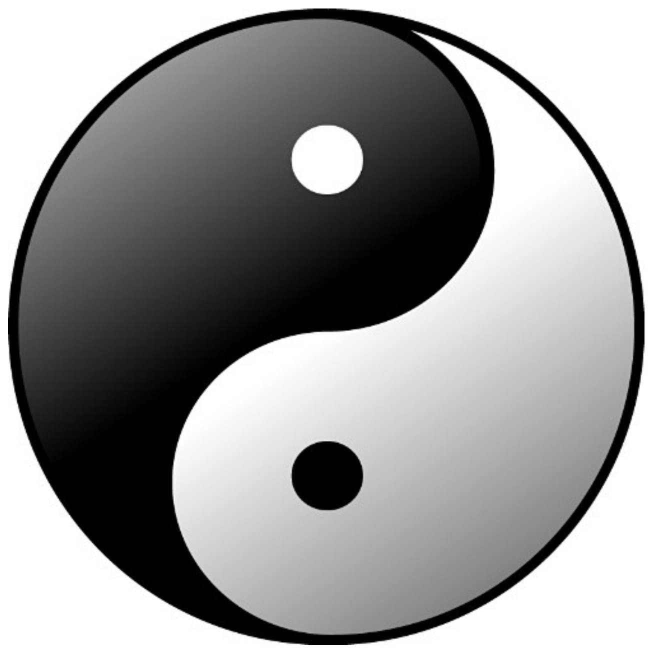
Raymond James
Steele Wealth Management Group

First Quarter 2010 – “Markets Find Equilibrium”

Following a Nine Month Winning Streak, Markets Resemble a Bobber

Time to Incorporate Yield/Safety



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Sovereign debt worries restrain markets; rising rates pose a risk to housing prices

- The S&P/TSX Composite Index gained 2.48% during the first quarter of 2010

- The Financials, Health Care, Consumer Discretionary, IT, Industrials, and Telecom sectors all outperformed

- While the less risky sectors, Consumer Staples and Utilities, as well as the commodity-linked sectors, Materials and Energy, underperformed

- Markets traded down in early February due to worries surrounding EU sovereign deficits and defaults, most specifically Portugal, Italy, Ireland, Greece and Spain (PIIGS)

- Pledges of support cooled these sovereign debt worries, and commodities and equity markets recovered to finish the quarter in the black

- The employment recovery continued to struggle off the blocks with unemployment for the month of March sitting at 9.7% and 8.2%, for the U.S. and Canada respectively; this is compared to 10% and 8.5% for the U.S. and Canada respectively at the end of the fourth quarter

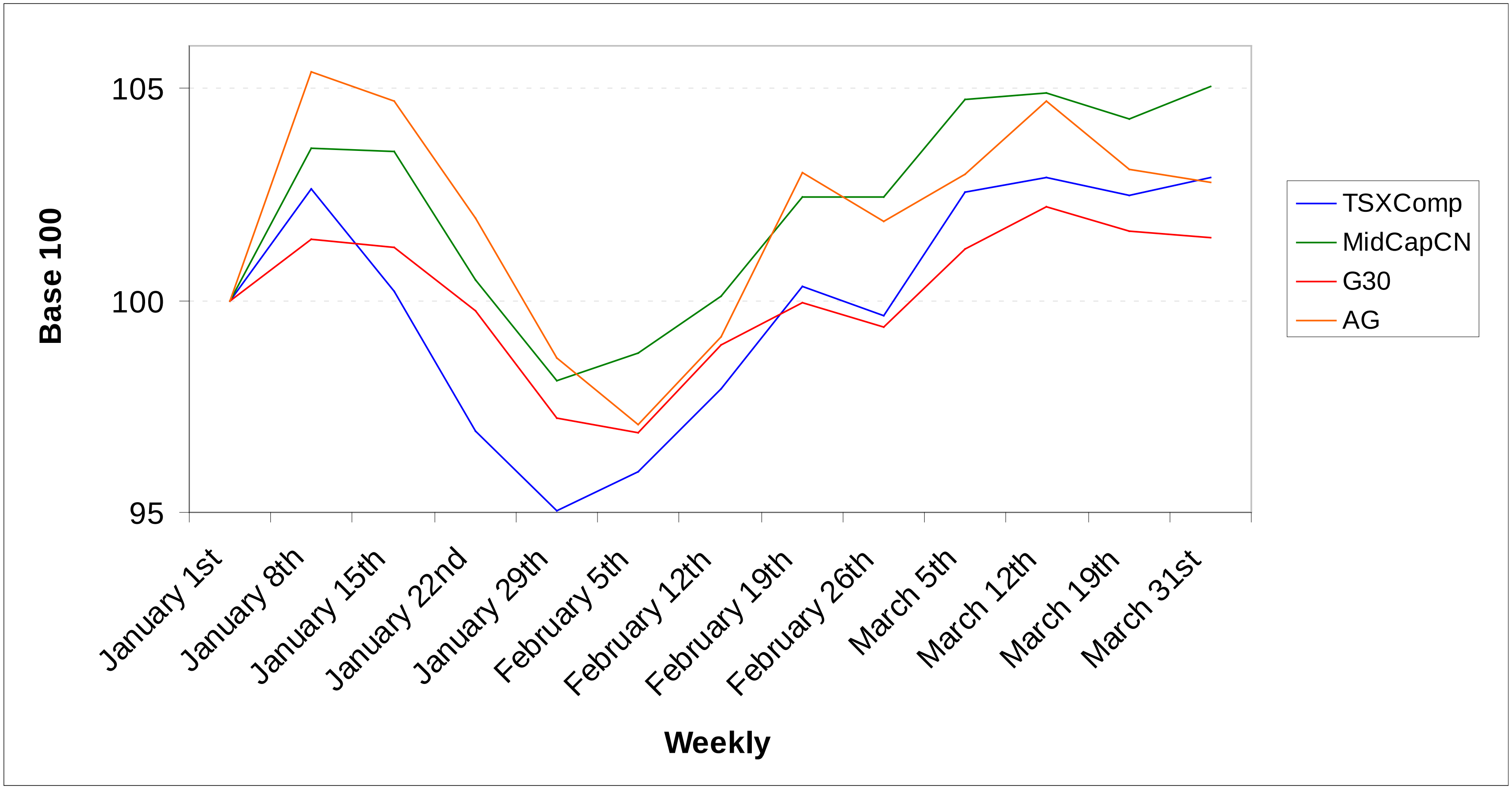
- As for leading economic indicators, manufacturing data continues to improve on both sides of the border, though consumer confidence numbers continue to sit at depressed levels due to persistent slow wage and employment growth. U.S. and Canadian investor confidence indicators dropped in response to the Greek debt issues throughout the quarter but finished up as the market made gains and credit spreads modestly improved

- In the U.S. and Canada, nationwide house prices and sales volumes have been resilient due to a combination of the expectation for higher rates in the near future and the planned withdrawal of stimulus measures in each housing market. That said, the most troubled areas in North America (California, Florida, Michigan), continue to struggle and continue to pose risks to regional banks and other consumer reliant businesses in these areas

- The prospect of rising interest rates has led the large Canadian banks to raise mortgage rates; these increases may put a cap on an industry that has helped Canada pull so vigorously out of the recession; an increase in risk here will eventually lead to an increase in risk across the border as U.S. banks begin to feel more and more pressure to anticipate central bank interest rate policy

- Overall, there was slight improvement in the health of the world economy, but much risk is still inherent in the housing and labour markets as governments begin to ease stimulus spending and support

S&P/TSX Composite & Completion Indices vs the G30 & Aggressive Growth Portfolios: 2010 YTD



Aggressive Growth Portfolio: Gained 2.59% during the quarter.

The best performers in this quarter were:

- Seacliff Construction (Construction/Engineering) at +27.15%
- Labrador Iron Ore IF (Materials/Iron Ore) at +23.72%
- Western Potash (Potash Development/Exploration) at +21.74%

The worst performers were:

- Open Range Energy (Natural Gas Exploration/Production) at -24.31%
- Neo Materials Tech (Materials/Rare Earths) at -12.94%
- TMX Group (Diversified Financials) at -8.54%

During the quarter we bought:

There were no purchases in the quarter.

During the quarter we sold:

- Quadra Mining: we were overweight in the copper sector and sold our Quadra shares following an announcement that they were entering a joint venture to develop their most prospective project, with terms that were less beneficial to shares than expected

G30 Balanced Portfolio: Gained 1.66% during the quarter.

The best performers in the quarter were:

- Sherritt International (Diversified Materials/O&G) at +23.23%
- Toronto-Dominion Bank (Financials/Banks) at +15.69%
- Quadra Mining (Materials/Copper&Gold) at +13.71%

The worst performers in the quarter were:

- Yamana Gold (Gold Production/Development) at -16.17%
- Suncor Energy (Oil&Gas Development/Production) at -10.96%
- EnCana Corp (Gas Development/Production) at -6.76%

During the quarter we bought:

- Inmet Mining: we purchased shares of Inmet Mining following a selloff which we believed to be an overreaction; Inmet announced a slight delay in first production at its flagship mine and we believed that the market became overly pessimistic about the shares
- Groupe Aeroplan Rate Reset Preferred "A": we purchased Groupe Aeroplan preferred shares on their first day of trading; we believed that the shares were underpriced relative to their yield and would appreciate to reflect their true value and trade in line with peers of similar credit quality

During the quarter we sold:

- Quadra Mining: we were overweight in the copper sector and sold our Quadra shares following an announcement that they were entering a joint venture to develop their most prospective project, with terms that were less beneficial to shares than expected

Going Forward: Significant Changes to the Models

The end of the first quarter marks a turning point for our G30 and Aggressive Growth funds.

The spectacular government deficit propelled equity rally has provided us with plenty of reasons to take a cautiously opportunistic stance on the equity markets. At this point in the cycle, and for the next few years, we believe that having significant holdings in aggressive debt-like instruments will provide additional, material, risk-adjusted returns to one's portfolio.

We have chosen to reconstruct our portfolios to include up to 50% preferred shares and/or convertible debentures, depending on which portfolio you have opted to invest in, the Tactical Taxed or Tactical Untaxed. We intend to keep the equity portions of both funds similar, with 25% of the equity portion invested in more speculative investments and 75% invested in core investments.

The equity markets have seen modest gains for the past two quarters and we believe that this is the best that we can expect from the equity markets in the upcoming years. We believe that a sector rotation strategy, buying stocks in out-of-favour sectors and selling stocks in in-favour sectors, will yield much greater returns than a buy-and-hold strategy. We will begin our revamped portfolio with an overweight stance on Energy, Materials and Telecom while maintaining an underweight stance on Financials.

Small cap stocks have also lagged their larger peers and we believe that they are undervalued considering the current credit landscape. We prefer to invest in undercapitalized resource companies that look to be undervalued based on their respective underlying resource bases, such as Compton Petroleum, Iberian Minerals, Western Potash and Petrolifera Petroleum. We intend to be rather active in capturing gains in our speculative equity positions.

We believe that the transition from a primarily equity portfolio to a tactical asset allocation portfolio will pay off in the long-run, as we expect corporate profits to eventually fall short of what equities have already priced in. We will look to move between asset classes when one asset class's outperformance becomes substantial. We intend to be dynamic in our approach in order generate above average returns in what we expect to be a traders and asset allocators market.

Sincerely,

The Steele Wealth Management Group