

INVESTOR IDEAS: SECTOR ROTATION



Being in the Right Place at the Right Time

With thousands of mutual funds to choose from, it's often difficult to determine which ones are right for you. Instead of chasing performance, it's far more prudent to look at funds that complement the investment styles of the other funds in your portfolio. In rapidly changing markets, there will be periods when specific investment styles work well and periods when they underperform. Balance and diversification of investment styles can add long-term returns and minimize the overall risk profile of your portfolio.

Diversification is an important strategy to mutual fund investing. While most of us understand the importance of diversifying between stocks and bonds, and across geographic regions, it's equally important to diversify between the different investment management styles of value, growth, and sector rotation.

The Elliott & Page Sector Rotation Fund provides diversification to your overall portfolio by using a unique investment style – one that combines Value, Growth, and Sector Rotation.

■ **'Value' investors search for bargains**

Value investors look for 'out-of-favour' stocks. If it's discovered that a company is trading below its relative or underlying worth, the value investor buys the stock and waits for other investors to realize its true intrinsic price. Value investing works over the long term, as long as a stock's undervalued price can be attributed to short-term market anomalies and there are no valid reasons for the bargain price.

■ **'Growth' investors seek out companies expected to dramatically grow their revenues**

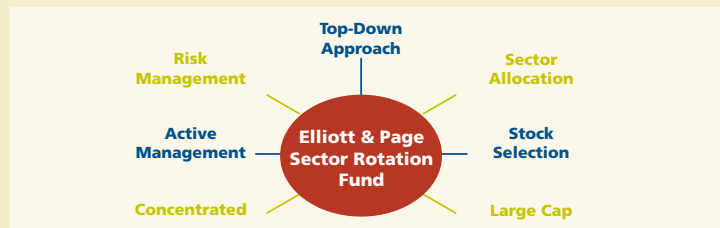
Growth investing identifies fast-paced, often high-tech companies with the promise of increasing earnings. These companies usually present strong growth prospects with promising financial results. While these stocks can experience consistent growth, investors can easily lose interest if the company fails to gain market share or meet earnings estimates.

■ **Sector rotation is about being invested in the 'right place at the right time'**

The Elliott & Page Sector Rotation Fund combines a top-down investment style called 'sector rotation' with a rigorous bottom-up approach to stock selection. This investment style first determines which sectors or industries of the market will benefit from forecasted economic trends. By choosing the right sectors in which to invest during times of rapid change, the Fund then concentrates on picking the right stocks within the favoured sectors. While other styles may do well in specific markets, the sector rotation style can work well across a variety of markets.

Managers Nereo Piticco and Jack Campbell of PCJ Investment Counsel have a long-term track record using sector rotation that has made them renowned within the industry.

The Sector Rotation style capitalizes on versatility



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TIP

FOR DIVERSIFICATION

The Fund combines elements from both value- and growth-oriented investment styles to find the best opportunities in an ever-changing market.

FOR RSP INVESTORS LOOKING FOR BLUE-CHIP COMPANIES

The Elliott & Page Sector Rotation Fund is suitable for investors who realize the need to be invested in equities in order to achieve their long-term objectives.

FOR THE ACTIVE INVESTOR

The Fund takes advantage of market volatility and trading opportunities through an actively-traded portfolio of 25 to 35 highly liquid, blue-chip stocks. This strategy is ideal for active investors who recognize the importance of being invested 'at the right place at the right time'.

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?

“Why should I invest a portion of my portfolio in the sector rotation style?”

Diversification of investment styles is a key strategy in maximizing returns and minimizing risk. Keep in mind that each style works differently depending on the current economic cycle. When value investing works well, growth investing often provides weaker returns, and vice versa. The sector rotation style incorporates criteria used in evaluating both value- and growth-oriented stocks with the objective of reducing the overall volatility of a single style portfolio. The Elliott & Page Sector Rotation Fund portfolio managers feel strongly about their style. Says manager Nereo Piticco, “[W]hile other management styles fall in and out of favour, sector rotation combines the best of both worlds and can work well across a variety of market conditions.”

“Is this Fund too aggressive for me?”

Even though the Fund is actively traded to take advantage of market volatility and trading opportunities, it can help reduce overall portfolio risk when included in a diversified portfolio. If one of the investment styles in your mutual fund portfolio is performing poorly, a better performing investment style can offset and balance overall returns. A well-rounded portfolio includes several complementary investment styles.

“What if the wrong sectors are chosen?”

The sectors of the TSE 300 Index are chosen after careful consideration of the direction of interest rates, commodity prices, economic trends, cyclical changes and other market-related information. The portfolio managers use this top-down approach to overweight the right sectors. Then, individual companies are selected based on the strength of their fundamentals. In the case of unforeseen market developments, the portfolio managers can easily adjust the sector weightings appropriately to accommodate any market changes.

“How is overall risk in the portfolio reduced?”

To further improve the management process of the Elliott & Page Sector Rotation Fund, the portfolio managers run the Fund through a proprietary model that measures portfolio risk against the inherent risk of the TSE 300. This quantitative analysis allows the portfolio managers to regulate the downside risk of the portfolio without limiting its upside potential.