

# MAVRIX Strategic Bond Fund

**ATTRACTIVE YIELD  
+  
POTENTIAL CAPITAL GAINS  
+  
CONTROLLED CREDIT RISK  
=  
THE MAVRIX STRATEGIC BOND FUND**

## **This core bond fund has the drive to deliver attractive distribution yield with potential capital gains while controlling credit risk**

You expect a core bond fund to add value through astute asset selection and a thorough understanding of the yield curve environment. In particular, you rely on real analysis and expertise to add value when capital markets volatility rises. A good bond manager will hand-pick credits to benefit from changes in the fixed income market, all the time monitoring the evolution of the yield curve and the opportunities it holds.

## **Good bond management means hand-picking credits to benefit from changes in the fixed income market**

That's what Craig Allardyce, Associate Portfolio Manager of the Mavrix Strategic Bond Fund, does every day.

Craig implements a core style of active management that will add value over and above passive indexing approaches. Being free to optimize the Fund's asset mix and its term composition according to overall economic and credit market conditions is a key factor.

Special care is taken to independently screen corporate issuers, as this represents a key method to control credit risk. The average credit quality of the Fund is 'A' or better. Superior diversification is provided by limiting holdings of any single corporate issuer to 5% of the portfolio.

## **The Fund's average credit quality is 'A' or better**

Craig applies his views on changes in interest rate levels, the shape of the yield curve, as well as yield spreads between provincial and corporate bonds and between individual issuers.

## **The key concept for the Mavrix Strategic Bond Fund is: Relative value**

Relative value means a strong analytical discipline and strict issuer risk assessment to benefit from opportunities that add value above the benchmark position (DEX Universe Bond Index). More specifically, the expertise applied to corporate credits allows the manager to build a fund with attractive yield pickup and with measured credit risk. This is how the Fund can trade off term risk against credit risk, thus optimizing the portfolio mix.

*In brief, the Mavrix Strategic Bond Fund constitutes a well-balanced approach to bond investing, seeking opportunities across the federal, provincial, municipal and corporate credit markets, with excellent industry intelligence and active risk control.*

**The Mavrix Strategic Bond Fund: The Drive to Deliver Attractive Yield**

# MAVRIX Strategic Bond Fund



## ADVISOR

### Craig Allardyce

Vice President and  
Associate Portfolio Manager  
Mavrix Fund Management Inc.

## TYPICAL INVESTOR

Individual investor seeking a wellbalanced, strictly benchmarked, and actively managed bond investment, with in-depth yield curve and bond market analysis and strict credit risk controls.

## INVESTMENT POLICY DATA

**Asset Class:** Canadian Bond

**Portfolio Composition:** Bond investments in the Government of Canada, provincial, municipal and corporate credit markets

**Style bias:** Core bond fund, all-segment (Canada/provincial/municipal/corporate), high average credit quality.

**Sector weightings:** Not predetermined

**Benchmark:** DEX Universe Bond Index

**Target return:** To support a highly competitive monthly distribution yield.

**Volatility control:** Minimum 'A' average credit quality, 100% investment grade,  $\pm$  2.5-year maximum deviation from benchmark average duration, in-depth independent corporate credit analysis.

## FUND DATA

<b>Fund codes:</b>	<b>Front:</b>	MAV 109
	<b>DSC:</b>	MAV 209
	<b>Low Load DSC:</b>	MAV 509
	<b>F Class:</b>	MAV 729

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

**Inception:** June 1, 1998

**Distributions:** Monthly

**RRSP eligibility:** 100%

## SERVICE FEES:

**Front:** 0.60%

**DSC:** 0.25%

**Low Load DSC:** 0.50%

## INVESTMENT METHODOLOGY

### Disciplined relative value approach:

- Credit and bond market research lead to opportunity identification in the federal, provincial, municipal and corporate segments, such as credit spread movements and differentials across durations, segments, and issuers
- Conservative fund policy: minimum 'A' average credit quality for the portfolio
- Allowable duration of  $\pm$  2.5 years as compared to the DEX Universe Bond Index to prevent extreme duration bets
- Additional risk control: maximum 5% position for any single corporate issuer, as opposed to typical 10% maximum—Enhances diversification
- All corporate credits are investment-grade (defined as a minimum BBB (low), BBB- or Baa3 from the relevant credit rating agencies)

## MANAGEMENT DISCIPLINE

- Step 1:** Assess market conditions from a macroeconomic perspective: economic forecast, monetary and fiscal policy, leading to a yield curve forecast
- Step 2:** Develop an asset mix configuration in terms of the forecast for provincial/corporate spreads, and equity market trends
- Step 3:** Determine a short list of acceptable government, provincial, municipal and corporate credits in accordance with the Fund's risk control parameters: investment-grade, minimum 'A' average credit quality
- Step 4:** Refine asset mix between provincial, municipal and corporate credits according to economic/political trends, corporate industry group forecasts and independent credit analysis
- Step 5:** Implement relative value selection within each segment, with differentials between provinces and between corporate issuers being assessed and benchmarked to the yield curve

**Mavrix Fund Management Inc., one of Canada's most innovative mutual fund organizations, brings to Canadian investors a core bond fund that's driven to deliver.**

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)