



STUART INVESTMENT MANAGEMENT LIMITED

April 2009

- **WINTER OF DISCONTENT**
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Just when it seemed that both nature and the stock markets were colluding to bring us a lengthened winter of discontent, spring broke out all over! The Dow had a 56% loss from October 2007 to March 9th. On that day, **General Electric** was downgraded to AA and the market lost 170 points in panicked selling.

However, the very next day the market went on a three week tear, rallying 21% by the end of the month! The rally, while greatly appreciated by all, set off a torrent of bull vs. bear arguments as to whether this is a ripping bull rally in a continuing bear market. SIML continued defensively investing in stocks providing good dividends and attractive price/earnings multiples.

Labrador Iron Ore Royal Trust Units, Consolidated Edison and Hewlett Packard were added to many of our client portfolios as they represent good companies with solid balance sheets and attractive dividends.

SIML sold our client positions in **Sherritt Corp.** fixed income bonds raising cash to pay for the above equity purchases.

Suncor announced its plans to buy **Petro-Canada** for \$15 billion. We believe that long-suffering **Petro-Canada** shareholders will finally start to see their investment perform in line with the high flying **Suncor**.

THE BEES ARE BACK IN TOWN

Since 2006, the honey bee has been suffering catastrophic losses in North America from a fungus virus causing Colony Collapse Disorder (CCD). This disorder, if not stopped, could trigger a collapse of food production and the loss of many of our favourite fruits and vegetables! Flies, not the bees, are back in town! Professor Traynor of UCSD, writing in "Bee Culture" informs us that this spring we, in fact, have a welcome bee glut caused by a mixture of vitamin supplements and less agricultural demand resulting in healthier, less stressed bees. Wild bee colonies continue to show no great ill effects from CCD. While it is true, the Professor states, that many species of butterflies, moths, birds, bats and other pollinators are in retreat, their problems are far more likely to mirror broader declines in biochemistry that are the result of well-known phenomena such as habitat loss and the intensification of agriculture. Fear not, Stuart Investment Management is "on guard for thee".



OH CANADA!

We have enclosed a research report by our economist, David Horner, on the relatively good news and positive outlook for Canada and its economy. Years of hard political work and sacrifice is starting to pay off for the country and its citizens. Let's hope that the policymakers in Washington can learn a few things from up North!