



It's time to  
look at **investing**  
with a new view of  
the **world.**





# About Excel Funds

- Excel Funds Management Inc. was founded in 1998
- Only Canadian mutual fund company that specializes in the Emerging Markets
- Expert on-the-ground portfolio managers in each region. We have exclusivity with these managers who are otherwise not available to Canadian investors
- We offer 11 mutual funds
- Through an innovative industry niche, Excel has become “Your Authority in Emerging Markets”



**2005 FINALIST**  
“Best Emerging Markets Fund”  
Canadian Investment Awards

**EXCEL**  
**INDIA FUND**



**LIPPER FUND AWARD**  
Best Fund over past One Year  
Asia ex-Japan Equity  
*2007 Winner*

**EXCEL**  
**CHINA FUND**



**2007 FINALIST**  
“Asian Equity Fund Award”  
Canadian Investment Awards

**EXCEL**  
**CHINA FUND**

...more to come!



# Excel Funds is investing where the growth is:

## EXCEL INDIA FUND

*Longest running India Fund in Canada*

## EXCEL CHINA FUND

*Recipient of the 2007 Lipper Fund Award  
Finalist for the 2007 CIA*

## EXCEL CHINDIA FUND

*Only mutual fund of its kind in Canada*

## EXCEL EMERGING EUROPE FUND

*Only mutual fund of its kind in Canada*

## EXCEL LATIN AMERICA FUND

*Managed by the largest bank in the Southern Hemisphere – Banco Itaú-Unibanco*

## EXCEL BRIC FUND

## EXCEL EMERGING MARKETS FUND

*Unique strategy*

## EXCEL EM CAPITAL INCOME FUND

*Only mutual fund of its kind in Canada*

## EXCEL EM HIGH INCOME FUND

## EXCEL INCOME AND GROWTH FUND

## EXCEL MONEY MARKET FUND



# Gavin Graham- BIO



**Gavin Graham**

Global Strategist

With over 30 years of experience in the investment industry, Mr. Graham is well known in the world of emerging markets investments and global strategy. Formerly he was the Chief Investment Officer at a national mutual fund company and Director of Investments at a major Canadian bank. Mr. Graham has a MA in Modern History and is a member of the HK Institute of Investment Analysts.

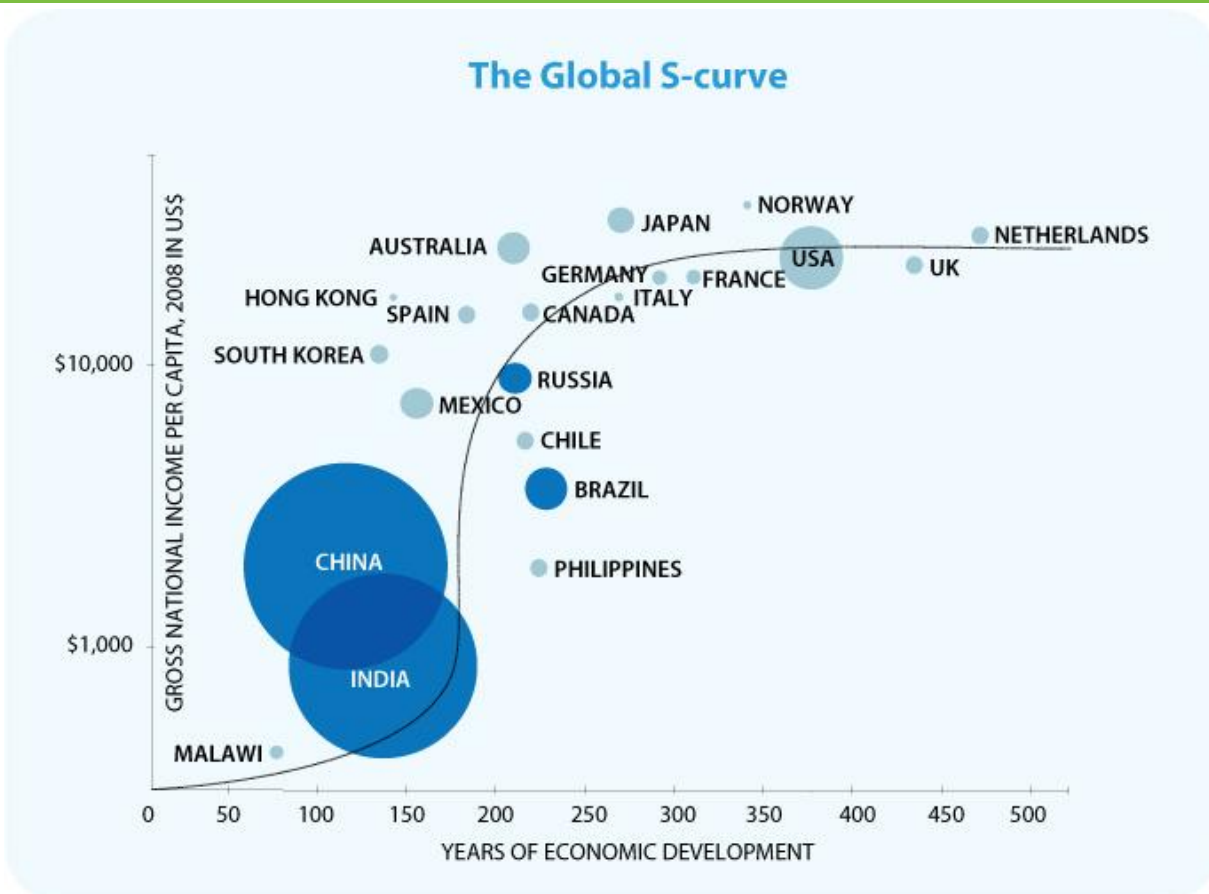


# Agenda

- Opportunities in the Emerging Markets
  - Strong growth
  - Investment performance
  - Infrastructure opportunity
  - Risk profile
  - Outlook



# The Rise of the Emerging Markets





# A Significant Asset Class

Emerging Markets represent...





# Emerging Market Performance

Developed Markets have struggled to keep up over the last decade



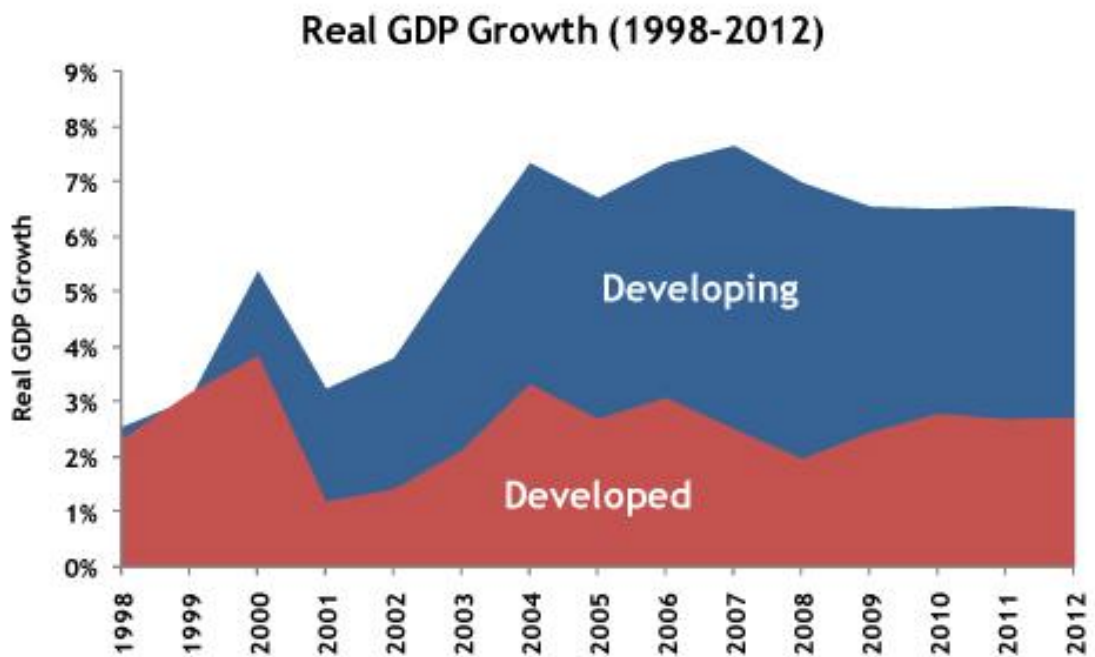
Source: Bloomberg





# The growth is in Emerging Markets

Emerging Markets are the main driver for the global economy



Source: Vital Wave Consulting

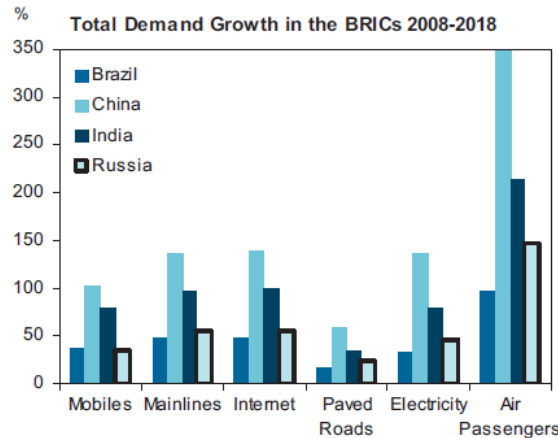


# The growth is in Emerging Markets

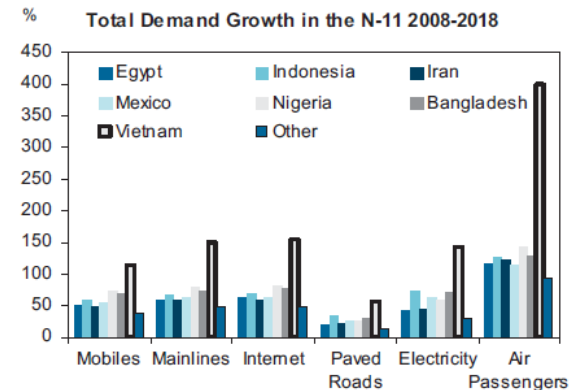
## Infrastructure - \$6 trillion opportunity

- China – continued investments on roads and railways
- India – Government announced that it will double infrastructure spending to US\$1 trillion on highways, ports, airports, power plants over a five year period - 2016-2021
- Russia – focus on public / private partnerships to spend US\$1 trillion by 2020 – roads, airports, power plants
- Brazil – \$878 billion plan announced to upgrade infrastructure. Brazil to host 2014 World Cup and 2016 Summer Olympics

*Growth in income per capita and urbanization will drive demand for infrastructure across the Emerging Markets, over the next decade.*



Source: Goldman Sachs

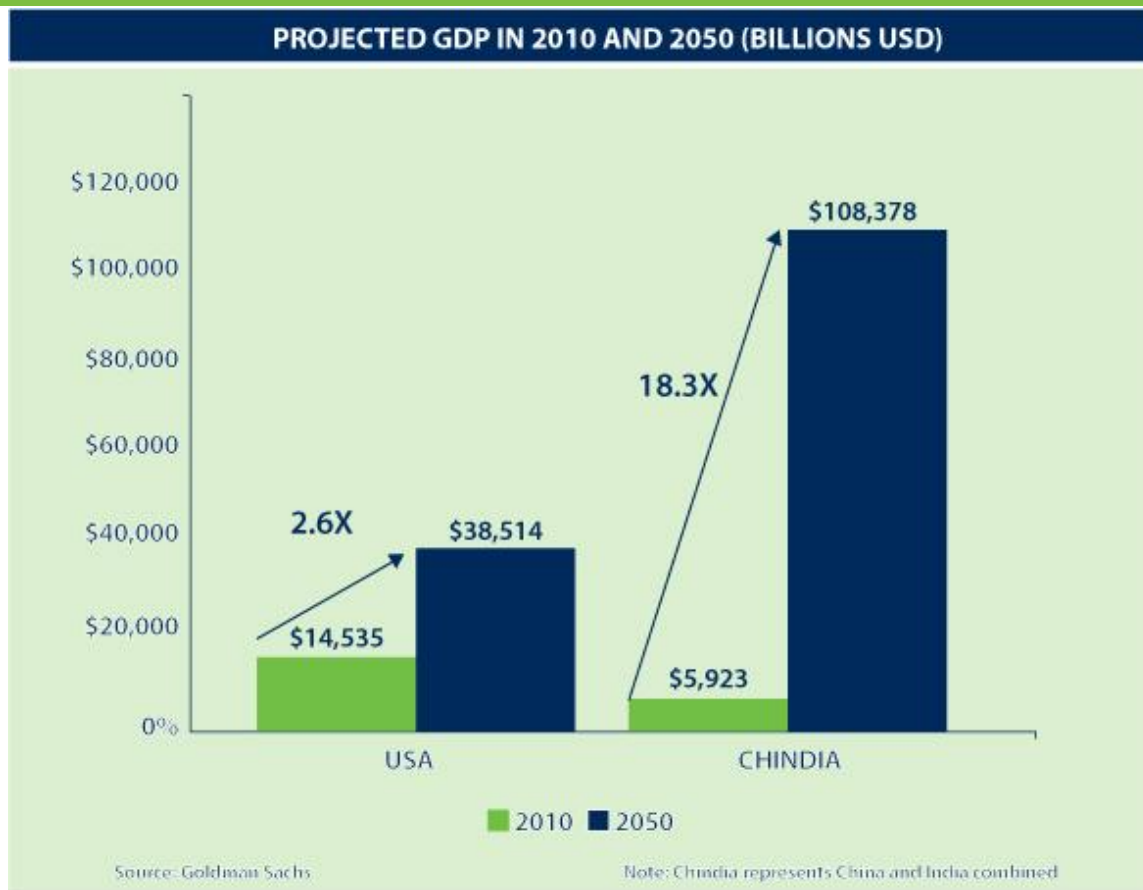


\* Other countries includes countries with average growth of less than 50% (in descending order: Philippines, Pakistan, Turkey, Korea, GCC)

Source: Goldman Sachs



# The growth is in Emerging Markets



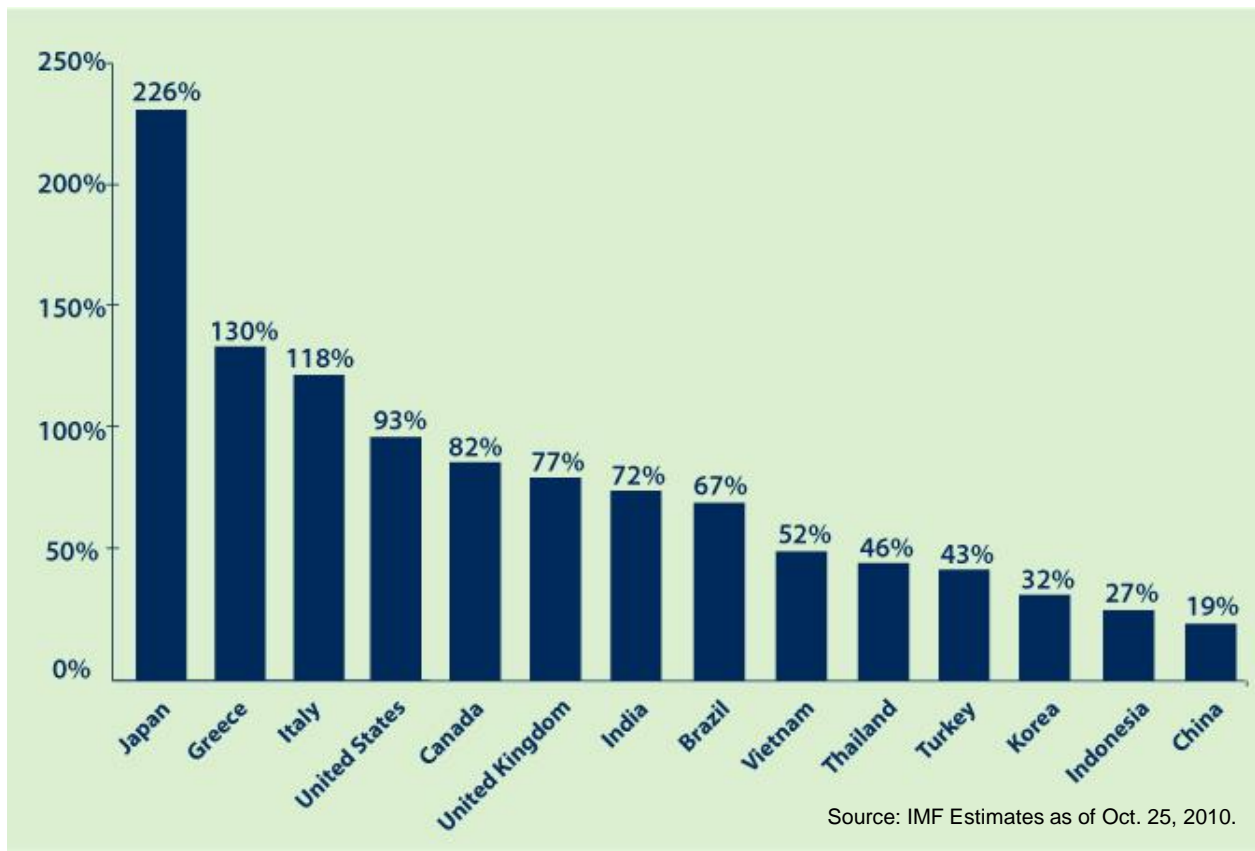
*Excel is the only mutual fund company in Canada to offer a Chindia Fund*



# Minimal Leverage in Emerging Markets

The IMF is predicting western government debt to GDP of 118% by 2012, in EM that figure is 34%

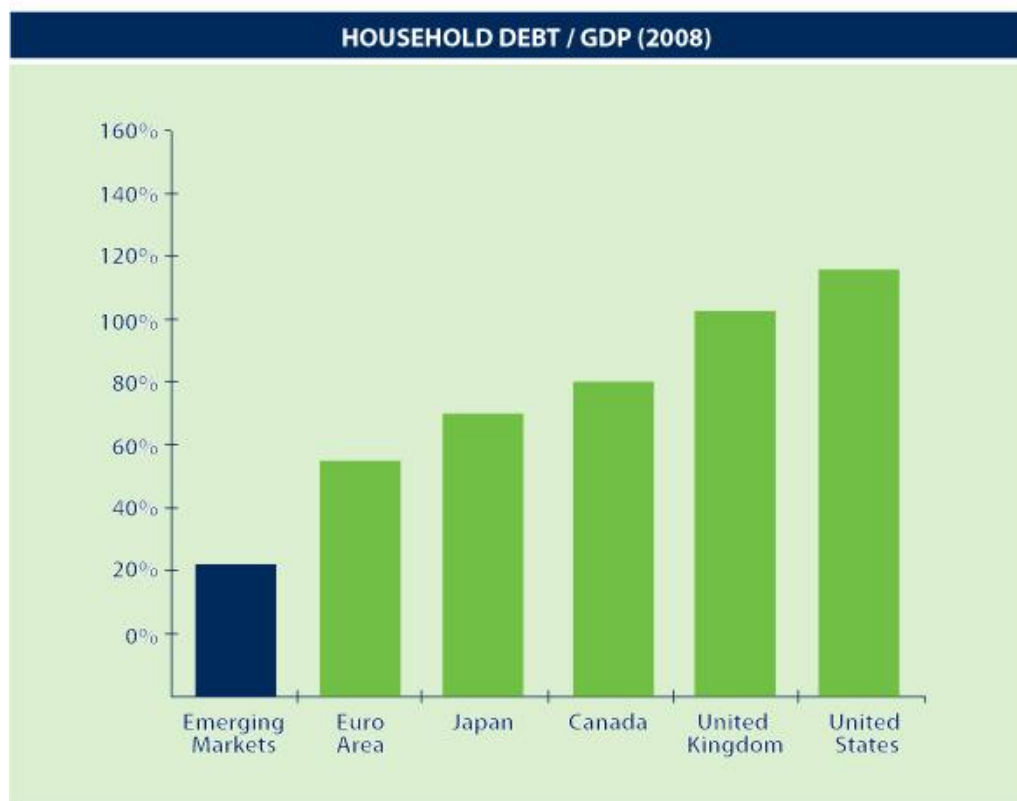
## GOVERNMENT DEBT/GDP 2010





# Minimal Leverage in Emerging Markets

Which consumer market looks more attractive?

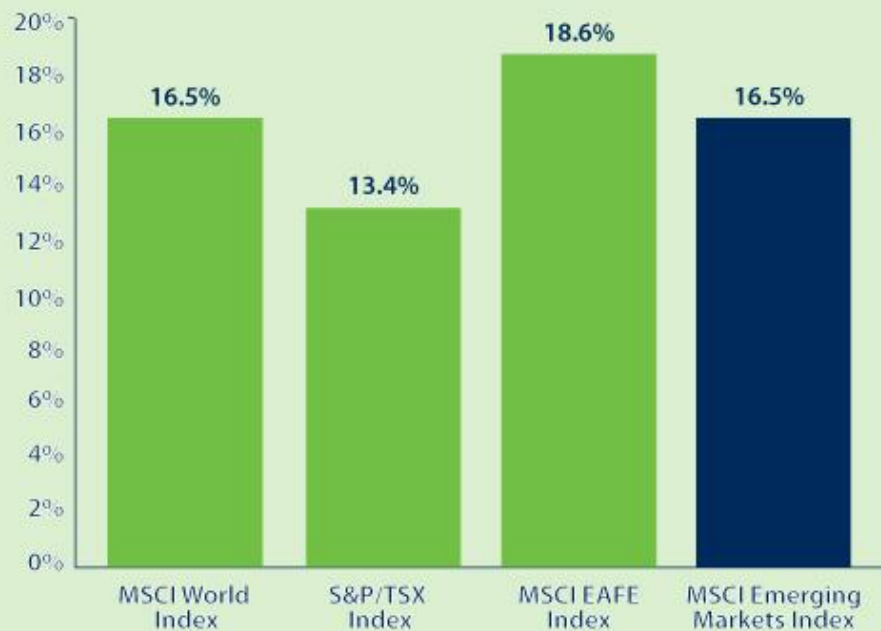


Source: IMF



# Risk Profile

**STANDARD DEVIATION OF STOCK INDICES  
CLOSING PRICES FROM SEPTEMBER 30, 2005 TO SEPTEMBER 30, 2010 (CAD%)**

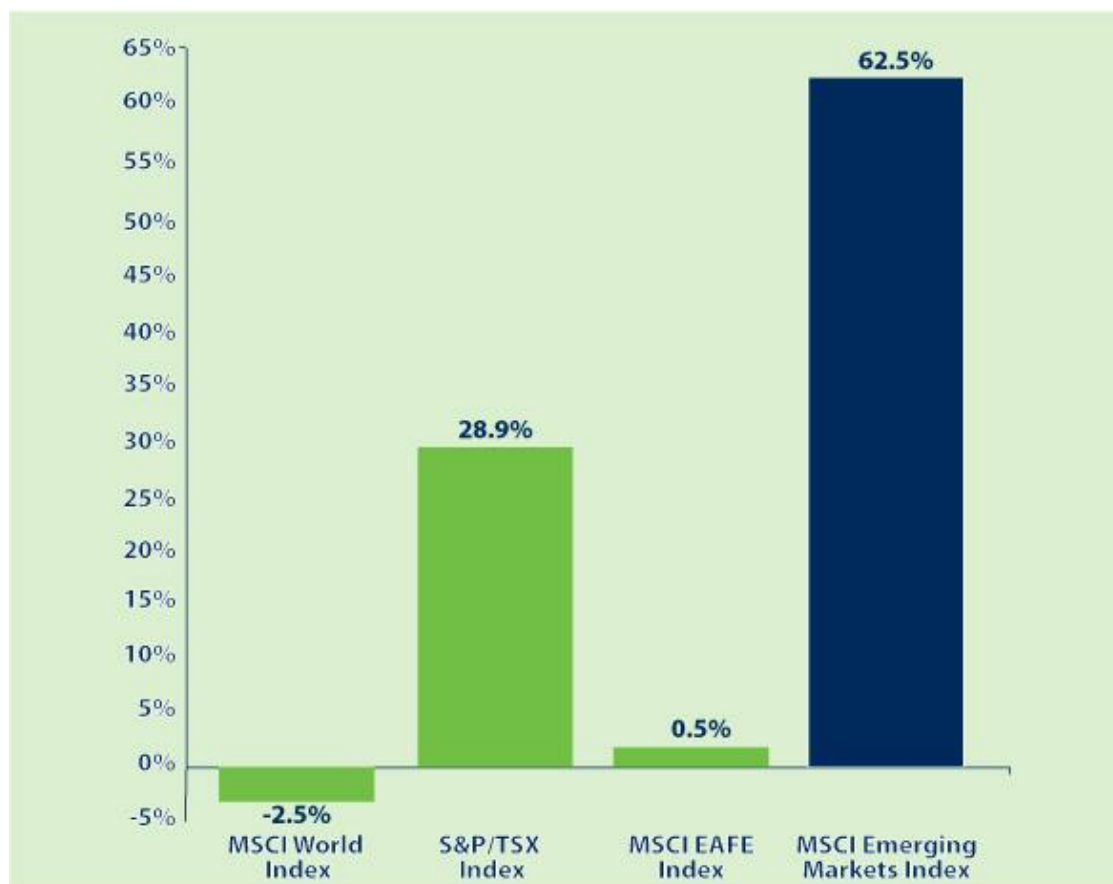


Source: Bloomberg



# Returns

Total Return (%) of indices from September 30, 2005 to September 30, 2010 (CAD%)



Source: Bloomberg



# Paradigm Shift

- The investing world has changed
- Market cycles are shorter, and managers need to be intelligent, resourceful & nimble
- Need to find globally competitive companies wherever they are





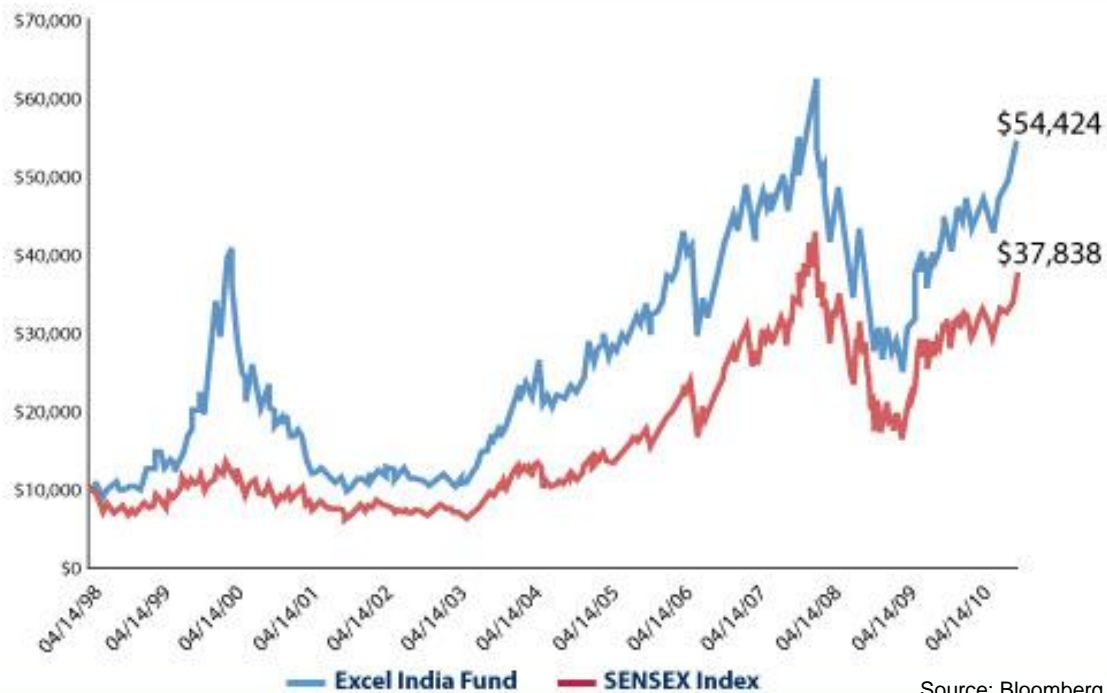
# Active vs. Passive Investing



# Active vs. Passive Investing

## Excel India vs BSE Sensex

Growth of \$10,000 (CAD) from April 14, 1998 to October 22, 2010

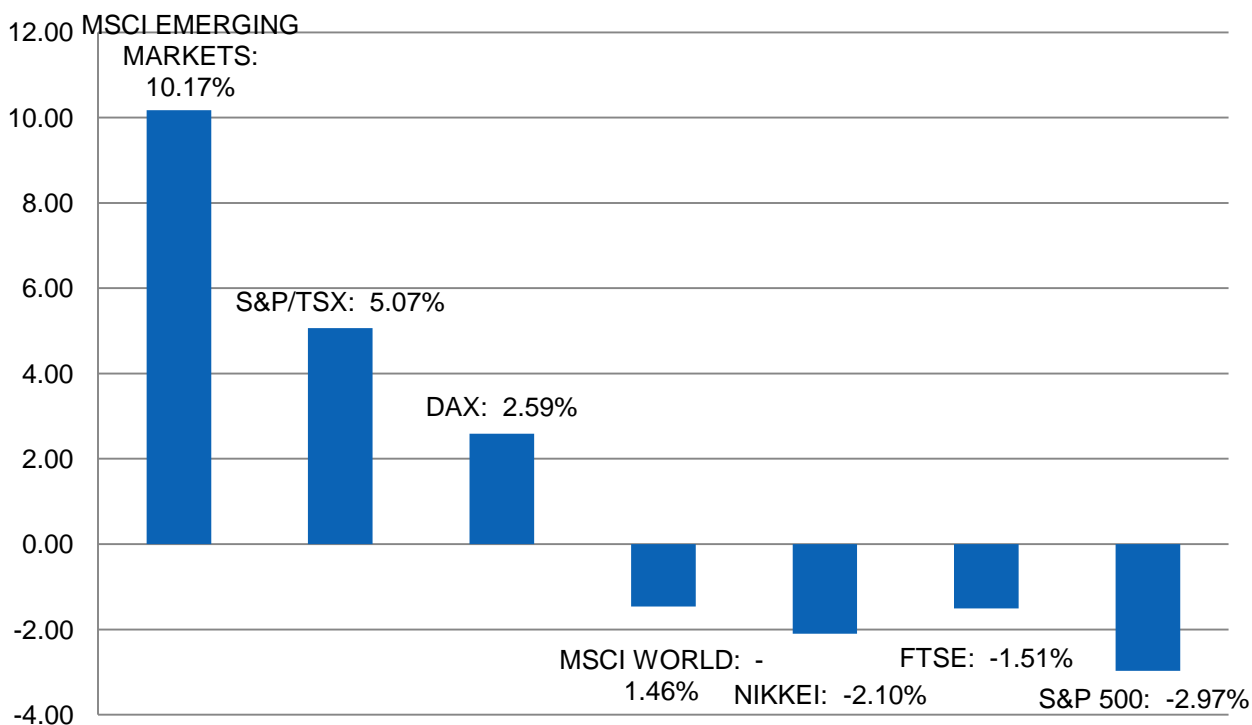


Source: Bloomberg



# Having performed relatively well over the last 5 years...

## 5-Year Annualized Returns to August 31, 2010 (CAD %)

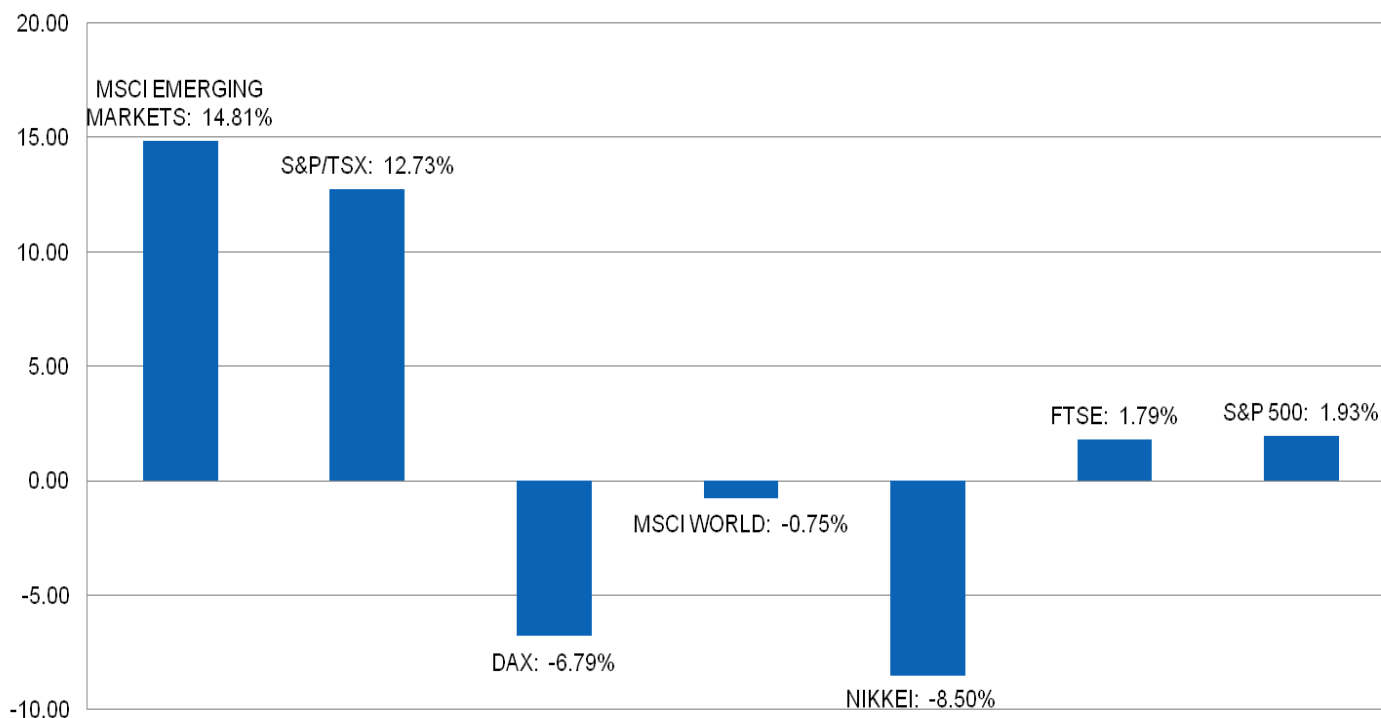


Source: Bloomberg



# ...Canadian and Emerging Equities have been outperforming over the last year

## 1-Year Annualized Returns to August 31, 2010 (CAD %)



Source: Bloomberg



# Emerging markets -- less volatile than expected

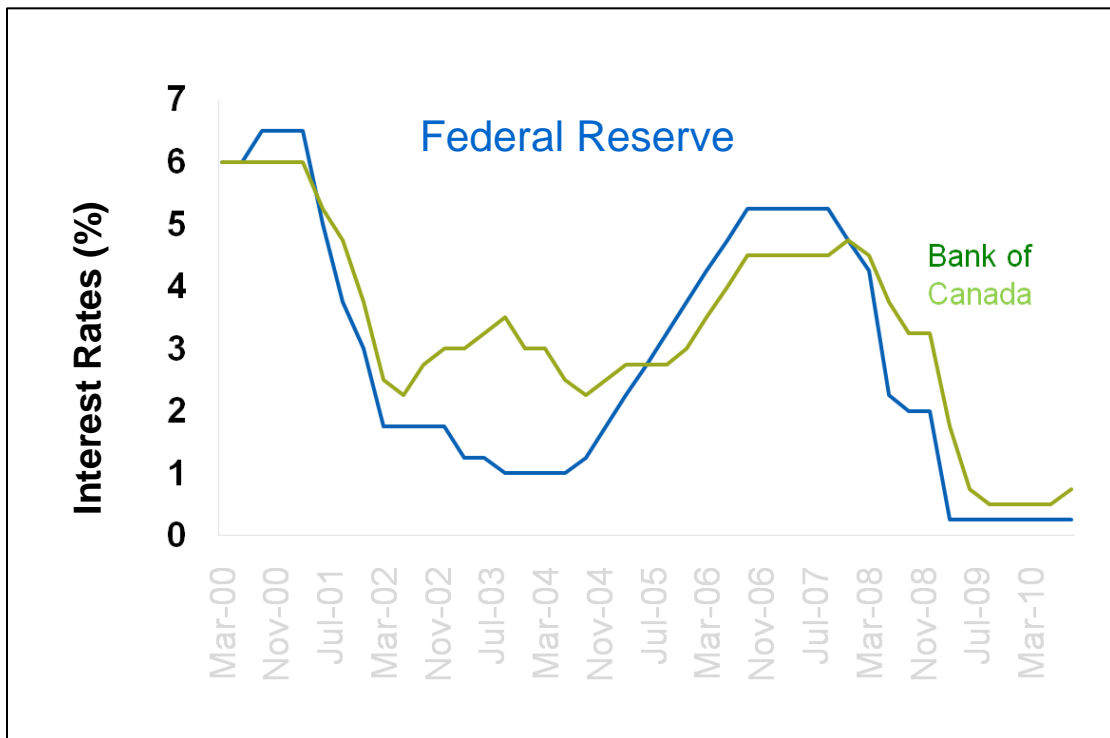
## Market Index 3-year Standard Deviation (%) August 2010

MSCI World Index	14.9%
S&P/TSX Composite Index	15.9%
MSCI EAFE Index	17.7%
MSCI Emerging Markets Index	18.2%

Source: Bloomberg



# U.S. and Canadian Interest Rates Declined to a 75 Year Low – Now Canada is Raising Rates



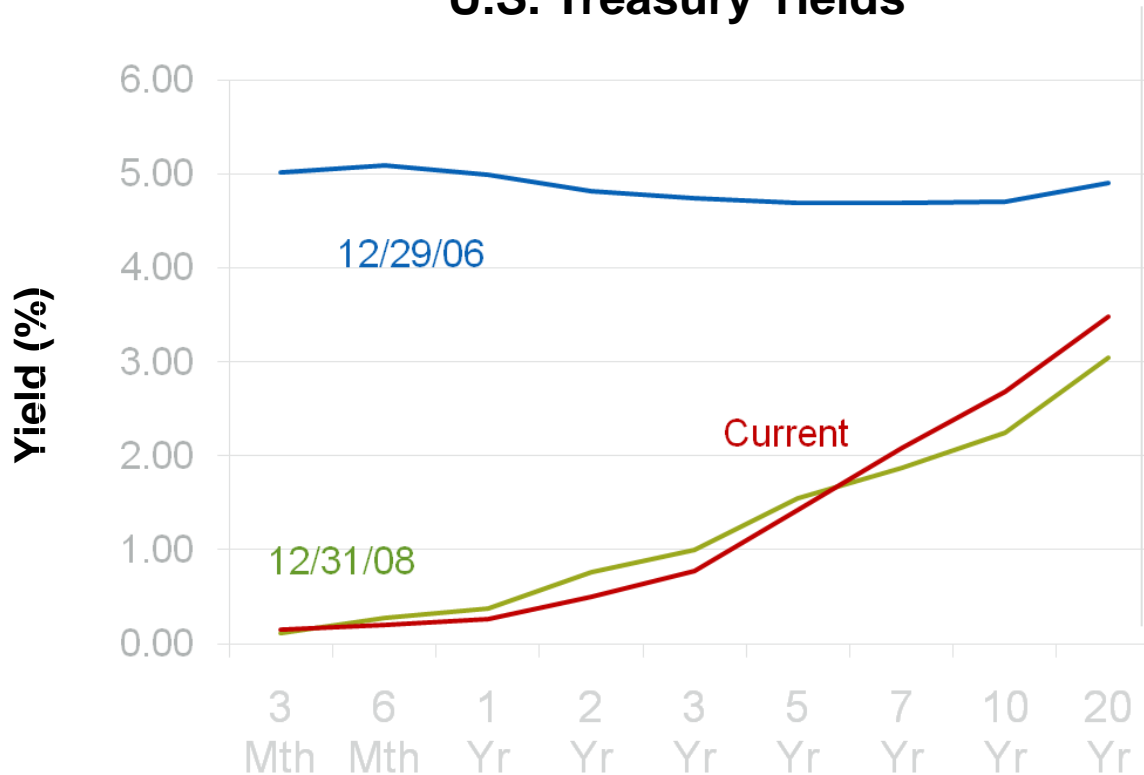
Sources: Bank of Canada, U.S. Federal Reserve

As of September 2010



# Yield Curve Offers Substantial Support

## U.S. Treasury Yields

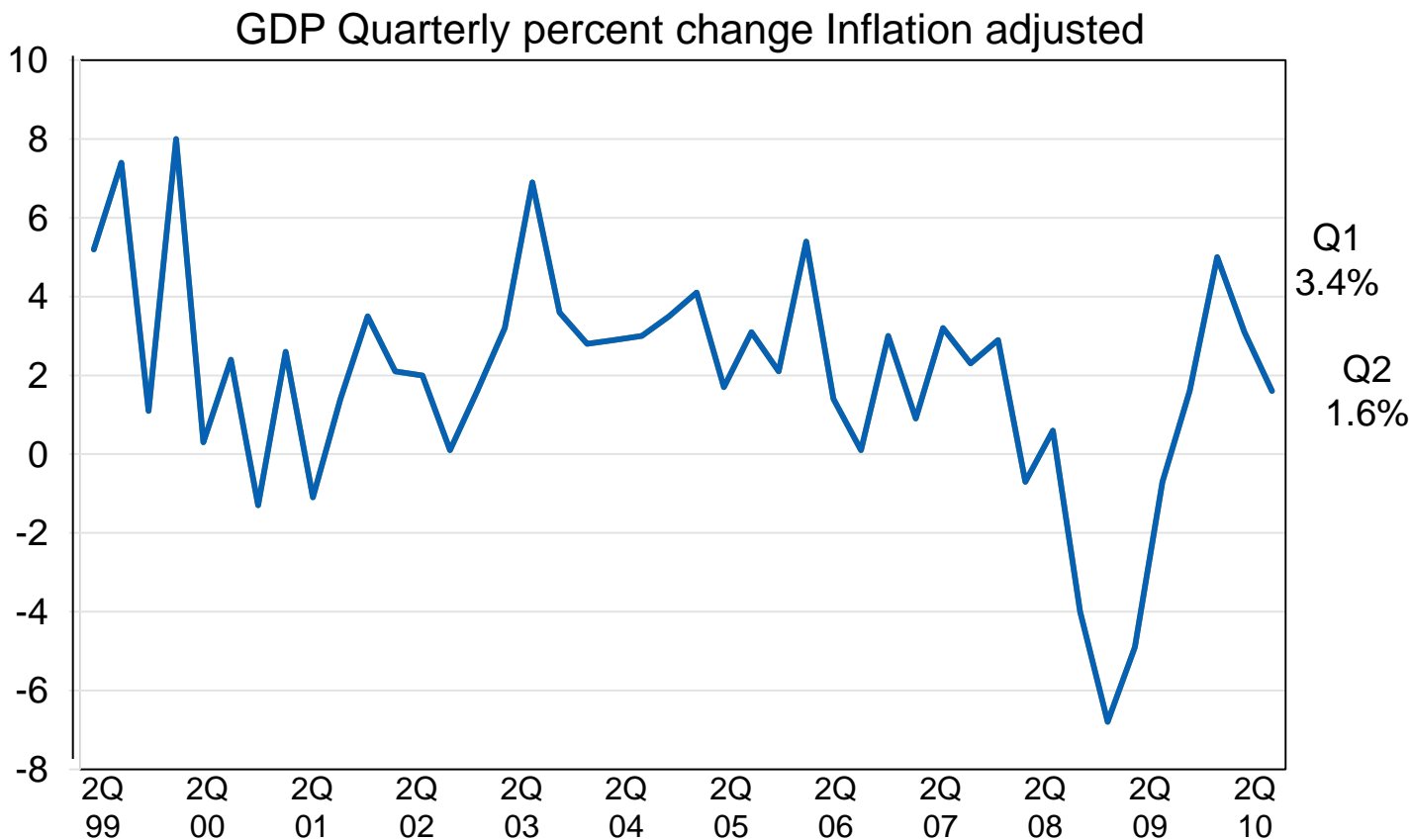


Source: U.S. Department of the Treasury

September 2010



# We've already seen a meaningful improvement in U.S. GDP



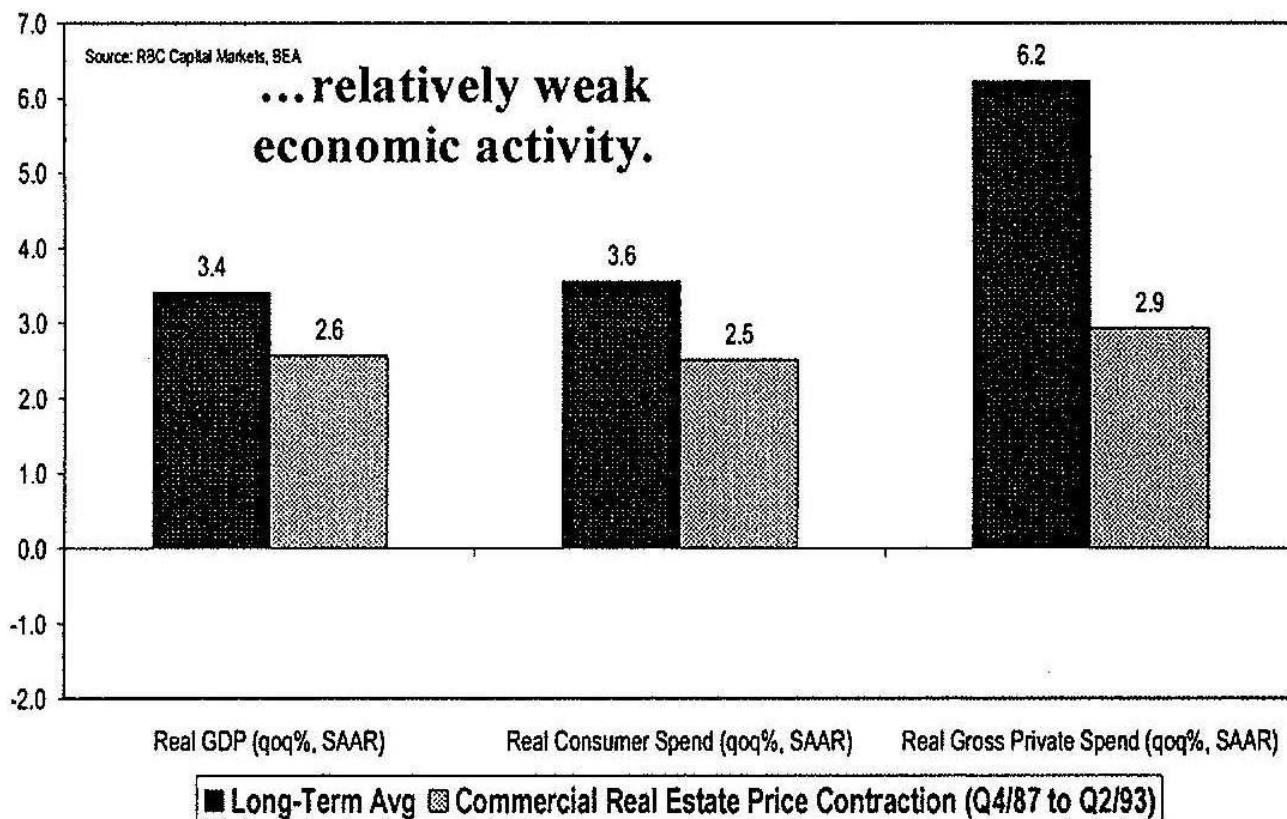
Source: Bureau of Economic Analysis

As of September, 2010





# But Similar Conditions 20 Years Ago Led to A Period of Slow Growth and Stagflation

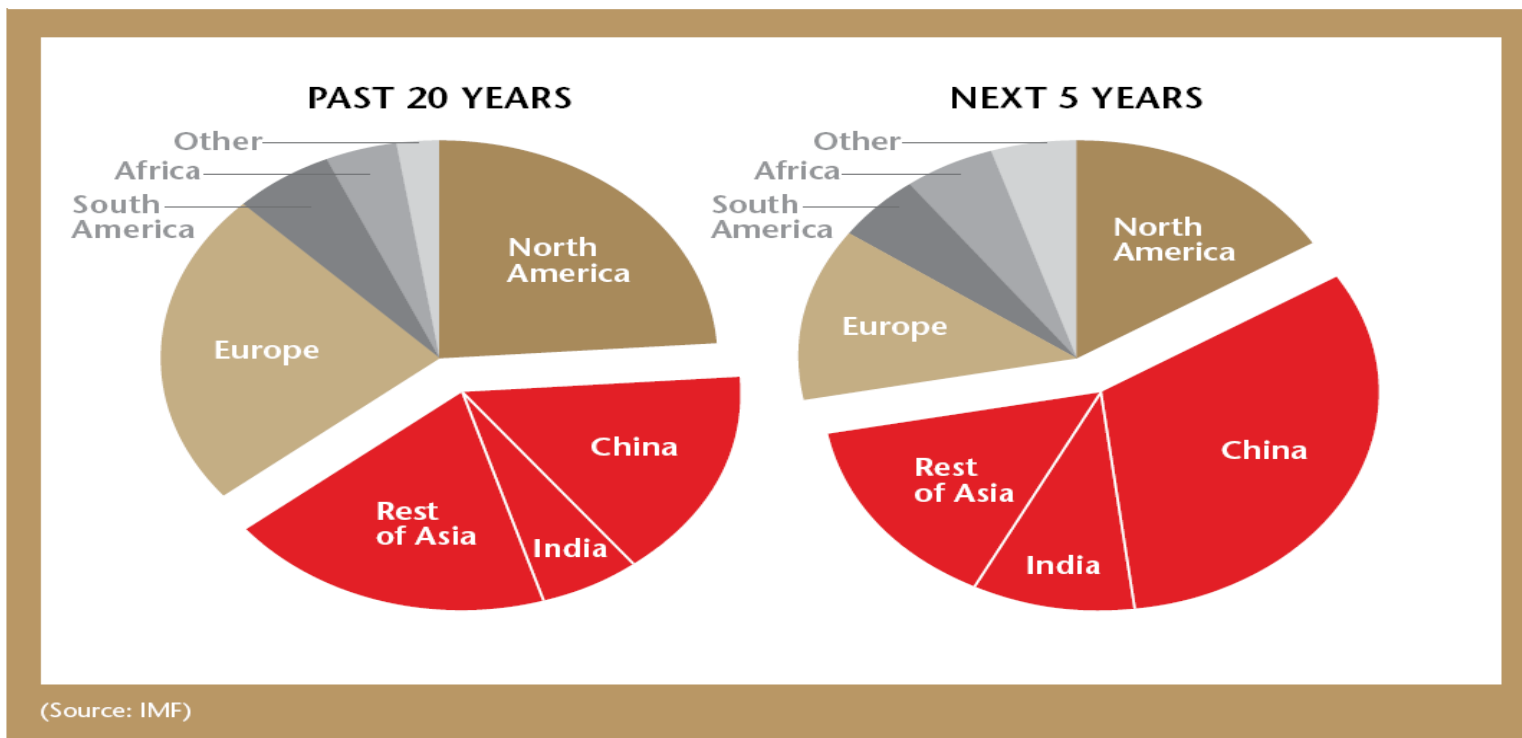


Source: RBC Capital Markets, September 2, 2008



# However, America No Longer Driving the Bus

Composition of Global Growth measured in estimated GDP.

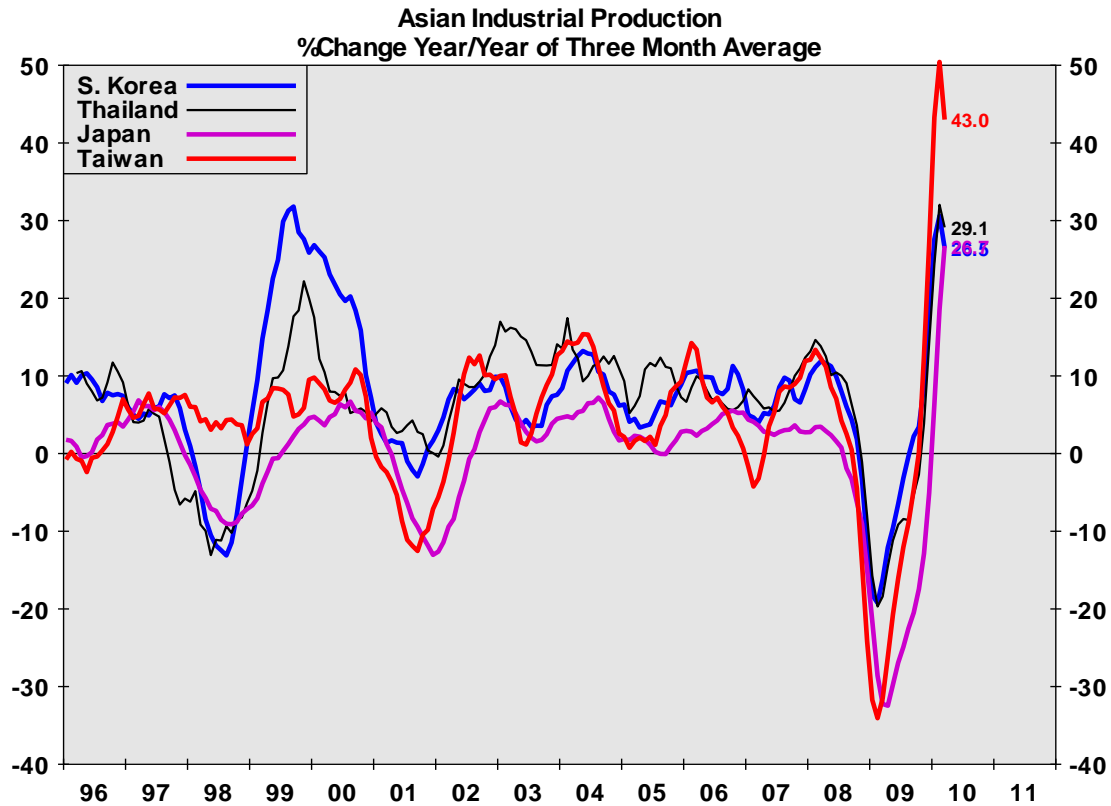


(Source: IMF)

Source: Matthews Asia



# Asian Industrial Production has Rebounded



M1020

MAR 2010

Source: TD Newcrest, John Aitkens



## But US Exports Not the Main Driver of Asian GDP

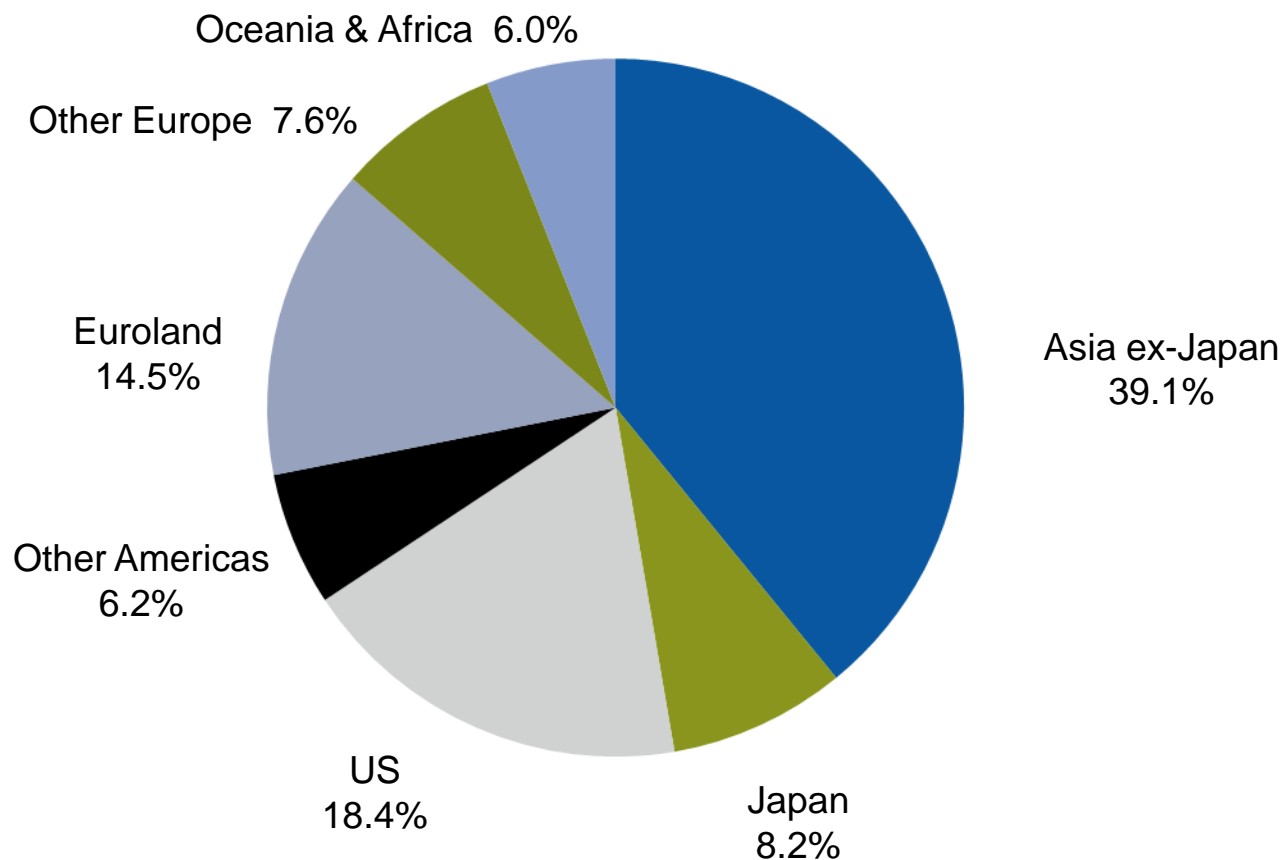
Nation	Export share of GDP	US share of exports
Japan	15	23
Korea	37	13
China	37	21
Taiwan	59	14
ASEAN*	73	14

\* 10 Southeast Asian countries with a combined GNP of \$1 trillion

JP Morgan, 2007



# 2009 China exports by region

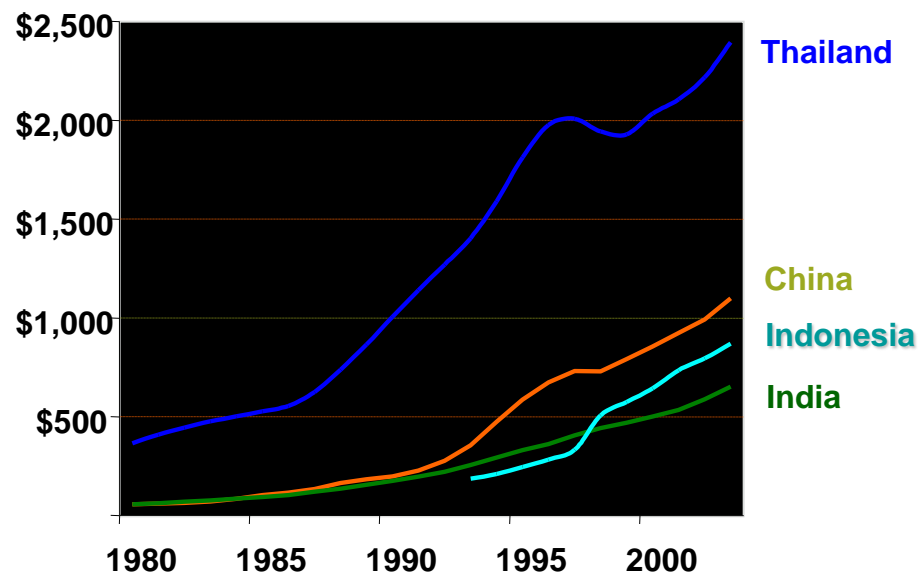
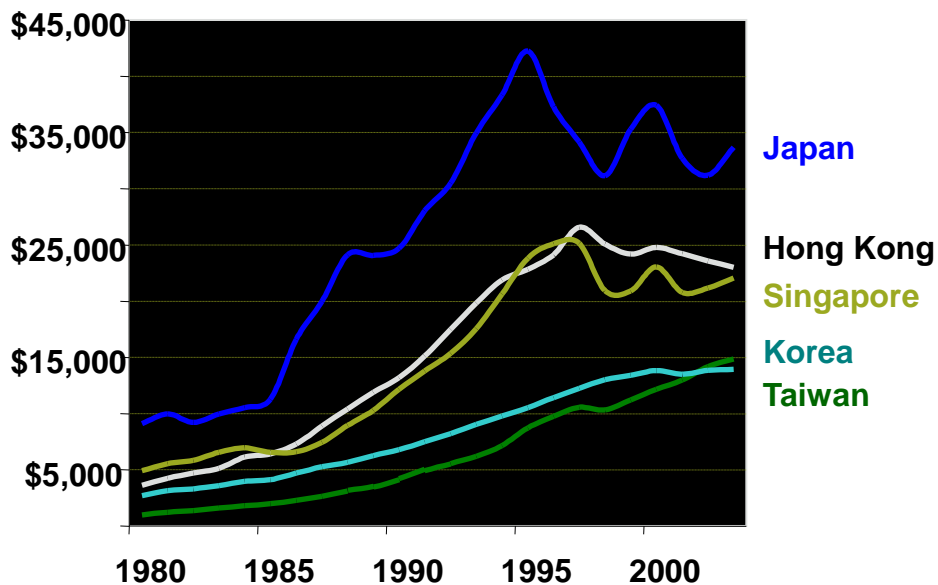


Source: CEIC Data, CLSA Asia-Pacific Markets



# Asia's Growing Ability to Consume

## GDP per Capita (US\$)

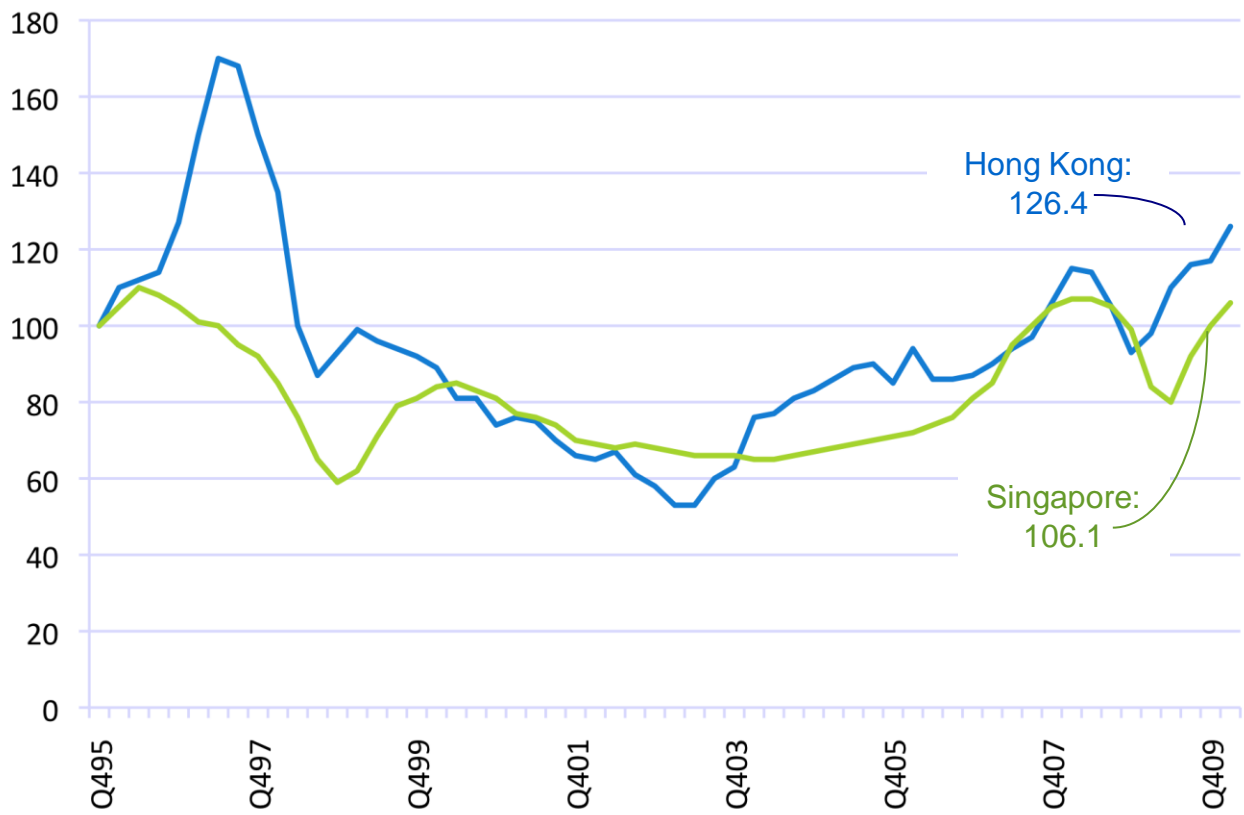


Sources: CEIC and Bloomberg



# Inflatable Houses

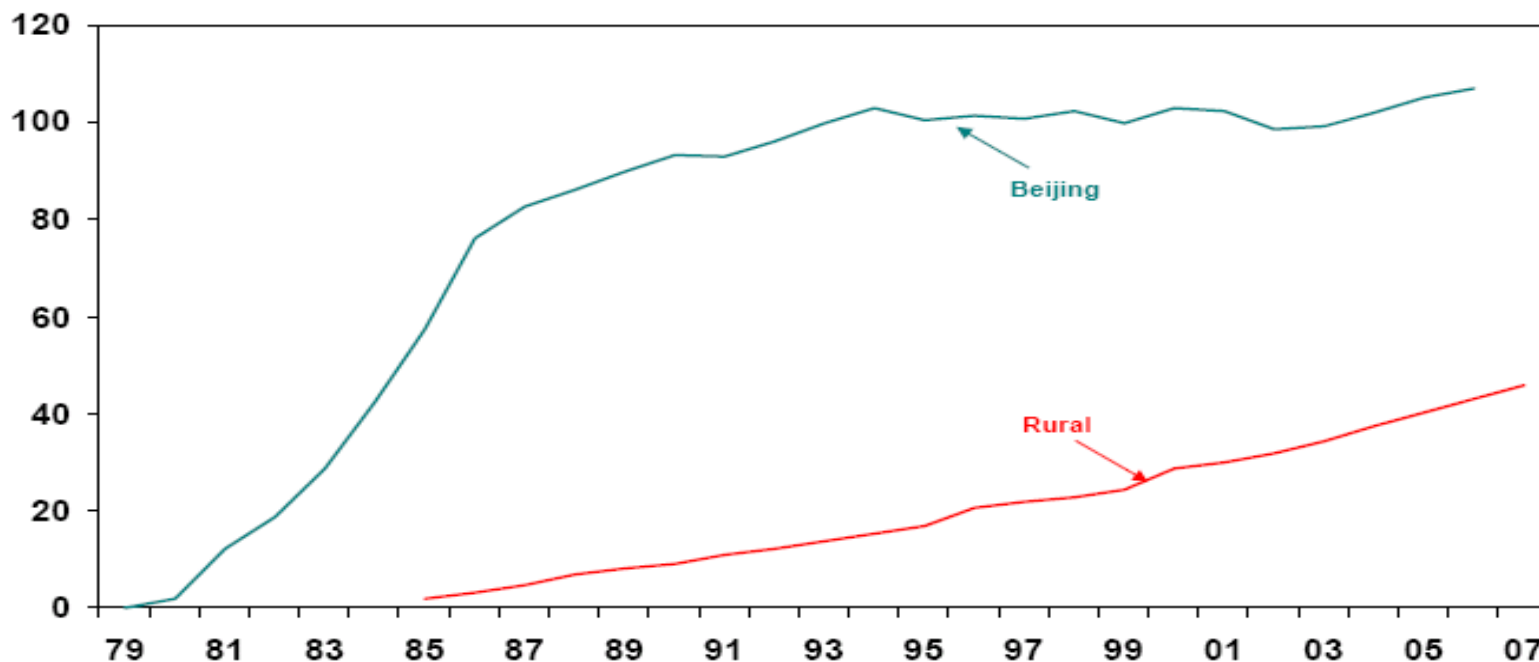
Hong Kong and Singapore House Price Index December 1995 = 100



Source: Bloomberg



# # of Washing Machines per 100 Households

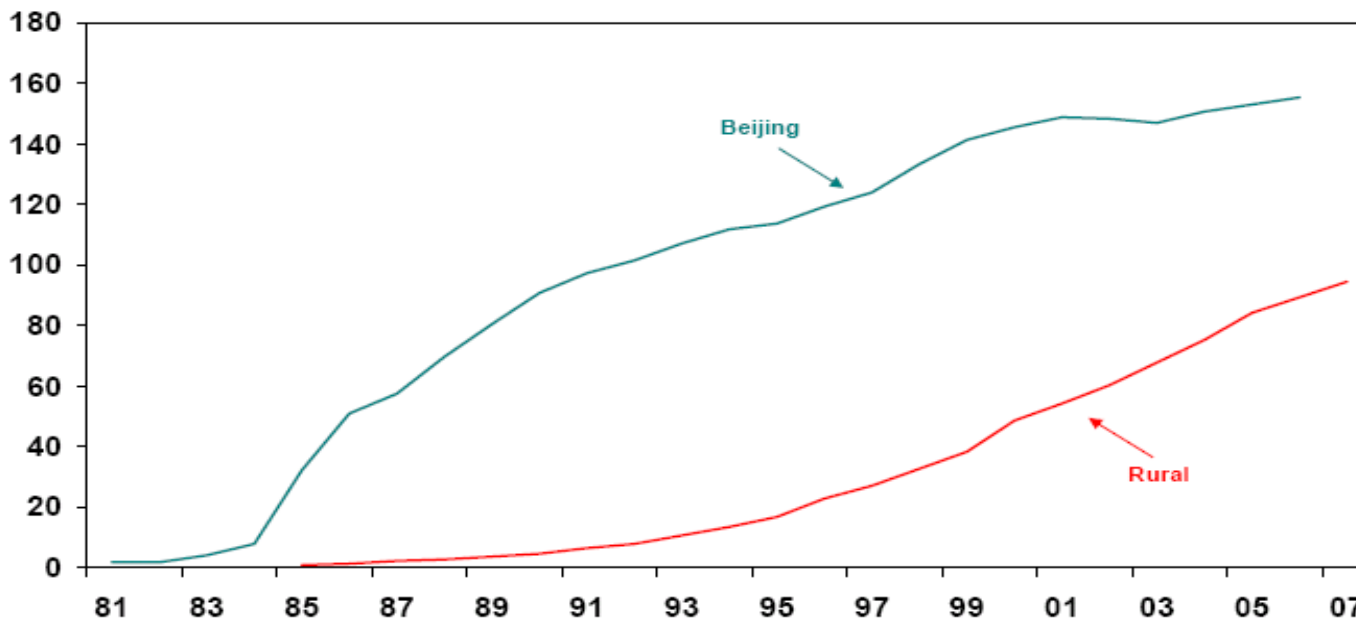


Source: GEIC (CHABVN & CHACB)





# # of Colour TV Sets Per 100 Households



Source: GEIC (CHABVN & CHACB)



# China's interior cities

## A city calculus

**57**

Number of Chinese cities with a population of more than a million

**220**

Number of Chinese cities with a population of more than a million by 2020

**379 million**

Increase in the size of China's urban population over the past 20 years

**633 million**

China's urban population today

**1 billion**

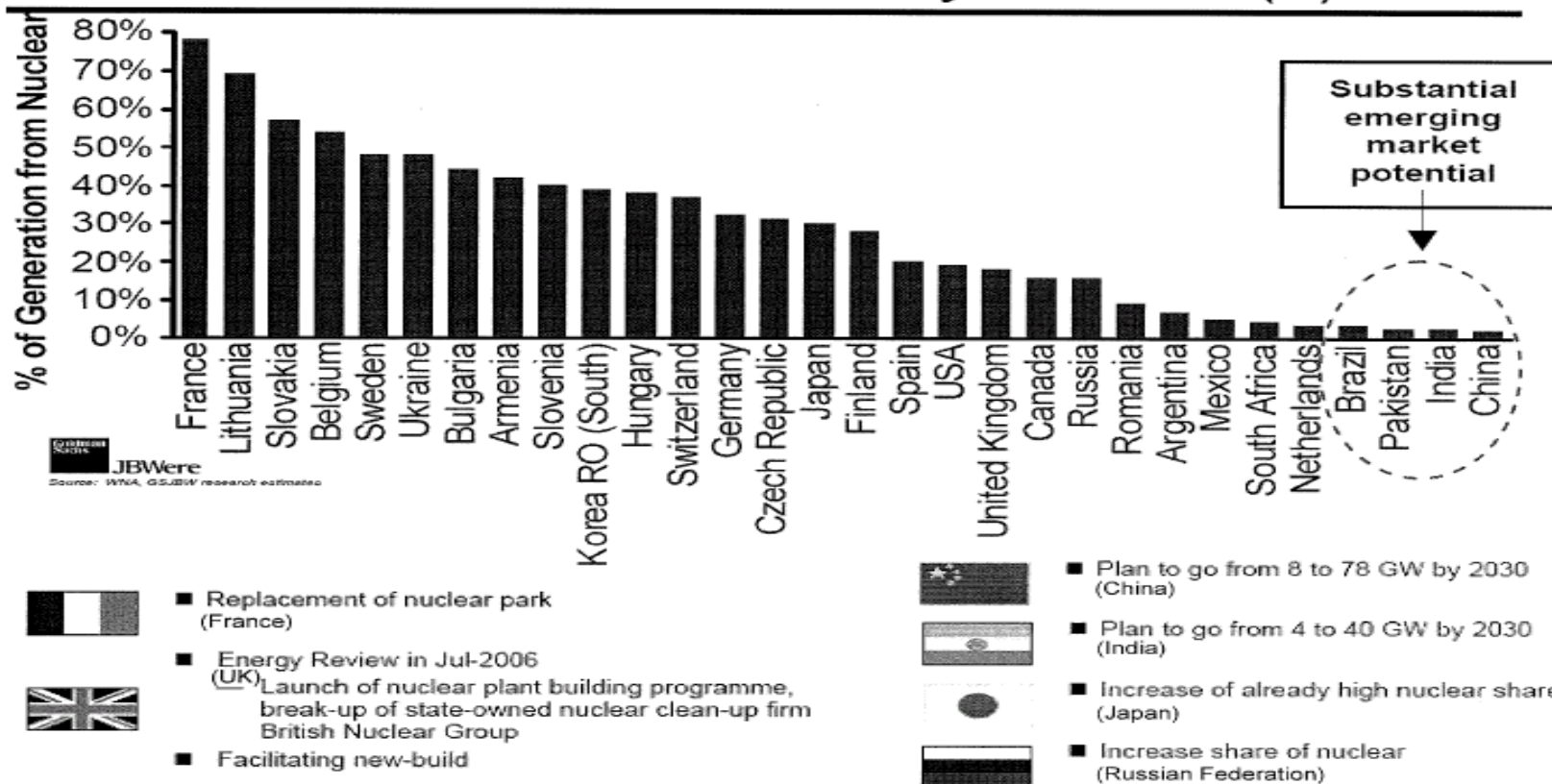
China's urban population by 2030

Source: *The Globe and Mail Report on Business*



# All Need Electric Power, sustaining growth in Nuclear Generation

## Nuclear Contribution to Electricity Generation (%)





# Infrastructure is not the only area of increased Government Spending in China

## China's government spending on health care, social security, education and environment

Rmb bn	Health care	Social security and employment	Education	Environment
2000	49	152	176	7
2001	57	199	221	7
2002	64	264	264	8
2003	78	266	294	9
2004	85	312	337	9
2005	104	370	397	13
2006	132	436	478	16
2007	199	545	712	100
2008	250	668	908	104

Source: Ministry of Finance, China Statistical Yearbook

Source: CLSA



## And Investors are reaping the rewards in the form of dividends

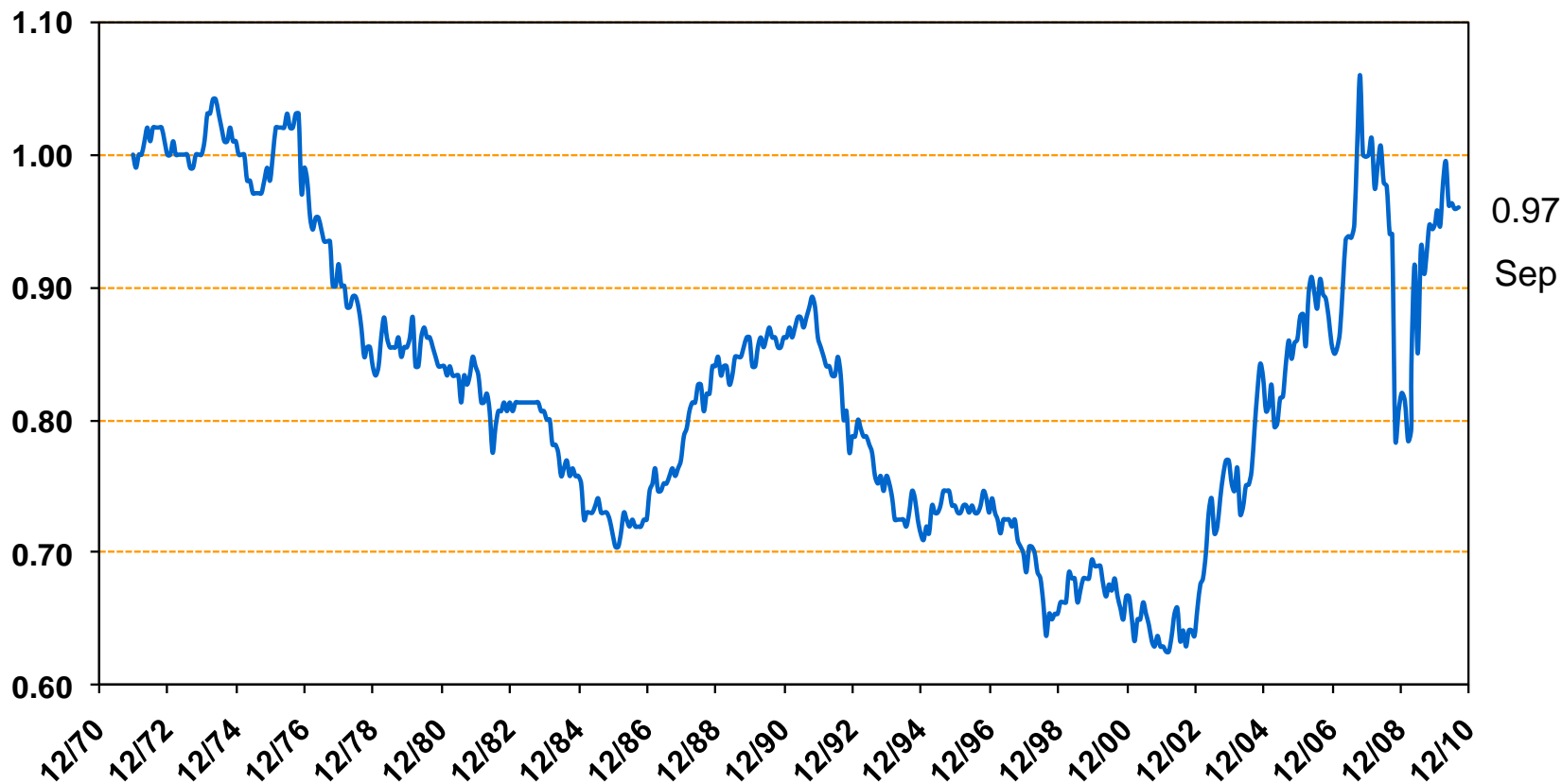
### CLSA universe dividend payout ratios

(%)	2006	2007	2008	2009	2010
China	38.3	42.4	39.6	38.7	37.8
Hong Kong	52.6	44.1	69.9	44.5	42.3
Indonesia	44.3	56.7	42.8	32.3	37.3
India	25.0	23.1	21.9	21.4	20.3
Korea	23.2	24.2	23.3	13.1	14.1
Malaysia	71.1	80.7	65.9	52.4	49.3
Philippines	37.5	45.5	61.5	46.8	46.0
Singapore	59.4	51.4	49.5	55.4	49.4
Thailand	45.5	51.2	58.1	45.6	45.9
Taiwan	68.8	69.3	80.8	89.7	83.7
Asia ex-Japan	41.9	42.1	43.9	37.5	36.4

Source: CLSA evaluator



# Canadian Dollar – To Parity and Back!



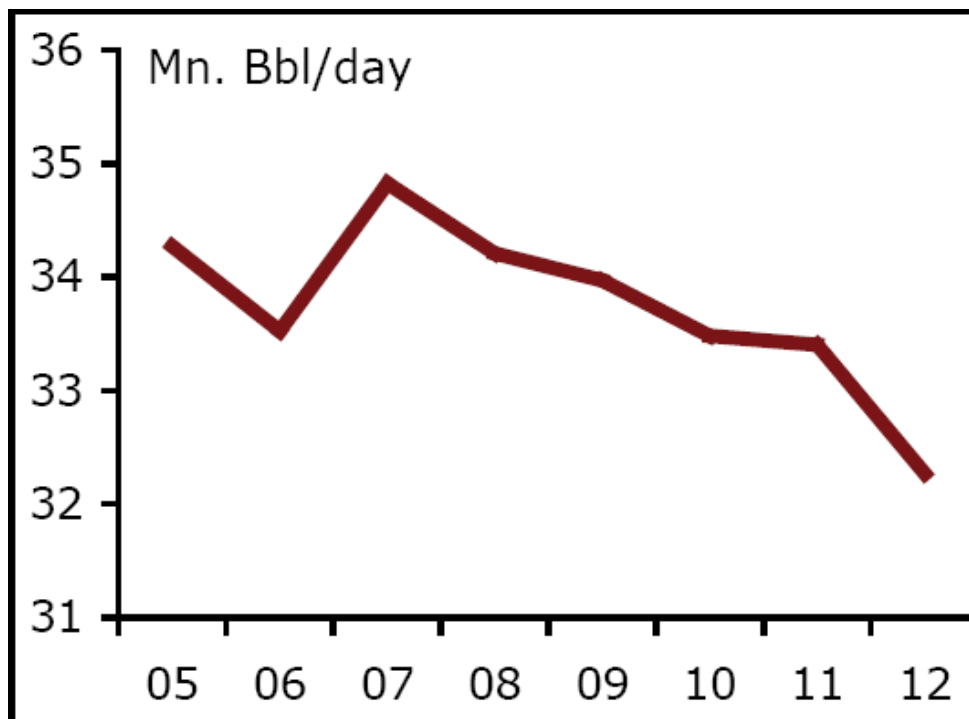
Source: Bloomberg

As of September 2010



# Oil Exports Are Falling...

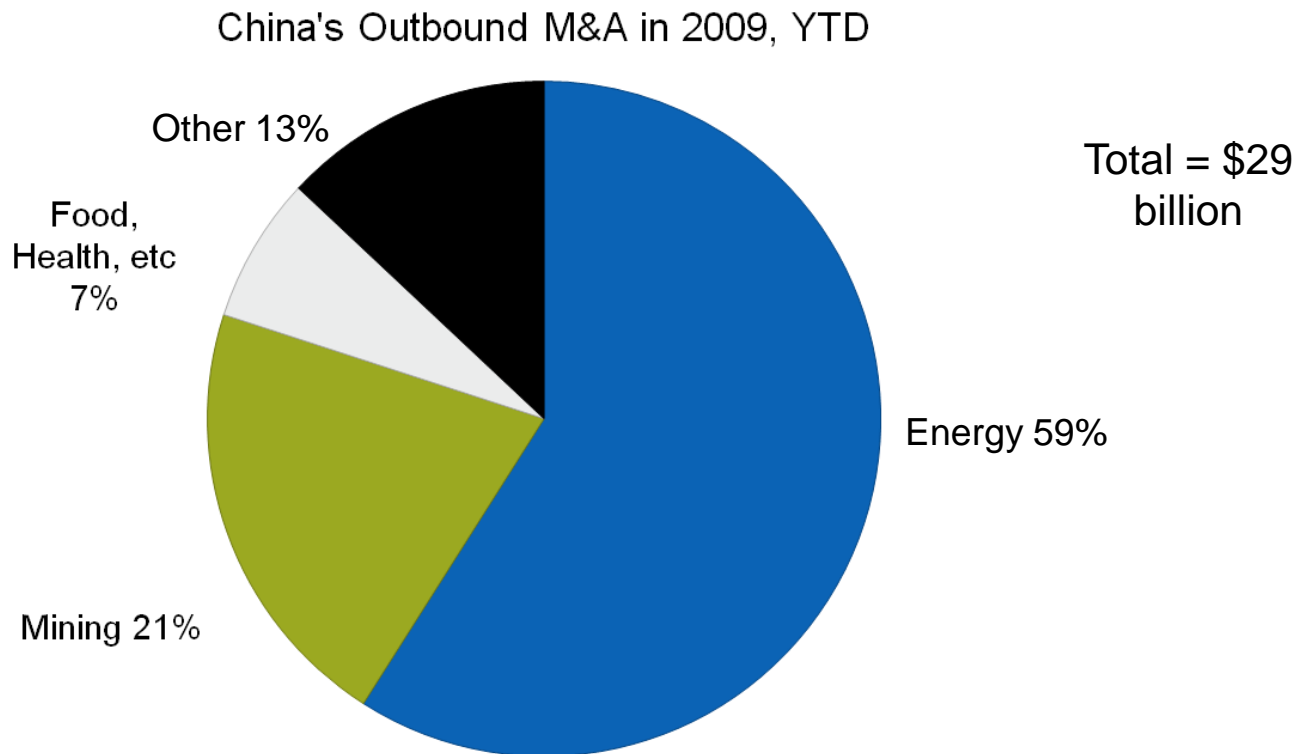
## OPEC, Russia and Mexico (2005-2012)



Source: CIBC World Markets



# The Chinese Are Buying Resources

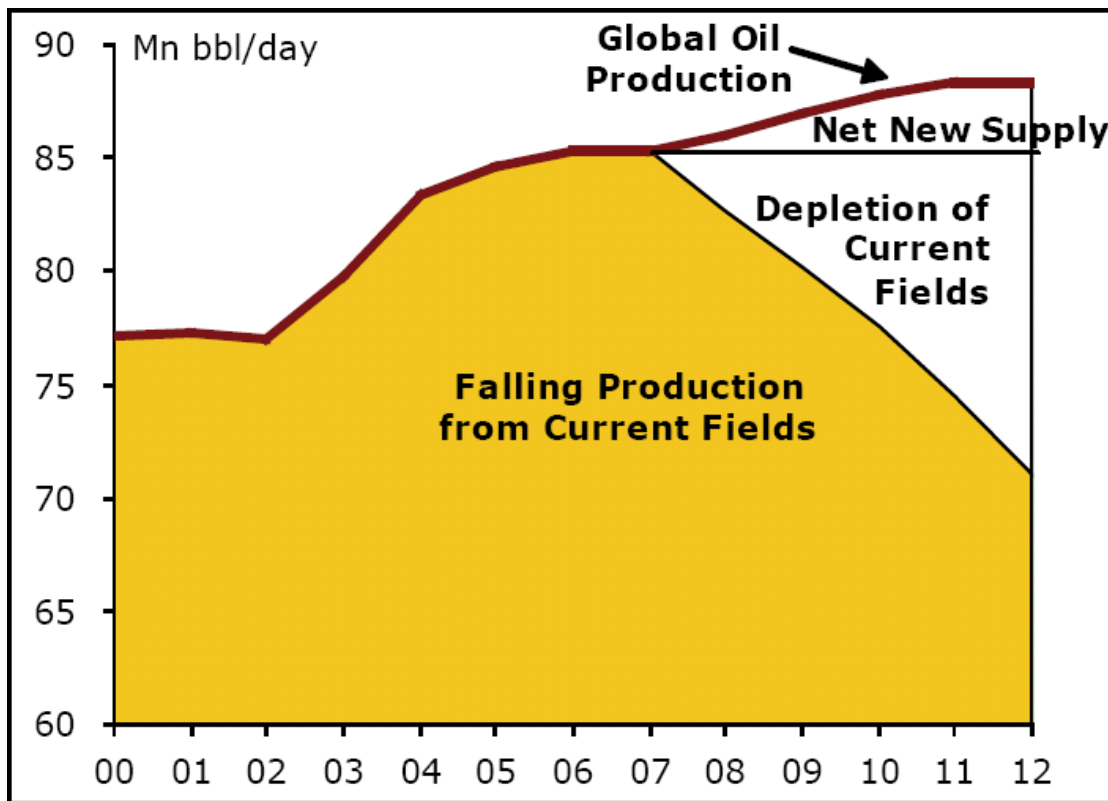


Source: CIBC World Markets, August 31, 2009





# Oil Depletion Adds to Needed Capacity Growth

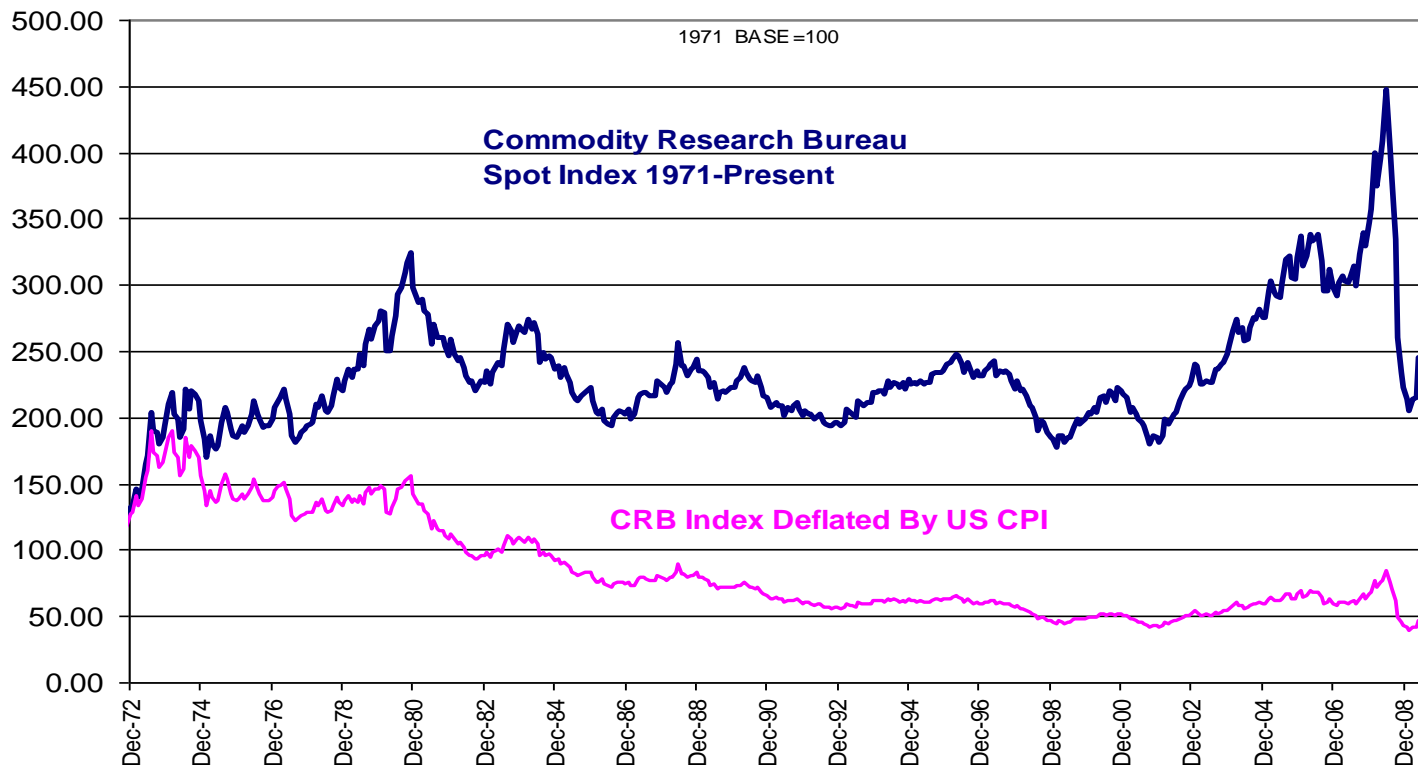


Source: CIBC World Markets



# Little New Supply Due to Low Real Commodity Prices

## CRB Index Jan. 1971 – March 2009

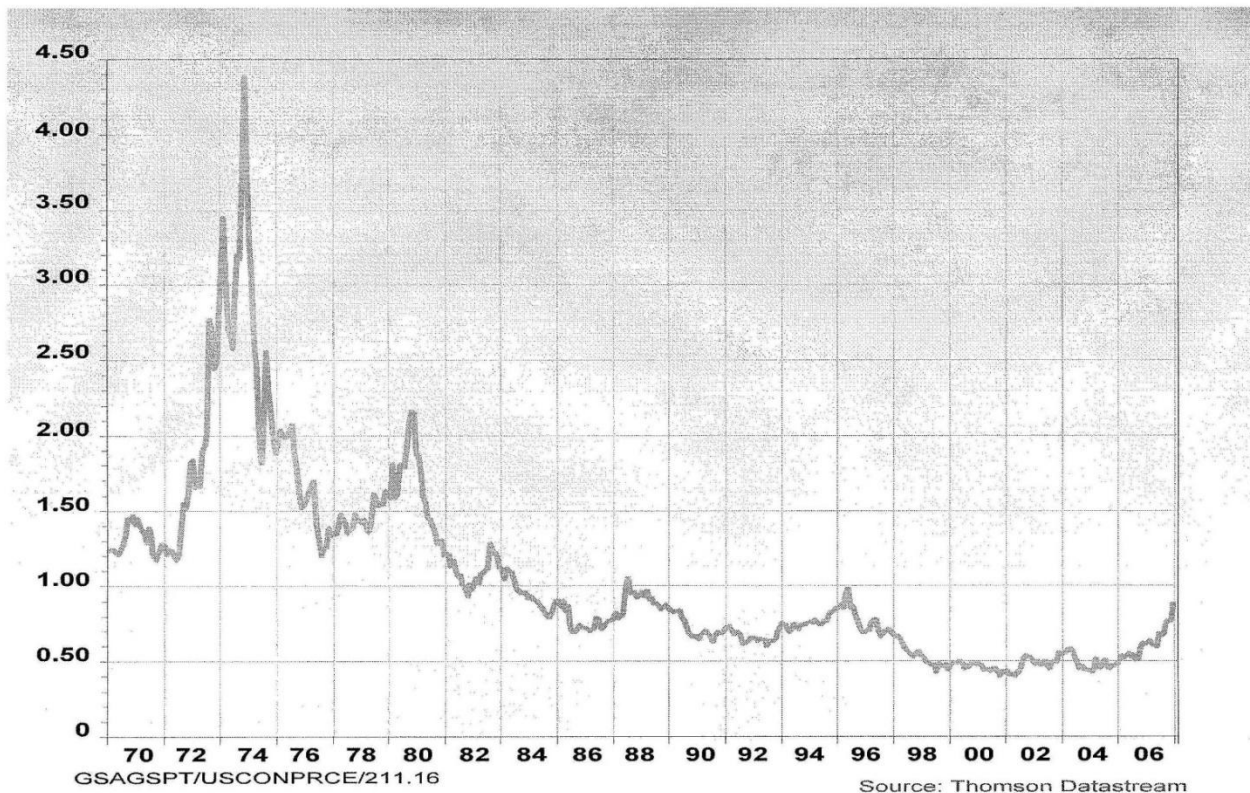


Source: Bloomberg, Bureau of Labor Statistics, BMO AM



# Agricultural Commodities are Lower Over 4 Decades in Real Terms

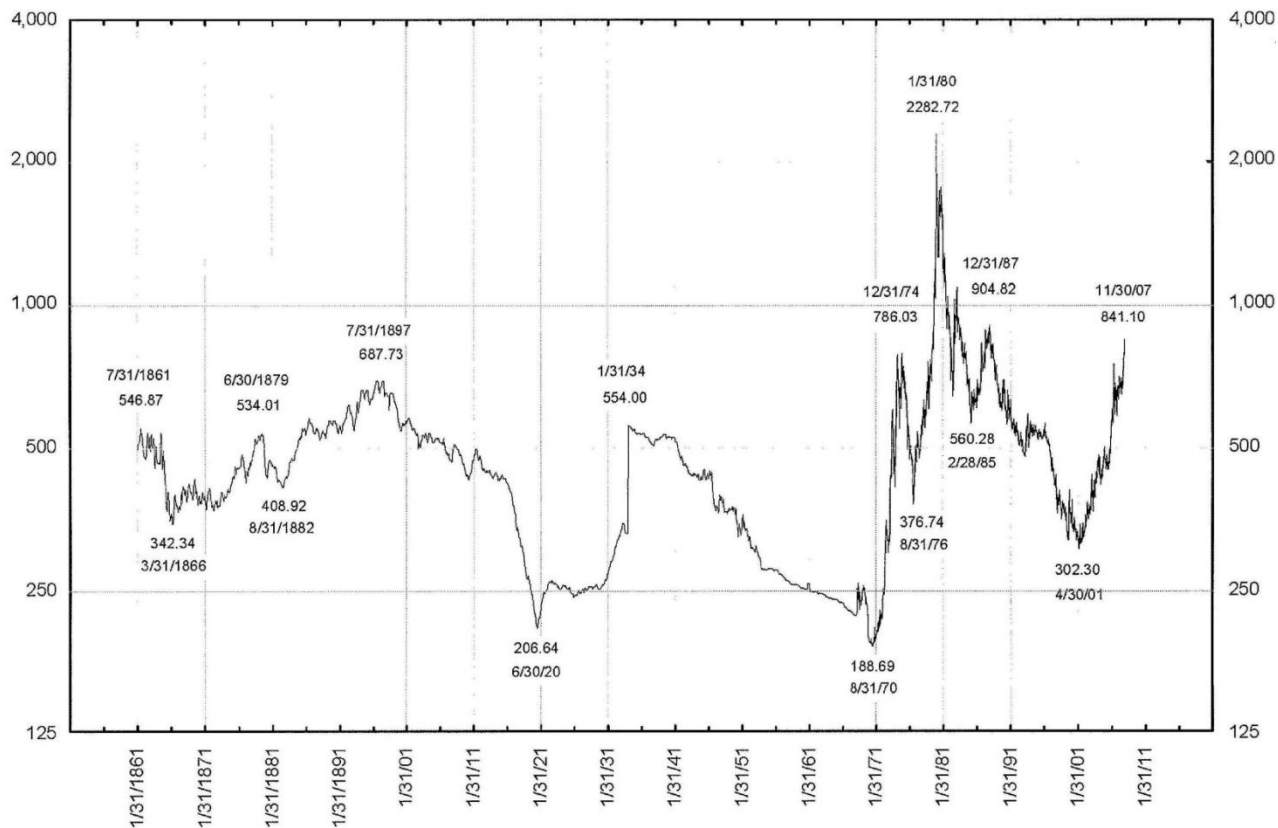
## Goldman Sachs Agricultural Index (Inflation Adj)



Source: TIS Group



# Gold Adjusted by CPI is Only Back to Level of Early 1970s



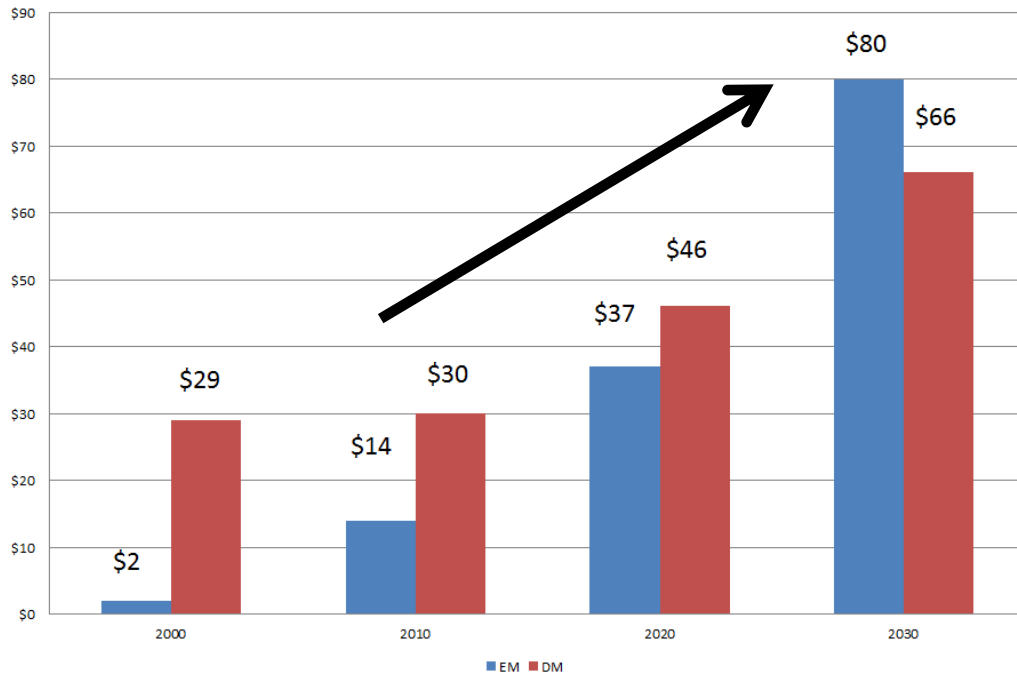
Source: TIS Group,

Copyright © 2007 Thechartstore.com

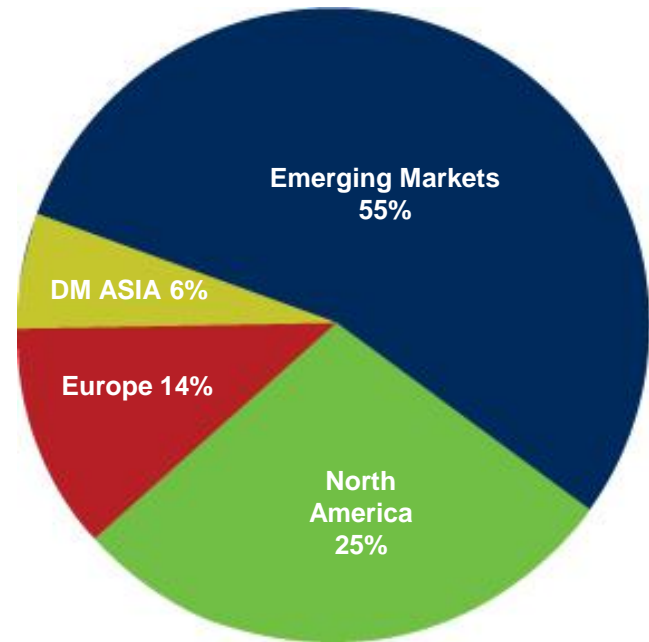


# What will equity markets look like in 20 years?

EM Market Cap may rise to 80 trillion by 2030 surpassing the DM



2030 Global Market Cap Composition



Source: Goldman Sachs



# Where's the Opportunity?

## You Decide...

ECONOMIC FUNDAMENTALS	EMERGING MARKETS	US AND WESTERN EUROPE
GDP Growth	High	Low
Employment	Increasing	Decreasing
Demographics	Young	Old
Debt	Low	High
Banks	Strong	Weak
Middle Class	Growing	Shrink or Stagnant
Currency	Appreciating	Depreciating
Money Flows	High	Low



# Conclusions

## The key drivers of the Emerging Markets :

- Total population (Urbanization)
- Massive growth in the middle class
- Young demographic
- A vast amount of natural resources
- Economic reform and change
- Acceleration of infrastructure spending
- Increasing foreign direct investment
- Better credit quality
- Appreciating Currency



# Disclaimer

## **EXCEL FUNDS**

Sales commissions, service fees, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return include changes in unit value and assume reinvestment of all distributions, and do not take into account sales, redemption or optional charges or income taxes payable by any security holders, which would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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### **Head Office**

2000 Argenta Road, Plaza Four, Suite 280  
Mississauga, Ontario L5N 1W1  
Toll Free: 1.888.813.9813

### **Quebec Office**

1200 McGill College Avenue, Suite 1100  
Montreal, Quebec H3B 4G7  
Toll Free: 1.866.363.0367





***Thank You***