

## Conservative philosophy and approach

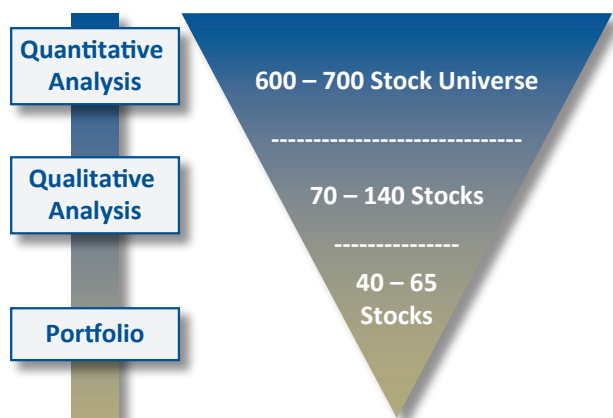
Sionna is an active manager with a “relative value” approach based on the philosophy of Benjamin Graham. Graham believed that the stock market reflects human emotions as much as it reflects fundamental value. This leads markets, and individual stocks, to euphoric highs and depressed lows. Sionna’s goal is to take advantage of this by buying quality stocks trading below their true, intrinsic value, and then selling them when they appreciate.

## Why “relative” value?

While large stock markets can accommodate many investment approaches: value; deep value; growth; growth at a reasonable price (GARP), to name a few, in Canada the effectiveness of certain styles is limited by the small number of companies that fit within that style’s criteria. Relative value investing is an answer to this. It’s a pragmatic and flexible way to invest in potentially strong yet undervalued stocks, without some of the restrictions that more rigid value investing styles tend to have.

## Consistent, rigorous screening process

A large key to Sionna’s success lies in determining the true, intrinsic value of securities. Starting with a universe of 600-plus companies for consideration, Sionna distills this down to a focused portfolio of 35 to 60 names. To do this, a disciplined, dispassionate, rigorous screening process is employed, where fundamental analysis predominates.



## Diversification and flexibility

Sionna believes that diversification mitigates risk, and therefore favours well diversified portfolios, with typically no more than a +/- 5% differential to index sector weights. Sionna also believes that by focusing on bottom-up stock selection, rather than sector timing, risk to the investor is further reduced.

## Selling is as important as buying and requires an equally high level of discipline

BUY Criteria	SELL Criteria
<ul style="list-style-type: none"> <li>• Securities priced at 30% below Intrinsic Value</li> <li>• Attractive long-term value characteristics</li> <li>• Low level of financial risk</li> <li>• Above-average dividend yield &amp; return on equity</li> <li>• Sound management</li> </ul>	<ul style="list-style-type: none"> <li>• Intrinsic Value or higher achieved</li> <li>• Switch opportunity provides enhanced risk/reward trade-off</li> <li>• Deterioration of: financial strength; competitive position; earnings capability</li> </ul>



### Kim Shannon, CFA, MBA

President & CIO  
Sionna Founder  
Morningstar Fund Manager of the Year 2005

With 28 years of industry experience, Kim is past President of the

Toronto CFA Society and currently on the boards of the Canadian Coalition for Good Governance and the Accounting Standards Oversight Committee.

She is a past recipient of the RBC Canadian Woman Entrepreneur Award and has been named one of Canada’s Top 100 Most Powerful Women by the Women’s Executive Network.

# Sionna Funds

## **Brandes Sionna Canadian Equity Fund**

*Core Canadian Equity Fund*

Sionna's relative value approach results in this Fund holding a conservative portfolio of stocks of larger Canadian companies, typically diversified among most sectors of the Canadian stock market. The Fund will be overweight versus the index in sectors that are rich in stocks with strong potential for appreciation, and underweight sectors where Sionna is unable to find value. This Fund has a relatively fixed 10% allocation to foreign securities, advised by Brandes Investment Partners, L.P.

## **Brandes Sionna Canadian Small Cap Equity Fund**

*Complementary investment in a diversified portfolio*

This Fund invests in stocks of smaller Canadian companies with typical market capitalizations of 0.15% of the S&P/TSX Composite capitalization or less. Sionna uses the same relative value approach it uses in all its portfolios, which results in a diversified portfolio with exposure to most sectors of the Canadian stock market.

## **Brandes Sionna Canadian Balanced Fund**

*Core Canadian Balanced Fund*

Sionna is responsible for the 45% Canadian equity portion of this Fund, State Street Global Advisors is portfolio advisor for the 30-35% fixed income portion, and Brandes Investment Partners, L.P. manages the 25% Global Equity portion. The equity components are managed following the methods of Benjamin Graham, with a goal of uncovering underpriced stocks that have the potential to regain their true value over time.

## **Brandes Sionna Monthly Income Fund**

*Core income-producing Canadian Balanced Fund*

This balanced portfolio is designed to deliver steady monthly income, generate above-average risk-adjusted returns over the long-term and protect portfolios when markets fall. The Fund targets a 60% allocation to Canadian equities, and a 40% weighting in Canadian bonds. Kim Shannon and the Sionna team apply a relative value style to the Canadian equity portion of the portfolio, with the actively managed fixed income portion advised by State Street Global Advisors.

## **Brandes Sionna Diversified Income Fund**

*Core income-producing Balanced Fund*

The Sionna team strives to build a diversified portfolio of high-dividend-paying Canadian stocks, preferred shares, and other undervalued income-producing securities. Twenty-five percent of the fund is invested in the Brandes Corporate Focus Bond Fund (hedged version), providing exposure to U.S. fixed income.

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