

Hillsdale Investment Management Inc.



HILLSDALE
INVESTMENT MANAGEMENT INC.

Canadian Bull & Bear Market Analysis

Featuring the Hillsdale Canadian Aggressive Hedged Equity Fund

Bull or Bear... Should you care?

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In these uncertain times it is often difficult to know when to increase or reduce your exposure to the broad markets. Market timing is an extremely difficult task, at best. At Hillsdale, we do not believe that market timing is a winning formula over the long haul. Hence, we have designed our investment products to cover the spectrum of possible market outcomes, each within a fixed risk budget.

For those who want to reduce existing equity exposure or are currently uncertain as to the future direction of the market, our **Canadian Aggressive Hedged Equity Fund (CAH)** provides an opportunity to **keep pace with the market** while offering some downside protection. With an average exposure to the market of 50%, the return profile has market relative characteristics, however, with a full time program of short selling of between 20-40%, you can expect to receive **partial downside protection** should the markets move down. (Below is a chart and graphical depiction of how the Hillsdale CAH has performed during Bear and Bull markets.)

According to Chris Guthrie, President & CEO of Hillsdale, "In our opinion, investors have **ignored the market's rapidly improving fundamentals** and it sits coiled like a spring. A closer look at the attributes of our Canadian Aggressive Hedged Equity fund (as at Sep. 27/04) reveals that the longs are now trading at 7X Cash flow vs. 16X for the shorts, ROE is 21% vs. 10% and the 'earnings surprise' gap favours the longs. This 'arbitrage' can be had today without any difference in risk between the longs and the shorts. The 3rd quarter saw the Fund rise over 6%, with YTD appreciation of close to 12%."

Hillsdale is a leader in alternative investment management strategies and offers one of the most sophisticated and **disciplined equity management** approaches in Canada. The company believes that making rational and systematic portfolio management decisions leads to superior investment performance.

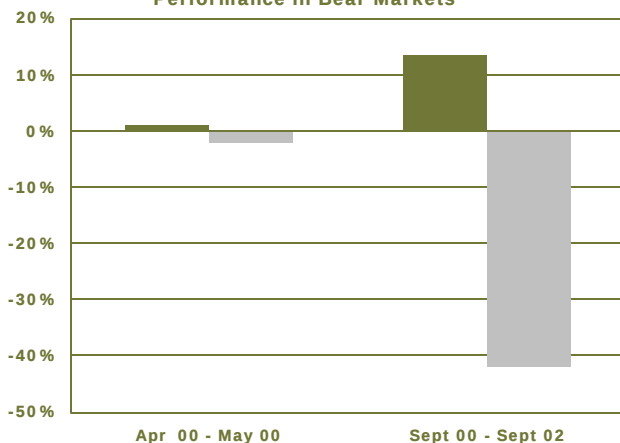
Hillsdale's investment strategies are based on its proprietary investment platform which uses a dynamic, fundamental based, multi-factor approach to stock selection. This enables Hillsdale to outperform its benchmarks with a high degree of predictability. Furthermore, **products are purposely designed to complement core / index products** by focusing on distinct ranges of risk and return not correlated with the majority of equity products offered for sale in Canada... This type of portfolio construction provides **true portfolio diversification**.

Hillsdale Canadian Aggressive Hedged Equity Fund

(Inception date Jan. 31/00)

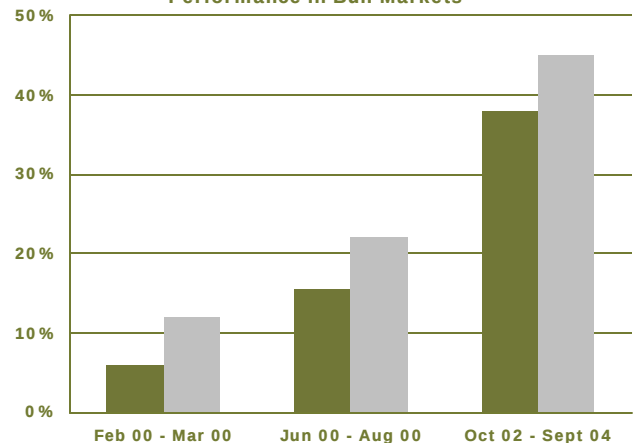
Bear Markets	Avg. Mthly Return	Apr 2000 May 2000	Sept 2000 Sept 2002
Hillsdale CAH	0.67%	1.27%	14.22%
S&P/TSX TRI	-2.00%	-2.09%	-43.20%

Performance in Bear Markets



Bull Markets	Avg. Mthly Return	Feb 2000 Mar 2000	Jun 2000 Aug 2000	Oct 2002 Sept 2004
Hillsdale CAH	1.95%	6.80%	15.87%	38.70%
S&P/TSX TRI	2.44%	11.85%	21.92%	45.54%

Performance in Bull Markets



Note: Past performance is not necessarily indicative of future returns.

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