

# PERENNIAL PERSPECTIVE

## FROM PERSPECTIVE TO PERFORMANCE

While most investors have just finished a gut wrenching six months we have been buying new investments at big discounts. Since January of this year we have invested in twelve companies. We purchased these positions at prices that were down 34% on average from their recent highs.

We were able to take advantage of these opportunities because we had cash (treasury bills) in our portfolio. Our last newsletter discussed our view that buy and hold strategies would not provide adequate returns in today's market and that investors need to sell their positions when prices rise and valuation discounts are eliminated. This provides the ability to buy when opportunities arise. While we believe this improves profitability we also believe this reduces risk. This has been the case for our portfolio.

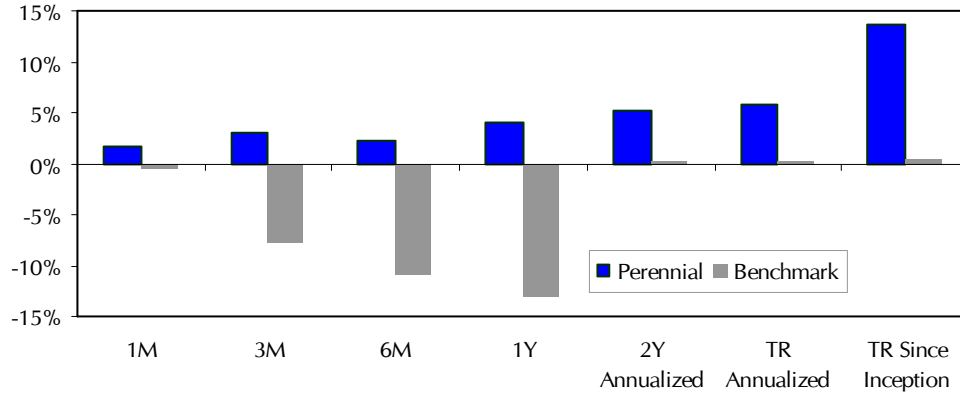
### Performance Summary

	<u>Perennial</u>	<u>Benchmark</u>	<u>Outperformance</u>
<b>3 Month</b>	<b>3.06%</b>	-7.71%	10.77%
<b>6 Month</b>	<b>2.23%</b>	-10.83%	13.06%
<b>1 Year</b>	<b>4.07%</b>	-13.03%	17.10%
<b>2 Year Annualized</b>	<b>5.13%</b>	0.26%	4.87%
<b>Since Inception Annualized</b>	<b>5.86%</b>	0.23%	5.63%
<b>Since Inception Total Return</b>	<b>13.66%</b>	0.52%	13.14%

MANAGING TO PERFORM IN ALL MARKET ENVIRONMENTS

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## FINAL IMPACT

Don't allow your portfolio gains to disappear due to complacency.

Wishing you a prosperous 2008.

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*To earn a good investment return, you do not need to follow the crowd; you do not need to be a nimble trader and you do not have to own the hottest new stock. All you need to do is be reasonable and buy stocks when they are trading at prices well below what they are worth.*