

not be as urgent, and splitting up the country will not be part of the discussion.

On the other hand, in the short run, a yes vote will create some distress. However, a yes vote may not necessarily mean separation. It means that we begin a long planning and negotiating process, to work out the details. This process could take years, and might be derailed at any point. Even if it is not, by the time it happens, people and the markets will have adjusted to the idea, and learned to live with it.

So, what should you do? Second guessing this one could really cost you. We expect that the markets will strengthen and weaken according to the latest poles. If you get out of the market, in anticipation of a yes vote, and there is a no vote, the market could bounce back quickly, before you can react. Or, it might have already anticipated the results, and you will still be too late. If you invest heavily, anticipating a no vote, and we get an unexpected yes vote, we could see a very sudden decline in the market.

It seems that there are more ways to be wrong than right. This leaves you with a third possibility, doing nothing new. Whatever happens, in the short term, the markets are bound to overreact, and then eventually adjust. Also, if you are holding a quality portfolio, in the long term, the prospects of the companies you hold will influence your results more than anything else. And, in the long run, quality companies usually find ways to adapt and prosper, regardless of the politics.

## Market Review and The Quebec Referendum

By the time you read this, the results of the referendum will either be known, or only a few days away. This and the level of government debt has been a large drag on Canadian markets. As we write this, it is nervousness over Quebec that is hurting the most. In light of this, we thought we should indicate our feelings on the matter.

A no vote, would bring a sigh of relieve and markets would begin to react more reasonably. In this case, we could easily see a strong bull market, as Canadian markets would start to catch up with the rest of the world. Confederation and the constitution will have to be reexamined in the future. Nevertheless, it will be a matter of redoing everyone's deal, not just the deal for one province. Also, it will