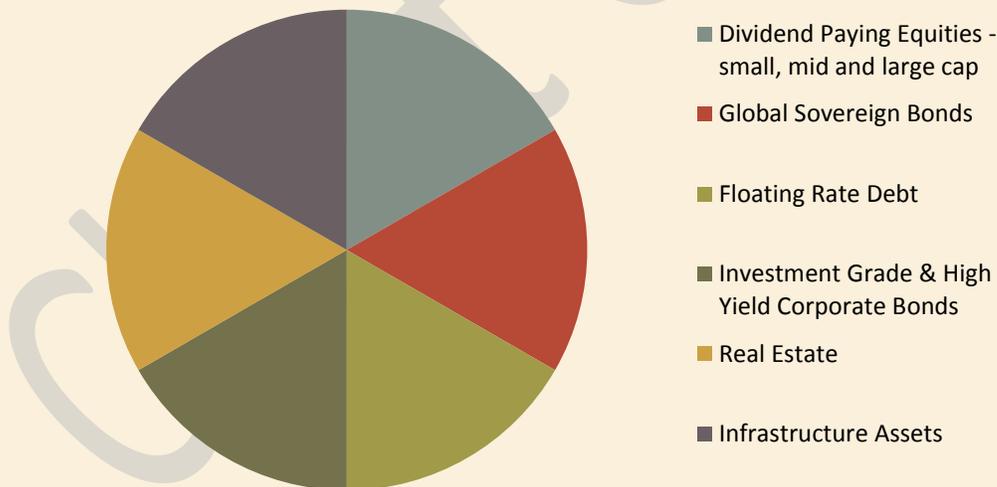


*“Notwithstanding all the uncertainties across so many levels... financial, economic and geopolitical, cash is not king. What is king is cash flow, however.”*

Gluskin Sheff  
2013 Outlook

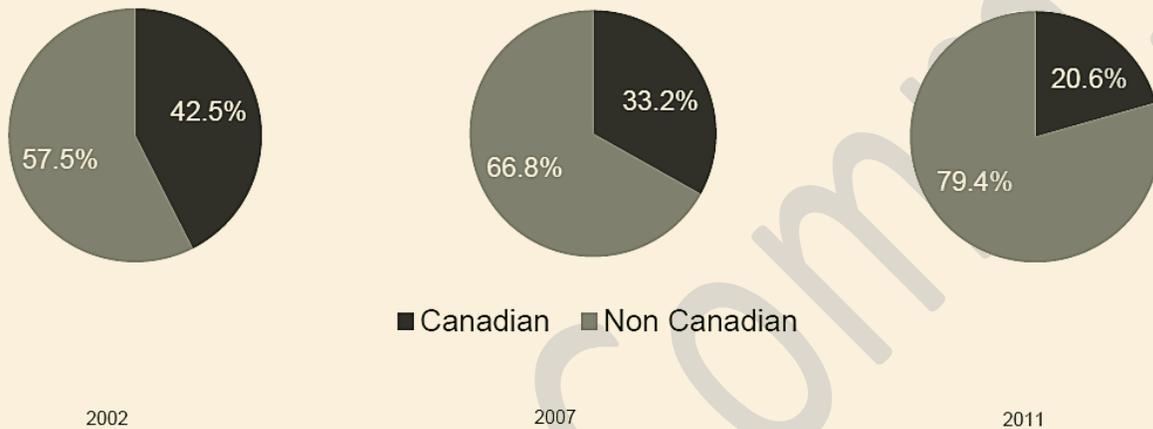
Allow us to describe **two very different, but complementary investment themes** that we believe strongly in and actively recommend. *Cash flow* fits perfectly with our belief that, in an uncertain environment, owning yield producing assets (Paid To Wait Strategy®) is a good place to be!

Our recommended yield producing portfolios target *equity like returns* by owning a broadly diversified collection of yield producing assets.



Consistently, money managers recommend global exposure for the most attractive yield producing assets and percentage allocations will vary.

### Ontario Teachers Pension Plan Indicating Increasing Global Exposure



Source: [www.otpp.com](http://www.otpp.com) Financial Statements

**Paid To Wait Strategies** combine traditional and non-traditional assets to generate yield and capital appreciation.

**Examples of Non-Traditional Global Sovereign Debt are:**

**Government of Sweden 6.75%**  
**Government of Mexico 8.00%**  
**Western Australia Treasury Corp. 6.00%**

**Infrastructure Examples are:**

**Ferrovial S.A (407 Toll Road)**  
**Brookfield Infrastructure Partners**

Brookfield Infrastructure is an *interesting example* within our portfolios that owns long life assets around the world. Utilities, ports, toll roads, pipelines, and electrical transmission lines all combine to produce yield and capital appreciation. Included in this are thousands of acres of timberland.

June Client Communication

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**NOT ONLY** is infrastructure a quality source of yield, it is also an excellent hedge against inflation – keep in mind the *staggering amount* of money that is continuing to be printed around the world. As one example, the objective of Brookfield is to generate a 12-15% return on invested capital which comprises current yield and capital appreciation.

A toll road in Brazil or Chile can be a safe and indirect method for participating in faster growing emerging countries.

*“The Canada Pension Plan Investment Board is paying \$1.14-billion for stakes in five major Chilean toll roads, as the fund seeks to boost its exposure to both infrastructure and emerging markets. The relatively stable and long-term returns that toll roads provide have made them sought-after investments for pension funds and other institutional investors, and Chile has become a hot spot for Canadian investors.”*

April 2012  
Globe and Mail



-provides 98% of the electricity to Chile



-largest urban toll road operator in Chile

## The Insourcing Boom (brief excerpt)

*After years of offshore production, General Electric is moving much of its far-flung appliance-manufacturing operations back home. It is not alone. An exploration of the startling, sustainable, just-getting started return of industry to the United States [sic].*

**By Charles Fishman**

For much of the past decade, GE's storied Appliance Park, in Louisville, Kentucky, appeared less like a monument to American manufacturing prowess than a memorial to it. The very scale of the place seemed to underscore its irrelevance. Six factory buildings, each one the size of a large suburban mall, line up neatly in a row.

But in 2011, Appliance Park employed not even a tenth of the people it did in its heyday.

Yet this year (2012), something curious and hopeful has begun to happen... On February 10, Appliance Park opened an all-new assembly line in Building 2 – largely dormant for 14 years – to make cutting-edge, low energy water heaters. It was the first new assembly line at Appliance Park in 55 years – water heaters it began making had previously been made for GE in a Chinese contract factory.

On March 20, just 39 days later, Appliance Park opened a second new assembly line...

Another assembly line is under construction in Building 3...

**Similar examples are abundant...** Methanex, a leading methanol producer, is relocating a second methanol plant from Chile to Louisiana.

*Globalization has come full circle at Otis Elevator, which is moving production from its factory in Nogales, Mexico, to a new plant in South Carolina.*

Wall Street Journal, 10/11

Yes we are bullish on the United States and believe select US Equity portfolios offer excellent growth potential and diversification outside of Canadian sectors. **The second attachment of this email is a brief conversation with Phil Taller manager of Universal American Growth Class.**

Phil Taller acknowledges the numerous problems facing America, mostly government related, but continues to find innovative, profitable companies to invest in that are industry leaders right around the world. Despite the volatility, and the financial crisis of 2008, over the last ten years this portfolio has averaged 8.3% per year to April 2013.

## High Octane Growth

Front Street Capital offers innovative and high performance investment solutions and is also extremely bullish on the US. This strategy is ideal for investors looking to add an aggressive growth component to their portfolios. After two negative years, the Front Street Growth portfolio offers tremendous upside potential!!

*“On the economic front, it is becoming clear to everyone, that the United States is leading the charge out of the global economic slump. Industrial growth and manufacturing activity is also spreading to other sectors such as real estate, construction, etc. This has been going on notwithstanding all the discussions (noise) about fiscal cliff and debt ceiling.”*

Norm Lamarche  
Front Street Capital, January 2013

## Tax Free Investment Account (TFSA)

Yes we have intentionally mispronounced the Tax Free Savings Account (TFSA) as this has been misrepresented from our friends in Ottawa!!

**\$25,500 per TFSA is now available for tax sheltered growth.**

Numerous investment themes from conservative to growth may be utilized inside this account!! This is not just for low interest savings at the bank...

## Summary

**Holding cash** including GIC's is not an appropriate or productive long term investment strategy in a low interest rate environment.

**Higher yielding** assets do not necessarily mean high risk. Combining traditional and non-traditional assets for meaningful yields can provide investors with reasonable returns without taking on the volatility of pure equity portfolios.

**Despite numerous** Macro Issues surrounding the United States, there are many positive themes taking place that represent excellent growth potential going forward.

As always we welcome your comments and/or feedback and please feel free to contact our office if you wish to receive more detailed information or discuss any of the above.



We wish you and your family a safe, healthy and enjoyable summer, from the entire team at BFI.

*"There will come a time when you believe everything is finished; that will be the beginning."*

*Louis L'Amour*