



# MAVRIX Explorer Fund



## Top Down Meets Bottom Up

### Tactical and Opportunistic Investing in the Natural Resource Market

*Paul MacDonald has a unique strategy for selecting natural resource investments. While many portfolio managers are constrained to growth vs. value or small vs. large cap, Paul has an ability to quickly adapt to the ever changing natural resources sectors, tactically selecting which sub-sectors to overweight and using bottom up analysis to uncover and select the equities with the best upside potential given the current market dynamics. This approach is overlaid with opportunistic and active management of the portfolio.*

#### TOP DOWN

The initial process involves assessing the global macro environment. Economic data and leading economic indicators for the global economy as a whole are important however greater emphasis is placed on leading indicators that impact commodity prices. Paul maintains a diversified approach using an initial top down analysis and will tactically overweight equities exposed to various commodities. In 2008, we saw a grinding halt to the financial markets. Global trade collapsed, demand for commodities dropped hard and

global market panic ensued. The aftermath has been a barrage of globally concerted stimulus plans that have started to filter through the system and is reflected in many economic data points and leading indicators. The stimulus has ignited renewed demand for Energy and Materials related commodities and we expect emerging economies like China and India will continue to fuel future demand growth. With an abrupt decline in commodity prices through 2008, we have seen a large number of producing companies become unprofitable and have shut down production. Combining the recent supply destruction and expected forthcoming demand, we expect commodity prices will likely face continued upward pressures over the mid term. The macro outlook for agricultural commodities continues to be an attractive theme and we expect to tactically maintain exposure in the sector. As the stimulus continues to filter through the system and inevitable inflation pressures re-emerge, we expect that the market's appetite for gold as an investment class will continue to rise, putting upward pressure on the commodity price over time. The portfolio will be tactically overweighted to various commodities classes based on the ongoing changes in the macro environment.

#### BOTTOM UP

The quantitative analysis of potential investments involves the comparative analysis of balance sheets, income statements and management teams. In the late stages of an economic decline and early stages of an economic recovery, greater emphasis is placed on balance sheet strength and the ability of the company to sustain and grow operations. On the qualitative side, political risk is real and is appropriately addressed. The ability to assess and select management teams that have proven success and a solid strategic vision is a crucial part of the selection process. Preference is given to mid-sized companies, however, the portfolio also consists of both large cap equities and smaller weightings in a number of smaller cap equities as opportunities are unearthed.

#### OPPORTUNISTIC

In the fast paced and volatile Natural Resources Sectors, there are occasionally opportunities that are uncovered through the top down, bottom up and daily monitoring of the sectors. Special situations, a mis-pricing in the market or other short term opportunities, require active management in order to capture excess returns to enhance total portfolio performance.

# MAVRIX Explorer Fund



## PORTFOLIO MANAGER

**Paul MacDonald, CFA**  
Vice President and  
Portfolio Manager  
Mavrix Fund Management Inc.

## TYPICAL INVESTOR

Individual seeking 100% RSP eligible  
all cap resource sector investment built  
to pursue long term growth.

Paul MacDonald is responsible for the portfolio management of the Mavrix Explorer Fund and Mavrix resource limited partnerships. Paul joined Mavrix in March 2005 after spending three years as an investment associate with a major North American investment firm. Paul obtained a Bachelor of International Finance degree from Griffith University in Australia and holds a CFA charter.

## INVESTMENT POLICY DATA

**Asset class:** Canadian Resource

**Portfolio composition (typical hypothetical weighting):** 75 to 125 Canadian Resource stocks

**Benchmark:** S&P/TSX Materials Index

**Target return:** Outperform S&P/TSX Composite Index over long term periods

**Volatility control:** Diversification across resource subsectors, market caps and growth stages

## FUND DATA

<b>Fund codes:</b>	<b>Front:</b>	MAV 112
	<b>DSC:</b>	MAV 212
	<b>Low Load DSC:</b>	MAV 512
	<b>F Class:</b>	MAV 732

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

**Inception:** June 28, 2002

**Distributions:** Annually, if any

**RRSP Eligibility:** 100%

## TRAILING SERVICE COMMISSIONS:

<b>Front:</b>	1.00%
<b>DSC:</b>	0.50%
<b>Low Load DSC:</b>	1.00%

## INVESTMENT METHODOLOGY

### A disciplined and high quality top-down/bottom-up approach

- Diversified across multiple resource subsectors.
- All cap philosophy brings together the stability of major resource players and the potential of junior exploration companies.
- Due diligence process involves on-site visits and management interviews.
- An active trading style is engaged to take advantage of market opportunities as they arise to enhance returns.

**Mavrix Fund Management Inc., one of Canada's most innovative mutual fund organizations, brings to investors an active and opportunistic Canadian Resource mutual fund.**

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. can not 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. (April 2009)