

The Kenneth Woods Portfolio Management Program

2007 ANNUAL REPORT



Creating Alpha



TABLE OF CONTENTS

Founder's Message	2
Dean's Message	2
Program Director's Message	3
KWPMP Client Committee	4
KWPMP Mentors	6
KWPMP Special Seminars	7
Class of 2008	8
Class of 2009	10
Fund Managers' Report	12
KWPMP Alumni	19
Class of 2010	20

THE JOHN MOLSON SCHOOL OF BUSINESS (JMSB) AT CONCORDIA UNIVERSITY IS AMONG THE LARGEST ENGLISH LANGUAGE BUSINESS SCHOOLS IN CANADA, WITH OVER 7,500 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 offered by the John Molson School of Business.

Business Competitions

JMSB 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, and it is the high caliber of our students that gets us there.

2007-2008 – Our Students Triumph

JMSB students dominated this year's competitions, completing the record established in the previous school year - JMSB is the first school to have won overall gold at all four most important competitions in Eastern Canada in the same year:

- Overall gold at Jeux du Commerce TD Meloche Monnex (January 2007)
- Overall gold at Omnium Financier (January 2007)
- Overall gold at Happening Marketing (March 2007)
- Overall gold at HR Symposium (November 2007)

The Kenneth Woods Portfolio Management Program (KWPMMP)

The Kenneth Woods Portfolio Management Program (KWPMMP) 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 KWPMMP 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 4th consecutive year that KWPMMP fund managers have beaten the 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 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'. 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 KWPMMP student portfolio managers work with a real-life portfolio which is now worth \$1.4 million.

Each KWPMMP 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

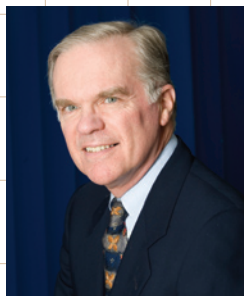
Each KWPMMP student is required to complete two work semesters: the first semester on the "sell" side, and the second on the "buy" side. Past years' students were placed with firms such as:

- Caisse de Dépôt et Placement du Québec
- CIBC Wood Gundy
- CIBC World Markets
- CN Investments
- Dundee Securities Corporation
- Export Development Canada
- Goodman & Company, Investment Counsel
- Industrial Alliance Securities
- Jarislowsky Fraser Limited
- KPMG LLP
- Manulife Investments
- Mirabaud Canada Inc
- 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

It doesn't seem that long ago that the first class in the KWPMMP commenced in September of 2000. Who was to know the challenges that faced that first group as they actively managed the initial \$1,000,000 portfolio through a very turbulent subsequent year, which of course included the history-changing event of 9/11?



Challenges have faced each subsequent class as they have successfully completed their courses and activities surrounding this extensive two-year program. That, of course, is what investing is all about. Each class has managed successfully against a Statement of Investment Objectives and a targeted benchmark, a track record that would certainly be acceptable to institutional investors.

This year, the year of the sub-prime crisis, has proven to provide its own unique challenges. Proudly this year's class, the seventh to graduate, was equally successful in surpassing the benchmark using active management with a real money portfolio. As is shown herein, the initial \$1 million donated in 2001 has now surpassed \$1.4 million; a result entirely due to the returns realized on the conservatively managed balanced portfolio.

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 Investing in China. 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.

Each year we are amazed at the level of achievement and knowledge of the graduating class. It is truly rewarding to see the outstanding

development and success of a class of six to ten students. This challenges the subsequent class to attain the same level of success. We're comforted to recognize that the program is designed as a learning vehicle where mistakes are inevitable and an important part of learning.

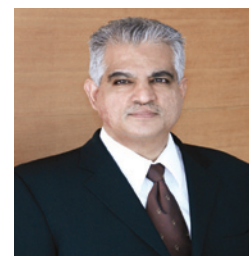
Risk management is also important since this a real, not simulated, portfolio. Fortunately, and with the help of Professor Brodt's recruiting expertise, each class has been able to live up to the standards set by the previous groups. This year's graduating class is a case in point. It was a difficult year to be an investor, but a great year to learn. They worked hard, individually and as a team, and in spite of the odd inevitable mistake that every manager makes they were able to 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

I am proud to introduce you to the Kenneth Woods Portfolio Management Program's Annual Report for 2007.



Since joining JMSB in August 2007, I have been impressed by the high-standing students that populate this program. High demands are placed on them to perform and their abilities are pushed to the limits. But we cannot do this alone.

The delivery of this program would not be possible without the partnership of the business community and the people who give their invaluable guidance to this talented group of students. All of the time and energy the Client Committee members and the Mentors commit is entirely voluntary. This is a true measure of their commitment to the program and to the success of the students within it.

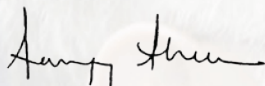
We are deeply grateful, as ever, to Kenneth Woods (MBA 75) for having the foresight to inspire this innovative program. His generosity, financially as well as in spirit, have guided us at the school and the students in the program to achieve more than was ever thought possible.

The Program Director, Dr. Abraham Brodt, continues to lead this exemplary program with great dedication. Since working with Ken Woods back in 2000 to make his dream a reality, this will be the seventh year of graduates that Dr. Brodt has overseen.

In the spring of 2009 we will move into our new facilities in the new John Molson School of Business building in the heart of downtown Montreal. This LEED-certified building will be equipped with the latest in multimedia educational technology. I look forward to the future of the Kenneth Woods program in its new improved environment.

Finally, I would like to remember the late Professor Calvin C. Potter in whose honour Ken Woods established this program. Each year the select group of students who have completed all the requirements of this demanding program proudly graduate as Calvin Potter Fellows.

I welcome you to read on about the KWPMP Research Associates and Fund Managers of 2008, 2009 and 2010. These students and the energy that they bring to the program show that these are the future alumni who will lead us into a bright, new world of business in the finance sector.



Dr. Sanjay Sharma

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

Program Director's Report

I am very pleased to present the 2007 Annual Report of the Kenneth Woods Portfolio Management Program (KWPMP) at Concordia University's John Molson School of Business (JMSB).

The primary objective of the KWPMP 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 KWPMP for a two-year period. First year KWPMP 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 KWPMP 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.

The year 2007 was an especially challenging one to all Fund Managers due to the severe credit crises and the increased volatility in financial and foreign exchange markets. The Class of 2008 Fund Managers had a very good performance in 2007, with a total cumulative return of 0.69% compared to our composite benchmark of 0.17% in the same period. The value added from active management by the KWPMP Fund Managers in 2007 was thus 52 basis points. The cumulative value added from active management by the KWPMP Fund Managers since January 2002 is 8.77%. The value of the Fund at the end of the period was \$1,423,706.

On behalf of the students, I would like to express our gratitude to Ken Woods who established this special program and continues to devote considerable time and creative energy to nurturing it.

The KWPMP 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 KWPMP 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.

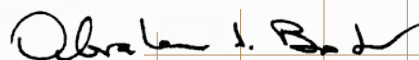
We are sincerely grateful to all the firms mentioned in the students' biographies, for the excellent experience they provided our students through their Work Internships. New employers in Toronto this summer are Manulife Investments and Ontario Teachers' Pension Plan. We would appreciate hearing from 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 (BComm 91), Managing Director, CIBC World Markets, for establishing scholarship and bursary funds to encourage and support outstanding KWPMP students each year. Nine scholarships and bursaries were awarded to KWPMP students in 2007. Our goal is to obtain enough scholarship and bursary funds to support every KWPMP student.

We are very grateful to BASELINE, BMO Nesbitt Burns, CIBC Wood Gundy, CIBC World Markets, CPMS, Formula Growth, Lehman Brothers, 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
- Michael Gentile
- Ned Goodman
- Philippe Hynes
- Jesse Janzen
- Jeff Kobernick
- Donald McDougall
- Filip Papich
- Vishal Patel
- Kevin Trotter



Dr. Abraham I. Brodt

Director, KWPMP

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, as well as managing the Foreign Exchange Strategy 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.



Frank Belvedere

Frank Belvedere is a National Partner with Mercer Investment Consulting and oversees the firm's alternative investments research and consulting in Canada. He has over 30 years experience in the US 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.



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 Montreal. He is also a Director and Vice Chairman of the Loyola High School Foundation. He has authored articles on hedge funds and spoken at a variety of investment conferences.

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 Concordia University and Dundee Wealth Management Inc., and is a former Director of CCF (Canada), Club MAA, the Royal Canadian Mint, The Canadian Human



Rights Foundation, and Fondation Richelieu Montreal. She also serves on the advisory board of Peak Financial Group.

Randall Kelly

Mr. Kelly received his Bachelor of Commerce degree from Concordia University in 1978, graduating with Honours in Accountancy. In 1980 he earned a Chartered Accountant designation. He is a member of the Canadian Institute of Chartered Accountants (CICA) as well as the Ontario Institute. Mr. Kelly is also holder of a Chartered Financial Analyst charter, obtaining that designation in 1978.

Mr. Kelly joined Deloitte Touche in 1978 and was responsible for large, multi-national engagements. In 1984, Mr. Kelly joined the investment firm Formula Growth Ltd. and is currently President, Director and a substantial owner of the firm. At present he serves as Chairman of the Concordia University Annual Campaign.



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 serving as a member of the Board of Governors of Concordia University and as Vice-Chair of St. Mary's Hospital Foundation, as well as fundraising for the McGill Chamber orchestra.



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 Montreal chapter of Financial Executives International (currently known as FEI Quebec).





Donald Walcot

Donald Walcot sits on a number of pension investment committees and boards. He is a graduate of McGill University, and has a Masters 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.



“The Kenneth Woods Portfolio Management Program gave me the opportunity to gain unparalleled ‘real world’ experience in the investment industry while still an undergraduate student. What I treasured the most was being part of the inaugural team, developing solid analytical skills in the interactions with the Client Committee and my peers, and forging lifetime friendships with people that I continue to admire.

Also, since women continue to be under-represented in the capital markets, the access to women mentors who shared their insights and experience with me was invaluable.

The KWPM experience gave me a formidable advantage in pursuing a great and challenging career in Finance. I would not be where I am today without it.”

Andreea M. Constantin, CFA

[Calvin Potter Fellow, 2002]

Investment Banking

GMP Securities L.P.

Toronto

Kenneth Woods

During the past ten 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 is currently very active in both children’s arts programs and hospital foundations. During the recent past Ken participated in two of the CICA’s very important accounting research committees, and acted as Chair for both the Canadian Open and Canadian Amateur golf events. 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.



Academically, after obtaining his BSc 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 CA Program at McGill as well as in the Department of Finance at Concordia and has lectured widely on Portfolio Management and US equity investing. Ken is a co-founder and former Vice-Chairman of TAL, one of Canada’s largest investment counseling firms, now part of CIBC. He has been involved in investment management for over 25 years.

KWPMP Mentors

David Abramson

Bank Credit Analyst

Jay Aizanman

Standard Life Investments

Don Biernaski

Alcan Adminco 2000 Inc.

Michel Brutti

Jarislowsky Fraser Ltd.

Raquel Castiel

Standard Life Investments

Ron Cheshire

Presima Inc.

Nelson Cheung

Acuity Investment Management

Susan Da Sie

Standard Life Investments

Jean-Pierre D'Agnillo

Standard Life Investments

William G. Healy

McLean Budden

Gilles Horrobin

STCUM

Steven Hui

Pembroke Management

Charles Jenkins

Standard Life Investments

Rene Julien

BIMCOR

Nicolas Katsiyianis

Genuity Capital Markets

Steven Kibsey

CDP Capital

Diane Marleau

Etudes Economique Conseil

Ron Meisels

Phases & Cycles Inc.

Todd Morris

HSBC Securities (Canada)

Lambros Piscopos

Natcan Investment Management

Harold Scheer

Baker Gilmore & Associates

Ron Schwarz

CIBC World Markets

Tony Staples

Formula Growth

“Here at Dundee Securities Corp. (part of Dundee Capital Markets), we strive for excellence everyday, both in our professional and personal lives. The students that we take under our wing from the Kenneth Woods Portfolio Management Program (KWPMP) not only get full exposure to the rapid-fire world of global finance, but also to the human side of our business. It is with this philosophy in mind that we undertake to train and develop these young business leaders of tomorrow. Not only do they get exposed to numbers, charts, and processes, they also learn how to acquire and develop a complete “skill set” which is so critical in today’s fast paced, multifaceted business environment.

Our experience in this regard with the Concordia students has been nothing less than stellar. They all are ready, eager, and willing, all attributes necessary to develop team players, not just individuals.”

Richard A. Kelertas, RPF
Vice-President & Senior Analyst
Dundee Securities Corp.
Montreal



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 2007 [Toronto and Montreal]

Mark Deriet

Technical Analyst-
Institutional Equity Research,
Cormark Securities
Quantitative and Technical Analysis

Paul Dontigny

President,
Investissements PDJ
The Current Market Situation

Paul Galbraith

Director and Senior FX Options Dealer,
Scotia Capital
Currency as an Investment Asset

Michael McHugh

Vice President and Bond Portfolio Manager,
Goodman & Company
*Identifying Secular Changes in Investment
Management*

Vishal Patel

Analyst,
Goodman & Company
Buy-side vs. Sell-side

Ron Schwartz

Managing Director of Equity Research,
CIBC World Markets
Investment Banking and Finance

David Taylor

Vice President and Portfolio Manager,
Goodman & Company
A Value Approach to Investing

FALL 2007 [Montreal]

Mark Bennett

Vice President-Sales,
Interactive Brokers Canada Inc.
Online Trading Systems at IBC Inc.

Isabelle Bouchard

Manager-Market Risk,
Desjardins Securities
*Market Risk Management: Trading, VaR
and other Measures*

Tullio Cedraschi

President and CEO, CN Investment Division
*A Lesson in Corporate Governance: How
Does an Analyst Detect Corporate
Malfeasance when Analyzing a Company*

Susan Da Sie

Portfolio Manager-US Equities,
Standard Life Investments
*The Role of Expectations in Stock Price
Movements*

Kathy Fazel

Vice President,
Phillips, Hager & North Investment
Management Ltd.
Socially Responsible Investing

Gilles Horrobin

Portfolio Manager - US Equities,
Société de Transport de Montréal
*Managing a US Equities portfolio:
Outperforming on a Shoestring*

Derek Lithwick

Associate in Corporate Finance,
RBC Capital Markets
*Overview of Investment Banking and Initial Public
Offerings*

Michael McHugh

Vice President and Portfolio Manager,
Goodman & Company
Evolutions in the Investment Landscape

Ron Meisels

President, Phases & Cycles Inc.
Market Analysis and its Components

Chirag Patel

Client Services, CPMS Inc., *Investing with Style*

Peter Stock

President, Stock Investment Management Inc.
Investing in the Greater China Region

WINTER 2008 [Montreal]

Mark Abbott

Portfolio Manager,
Yann Depin
Vice President,
State Street Global Advisors
Currency as an Asset Class

David L. Abramson

Managing Editor - Commodity and Energy
Strategy and Foreign Exchange Strategy,
BCA Research
*Commodities and Currencies: The Canadian
Dollar as a Case Study*

Nancy Clarke

Career Advisor,
JMSB Career Management Services
Concordia University, *Interview Skills*

Vincent Felteau

Financial Analyst,
Louis Tremblay
Director-Business Development,
PRESIMA
Presima - Global Real Estate Securities

Sandra Hoffman

Business Librarian, Concordia University
*Library Resources for Company and Industry
Research*

Nicolas Katsiyianis

Principal, Sales & Trading,
Genuity Capital Markets
Bear market? What went wrong?

Richard A. Kelertas

Vice President and Senior Research Analyst,
Dundee Securities Corporation
*The Economics of Climate Change as it Pertains
to the Paper & Forest Sector*

Christine Lengvari

President, Lengvari Financial Inc
Insurance 101, Insurance 201

Todd Morris

Director, HSBC Securities Canada
*Recent Developments in the Credit and
Derivative Markets-Re-intermediation*

Ron Schwarz

Managing Director of Equity Research,
CIBC World Markets Inc.
Equities, Sales, Trading & Research

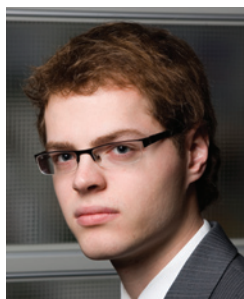
KWPMP Student Bios

CLASS OF 2008

**KWPMP Research Associates, January 1 – December 31, 2006
and
KWPMP Fund Managers, January 1, 2007 – January 31, 2008**

Patrick Barry

Patrick is currently enrolled in the Bachelor of Commerce program at the John Molson School of Business of Concordia University and majoring in Finance. Patrick is on the Dean's Honour List and is a recipient of the Norman Hébert Scholarship. He is actively involved in academic case competitions at Concordia. In January 2007, Patrick competed as a member of the Commerce Games Finance team in Montreal, where their hard work and dedication placed them first. Patrick won gold as part of the Corporate Finance team at Financial Open 2007 in Montreal. Patrick did his first Work Internship in 2006 as a Summer Analyst at Goodman and Company, Investment Counsel, in Toronto. He did his second Work Internship at Standard Life Investments in Montreal Summer 2007 as a junior research analyst. Outside the financial world, Patrick's passions are hockey, history and music. As a KWPMP Fund Manager in 2007, Patrick covered the Materials sector.



mining, industrials and the REIT sectors. Douglas did his second Work Internship at Standard Life Investments in Montreal Summer 2007 as a Research Assistant covering mining and energy equities. He previously worked for Aon Minet as an account manager in charge of pension fund investments. He is also a member of the Golden Key Honour Society and AISEC and volunteers with Rotaract (Rotary) International. Douglas is on the Dean's Honour List for the third time and received the Mirabaud Canada and Pictet Canada Scholarship for 2007-08 and the Patrick Phelan Scholarship for 2006-07. Douglas will write his CFA Level I exams in June 2008. His hobbies include chess, cycling, football, traveling, ping-pong and photography. As a KWPMP Fund Manager Douglas covered the Energy sector and co-managed the Bond portfolio.

Dominic Caron

Dominic graduated from Collège de Maisonneuve with a DEC in Pure and Applied Sciences. He is now in his third year in the Bachelor of Commerce program at the John Molson School of Business of Concordia University majoring in Finance. He is a member of the Institute for Co-operative Education and also of the Golden Key Honour society. Dominic spent Summer 2006 in Toronto on a Work Internship at Scotia Capital in the Money Market department, providing foreign exchange services to the branches and clients of the National Desk of the Bank of Nova Scotia. His second Work Internship took place at Presima in Montreal in 2007 where he assisted with business development, performance measurements and analytics and also database management. During his spare time, Dominic enjoys going to the gym and playing hockey and golf. As a KWPMP Fund Manager, Dominic covered the Financials sector.



Amanda Di Gironimo

Amanda is currently majoring in Finance at the John Molson School of Business of Concordia University. She is a member of the Institute for Co-operative Education and has successfully completed the Canadian Securities Course. Amanda will spend her last internship working for Morgan Stanley's Institutional Sales and Equity division in Toronto in Summer 2008. Her three other internships were at: Standard Life Investments, Jarislowsky Fraser and Dundee Securities. Actively involved in case competitions, Amanda participated in the Citigroup International Case Competition in Hong Kong during the Fall of 2007. She also competed in the 2007 Commerce Games and Financial Open, winning silver and gold in Entrepreneurship and Market Finance, respectively. Amanda is a member of the Beta Gamma Sigma and Golden Key International Honour societies, and was on the Dean's Honour List for the 2005-06 and 2006-07 academic year. She received the Deans Knight Capital Management Bursary in 2006-07 and again in 2007-08. In her spare time, Amanda enjoys ballroom dancing, traveling and teaching Italian to children. In the KWPMP, Amanda was responsible for the Consumer Discretionary sector and US economics.



Douglas Chananda

Douglas is in his final year towards a Bachelor of Commerce in Finance (Honours) at the John Molson School of Business of Concordia University. He is a member of the Institute for Co-operative Education. Douglas did his first Work Internship Summer 2006 at CIBC World Markets in Toronto as a Research Assistant in the Institutional Equity Research Department where he covered



Amr Ezzat

Amr recently completed a Bachelor of Commerce with Honours in Finance (Co-Op) at the John Molson School of Business of Concordia University, graduating with distinction as Valedictorian of Class of 2008. He will be joining RBC Capital Markets' Global Investment Banking division on a fulltime basis in the summer of 2008. As part of the Honours curriculum, his thesis explored the profitability of technical indicators in timing US equity markets. Amr's four internships during his academic career were at Mercer Investment Consulting, Dundee Securities, TD Asset Management, and





Bombardier Recreational Products. He was on the Dean's Honour List and was a member of both the Beta Gamma Sigma and the Golden Key Honour societies. He participated in various finance, strategy, and trading case competitions. In addition, he served as an executive of several student associations and as an editor for one of the university's main publications. Amr enjoys reading in his spare time and is an avid soccer fan. As a KWPMP Fund Manager, Amr was responsible for the Healthcare sector and for performance measurement and appraisal.

Thomas Horvath

Thomas is currently pursuing his Bachelor of Commerce degree in Finance at the John Molson School of Business of Concordia University. He is a member of the Institute for Co-operative Education and the President for the John Molson Competition Committee. Thomas Horvath received the Ron Meisels Scholarship in 2007-08. He did a Work Internship in portfolio management at RBC Dominion Securities in Toronto Summer 2006 with one of the top investment advisors in Canada. Thomas did his second Work Internship Winter 2007 at Standard Life Investments in Montreal doing research on socially responsible investments and writing reports on companies in the oil and gas sector. His final Work Internship will be at Industrial Alliance on the sell side research team. He has obtained his Canadian Securities License and will be writing his CFA Level I exam this June. In his spare time, he enjoys playing soccer, volleyball and pool. As a KWPMP Fund Manager, Thomas was responsible for the Consumer Staples sector and Asset Allocation of the portfolio.



Chester Ntonifor

Chester is completing his BA degree in the Honours Economics Program at Concordia University. Chester is on the Dean's List and is a member of the Golden Key Honour Society. He received the Ron Meisels Scholarship in 2006-07 and the Deans Knight Capital Management Bursary in 2007-08. Chester spent Winter 2007 on a Work Internship at Standard Life



Investments in Montreal covering equities in the materials sector. He did a Work Internship Summer 2006 at Presima, the Real Estate arm of the Caisse de Dépôt et Placement du Québec in Montreal, preparing "pitch books" and doing data analysis. He has served as Treasurer of the prestigious Garnet Key Society and was previously IT Director in the Finance and Investment Students' Association. Outside of school and work, Chester enjoys tennis, swimming and graphic design. In the KWPMP program, Chester covered the IT, Media and Telecom sectors and also co-managed the Fixed Income portfolio.

Scott Thompson

Scott is currently working full-time at RioTintoAlcan (RTA) while completing his Bachelor of Commerce degree with a major in Finance at the John Molson School of Business of Concordia University. At RTA Scott is assisting with the design, implementation, and testing of Hyperion Financial Management software, a financial consolidation tool. In the summer of 2006 he worked as a junior analyst covering the Industrials and Media sectors at Jarislowsky Fraser Ltd. Scott previously had a successful career with Activant Solutions as a business intelligence software consultant. He was honored by Activant with both the SSPA Customer Advocate Award and the President's Award. He has had extensive consulting experience working in Canada, the United States and Europe. After graduating in June 2008, Scott will be relocating to Toronto to take a full-time position at the Ontario Teachers' Pension Plan, in the Investment IT division. In his spare time, he volunteers as the Vice-President of his condo association and trains with the west island YMCA triathlon team. As a KWPMP Fund Manager, Scott covers the Industrials sector and International economics.



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 Walter Bélanger

Olivier graduated from John Abbott College with a DEC in Pure and Applied Sciences. He is currently in his second 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. He spent summer 2007 on a Work Internship at Investissements PDJ. His daily tasks were to screen companies, do research on various financial topics as well as help manage clients' accounts. His future goals are to earn a CFA designation and to complete a Master's degree in Finance. In his spare time, Olivier enjoys playing hockey, golf and tennis. In the KWPMP, Olivier is the Fund Manager covering the Health Care sector and co-responsible for Portfolio Analytics.



Joshua Bridges

Joshua is currently pursuing his Bachelor of Commerce degree at the John Molson School of Business with a major in Finance and minor in Financial Accountancy. He is a member of the Institute for Co-operative Education and is on the Dean's Honour List. Josh received the Mirabaud Canada and Pictet Canada Scholarship in 2007-08. He completed his second Work Internship Fall 2007 as a Research Associate in the paper and forest products industry at Dundee Securities Corporation in Montreal where he worked on financial models and research reports. Josh spent Summer of 2007 on a Work Internship at RBC Dominion Securities with the Harbour Group, RBC's largest and most respected wealth management branch. His academic ambitions include pursuing the CFA and CA designations. During his spare time, Josh was on the volleyball team representing JMSB at Jeux du Commerce 2007 where they won silver and placed first overall. While balancing a part time job with full time studies, Josh also likes to golf, snowboard and travel. In the KWPMP Josh is the Fund Manager covering the Energy sector and Asset Allocation.



Melissa Gasser

Melissa is currently working towards her Bachelor of Commerce degree in Finance at the John Molson School of Business. She is a member of the Beta Gamma Sigma International Honour Society and has received the Swiss Consulate Scholarship 3 years in a row. Summer of 2007, Melissa completed a Work Internship in the Foreign Exchange department at Scotia



Capital in Toronto where she priced and booked trades through the branch network. Melissa is doing her second Work Internship Winter 2008 at Standard Life Investments in Montreal as a Research Associate covering US equities. Upon graduation, she intends to pursue her CA and CFA designations. During her spare time, Melissa enjoys playing sports, playing the piano and attending concerts. As a KWPMP Fund Manager, Melissa covers Consumer Staples and Canadian Economics.

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 Competition Committee and is also a member of Concordia University's Commerce Games Finance Team. Marco has completed the Canadian Securities Course and plans to obtain the CFA designation in the future. In the summer of 2007, Marco completed his first Work Internship as an investment analyst for Lumina Fund Management in Manhattan. At Lumina, Marco worked closely with hedge fund analysts who specialize in behavioural finance. Marco is doing his second Work Internship 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. During his spare time Marco enjoys playing soccer, rugby, squash and golf. As a KWPMP Fund Manager, Marco is responsible for the Financial sector and US Economics.



Gregory Huish

Greg is currently enrolled in the John Molson School of Business at Concordia University working towards his Bachelor of Commerce degree with a major in Finance. He is on the Dean's list as well as a member of the Beta Gamma Sigma and Golden Key Honour societies. Greg received the David Abramson Scholarship in 2007-08. He has a keen interest in security analysis and investments, particularly in the precious metals sector. Greg did a Summer Work Internship in 2007 at Goodman & Company in Toronto doing research and financial modeling as a Junior Analyst for the precious metals fund. In the summer of 2008 he will be working at Standard Life Investments in Montreal as a US equity analyst. In his spare time, Greg plays the saxophone, chess, and enjoys reading, and running. He is the KWPMP Fund Manager responsible for the Materials sector and the co-manager of the Fixed Income Portfolio.





Sanket Patel

Sanket is currently pursuing his Bachelor of Commerce Degree in Finance with a minor in Accountancy 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 Honours Society. Sanket received the Patrick Phelan Scholarship in 2007-08. During summer 2007, Sanket completed a Work Internship at RBC Dominion Securities in Toronto with one of the top portfolio managers in Canada. Sanket is currently on a Work Internship at Dundee Securities in Montreal conducting research and building financial models for the Fertilizers, Paper & Forest Products sectors. He is also actively involved in student life and serves as the Vice President of Finance for the JMSB Finance and Investment Students Association. 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 co-responsible for Portfolio Analytics.



Liliana Tzvetkova

Liliana completed a Bachelors of Mathematics and Computer Science degree and worked at the Bulgarian Academy of Sciences. She is currently pursuing a Bachelors 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 Eric Poteet Scholarship in Finance and the Mirabaud Canada Scholarship in 2007-08. She did a Work Internship at Jarislowsky Fraser in Montreal Summer 2007 as a junior analyst, performing company research in the Industrials and Chemical sectors. In the summer of 2008, Liliana will be working at Dundee Wealth Management in Montreal as a Research Associate covering



Fertilizers and Paper & Forest Products sectors. She also 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 covers the Industrials sector and is responsible for the Sector Allocation of the Portfolio.

Quentin Vander Schueren

Quentin is currently in his third year at the John Molson School of Business working towards his Bachelor of Commerce degree in Finance. He is a member of the Institute for Co-operative Education. He completed his first Work Internship Fall 2007 at Jarislowsky Fraser Ltd. in Montreal as a Research Associate in the equity division. He covered a variety of sectors including the Energy and Telecom sectors. In Summer 2008, Quentin will be working at Standard Life Investments and doing research on Socially Responsible Investments. Quentin is a member of AIESEC Concordia and was on the Dean's Honour List for both the 2005-06 and 2006-07 academic years. He is also a member of the Beta Gamma Sigma International Honour Society and a recipient of the 2007-08 J&S Schwarz Bursary. In his spare time, he enjoys swimming competitively, playing the piano, snowboarding and reading. As a KWPMP Fund Manager, Quentin is responsible for the IT, Media and Telecom sector, and co-manages the Fixed Income Portfolio.



2007 Annual Report

In this report, we will first briefly present our Economic Analysis as it evolved over the year. Next, we will discuss how our Asset Allocation, Sector Rotation and Fixed Income decisions were influenced by our Economic Analysis. We will then take a more detailed look into the fund's performance.

While the booming emerging markets and the increased geopolitical tensions kept commodity prices on the rise, and in turn, made Canadian investors bullish at the start of 2007, the US housing bubble and the inverted yield curve made US investors cautious. By mid-year, the unfolding liquidity crisis, triggered by the subprime mortgage collapse in the US, dominated global capital markets. Top banks took billions in write-downs and US consumers started to spend less money at retail outlets. The S&P 500 (US\$) ended the year up a mere 3.7%, while the S&P/TSX (C\$) for the first time since 2003 had single digit returns.

For the year ended December 31, 2007, the total cumulative return of the KWPMF fund was 0.69% compared to our composite benchmark which appreciated by 0.17% in the same period. The value added from active management by the KWPMF Fund Managers in 2007 was thus 52 basis points. The value of the fund at the end of the period was \$1,423,706.

ECONOMICS

Canada

2007 proved to be an eventful year for the Canadian economy. During the first half of the year, growth in GDP, strength in employment and the appreciation of the Canadian dollar surpassed the consensus and even the most bullish expectations. Then evidence of problems in the US subprime mortgage market came into light and eventually exposed skeletons in the financial institutions' closets. From that point, growth and inflation expectations significantly shifted, making the Bank of Canada contemplate decreasing the overnight rate instead of increasing it as was previously expected.

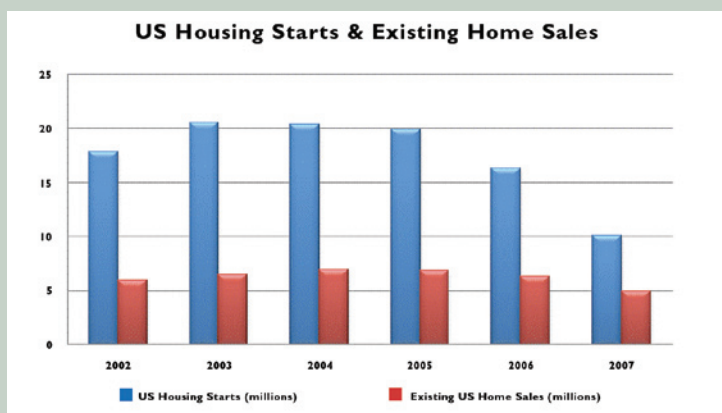
The Canadian dollar had an exceptional run in 2007, appreciating against the greenback by 17.9%. It reached parity in September for the first time in more than thirty years and then peaked at 1.1030 USD/CAD. This appreciation can be attributed to several factors, most notably the strong fundamental economics driven by a commodity boom, and the sustained M&A activity in the country.

The Canadian consumer remained resilient throughout the year thanks to a strong employment market, notable wage increases, and the appreciation of the loony. The last few months of 2007 unveiled a bleaker picture for growth in the economy. The strong loony coupled with a slowing US economy kept Canadian net exports in check, which exerted great downward pressure on growth. Fortunately, this was partially buffered by a strong international demand for commodities, especially from emerging markets.

The economic shock of the credit crisis was the clear cause of the dichotomy in the Canadian economy in 2007. The pre and post-crunch picture is unequivocal; the credit crisis effectively contributed to a deceleration of the economy in the second half of the year. The slower GDP growth, the constantly declining core CPI and the ensuing decisions about the overnight interest rate target made by the Bank of Canada can be mostly attributed to this factor.

United States

The housing sector was the largest drag on GDP over the first half of the year. Housing starts and sales levels dropped to seven-year and five-year lows, respectively, disabling improvements in housing prices and construction payrolls. The housing fear, however, was diluted by strong US consumers. From January to June, real consumer expenditures increased at a brisk pace due to improvements in real disposable personal income, employment levels, wages, and consumer confidence levels. In addition, headline consumer price inflation appreciated sharply, mainly fuelled by increases in the energy index.



During the same period, the Federal Reserve's predominant concern remained the risk that energy prices and inflation would fail to moderate as expected. With a stable economic growth expected for the remainder of 2007, the Federal Reserve maintained the target federal funds rate constant at 5.25% from January to September. As Fund Managers, we remained very skeptical of continued growth in the US economy. Recent increases in interest rates caused US holders of subprime mortgages to default on their payments. We feared that falling demand, and thus prices for US homes, along with a deteriorating savings rate would gravely hurt US consumers' wealth, further disabling them to meet their mortgage payments.

The second half of the year brought on much fear within the financial markets. As US subprime mortgage holders defaulted on their mortgages, financial institutions holding subprime mortgage-backed commercial paper experienced significant write-downs. The subprime fear pushed down outstanding levels of ABCPs, causing investors to seek safety in Treasury securities. In conjunction with the tightening of the US credit market, GDP forecasts were trimmed upon the release of weak job, consumer and business spending data. By the time the fourth quarter rolled around, real GDP growth for the previous quarter came in at a very weak 0.6%. The Federal Reserve cut the target federal funds rate down to 3% by January 2008, with concerns over the country's short-term financial health outweighing the fear of rising inflation.

International

As we began our mandate in 2007 our outlook was perhaps the most optimistic for global markets. World stock markets were hitting new highs, while the MSCI World equity index was still trading at a reasonable 14 times estimated twelve-month forward earnings. Emerging markets continued full speed ahead, particularly China whose stock market had risen over 50% in 2006. The European economy was very strong and the prospects for global expansion made the outlook for the international equity markets favourable.

Given that our investment policy limited us from making a direct investment in developing countries, our strategy was to look for quality International, US and Canadian large capitalization equities with exposure to emerging markets. This approach tied in well with our defensive US strategy. While underweighting our overall US holdings we could also take positions in US companies with significant international exposure, thereby reducing our implicit US exposure even further.

An announcement by the US Securities and Exchange Commission (SEC) on March 27, 2007 gave the international portfolio its challenge for the year. The SEC published new rules regarding the liberalization of deregistration for foreign companies (ADRs) seeking to terminate their SEC reporting obligations. In the wake of corporate scandals, tougher SEC regulations had increased the costs of compliance for dual listed companies in the US. Many of these companies jumped at the chance to deregister and reduce their overhead costs, especially considering that ADR trading volumes had diminished considerably in recent years. As the current investment policy restricts holding level one ADRs or pink sheets, the immediate sale of these securities was necessary. As a result, turnover in the international portfolio jumped to 33% in the second and third quarter and performance was negatively impacted by the immediate loss of the ADR liquidity premiums which followed the announcements of companies' intention to de-list.

Asset allocation

The KWPMP Statement of Investment Policy provides guidelines for the Fund Managers to help meet the client's investment objectives. Lower and upper investment bounds are designated for each asset class to ensure diversification while allowing latitude for the Fund Managers. The following table summarizes these guidelines.

Investment Policy Guidelines			
	Min	Benchmark	Max
Cash and Equivalents	0%	5%	15%
Fixed Income	25%	35%	45%
Canadian Equities	10%	20%	35%
International Equities	5%	10%	20%
US Equities	20%	30%	40%

Since the start of the year, we were less bullish on equities in general and decided to turn the portfolio towards a more conservative position. Our economic forecast suggested that US equities would not perform up to the levels of previous years and a slowdown would occur. We consequently adopted a strategy of reducing our US equity weighting, as seen in the table below:

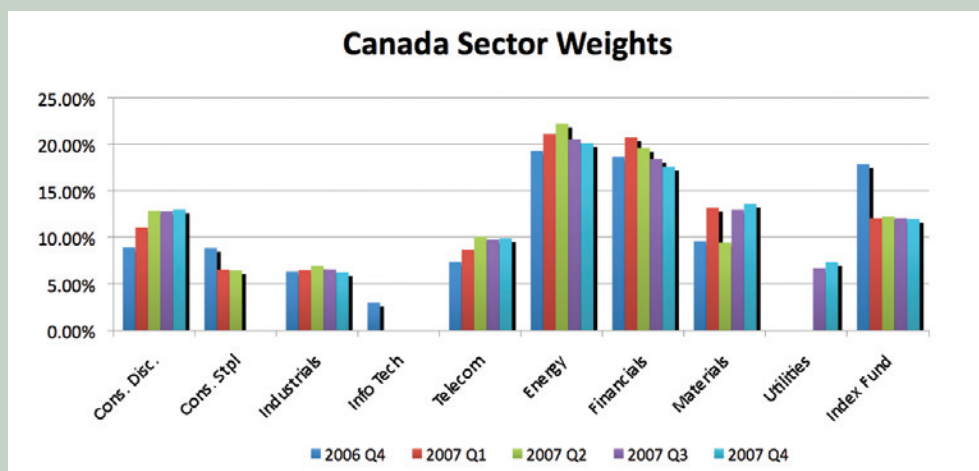
Asset Allocation from Q4/06 to Q4 /07					
	Q4/06	Q1/07	Q2/07	Q3/07	Q4/07
Cash and Equivalents	0.5%	2.8%	6.1%	3.5%	2.5%
Fixed Income	30.0%	30.9%	31.1%	33.8%	34.9%
Canadian Equities	29.9%	27.1%	27.9%	28.8%	28.7%
International Equities	15.1%	17.0%	15.4%	13.8%	13.2%
US Equities	24.4%	22.1%	19.5%	20.1%	20.7%

As the severity of the subprime and housing crisis became more apparent, we decided to reduce our weighting in the US further and focus on large market capitalization companies with a strong international exposure. This strategy was fruitful in the second quarter when we obtained substantial alpha by being underweight US equities.

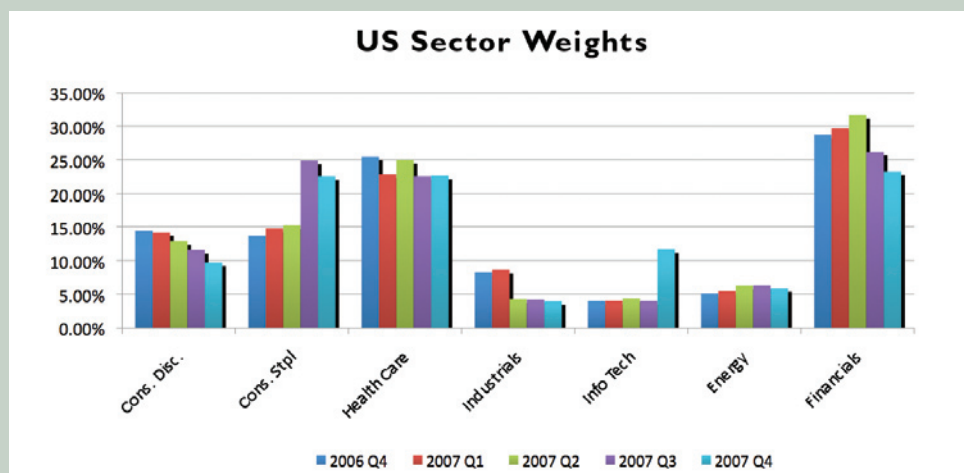
At the beginning of the summer we continued to view the Canadian and International markets favorably. We therefore maintained our overweight positions in these asset classes throughout the year. Canada was poised for a strong year due to continued demand for commodities internationally, while our international portfolio was positioned to take advantage of the exponential growth in China. Due to the slowdown in the US economy and the credit concerns in the second half of the year, we increased our fixed income position to mitigate the increased volatility in the equity markets.

SECTOR ROTATION

Canada: Our main theme throughout the year for Canadian sector rotation was to reduce our exposure to sectors dependant on the US market. We predicted that the rise of the Canadian dollar mixed with weakness in the American economy would hurt these sectors. We instead preferred to concentrate on the resource sectors, driven increasingly by economic expansion in emerging markets. Thus, we were confident in the continuing strength of commodities, although our weighting in the materials sector fell when one of our major holdings, LionOre, was bought out. We also invested in the long-neglected Utilities sector as an additional defensive measure.



United States: At the beginning of the year, we took a slightly bearish position towards the US economy, especially on the consumer side. We therefore adopted a sector rotation policy focusing on defensive sectors and large caps. As the year went by and the credit crisis emerged as a concrete threat to economic health, our view was reinforced. Thus, we reduced our weightings in consumer discretionary, shifting instead to the more resilient staples sector. Given our bearish outlook on the US economy, we also decided to maintain our overweight position in Healthcare, as we concluded that the long-term fundamentals of this sector would persist even in a recession.



FIXED INCOME

2007 was a challenging year for our Canadian fixed income portfolio, characterized by rising credit spreads which dampened the impact of the decline in bond yields. The DEX All Government Bond Index saw yields rise above 4.8% in mid 2007 before declining to close to 4.0%, as expectations shifted with the advent of the credit crisis, and a flight to quality ensued in the market place.

Judging that inflationary risks were roughly balanced, the Bank of Canada maintained the overnight interest rate at 4.25% on both January 16, 2007 and March 6, 2007. In light of the stable rates, and a consensus asset allocation decision to increase our weight in bonds, we turned to Provincials to gain incremental yield over the benchmark while we matched duration to hedge out our interest rate risk. We selected the Province of British Columbia bonds for the underlying robust domestic demand in the province, low unemployment rate and build-up towards the 2010 Olympics. We also purchased Province of Manitoba bonds as the Province was experiencing rising housing starts, large capital investment and strong real growth versus the rest of the nation.

Close to the end of the first half of the year, disappointing economic data poured out of the US housing sector as home sales plunged and inventories rose. We were then faced with record delinquencies in the subprime mortgage market due to poor underwriting standards and challenging rate resets. Canadian Government bond yields began rising at an alarming rate as investors began fleeing from Provincial securities to the safer Federal securities. Our major overweight in Provincials quickly turned sour as price erosion quickly offset any yield benefits.

Faced with a large overweight in Provincials during the third quarter, a continuing spike in the VIX index and deteriorating credit conditions, we realized that any gains made from higher yields had been erased by widening credit spreads. Spreads had widened so much, however, that selling would have been poor market timing. After all, the Bank of Canada raised interest rates to 4.5% on July 17, 2007 due to better than expected growth numbers, higher inflation and the conviction that the trouble in the US markets was contained in spite of fear among Canadian investors. That did not prevent the ABCP market from seizing up, driving bond yields lower and effectively establishing a liquidity crisis in Canada. With all the volatility, we decided to adopt an enhanced indexing strategy, matching most of the risk factors in the bond portfolio, namely duration risk, sector risk, cash flow risk and credit risk to that of the benchmark and just taking a slight position in one or two of these risk factors. Armed with this strategy and an asset allocation decision to further increase our weight in bonds to 35%, we reorganized the portfolio, and effectively reduced our duration.

The Bank of Canada kept interest rates constant for most of the fourth quarter - finally slashing them to 4.25% on December 4, 2007. With the cut already priced in the yield curve, and a dramatic steepening of the curve from the first quarter levels, we maintained our lower duration vis-à-vis the benchmark. Our expectation was a recovery of the US economy mid-2008 with the possibility of Canadian rate hikes.

PORTFOLIO ANALYTICS

The total cumulative return of the KWPMP fund for the year ended December 31, 2007 was 0.69%. The composite benchmark appreciated in the same period by 0.17%, entailing a 52 basis points of value added from active management. The value of the fund as of December 31, 2007 was \$1,423,706.

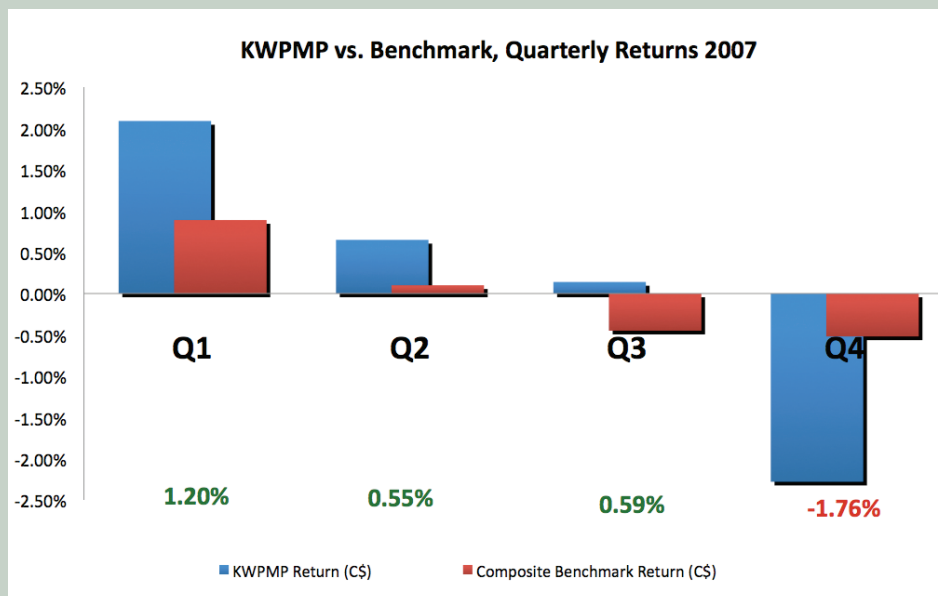
128 basis points of value added came from asset allocation. The overweight in Canadian equities and the underweight in US equities contributed 172 basis points to 2007 performance. The International Equities, Fixed Income, and Cash allocations, however, trimmed off 44 basis points.

While Canadian and International security selection contributed 156 basis points to performance, US, Fixed Income, and Cash security selection negatively impacted performance by 231 basis points. Total contribution to performance from security selection equated to -76 basis points for the year.

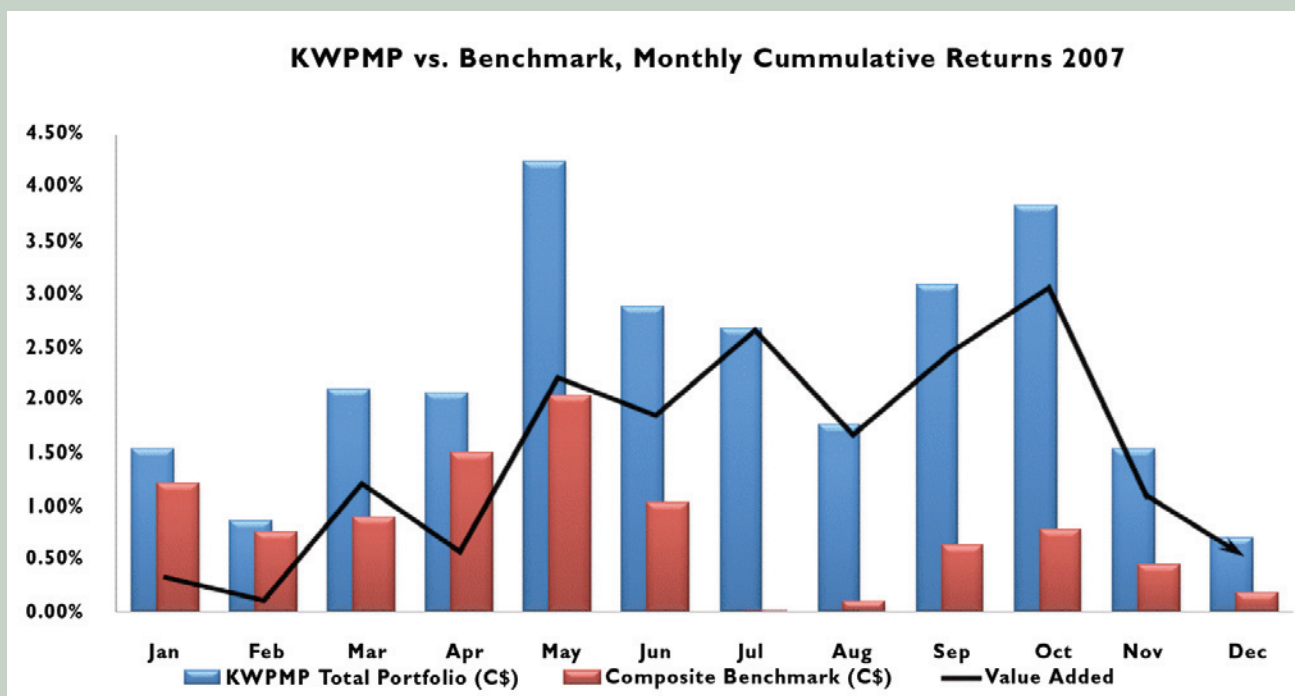
Performance Attribution (December 31, 2006 to December 31, 2007)

Contribution from Asset Allocation					
	Portfolio Avg Weight	Target Weight	Excess Weight	Market Return	Contribution to Performance
Canadian Equity	28.55%	20%	8.55%	9.82%	0.84%
US Equity	21.44%	30%	-8.56%	-10.28%	0.88%
International Equity	14.89%	10%	4.89%	-4.66%	-0.23%
Fixed Income	32.16%	35%	-2.84%	4.45%	-0.13%
Cash and Cash Equivalents	2.95%	5%	-2.05%	4.05%	-0.08%
Total Contribution of Asset Allocation					1.28%
Contribution from Security Selection					
	Portfolio Avg Performance	Index Performance	Excess Performance	Portfolio Weight	Contribution to Performance
Canadian Equity	14.02%	9.82%	4.20%	28.55%	1.20%
US Equity	-17.99%	-10.28%	-7.71%	21.44%	-1.65%
International Equity	-2.27%	-4.66%	2.39%	14.89%	0.36%
Fixed Income	2.75%	4.45%	-1.69%	32.16%	-0.54%
Cash and Cash Equivalents	0.00%	4.05%	-4.05%	2.95%	-0.12%
Total Contribution of Security Selection					-0.76%
Return on managed portfolio (C\$)		0.69%			
Return on composite benchmark (C\$)		0.17%			
Excess return on managed portfolio		0.52%			

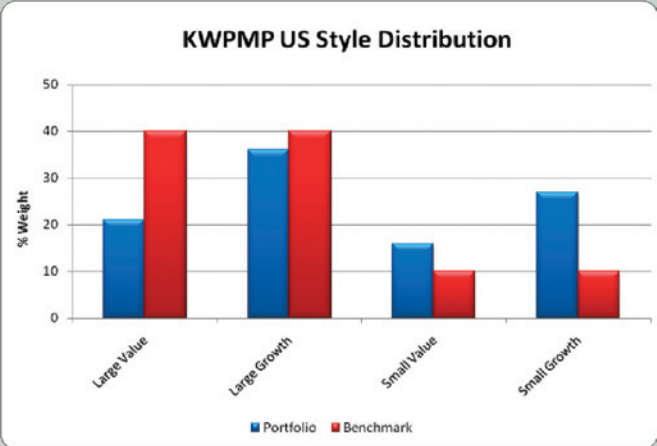
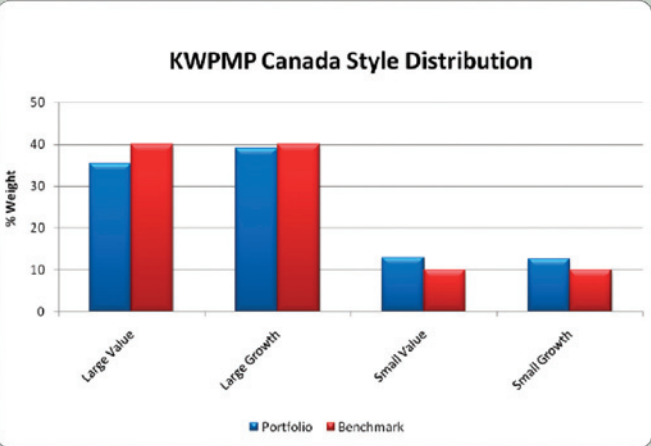
In the first three quarters the fund's quarterly return exceeded the composite benchmark's return by 120, 55, and 59 basis points, respectively. In the last quarter however, the volatility in the market place swung the fund's quarterly return below the composite benchmark's return by 176 basis points.



In terms of cumulative performance, the fund did not underperform the benchmark throughout the year; the highest return was achieved during the month of May when the fund had a total cumulative return of 4.23%. The highest alpha was achieved during the month of October when the fund's return exceeded that of the composite benchmark by 305 basis points.



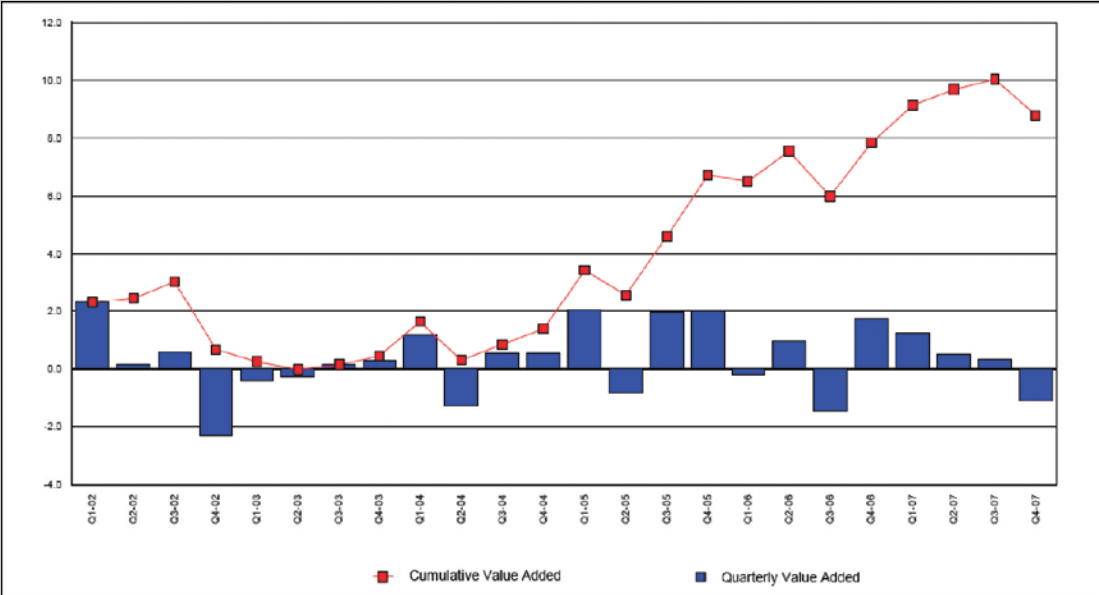
The fund kept a small cap bias throughout the year in the US and in Canada. The fund had significant exposure to Small Cap Growth and Small Cap Value equities in the US versus the S&P 500. While the difference is less significant, the same exposure existed in the Canadian portfolio versus the S&P/TSX.



Six new equity holdings were added to the portfolio in 2007 and eleven were liquidated for an annualized turnover of 20%. LionOre Mining, BHP Billiton, Rogers Communications, Nokia Corporation, and Sino-Forest Corporation contributed \$65,550 to the total value of the portfolio in 2007. First Cash Financial Services, CB Richard Ellis, Walgreen, Danone, and Capital One Financial contributed a \$49,607 loss to the total value of the portfolio.



Quarterly Cumulative Performance Comparison



Source: RBC-Dexia, Investment Analytics Report, period ending December 31, 2007

KWPMP Fund, Assets Under Management

	Total Assets, CAD\$		% within portfolio		% within asset class	
	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07
	7,202	34,968	0.5%	2.5%	100%	100%
Cash Total						
Federal:	58,280	59,621	4.1%	4.2%	13.7%	12.0%
Provincials:	347,416	418,090	24.6%	29.4%	81.8%	84.2%
Municipals:	19,129	18,950	1.4%	1.3%	4.5%	3.8%
Fixed Income Total	424,825	496,661	30.0%	34.9%	100%	100%
Consumer Discretionary:						
Astral Media Inc	15,972	18,656	1.1%	1.3%	3.8%	4.8%
Yellow Pages Income Fund	0	20,850	0.0%	1.5%	0.0%	5.1%
Gildan Activewear	21,796	16,376	1.5%	1.2%	5.1%	4.0%
	37,768	55,882	2.7%	3.9%	8.9%	13.7%
Consumer Staples:						
Jean Coutu Group	11,000	0	0.8%	0.0%	2.6%	0.0%
Metro Inc	26,558	0	1.9%	0.0%	6.3%	0.0%
	37,558	0	2.7%	0.0%	8.9%	0.0%
Energy:						
Encana Corp	10,732	13,500	0.8%	0.9%	2.5%	3.3%
Petro-Canada	14,325	15,975	1.0%	1.1%	3.4%	3.9%
CHC Helicopter	12,300	12,610	0.9%	0.9%	2.9%	3.1%
Talisman Energy	44,550	41,378	3.1%	2.9%	10.5%	10.1%
	81,907	83,463	5.8%	5.9%	18.3%	20.4%
Financials:						
Bank of Montreal	41,400	33,798	2.9%	2.4%	9.8%	8.3%
Royal Bank of Canada	27,750	25,370	2.0%	1.6%	6.6%	6.2%
Sun Life Financial	9,864	11,142	0.7%	0.8%	2.3%	2.7%
	79,014	70,310	5.6%	4.9%	16.7%	17.2%
Industrials:						
BFI Canada Income Fund	26,900	26,690	1.9%	1.9%	6.4%	6.5%
	26,900	26,690	1.9%	1.9%	6.4%	6.5%
Information Technology:						
March Networks	12,810	0	0.9%	0.0%	3.0%	0.0%
	12,810	0	0.9%	0.0%	3.0%	0.0%
Materials:						
Barrick Gold	14,266	16,574	1.0%	1.2%	3.4%	4.1%
Sino-Forest Corporation	0	38,448	0.0%	2.6%	0.0%	8.9%
Lionore Mining	26,500	0	1.8%	0.0%	6.3%	0.0%
	40,766	53,022	2.9%	3.7%	9.6%	13.0%
Telecommunications:						
Rogers Communications Inc	31,230	40,491	2.2%	2.8%	7.4%	9.9%
	31,230	40,491	2.2%	2.8%	7.4%	9.9%
Utilities:						
Boralex Inc	0	29,325	0.0%	2.1%	0.0%	7.2%
	0	29,325	0.0%	2.1%	0.0%	7.2%
Other:						
iShares Capped S&P/TSX	75,609	49,693	5.3%	3.5%	17.9%	12.2%
	75,609	49,693	5.3%	3.5%	17.9%	12.2%
Canadian Equities Total	423,562	408,876	29.9%	28.7%	100%	100%
Consumer Discretionary:						
Cosch Inc	14,972	18,080	1.1%	1.3%	4.3%	6.1%
Walt Disney Co	11,943	9,543	0.8%	0.7%	3.5%	3.2%
Petsmart Inc	10,058	6,956	0.7%	0.5%	2.9%	2.4%
Nautilus In	8,132	0	0.6%	0.0%	2.4%	0.0%
Viacom Inc	4,764	0	0.3%	0.0%	1.4%	0.0%
	49,869	34,579	3.5%	2.4%	14.4%	11.7%
Consumer Staples:						
Costco Wholesale Corp	16,355	17,185	1.1%	1.2%	4.4%	5.8%
Pepsi Co	0	29,917	0.0%	2.1%	0.0%	10.2%
Walgreen Co	31,986	22,514	2.3%	1.6%	9.3%	7.6%
	47,341	69,616	3.3%	4.9%	13.7%	23.6%
Energy:						
Exxon Mobil Corp	17,804	18,464	1.3%	1.3%	5.2%	6.3%
	17,804	18,464	1.3%	1.3%	5.2%	6.3%
Financials:						
Berkshire Hathaway Inc	17,035	18,667	1.2%	1.3%	4.9%	6.3%
Citigroup Inc	9,706	0	0.7%	0.0%	2.8%	0.0%
Capital One Financial Corp	17,848	9,314	1.3%	0.65%	5.2%	3.2%
CB Richard Ellis	23,141	12,741	1.6%	0.9%	6.7%	4.3%
First Cash Financial Services	24,043	11,573	1.7%	0.8%	7.0%	3.9%
American Equity Investment	7,568	4,084	0.5%	0.3%	2.2%	1.4%
	99,341	56,379	7.0%	4.0%	28.8%	19.1%
Health Care:						
Johnson & Johnson	23,009	19,718	1.6%	1.4%	6.7%	6.7%
Wyeth Co	11,831	8,709	0.8%	0.6%	3.4%	3.0%
Symmetry Medical	12,050	0	0.9%	0.0%	3.5%	0.0%
Amedisys Inc	22,911	28,687	1.6%	2.0%	6.6%	9.7%
Varian Medical Systems Inc	9,395	8,738	0.7%	0.6%	2.7%	3.0%
Pfizer Inc	9,026	6,719	0.6%	0.5%	2.6%	2.3%
	88,222	72,571	6.2%	5.1%	25.6%	24.6%
Industrials:						
General Electric Co	12,968	10,959	0.9%	0.6%	3.8%	3.7%
3M Company	16,843	0	1.1%	0.0%	4.6%	0.0%
	28,811	10,959	2.0%	0.8%	8.3%	3.7%
Information Technology:						
Quality Systems Inc	0	18,027	0.0%	1.3%	0.0%	6.1%
Microsoft Corp	13,875	14,032	1.0%	1.0%	4.0%	4.8%
	13,875	32,059	1.0%	2.3%	4.0%	10.9%
US Equities Total	345,263	294,627	24.4%	20.7%	100%	100%
Consumer Discretionary:						
Honda Motor Co	9,187	6,531	0.6%	0.5%	4.3%	3.5%
Reed Elsevier	12,790	13,278	0.9%	0.9%	6.0%	7.0%
	21,977	19,809	1.6%	1.4%	10.3%	10.5%
Consumer Staples:						
Danone	0	0	0.0%	0.0%	0.0%	0.0%
	0	0	0.0%	0.0%	0.0%	0.0%
Health Care:						
Sanofi Aventis	13,410	11,217	0.9%	0.8%	6.3%	5.9%
	13,410	11,217	0.9%	0.8%	6.3%	5.9%
Industrials:						
Metsco Corp	17,600	0	1.2%	0.0%	8.2%	0.0%
TNT	17,516	0	1.2%	0.0%	8.2%	0.0%
	35,116	0	2.5%	0.0%	16.4%	0.0%
Information Technology:						
Nokia Corporation	14,163	22,698	1.0%	1.6%	6.6%	12.0%
	14,163	22,698	1.0%	1.6%	6.6%	12.0%
Materials:						
BHP Billiton	23,089	34,509	1.6%	2.4%	10.8%	18.3%
CRH PLC	24,686	17,185	1.7%	1.2%	11.5%	8.1%
	47,775	51,694	3.4%	3.6%	22.3%	27.4%
Other:						
iShares MSCI Germany	15,625	0	1.1%	0.0%	7.3%	0.0%
iShares MSCI EAFE	85,922	83,156	4.7%	5.8%	30.8%	44.1%
	81,547	83,156	5.8%	5.8%	38.1%	44.1%
International Equities Total	213,988	186,574	15.1%	13.2%	100%	100%
Total Portfolio	1,414,841	1,423,706	100%	100%	100%	100%

CLASS OF 2010



Back row (left to right): Sandy Poiré, Jason Coviensky, Matthew Pitts, Andrei Sabau, Benoit Chevrier, Salim Najem, Ivana Miladinovic.
Front row (left to right): Evelyne L'Archevêque, Christophe Truong, Meaghen Annett.

"Van Berkom and Associates Inc. (VBA) has been a strong supporter of Concordia University, the John Molson School of Business with the Kenneth Woods Portfolio Management Program (KWPM), as well as the Goodman Institute. VBA has had a tremendous success with the graduates of KWPM. The real life experience of investing real money supported by the discipline of this program, as well as being backed by practitioners in the investment management industry, is what makes the difference for an employer like VBA. Congratulations to Professor Brodt, Ken Woods and the dedicated volunteers and mentors who have put this program together and have made it such a success."

J. Sebastian van Berkom, B.Comm.
President and Chief Executive Officer
Van Berkom and Associates Inc.

"I believe that the KWPM is the single most valuable resource available to finance students at JMSB, and anywhere in Montreal for that matter. The learning curve is steep, supported by exceptionally bright students, generous mentors and a client committee of some of Montreal's most respected financial minds, all brought together by the tireless efforts of Professor Abraham Brodt. There is no question that the program prepares students for success through the practical application of financial concepts as well as the rigorous critical thinking required to pitch and defend investment ideas to your peers and the client committee. The KWPM opened doors for me that would otherwise have not been available."

Fred Westra
[Calvin Potter Fellow, 2005]
Head of Research
Research Analyst – Non-Bank Financials
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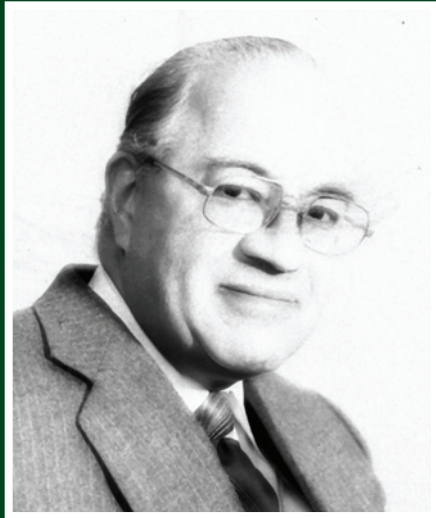
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Morgan Stanley, Toronto



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.

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