

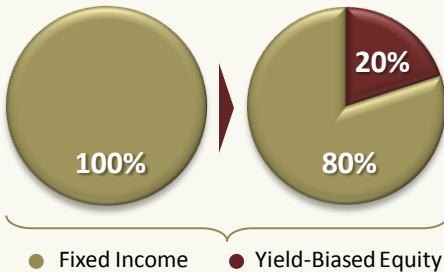
# Privateer

ETF BASED INVESTMENT COUNSEL



## GLOBAL CONSERVATIVE PORTFOLIO OVERVIEW

### ASSET ALLOCATION RANGE



### STRATEGIES APPLIED

Sector Rotation	✓	Asset Class Rotation	✓
Dynamic Currency Hedging	✗	Leverage (limited)	✗
Long Exposure	✓	Bear ETF Exposure	✗
Yield Curve (Duration) Management	✓	Bear ETN Exposure (up to)	10%
Total Return Focus	✓	All ETF Approach	✓

### SECTOR RANGES

Yield Biased Equity	Max
REITs	10%
Utilities	10%
Telecom	10%
Financials	10%
Preferreds	10%

Commodities	Max
Gold	10%

Fixed-Income	Max
Money Market	100%
US Bonds	80%
Canadian Bonds	80%
International Bonds	40%
Mortgage Bonds	20%
Corporate Bonds	40%
Inflation Index Bonds	40%
High Yield Bonds	20%
Bear ETN Exposure	10%

### STRATEGY OVERVIEW

The primary objective of the Global Conservative Portfolio is to provide income by way of ETFs that provide exposure to Fixed Income instruments (known as Exchange Traded Notes). ETNs are diversified baskets of relatively stable and income producing investments. A small component of the portfolio can be exposed to gold and higher yielding equity sectors to achieve returns that protect the purchasing power of capital against the forces of inflation. Equity exposure is reduced or eliminated to help preserve capital during adverse conditions. Our fixed income investment process applies three main strategies:

**Interest rate anticipation:** We allocate capital along the yield curve to maximize total returns for investors. We are constantly evaluating the monetary and fiscal policies of the G10 markets. Growth and inflation risks are the prime determinants of expected performance of a bond index. Up to 10% bear ETN exposure helps us further control risk.

**Managing credit spread risks:** In a strong economy, credit spreads narrow offering additional yield and capital gain potential. In a weak economy, credit spreads widen and yields tend to fall most in longer-term government bonds.

**Global diversification:** We allocate more capital to global bond markets when currency risks are favourable and yield enhancement is available. Correct global asset allocation can add significant returns for fixed-income portfolios.

The Global Conservative mandate is suitable for investors who want to take less risk, and/or have shorter time horizons but still want to take a dynamic approach to investing. The strategy is eligible to be held in registered accounts (RRSP, RESP, RIF, LIF, etc). The Yield Portfolio is benchmarked to 20% of the MSCI World Equity Index, 40% of the Barclay's US Aggregate bond index, and 40% of the S&P TSX Canadian bond index.