



Value & Growth

The Kenneth Woods Portfolio Management Program

2006 Annual Report

John Molson School of Business and Concordia University – A Winning Connection

As a key part of one of Canada's largest and most multicultural universities, the John Molson School of Business (JMSB) truly represents the spirit of Concordia: a diverse and committed student body with a range of backgrounds, a strong academic base founded on principles of high achievement and career preparation, and a range of innovative programs offering students a range of options and an established curricula to best match their interests. At JMSB, we aim to prepare graduates for long and successful careers in business and administration.

Excellence in Business Education

For over a quarter century, JMSB has 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.

The Kenneth Woods Portfolio Management Program truly illustrates the high level of excellence in education across the boards offered by the JMSB.



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, 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.

2006-2007 – Our Students Triumph

This was an especially stellar year for our students. With 45 JMSB teams competing worldwide, our status as a winning school with winning students is proven.

JMSB students dominated this year's competitions, establishing a record in the business competition history: our students are the first team to have won overall gold at the three 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)

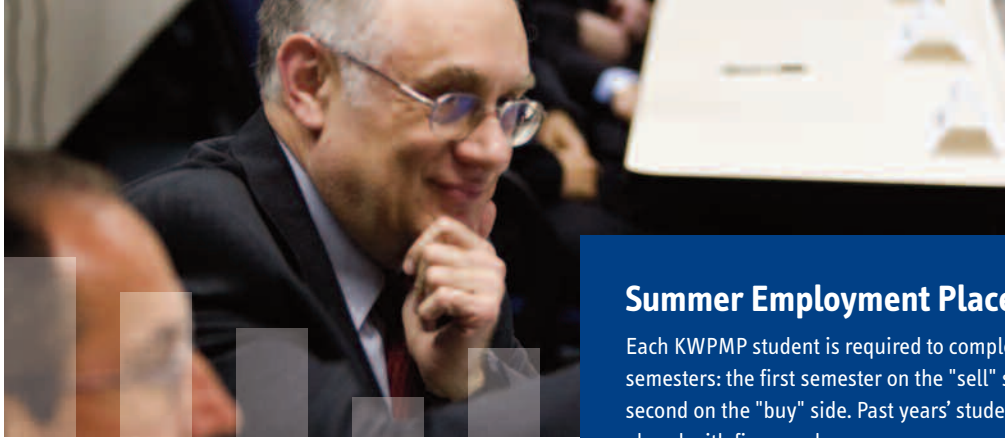
Overall gold at Happening Marketing (March 2007)

The Kenneth Woods Portfolio Management Program

The Kenneth Woods Portfolio Management Program (KWMPMP) 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 third consecutive year that KWMPMP 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 nine 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 \$1.4 million.

Each KWMPMP Fund Manager is responsible for a specific market or industry sector 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.

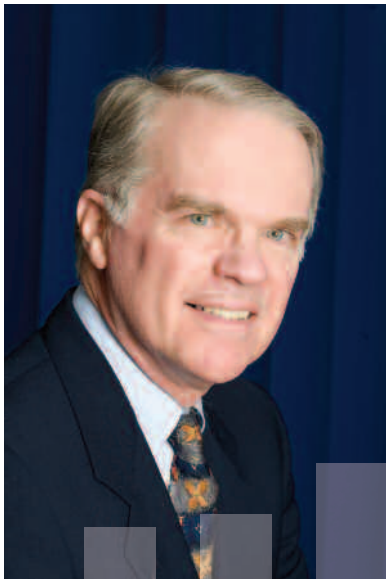
Summer Employment Placements

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:

- Caisse de dépôt et placement du Québec
- CIBC Wood Gundy
- CIBC World Markets
- Dundee Securities Corporation
- Export Development Canada
- Goodman & Company, Investment Counsel
- Jarislowsky Fraser Limited
- KPMG LLP
- Mirabaud Canada Inc
- National Bank Financial
- Pratt & Whitney Canada
- Presima
- RBC Dominion Securities
- Scotia Capital
- Scotia McLeod
- Standard Life Investments
- TD Asset Management

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

Founder's Message



The KWPMP program has now completed its seventh year. This year's graduating class of nine Calvin Potter Fellows completed the two-year program in an amazing fashion. Their first track record in managing a balanced portfolio was a positive one as they surpassed the fund's target benchmark. These, of course, are real results on a real money portfolio. Along the way they benefited from the academic teachings of Professor Brodt and his colleagues at the John Molson School of Business, the close relationships that were created through the mentorship program, and the valuable guidance of the very experienced Client Committee.

It doesn't seem that long ago that Professor Brodt and I were researching and planning how this program should evolve and what successes we could envision. At that time I remember identifying the following:

- The program would be one of excellence – six to nine students per year over a two-year program.
- To make the program credible, students would manage a fund of real money under the same investment policy as a foundation - a balanced fund with guidelines, objectives, and restrictions.
- The combination of the academic input of the university with the close association with mentors in the industry would permit a fast track learning curve. The Client Committee

would be the equivalent of a pension fund committee by overseeing all the investment activity, while permitting the "managers" to develop and hone their communication skills.

- The two years of summer work experience would be critical to the learning experience.
- The legacy of the program would evolve as the graduate Calvin Potter Fellows fulfilled their career ambitions, hopefully building on their experience in the KWPMP Program.

It is clear to me that the program has been successful in all of these aspects. In fact it has exceeded my expectations in many ways. I am so delighted that we have been able to increase the academic recognition for the program through the establishment this year of a new course, taught by previous graduates. Also over the years several companies and individuals, as a result of their experience with the program, established student scholarships, which have definitely added to the attractiveness of the program. As well, we have an Alumni produced "Ticker Tape" newsletter that goes out to all those interested in the program. Most importantly, based on the feedback of graduates, the program has helped them discover the world of investing, learn about risk taking, how to work as a team, and how to present ideas in public, while establishing relationships and contacts in the business world.

This year's graduating class of nine will bring the total number of Calvin Potter Fellows to 48. I know they share my appreciation of the guidance that Program Director Professor Brodt gave them throughout their two year program. Also the wonderful experience of interacting with the Client Committee and the one-on-one sessions with their Mentors were critical to their development and enjoyment. To all who have made this program successful, a very sincere thank you.

Finally, it is truly a pleasure to once again see such an outstanding group of students attain the tremendous results while completing a very challenging program. Congratulations on your accomplishments and good luck in all your future endeavors.

Kenneth W. Woods

Dean's Message



It is with great pride that I introduce this annual report for 2006 which illustrates the outstanding caliber of the Kenneth Woods Portfolio Management Program (KWPMP) students and the scope of their work.

This year our special appreciation goes to the KWPMP alumni. First,

to Michael Gentile and Philippe Hynes who are now offering a new course in Applied Investment Analysis. Second, thanks to Myles Hiscock and Dave Sciacca who developed and offered a five-week accounting training seminar which was given for the first time to new students entering the program. Finally, thank you to all the KWPMP alumni who generously donated to a fundraising initiative to enrich the experience of current students. There was an 87% participation rate – a record for students no more than 5 years after graduation. Ron Schwarz, Managing Director, Institutional Equities at CIBC World Markets Inc, provided incentive to the alumni by offering to match alumni contributions up to \$2,000.

As always, I want to thank Kenneth Woods, our distinguished alumnus, who provided an initial endowment of \$1,000,000 to establish the program and who continues to prove his immeasurable commitment to us.

Also, I wish to express my gratitude to the members of the KWPMP Client Committee and the Mentors for volunteering their time and expertise. The Student Fund Managers have benefited immensely from their guidance, experience and individual approaches to investment analysis. All of this support is invaluable in augmenting the work done in the classroom with the academic faculty of the Finance Department.

Thanks again are due to Dr. Abraham Brodt who, as KWPMP Director, continues to show the dedicated leadership that makes this program so successful.

In conclusion, 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 the program proudly graduate as Calvin Potter Fellows in his honour.

Jerry Tomberlin
Dean, John Molson School of Business

Program Director's Report



I am very pleased to present the 2006 Annual Report of the Kenneth Woods Portfolio Management Program (KWPMP) at Concordia University's John Molson School of Business (JMSB).

The Class of 2007 Fund Managers had an excellent per-

formance in 2006, generating a total return of 13.61% and beating their benchmark by 145 basis points. As discussed in their report, this was achieved through good asset allocation (130 basis points) and security selection (15 basis points).

An important innovation in our program this year was the new course in Applied Investment Analysis developed and offered by KWPMP alumni Michael Gentile and Philippe Hynes. This course, which includes guest lectures by other KWPMP alumni and industry professionals, will be offered every winter semester to students newly admitted to our program and advanced Finance majors.

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' bios, for the excellent experience they provided during our students' work internships. New employers this summer are Lumina Fund Management (New York), Mercer Investment Consulting (Montreal) and Morgan

Stanley (Toronto). 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 Wayne Deans, Deans Knight Capital Management, Ron Meisels, President of P&C Holdings, Georges Paulez, 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. 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., Scotia-trust 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
Ned Goodman
Jeff Kobernick
Donald McDougall
Filip Papich
Vishal Patel
Kevin Trotter

Professor Abraham I. Brodt
Director, KWPMP

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KWPMP Alumni
Calvin Potter Fellows

KWPMP Client Committee

The KWPMP Client Committee consists of eight senior professionals from the Investment Management and Management Consulting communities. The role of the KWPMP Client Committee is to ensure that the Fund Managers are investing the funds in a professional and prudent manner according to the Investment Policy guidelines.

The KWPMP is very grateful to the members of the Client Committee for volunteering their time and expertise to help us train our students for careers in Investment Management. The KWPMP Fund Managers have benefited immensely from the wisdom and experience of the following individuals:



David Abramson

David Abramson has been with the Bank Credit Analyst Research Group since 1987. He is currently Chief Strategist and Managing Editor of China Investment Strategy, an institutional service dedicated to a wide variety of currency, economic and financial market issues. From 2000 to mid-2005, he originated and managed the BCA 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, Mr. Abramson 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 pension actuary and holds the CFA designation. He currently is a principal with Mercer Investment Consulting and oversees the firm's alternative investments research and consulting in Canada, in addition to his broader consulting responsibilities. He has over 30 years experience in the Canadian pension industry as both a pension actuary and investment consultant providing advice to institutional clients on a wide variety of pension plan design, funding and investment issues. In his current position he oversees the development and marketing of Montrusco Bolton's alternative investment products, including absolute return strategy hedge funds.



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, Dundee Wealth Management Inc., Partenatiats public-privé Québec and Sigma Ventures 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 Montréal. She also serves on the advisory board of Peak Financial Group.



Randall Kelly

Randall 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 (C.I.C.A.) as well as the Ontario Institute. Mr. Kelly is also holder of a Chartered Financial Analyst charter, obtaining that designation in 1987. 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 and a Director 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 over thirty years of financial management 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 and Treasurer from 1985 to 1997, Mr. Onwood's responsibilities included overseeing the pension accounting and pension fund investment activities. Mr. Onwood is a member and past President of the Montreal chapter of Financial Executives International, and currently serves on the chapter board as liaison with FEI's national issues committees.



Donald Walcot

Donald Walcot is a member of a number of university, government and corporate pension fund investment committees. He is a graduate of McGill University and has a Masters of Business Administration degree from the University of Western Ontario. From

1968 to 1987, he worked at Ontario Hydro, culminating in the position of Assistant Treasurer, Pension Fund Investments. In 1987, he joined Sun Life Investment Management Company as President and CEO. In 1992, he returned to Montreal as Chief Investment Officer at Bimcor, a subsidiary of BCE, managing Bell Canada's and related pension funds. He retired in 2004.



Kenneth Woods

During the past nine years Ken has devoted the majority of his energies to numerous community and charitable organizations in Vancouver and Montreal, including the KWPMP 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 B.Sc. degree in Mathematics from the University of British Columbia, Mr. Woods 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.

“Goodman & Company has proudly supported the KWPMP since its inception in 2000. Giving these select participants the opportunity to join our firm for summer internships has proven to be a mutually beneficial experience; it has allowed our firm to support the growth and development of future analysts and money managers, while providing the students with real world experience.

Congratulations to Kenneth Woods, Professor Brodt, and the dedicated volunteers and graduates who have helped to create an excellent portfolio management program that continues to improve and gain recognition. Goodman & Company looks forward to welcoming enthusiastic new interns in the years to come.”

Todd Beallor CFA

EVP Investment Counsel

Goodman & Company, Investment Counsel

KWPMP Mentors

The KWPMP Mentors are Montreal investment professionals who have volunteered to meet with one or two students on a regular monthly basis. Each student in the KWPMP is assigned three different Mentors based on the student's interest and investment responsibilities. The students are able to learn from their Mentors different approaches to investment analysis. The students can review with their Mentors developments in the industries and companies they are covering for the KWPMP Portfolio. The students are also able to receive guidance on their potential careers from their Mentors.

The KWPMP Mentors play a major role in the training of our students. We thank the following investment professionals for volunteering their time and expertise to help our students:

David Abramson
Bank Credit Analyst

Jay Aizman
Standard Life Investments

Todd Beallor
Goodman & Company

Michel Brutti
Jarislowsky Fraser

Raquel Castiel
Standard Life Investments

Ron Cheshire
Presima Inc

Susan Da Sie
TAL Global Asset Management Inc

William G. Healy
McLean Budden

Gilles Horrobin
STCUM

Stephen Hui
Pembroke

Charles Jenkins
Standard Life Investments

Rene Julien
BIMCOR

Steven Kibsey
CDP Capital

Ken Kostarakis
Holdun Investment Management

Diane Marleau
Etudes Economique Conseil

Ron Meisels
P & C Holdings

Todd Morris
HSBC Securities (Canada)

Lambros Piscopos
Natcan Investment Management

Harold Scheer
Baker Gilmore & Associates

Ron Schwarz
CIBC World Markets

Tony Staples
Formula Growth

Francis R. Stark
CN Investments



“The benefit of the KWPMP program is that it provides a hands-on experience to future portfolio managers in a real world environment. There is no better way to learn about investing than to personally feel the day-to-day emotions of the market. I am honored to be a KWPMP Mentor and Special Seminar Speaker.”

Ron Meisels
President
P & C Holdings

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 2006 [Toronto]

Russell Browne

Associate Director, FX Risk Management
Scotia Capital
Managing Foreign Exchange Risk

Nancy F. Cobban

Vice President & Director,
Portfolio Manager
RBC Dominion Securities Inc.
**Portfolio Management/Investment
Advising on the Retail Side**

Randy Cousins

Steels and Railroads Analyst
BMO Nesbitt Burns
The Steels and Railroads Industries

Joe Farrell

Technical Analyst
Genuity Capital Markets
Technical Analysis

Justin Flowerday

Equity Analyst
TD Asset Management
Investing in Technology 101

Bert Powell

Special Situations Analyst
BMO Nesbitt Burns
**Getting to Value: An Industrial's
Perspective**

Ron Schwarz

Managing Director, Equity Research
CIBC World Markets Inc.
Equity Research

David Sykes

Vice President, US Equity Team
TD Asset Management
Basic Analysis: Pharmaceuticals

David Taylor

Portfolio Manager, Value Fund of Canada
Dynamic Mutual Funds
Value and Contrarian Investing

Joanna Zapior

Managing Director of Corporate
Debt Research
CIBC World Markets Inc.
Corporate Debt Research

Fall 2006 [Montreal]

Nelson Cheung

Investment Officer - International Equity
Investments
Canadian National Investment Division
**International Stock Picking with a
KWPMP Alumnus**

Bill Healy

Vice President, Portfolio Manager
McLean Budden
Income Trusts

Stephen Hui

Analyst
Pembroke Management Ltd.
Small Midcap Growth Investing

Charles Jenkins

Senior Vice-President, Canadian Equities
and Director
Standard Life Investments
**Valuation in the Energy Sector: Short-term
and Long-term**

Francois Lavigne

Head Trader, Equities
Canadian National Investment Division
Equity Trading: A Changing Landscape

Stephen McHarg

Vice President & Associate Director
Government & Corporate Finance
Casgrain & Company Limited
**Understanding the Bond Market -
An Inside Perspective**

Marc A. Novakoff

Senior Associate
Jarislowsky Fraser
Corporate Governance and Proxy Voting

Jason Sutton

KWPMP Alumnus and
Associate, HealthCap
Odlander Fredrikson SA
Lausanne, Switzerland
**Venture Capital Investments in Life
Science Companies**

Winter 2007 [Montreal]

Pascal Bancheri

Derivative Products Group
HSBC
**Credit Derivatives Applications to Portfo-
lio Management**

Nancy Clarke

Career Advisor
JMSB Career Placement Centre
Investing in Your Career

Wayne Deans and Craig Landon

Portfolio Managers
Deans Knight Capital Management
**The Deans Knight Approach to Portfolio
Management**

Kyle D'Silva and Chirag Patel

Client Services
CPMS Inc.
**Using CPMS Software for Portfolio
Management**

Sandra Hoffman

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

Stephen Jarislowsky

Chairman
Jarislowsky Fraser
Reflections on the Investment Industry

Jeffrey M. Kobernick

Managing Director
Lehman Brothers
Private Investment Management

Michael Onwood

President
Onwood Management Consulting
Measuring Portfolio Performance

Ron Schwarz

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

Sebastien van Berkom

President and Chief Executive Officer
Van Berkom and Associates
Growth Stock Investing

KWPMP Class of 2007



Brad Brown

Brad has recently completed his Bachelor of Commerce degree with a Major in Finance at the John Molson School of Business at Concordia University. He has accepted a position with the CFT Financials as a Proprietary Futures Trader. He will be responsible for trading various fixed income futures as well as index and commodity futures with firm capital. During the summer of 2006, he worked as a Research Associate for Scotia McLeod in Montreal and during the summer of 2005 he worked as a Global Trading Analyst for Scotia Capital in Toronto. At Scotia Capital, Brad worked in the Foreign Exchange department where he priced, quoted and booked trades for the Bank of Nova Scotia retail branches. He has completed the Canadian Securities Course and is currently a candidate in the CFA program. He will also be writing the FRM exam this November. In his leisure time, he enjoys sports, music, going to the gym and reading. As a KWPMP Fund Manager, Brad was responsible for the Materials sector as well as co-responsible for the Fixed Income portfolio.



Brian Chan

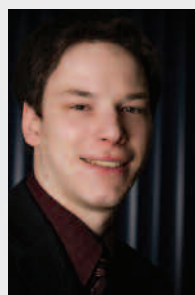
Brian is pursuing a Bachelor of Commerce degree in Finance (Honours) at the John Molson School of Business at Concordia University. He is also a member of the Institute for Co-operative Education. Brian did two work internships at RBC Dominion Securities, the first in Summer 2005 as an assistant to one of the top retail brokers in Toronto, and the second in Winter

2006 as a portfolio management intern in Montreal. His most recent internship involved covering companies in the energy and precious metals sectors as a Research Assistant at Standard Life Investments in Fall 2006. Brian will be spending Summer 2007 as a Research Associate at Dundee Securities Corporation assisting several analysts with special projects and equity research. He is a member of the Golden Key Honour Society, and is a founding member and former President of the Concordia Canadian Asians Society, one of the largest student associations under the Concordia Student Union. In early 2007, he participated in the Omnium Financier Case Competition where his team won gold. Brian will be completing his academic studies in the Fall 2007 at the City University of Hong Kong, where he will be studying Asian finance and economics. In his spare time, he enjoys organizing numerous student and charity events, playing sports, martial arts and traveling. As a KWPMP Fund Manager, Brian was responsible for the Information Technology sector and U.S. Economics.



Xiangheng Betty Jiang

Xiangheng is completing her second undergraduate degree in Finance at the John Molson School of Business at Concordia University. She spent her work terms in a junior accountant position at Mirabaud Canada Inc. as well as an equity research associate at Dundee Securities. Xiangheng has completed all three levels of the CFA program and is expected to receive her CFA charter soon. Since January 2007, Xiangheng has been working full-time as a portfolio administrator at Dundee Leeds. She enjoys reading and cooking in her spare time. As a KWPMP Fund Manager, Xiangheng covered the Energy and Utilities sectors.



Nicholas Kepper

Nicholas is in his final year of a Bachelor of Commerce degree at the John Molson School of Business at Concordia University with a major in Finance and a minor in Financial Accounting. He is a member of the Institute for Co-operative Education. In December 2006, Nicholas completed an internship at CDP Presima helping develop sales initiatives targeting third party investors. Winter 2006 he completed a four month internship at Scotia McLeod as a research analyst. Summer 2005 he worked in the Traffic & Customs department at Pratt & Whitney Canada. Nicholas participated in the Intercollegiate Business Competition 2007 on the Finance team, and placed third amongst more than thirty competing universities. Additionally, he won a gold medal at the 2007 Omnium Financier as part of the market finance discipline. Nicholas recently completed the Canadian Securities Course with Honours and has been accepted into both the Golden Key International Honours Society and the Concordia Chapter of Beta Gamma Sigma. In 2007 he was awarded the Mirabaud Pictet scholarship for academic merit. He is a graduate of Marianopolis College, with honours in Pure and Applied Sciences. Nicholas spent five years prior to College studying abroad in Germany. In his spare time Nicholas enjoys playing competitive soccer, reading and cooking. As a KWPMP Fund Manager Nicholas was responsible for the Healthcare sector and Canadian economic analysis.



Mohit Kumar

Mohit is currently working towards a Bachelor in Commerce at the John Molson School of Business at Concordia University with a major in Accounting and a minor in Finance. He just recently completed his last work term at KPMG as an auditor. Prior to his experience in accounting, Mohit worked at Standard Life Investments as a research assistant and was

responsible for the energy and precious metals sectors. During the summer of 2005, Mohit worked at National Bank Financial as a settlement agent. In 2005, he was awarded the 1st annual Dean Knight Award/Bursary and he also completed the Canadian Securities Course with honors. Mohit was also a member of the 2006 and 2007 stock simulation teams for Commerce Games. After graduation, Mohit plans to attain his CA and CFA designations. In his spare time, Mohit enjoys investing, playing hockey and reading. As a KWPMP Fund Manager, Mohit was responsible for the Consumer Discretionary sector and co-responsible for Performance Measurement.



Kevin LeBlanc

Kevin is in his third year of studies at the John Molson School of Business at Concordia University working towards a Bachelor's degree in Finance. He has completed the Canadian Securities Course. He is a member of the Institute for Co-operative Education and is on the Dean's Honour List. He spent three co-op work terms gaining valuable experience at Jarislowsky

Fraser Limited where he worked mainly with the international equity analysts. His responsibilities included producing valuation statistics and engaging in company and industry analyses. He will be spending Summer 2007 at Dundee Securities as a Research Associate. Kevin competed at various case competitions including the Inter-Collegiate Business Competition and the International Undergraduate Case Competition at Royal Roads University. After graduation he intends to obtain his CFA and begin a career in the investment industry. As a KWPMP Fund Manager, Kevin was responsible for the Media and Telecom sectors as well as co-responsible for Performance Measurement.



Charles Morin

Charles is pursuing his final year at John Molson School of Business at Concordia University majoring in Finance. He completed the Canadian Securities Course with honours in 2005. He is also a Certified Financial Analyst level 2 candidate. He represented JMSB at the 2006 Commerce Game in Quebec City. Charles worked at CIBC Wood Gundy, Summer

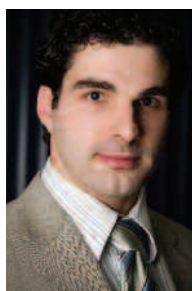
2005, where he assisted financial advisors managing accounts and providing service to clients. Summer 2006 he was an analyst at Presima, a subsidiary of CDP Capital specializing in real estates investments, where he analysed and recommended investment opportunities. Charles came to Concordia after completing his Geomatic bachelor degree at Laval University and working as a Land Surveyor and GIS technician for four years. Charles enjoys martial arts, cycling and managing his own portfolio. As a KWPMP Fund Manager, Charles was responsible for the Industrial sector and the portfolio Asset Allocation.



Melissa Papanayotou

Melissa is in the third year of her Bachelor of Commerce degree at Concordia University, majoring in Finance. She participated in the 2007 Marshall International Case Competition held at USC and placed third in the Finance Event at the 2007 Inter-Collegiate Business Competition. She is on the Dean's Honour List and is a member of the Golden Key International Honour Society.

Melissa spent her first KWPMP workterm as a research associate at Dundee Securities Corporation in Toronto where she performed financial analysis, built financial models, compiled research, and wrote research reports. Melissa completed a work term at Standard Life Investments as a Research Assistant in the Energy Sector. Subsequently, she worked at PRESIMA, a subsidiary of La Caisse de Dépôt et Placement du Québec, alongside the North American Real Estate equity team. Melissa is looking forward to completing her final work term this summer in Toronto, in the Institutional Equity Division at Morgan Stanley. She is a certified ski instructor and in her spare time also enjoys cycling, traveling and managing her portfolio. As a KWPMP Fund Manager, Melissa covered the Consumer Staples sector and was responsible for the Sector Allocation of the Portfolio.



Johann Tritthardt

Johann recently graduated with a Bachelor of Commerce in Finance (Honours) at the John Molson School of Business and has accepted an analyst position with Morgan Stanley. Johann was awarded with consecutive mentions on the Dean's List and the Mirabaud Canada & Pictet Canada Scholarship. He is a member of Beta Gamma Sigma and the Golden Key

International Honor Society. Summer 2005 Johann worked alongside senior analysts at Goodman & Company, Investment Counsel in Toronto where he helped cover the Canadian Income Trust universe. The following summer, Johann worked directly with the portfolio manager responsible for North American real estate securities at Presima, a subsidiary of La Caisse de Dépôt et Placement du Québec. Johann also represented JMSB as a member of the case competition team presenting in the final rounds at both the Inter-Collegiate Case Competition held at Queen's University and the Marshall International Undergraduate Case Competition hosted by the University of Southern California. Furthermore, Johann served as VP Finance with the Finance and Investment Student Association. Complementing his academic life, Johann volunteers with the Big Brothers and Big Sisters Foundation and is a member of the CIBC Wood Gundy competitive road cycling team. His mandate within the KWPMP included covering the Financials sector in addition to co-managing the Fixed Income portfolio.

KWPMP Class of 2008



Patrick Barry

Patrick Barry is currently enrolled in the Bachelor of Commerce program majoring in Finance at the John Molson School of Business of Concordia University. 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. In the summer of 2006, Patrick completed his first work term as a summer analyst at Goodman and Company, Investment Counsel, in Toronto. In his spare time, Patrick enjoys hockey, acting and reading about current events. As a KWPMP Fund Manager, Patrick is responsible for the Materials sector.



Dominic Caron

Dominic graduated from Collège de Maisonneuve with a DEC in Pure and Applied Sciences. He is now in his second year in the Bachelor of Commerce in Finance at the John Molson School of Business of Concordia University. He is also a member of the Institute for Co-operative Education. During his spare time, Dominic enjoys going to the gym and playing hockey and golf. Dominic spent Summer 2006 working in Toronto for 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. As a KWPMP Fund Manager, Dominic covers the Financials sector.



Douglas Chananda

Douglas is currently working toward his Bachelor of Commerce in Finance at the John Molson School of Business of Concordia University, and is a member of the Institute for Co-operative Education. He spent Summer 2006 working as a Research Associate at CIBC World Markets in the Institutional Equity Research Department. He previously worked for Aon Minet as an account manager in charge of pension fund investments and for Hatley as a production assistant. 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 second time and is a recipient of two scholarships from Concordia University. His hobbies include chess, cycling, football, traveling, ping-pong and photography. He plans to pursue the CFA charter in the future. As a KWPMP Fund Manager, Douglas covers the Energy and Bond portfolios.



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 is spending Winter 2007 at Jarislowsky Fraser, working closely with several analysts in international equity and industry research. During the summer of 2006, Amanda worked as a research associate at Dundee Securities Corporation doing research and building forecasting models for Canadian power corporations and income trusts. Actively involved in academic competitions, Amanda participated in the International Business Challenge in Austin, Texas, during the fall of 2006. She also competed in the 2007 Commerce Games, winning silver in Entrepreneurship. Amanda is a member of the Golden Key International Honour Society and was on the Dean's Honour List for the 2005-2006 academic year. In her spare time, Amanda enjoys teaching Italian to children, traveling and ballroom dancing. In the KWPMP, Amanda is responsible for the Consumer Discretionary sector and US economics.



Amr Ezzat

Amr is currently pursuing a Bachelor of Commerce degree in Finance (Honours) at the John Molson School of Business of Concordia University. He is a member of the Institute for Co-operative Education. He will be spending Summer 2007 at Mercer Investment Consulting, in Montreal, working on the quantitative side of the investment advisory group. Amr spent Winter 2007 working as a research associate at Dundee Securities, in the Montreal office, covering the Canadian Paper & Forest Products and Steel sectors. During Summer 2006, he worked at TD Asset Management in Toronto as a U.S. Equity Analyst. For his first internship in Fall 2005, he worked at Bombardier Recreational Products in Sherbrooke, QC, where he built forecasting models for several of the company's products. Amr is on the Dean's Honour List and is a member of the Beta Gamma Sigma and the Golden Key Honour societies. Actively involved in student life at Concordia University, Amr has served as Vice President of several associations over his academic career. Additionally, he served as an editor for one of the university's main publications. In his little spare time, Amr enjoys reading as well as watching and playing soccer. As a KWPMP Fund Manager, Amr is responsible for the Health Care sector and for Portfolio Analytics.



Thomas Horvath

Thomas Horvath 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 Executive Vice-President for the John Molson Competitions Committee. In Summer 2006 he worked at RBC Dominion Securities in Toronto as a portfolio

management intern with one of the top Investment Advisors in Canada. He is currently in the process of obtaining his Canadian Securities License. Thomas worked Winter 2007 at Standard Life Investments doing research on socially responsible investments in addition to modeling companies in the oil and gas sector. In his spare time, he enjoys playing soccer, volleyball and pool. As a KWPMF Fund Manager, Thomas is responsible for the Consumer Staples sector and Asset Allocation.



Chester Ntonifor

Chester is completing his BA degree in the Honours Economics Program at Concordia University. He is the 2007 recipient of the Ron Meisels scholarship and has been on the Dean's List. Chester spent Winter 2007 covering equities in the materials sector at Standard Life Investments. Summer 2006 he interned at Presima, the Real Estate arm of the

Caisse de Dépôt et Placement du Québec, 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 KWPMF program, Chester covers the IT, Media and Telecom sectors and also co-manages the Fixed Income portfolio.



Scott Thompson

Scott is now working towards his Bachelor of Commerce degree with a major in Finance at the John Molson School of Business of Concordia University. He is a member of the Golden Key honor society. He successfully completed the Canadian Securities Course. Summer 2006 Scott worked as a junior analyst covering the Industrials and Media sectors at Jaris-

lowsky Fraser Ltd. Scott previously had a successful career with Activant Solutions as a business intelligence software consultant. He was honored by Activant with the SSPA Customer Advocate Award and the President's Award. He has had extensive consulting experience working in Canada, the United States and Europe. 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 KWPMF Fund Manager, Scott covers the Industrials sector.



"Since the start of the Kenneth Woods Portfolio Management Program, Presima has proudly partnered with nearly a dozen KWPMF students. With its impressive track record, the program maintains a balance between performance and the willingness to learn, and has shown its dedication not only to ensuring that tomorrow's leaders are courageous and skilful, but also to making our financial community a better place. Presima continues to believe in the strong correlation between education and investment performance. Thank you KWPMF for letting us take part in your tremendous success!"

Ron Cheshire, MBA
Vice President & Chief Investment Officer
Presima
Caisse de dépôt et placement du Québec

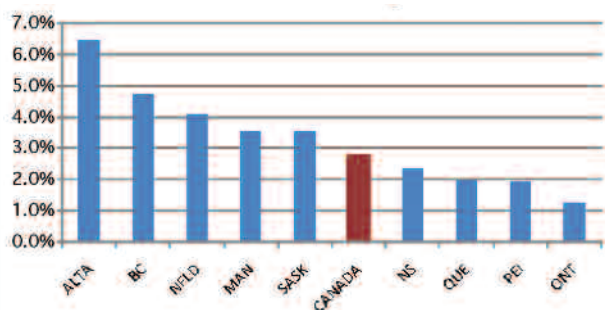
Fund Managers' Report

Canadian Economics

Prior to the beginning of 2006, the resounding themes driving the Canadian economy were the global growth in demand for commodities and the subsequent rise in their prices. This environment played heavily in Canada's favour, leading to the appreciation of the Canadian dollar but negatively affecting Canada's already weak manufacturing exports. This trend resulted in an interregional transfer of wealth from eastern to western Canada; a trend that we believed would continue throughout 2006.

At the start of the year, we were concerned about the health of the U.S. economy, including the twin deficits, the highly leveraged consumers and the weakening housing market. Further appreciation of the Canadian dollar coupled with lower U.S. consumption would adversely affect Canada's GDP growth. This outlook led us to be cautious. However, Canada's economy at year-end 2005 was sound and still flourishing under rising commodity prices. Inflationary pressures were relatively benign, leading us to believe that interest rate stabilization would occur in the near term. Overall, we had an optimistic outlook for Canada.

Real GDP Growth by Province



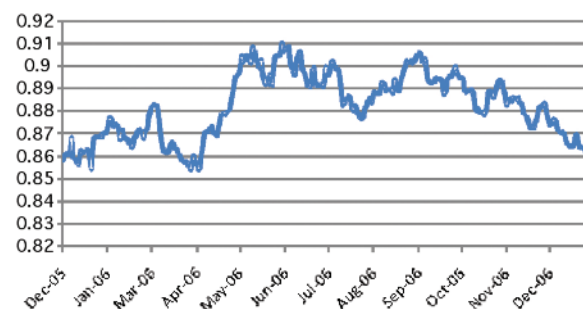
The Canadian economy started the first quarter of the year with a bang. Real GDP grew at 3.8%, real consumer spending jumped 4.6% and the housing market almost doubled in growth, representing the greatest increase in two years. As anticipated, the Bank of Canada tightened interest rates in the hopes of subduing inflationary

pressures. Despite these moves, unexpected economic strength reinforced our positive outlook for Canada.

In the second quarter, we became more cautious. The CPI growth rate increased 8.3% as a result of oil prices skyrocketing to over \$70. The Bank of Canada reacted by leveling interest rates off at 4.25%. Additionally, significant profit-taking occurred in the base metals sector during the quarter.

We became more optimistic throughout the third quarter. The advent of the 1% cut in GST and rapidly declining oil

CAD – USD Exchange



prices assured investors that the Bank of Canada would not tighten rates any further. The supply/demand imbalance led to renewed strength in commodities. We became more bullish on the materials and energy sectors and less so on Canadian manufacturing.

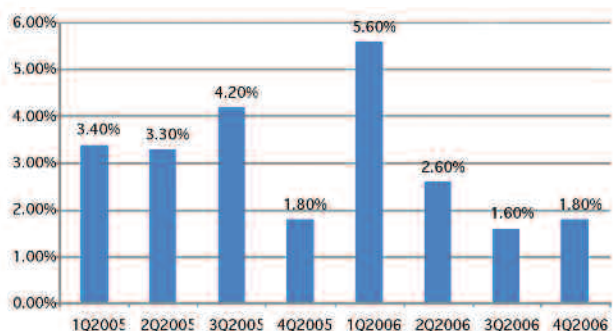
Our view of the economy changed very little in the fourth quarter. However, on October 31st, the Conservative government announced that it intended to tax distributions of certain income trusts starting in 2011, resulting in a 12% one day loss in that sector. Given our zero-exposure to the income trust sector, this drop in the broad index helped us outperform in Canadian equities at year-end.

Overall, the Canadian economy in 2006 continued to benefit the western provinces at the expense of eastern manufacturing. While the Canadian dollar ended the year much like it began, the level of growth in Alberta was more than quadruple that of Ontario. The S&P/TSX Composite Index climbed over 12%, led primarily by materials, financials, infotech and telecoms.

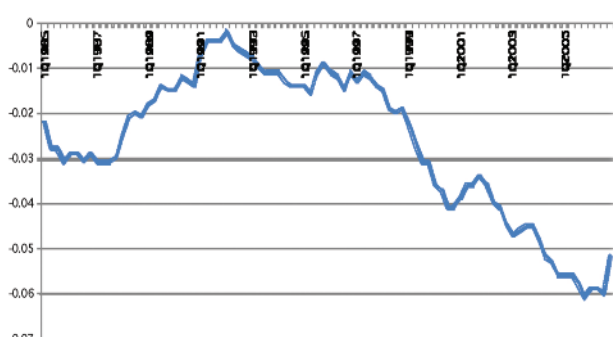
U.S. Economics

In 2005, the United States economy came off another strong year with healthy GDP growth, robust consumer spending and strong corporate profits. All this was in the face of surging energy prices, continued rate hikes by the Fed, a record trade deficit and a weakening U.S. dollar. Starting off 2006, we were primarily concerned with the bubble in the housing market, and the threat that it posed to the U.S. consumer. Not only did we believe that the tremendous growth in the housing sector was unsustainable, but the wealth effect that allowed homeowners to borrow against their new found home equity could quickly come to an end. To make matters worse, an inversion of the yield curve also took place at the end of 2005, which

Real GDP Growth



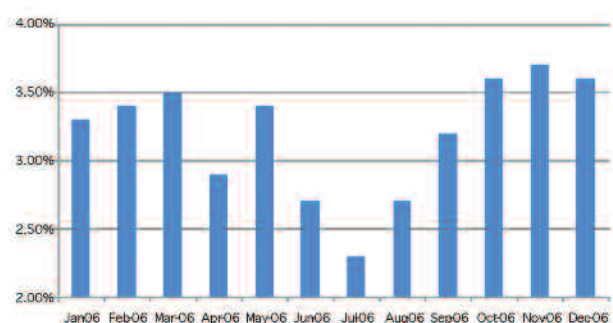
U.S. Trade Deficit (% of GDP)



2006 NYMEX Light Sweet Crude Prices



Real Consumer Spending



continued into 2006, an event which has historically been a reliable leading indicator of a forthcoming economic recession.

Despite these headwinds, there were still many positive aspects in the economy that prevented us from being overly pessimistic in our outlook. We believed that excess liquidity in the global economy resulted in a strong demand for long-term U.S. debt, and was partially responsible for the inversion of the yield curve. Inflation for the most part remained contained, hinting to the possibility that rate hikes might end sometime during the year. Employment and wages grew at a healthy rate, and although the U.S. consumer savings rate was low, overall net worth was still above historical levels. Strong corporate profits and balance sheets, combined with robust global growth suggested that business spending and foreign demand could support the economy. All this led us to believe that the U.S. economy would fare much better in 2006 than the Street anticipated. Nevertheless, we felt that the situation warranted caution, and a defensive strategy was adopted with a preference towards large cap companies that had the ability to consistently grow earnings. The valuation of these large caps had become attractively priced versus their small cap peers and we believed that their multiples were likely to expand as a flight to quality took place.

The first quarter of the year played out more or less as we expected. The resilient U.S. consumer continued to spend at healthy levels and the strength of the economy was demonstrated by a very solid 5.6% growth in real GDP. This growth was also aided by strong business and government spending. Best of all, inflation remained contained.

In the second quarter, the U.S. economy slowed considerably with GDP growing at only about half the rate of that in Q1. Sharp increases in the price of oil dampened consumer spending in this quarter and many businesses were faced with higher input costs. As a result, consumer prices shot up at a heated 4.1% annualized rate, which was well above the Fed's comfort zone. This renewed fears of inflation and further rate hikes.

The third quarter proved to be a turning point in the U.S. economy. On August 8th, after seventeen consecutive increases, the Fed announced a freeze in its interest rate hike campaign. With retreating oil prices easing inflationary pressures, and the housing market showing clear signs of weakness, the Fed chose to hold the overnight rate at 5.25%. This decision was made in hopes that the slowing housing market would help glide the economy into a soft landing without causing a recession. Investors met this with optimism and the stock market rallied in hopes of

early rate cuts in the near future. The decline in energy prices was due to seasonal factors and an unusually mild start to winter. This not only put money back into the pockets of consumers, who in turn used it to purchase more goods and services, but also provided relief to energy-intensive businesses.

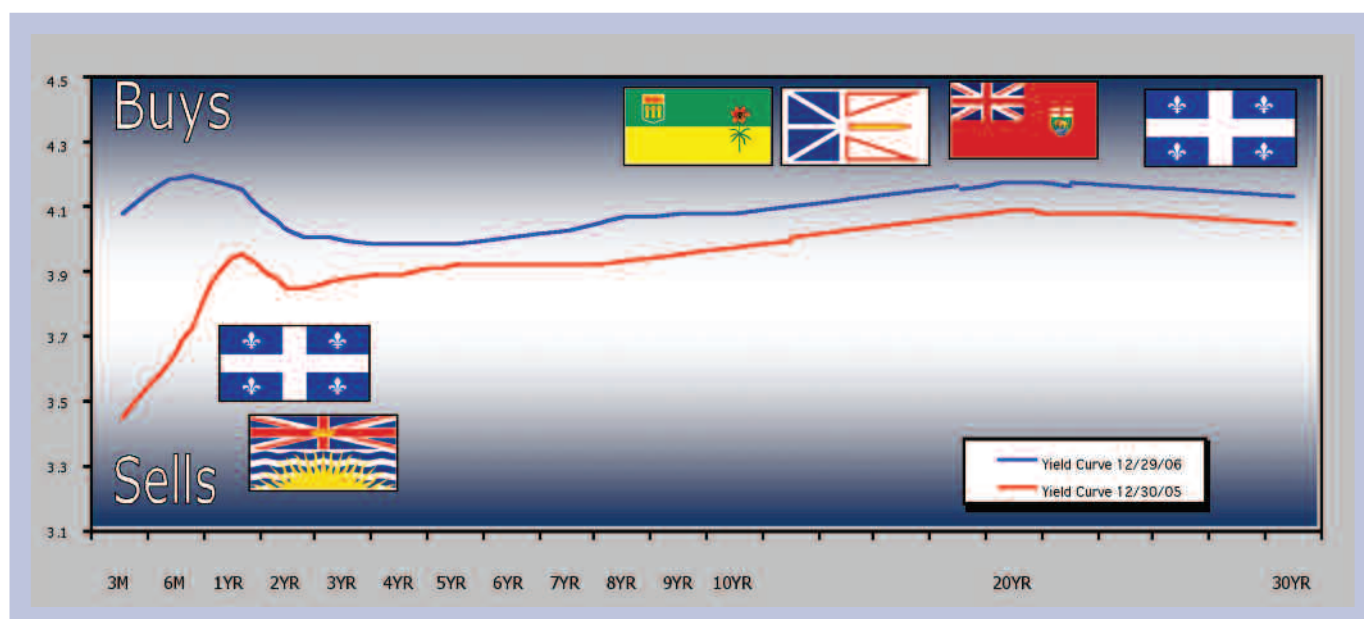
Much of the same theme carried on into the fourth quarter, until a stronger than expected inflation report and increased uncertainty towards the declining housing market prompted a correction in equities. However, this did little to dampen the moods of investors, as indices quickly recovered and continued to reach new highs to finish the year on a positive note.

Fixed Income

Fiscal 2006 was highlighted by Ben Bernanke succeeding Alan Greenspan as Chairman of the US Federal Reserve in addition to a growing concern as to whether this new administration would continue with the policy on inflation that was instituted by Chairman Greenspan. Increasing inflationary concerns were equally shared by Canadian investors who were eager to see if the Bank of Canada would adopt a similar approach to that of its US counterpart. These fears which resounded throughout the Canadian investment community were driven primarily by the tremendous performance of the commodities market and the housing market in recent years. Consequently, the Canadian fiscal environment witnessed four rate hikes as

the key lending rate increased from 3.25% to 4.25% throughout the first half of 2006. However, as leading inflation indicators began to ease, the BoC became more dovish in its views on inflation and began its series of pauses through the remainder of the year. As the anticipated slowdown in the housing and commodities markets began to take shape, this created long-term uncertainty which was reflected in the flattening of the yield curve and growing recessionary fears.

In light of this fiscal environment, we decided to adopt a conservative strategy relative to the yield curve. After matching the portfolio duration to that of the portfolio benchmark at the end of Q2, we maintained this relative position throughout the remainder of the year. We chose to keep duration within a narrow range of our index and awaited stronger leading economic indicators. Value was added as we sought incremental basis points by playing yield spreads between the provincial and Government of Canada issues. Keeping with this strategy, we increased our holdings in Saskatchewan, Manitoba, Quebec, and Newfoundland. Throughout 2006, the above-mentioned provinces benefited from expanding economic activity while trading at a relative discount to the province of Alberta issues. Given the uncertain economic environment and its relative impact on the market, the Fund's asset allocation strategy was conservative, as reflected in this move towards safer assets. We were net buyers throughout 2006 as we purchased \$140,000 and sold \$64,000, effectively increasing the fixed income allocation from approximately 25% to 30%.



Asset Allocation

The KWPMP Statement of Investment Policy provides guidelines for the Fund Managers who oversee the portfolio while meeting the client's investment objectives. Lower and upper limits on each asset class have been designed to ensure diversification across the allowed investment universe and to provide latitude for the Fund Managers. The following table summarizes these guidelines.

| Investment Policy Guidelines | | | |
|------------------------------|-----|-----------|-----|
| | Min | Benchmark | Max |
| Cash & Equivalents | 0% | 5% | 15% |
| Fixed Income | 25% | 35% | 45% |
| Canadian Equities | 10% | 20% | 35% |
| International Equities | 5% | 10% | 20% |
| U.S. Equities | 20% | 30% | 40% |

We targeted a fully invested policy at the beginning of the year since our global economic forecast suggested moderate growth and a low probability of a worldwide recession. This strategy was gradually applied throughout the year and was reached during the third quarter as can be seen in the following table:

| Asset Allocation from Q4/05 to Q4/06 | | | | | |
|--------------------------------------|-------|-------|-------|-------|-------|
| | Q4/05 | Q1/06 | Q2/06 | Q3/06 | Q4/06 |
| Cash & Equivalents | 9% | 7% | 6% | 0% | 0% |
| Fixed Income | 26% | 25% | 26% | 28% | 30% |
| Canadian Equities | 31% | 29% | 29% | 31% | 28% |
| International Equities | 13% | 13% | 14% | 15% | 16% |
| U.S. Equities | 21% | 26% | 25% | 26% | 26% |

Following the stabilization of interest rates in North America and the application of a successful strategy toward the end of the second quarter, we decided to gradually raise the fixed income portfolio weight. Our target of 30% for this asset class was reached during the fourth quarter.

At the beginning of the year, our outlook was more positive towards International and Canadian economies. These two assets classes were kept above the investment policy benchmark. As the economic outlook became more promising for the European Union during the second quarter, we progressively increased the Fund's international exposure. The lower weight for Canadian equities at the end of the fourth quarter is due to our exit from a heavy position in the Materials sector.

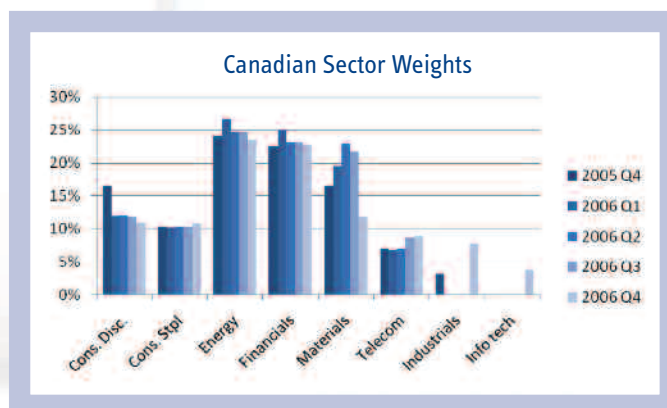
The U.S. economy appeared to slow down following the rate hikes the U.S. Federal Reserve applied over previous years. We believed this treatment would prove favorable in removing the inflation threat without being disastrous to the overall economy. Therefore, we considered the low level of the American equities to be unjustified and decided to increase it to the midpoint between the lower boundary and the benchmark.

Sector Allocation

Canada

In Q1 2006, the Fund Managers decreased the weight of Consumer Discretionary from 17% to 12% by significantly trimming the Fund's position in Gildan Activewear in order to reduce the portfolio's risk exposure to a single large position. The Industrials sector weight was reduced due to the effect of the strong Canadian dollar on export. The Materials sector had substantial gains during 2006. Its

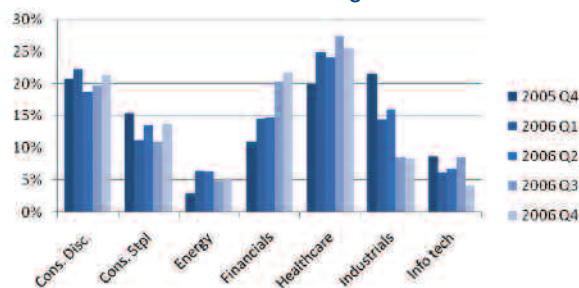
weight was reduced during the fourth quarter through profit taking by the Fund Managers. The illustrated weights in the following graph exclude the index shares held.



United States

Changes in our U.S. sector allocation in 2006 were based on our bearish view of the US economy. Historically, defensive sectors such as Consumer Staples, Healthcare, Telecom and Financials tend to outperform other sectors in a slowing economy. Although we were cautious on the U.S. consumer, our bet that they would fare much better than the market expected kept the Discretionary sector at a stable weight. This decision ended up contributing significantly to our outperformance. The Financial sector weight was increased following the interest rate stabilization during Q3. Given the economic forecast predicting the end of the upward business cycle, we decided to reduce the weight of our Industrial sector. Consumer Staples encountered a large volume of fluctuations due to reallocation of capital over the course of the year.

U.S. Sector Weights

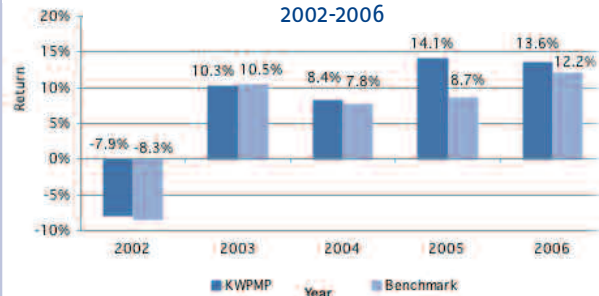


market prices below our assessment of their intrinsic value. This strategy allowed us to limit downside risk while achieving capital returns as the market recognized the underlying value. This allowed us to grow the Fund's capital in a prudent manner, as required by our Investment Policy.

As the major equity markets soared in 2006, so did the Fund's performance. The Fund's total return for the fiscal year ended December 31, 2006 was 13.61%, outperforming the policy benchmark by 145 basis points. This marks the 3rd consecutive year that the Fund has outperformed its policy benchmark.

The table below compares the rate of return for each asset class against the relevant benchmarks' rates of return.

Annual Portfolio Performance vs Benchmark 2002-2006



A combined Policy Benchmark was created from the asset class benchmarks and asset class target weights established in the Statement of Investment Policy.

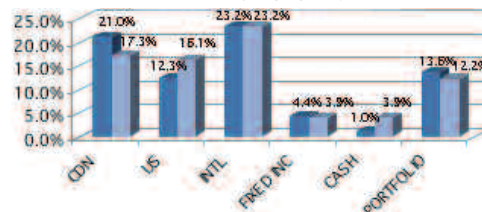
Performance

As Fund Managers of an endowment fund, we adopted a conservative, value investment style. We sought to achieve superior long-term performance by investing in securities of financially strong, well-managed companies at

Performance Attribution

The corresponding table on page 17 provides a detailed breakdown of the Fund's performance attribution for the fiscal year ended December 31, 2006. Asset allocation contributed 130 basis points to the Fund's performance while security selection contributed 15 basis points.

Dec. 31, 2005 – Dec. 31, 2006 KWPMP vs Benchmark



Policy

Weight

Benchmark

5%

30-day T-bill

35%

Scotia Capital Universe Government Bond Index

20%

S&P/TSX Composite Index

30%

S&P 500 Index(CAD\$)

10%

Bank of New York Developed Markets ADR Index (CAD\$)

The Fund was overweight in the right sectors for 2006 as both the Canadian and International equities were the strongest asset classes for the year. The Canadian equities outperformed the TSX by 372 basis points this year. The Materials and Telecommunication sectors were the strongest performing sectors, led by Lionore, Inmet and Rogers.

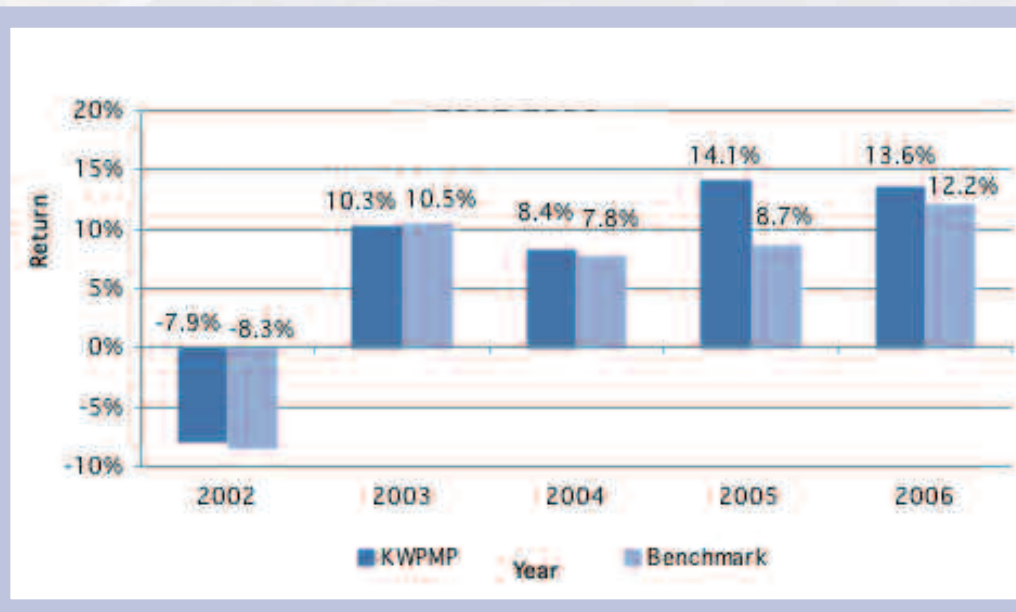
U.S. equities detracted from the performance of the fund relative to its benchmark throughout most of the year, except in the fourth quarter when the Fund beat the S&P 500 by almost 100 basis points. Despite the overall underperformance for the asset class, companies such as First Cash Financial Services and CB Richard Ellis stood out and

significantly helped the Fund's U.S. equity performance. International equities kept pace with the strong performance of its benchmark, driven by returns in CRH and Metso.

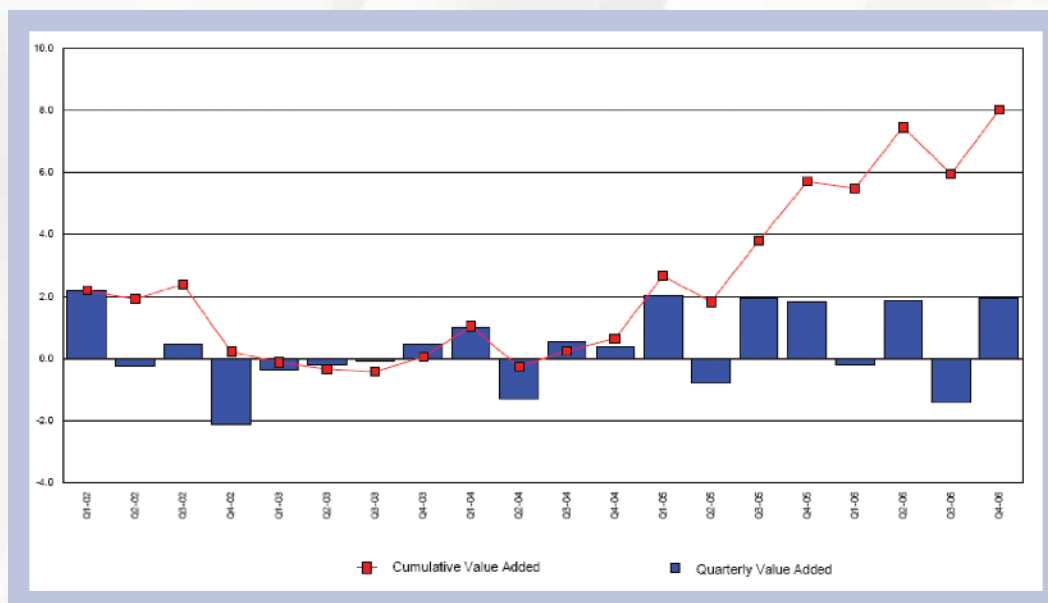
| Performance Attribution | | | | | |
|---|-----------------------|-------------------|--------------------|------------------|--------------|
| Contribution of Asset Allocation Performance | | | | | |
| | Portfolio Weight | Target Weight | Excess Weight | Market Return | Contribution |
| Canadian Equity | 30.04% | 20% | 10.04% | 17.26% | 1.73% |
| US Equity | 24.34% | 30% | -5.66% | 16.08% | -0.91% |
| International Equity | 13.39% | 10% | 3.39% | 23.15% | 0.78% |
| Fixed Income | 26.71% | 35% | -8.29% | 3.92% | -0.32% |
| Cash and Cash Equivalents | 5.52% | 5% | 0.52% | 3.93% | 0.02% |
| Total Contribution of Asset Allocation | | | | | 1.30% |
| Contribution of Security Selection to Total Performance | | | | | |
| | Portfolio Performance | Index Performance | Excess Performance | Portfolio Weight | Contribution |
| Canadian Equity | 20.98% | 17.26% | 3.72% | 30.04% | 1.12% |
| US Equity | 12.28% | 16.08% | -3.80% | 24.34% | -0.93% |
| International Equity | 23.15% | 23.15% | 0.00% | 13.39% | 0.00% |
| Fixed Income | 4.38% | 3.92% | 0.46% | 26.71% | 0.12% |
| Cash and Cash Equivalents | 1.02% | 3.93% | -2.91% | 5.52% | -0.16% |
| Total Contribution of Selection Within Markets | | | | | 0.15% |



Annual Portfolio Performance vs Benchmark 2002 – 2006



Cumulative Performance Comparison



| KENNETH WOODS PORTFOLIO MANAGEMENT PROGRAM | | | | | | | |
|--|----------|--------------------|---------------|---------------|--------------------|---------------|----------------|
| Portfolio Balance Sheet | | | | | | | |
| As at December 31, 2006 (CDN \$) | | | | | | | |
| | Quantity | Dec 31, 05 | Bought | Sold | Dec 31, 06 | Gains/Loss | Weight |
| Cash and Short Term | | | | | | | |
| Cash | | \$114,442 | | | \$7,202 | | 0.51% |
| Total Cash and Short Term | | \$114,442 | | | \$7,202 | 1.02% | 0.51% |
| Fixed Income | | | | | | | |
| Federal | | \$56,181 | | | \$58,280 | | 4.12% |
| Provincial | | \$248,099 | | | \$347,416 | | 24.56% |
| Municipal | | \$19,348 | | | \$19,129 | | 1.35% |
| Total Fixed Income | | \$323,628 | | | \$424,825 | 4.38% | 30.03% |
| Canadian Equities | | | | | | | |
| Consumer Discretionary | | | | | | | |
| Astral Media | 400 | \$12,256 | | | \$15,972 | 30.32% | 1.13% |
| Gilman Activewear | 400 | \$40,000 | | 400 \$22,700 | \$21,796 | 11.24% | 1.54% |
| Consumer Staples | | | | | | | |
| Metro | 700 | \$21,350 | | | \$26,558 | 24.39% | 1.88% |
| Jean Coutu Group | 800 | \$11,200 | | | \$11,000 | -1.79% | 0.78% |
| Energy | | | | | | | |
| Talisman Energy | 750 | \$46,200 | | | \$44,550 | -3.57% | 3.15% |
| CHC Helicopter | 500 | \$13,655 | | | \$12,300 | -9.92% | 0.87% |
| Encana | 200 | \$10,512 | | | \$10,732 | 2.09% | 0.78% |
| Petro Canada | 0 | BOUGHT | 300 \$14,937 | | \$14,325 | -4.10% | 1.01% |
| Centurian Energy | 500 | \$5,645 | | 500 \$5,890 | SOLD | 4.34% | |
| Financials | | | | | | | |
| Royal Bank of Canada | 500 | \$22,703 | | | \$27,750 | 22.23% | 1.96% |
| Sun Life Financial | 200 | \$9,346 | | | \$9,864 | 5.54% | 0.70% |
| Bank of Montreal | 600 | \$36,000 | | | \$41,400 | 6.15% | 2.93% |
| Materials | | | | | | | |
| Barrick Gold | 400 | \$13,003 | | | \$14,266 | 9.71% | 1.01% |
| Inmet Mining | 1000 | \$26,500 | | 1000 \$49,995 | SOLD | 69.47% | |
| Lionore Minerals | 2000 | \$9,900 | | | \$26,500 | 167.68% | 1.87% |
| Telecom | | | | | | | |
| Rogers Communication | 450 | \$22,140 | | | \$31,230 | 41.06% | 2.21% |
| Industrials | | | | | | | |
| BFI Canada Income Fund | 0 | BOUGHT | 1000 \$28,100 | | \$26,900 | -4.27% | 1.90% |
| Transcontinental | 500 | \$9,500 | | 500 \$9,865 | SOLD | -5.63% | |
| Info Tech | | | | | | | |
| March Networks | 0 | BOUGHT | 600 \$14,544 | | \$12,810 | -11.92% | 0.91% |
| Indices | | | | | | | |
| iShares S&P/TSX 60 Capped Index Fund | 1030 | \$73,181 | | 100 \$7,762 | \$75,609 | 13.96% | 5.34% |
| Total Canadian Equities | | \$389,070 | | | \$423,562 | 20.98% | 29.94% |
| U.S. Equities | | | | | | | |
| Consumer Discretionary | | | | | | | |
| Coach | 300 | \$11,667 | | | \$14,972 | 28.33% | 1.06% |
| Viacom * | 100 | \$7,642 | | | \$4,764 | -37.66% | 0.34% |
| Walt Disney | 300 | \$8,388 | | | \$11,943 | 42.39% | 0.84% |
| PetSmart | 300 | \$8,979 | | | \$10,058 | 12.01% | 0.71% |
| First Cash Financial Services | 1200 | \$20,407 | | 400 \$8,400 | \$24,043 | 58.98% | 1.70% |
| Nautilus | 0 | BOUGHT | 500 \$10,834 | | \$8,132 | -24.94% | 0.57% |
| Consumer Staples | | | | | | | |
| Playtex Products | 600 | \$9,567 | | 600 \$6,535 | SOLD | -31.69% | |
| Costco Wholesale | 250 | \$14,426 | | | \$15,355 | 6.44% | 1.09% |
| Walgreen | 0 | BOUGHT | 600 \$29,856 | | \$31,886 | 7.14% | 2.26% |
| Fresh Del Monte Products | 300 | \$7,968 | | 300 \$7,627 | SOLD | -4.28% | |
| Nu Skin Enterprises | 500 | \$10,253 | | 500 \$10,248 | SOLD | -0.05% | |
| Energy | | | | | | | |
| Patterson Ut | 200 | \$7,687 | | 200 \$5,295 | SOLD | -31.11% | |
| Exxon Mobil | 0 | BOUGHT | 200 \$13,714 | | \$17,804 | 29.83% | 1.26% |
| Financials | | | | | | | |
| Citigroup | 150 | \$8,491 | | | \$9,706 | 14.31% | 0.69% |
| Berkshire Hathaway Holdings Cl B | 4 | \$13,696 | | | \$17,035 | 24.38% | 1.20% |
| American Equity Investment Life Hold. | 500 | \$7,611 | | | \$7,568 | -0.56% | 0.53% |
| CB Richard Ellis Group | 0 | BOUGHT | 600 \$15,696 | | \$23,141 | 47.43% | 1.64% |
| Capital One Financial | 0 | BOUGHT | 200 \$19,263 | | \$17,848 | -7.35% | 1.26% |
| Healthcare | | | | | | | |
| Symmetry Medical | 600 | \$13,570 | 150 \$2,626 | | \$12,050 | -25.60% | 0.85% |
| Varian Medical Systems | 170 | \$9,982 | | | \$9,395 | -5.89% | 0.66% |
| Wyeth | 200 | \$10,747 | | | \$11,831 | 10.08% | 0.84% |
| Johnson & Johnson | 0 | BOUGHT | 300 \$19,589 | | \$23,009 | 17.46% | 1.63% |
| Pfizer | 300 | \$8,160 | | | \$9,026 | 10.61% | 0.64% |
| Amedsys | 333 | \$12,317 | 267 \$7,125 | | \$22,911 | 17.84% | 1.62% |
| Industrials | | | | | | | |
| 3M | 175 | \$15,820 | | | \$15,843 | 0.15% | 1.12% |
| Briggs & Stratton | 300 | \$13,573 | | 300 \$11,690 | SOLD | -13.87% | |
| General Electric | 300 | \$12,265 | | | \$12,968 | 5.73% | 0.92% |
| Genesee & Wyoming | 400 | \$17,519 | | 400 \$16,087 | SOLD | -8.18% | |
| Info Tech | | | | | | | |
| Microsoft | 200 | \$6,100 | 200 \$5,247 | | \$13,875 | 22.28% | 0.98% |
| Intergraph | 300 | \$17,430 | | 300 \$13,200 | SOLD | -24.27% | |
| Total U.S. Equities | | \$274,266 | | | \$345,263 | 12.28% | 24.40% |
| International Equities | | | | | | | |
| BHP Billiton | 500 | \$19,491 | | | \$23,089 | 18.46% | 1.63% |
| CRH | 500 | \$17,269 | | | \$24,686 | 42.95% | 1.74% |
| Honda Motor | 200 | \$6,758 | | | \$9,187 | 35.93% | 0.65% |
| Metso | 0 | BOUGHT | 300 \$12,400 | | \$17,600 | 41.93% | 1.34% |
| Nokia | 600 | \$12,807 | | | \$14,163 | 10.59% | 1.00% |
| Reed Elsevier PLC | 250 | \$10,938 | | | \$12,790 | 16.93% | 0.90% |
| Sanofi-Aventis | 250 | \$12,802 | | | \$13,409 | 4.74% | 0.95% |
| TNT | 350 | \$12,770 | | | \$17,516 | 37.17% | 1.34% |
| iShares MSCI Germany Index | 0 | BOUGHT | 500 \$11,224 | | \$15,625 | 39.21% | 1.10% |
| iShares MSCI EAFE Index | 775 | \$53,750 | | | \$65,921 | 22.64% | 4.66% |
| Total International Equities | | \$148,585 | | | \$213,986 | 23.15% | 15.12% |
| Total Portfolio | | \$1,250,991 | | | \$1,444,839 | 13.61% | 100.00% |

Percentage gain/loss is simple price for individual equities but is total return for the respective asset class

*Viacom split into two separate entities CBS and Viacom. CBS was sold and Viacom was retained. The overall return of the position is -7.32%

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“The KWPMP was the best and most rewarding experience of my academic career. The opportunity to manage a live one million dollar portfolio and receive guidance from astute mentors, combined with the rigor required to present our investment ideas to some of Montreal’s most respected financial minds on the Client Committee, created a learning environment that was impossible to duplicate and was truly second to none. The KWPMP gave me a tremendous amount of confidence as I began my career in the industry. I owe much of my early success in Investment Management to the training and experience I acquired from the KWPMP and I am very grateful to all those who helped make this program what it is today.”

Michael Gentile, CFA

[Calvin Potter Fellow, 2002]

Investment Analyst

Formula Growth Limited



Professor 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.