

Market Timing

Top Heavy NASDAQ 100 Index (QQQ) kicks us out.

Since our buy signal on April 25th of 2003, the NASDAQ roared ahead of the other major market indices to register a 37.8% gain in 9 months. To keep this in context, we must recall that the effect of this return is to make almost 4 years of growth (if one targets 10% per year) in 9 months!

It is not surprising then, that this index was also the first to give us a sell signal as of the market close on Friday January 30. After a gain of such magnitude and relative speed, our technical filters were registering a higher probability of losses from here rather than of further gains. As a result, we have taken this money out of the NASDAQ in client accounts for the time being. We will continue to monitor all of the indices of course, and will keep you apprised of further developments as we respond to them. As always, managing the risk to your capital is at the forefront.

LET US KNOW IF YOU ARE PLANNING RSP CONTRIBUTIONS THIS MONTH

One point we would like to stress is with regard to anyone who is planning a last minute deposit to his or her RSP Account. **Please tell us right away.** Since we have just finished opening all new client accounts in the past 3 months, we need to be sure that we have the type of account -- whether regular or spousal-- open for the deposit you intend to make. National Bank has very specific rules re clients must make regular contributions to a regular RSP account and spousal contributions to a spousal RSP account. The two types of deposits can no longer be co-mingled going forward. So we need to be sure we have the accounts opened in advance in order to accommodate any planned contributions you may have. For those of you who are wondering why, it turns out this is the common practice in most financial institutions, to ensure contributions are properly tracked as between spouses.



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