David A. Rosenberg
Chief Economist & Strategist
drosenberg@gluskinsheff.com
+ 1 416 681 8919

July 14, 2010
Economic Commentary

Gluskin Sheff

MARKET MUSINGS & DATA DECIPHERING

Breakfast with Dave

"V" STANDS FOR VOLATILITY

Well, the S&P 500 has rallied all the way back to the 200-day moving average. This rebound went much further than I expected, but as we mentioned on Monday, the swing in the net speculative position in the past two weeks in the Chicago Mercantile Exchange reveals a sharp and snappy short-covering rally. But I recall all too well that after the market slid from the first run at the highs in August 2007 and then corrected hard in September, the S&P 500 went on for an 11% rally to the highs even as the credit contraction began and the economy showed signs of slowing — the market, thought the Fed, was coming to the rescue and there would be no double dip. Now the markets seem to believe that the stress tests in Europe will work and that sovereign debt risks are overblown and again … no double dip. We shall see.

As the charts below illustrate, we are into an unprecedented period of market volatility as the secular forces of deflation bump against recurring rounds of policy reflation. Twelve years of no return but with massive swings along the way (Chart 1). And, look at Chart 2, which takes this year's choppy pattern into focus — six whippy rallies and selloffs, and again, no return. Very frustrating for the bulls and the bears, but for those portfolio managers that have the skill set to run true hedge funds, these fluctuations are fertile ground.

CHART 1: TWELVE YEARS RACKED WITH VOLATILITY

United States: S&P 500 Composite Index
(percent change)

Source: Haver Analytics, Gluskin Sheff

IN THIS ISSUE

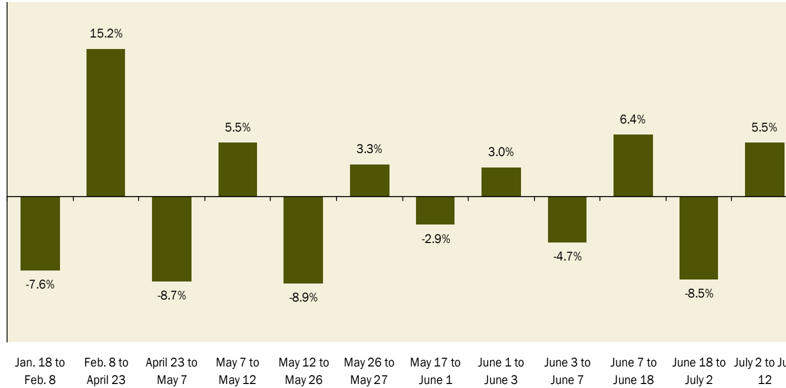
- "V" stands for volatility: we are into an unprecedented period of market volatility as the secular forces of deflation bump against recurring rounds of policy reflation
- The fundamental trendline is still down
- No double-dip? We have been on the receiving end of endless analysis suggesting that double-dip risks are either zero or completely trivial
- Mr. Rosengren — Make it the 5 R's: yesterday, Boston Fed President Eric Rosengren, in an interview with the WSJ, has done a mind meld with us
- Economy slowing: the equity market may have quickly filled up the gap towards the 200-day moving average, but the reality is that the economy is slowing down
- The good, the bad and the ugly: we are talking about the latest JOLTS report out of the BLS

Please see important disclosures at the end of this document.

Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms. Founded in 1984 and focused primarily on high net worth private clients, we are dedicated to meeting the needs of our clients by delivering strong, risk-adjusted returns together with the highest level of personalized client service. For more information or to subscribe to Gluskin Sheff economic reports, visit www.gluskinsheff.com

CHART 2: A WHOLE LOT OF VOLATILITY

United States: S&P 500 Composite Index
(2010, percent change)



Source: Haver Analytics, Gluskin Sheff

THE FUNDAMENTAL TRENDLINE IS STILL DOWN

Intel enjoyed its best quarter ever at the peak of the inventory cycle. Well done.

Intel enjoyed its best quarter ever at the peak of the inventory cycle. Well done.

What we are grappling with is this. If the consensus earnings forecast is "the market", then the S&P 500 is *de facto* pricing in $96 of operating earnings next year — a new peak. Now that is a 35% increase from here and it is extremely difficult to see profits soaring that much at a time when margins are already back at cycle highs and with the prospect of slowing nominal GDP growth. It just does not add up.

Well, one can always say that even if earnings come in at $80 in 2011, what's the guff? Slap on a 15x multiple and you still get to 1,200 on the S&P 500.

Of course that 15x is what the bulls use because periods of "low inflation" deserve a higher multiple. Well, that may have been true in periods of supply-driven disinflation (deregulation, freer global trade, labour mobility, tech-driven productivity growth, and lower marginal tax rates) but what we have today is a disinflation soon-to-become deflationary trend induced by a credit contraction deficiency in aggregate demand. There is a qualitative difference.

But what we are grappling with is why the consensus earnings forecast is expecting earnings to hit a new peak next year

Looking back over the past 60 years, the range on the trailing P/E multiple in low inflation (sub-2%) periods was 6x to 30x. You can drive a Mack truck through that. Keep in mind that the average and median P/E in low inflation periods were skewed up by the secular credit expansion that began in the 1960s and morphed into a mania by the 80s and then into a bubble through much of the 90s through to the parabola of the last decade.

We are on the other side of the debt-to-GDP chart. We are going back to a much more stable and less leveraged environment — back to that period in the 1950s low inflation era that was stable and not driven by debt growth, and the P/E back then averaged 11x. So, slap $80 of earnings on that and you ultimately get the market to a level that we may be able to build capital appreciation strategies around. Getting there won't be pretty, especially from current levels, but once we do, remember — the 1950s was a pretty darn good investing environment.

All we can say to investors is to stay disciplined. Focus on yield, coupon clipping and capital gains in bonds while you wait

In the interim, patience will be virtuous. Stay disciplined. Focus on yield, coupon clipping and capital gains in bonds while you wait.

Everyone complains about government manipulation of the data — how "hedonics" skew the numbers (like GDP and CPI). But what about the stock market? I'm not saying it's "manipulated" but it does have substantial "survivorship bias" — especially after a gut wrenching recession. Just cleaning the failures out of the system and erasing them from the S&P 500, from WaMu, to Wachovia, to Bear Stearns, to Lehman, to Fannie and Freddie, and replacing them with companies that survived, was responsible for nearly 40% of the rally in the market off the 2009 lows. Think about that, if those firms who went under were still in the index, according to some help from a strategy friend at an aforementioned bank, the S&P 500 would be trading closer to 900 today than 1,100.

NO DOUBLE DIP?

We have been on the receiving end of endless analysis suggesting that double-dip risks are either zero or completely trivial.

Double-dip deniers are using the positively sloped yield curve, negative real short-term rates, no sign of inventory excess and no sign of a flattening in the trend in the leading indicators as signs that we will not see a double-dip in the economy

"Double-dip talk would have more merit if no one believed it." Yet, this investment bank doesn't believe it!

"Double-Dips are Hard to Find"

"No Double Dip on Indicators"

Even the Cleveland Fed has gotten into the act. Someone sent me one of those charts that illustrate over time the number of times a word or phrase can be found in the financial literature and the term "double dip" has flown off the charts. The individual that sent over the chart said it was a classic contrary indicator until I convinced him that the words are showing up in research reports that are denying the risks of a "double dip" taking place, so this may be a time when the contrary indicator is its own contrary indicator!

The primary reasons given are the positively sloped yield curve, negative real short-term rates, no sign of inventory excess and no sign of a flattening in the trend in the leading indicators (aside from the ECRI, we would suppose). We were sent one particular Street report yesterday that began with a comment on how the analysis incorporated data from the last eight recessions in the United States.

Gluskin Sheff

The question we have is why these other eight recessions in the post-WWII era are relevant. This wasn't just a blip or correction in GDP due to a manufacturing inventory-led recession. This was a traumatic asset price deflation and credit contraction of historical proportions. In essence, this was — or still is — a balance sheet recession that has absolutely nothing in common with the experience of the post-war business cycle when recessions were temporary dips in GDP in the context of a secular credit expansion. And, this wasn't just a U.S recession and debt-deleveraging cycle — it was global in nature. This is why a re-read of the Rogoff-Reinhart and McKinsey reports on the history of what the aftermath of a secular credit contraction really looks like is imperative. This is all the more so after a six-day power surge in the stock market as the gap to the 200-day moving average gets filled.

Why do so many cling to the "yield curve" in a credit cycle in any event? Are you going to tell me that a 50 basis point inversion in 2007 was the principal cause of the recession?

Take us at our word that if Ben Bernanke is worried, it is not about what drives a post-WWII cycle. He has the 1937-38 brutal downturn in mind and this is actually a much more appropriate template, notwithstanding the changed structure of the economy (we don't have one-third of the population living on the farm).

Heading into that downturn, there was no sign of inventory excess (prior to that recession, inventories contributed 20% to the economic expansion versus over 60% contribution this time around from the 2009 lows in GDP). Going into the renewed 1937-38 meltdown in the economy and the stock market, the yield curve was positively sloped to the tune of 240bps (3-months to the long bond). Why do so many cling to the "yield curve" in a credit cycle in any event? Are you going to tell me that a 50 basis point inversion in 2007 was the principal cause of the recession? Seriously now, the same pundits pointing to the yields curve now were telling everyone to ignore it back in 2007 because rates were low, which was a "conundrum", apparently, because of excess Chinese savings flowing into the Treasury market. These same double-dip deniers never saw the recession coming in 2007 to begin with because after "adjusting" for the bond yield conundrum, the curve was not really inverted, don't you see? Well, it only inverted by a little bit, anyway, and unlike other post-war cycles, this isn't what unraveled the economy.

Just as the yield curve flattening and Fed tightening (the funds rate did rise 450bps) were no match for the parabolic credit expansion from 2003 to 2007, it would seem foolhardy to revert to the yield curve's steepness today as some bellwether leading indicator when we are on the other (darker) side of the credit cycle. At best it gives the banks another way to generate low-multiple trading profits, and that's about it.

Gluskin Sheff

Paul Krugman is probably not sleeping well because he knows that history may repeat itself

Moreover, where were "real" short-term interest rates heading into the unexpected 1937-38 collapse? How about -200bps? What was at play in that recession was not inventories, the curve or real rates — it was the sudden withdrawal of fiscal support after years of massive New Deal stimulus. The deficit-to-GDP ratio receded from 5.5% in 1936, to 2.5% in 1937, to 0.1% by 1937. That represented a huge negative fiscal shock to an economy dependant on government support. Full stop. End of story. Paul Krugman is not sleeping well because he knows that history may repeat itself. Okay, okay — that was over 70 years ago (not really that long ago in the overall context of economic and financial history, that was one retort I got yesterday.

What about Japan? Perhaps an extreme example of a post-bubble credit collapse, but it is still a modern society (for the most part — just avoid the glares if you count your change, forget to drink your green tea at meetings, close the cab door or comment on the white glove, and of course letting women out of the elevator first) and an industrialized tech-led economy. Did Japan not have a recession that seemingly came out of nowhere in 1997 with a steep yield curve, at +170bps, real short-term interest rates at -150 bps and a cycle of modest inventory accumulation? What happened, again, was a negative fiscal shock that took an enormous bite out of aggregate demand as the deficit-to-GDP ratio was cut to 3% from 4.5%.

At 1.2% average annual growth in real final sales in the U.S., this is the weakest post-recession recovery on record

So, let's look at the situation from a top-down view. We have seen real U.S. GDP growth average 3.2% at an annual rate during this statistical recovery from the 2009 bottom. Of that, 2.1 percentage points came from the inventory swing — or about two-thirds of the growth. The remaining 1.2% average annual growth rate of GDP excluding inventories — otherwise known as "real final sales" — is the weakest post-recession recovery on record. The weakest ever, despite a 10% deficit-to-GDP ratio, a debt-to-GDP ratio rapidly heading to 100%, a near zero Fed funds rate, record low mortgage rates, an unprecedented tripling in the size of the Fed balance sheet, shifting accounting rules to help rejuvenate profit growth in the financial sector, cheap and easy FHA financing to virtually anyone who wants to buy a home, relentless government pressure on banks to modify defaulted loans, and bailout stimulus galore (Fannie and Freddie are now *de facto* "Crown Corporations" and their stock still trades!!) — and with all that, all we get for our money is a paltry 1.2% growth rate in final sales. Yuk.

Well, what's past is past. Where are we going? It's pretty clear from the manufacturing components of the last payroll report and the latest ISM index that the inventory cycle is either reaching its peak or it already has. The inventory plan components of the small business survey for June hardly pointed in the way of more contribution.

We can see from the latest auto sales reports that absent cash-for-clunkers, sales are, at best, stuck in neutral near 11 million annualized units at a time when replacement demand is closer to 14 million. That this is happening with auto loan rates down 40bps year-to-date and down 100bps over the past year attests to the view that motor vehicles, like housing, is working off years of excess consumption. At least the used car market is thriving, but that doesn't end up adding a whole lot of jobs to the economy outside the car lot.

Taking into count the shadow inventory of foreclosed homes in the U.S., what we have is a two-year backlog of unsold homes

Speaking of housing, sales and mortgage purchase applications are hitting new lows despite mortgage rates at record lows and this also attests to the degree of excessive demand from the prior bubble that is still being worked off — not to mention the fact that when appropriately measured with the shadow inventory of foreclosed properties held off the market, we are talking about close to a two year backlog of unsold homes overhanging the outlook for residential real estate valuation. Commercial construction is beset by high and still-rising vacancy rates in the office and shopping centre space.

It would be nice to see an export boom but the overseas economies, to varying extents, are tightening either monetary or fiscal policy to rein in growth. China is certainly not going to be in the same position it was back in late 2008 in terms of being a leader on the policy front that could ignite a power surge for the global economy. In fact, we just saw the U.S trade deficit widen quite unexpectedly in May to an 18-month high and trigger a wave of downgrades to second-quarter GDP growth. The consumer is not exactly rolling over, but spending fatigue seems to be setting in, along with a natural rise in the personal savings rate, whenever a quick fix fiscal policy gimmick runs its course and expires.

Perhaps capital spending will be a lynchpin, but at 7% of GDP, at most it will contribute a handful of basis points to headline growth. It certainly doesn't seem to be generating a whole lot of new jobs; however, corporate spending growth, along with a sharp eye on cost-cutting, you may want to stay long your Intel stock a while longer. But, what it means for the economy beyond tech capex probably isn't very much.

Then we come to the near-20% chunk of the economy, the government sector. Two-thirds of that comes from the beleaguered State and local government sector, which is in a full-fledged retrenchment mode as it cuts services, raises taxes, and lays off 10,000 employees month in and month out, to reverse the flow of red budgetary ink. This will likely persist well through 2011.

In addition, we now have the federal government, with 70% of the ballyhooed spending stimulus behind us. Look at the bright side, the President recently said at a town hall meeting — at least the unemployment rate didn't go to 15% or 16%. Let's uncork the champagne, folks! What a way to measure success — my kid got an F but at least they didn't throw him out school.

Congress passes the laws anyway, and in a midterm election year, as always, the opinion polls hold sway for the incumbents — and the survey says, there is no more public appetite for more fiscal largesse. We'll see the extent to which this sentiment shifts as three million unemployed Americans roll off the jobless benefits data (since Congress refused to go beyond 99 weeks of support) just in time for the holiday shopping season — lost transfer-income of up to $100 billion heading into the most critical time of the year for the retailing community. And then there are the tax hikes slated for 2011, whether they be income, capital, dividends, or death!

After contributing about two percentage points annually to OECD growth over the past two years, fiscal policy in the industrialized world is set to subtract a percentage point in the coming year. In a world of small numbers, that's pretty big. In the U.S., the fiscal withdrawal will be closer to 1.5 percentage points of GDP. So, if the peak inventory contribution is behind us, and all we have left is a baseline growth trend in real final sales of 1.2%, then how does the economy not contract in the coming year — when the consensus expects to see peak earnings?

MR. ROSENGREN — MAKE IT THE 5 R's!

By that we mean Eric Rosengren, the President of the Boston Fed, who seems to have done a mind meld with us. This is what he had to say in a WSJ interview yesterday:

"Given the amount of substantial excess capacity that we have in the economy, there is some risk of further disinflation. And I would say the risk of deflation has gone up and is more of a risk than I would like to see at this point.

If you were to look at the balance of risks and what we could do about those risks, the risk from a downside shock I would view as more of a problem than the risk of an upside shock of inflation or to the economy overall.

I was probably a little more pessimistic than some to start out with and … Incoming data has been a little bit weaker than many had anticipated. Many private sector forecasters have been downgrading their forecasts for the second half of the year.

We're getting to the point in the recovery where we wouldn't expect as much support coming from the inventory side. If inventories start to ebb it becomes really essential for some of the other components of GDP to start to pick up at this time and there is some reason to believe that we may not get as much of a pick-up as some had been anticipating earlier this year."

Sound familiar?

ECONOMY SLOWING

The equity market has quickly filled up the gap towards the 200-day moving average but the economy is slowing down — even with Intel's blowout quarter. From a 5.6% annual rate in the fourth quarter of 2009, we saw real U.S. GDP growth slow to 2.7% in Q1 and now post the May trade data, it looks like we could be as low as 2.5% for the second quarter.

Meanwhile, we finished off Q2 with very soft June data on the consumer, and small business and manufacturing confidence reports. And, the early signs in July are not so good. The IBD/TIPP economic optimism index slipped to 44.7 in July from 46.2 in June and 48.7 in May — to stand at the low water-mark for the year. Double-dip deniers should note that this index is now back to the level it was when the economy entered recession in late 2007.

We also see that chain store sales slipped badly in the second week of July and the YoY trend of 3.2% is again at the low end of the monthly target band. The International Council of Shopping Centers said in its press statement that *"the nominal sales data may continue to have a soft reading due to the pricing weakness … declining prices may continue to drag down sales growth."*

Again, a whiff of deflation.

THE GOOD, THE BAD, AND THE UGLY

The Bureau of Labor Statistics released the JOLTS (Job Openings Labor Turnover) data for May and it was the case of the good, the bad, and the ugly.

The good? New hires rose 212k in May (Census workers, perhaps?).

The bad? The number of job openings fell 96k — the first decline since February.

The ugly? The pink slips are back — layoffs rose for the first time this year, by 105k.

Labour market conditions, sadly, are not improving.

Gluskin Sheff at a Glance

Gluskin Sheff + Associates Inc. is one of Canada's pre-eminent wealth management firms. Founded in 1984 and focused primarily on high net worth private clients, we are dedicated to the prudent stewardship of our clients' wealth through the delivery of strong, risk-adjusted investment returns together with the highest level of personalized client service.

OVERVIEW

As of March 31, 2010, the Firm managed assets of $5.6 billion.

Gluskin Sheff became a publicly traded corporation on the Toronto Stock Exchange (symbol: GS) in May 2006 and remains 54% owned by its senior management and employees. We have public company accountability and governance with a private company commitment to innovation and service.

Our investment interests are directly aligned with those of our clients, as Gluskin Sheff's management and employees are collectively the largest client of the Firm's investment portfolios.

We offer a diverse platform of investment strategies (Canadian and U.S. equities, Alternative and Fixed Income) and investment styles (Value, Growth and Income).[1]

The minimum investment required to establish a client relationship with the Firm is $3 million for Canadian investors and $5 million for U.S. & International investors.

PERFORMANCE

$1 million invested in our Canadian Value Portfolio in 1991 (its inception date) would have grown to $11.7 million[2] on March 31, 2010 versus $5.7 million for the S&P/TSX Total Return Index over the same period.

$1 million USD invested in our U.S. Equity Portfolio in 1986 (its inception date) would have grown to $8.7 million USD[2] on March 31, 2010 versus $6.9 million USD for the S&P 500 Total Return Index over the same period.

INVESTMENT STRATEGY & TEAM

We have strong and stable portfolio management, research and client service teams. Aside from recent additions, our Portfolio Managers have been with the Firm for a minimum of ten years and we have attracted "best in class" talent at all levels. Our performance results are those of the team in place.

We have a strong history of insightful bottom-up security selection based on fundamental analysis.

For long equities, we look for companies with a history of long-term growth and stability, a proven track record, shareholder-minded management and a share price below our estimate of intrinsic value. We look for the opposite in equities that we sell short.

For corporate bonds, we look for issuers with a margin of safety for the payment of interest and principal, and yields which are attractive relative to the assessed credit risks involved.

We assemble concentrated portfolios — our top ten holdings typically represent between 25% to 45% of a portfolio. In this way, clients benefit from the ideas in which we have the highest conviction.

Our success has often been linked to our long history of investing in under-followed and under-appreciated small and mid cap companies both in Canada and the U.S.

PORTFOLIO CONSTRUCTION

In terms of asset mix and portfolio construction, we offer a unique marriage between our bottom-up security-specific fundamental analysis and our top-down macroeconomic view.

Our investment interests are directly aligned with those of our clients, as Gluskin Sheff's management and employees are collectively the largest client of the Firm's investment portfolios.

$1 million invested in our Canadian Value Portfolio in 1991 (its inception date) would have grown to $11.7 million[2] on March 31, 2010 versus $5.7 million for the S&P/TSX Total Return Index over the same period.

For further information, please contact questions@gluskinsheff.com

Notes:
Unless otherwise noted, all values are in Canadian dollars.
1. *Not all investment strategies are available to non-Canadian investors. Please contact Gluskin Sheff for information specific to your situation.*
2. *Returns are based on the composite of segregated Value and U.S. Equity portfolios, as applicable, and are presented net of fees and expenses.*

Gluskin Sheff

IMPORTANT DISCLOSURES

Copyright 2010 Gluskin Sheff + Associates Inc. (“Gluskin Sheff”). All rights reserved. This report is prepared for the use of Gluskin Sheff clients and subscribers to this report and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Gluskin Sheff. Gluskin Sheff reports are distributed simultaneously to internal and client websites and other portals by Gluskin Sheff and are not publicly available materials. Any unauthorized use or disclosure is prohibited.

Gluskin Sheff may own, buy, or sell, on behalf of its clients, securities of issuers that may be discussed in or impacted by this report. As a result, readers should be aware that Gluskin Sheff may have a conflict of interest that could affect the objectivity of this report. This report should not be regarded by recipients as a substitute for the exercise of their own judgment and readers are encouraged to seek independent, third-party research on any companies covered in or impacted by this report.

Individuals identified as economists do not function as research analysts under U.S. law and reports prepared by them are not research reports under applicable U.S. rules and regulations. Macroeconomic analysis is considered investment research for purposes of distribution in the U.K. under the rules of the Financial Services Authority.

Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

Securities and other financial instruments discussed in this report, or recommended by Gluskin Sheff, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution. Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments effectively assume currency risk.

Materials prepared by Gluskin Sheff research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of Gluskin Sheff. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. Gluskin Sheff research personnel’s knowledge of legal proceedings in which any Gluskin Sheff entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of Gluskin Sheff in connection with the legal proceedings or matters relevant to such proceedings.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to Gluskin Sheff and its affiliates) was obtained from various sources and Gluskin Sheff does not guarantee its accuracy. This report may contain links to third-party websites. Gluskin Sheff is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with Gluskin Sheff.

All opinions, projections and estimates constitute the judgment of the author as of the date of the report and are subject to change without notice. Prices also are subject to change without notice. Gluskin Sheff is under no obligation to update this report and readers should therefore assume that Gluskin Sheff will not update any fact, circumstance or opinion contained in this report.

Neither Gluskin Sheff nor any director, officer or employee of Gluskin Sheff accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.