

# AURION GLOBAL OPPORTUNITIES FUND

NAV: AUR 210 (Class A): \$ 9.05  
 NAV: AUR 220 (Class D): \$10.00  
 AUM: \$1.5M

July 31, 2010

The Aurion Global Opportunities Fund seeks to generate superior risk adjusted absolute long term returns by means of employing multiple investment strategies across global capital markets

## Investment Process/Style:

The Fund is actively managed by employing the best ideas of the Aurion portfolio management team within the asset classes of equities, fixed income, currencies and commodities

- ❖ Allocation among the asset classes reflect the global macro views and themes of the Aurion portfolio managers over a 1 to 12 month time horizon
- ❖ A disciplined risk management process is employed with oversight from Aurion's Risk Manager

## Monthly Performance (%) Net of Fees — Class A

| Year | Jan | Feb | Mar | Apr   | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD Return |
|------|-----|-----|-----|-------|-----|-----|-----|-----|-----|-----|-----|-----|------------|
| 2010 | 0.4 | 0.8 | 0.2 | (0.6) | 0.9 | 1.4 | 0.8 |     |     |     |     |     | 4.0        |
| 2009 | n/a | n/a | n/a | n/a   | n/a | n/a | n/a | n/a | n/a | 0.0 | 1.2 | 0.1 | 1.3        |

## Commentary:

Equity markets snapped a two-month losing streak as Q2 earnings were better than expectations and overcame the macro risk fears associated with a slowing global economy. U.S. real GDP eased to a 2.4% annual pace in the second quarter and U.S. non-farm payrolls fell for a second consecutive month. Even Fed Chairman Bernanke stated that the "economic outlook remains unusually uncertain." With the sluggish pace of the economic recovery clearly weighing on investor sentiment the equity market rebound in July probably should be seen as a bounce from oversold technical conditions. While gains for the month were widespread the advance only pushed key indices back to straddling the zero return line for the year.

Bond markets continued to perform well in response to declining growth and inflation expectations. Accordingly, the domestic market essentially ignored the second Bank of Canada rate hike and focused more on the central bank's cautious language on future rate hikes as well as developments in the U.S. The 2-year U.S. government yield fell to a new low for the cycle while 10-year yields are at their lowest level since the spring of 2009. Year to date, bonds have outperformed equities and investment grade and high yield bonds have outperformed governments.

The dovish rate outlook for the U.S. and a better tone in commodity markets resulted in a broad based decline in the U.S. dollar against all major currencies in July.

The Fund posted a positive return for a third consecutive month reflecting the portfolio's exposure to a basket of investment grade corporate bonds, profitable trading of bond market volatility and modest long positions in the Canadian dollar and U.S. equity ETFs.

Portfolio bets to all strategies continue to be moderate in recognition of the high level of uncertainty for financial markets and the global economy. Our base line outlook continues to favour a "square root" economic recovery rather than a "double dip" recession. However, we are mindful that sentiment indicators will help determine trading ranges for key equity, fixed income and commodity markets. In the current environment of elevated market uncertainty we believe that our active management and disciplined risk focus will be rewarded as we continue to search for attractive opportunities and adjust portfolio exposures in a timely manner to take advantage of shifting conditions.

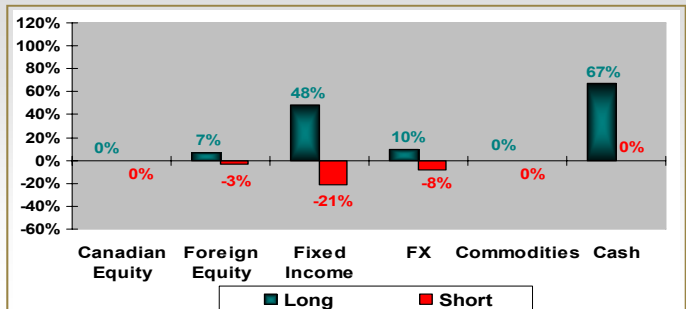
## Top Holdings

|                                |                                      |
|--------------------------------|--------------------------------------|
| Short 30 year Treasury Futures | Great West Life 7.127% June 26, 2068 |
| Loblaws 5.220% June 18, 2020   | JP Morgan 5.058% February 22, 2021   |
| Long USD/JPY futures           | Long S&P 500 ETF                     |

## Risk Management Process:

- Risk management system uses VaR (Value At Risk). VaR is a method of risk management and measurement that identifies the probability of a given loss in portfolio value
- Each portfolio manager receives a risk budget that is allocated on the basis of the respective merits of the opportunities available
- The portfolio managers and risk managers meet regularly to review investment strategies and allocate the risk budget

## Portfolio Positions



For additional information, please contact us:

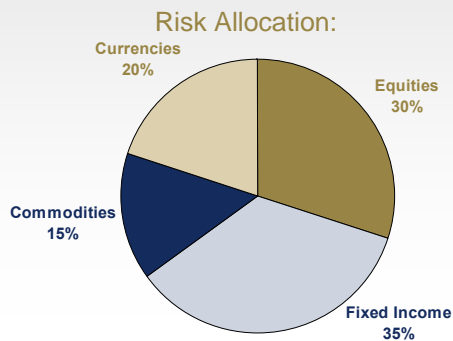
Grant Bunker, VP, Business Development ♦ Tel: 416-866-2445 ♦ Email: gbunker@aurion.ca

## Investment Strategies:

- Multiple investment strategies can be employed within each asset class
- Each portfolio manager's strategy will be thematic and designed to capture directional trends in their respective markets
- Strategies involve taking long and/or short positions through financial instruments including stocks, bonds, ETFs, options, futures and forward contracts
- Strategies are derived from the portfolio manager's macro-economic views combined with technical and fundamental analysis
- The holding period for a strategy will typically range from a few days to up to 1 year and will be a function of how quickly the expected return from the strategy is realized

## Risk Allocation:

- Capital will be dynamically weighted between investment strategies to reflect their expected risk adjusted return.
- The targeted number of investment strategies employed at any one point in time is expected to range from 0 to 15.
- At times the portfolio may contain a significant amount of cash
- Diversification among different strategies will result in no systemic style or long/short biases



## Terms & Guidelines:

|                                       |   |
|---------------------------------------|---|
| <b>Manager:</b>                       | Aurion Capital                              |
| <b>Inception Date:</b>                | October 1, 2009                             |
| <b>Minimum Initial Subscription*:</b> | \$25,000 (Accredited investors)             |
| <b>FundSERV Code:</b>                 | Aur 210 (Class A)<br>Aur 220 (Class D)      |
| <b>Redemption:</b>                    | Monthly                                     |
| <b>Additional Investments:</b>        | Monthly at NAV                              |
| <b>Lock Up:</b>                       | 3 months                                    |
| <b>Early Redemption:</b>              | 2% penalty within 90 days                   |
| <b>Management Fee:</b>                | 2.00% (Class A)<br>3.00% (Class D)          |
| <b>Performance Fee:</b>               | 20% of return in excess of 6% (net of fees) |
| <b>Distributions:</b>                 | ANNUAL                                      |
| <b>Shorting Activity:</b>             | Permitted within each strategy              |
| <b>Net long/short:</b>                | Shall not exceed 100% of Fund's NAV         |
| <b>Cash:</b>                          | 0-100%                                      |

## Investment Team:

The team consists of FOUR portfolio managers with over 95 years of combined experience. The Fund is managed using an integrated approach with each team member involved in research, portfolio management and trading.



**Neil Jacoby, CFA, MPA**  
President, CIO & PM



**Bob Decker, MBA, CFA**  
SVP & Portfolio Manager



**Christine Horoyski, CFA, CA, MBA**  
SVP & PM, Fixed Income



**Nicole White, CFA**  
Director & PM, Fixed Income & Currency

## About Aurion Capital:

Aurion Capital Management Inc. is an investment counselling firm with primarily an institutional client base specializing in Canadian Equities, Fixed Income, Real Estate, Foreign Equities and Alternatives. Incorporated in 1996, Aurion Capital has over \$4 billion in assets under management as at July 31, 2010

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