

In this edition:

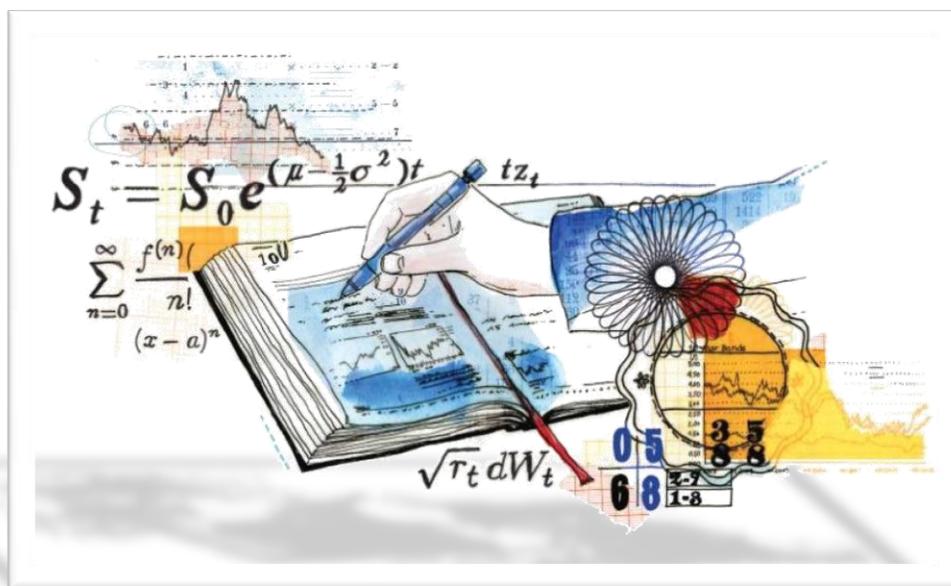
- ***Choppy markets for world stock markets indices, Toronto and New York are in the red;***
- ***Economic and geopolitical consequences of the "No" vote in Greece;***
- ***The Capitalized Revenue strategy, a hybrid alternative to generate revenue.***

Dear clients,

Hopefully the second semester will be more profitable for investors.

With respect to the Canadian Investment outlook, the stabilization of oil permitted the TSX to draw a defensive support line which became clearly defined by mid-January. We are essentially stuck in a rut since then. During the first half of the year the TSX has pulled back 0.5%. With the exception the health care sector which took off (generating returns of 58%), the nine other sectoral components of the index have demonstrated minimal or negative performance.

South of the border, the Dow Jones lost -1.1% while the Nasdaq gained 5.7%. We wish to emphasize the broadly ignored performance of the Nasdaq, - last of the major indices to retrace the totality of its losses since the 2000/2001 market correction. It is important to note that the Nasdaq is decelerating significantly towards the end of its bull cycle. We have been unloading positions in overbought sectors such as biotech and technology since the most fruitful rewards have already been obtained.



Europe fared little better. Investors largely ignored the bad news concerning Greece as well as Russian-American geopolitical tensions. France, with its fair share of socio-economic issues as well as an important output gap, saw its stock market, the CAC40, climb 12%. Germany's DAX similarly achieved a gain of 12% while London's Footsie followed the North American return profile, with a loss of -0.7%.

A Greek Drama

After years of uncertainty and imposed austerity, the people of Greece voted massively 'No' at their referendum, defying the warnings of institutions and numerous European leaders who warned that such a result would result in an economic disaster. The pathetic way in which the Greek crisis was handled by the European Union has considerably weakened the Euro Zone. The more the EU and the countries of the Euro Zone hesitate in taking the bull by the horns by combining debt reduction with economic reforms, the more difficult it will become to enhance solid economic growth in the region and even envisage the very survival of the EU. We follow these developments closely and continue to evaluate these risks for your benefits while keeping a close eye out for undervalued securities.

Our Capitalized Revenue Strategy

Finally, we would like to take a moment and tell you about our Capitalized Revenue strategy. This hybrid solution offers the security associated with bonds combined with a return profile associated to that of equities. This strategy performs very well in an environment without a clear tendency. In a context where we do not foresee large gains in the stock market for the next 12 to 18 months, this revenue generating strategy is an optimal alternative to consider. Please don't hesitate to contact us for further details.

Yours truly,

The Alizé Capital Team