-2009 JMSB Stock Simulation Team and represented JMSB at the 2009 Jeux du Commerce. In his spare time, Christophe enjoys travelling, snowboarding, and interactive media. As a KWPMP Fund Manager, Christophe is responsible for the Media and Telecom sector and co-manages the Fixed Income Portfolio.



KWPMP Special Seminars

Since the program's start, a large number of investment professionals have given special seminars to our students. We are grateful to the following professionals for taking the time to meet with our students and for sharing with them some of their knowledge and insights on the investment world this past year:

SUMMER 2008 [Toronto & Montreal]

Tate Abols

Senior Associate
ONEX
Private Equity

Shawn Anderson

Associate
RBC Capital Markets
M&A

Todd Beallor

Executive Vice President
Goodman and Company Investment Counsel
Value Investing

Nelson Cheung

Senior Investment Analyst, Global Equities
Acuity Investment Management
Growth Investing

Andreea M. Constantin, CFA

Associate
Investment Banking
GMP Securities

Matt Devlin

Associate
CIBC World Markets
M&A's and IPO's

Mark Deriet

Technical Analyst
Institutional Equity Research
Cormark Securities
Quantitative and Technical Analysis

Cliff Isings

Portfolio Manager
CN Investment Division
The International Equity Investment Process at CNID

Stephen Kibsey

Portfolio Manager
La Caisse de dépôt et placement
du Québec
Socially Responsible Investing

Ron Schwarz, CFA

Managing Director
CIBC World Markets
Capital markets

FALL 2008 [Montreal]

Jay Aizanmann

Vice President
Standard Life Investments
Markets will be Markets

Claude Bédard

Vice President
Burgundy Asset Management
Outside Zebras

Frank Belvedere, CFA, F.C.I.A.

National Partner,
Mercer Consulting
KWPMP Client Committee Member
Policy and Manager Risk

Michel Brutti, CFA

Partner
Jarislowsky Fraser
A Case Study of the Effect of the Global
Credit Crisis on an Eastern European Bank

Jamie Hynes, CGA, CFA

Client Services
CPMS Inc.
Portfolio Analysis with CPMS Software

Rune Johnskareng, CFA

Senior Equity Analyst
Standard Life Investments
Oil and Gas Investments

Valerie Lemieux, M.Sc.

Vice-President
Fixed Income Sales and Trading
HSBC Securities Canada
The Credit Crisis, or a Confidence
Crisis in the Global Bond Markets

Ron Meisels

President
Phases & Cycles Inc.
Technical Analysis Explained

Sophie Meynard

Vice President and Senior Portfolio Manager
State Street Global Advisors
130/30 Investing

Justin Nightingale, CFA

Vice President, Global Equities
Natcan Investment Management
Global Investing in Uncertain Times

WINTER 2009 [Montreal]

Joseph Abramson, CFA

Senior Editor
BCA Research
Global Financial Outlook: Are We Past
The Worst?

Nancy Clarke

Advisor, Career Management Services
John Molson School of Business
Concordia University
Careers in Investment Management

Paul Dontigny Jr., M.Sc., CFA

Président
Investissements PDJ
How MPT Created This Bubble

Rajiv Johal

Business Reference Librarian
Concordia University
Library Resources for Company and Industry
Research

Stephen Kibsey

Portfolio Manager
La Caisse de dépôt et placement
du Québec
The Fundamentals of Gold

Benoit Murphy, CFA, FRM

Manager - Investment Strategy
CN Investment Division
Asset Allocation with a Forward Looking View

Nicolas Patard

Managing Director,
Global Equity Derivatives
and

Marjorie Skolnick

Associate, Global Equity Derivatives
National Bank Financial Group
Leadership in Canadian Capital Markets

Ron Schwarz, CFA

Capital Markets Consultant
The Sell-side: Equities Sales, Trading & Research

Tony Staples

Portfolio Manager
Formula Growth
US Small Cap Equities...A View from the Trenches

Photos



1. Left to right: Dean Sharma, Amr Ezzat (Class of 2008) and Kenneth Woods
2. Left to right: Georges Paulez (Mirabaud Canada), Donald Walcot (KWPMP Client Committee), Ron Meisels (President of Phases & Cycles Inc. and KWPMP Mentor)
3. February 2009 KWPMP Client Committee Meeting: Kenneth Woods and Judith Kavanagh
4. KWPMP Students meet with the Client Committee (February 2009)
5. Left to right: David Graham (Provost, Concordia University), Salvatore Ruscitti (Interinvest Consulting Corporation of Canada), Frank Belvedere (Mercer Consulting) and Abraham Brodt (KWPMP Program Director)

2008 Fund Managers' Report

Introduction

2008 was a remarkable year for portfolio management. Turbulence in global markets due to credit and recessionary concerns provided a challenging environment for fund managers. The Kenneth Woods fund is managed under policy guidelines which restrict investment to securities in Canada, the US, and ADRs. The investment mandate also outlines restrictions on asset and sector allocation. Our investment approach over this fiscal year was primarily top-down and defensive; employing macro-economic and industry analysis to select areas of interest. After having found an attractive industry, a bottom-up approach was used through screening and financial analysis to select the best-of-class securities in the desired market segment.

We will first review the economic conditions in our primary investment geographies; the US and Canada. This is followed by a review of how the macro-economic conditions influenced our asset allocation and sector weighting decisions. Our total return for the year was regrettably negative. However we did manage to outperform our benchmark by a significant 4.62%.

The KWPMF Fund Managers have outperformed their benchmark in 6 out of the last 7 years. The average value added by the KWPMF Fund Managers since 2002 is 1.94% per year and the cumulative value added since 2002 is 14.38%.

Economics

Canada

For the first half of the year, four main themes dominated Canadian economic discussion—commodities, currency, cross-border flows, and credit.

With the price of oil hovering around \$100 at the beginning of 2008 and exhibiting upward pressure, Canada's economic outlook was not predicted to be as bleak as her US counterpart. Unemployment levels had reached record lows and growth in consumer spending was expected to remain strong through the US recession.

The central Canadian economy suffered from the appreciation of the Canadian dollar while oil producers profited due to the strong oil prices, providing support to the Canadian economy while causing Dutch Disease within the country. Canadian consumers benefitted from a strong Canadian dollar through cross-border purchasing. As energy prices continued their upward trend, inflation worries began to surface. As the year progressed, credit conditions continued to worsen as banks pulled back on lending in an attempt to recapitalize their balance sheets. By mid-year, economic consensus feared the devastating effects of stagflation.

During the second half of the year, oil and the Canadian dollar plunged from their highs. The Canadian economic picture grew much bleaker along with that of the world economy as Wall Street's problems became Main Street's struggle. While inflation fears were finally subdued, the central banks began to loosen money supply in an effort to encourage lending. Canada's red hot housing market cooled, consumer spending diminished, and the employment level fell from its high.

The bankruptcy and takeover of a number of financial firms in the US, as well as continuing financial turmoil resulted in united interest rate cuts and liquidity relief efforts by all G8 Central Banks. The Bank of Canada cut rates by 275 bps over the year, with the majority of the cuts occurring late in the year.

Canada was relatively insulated from the events that occurred in the US. While bank write-downs and disappointments were not uncommon, Canada's banking system still remains in a more economically sound state than her US counterpart.

United States

The US economy was dealt a severe blow in 2008. With the financial system on its knees and the housing market continuing to dive without a floor in sight, US government officials were forced to react in unprecedented ways. The US government bailout of American International Group, the Lehman Brothers Bankruptcy, and the \$700 billion bailout plan to buy troubled US assets were just a few of the things that fuelled a market-wide crash in September.

Catastrophic events associated with US bank and financial institution failures resulted in tightened lending standards and decreased liquidity. Throughout the second half of 2008 corporations experienced a great deal of difficulty shoring up capital. With equity prices at record lows and borrowing rates at record highs, companies requiring additional capital were running out of places to turn.

The US consumer fell victim to these deteriorating market conditions as was seen in the major decline in consumer spending and the steady rise in the unemployment rate as well as the rise in foreclosures.

Throughout 2008 the US housing market continued to tumble down to recessionary lows. We witnessed an enormous drop in US housing starts combined with increased housing inventories and rising foreclosures, all of which placed tremendous pressure on home prices. The enormous decline in housing prices placed 20-25% of mortgage borrowers in a negative equity position. Given the non-recourse nature of US home-loans, this negative equity created an incentive for homeowners to default on their loans. These defaults further increased housing inventories and placed additional pressure on housing prices, ultimately fuelling a vicious housing cycle decline.

Inflationary fears from the beginning of the year were finally put to rest as the price of a barrel of oil fell over 75% from its \$150 peak in the summer. This decline alleviated near term inflationary pressures and allowed the Federal Reserve to focus its efforts on avoiding a financial system collapse. Efforts to avoid such a collapse and stimulate the economy included a reduction of the Fed funds rate to almost zero as well as the injection of trillions of dollars in liquidity into the US economy.

Asset Allocation

The KWPMP Investment Policy Statement guidelines on asset allocation and the respective ranges for each asset class that must be respected when managing the portfolio are provided below. These guidelines allow for adequate maneuverability while avoiding concentration risk through diversification. The year 2008 was extremely volatile but the fund managers successfully avoided violation of these restrictions.

Asset Allocation Investment Policy Guidelines

Asset	Min	Benchmark	Max
Cash	0%	5%	15%
Fixed Income	25%	35%	45%
Equities	35%	60%	75%
<i>Canadian</i>	<i>10%</i>	<i>20%</i>	<i>30%</i>
<i>U.S.</i>	<i>20%</i>	<i>30%</i>	<i>40%</i>
<i>International</i>	<i>5%</i>	<i>10%</i>	<i>20%</i>

We were concerned by the equity market performance for the first half of the year and chose to remain straddled around the benchmark weight of 60%. The U.S. economy was showing signs of a slowdown given the ongoing housing crisis and sub-prime mortgage implosion. We therefore decided to remain at the lower edge of the US range band at 20% for the first half of the year. We were still bullish on energy prices and therefore were comfortable with our position in Canadian equities at 28%. Concurrently, we marginally increased the weight of the fixed income portfolio and began increasing our cash position.

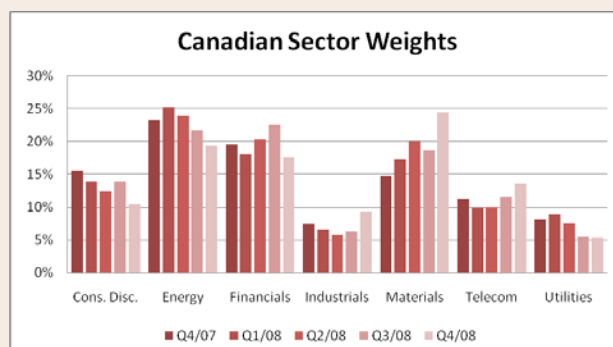
As the second half of the year approached we realized that we might have been too optimistic on equities when we saw the economy rebounding in the latter half of 2008. We began seeing the free fall in crude oil prices and increased our cash position. Equities began their broad sell off during the end of the third quarter and continued falling sharply into the fourth quarter. Our relative performance began to shine in the months of October and November owing to our overweight positions in both the cash and fixed income portfolios. Moreover, the decision not to rebalance the equity portfolio to the target weighting meant that the significant underweighting in equities helped our relative performance even further. The changes in our asset allocation throughout the year are presented in the table below.

Changes in Asset Allocation Over the Year

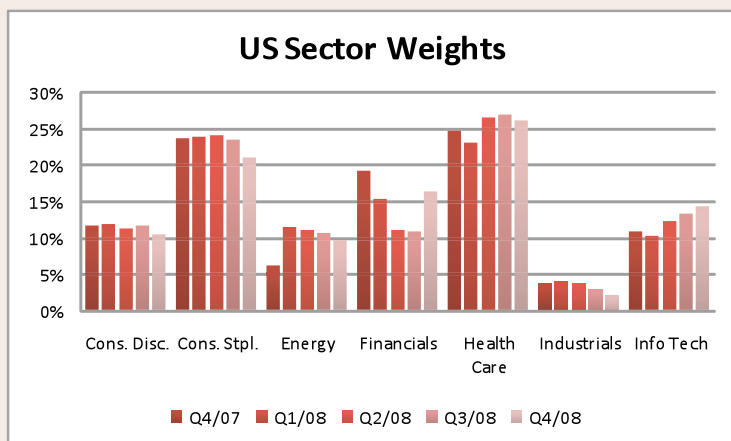
Asset	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Cash	2.5%	3.2%	7.8%	9.8%	8.4%
Fixed Income	34.9%	36.6%	35.5%	37.3%	40.3%
Equities	62.6%	60.3%	56.8%	53.0%	51.4%
<i>Canadian Equities</i>	<i>28.7%</i>	<i>27.8%</i>	<i>27.0%</i>	<i>23.6%</i>	<i>21.3%</i>
<i>U.S. Equities</i>	<i>20.7%</i>	<i>21.0%</i>	<i>20.7%</i>	<i>21.5%</i>	<i>22.4%</i>
<i>International Equities</i>	<i>13.2%</i>	<i>11.5%</i>	<i>9.1%</i>	<i>7.9%</i>	<i>7.7%</i>

Sector Rotation

Canada: We started the year by being overweight in Utilities, Consumer Discretionary and Telecommunications sectors, and underweight in Financials. As the Canadian dollar continued to strengthen and the US economy kept on deteriorating, our main strategy in Canada was to reduce the fund exposure to the US consumer, and to increase our exposure to the resource sectors. As a consequence, we doubled our position in Barrick Gold to hedge against the falling U.S. dollar, and bought Power Shares ETF to capitalize on the skyrocketing oil prices. As the second half of the year approached we realized that Canada was not a safe haven anymore and our Sector rotation strategy for Canada became more defensive.



United States: We started the year by being significantly overweight in Consumer Staples and Healthcare, and underweight in IT. Based on our grim economic outlook for the US, we decided to follow a defensive investment strategy and overweight sectors that are defensive in nature. Thus, we maintained our overweight position in Health Care (almost double the benchmark weight) and Consumer Staples sectors. As the year progressed we also gradually decreased our position in the Financials sector selling Capital One and First Cash Financial Services. It was only in Q4 when valuations became more attractive that we started adding back to this sector and bought Equifax.



Fixed Income

The Fixed Income markets experienced extraordinary volatility in 2008 due to the uncertainties among investors stemming from the credit crisis. Overall, the Fixed Income segment of the Portfolio performed well, providing a strong support to the overall return and outperforming the Dex Capital Government Universe Bond Index by 78 basis points.

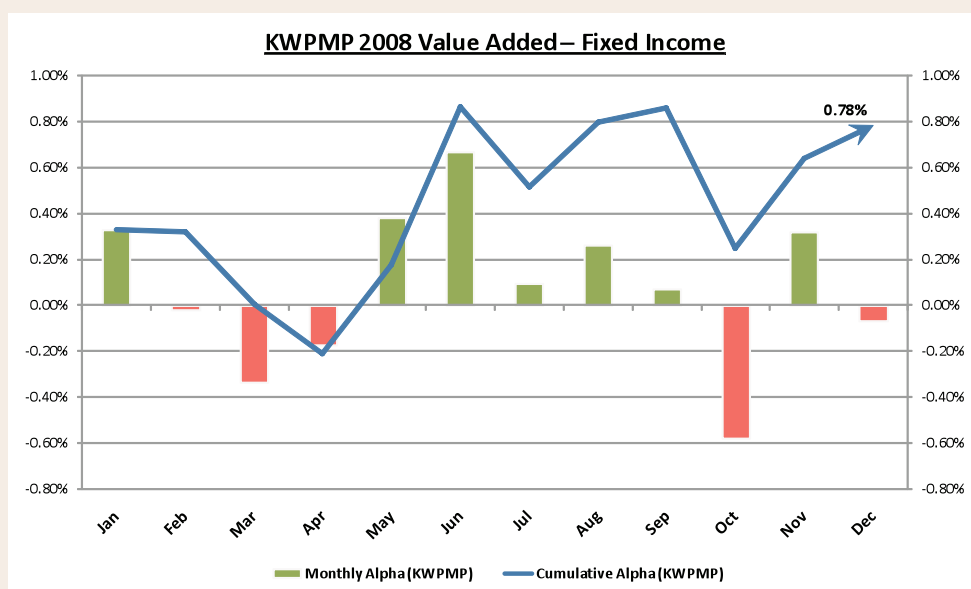
Canadian interest rates followed the trend set by the Federal Reserve, albeit to a lesser extent. The Bank of Canada responded to the threat of a collapsing credit market by relaxing lending rates to facilitate the flow of credit throughout the economy. Targets for the overnight lending rate were trimmed a total of 275 basis points throughout the year with the bulk of the cutting happening in October when the turmoil in the markets was reaching its pinnacle.

The spread between two year Canada and thirty year Government of Canada Bonds widened dramatically from 35 basis points to 236 basis points, resulting in a significant steepening of the Yield Curve throughout the year. This steepening reflected the huge inflow of investor capital seeking a safe haven in short maturity treasuries from the tumultuous Equity and Corporate credit markets. Our favorable duration position on Federal Bonds and relatively defensive duration on Provincial Bonds enabled us to benefit from investors' flight to safety as the year progressed. The overall downward shift in the curve was the most pronounced in the short end but was also present in the medium and long segments towards the end of the year. This was a symptom of uncertainties in the economic outlook beginning in the short term and eventually extending into the longer term for the global economy as the credit crisis deepened.

As the year progressed, the spread between Provincial and Federal yields widened considerably indicating a heightened state of credit quality awareness in the investment community. The yield spread between an Ontario bond maturing in 2018, and a comparable Federal bond widened 100 basis points, the majority of which occurred during the second half of the year. Our first initiative in Q1/08 had to do with decreasing our exposure to credit by reducing our allocation to Provincial notes and subsequently adopting a high duration strategy on the remainder of the Portfolio. Some of our Provincials were traded for higher yielding Government Agencies and high duration Federals. Rebalancing the Portfolio in favor of duration as opposed to credit set the stage for a very favorable Q2. Regrettably, as reflected in our October performance, we had not anticipated the extent to which credit would underperform the overall market. Severe skepticism of the state of the economy sent most of our Provincial holdings on a downward spiral which resulted in an October underperformance of 58 basis points.

Sustaining a high duration strategy and lowering our exposure to credit enabled us to benefit from the downward shift in the Canadian Yield Curve and the aforementioned flight to safety. While the Portfolio was not immune from adverse movements in the credit markets, it was well positioned to take advantage of the Bank of Canada's aggressive rate cutting.

The following graph shows the value added in 2008 from our Fixed Income portfolio.



Performance Analytics

The cumulative performance for the Kenneth Woods Portfolio Management Program fund for 2008 was -9.21%, while the composite benchmark returned -13.82%. Our value added in 2008 was thus 462 basis points. The value of the fund as at December 31, 2008 was \$1,288,549.

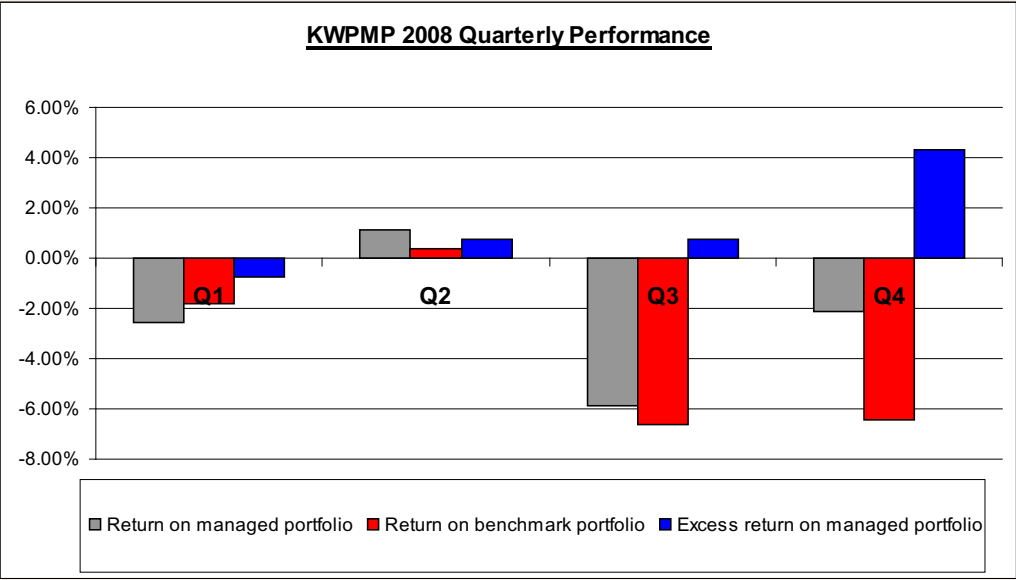
Our relative performance is attributable primarily to security selection which contributed 448 basis points. Performance from asset allocation contributed 102 basis points with the interaction effect being -193 basis points. Our overweight position in Canadian equities diminished our performance, but this was more than offset by our strategic underweight position in the U.S portfolio and market weight positions in the fixed income and international equity portfolios.

Performance Attribution

	Quarters			Annualized Returns				Dec 2008	Annual Returns		
	One Quarter	Two Quarters	Three Quarters	One Year	Two Years	Three Years	Four Years		Dec 2007	Dec 2006	Dec 2005
J Molson School Business											
Actual Return	(2.12)	(7.86)	(6.84)	(9.21)	(4.32)	1.26	4.32	(9.21)	0.83	13.42	14.07
Allocation	0.45	0.11	0.93	1.02	1.19	1.15	1.23	1.02	0.96	0.98	1.60
Selection	3.21	4.18	4.72	4.48	2.57	1.72	2.19	4.48	(0.50)	(0.11)	3.77
Interaction	(0.27)	(0.58)	(1.27)	(1.93)	(0.89)	(0.49)	(0.30)	(1.93)	0.61	0.33	0.24
Policy Return	(6.41)	(12.58)	(12.25)	(13.82)	(7.19)	(1.11)	1.19	(13.82)	(0.05)	12.27	8.44
Value Added	4.28	4.72	5.41	4.62	2.87	2.37	3.13	4.62	0.88	1.15	5.64

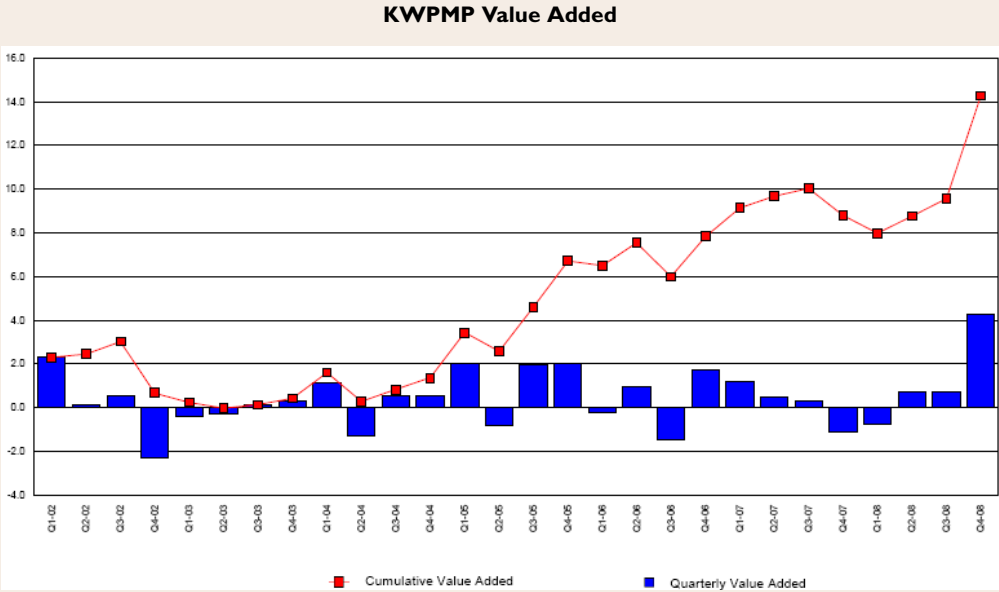
Source: RBC Dexia Investment Analytics Reports Period Ending December 31, 2008

After a weak relative performance during the first quarter of the year, things turned up during the rest of the year. Our relative performance for the second, third and fourth quarters progressively increased. Our performance for the fourth quarter was extremely strong, helping put our cumulative relative performance for the year in positive territory.



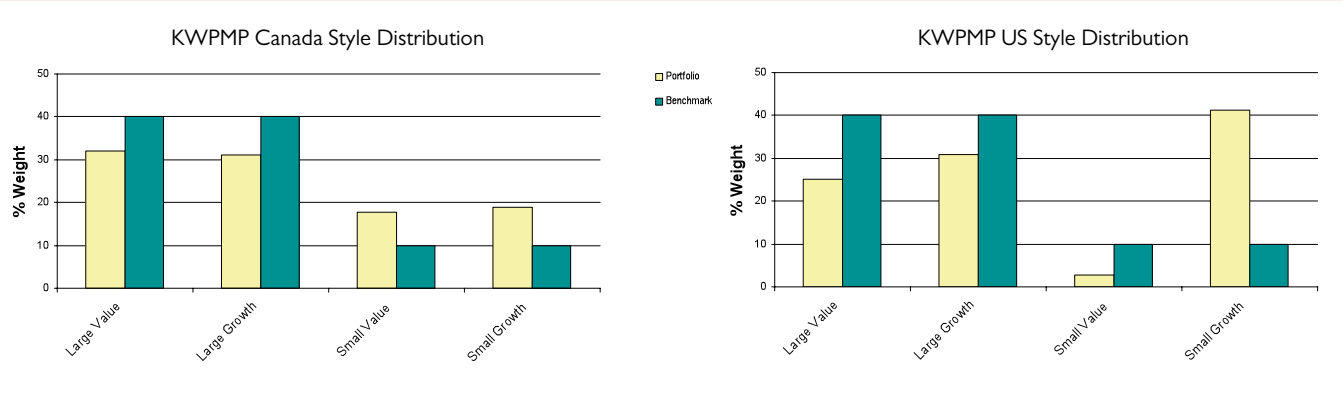
Cumulative Performance Comparison

This marks the fifth straight year that the KWPMP fund has outperformed its benchmark and the second best relative performance since the fund was founded. The fund has outperformed its benchmark in six out of seven years since its inception.



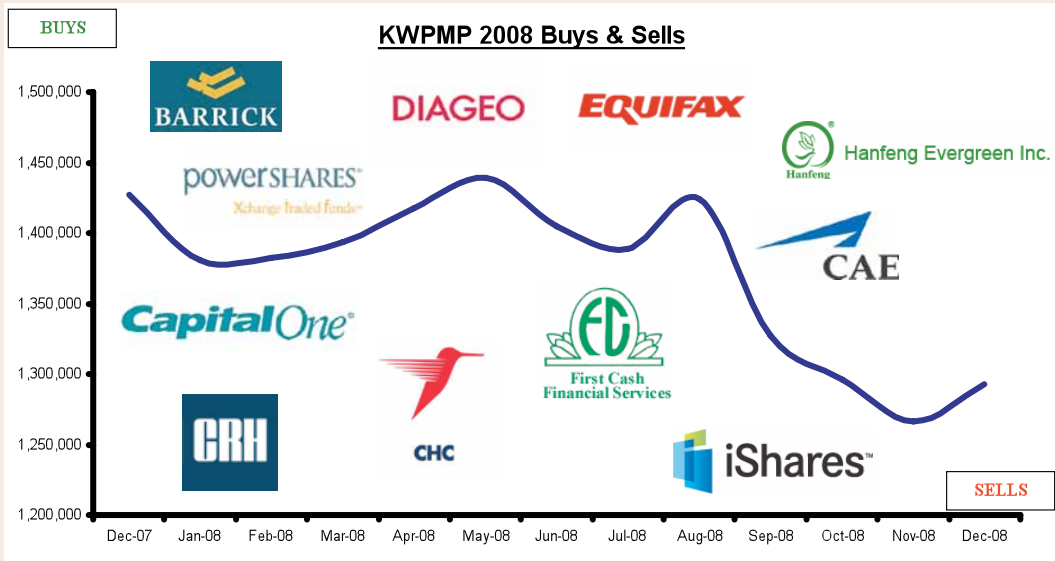
Source: RBC Dexia Investment Analytics Reports Period Ending December 31, 2008

Our fund kept a small cap bias in both Canada and the U.S. Small cap growth stocks represented a larger portion in our fund than the respective benchmarks.



Courtesy: Mercer Consulting

During the year, six new equity holdings were added to the portfolio while five were liquidated. The following positions were added: Barrick Gold Corporation, Power Shares Trusty Dynamic Oil, Diageo PLC, Equifax, Hanfeng Evergreen Inc., and CAE. The following positions were liquidated: Capital One, CRH, CHC Helicopter, First Cash Financial Services, and iShares MSCI EAFE.



Kenneth Woods Portfolio Management Program						
Portfolio Balance Sheet						
As at December 31, 2008 (Canadian dollars)						
	Quantity	Market Values		Weight		
		12/31/2007	12/31/2008	12/31/2007	12/31/2008	
Cash		\$ 34,968	\$ 107,627	2.5%	8.4%	
Fixed Income						
Federal:		\$ 59,621	\$ 215,615	4.2%	16.7%	
Provincials:		\$ 418,090	\$ 283,870	29.1%	22.0%	
Municipals:		\$ 18,950	\$ 19,558	1.3%	1.5%	
Fixed Income Total		\$ 496,661	\$ 519,043	34.6%	40.3%	
Canadian Equities						
Consumer Discretionary:						
	Astral Media Inc	400	\$ 18,656	\$ 9,760	1.3%	0.8%
	Yellow Pages Income Fund	1500	\$ 20,850	\$ 10,035	1.5%	0.8%
	Gildan Activewear	400	\$ 16,376	\$ 5,676	1.2%	0.4%
			\$ 55,882	\$ 25,471	3.9%	2.0%
Energy:						
	Encana Corp	200	\$ 13,500	\$ 11,392	0.9%	0.9%
	Petro-Canada	300	\$ 15,975	\$ 8,016	1.1%	0.6%
	Talisman Energy	2250	\$ 41,378	\$ 27,405	2.9%	2.1%
			\$ 83,463	\$ 46,813	5.9%	3.6%
Financials:						
	Bank of Montreal	600	\$ 33,798	\$ 18,750	2.4%	1.5%
	Royal Bank of Canada	500	\$ 25,370	\$ 18,050	1.8%	1.4%
	Sun Life Financial	300	\$ 11,142	\$ 5,688	0.8%	0.4%
			\$ 70,310	\$ 42,488	4.9%	3.3%
Industrials:						
	CAE Inc	1500	\$ -	\$ 12,150	0.0%	0.9%
	BFI Canada Income Fund	1000	\$ 26,690	\$ 10,500	1.9%	0.8%
			\$ 26,690	\$ 22,650	1.9%	1.8%
Materials:						
	Barrick Gold	700	\$ 16,574	\$ 31,360	1.2%	2.4%
	Hanfeng Evergreen	2000	\$ -	\$ 11,260	0.0%	0.9%
	Sino-Forest Corporation	1700	\$ 36,448	\$ 16,779	2.6%	1.3%
			\$ 53,022	\$ 59,399	3.7%	4.6%
Telecommunications:						
	Rogers Communications Inc	900	\$ 40,491	\$ 32,931	2.8%	2.6%
			\$ 40,491	\$ 32,931	2.8%	2.6%
Utilities:						
	Boralex Inc	1700	\$ 29,325	\$ 12,835	2.1%	1.0%
			\$ 29,325	\$ 12,835	2.1%	1.0%
Other:						
	iShares Capped S&P/TSX	2280	\$ 49,693	\$ 32,125	3.5%	2.5%
			\$ 49,693	\$ 32,125	3.5%	2.5%
Canadian Equities Total			\$ 408,876	\$ 274,712	28.7%	21.3%
U.S. Equities						
Consumer Discretionary:						
	Coach Inc	600	\$ 18,080	\$ 15,208	1.3%	1.2%
	Walt Disney Co	300	\$ 9,543	\$ 8,306	0.7%	0.6%
	Petsmart Inc	300	\$ 6,956	\$ 6,754	0.5%	0.5%
			\$ 34,579	\$ 30,268	2.4%	2.3%
Consumer Staples:						
	Costco Wholesale Corp	250	\$ 17,185	\$ 16,015	1.2%	1.2%
	Pepsi Co	400	\$ 29,917	\$ 26,732	2.1%	2.1%
	Walgreen Co	600	\$ 22,514	\$ 18,061	1.6%	1.4%
			\$ 69,616	\$ 60,808	4.9%	4.7%
Energy:						
	Exxon Mobil Corp	200	\$ 18,464	\$ 19,482	1.3%	1.5%
			\$ 18,464	\$ 19,482	1.3%	1.5%
Financials:						
	Berkshire Hathaway Inc	4	\$ 18,667	\$ 15,687	1.3%	1.2%
	CB Richard Ellis	600	\$ 12,741	\$ 3,163	0.9%	0.2%
	American Equity Investment	500	\$ 4,084	\$ 4,271	0.3%	0.3%
	Equifax Inc	750	\$ -	\$ 24,270	0.0%	1.9%
			\$ 56,379	\$ 47,391	4.0%	3.7%
Health Care:						
	Johnson & Johnson	300	\$ 19,718	\$ 21,901	1.4%	1.7%
	Wyeth Co	200	\$ 8,709	\$ 9,154	0.6%	0.7%
	Amedisys Inc	600	\$ 28,687	\$ 30,266	2.0%	2.3%
	Varian Medical Systems Inc	170	\$ 8,738	\$ 7,269	0.6%	0.6%
	Pfizer Inc	300	\$ 6,719	\$ 6,483	0.5%	0.5%
			\$ 72,571	\$ 75,073	5.1%	5.8%
Industrials:						
	General Electric Co	300	\$ 10,959	\$ 5,930	0.8%	0.5%
			\$ 10,959	\$ 5,930	0.8%	0.5%
Information Technology:						
	Quality Systems Inc	600	\$ 18,027	\$ 31,935	1.3%	2.5%
	Microsoft Corp	400	\$ 14,032	\$ 9,488	1.0%	0.7%
			\$ 32,059	\$ 41,423	2.3%	3.2%
Other:						
	Power Shares Trusty Dynamic Oil	600	\$ -	\$ 8,163	0.0%	0.6%
			\$ -	\$ 8,163	0.0%	0.6%
U.S. Equities Total			\$ 294,627	\$ 288,536	20.7%	22.4%
International Equities						
Consumer Discretionary:						
	Honda Motor Co	200	\$ 6,531	\$ 5,208	0.5%	0.4%
	Reed Elsevier	215	\$ 13,278	\$ 7,829	0.9%	0.6%
			\$ 19,809	\$ 13,037	1.4%	1.0%
Consumer Staples:						
	Diageo PLC-Sponsored ADR	350	\$ -	\$ 24,232	0.0%	1.9%
			\$ -	\$ 24,232	0.0%	1.9%
Health Care:						
	Sanofi Aventis	250	\$ 11,217	\$ 9,810	0.8%	0.8%
			\$ 11,217	\$ 9,810	0.8%	0.8%
Information Technology:						
	Nokia Corporation	600	\$ 22,698	\$ 11,421	1.6%	0.9%
			\$ 22,698	\$ 11,421	1.6%	0.9%
Materials:						
	BHP Billiton	500	\$ 34,509	\$ 26,173	2.4%	2.0%
			\$ 51,694	\$ 26,173	3.8%	2.0%
Other:						
	iShares MSCI EAFE	225	\$ 83,156	\$ 13,958	5.8%	1.1%
			\$ 83,156	\$ 13,958	5.8%	1.1%
International Equities Total			\$ 188,574	\$ 98,631	13.2%	7.7%
Total Portfolio			\$ 1,423,706	\$ 1,288,549	100%	100%



Calvin C. Potter

Professor Calvin C. Potter was born and raised in Montreal. Following six years of overseas military service during World War II, he resumed his university studies. He received a Bachelor of Commerce degree from Sir George Williams University and an MA and PhD in Economics as well as a Diploma in Accountancy from McGill University. He worked at PS Ross in Montreal until he obtained his CA designation. Professor Potter taught at McMaster University where he developed courses in Finance and Accountancy. His book, *Finance and Business Administration in Canada*, published in 1966, was one of the first major works to be entirely devoted to the Canadian experience. Following several years at the University of British Columbia, he returned to Montreal and Concordia's Department of Finance.

Professor Potter served for many years as Chairman of the Department of Finance and helped it develop into one of the best in Canada. A significant component of his legacy to his students was the ability to appreciate the many dimensions of a subject. He skillfully connected academic work to everyday life, making it more tangible than it was usually considered.

Professor Potter also served as President of the Concordia University Faculty Association and was the recipient of numerous awards and honours from community and international organizations. When he retired, he was honoured with the title Professor Emeritus. For many years Calvin Potter served on the Board of the Strathcona Credit Union and as Treasurer and then President of the Quebec Federation of Home and School Associations (the QFHSA). He dedicated many years and much effort to the cause of English language education in Quebec. His extensive research formed the basis of innumerable briefs and presentations to both provincial and federal governments. He continued his active involvement in the QFHSA during his retirement. Students who successfully complete the Kenneth Woods Portfolio Management Program are designated as Calvin C. Potter Fellows, in order to honour the memory of a scholar and gentleman who made significant contributions to our university and society.

KWPMP Alumni - Calvin Potter Fellows

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Vishal Patel

Goodman & Co. Investment Counsel, Toronto

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State Street Global Advisors, Montreal

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Bank of America Merrill Lynch, Calgary

Amr Ezzat

RBC Capital Markets, Montreal

Thomas Horvath

JMSB, Concordia

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BCA Research, Montreal

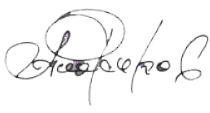







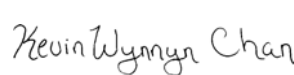
Scott Thompson

Ontario Teachers' Pension Plan, Toronto

KWPMP Future Research Associates



From Left to Right: Alexandre Ryzhikov, Athanasse Zafirov, Kevin Wynnyn Chan, Sain Godil, Maria Jose Benavente, Patrick Kuczynski, Zhuo Ling, Sabrina Sargent, Michael de Ghaleb



johnmolson.concordia.ca/ugrad/kwpmp

