Oh no, not again!

Just when it appeared that we had muddled through one of the most serious financial crisis since the Great Depression another crisis potentially as serious as the recent American mortgage meltdown has emerged. Portugal, Ireland, Greece and Spain have unsustainably high debt as a percentage of GDP and huge budget deficits. Greece has been the first of these countries to encounter trouble refinancing its short term debt obligations in global markets. In the last few days, the European Union and the IMF have had to provide financing and guarantee Greek debt after some initial hesitance.

In response global equity markets have tumbled in the last few days. North American markets have given back 2010's entire gains and are now essentially flat for the year. Investors are concerned that Europe's escalating troubles will again stress the still fragile global financial system. The concern is that financial institutions; particularly European banks, hold large amounts of debt securities issued by Greece and other risky European countries. As a result, banks will once again likely stop lending to each other, triggering another credit freeze that halts the emerging economic recovery.

While we recognize that a sovereign debt crisis in Europe will cause short term volatility and concern, we don't believe that a global economic calamity will ensue as policy makers have learned that governments must become the lender of last resort and provide the financial system with liquidity.

However, these bailouts will not be without consequences; sovereign global debt will rise, currencies will devalue and trade wars are likely to erupt. As a result, global economic recovery will take longer and growth will be slower than expected. In addition, inflation and higher interest rates become an increasing risk. In the past, such conditions have not been positive for broad based equity indices. These serious economic problems combined with equity valuations pushing the upper limit of their historical range spell RISK to us.

Amidst this turmoil, investors have also had to digest the news that Goldman Sachs, the world's premier investment bank, is being investigated by the U.S government. The firm was alleged to have profited from the collapse of the mortgage market at the expense of its clients. This investigation combined with proposed financial reforms by the Obama administration has also led to market volatility. Investors fear that increased oversight of the U.S. banking system would lead to lower profitability in the sector and possibly reduce future growth.

Not surprisingly we take the opposite view; we believe very strongly that the financial industry should be strictly regulated. It must not be possible to allow a relatively small number of people and institutions to put us all at risk. Cowboy capitalism has cost the global economy trillions of dollars, punished the prudent and has effectively burdened the middle class with huge deficits for years to come. Regulation, oversight and transparency are a must when the consequences are so severe for the vast majority of society.

March 31, 2010 marked Patient Capital's *Tenth Anniversary!* As we reflect on the past ten years we are now only too aware of the very unconventional approach that we have taken at PCM.

Jim Croce wrote in his hit song "You Don't Mess Around with Jim":

> ***You don't tug on Superman's cape***
> ***You don't spit into the wind***
> ***You don't pull the mask of the ol' Lone Ranger***
> ***and you don't mess around with Jim***

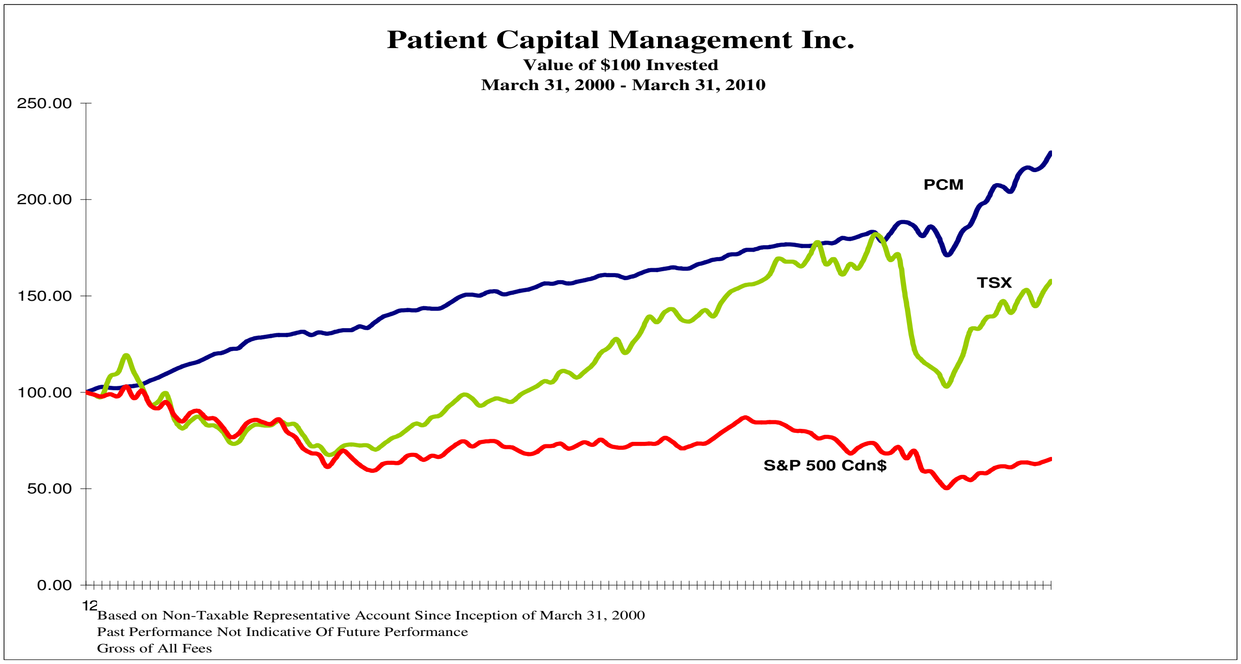
In many ways we have tugged on Superman's cape, spit into the wind and pulled the mask of the Lone Ranger. We had the audacity to start a strict value based investment firm without a big name backer, deep pockets or a large lead client in the midst of the biggest equity bubble in nearly a century.

We also promised to operate very differently than most others in the industry. We have focused on minimizing risk and the preservation of capital, we have essentially offered one investment product, we have monitored our costs instead of spending lavishly on staff and marketing, we have focused on long term results and most importantly we have focused on our fiduciary duties instead of gathering assets. Perhaps our most contentious stand has been to challenge the long held belief that a fully invested portfolio always provides the best long term returns.

We messed around with Jim and somehow survived!

We are grateful to you all of our clients. You have in your own way also acted unconventionally by entrusting your assets to a firm that behaves so differently from the industry norm. Hopefully we have rewarded your courage through our performance, service and by providing you with a sense of comfort that your assets are being carefully looked after.

Unconventional or otherwise, our long term results are what matter most to you and us. As the chart and performance table presented below illustrate, we have outperformed our benchmarks over every multi-year time period. Just as importantly, we have achieved these results with far less risk as we have carried substantial cash balances throughout the past ten years. Hopefully we can achieve a similar result over the next ten years!



Patient Capital Management
Compound Annual Rates of Return
as of March 31, 2010

	PCM	TSX	S & P 500 C$
Since Inception	8.42%	4.66%	-4.15%
Five Years	7.48	7.41	-1.58
Three Years	8.62	-0.03	-8.12
Two Years	11.43	-1.99	-4.12
One Year	27.73	42.15	20.60

Inception Date March 31, 2000
Before Fees and Expenses
Based on Representative Account
Past Returns not Indicative of Future Returns

Successfully launching any enterprise is difficult; to do so in a manner that is very different than the accepted practice is even more challenging. Domenic and I will be forever grateful to Gary Sharpe, our founding partner, who helped us to establish PCM during its crucial first five years. In addition, many family, friends and associates have provided much appreciated support, encouragement and advice. Most importantly, PCM could have not survived without the unwavering support of Domenic's wife Mary and my wife Lina. They have been towers of strength and the source of much encouragement throughout the last ten years.

Once again thank you for your continued confidence and trust!

Vito Maida
May 7, 2010.