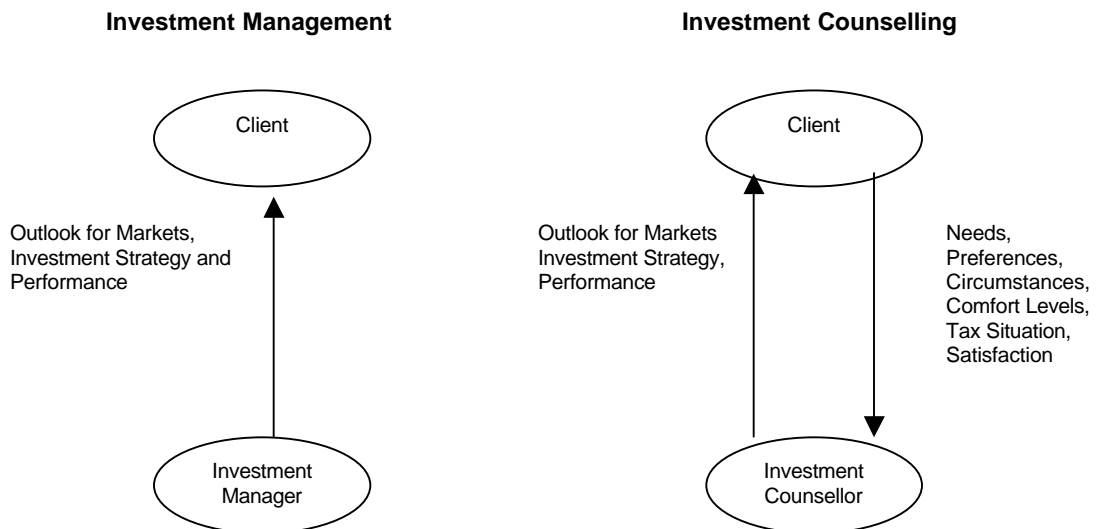


The Client Relationship – A Distinctive Feature of Investment Counselling

We believe a key differentiating factor between “investment management” and “investment counselling” is found in the nature of the relationship between the client and the investment decision-maker.

In an investment management relationship, such as the management of a bank mutual fund, communication is largely one way as investment managers convey information regarding market outlook, investment strategy and performance to their clients (mutual fund unit holders). There is little point in communication from the unit holders to the investment manager, as it would not alter the management of the investments. Unhappy clients simply vote with their feet. This one-way flow of information is not personal, but rather conducted through reports and newsletters via the mail or the Internet.

Investment counselling is very different, at least it should be. We believe a genuine two-way relationship is essential to success. It serves as a forum for an ongoing interactive dialogue between the client and the investment counsellor. This forum is needed if we are to help clients identify their priorities and make choices. It is also an essential element in our ability to best apply our investment knowledge to their unique circumstances.



Below we list several ways that this one-to-one relationship leads to better bottom-line results:

- Working together with the client, we develop a customized plan that takes into consideration their unique needs, sets reasonable expectations for success and develops performance benchmarks that will allow clients to judge their results relative to other options.

- Through regular contact, we stay abreast of each client's changing circumstances – events that would likely affect the management of the portfolio. Many things might indicate a re-evaluation of the Investment Plan is required, such as an inheritance, retirement, the birth of a child, marital breakdown or a change in lifestyle expenditures.
- As client circumstances evolve over time, we explore new tax strategies and alter existing ones. For example, a client's maternity leave might justify an early RSP withdrawal. Sometimes our advice relates to opportunities that lie outside the investment portfolio. For example, because we are kept "in the loop" by our clients, we may be aware of a spousal loan that could be refinanced at lower rates. Or, by working through a cash-flow analysis, we can assess the merits of an investment property.
- In our regular meetings, we update clients on their performance and present our outlook for markets and our current investment strategy. Meetings are informal and feedback is welcome. Invariably in the course of the conversation, we come to better understand personal preferences and comfort levels. It is not uncommon for some new information to lead us to a different plan of action than the one we would have taken in the absence of knowing the client's point of view.
- We encourage our clients to ask questions about alternative investment options. Some of these may or may not be appropriate for their circumstances, but discussing their risks and rewards helps them make better decisions. Reviewing and exploring new and different investment opportunities is an ongoing part of our professional commitment, and being questioned by clients keeps us on top of our game.

In order for this two-way connection to deliver superior results, we have identified three other requirements that **we** must meet. They are:

- Every client relationship must be managed by a highly qualified investment counsellor (all CFAs) who is directly responsible for investment management of the account
- We maintain a very low client/investment counsellor ratio, enabling us to work with a small number of clients in a direct personal manner
- We deliver continuity in the relationship. Our partners expect to serve out the balance of their working careers at Milestone.

As a small investment counselling firm we believe we are well positioned to foster meaningful client relationships which allow us to provide truly customized portfolio management. There is no question that taking the time to do this is the most expensive component of our business. But it is also an essential ingredient in our ability to deliver results. And we are happy to report it is the most rewarding part of our business.

Milestone Investment Counsel Inc.

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