

Accessing Absolute Return Strategies

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Background

- Understanding range of structures
- Fees - management/performance etc.
- Redemption provisions
- Other features

How to Access Strategies?

- Managed accounts
- Multi-advisor accounts
- Pooled funds
- Structured product

Managed Accounts

- Managed accounts using single advisor
 - Ease of implementation
 - Documentation: power of attorney/advisor agreement
 - Transparency
 - May limit choice of manager

Managed Accounts - cont'd

- Managed accounts using multi-advisor approach
 - Fund of fund approach
 - Outsourcing fund of fund manager or being your own
 - High minimum

Pooled Funds - Structures

- Private funds
 - Trust structures
 - Limited Partnership structures
 - Other structures - e.g., non domestic companies

Pooled Funds - Trust Structures

- Trust
 - Use of trustee
 - Trust indenture - classes of units
 - Advisor/manager is hired by trust
 - Possible liability issues
 - Taxation issues

Pooled Funds - Limited Partnership Structures

- Limited Partnership
 - General partner - contracts with advisor
 - GP - liability for partnership
 - Limited partnership units issued to investors
 - Taxation issues

Structured Products

- Broad range of products
- Customized product
- Structured notes
- Swaps, options

Structured Products - Notes

- Structured notes
 - Total return
 - Guaranteed structures
 - Funding trading account

Structured Products - Notes

- Some issues to consider
 - Fee issues - cost of structure
 - Investor requirements - maturity etc.
 - Tax issues - foreign content etc.
- Other guarantee structures

Structured Products - Swaps

- Broad use of OTC products to provide returns on portfolio
 - Flexibility
 - Total return swaps
 - Options

Conclusion

- Number of ways to access absolute return strategies
- Need for reviewing structures/due diligence - fees etc.
- Assess objectives