Introduction to Separately Managed Accounts

Assessment, diagnosis, prescription and maintenance

Offered by Provisus Wealth Management Limited

Agenda

- Provisus

- Transcend program features and benefits

- Investment management process

- Reporting and returns

Provisus Wealth Management

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WEALTH MANAGEMENT

- Registration

- Manager of managers

- Experience of the Provisus portfolio team

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Separately Managed Accounts

What is a Separately Managed Account?

- Not a mutual fund or pooled fund

- Individual stocks and bonds in the client's name

- Professionally managed portfolios

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Features of SMA

Features of a Separately Managed Account:

- Individual security ownership
- Best-in-breed third party managers
- One fee
- Portfolio overlay
- Consolidated quarterly reporting
- Unique managers

Provisus Value
Added

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Benefit: Individual Security Ownership

- Customization

- Transparency

- Tax Efficiency

  - No imbedded unrealized capital gains

  - Ongoing tax control

Benefit: Institutional Managers

Manager Selection and Risk Control

We select Investment Managers that:

- Understand that price appreciation of a stock is a function of the earning potential and assets of the underlying company
- Understand that fundamental financial characteristics do not change frequently or substantially enough in medium and large capitalized companies to warrant excessive security trading
- Avoid paying too high a price for securities
- Implement a clearly defined sale discipline

And within individual portfolio guidelines, control risk by:

- Maximizing the use of superior stocks as selected by top equity managers
- Statistically diversifying the portfolio while controlling excessive holdings
- Avoiding market timing as it tends to penalize long term performance
- Minimizing transaction costs by reducing security turnover

Benefit: One Fee

- All inclusive

- Transparency

- Tax deductibility

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Portfolio Overlay

- Additional layer of management
  - Advisor: knows client
  - Managers: create investment models
  - Provisus: manages the whole picture
- Overlay can add between 30 – 100 bps to performance*
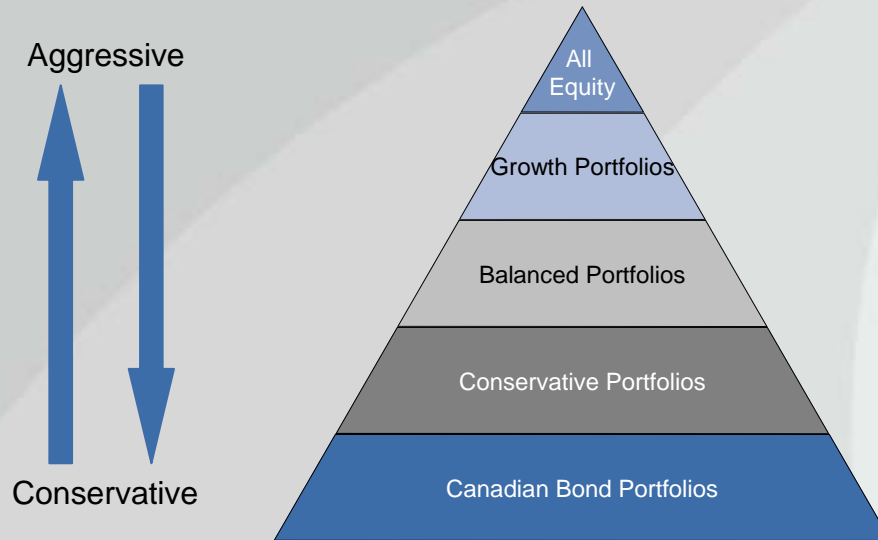 - Tax control
  - Trade co-ordination
  - Manager co-ordination

*Source: Placemark Investments, 2002.

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Portfolio Management Process

## How Provisus constructs client portfolios

- A specific investment proposal will ultimately be based upon each client's:
  - Investment objectives and goals
  - Risk tolerance
  - Time horizon
  - Asset base
  - Particular constraints
- Provisus' long term investment approach provides clients with excellent performance while minimizing return volatility

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Client Investment Profile

Aggressive

Conservative

All Equity

Growth Portfolios

Balanced Portfolios

Conservative Portfolios

Canadian Bond Portfolios

- Extensive consultation between clients and their investment advisor determines the client's investment expectations and risk tolerances
- These discussions lead to strategies and proposals which are tailored to the client's specifications and needs
- Each client determines their constraints and investment parameters which establish their ideal investment vehicles

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Sample Asset Allocation
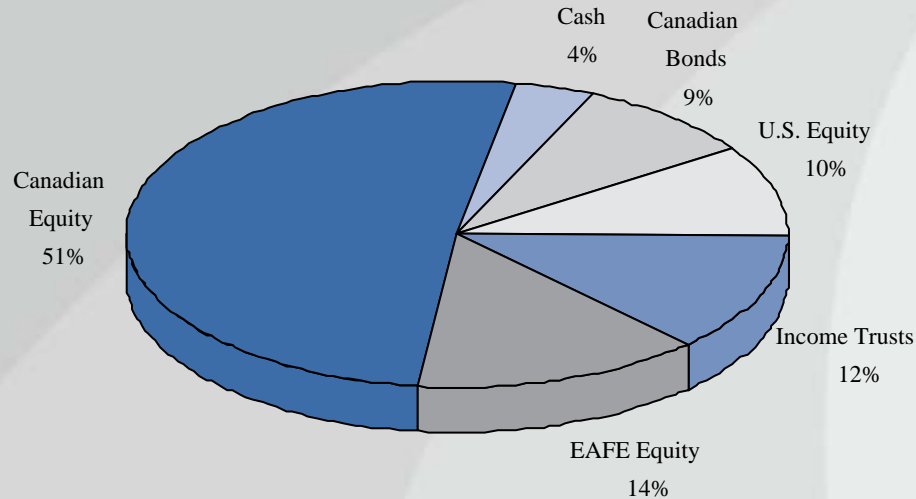
Investment Mandate Selection	Weighting	Amount
Cardinal Canadian Equity	29.1%	$345,000
KBSH Diversified Income	28.8%	$342,000
Laketon Total Equity	42.1%	$500,000
Proposed Investment Amount:	**$1,187,000**	

Investment Objective

*"Investment strategy soundly conceived and consistently implemented"*

- To obtain highest possible return consistent with the portfolio's policy
- Maximize predictability and consistency of performance
- Control risk by adhering to portfolio design

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Manager Return Analysis

Efficient Frontier (Sept 2007 - Sept 2007)
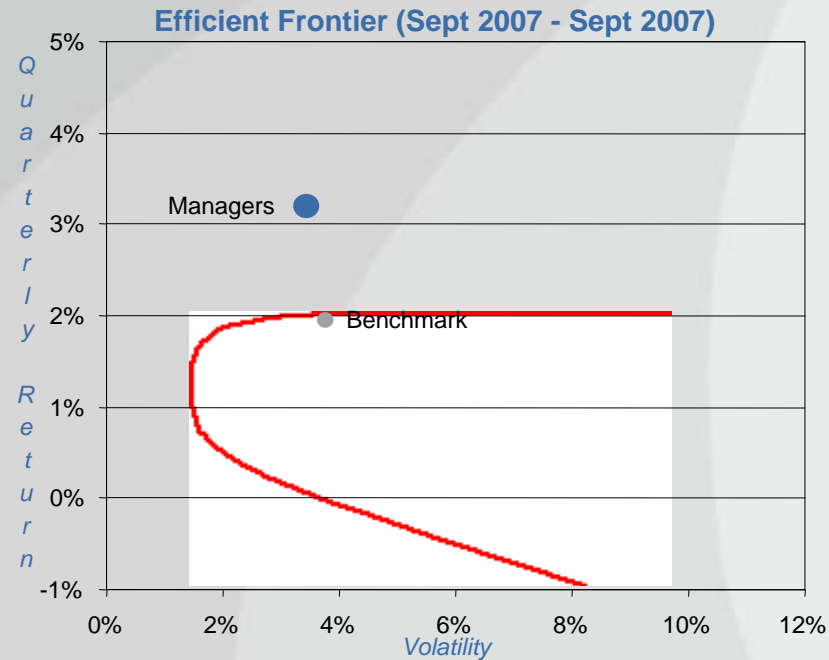
- When managers with low correlation are combined, they produce higher risk adjusted returns than the benchmark

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Cumulative Return Analysis
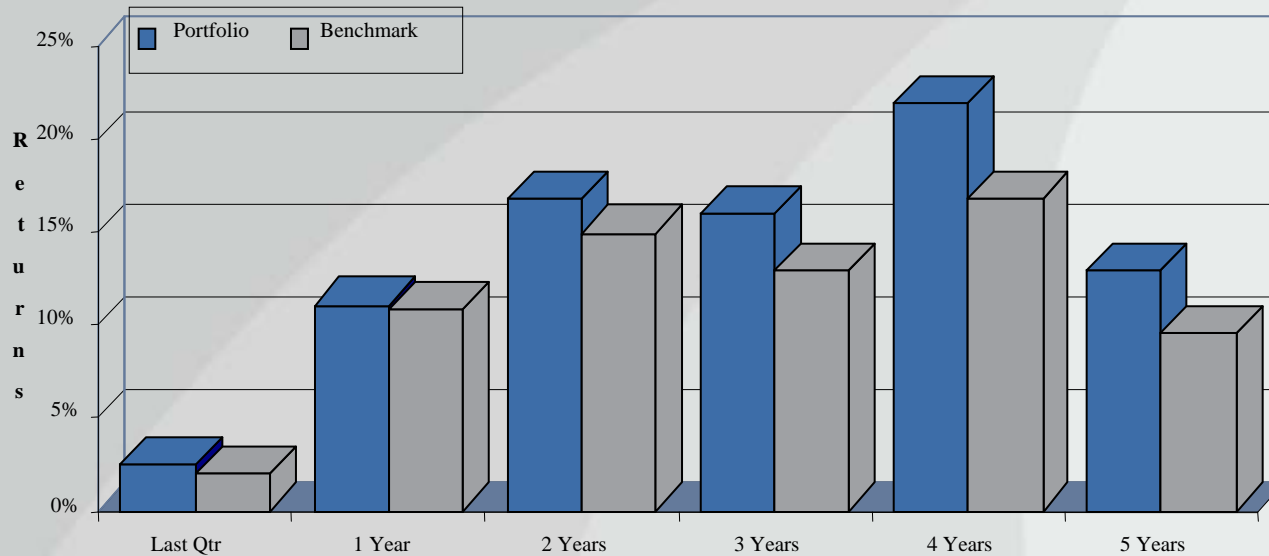
Weight	Investment Mandate	Last Qtr	1 Year	2 Years	3 Years	4 Years	5 Years
29.1%	Cardinal Cdn Equity	1.0%	9.6%	19.3%	19.3%	21.7%	15.5%
28.8%	KBSH Diversified Income	2.2%	4.6%	8.1%	9.8%		
42.1%	Laketon Total Equity	3.6%	16.5%	20.9%	17.8%	21.9%	11.1%
	Portfolio	2.4%	11.1%	16.8%	15.9%	21.8%	12.9%
	Benchmark	1.9%	10.9%	14.9%	12.9%	16.8%	9.5%

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Triple Team of Financial Experts

Questions