

**ROMC FUND**

**OWNERS' MEETING**

May 14, 2012 at 11 am

1 Richmond Street West, Suite 800

Toronto, Ontario

## ROMC FUND PRINCIPLES

1. Our objective is to maintain purchasing power, after-taxes
2. We use common sense: the market is there to serve, not to guide
3. We think in business terms: we acquire productive assets with attractive economics at prices that ensure enviable returns on our capital
4. We focus on economic results: they lead to market results
5. We are OWNERS not speculators
6. We make money together (management invests in ROMC Fund)

## ROMC MARKET RESULTS

Performance-wise, we're doing fine

How I measure market results

	<b>Q1 - 2012</b>	<b>Since inception</b>		
ROMC owners' return	18.8%	74.3%		
Impact of personal taxes (estimate)	-4.4%	-13.9%	Taxes paid	-5.1%
Impact of inflation	-1.2%	-8.8%	<u>Taxes deferred</u>	<u>-8.8%</u>
<hr/> ROMC real return, after-tax	<hr/> 13.2%	<hr/> 51.6%	Total taxes	-13.9%

## ROMC MARKET RESULTS

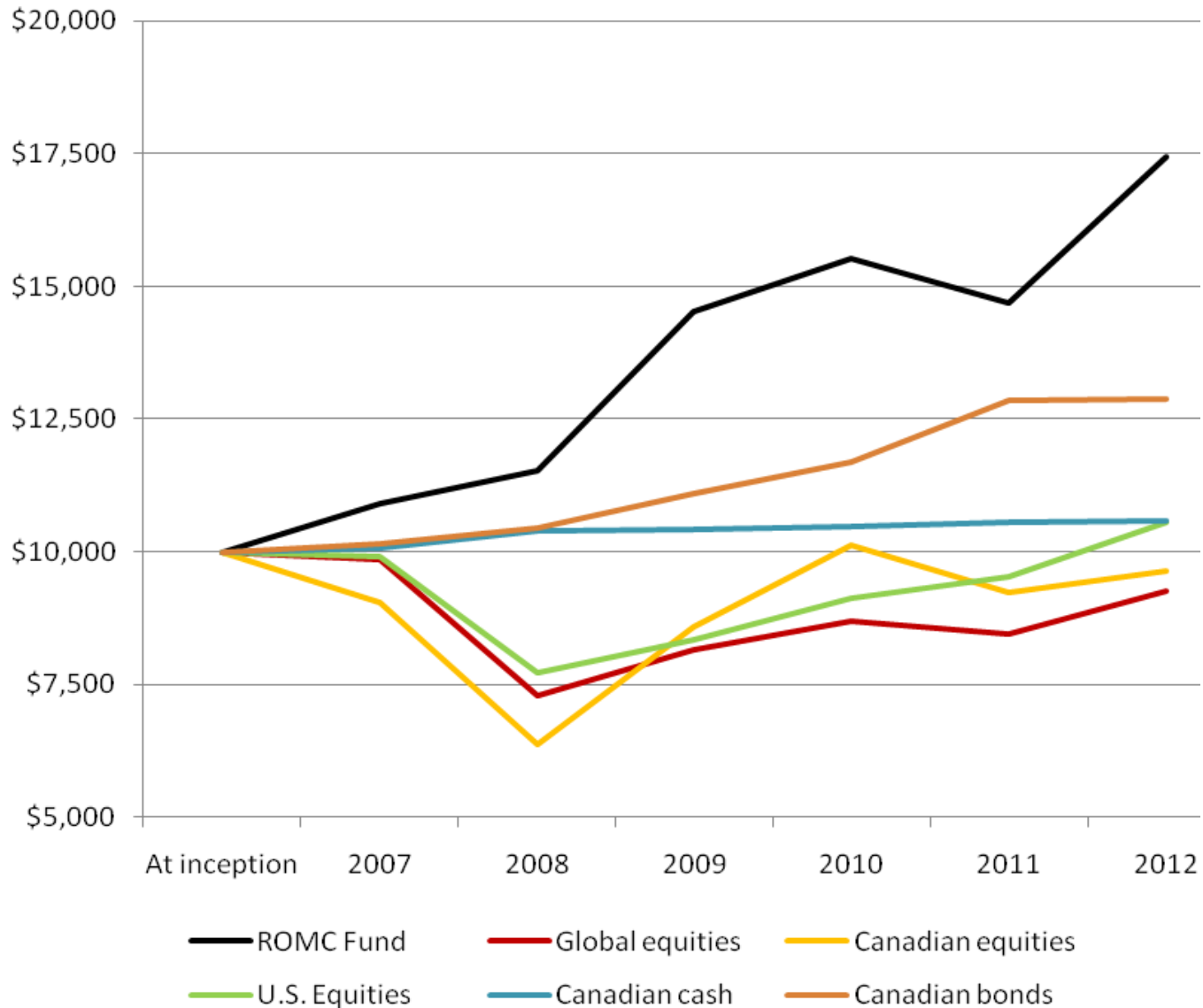
How our market results compare to other investment categories

4 1/2 years ending

	31/03/2012	Relative to ROMC	Annual average
<b>ROMC Fund</b>	<b>74.3%</b>		<b>13.1%</b>
Global equities	-7.3%	-81.6%	-1.7%
Canadian equities	-3.6%	-78.0%	-0.8%
U.S. equities	5.5%	-68.8%	1.2%
Canadian cash	6.0%	-68.4%	1.3%
Canadian bonds	28.7%	-45.7%	5.8%

# ROMC MARKET RESULTS

How our market results look compared to other investment categories



## ROMC MARKET RESULTS



According to the Globe and Mail, we're doing better than fine

Returns as at March 31, 2012 from [www.theglobeandmail.com](http://www.theglobeandmail.com)

	<b>ROMC Fund</b>	<b>Group Avg</b>	<b>Index*</b>
1 Month	6.88%	1.53%	2.62%
3 Months	18.81%	9.46%	9.75%
6 Months	29.06%	13.99%	15.73%
1 Year	10.09%	-1.11%	3.98%
2 Year Avg	6.23%	3.65%	6.52%
3 Year Avg	18.79%	11.58%	11.90%
4 Year Avg	13.81%	-1.40%	-0.18%
Since Inception	13.14%	-	-

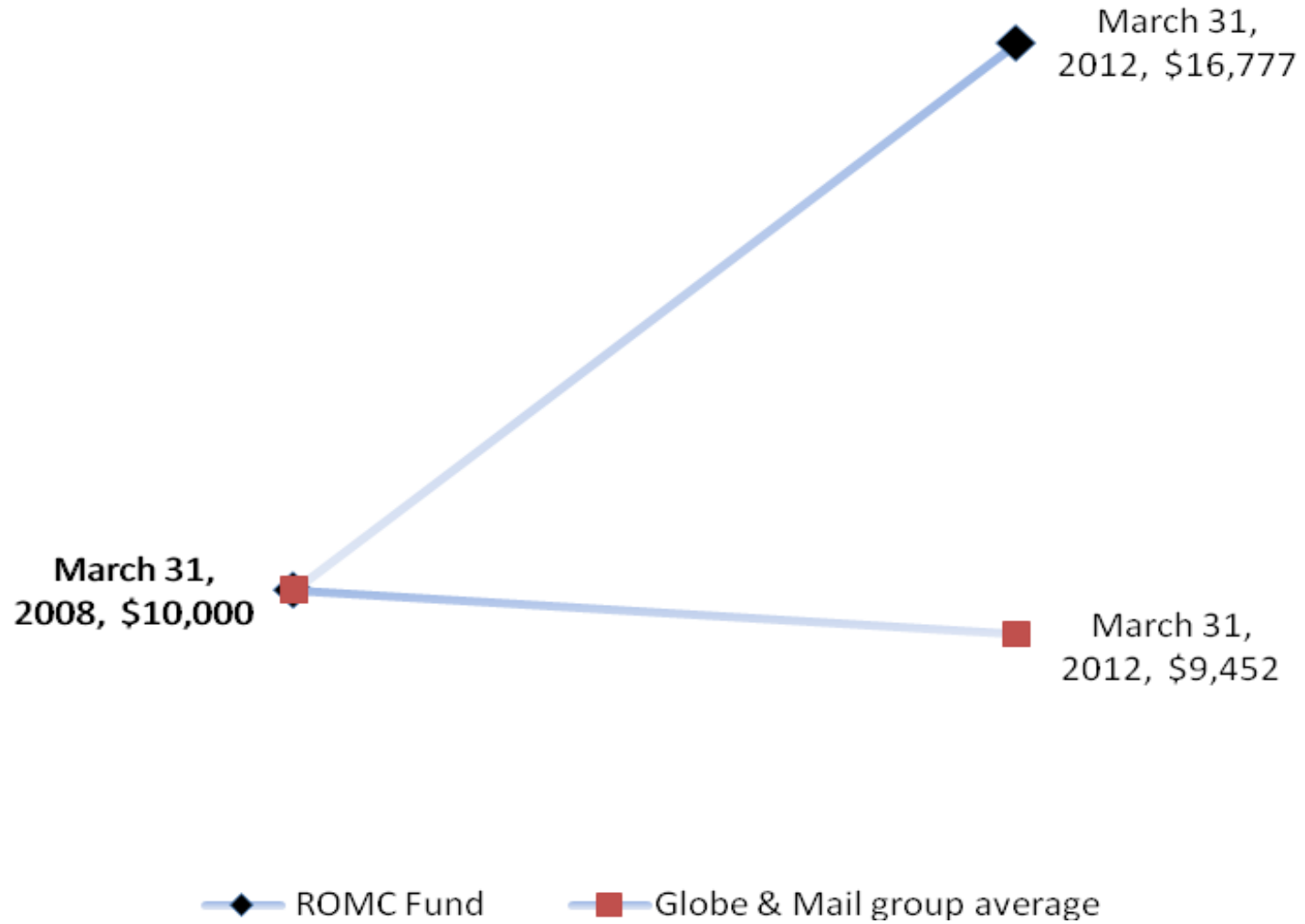
\*MSCI World (\$ Cdn)

### **Best/Worst 12 months (since inception)**

Best (ending Nov 09): 58.36   
Worst (ending Sep 11): -8.29 

## ROMC MARKET RESULTS

What the Globe and Mail comparative results look like



## ROMC ECONOMIC RESULTS

We're off to a good start in 2012

(\$Cdn)	Q1 - 2012	2011	Since inception
Common equity investee earnings	418,794	851,173	3,592,790
Fixed income & other	453,766	774,722	1,883,971
<b>Profit from investments</b>	<b>872,560</b>	<b>1,625,895</b>	<b>5,476,761</b>
ROMC expenses (incl. brokerage)	(241,966)	(68,516)	(1,081,788)
Profit to owners	630,594	1,557,379	4,394,973
Average ROMC securities outstanding	790,544	767,415	493,399
Profit from investments per-ROMC-security	1.10	2.12	8.93
Profit to owners per-ROMC-security	0.80	2.03	6.75



## PUTTING IT TOGETHER

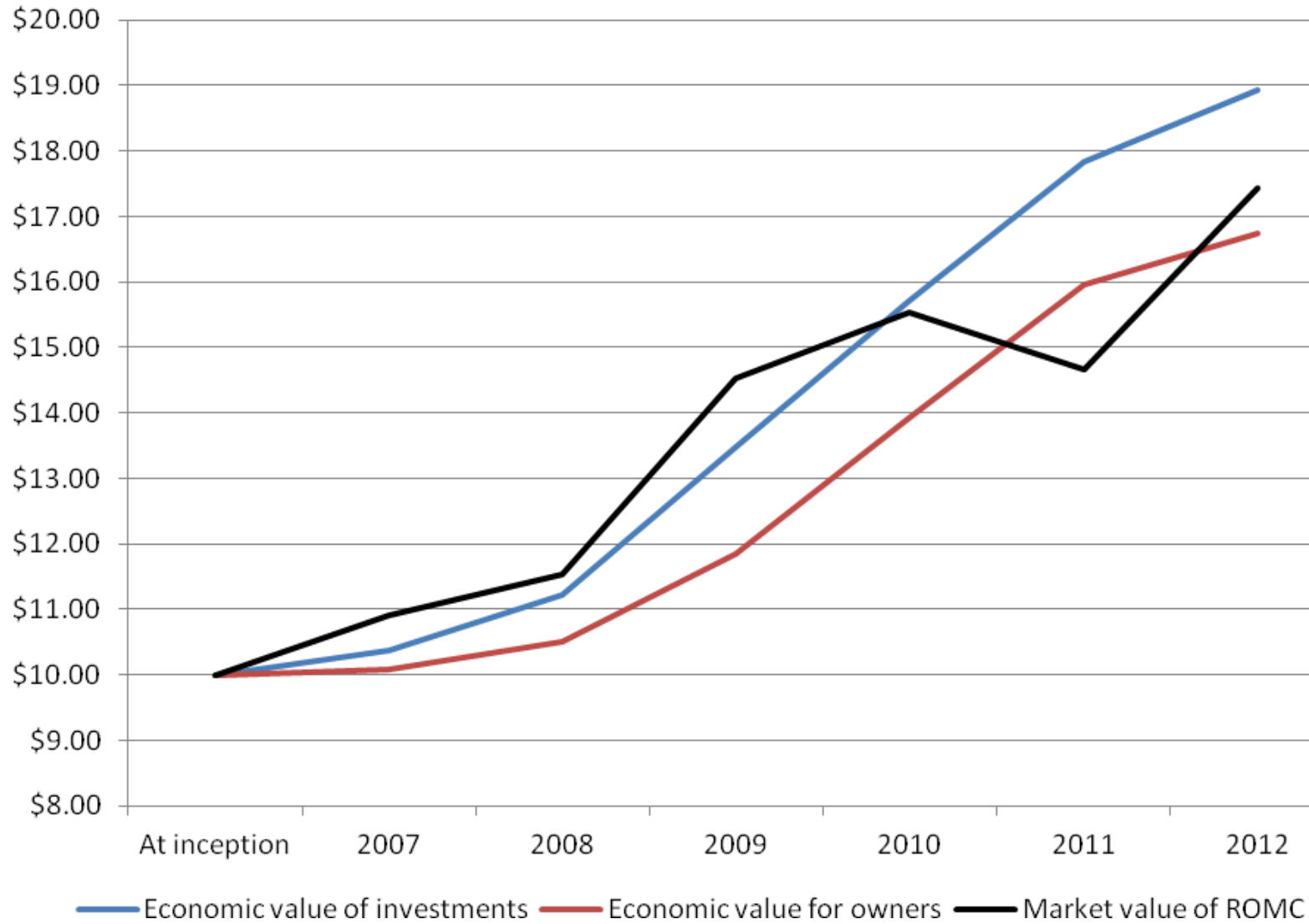
Since Inception (October 1, 2007):

1. ROMC's economic value from investments has grown an average of 15%/yr
2. ROMC's market value has increased an average of 13%/yr
3. ROMC's market value is tracking its economic value

	<b>Q1 - 2012</b>	<b>2011</b>	<b>At inception</b>
Economic value of investments	18.93	17.83	10.00
Economic value for owners	16.75	15.95	10.00
Market value of ROMC	17.43	14.67	10.00

# PUTTING IT TOGETHER

Market value tracks economic value



## QUESTION & ANSWER SESSION

**1. Where are ROMC's investments located?**

At present, 94% of our investments are based in the United States, 3% in Europe, and 3% in the UK.

**2. How is ROMC's currency exposure managed?**

For common equities, we have not hedged our currency exposure. For fixed income & other, we typically borrow the cost of investment, in the currency of denomination, which acts like a currency hedge. If the currency in which we hold the fixed income investment declines versus the Canadian dollar, so will the amount we owe.

**3. Does having ROMC Fund listed in the Globe & Mail fund database change anything?**

No, any fund can join. Being part of the Globe & Mail fund database just allows anyone with an internet connection the ability to follow our market value returns, updated monthly.

**4. Why is the annual return since inception at March 31, 2012 higher than that at year-end 2011?**

The first quarter of 2012 saw our market value increase almost 19%. This has increased the annual average return since inception by some 4% annualized.

**5. How do you calculate the economic value of ROMC Fund?**

In the annual letter, in the glossary, you will find a description of the calculation of the economic value. In short, we add up the earnings associated with our common equity investments and add them to any interest, dividends and capital gains we have in fixed income & other. The sum is the economic profit. The economic value is the cumulative amount of all year's economic profits added to our inception price of \$10 per-ROMC-share.

**6. Who makes sure ROMC's economic value is calculated accurately?**

ROMC's economic value is calculated by your manager. The calculation is not audited.

Your manager's family is ROMC's largest owner so intentional misinformation would seem counterintuitive. Also, your manager is registered with the Ontario Securities Commission and the commission has final say as to how your manager may report to owners. Finally, ROMC's auditor does receive a copy of the annual letter in which the economic value of ROMC is presented. It is the manager's hope that if the auditor did see materially incorrect calculations, they would make their concerns heard. To date, your manager has heard nothing.

**7. Is it a good idea to purchase ROMC Fund when its market value is below its economic value?**

I believe so. That is why I report our economic value to owners. I want owners to be able to take advantage of an often manic-depressive market. Acquiring ROMC securities below calculated economic value increases owners' return on their own capital.

**8. How often is ROMC's manager remunerated?**

Once per year, in January, if earned.

**9. When can ROMC securities be bought?**

January 1, April 1, July 1 and October 1 (or the following business day if a weekend or holiday). ROMC can also perform special valuations for owners who wish to purchase ROMC at times of opportunity. The last such opportune time was November, 2008.

**10. What does master series-equivalent mean with respect to ROMC's securities? Are there other series?**

Because of the way management fees are earned, ROMC issues quarterly series securities. If an investor in ROMC purchases an interest on January 1, they will pay management fees only if the market value of ROMC increases more than 6% for the whole year. Should someone wish to purchase securities on April 1, 1/4 of the way into the year, management fees would be earned if the market value of ROMC increases 4.5% over the remainder of the

year. Purchased at July 1, half-way through the year, the required increase in ROMC's market value is 3% before management fees are earned. And if purchased on October 1, only 1.5% increase is required for the remainder of the year (1 quarter in this case). Management fees are accrued quarterly but are only paid, if earned, after the year ends. If no fees are earned, then the owner carries on with their quarterly series until such time as management fees are earned & paid. At that point, owners' quarterly series will be transferred into master series.

**11. If ROMC's manager gets hit by a bus, what are owners' options?**

After the fact, owners will be given the option of either taking their ROMC Fund holdings in cash or in-kind. Cash means owners receive the value of their holdings in cash. In-kind means that owners take their ROMC holdings in securities. To take in-kind, owners would need to open up an investment account, I suggest at a discount broker. Then, a transfer of their securities can be effected. Your manager advises owners to take their ROMC holdings in-kind. We buy for the long-term and owners' holdings may never need to be sold.