

MAVRIX Asia Pacific Fund



Riding the Flying Dragon

The Mavrix Asia Pacific (MAP) Fund seeks to participate in the China and India-driven economic growth in the Asia Pacific Rim region. The portfolio is a concentrated selection of companies residing in sectors/countries benefiting from infrastructure catch-up, lifestyle change, aging population, and other long term trends resulting from the ongoing economic boom within the region. We want companies demonstrating above-average sales and earnings growth, overall financial strength, sustainable competitive advantages, and capable management. We look to buy these companies at reasonable valuations, relative to their growth prospects and the historic and current valuations of their peer groups.

WHY ASIA PACIFIC?

Superior returns enhance your portfolio performance. With 60% of the world's population living in this region and getting wealthier at an unprecedented pace, Asia is far beyond a commodity story. From consumer goods to infrastructure equipment, nearly every sector in this region is benefiting from this economic boom no less spectacular than the previous three industrial revolutions. With this backdrop of a strong economy, local stock markets thrive and surge. The 3-year average annual return for the Shanghai Composite and Mumbai BSE indices was 57% and 47%, easily beating the 17.8% gain of the S&P TSX.

Low correlation reduces your portfolio volatility. In contrast to Canada, where exports account for one third of the economy and 85% of exports go to the United States, only 5% of GDP of Japan, China, and India's economies, the top three in Asia, rely on exports to the United States. For this reason, Chinese and Indian markets show a low correlation of 0.26 and 0.37 to the S&P 500 in the past ten years, whereas the Canadian market is 0.66 correlated to its gigantic neighbour. Therefore, exposure to Asia Pacific

equity markets could significantly diversify risk in North America-centred portfolios.

Foreign exchange risks may play in your favour. Asian currencies are poised to strengthen steadily in the foreseeable future, underpinned by the huge trade surplus with outside economies. In fact, China is under mounting external pressure to appreciate its currency, which is believed to be undervalued by 40%. The recent US Fed rate cut will accelerate the appreciation pace, in our view. With the Cdn \$ at a 30-year high, Canadians can capitalize on this gain and buy into Asian markets at a discounted price.

WHY 'MAP'?

The Mavrix Asia Pacific (MAP) Fund is an actively managed fund with a focus on companies both fitting identified macro-driven themes and demonstrating attractive valuations. Why do you need a 'MAP' to find your way in this highly dynamic Asia Pacific market?

Macro Driven. Different from many other funds closely tracking broad benchmark indices, our fund is selective in making sector and region decisions. Given the vast

size and varied stages of economies within the region, we want to allocate assets to those winning sectors/countries. The fund also has a bias towards companies that correlate closely with the economic health within the region to maximize real risk diversification for Canadian investors.

Active Management. Given the emerging nature of the regional economy, the fund chooses to adopt active management to capture opportunities that may otherwise be missed. In contrast to mature and developed economies like Canada, drastic changes in government regulations and policies are frequent in emerging markets like China and India, which usually come with important investment implications that need to be addressed in an urgent fashion.

Prudent Valuation. While we firmly believe the emergence of the Asian market is a long term trend, investors could be exposed to undesirable and excessive downside risks if the market runs ahead of fundamentals, which was not uncommon in the past. The "boom and bust" nature of this market warrants our prudent valuation when picking stocks.

The Mavrix Asia Pacific Fund: Your 'MAP' for successful Asia-Pacific Investing



MAVRIX Asia Pacific Fund



ADVISOR

Eric Yan
Vice-President,
Associate Portfolio Manager
Mavrix Fund Management Inc.

TYPICAL INVESTOR:

Individual investor seeking a concentrated Asia Pacific equity investment yielding growth levels above broad market indices.

INVESTMENT POLICY DATA

Asset class: Asia Pacific Equity

Portfolio composition (investment policy benchmark): 20-40 Asia Pacific stocks

Style bias: Growth/value blend

Sector weightings: Not Predetermined/
Opportunistic

Benchmark: MSCI Asia Pacific Index

Target return: Outperform benchmark over long-term periods

Volatility control: Diversification across market caps, growth stages of companies, across sectors, and across countries

Fund codes:	Front:	MAV 115
	DSC:	MAV 215
	Low Load DSC:	MAV 515
	F Class:	MAV 735

I Class (Institutional) and O Class (HNW) available

Inception: Sept. 24, 2007

Distributions: Annually, if any

RRSP eligibility: 100%

SERVICE FEES:

Front: 1.25%

DSC: 0.50%

Low Load DSC: 1.00%

- Joined Mavrix in August 2007
- 12 years investment experience in commodities and Asian equities at a leading Chinese commodity trading firm and a major Canadian bank

INVESTMENT METHODOLOGY

- Top-down approach to review and assess regional and global economic and market trends, and identify a list of sector (or sub-sectors)-region mixes with attractive growth prospects.
- Run screens on companies demonstrating above-average growth in sales and earnings and overall financial strength. Formulate a short list of companies for each desirable sector-region mix.
- Analyze financial reports and/or interview management to review business growth plan, historical performance, and uncover intrinsic value of companies on the short lists.
- Final investments occur with consideration of expected rate of return as well as region and sector diversifications with an aim to reduce risk.
- Positions will be managed with a medium to long term view although short term adjustments may be made if performance enhancement opportunities arise.

Mavrix Fund Management Inc., one of Canada's most innovative mutual fund organizations, presents your 'MAP' to successful Asia Pacific Investing.

The above should be used as a general source of information and every effort has been made to ensure that the material is accurate at the time of publication. However, Mavrix Fund Management Inc. cannot guarantee the accuracy and accepts no responsibility for any loss arising from the use of or reliance on the information contained herein. Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Mutual funds are not guaranteed, their values change frequently and past performance provides no assurance or indication of future performance. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

All performance data assume re-investment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please review the Fund's prospectus carefully for important information before investing. (November 2008)


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