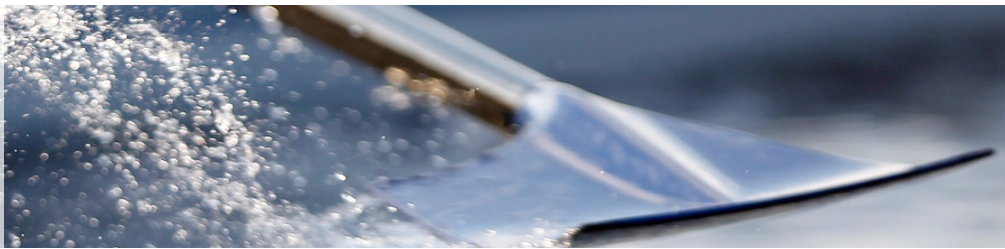


Best Ideas Theme, tactical allocations across major currencies for the adventurous investor



## Elgin Best Ideas Theme

This portfolio comprises the Elgin 'Best Ideas' strategy and allows portfolio managers to create opportunistic, tactical allocations to this portfolio by taking advantage of certain situations in the marketplace as they present themselves.

It is a dynamic, moderately actively managed portfolio which is aggressive (growth+ profile) by nature as most selections are focussed equities which are therefore subject to greater volatility than the broader market indices.

The goal of this theme is to improve the risk-adjusted returns of passive management, themes could be viewed as an integral part of a core/satellite investment strategy. Examples of the types of assets the portfolio **may** hold are shown below.

### Master Limited Partnerships (MLP's)

Energy-focused investments with distributions of around 5-6%. There are various ways to invest in this space and one needs to be very careful that the right security is chosen, be it an ETF, CEF, or individual MLP.

- Rising demand for transportation, processing and storage
- Distributions poised to increase as the boom in oil&gas infrastructure shows no sign of slowing despite recent price falls
- Commodity prices will continue to fluctuate but companies that control infrastructure should continue to benefit.

### Healthcare REIT's

America's ageing population will ultimately require more medical-focused real-estate. For investors, the sector can provide high, stable cash-flows as well as growth potential. The very best investment opportunities may come from the changing needs of ageing baby-boomers.

- More stable and predictable cash-flow than their REIT peers
- Higher than average dividend yields - up to 7% vs around 4%
- Expected to continue raising dividends through organic growth and acquisitions

### Opportunistic Individual Stocks

Clear value buying opportunities often present themselves in today's markets. Solid stocks are often oversold or out of favour for many reasons presenting relatively simple decisions for inclusion.

### Contrarian Calls

A Best Ideas Theme would be incomplete without some contrarian calls. Whether they are individual equities, sectors or regions there are always beaten-down securities that nobody wants,

- Oversold stocks that still present real value
- Out-of-favour currencies that provide a decent yield with little perceived downside
- Volatile regions set to recover when the shooting stops

### Buybacks

As the available selection of ETF's is ever-growing we need to separate fads from real opportunities with a backbone. The buyback ETF seems like a winner.

- Faith in companies that have faith in themselves
- Companies that buy back their own stock boosts the price
- Historical performance differentials to support this

### Biotechnology

There is much talk of the Biotech bubble bursting. Yet, with the recent pullbacks, and considering their envious earnings growth, we believe some biotech ETF's will perform much better than the market over the next few years.

Based on earnings forecasts, large-cap biotech companies are trading at higher earnings with lower prices than the S&P 500.

**At the heart of this Theme is a research-driven tactical asset allocation that we believe has a solid long-term future with the added potential for short-term gains.**

- **Growth** - We seek out opportunistic positions that have the potential to out-perform the average
- **Agility** - Each portfolio is micro-managed giving the manager the ability to move quickly
- **Liquidity** - All chosen assets have one common feature - Liquidity - vital in today's volatile marketplace when the exits get busy

Tactical asset allocation essentially takes a strategic outlook and removes the constraints of a pre-determined profile, freeing the managers to exercise their flair and ability to spot opportunities and act quickly on both the buy and sell sides of the position; this relies on skill and adroit execution.