Folco strategies by Nymbus.ca

REAL ESTATE INVESTMENT STRATEGY

WHY INVEST WITH FOLCO STRATEGIES?

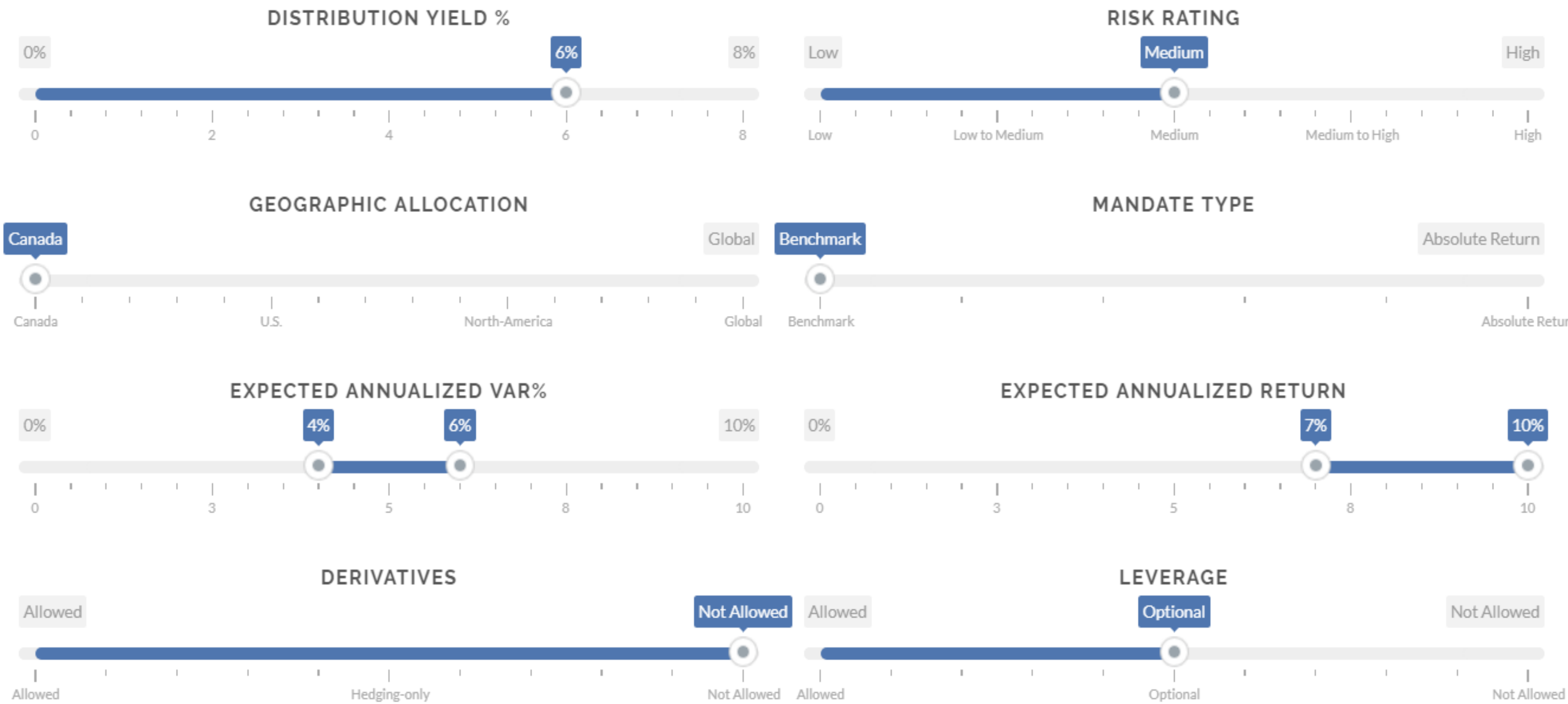
- A proven track record (19%/yr past 4 yrs) and the Manager has extensive & pertinent capital market experience at large financial institutions (18yrs)
- Listed commercial real estate provides consistent income streams, leverage to economic growth and offers potential hedge against inflation.
- Alignment of clients' interests: a significant investment by the manager
- A low correlation to the Canadian equity market
- Our investors in the Real Estate strategy have the option to receive a highly tax-efficient automatic monthly distributions combined with long-term capital gains.

More on our core beliefs

- The real estate segment of the Canadian equity market:
  - Underlying tangible assets minimize the probability of severe equity value destruction;
  - Ample pricing transparency of underlying assets (can buy below replacement cost or below private cap rates);
  - Not always well covered by analysts;
  - Buying public real estate offers more diversification than direct private investments;
  - Much easier to move in or out (geographically, segments)

- To make money and preserve capital, we:
  - Invest in what we know and understand (focus on small number of companies);
  - We stay away from glamour and fad and prefer to be contrarian (buy when others are fearful, sell when they're greedy);
  - We conservative in our choice of sectors, but seize opportunities in volatile markets;
  - Remain disciplined in executing our strategy

Details


DISTRIBUTION YIELD %
0%
6%
8%
0
2
4
6
8
RISK RATING
Low
Medium
High
Low
Low to Medium
Medium
Medium to High
High
GEOGRAPHIC ALLOCATION
Canada
Global
Canada
U.S.
North-America
Global
MANDATE TYPE
Benchmark
Absolute Return
Benchmark
Absolute Return
EXPECTED ANNUALIZED VAR%
0%
4%
6%
10%
0
3
5
8
10
EXPECTED ANNUALIZED RETURN
0%
7%
10%
0
3
5
8
10
DERIVATIVES
Allowed
Not Allowed
Allowed
Hedging-only
Not Allowed
LEVERAGE
Allowed
Optional
Not Allowed
Allowed
Optional
Not Allowed

OUR PROCESS

Our Investment Universe

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Market Analysis: What We Look For

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Our Portfolio Construction & Trading

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Our Risk Management

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Our Portfolio

OUR PORTFOLIO CONSTRUCTION & TRADING

- Establish our geographic and segment exposures based on regional growth perspectives, currency impact and supply/demand dynamics
- Ideal portfolio of 15-20 long positions
- Patience in execution, not chasing, liquidity always considered
- Step in when capitulation; sell when markets move into overbought territory
- Cutting edge algorithm trading technology that provides competitive pricing, speed and best execution

OUR RISK MANAGEMENT

Market exposure risk management

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Maximum leverage of 1.3x (non-registered)

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Security level risk management

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20% maximum per position

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Liquidity risk management

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All positions <800% of Avg Daily Volume

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A high income equity portfolio with a focus on capital preservation

François-Olivier Laplante

Between 2003 and 2014, François served as Vice-President, Director and Head of Liability Trading on the Institutional Equity Trading team at Desjardins Securities, a $250 billion financial institution. He was responsible for managing the firm's liability book, covering the Telecoms, REITs, Industrials, Rails, Energy Infrastructure, Independent power producers, Pipelines and Utilities. He was facilitating equity block transactions by pricing inquired trades and managing the firm's trading capital in an effort to encourage activity with Desjardins' institutional clients.

François' extensive experience gained from years of deploying large amounts of risk capital on both the long and short side allows him to successfully execute multiple trading strategies with an overriding focus on risk management.

He was previously with National Bank Financial, where he worked as an equity proprietary trader and institutional equity liability trader from 2000 to 2003. François holds a Bachelor's degree in Business Administration from Laval University.

Throughout his broad experience in the investment industry, François has developed highly relevant relationships with company executives and industry professionals. He is also a member of the board of trustees of Fronsac REIT (FRO.UN – TSXV), a publicly-traded open-ended trust that owns and acquires high-quality commercial real estate properties rented to strong tenants under long-term, management-free and net leases.

Risk Statistics Methodology

The annualized risk statistics (standard deviation, Sharpe and Sortino ratios) were derived from monthly return series. The risk free rate that was used is the 3 month treasury bill yield from the Bank of Canada. This rate was used to derive the Sharpe, as well as the Sortino ratio.

Sharpe Ratio

The monthly Sharpe ratio is equal to the mean monthly return of the Strategy minus the mean risk-free rate, divided by the monthly standard deviation of the strategy. The ratio is then annualized by multiplying it by the square root of 12.

Sortino Ratio

The monthly Sortino ratio is equal to the incremental compound average monthly return over a monthly minimum acceptable return (MAR) divided by the monthly downside deviation below the MAR. The ratio is then annualized by multiplying it by the square root of 12.