

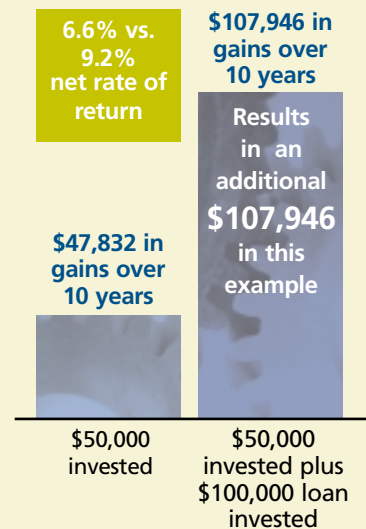
INVESTOR IDEAS: ELLIOTT & PAGE INVESTMENT LOAN PROGRAM

Get more of your money working for you by increasing your investment capital

“Used prudently, borrowing to invest can be one of the best long-term wealth-building strategies. While leveraging magnifies returns both positively or negatively, its advantages — including the potential tax benefits — can make it one of the most valuable components in one’s overall long-term investment plan.”

Talbot Stevens, Financial Freedom Without Sacrifice

The Power of Borrowing to Invest



Assumptions: an initial investment of \$50,000 and a loan amount of \$100,000 are invested for a period of 10 years at a 10% investment rate. A loan interest rate of 8% per annum, marginal tax rate of 50%, interest tax deductibility of 100%, annual taxable portion of fund return of 33% and tax rate of 45% on income allocations have been assumed.

Elliott & Page offers investment loans to help you use your current investment to potentially earn enhanced returns and accelerated asset growth.

The main advantage of leveraging is that it can allow you to substantially increase the value of your investment portfolio over time. In addition, the loan interest you pay may be tax deductible.

Leveraging involves borrowing funds to invest with the anticipation that the investment return will exceed the interest paid on the loan. After interest costs and taxes are paid and the outstanding loan balance is repaid, the investor keeps the remaining investment gains. Many myths, however, stop investors from taking advantage of the opportunities that leveraging presents.

- Myth #1 Borrowing to invest is only for the wealthy.** It’s true that the wealthy are more likely to act on powerful wealth-creation strategies, but that doesn’t mean these types of strategies aren’t good for middle-income investors as well. A great way for middle-income investors to increase the size of their portfolio is to act on the same strategies that the wealthy benefit from.
- Myth #2 Borrowing is “too risky for me.”** The reality is that most people who qualify for an investment loan are probably already using the concept of leveraging but in a much less effective manner. Anyone who has taken out a mortgage has already borrowed to purchase an equity investment that has zero diversification, poor liquidity, low future growth expectations, and the interest expense isn’t even tax deductible. Borrowing to purchase investments expected to grow 10% to 13%, with superior diversification and liquidity, and where the interest expense may be tax deductible, can potentially decrease portfolio risk and be more beneficial to the investor.
- Myth #3 For leverage to be profitable, investment returns must exceed the cost of borrowing.** Most people rationally think that if the cost of borrowing is 9%, then the investment returns must be higher than 9% to make a profit. The only problem with this rational and reasonable view is that it’s wrong! When borrowing to invest in mutual funds, the required or ‘breakeven’ rate of return on your investments¹ can be much lower than most people expect. Talk to your Financial Advisor about your personal ‘breakeven point’ – it may be a lot lower than you might think.

¹ Investment income such as dividends and capital gains have preferential tax treatment.

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TIP

THE BENEFITS OF AN INVESTMENT LOAN

- The potential for enhanced returns and accelerated asset growth
- A larger retirement nestegg
- Growth and flexibility
- A leveraging program with no margin calls (for individual or combined Investment Loans of under \$50,000)
- Greater market participation or diversification
- Invest in a variety of Elliott & Page Mutual Funds, with the flexibility to switch between those Funds at any time

REDUCING "LEVERAGING RISK"

- Invest for the long term (8-10 years)
- Diversify
- Use a trusted Financial Advisor to help you understand all the pros and cons of borrowing to invest

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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What you want to know

How does the Elliott & Page Investment Loan concept work?

For every dollar you invest in non-registered Elliott & Page Mutual Funds, you can borrow up to \$2 as an investment loan. You pay interest on the loan monthly and any taxes generated by the investment. Upon repayment of the loan you keep any investment gains. Over the long term, the combined amounts of the initial investment and the investment loan may increase the overall portfolio size and associated investment return.

What happens if the value of my investment falls?

Market fluctuations will affect the value of your total investment. For example, your initial investment of \$10,000 combined with a loan of \$20,000 offers an initial 'Loan to Value' ratio (LTV) of 66.6% (i.e. \$20,000 loan divided by the total investment of \$30,000). Should the value of your investment fall to \$23,500, the new "LTV" would be 85% (or \$20,000 ÷ \$23,500). With most investment loan programs, the lender will ask for additional funds to reduce the outstanding loan balance to an acceptable level.

With the Elliott & Page 2:1 Investment Loan Program, loans with an initial loan advance of less than \$50,000 are not normally subject to a "margin call".

Elliott & Page 2:1 Investment Loan Program

Your initial investment	\$5,000 minimum \$125,000 maximum
Loan amount (up to 2 times the amount of your investment)	\$10,000 minimum \$250,000 maximum

How do I know if borrowing to invest is for me?

Do you:

- Maximize your RRSP contributions?
- Think of yourself as a long-term investor?
- Have disposable income to service an investment loan arrangement?
- Consider yourself to be comfortable with a higher degree of risk?

If you answered 'yes' to all the questions above, then speak with your Financial Advisor. He or she can develop an illustration specific to your personal situation so you can see the numbers behind the idea, and determine if leveraging works for you.

Access Line of Credit

The Elliott & Page Access Line of Credit is designed with your short-term investment needs in mind. Now you can unlock the value of your non-registered Elliott & Page Mutual Funds at any time — without having to redeem them.

Elliott & Page Access Line of Credit

Your existing investment	\$10,000 minimum \$100,000 maximum
Line of credit amount (\$0.50 per \$1 invested)	\$5,000 minimum \$50,000 maximum