

INVESTMENT CONSULTING

September 2011

WATERSTREET
FAMILY OFFICES





Our purpose is to manage the personal wealth and lives of affluent families and individuals. We endeavour to be a centre of influence and stability to help wealthy families ensure the preservation and growth of their financial assets and family heritage.

Clarity & Simplicity

We help our clients to clearly see their current situation, help them to express their aspirations and priorities, and develop a thorough and practical game plan to make those aspirations a reality. We bring simplicity by providing One-Point-of-Contact for all of our clients' needs.

Guidance & Leadership

Our advice is objective and independent. We do not sell products. We integrate the advice of an in-house multi-disciplinary team. Tailored solutions address the unique situation of each family. Recommendations are based on the merits of the strategies alone, and the value they bring to the family.

Confidence

Our goal is to provide our clients with the confidence of knowing that their financial affairs are well-managed, that they have clarity and a game plan for the future, and that they have trusted advisors who understand how the many pieces of their lives fit together so that their aspirations become reality.

OUR INVESTMENT PHILOSOPHY

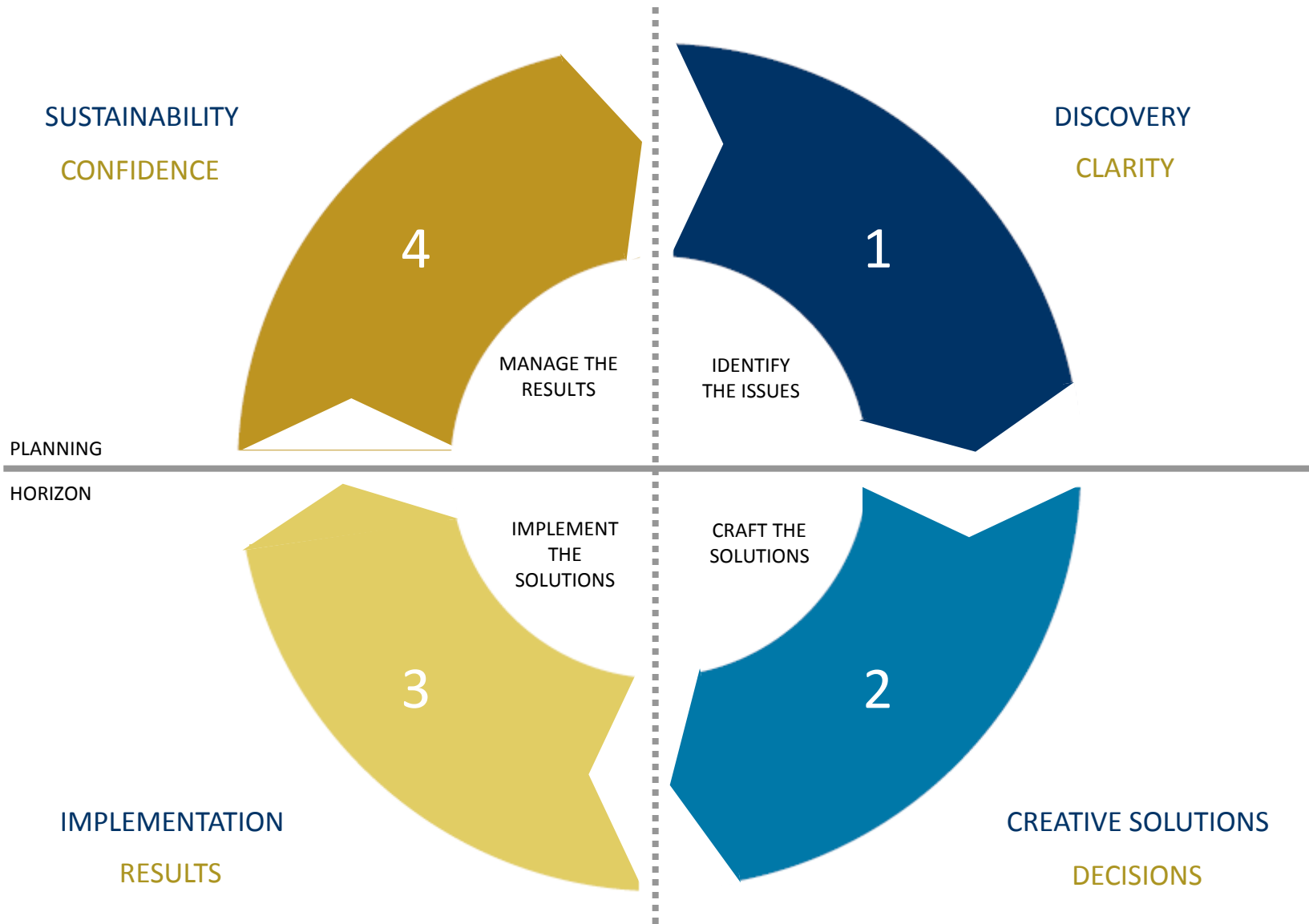
We believe we must . . .

1. **Obtain a deep understanding** . . . of each family's unique needs and circumstances.
2. **Undertake integrated planning** . . . It's at the heart of our relationship with you.
3. **View capital in three distinct pools** . . . because each may require different solutions.
4. **Employ an alternative approach with global perspectives** . . . as a manager of managers.
5. **Manage risk on many levels** . . . beyond the usual.
6. **Use effective diversification** . . . It's the only free lunch in investing.
7. **Focus on risk-adjusted after-tax returns** . . . searching for tax alpha.

. . . in order to protect and grow your wealth.



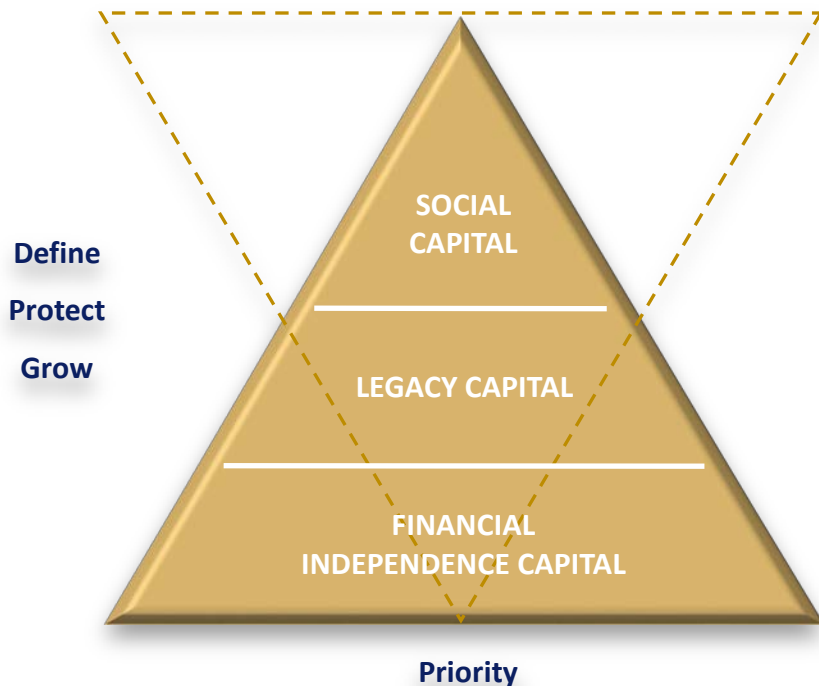
MISSION • VISION • VALUES • GOALS



STRATEGIES • TACTICS • TOOLS

A UNIQUE VIEW OF YOUR WEALTH

We think about your money differently – because your money may have more than one purpose



- **Financial Independence Capital** – the financial resources you designate to take care of yourself for as long as you live. But what if you have more than you need for yourself?
- **Legacy Capital** is the amount you may choose to leave to your children, grandchildren, or other family members who survive you.
- **Social Capital.** Once you've looked after yourself and your family, you may want to think about your community or special charities, which is your social capital.

Each type of capital has a different purpose and time horizon, therefore each should be invested differently.

RISK MANAGEMENT: INVESTMENT PORTFOLIOS

Which portfolio would you prefer?



Portfolio 1 = Traditional Portfolio

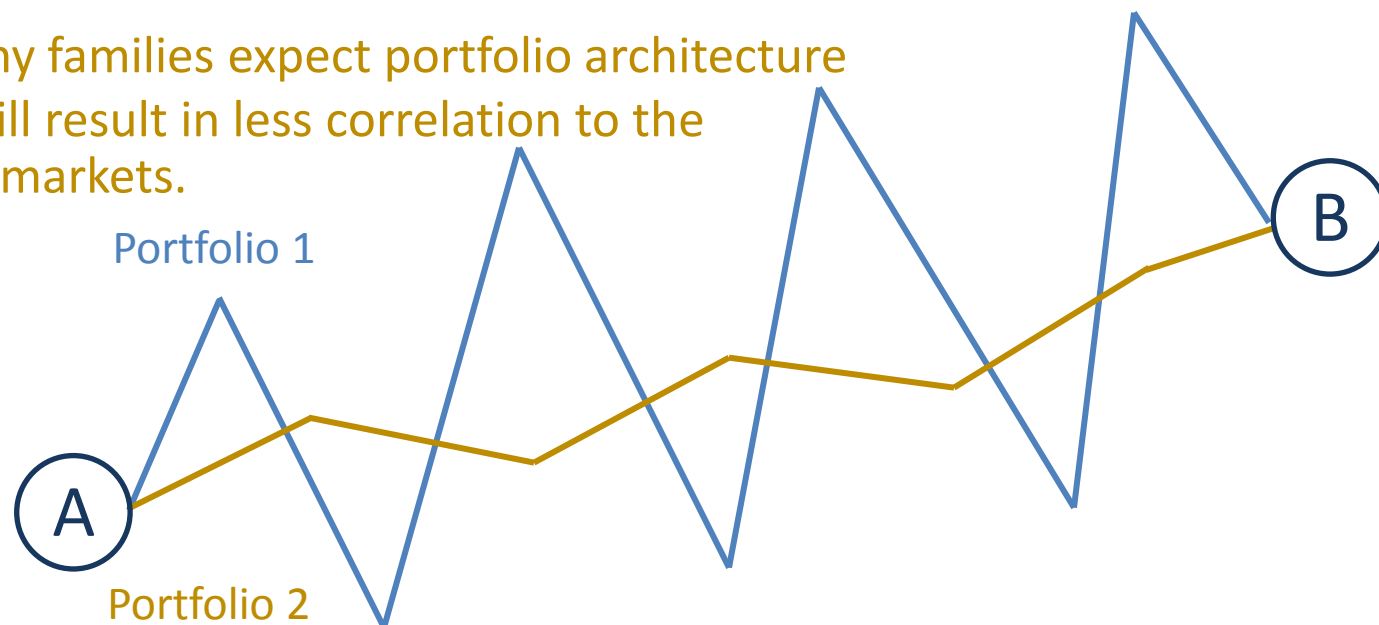
Portfolio 2 = Alternative Portfolio

Alternative strategies in public markets, private equity, real estate, etc.

Note: Hypothetical portfolios, returns and fees for illustrative purposes only.

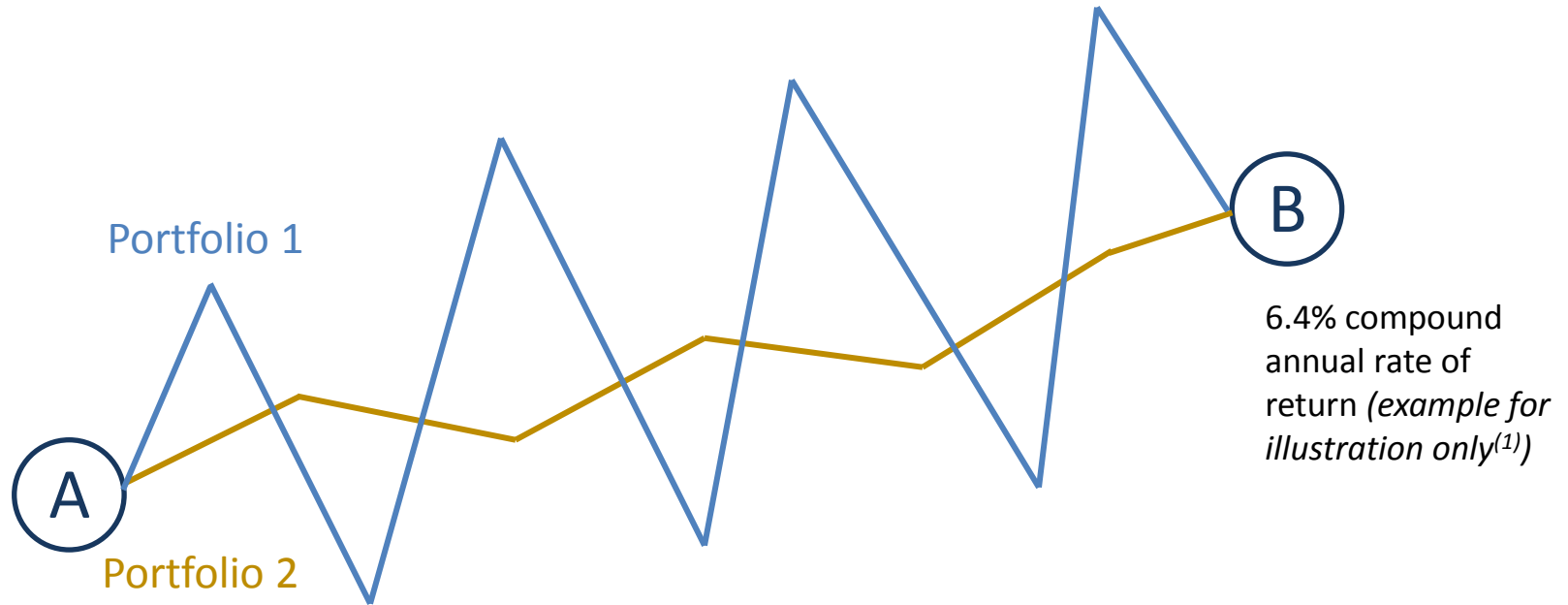
TAKING AN ALTERNATIVE APPROACH

Wealthy families expect portfolio architecture that will result in less correlation to the public markets.



- Our approach is to design portfolios to reduce volatility.
- We prefer to create portfolios that are, as a general guideline, not more than 25% - 33% invested using long-only equity strategies. This approach is what we mean by an “Alternative Portfolio.”

FOCUSING ON RETURNS AFTER FEES



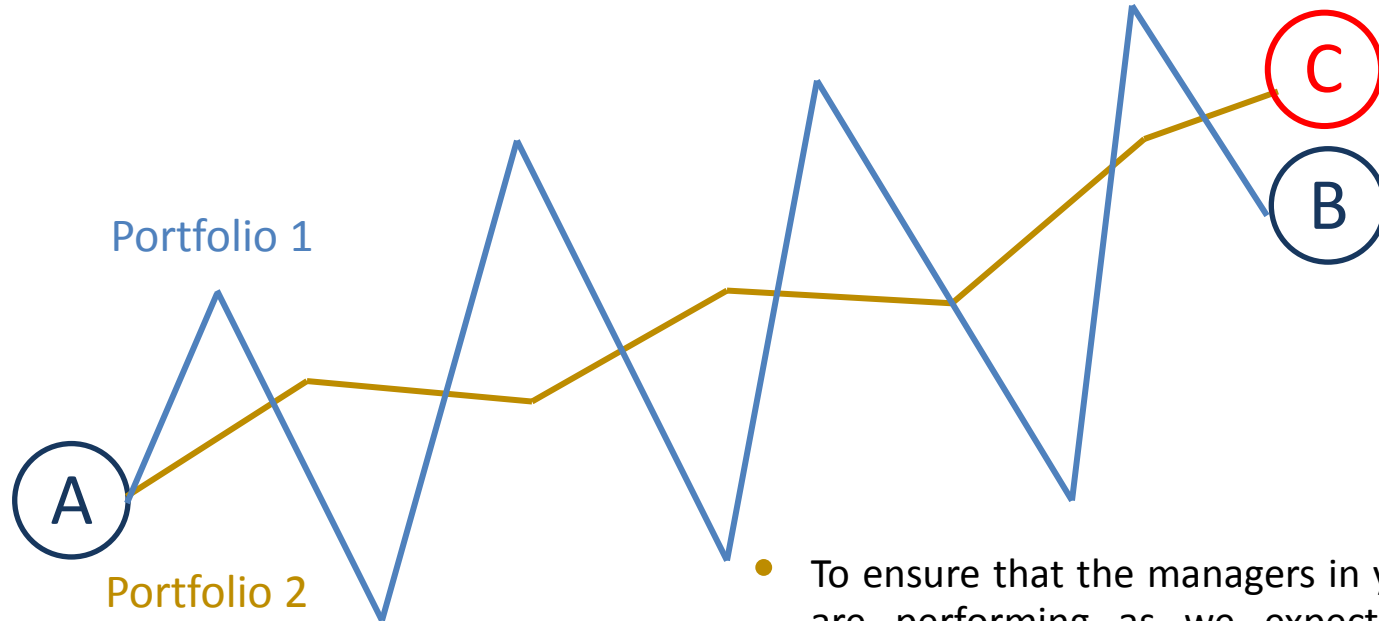
| | Portfolio 1 | Portfolio 2 |
|---------------|-------------|-------------|
| Gross Returns | 7.0% | 7.7% |
| Manager Fees | (0.6%) | (1.3%) |
| Net Returns | 6.4% | 6.4% |

Some investors have concerns about the fees that are charged by alternative money managers (Portfolio 2 in our example). The important points to remember are that:

- Achieving the lower levels of volatility requires tools and expertise beyond traditional money managers, and therefore will usually cost more.
- Alternative money managers are accountable to achieve a particular benchmark return after fees. We monitor manager performance to make sure they are adding appropriate value after fees.

Note: Hypothetical portfolios, returns and fees for illustrative purposes only.

STRIVING FOR A BETTER PATH AND DESTINATION



- When we recommend alternative money managers, we are also looking for those managers that we believe can outperform the majority of traditional money managers.

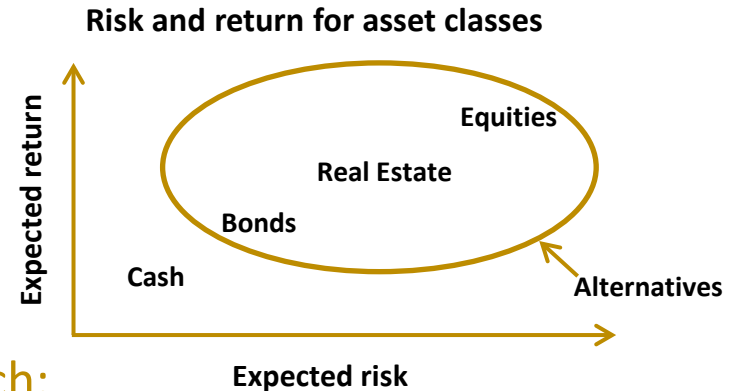
- To ensure that the managers in your portfolio are performing as we expect, we review client portfolios weekly, performance monthly, and report to you quarterly on your portfolio's progress.



ASSET ALLOCATION vs RISK ALLOCATION

Traditional approach to asset allocation:

- Four categories of investments:
 - ✓ Equities, Bonds, Cash, Alternatives



Alternative approach – the WaterStreet approach:

- Five risk categories:
 - ✓ Cash-like Risk, Fixed Income-like Risk, Low Equity-like Risk, High Equity-like Risk, Private Investment Risk
- Agnostic on whether the strategy is long-only or alternative
- Volatility of the strategy determines the appropriate risk bucket for each strategy

Why did we adopt this approach?

- More closely matches the risk appetite of our clients with the risk or overall volatility of their portfolio
- To construct portfolios that reflect the breadth of investment strategies available

PROFILE OF A WATERSTREET MANAGER

Nimble, flexible

- Not hamstrung by the impact of their size on their market

Adaptive

- Not trapped by style boxes – go wherever they can make money

Not just mainstream

- An investment manager that may be undiscovered with an information edge not an asset gatherer

Capital preservation first

- “I don’t want to have to earn my wealth twice” – capital growth comes second

Focused on absolute returns

- Bottom line performance – can’t “eat” relative performance

Tax sensitive

- Understands the taxable world and the concept of “tax alpha”

Never satisfied

- Constantly re-examining their beliefs and processes; acknowledge and learn from mistakes

UNIQUELY MANAGING RISK

Where do our current group of strategies/managers fit in our five risk categories?

| Cash-Like Risk | Fixed Income-Like Risk | Low Equity-Like Risk | Higher Equity-Like Risk | Private |
|----------------------|------------------------|----------------------|-------------------------|----------------|
| T-bills | ETFs | Hedge Fund of Funds | Global Macro | Private Equity |
| Commercial Paper | Bond Ladders | Dividend and Income | Long-Only Global | Real Estate |
| Banker's Acceptances | Credit Opportunity | Income Growth | | |
| Floating Rate Note | Focused Yield | | | |
| | Global Bonds | | | |

THE BENEFITS OF DIVERSIFICATION

We strive to minimize the correlation between our managers when constructing client portfolios

| | Global Macro Program | Focused Yield | Total Equity Manager A | Credit Opportunity Fund (US\$) | Global Bond Portfolio (EUR) | Total Equity Manager B | Hedge Fund of Funds (US\$) | Income Growth Manager | Dividend & Income Manager | TSX Dex Short Term Bond Index |
|--------------------------------|----------------------|---------------|------------------------|--------------------------------|-----------------------------|------------------------|----------------------------|-----------------------|---------------------------|-------------------------------|
| Global Macro Program | 1.0 | | | | | | | | | |
| Focused Yield | 0.1 | 1.0 | | | | | | | | |
| Total Equity Manager A | 0.2 | 0.3 | 1.0 | | | | | | | |
| Credit Opportunity Fund (US\$) | 0.0 | 0.1 | 0.3 | 1.0 | | | | | | |
| Global Bond Portfolio (EUR) | 0.0 | 0.1 | -0.3 | -0.1 | 1.0 | | | | | |
| Total Equity Manager B | 0.1 | 0.3 | 0.8 | 0.4 | -0.2 | 1.0 | | | | |
| Hedge Fund of Funds (US\$) | 0.1 | 0.4 | 0.6 | 0.5 | -0.3 | 0.6 | 1.0 | | | |
| Income Growth Manager | 0.1 | 0.6 | 0.7 | 0.2 | -0.2 | 0.7 | 0.7 | 1.0 | | |
| Dividend & Income Manager | 0.2 | 0.4 | 0.5 | 0.2 | -0.1 | 0.6 | 0.6 | 0.7 | 1.0 | |
| TSX Dex Short Term Bond Index | 0.2 | 0.0 | -0.2 | -0.3 | 0.7 | -0.2 | -0.3 | -0.2 | -0.2 | 1.0 |



Note: Correlation coefficients for each pair of managers are calculated based on monthly data from inception of the newer of the two managers to Jun./11. The oldest strategy has an inception date of Jan./99 and newest of Nov./09.

MANAGER PERFORMANCE - ANNUALIZED

| June 30, 2011 | PERFORMANCE ¹ | | | | | | | | | Gross/Net of Fees |
|-----------------------------------|--------------------------|------|----------------------|----------------------|--------|--------|--------|---------|--------------------|----------------------|
| | YTD | QTD | Q2 2011 ² | Q1 2011 ³ | 1 Year | 3 Year | 5 Year | 10 year | Since Inception | |
| CASH-LIKE RISK | | | | | | | | | | |
| Money Market ETF | 0.4 | 0.4 | 0.2 | 0.0 | 0.7 | 0.8 | | | 1.1 | Gross |
| FIXED INCOME-LIKE RISK | | | | | | | | | | |
| 1 - 5 Year Government Bond Ladder | 1.6 | 1.6 | 1.6 | -1.0 | 3.1 | 4.5 | | | 4.3 | Gross |
| 1 - 5 Year Corporate Bond Ladder | 1.9 | 1.9 | 1.5 | -0.8 | 3.9 | | | | 5.3 | Gross |
| Real Return Bond Index Strategy | 4.5 | 4.5 | 4.0 | 0.4 | 11.4 | 6.0 | 6.4 | | 5.0 | Gross |
| Focused Yield LP | 4.4 | 4.4 | 0.6 | 3.9 | 13.2 | | | | 15.0 | Net |
| Credit Opportunity Manager (US\$) | 9.1 | 9.1 | 2.8 | 6.1 | 19.5 | 17.1 | 14.6 | | 14.3 | Net |
| Global Bond Portfolio (EUR) | 1.2 | 1.2 | 1.7 | -0.5 | 1.0 | 6.7 | 5.0 | | 4.3 | Gross |
| LOWER EQUITY-LIKE RISK | | | | | | | | | | |
| Dividend & Income Manager | 0.5 | 0.5 | -1.7 | 2.2 | 11.8 | 2.2 | 3.8 | 9.6 | 10.8 | Net |
| Income Growth Manager | -0.8 | -0.8 | -4.8 | 4.2 | 13.1 | | | | 15.6 | Gross |
| Hedge Fund of Funds (US\$) | 0.7 | 0.7 | -0.8 | 1.6 | 6.0 | 5.6 | 7.1 | | 6.9 | Net |
| HIGHER EQUITY-LIKE RISK | | | | | | | | | | |
| Global Macro Program | -5.7 | -5.7 | -4.3 | -1.5 | 9.3 | -1.7 | 7.9 | | 10.7 | Net |
| Total Equity Manager A | 3.4 | 3.4 | -1.5 | 5.0 | 23.7 | -1.1 | 3.2 | 4.0 | 5.5 | Gross |
| Total Equity Manager B | 3.4 | 3.4 | -1.4 | 4.8 | 16.1 | 1.6 | 3.7 | 6.2 | 6.0 | Gross |
| INDICES | | | | | | | | | | |
| 91-Day T-Bill | 0.5 | 0.5 | 0.3 | 0.3 | 0.9 | 0.9 | 2.2 | 2.5 | | |
| DEX Universe | 2.2 | 2.2 | 2.5 | -0.3 | 4.7 | 5.9 | 5.9 | 6.4 | | |
| DEX Short-Term Bond Index | 1.8 | 1.8 | 1.5 | 0.3 | 3.2 | 5.2 | 5.2 | 5.2 | | |
| S&P/TSX | 0.2 | 0.2 | -5.2 | 5.6 | 20.9 | 0.2 | 5.7 | 8.1 | | |
| S&P 500 (C\$) | 2.8 | 2.8 | -0.7 | 3.5 | 18.8 | 1.5 | 0.0 | -1.8 | | |
| MSCI World | 2.4 | 2.4 | -0.1 | 2.5 | 19.3 | -0.8 | -0.1 | -0.1 | | |
| MSCI EAFE | 2.1 | 2.1 | 1.1 | 1.1 | 19.0 | -3.1 | -1.0 | 1.4 | | |

¹ Performance is annualized for periods greater than 1 year.

² Quarter ended June 30, 2011

³ Quarter ended March 31, 2011

MANAGER PERFORMANCE - BY CALENDAR YEAR

| June 30, 2011 | PERFORMANCE | | | | | | | | | | | |
|-----------------------------------|-------------|-------|-------|-------|------|------|-------|------|-------|-------|------|------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| CASH-LIKE RISK | | | | | | | | | | | | |
| Money Market ETF | | | | | | | | | | | 0.4 | 0.4 |
| FIXED INCOME-LIKE RISK | | | | | | | | | | | | |
| 1 - 5 Year Government Bond Ladder | | | | | | | | | | | 2.1 | 3.3 |
| 1 - 5 Year Corporate Bond Ladder | | | | | | | | | | | | 3.8 |
| Real Return Bond Index Strategy | | | | | | | | -3.1 | 1.2 | 0.0 | 14.1 | 10.6 |
| Focused Yield LP | | | | | | | | | | | | 14.6 |
| Credit Opportunity Manager (US\$) | | | | | | | | 15.5 | 8.4 | 7.8 | 18.1 | 20.9 |
| Global Bond Portfolio (EUR) | | | | | 4.2 | 5.7 | 4.1 | -0.3 | 3.0 | 11.3 | 2.3 | 5.1 |
| LOWER EQUITY-LIKE RISK | | | | | | | | | | | | |
| Dividend & Income Manager | -4.0 | 38.6 | 6.2 | 3.2 | 23.3 | 25.5 | 25.63 | 16.1 | 1.8 | -10.7 | 16.7 | 3.0 |
| Income Growth Manager | | | | | | | | | | | | 19.8 |
| Hedge Fund of Funds (US\$) | | | | | | | 5.29 | 16.7 | 9.4 | -14.2 | 26.6 | 6.9 |
| HIGHER EQUITY-LIKE RISK | | | | | | | | | | | | |
| Global Macro Program | | | | | | | | 6.9 | 19.0 | 22.3 | -6.0 | 15.3 |
| Total Equity Manager A | | 32.1 | -12.5 | -15.4 | 15.0 | 4.1 | 20.1 | 18.2 | 6.9 | -26.6 | 19.2 | 12.1 |
| Total Equity Manager B | | | 11.9 | -9.1 | 14.6 | 13.9 | 15.67 | 19.0 | 4.3 | -25.7 | 19.9 | 8.9 |
| INDICES | | | | | | | | | | | | |
| 91-Day T-Bill | 4.7 | 5.5 | 4.7 | 2.5 | 2.9 | 2.3 | 2.6 | 4.0 | 4.4 | 2.9 | 0.5 | 0.5 |
| DEX Universe | -1.1 | 10.2 | 8.1 | 8.7 | 6.7 | 7.1 | 6.5 | 4.1 | 3.7 | 6.4 | 4.6 | 6.7 |
| DEX Short-Term Bond Index | | | | | | | | 4.0 | 4.1 | 8.5 | 4.5 | 3.6 |
| S&P/TSX | 31.6 | 7.5 | -12.6 | -12.4 | 26.7 | 14.5 | 24.1 | 17.3 | 9.8 | -33.0 | 35.1 | 17.6 |
| S&P 500 (C\$) | 14.1 | -5.5 | -6.5 | -22.7 | 5.3 | 3.3 | 1.6 | 15.7 | -10.5 | -21.9 | 8.1 | 9.3 |
| MSCI World | 18.2 | -9.5 | -11.4 | -20.2 | 9.4 | 7.3 | 6.6 | 20.6 | -7.1 | -26.1 | 11.8 | 6.8 |
| MSCI EAFE | 20.0 | -10.6 | -16.4 | -16.3 | 13.9 | 12.4 | 10.4 | 26.8 | -5.3 | -29.4 | 13.2 | 2.8 |

FEES YOU CAN EXPECT TO PAY

Our competitive investment fees have two components

1. WaterStreet's fee for assets under advisement

- Assets under advisement (AUA) fee covers:
 - Architecting your portfolio
 - Searching for and selecting investment managers and investment strategies
 - Providing ongoing monitoring and due diligence
 - Measuring performance against benchmarks
 - Providing consolidated reporting quarterly

2. Fees paid to investment managers

- Negotiated preferred rates

UNIQUE AND INTEGRATED REPORTING

Net worth statement

Change in net worth

Income and expenses

Cash flow statement

Investment reporting

- Consolidated investment reporting
- Rate of return – absolute and vs benchmarks
- Risk metrics
- Portfolio market value vs net contributions over time
- Portfolio market value versus net contributions over time
- Target vs actual allocation
- Portfolio Activity – reconciliation of opening and closing market values
- Financial independence analysis
- Online Portal – privacy and confidentiality



WATERSTREET

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