

September 12, 2001.

To My Dear Clients,

I am writing to you late in the afternoon of September 12, 2001 – the birthday of a new world. Yesterday's events have struck the world with an historic sadness born of an unspeakable tragedy. The world will never be the same. The change will not be for the better.

One cannot witness the carnage of yesterday's terrorist attacks without profound sorrow and sympathy for the victims and their families. Nor can one do so without feeling the need to be with one's own family and loved ones. I was at an Investment Planning Counsel of Canada conference in Huntsville yesterday and was scheduled to be there through today. The conference agenda was immediately overtaken by the newscasts, and soon was cancelled altogether so that as many as possible could return to their families and clients.

To paraphrase the words of British Prime Minister Tony Blair, we are all Americans today. I have no doubt that these events will bring about a change in the world order. Already, western democracies and NATO allies are aligning themselves for what will be an altogether different attack on terrorism and those states that support it. An anonymous State Department official warned last night "I wouldn't be making any vacation plans [in Afghanistan] right now."

I can only hope that the United States and its sympathetic allies are both effective and swift in their pursuit of justice, and measured in their response. We must remember that terrorists are not attacking individuals or buildings but are attacking a way of life. Should they succeed in striking down the rule of law, civil liberties, or the calm and normal routine of life, they will have achieved an even greater success than yesterday's disasters might suggest. The world's greatest democracies and economies are more than a building or any one symbol. They will stand and prove their resilience in the face of this challenge as they have in dozens of crises in the past. In fact, if history is any guide, the economies and stock markets may use this sad day as a catalyst to even greater prosperity.

You may find the history of crisis somewhat surprising. After surveying the market reactions following events such as the bombing of Pearl Harbour (-6.5% on the first trading day for the Dow), or the cold war assassination of JFK (-2.9%), or the Oklahoma City bombing (+0.6%) I have found that the markets on average decline on the first day, but are higher shortly after (22 days after Pearl Harbour the Dow was up 3.8%, after JFK up 7.2%, after Oklahoma up 3.9%). While the infamous events of September 11th will forever change world politics, they are unlikely to have important or lasting effects on world business.

As of late this afternoon, U.S. markets have decided to remain closed for Thursday, and will re-open not later than Monday. Canadian markets are scheduled to open on

Thursday. This is a position I hope will be reconsidered – Canadian markets should not profit from the trading volumes that flow from still grieving U.S. markets.

I will urge my clients to remain calm. As you will no doubt hear in many forums over the next few days, hurried, emotional reactions to calamity are unwarranted, unwise, unnecessary, and historically unprofitable. Your mutual fund managers have been in contact with Investment Planning Counsel of Canada throughout yesterday and today. None of the firms my clients deal with have reported any direct effect from this tragedy, although many have lost friends and acquaintances. Without exception, they have urged calm and will be ready to resume the stewardship of your funds at the opening of the markets. I have faith in their ability to act on our behalf in what could be volatile markets in those early first hours of trading. In every case, they have informed us that they will be carefully surveying the markets around the world for buying opportunities that arise from irrational selling, but also that they do not believe action of any kind will need to be taken in the days to come.

I too will watch closely as events unfold, as no doubt will many of you. I hope that each of you has been spared the loss of loved ones in the United States, and that you and yours remain hopeful and optimistic in the face of these dark deeds.

- Alan Cameron