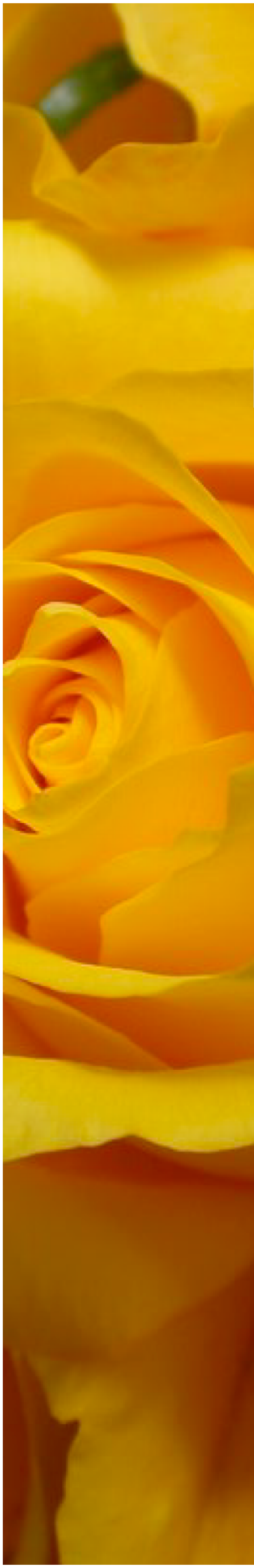
PERENNIAL ASSET MANAGEMENT



Perennial Perspective

WHAT A TIME TO START A BUSINESS

The first trading day of January marked the third anniversary of Perennial Asset Management's investment portfolios. As we look back we have enjoyed every minute of setting up the business and putting in place our guiding principles. Our strict investment discipline and rigid set of corporate ideals enable us to approach each day with clarity.

We appreciate the faith and commitment that our investor families have bestowed on us and we are working diligently to reward their trust. The investment flexibility they entrusted us with, allowed us to make bold decisions on their behalf and enabled us to outperform.

Jim and I have each spent more than 30 years in the investment business and in those 30 years we have witnessed both good and bad. We have used these experiences to structure a business that incorporates what we believe is the correct way to manage portfolios.

1. Investment flexibility enables us to do what is right. All market environments are not the same and rules based investing will limit managers from doing what is appropriate.
2. Risk is always present. Only invest when adequately compensated.
3. Keep the investment strategy simple. Complexity reduces value.
4. Keep communication simple for our investor families. Make reports understandable and focus on what matters. Individual company performance is interesting but portfolio performance is what matters.
5. Keep the structure and administration simple. This allows more time for managing portfolios and communication with investors.
6. Keep client assets safe in a reputable institution and in a safe structure.

These are principles we follow.

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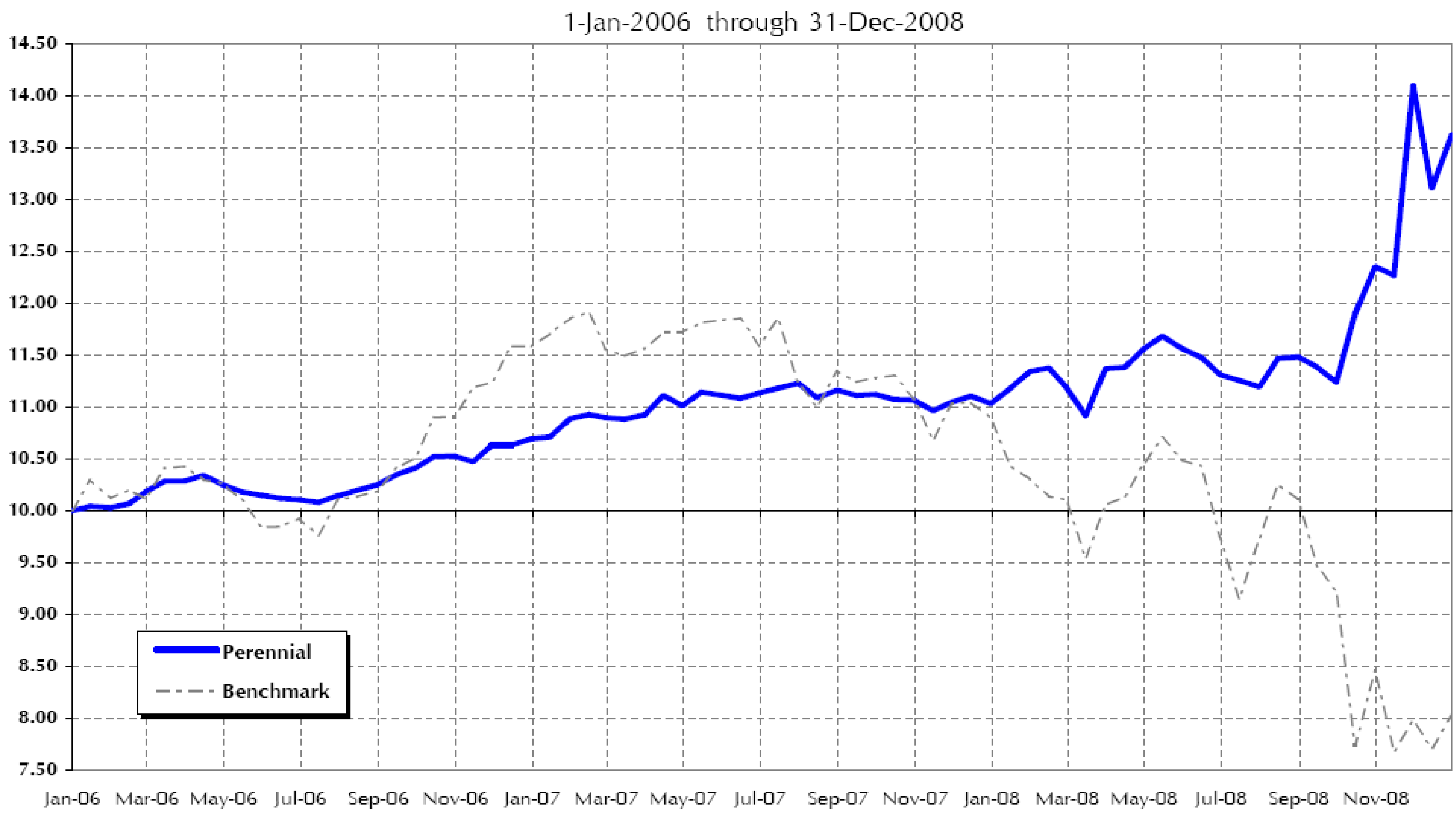
Equity Performance Summary

As at Dec. 31/2008	Perennial	Benchmark*	Outperformance
3 Month	**21.92%**	-12.98%	34.90%
6 Month	**21.15%**	-17.57%	38.72%
1 Year	**24.20%**	-26.30%	50.50%
3 Year Annualized	**11.09%**	-7.06%	18.15%
Since Inception Annualized	**11.09%**	-7.06%	18.15%
Since Inception Total Return	**37.09%**	-19.73%	56.82%

PERENNIAL EQUITY PERFORMANCE
Growth ($10)

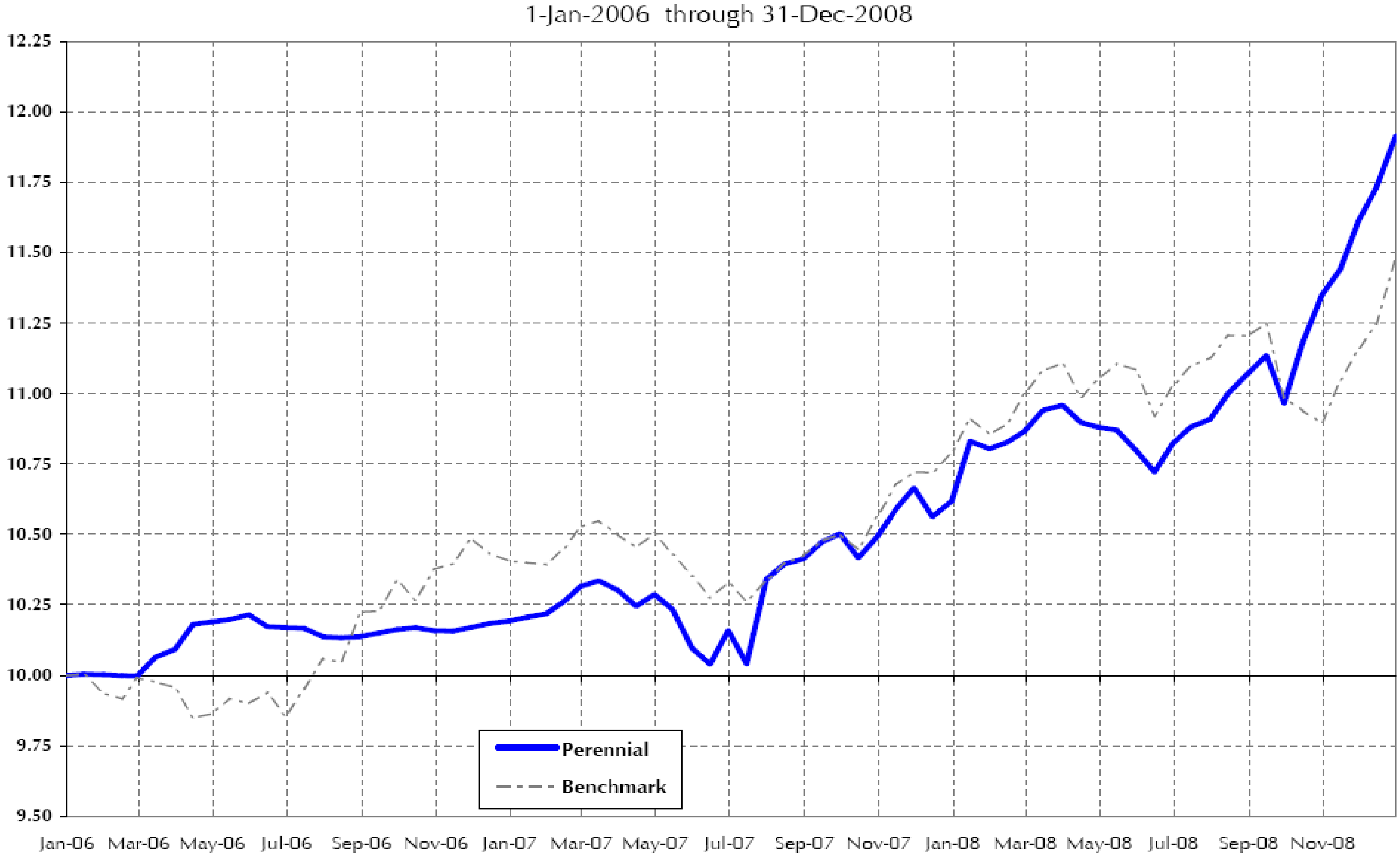


* Benchmark - ***S&P500 Index*** *converted 70% to Canadian dollars. All returns and performance calculations are net of trading costs and gross of management fees.*

Fixed Income Performance Summary

As at Dec. 31/2008	**Perennial**	Benchmark*	Outperformance
3 Month	**8.66%**	4.50%	4.16%
6 Month	**10.09%**	4.11%	5.98%
1 Year	**12.21%**	6.41%	5.80%
3 Year Annualized	**6.02%**	4.71%	1.31%
Since Inception Annualized	**6.02%**	4.71%	1.31%
Since Inception Total Return	**19.77%**	15.92%	3.85%

PERENNIAL
FIXED INCOME PORTFOLIO
Growth ($10)
1-Jan-2006 through 31-Dec-2008



Benchmark- Dex Universe

WHERE WE STAND FOR 2009

For the last three years we have been writing about risk and how investors had not been properly compensated for taking risk. Now every business publication is writing about risk after investors have already felt the pain of the risk that they had unknowingly taken. We are not nursing our wounds from last year and we are looking forward; looking for opportunities. Here is what we see.

1. The world stock markets should remain volatile but range bound for numerous years and therefore “buy and hold” investing will continue to disappoint investors.
2. Volatility should enable investors to earn excellent returns if they sell when profits arise.
3. Volatility should remain high early in the year but moderate as the year progresses.
4. The cash that has been withdrawn from the market and is now waiting to be reinvested may catapult the market significantly higher once the current state of fear begins to abate.
5. Financial services companies should lag the market as they restructure to deal with their new environment. They should participate as the market rises but should not lead.
6. Growth stocks have never been cheaper versus value stocks in our working lives.
7. After a short period of weakness the Canadian dollar should strengthen against the U.S.

We view stock prices as having generally discounted the bad news that is coming. Everyone knows Christmas was bad for retailers and we are all expecting less financially secure companies to go into bankruptcy. When this happens it will not be a surprise. Everyone also knows the US will have a $ trillion plus budget deficit. These items along with most bad news are no longer unexpected. The surprising news will most likely be positive.

We are excited by the opportunities that we are witnessing in the markets today. We can see that investors potential returns will adequately compensate them for the risk they assume. While it is never easy and this time will be no different, we do see great opportunity for those who are able to approach this market with objectivity.

We wish you all the best in 2009.