BT GLOBAL GROWTH

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Strategy Paper
Fall 2011 – Winter 2012

Provided below are a few thoughts outlining how we plan to protect your capital and generate equity-type returns with substantially less risk. Going into the fall of 2011 and winter 2012, we will be acting upon a number of investment themes...

We will be long-biased with significant cash positions and short positions of between 20-30%. In general, we believe the equity markets are not expensive while the bond markets, especially government bonds, are highly overpriced. For the first time, since 1958, dividends in the S&P 500 are higher than U.S. government bond yields. Large cap U.S. dividend yielding stocks are cheap based on most historical measures, including cash flow, dividends, earnings, etc.

We will make concentrated bets in certain sectors where we see significant opportunity and at the same time avoid many riskier sectors, as described below.

We will continue to own oil companies and avoid natural gas players. Canadian oil weighted companies have very reasonable cash flow multiples of 4-5x. There is also compelling value in the international oil names listed in Canada. Companies developing oil fields in New Zealand, Columbia, Tunisia and Eastern Europe have seen their stock prices fall 30-60% while growing production. We expect $80 oil prices are a reasonable floor and these international names could rise dramatically from recent lows.

We will have minimal exposure to financials, although we look for some stability in the sector. A flattening yield curve is not beneficial for this sector and we suspect the banks will disappoint in terms of price performance as Canadian Banks and Canadian Insurance Companies appear fully valued to us. Certain US financials look to be relatively better risk adjusted opportunities.

We will substantially overweight precious metals, including physical possession of gold and continue to favour some specific gold companies that have reasonable multiples and growth prospects. We will add to the Fund's exposure in the agri-business. Global food inflation will be significant in 2012.

We will increase the Fund's exposure to larger cap equities. Usually growth companies with lower cash flow multiples are found among the small cap players, but now we find value everywhere, so we will stick to names with better liquidity and more global exposure. As volatility has increased, the liquidity in the Canadian markets has declined, leading to lower valuation multiples across the board. We believe larger cap U.S. equities need to rise before Canadian mid-cap names can perform. The commodity trade in general has been under pressure with the slowing Chinese economy and the threat of recession in Europe and the U.S. We anticipate U.S. economic growth will be moderate but positive and the U.S. will avoid a double dip recession. Europe will not manage as well and a recession there will certainly slow the economy of their largest trading partner, China. Despite all the doom and gloom voiced by economists and the financial press, the global economy will continue to grow at a moderate pace. Emerging market growth in particular shall continue.

We will significantly increase the Fund's exposure to the technology sector where we see considerable value. Most large cap tech companies have cash balances, little to no debt, growth prospects and low valuation multiples. This sector will outperform.

We have been and will remain short several European stock indices at least as long as the euro-zone authorities have not come out with a comprehensive plan. These shorts should provide significant downside protection to the Fund's equity exposure overall. In our view, European equities will not outperform as they are still heavily weighted in banks/financial service companies; and the European economies are relatively weak compared to both emerging North-America markets. We are also bearish on the Euro itself and anticipate a volatile but downward move for 2012.

Guiding Beliefs

1) We are committed to the first rule of investing, which is that above all else, we are focused on preserving your capital.

2) We believe value investing based on cash flow analysis is the best method to truly protect a portfolio. We stay away from the darling stocks, concept stocks, negative cash flow businesses and high-multiple stories, while seeking value plays that could easily double or triple over time.

3) We will not use excessive leverage. In fact, the Fund is not permitted to be levered more than 30% of invested capital. This restriction includes using leverage in the form of options and futures, etc.

4) We prefer to "average up" rather than "average down". More than any other strategy for investing, this practice will keep the Fund out of trouble and ensure superior performance. In so doing, we reduce our mistakes and accentuate our successes.

5) We believe the Canadian equity markets are anything but efficient. These volatile markets continue to produce extraordinary opportunities, with dozens of companies trading at very reasonable values, while highly speculative, underfunded or excessively levered companies often trade at surprising lofty valuations. Recently, we have observed relatively little market-making from the Canadian brokers on many equity names, resulting in considerable volatility and reduced volumes. We constantly witness $300-$500 million and even billion dollar companies having their value fall 10% in a day, based on minimal trades that total less than $1 million. Such short term volatility presents trading opportunities for value investors like ourselves.

6) Gold bullion will outperform most asset classes, as practically all governments are debasing their paper currencies. Gold has been outperforming nicely against almost all asset classes and is in a 11 year upward trend, yet it remains under-owned in most institutional and HNW portfolios. It will go higher.

7) The current popular trend of Index investing (ETFs and Index Funds etc.) strikes us as somewhat ill-timed and practically guaranteed to disappoint. If there was ever an equity market to emphasize sector rotation strategies and stock picker expertise, this is it. Good managers will outperform the larger Indices in 2012 and over the next few years. Index investing shall likely prove to be a better tool for "shorting" strategies than anything else.

8) The developing world will provide the growth over the next twenty plus years and investors need to be there. Most commodities, equity markets in the BRIC countries and inter-listed companies offer compelling opportunities.

9) Finally, investing today requires a global perspective and experience, which the majority of Canadian investment professionals simply do not have. This presents a problem for many Canadian companies, which are more properly valued based on international, not domestic, parameters. Our management team has years of investing experience in BRIC and other emerging markets and having such experience and perspective allows the Fund to continually arbitrage investment opportunities.