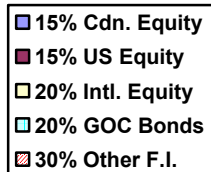
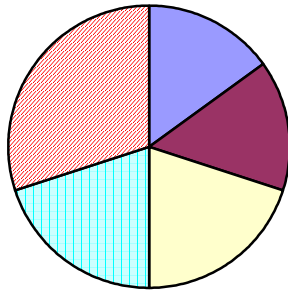


2006: A 50/50 Year

Published by Shaunessy Investment Counsel,
April 24th, 2006

Summary:



We continue to take a cautious approach and hold a 50/50 asset allocation for our global balanced core asset portfolio. First quarter results are positive --- better than expected for most investors -- but markets in Canada have significantly narrowed and trends in the U.S. are, at best, uncertain.

As investment managers, our task at this juncture is to maintain balanced portfolios and preserve the returns generated in Q1, especially as the next 6 months are traditionally a time for market corrections.

Canadian Equity: 15% Unchanged

Canadian equities are still on a tear with the TSX 60 providing total returns of 8.0% in Q1 or 30.2% over the past 12 months on the back of a long commodities cycle. A disproportionate amount of the return is generated by only a handful of energy, materials and financial issuers. Add to that the relentless decline (through mergers and acquisitions) since 2000 of TSX listed Canadian heavyweight companies (recently for example, Dofasco, CP Ships, Fairmont Hotels, Falconbridge, Placer Dome), and diversity is a thing of the past. For our core asset portfolio we are holding the allocation at 15% and looking for other capital markets to provide balanced returns.

US Equity: 15% Unchanged

As expected, the largest and most robust US behemoths with significant international exposure are slowly showing signs of life and seem well positioned to weather this year's uncertain economic climate. The currency risk is offset by the benefits of diversifying away from the Canadian market (and by holding gold bullion elsewhere in the portfolio). Overall, there are no compelling reasons at this time for changing the portfolio allocation from 15%.

International Equity: 20% Unchanged

On the surface, there is a great temptation to stay with the commodity-based stocks in Canadian dollars because of the excellent performance that Canada has delivered. However, if we read between the lines, the commodity boom suggests that the engine of global economic growth for the balance of this decade is shifting from North America to Europe and Asia. It follows that opportunities in international stocks will continue to reward investors especially in Far East developed and developing markets.

Fixed Income & Bonds: 50% Unchanged

We continue to invest at least half of our managed portfolios in fixed income. A large part of the allocation has been directed to special situations such as Canadian income trust indexes, US high yield bonds and gold bullion ETFs – all of which have served us well. Our bond

holdings remain tilted toward the short end of the market as late cycle inflation concerns are weighing on longer term bonds in both Canada and the US. We think that there will be an opportunity to extend term but that will likely be later in 2006. We are trying to manage North American systemic risk by diversifying into other major currencies. Consequently, we have added a Euro currency ETF to our portfolio.



DISCLAIMER: Readers are hereby advised that material contained in newsletters, email correspondence or the web site published by Shaunessy Investment Counsel should be used solely for informational purposes. Readers should always conduct their own research and due diligence and seek professional advice prior to making an investment decision. Shaunessy Investment Counsel will not be held liable for any loss or damages arising directly or indirectly as a result of a reader's reliance on information obtained from our newsletters, our web site or email correspondence. The information contained herein does not constitute a representation or a solicitation for the purchase or sale of securities or form part of an offer to provide investment management or advisory services. Our opinions and analyses are based on sources believed to be accurate and reliable and are written in good faith, but no representation or warranty, expressed or implied, is to be made as to their accuracy or completeness. All information should be independently verified and Shaunessy Investment Counsel is not responsible for errors, omissions or for providing future updates. There are dangers to acting on the information provided as investment markets alter daily and developments may have rendered the information, analysis and opinion expressed by Shaunessy Investment Counsel on its web site or in newsletters and emails, obsolete.