ROMC FUND

OWNERS' MEETING

May 5, 2014 at 11 am

1 Richmond Street West, Suite 800

Toronto, Ontario

ROMC FUND PRINCIPLES

Our objective is to increase purchasing power

We use common sense: the market is there to serve, not to guide

We think in business terms: we acquire productive assets with attractive economics at prices that ensure enviable returns on our capital

We focus on economic results, they lead to market results

We are OWNERS, not speculators

We make money together

ROMC Fund

Is our purchasing power increasing?

Results to March 31, 2014

	2014 ytd	Since inception
ROMC return: weighted avg. of classes	6%	165%
Estimated accrual of personal taxes	-2%	-24%
ROMC after-tax return	5%	141%
Impact of inflation	-2%	-12%
ROMC after-tax real return	3%	130%

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Tax accrual since inception	
Reported & paid	-3%
Deferred	-22%
Total	-24%

ROMC Fund

Do we compare favourably with other investment categories?

From October 1, 2007 to March 31, 2014	% Overall gain	% Annual gain
ROMC Fund: Salary class	**167%**	**16%**
ROMC Fund: Performance-fee class	**157%**	**16%**
U.S. Equities	53%	7%
Canadian bonds	34%	5%
Global equities	36%	5%
Canadian equities	23%	3%
Canadian cash	8%	1%

Source: Globe & Mail

ROMC Fund

Do we compare favourably with our competitors?

Year-by-year results

History (31/03/2014)	2013	YTD
ROMC Salary Series	34.93	6.30
Category (Global Equity)	28.57	4.19
+/- Category (Global Equity)	6.36	2.11
Rank in Category	16	12

History (31/03/2014)	2008	2009	2010	2011	2012	2013	YTD
ROMC Performance fee Series	5.71	25.97	6.89	-5.51	26.82	31.08	5.34
Category (Global Equity)	-29.63	16.36	6.83	-6.72	11.96	28.57	4.19
+/- Category (Global Equity)	35.34	9.61	0.06	1.20	14.86	2.51	1.15
Rank in Category	1	11	50	40	1	32	30

* At March 31, 2014 there were 1,071 funds in Morningstar Canada's Global Equity category

Source: www.morningstar.ca

ROMC Fund

Do we compare favourably with our competitors?

Period average results

Total Return % (31/03/2014)	**YTD**	**1-Year**	**3-Year**	**5-Year**
ROMC Salary Series	6.30	31.61	19.01	20.74
Category (Global Equity)	4.19	24.01	11.21	13.92
+/- Category (Global Equity)	2.11	7.61	7.80	6.83
Rank in Category	12	11	1	3

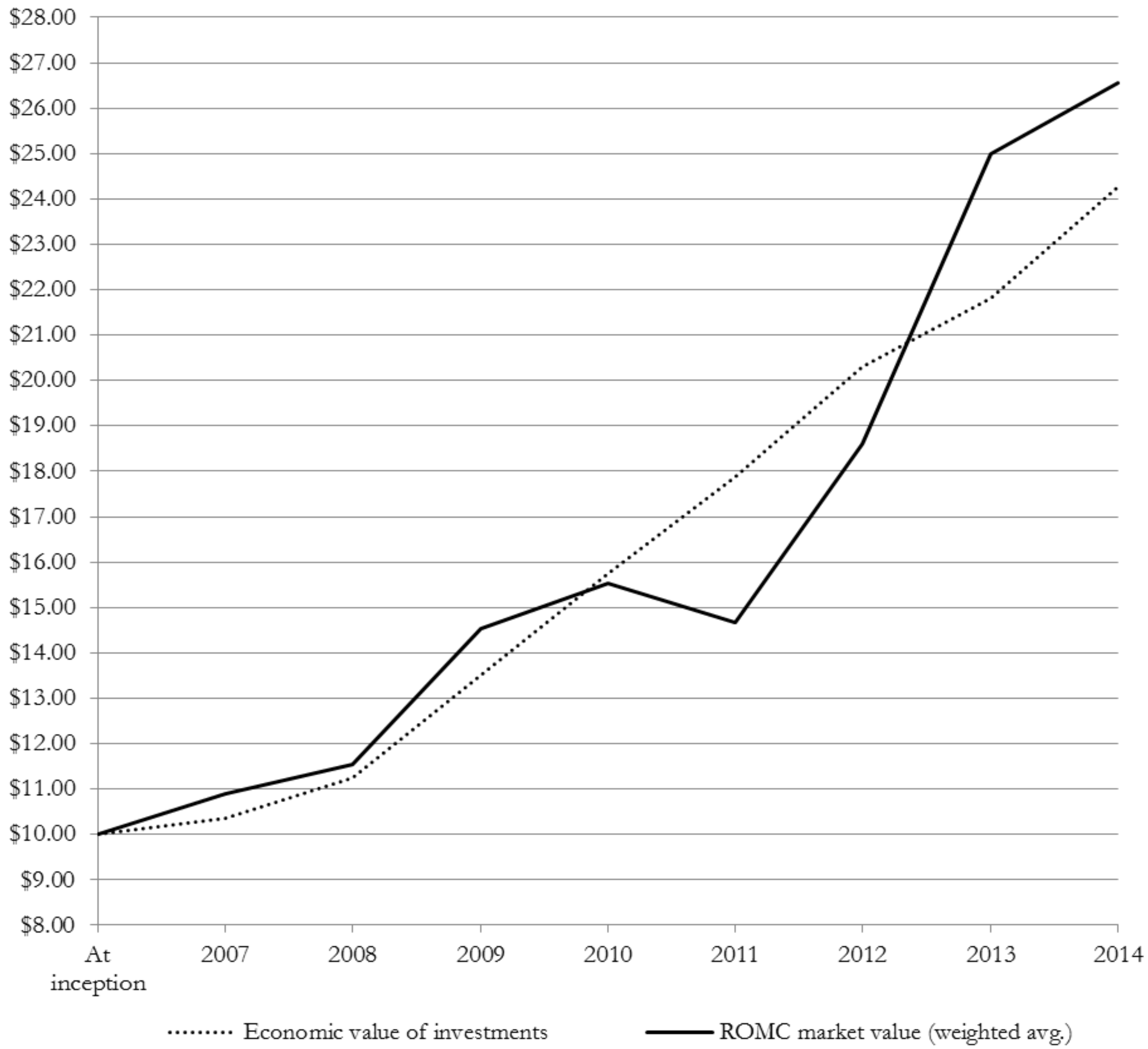
Total Return % (31/03/2014)	**YTD**	**1-Year**	**3-Year**	**5-Year**
ROMC Performance fee Series	5.34	26.70	17.51	19.83
Category (Global Equity)	4.19	24.01	11.21	13.92
+/- Category (Global Equity)	1.15	2.69	6.30	5.91
Rank in Category	30	27	3	3

Source: www.morningstar.ca

ROMC Fund

Is our market value keeping pace with our economic value?

(Economic value includes 2014 earnings estimate/Market value as at March 31, 2014)



Questions & Answers

1. **What is the estimate for the return potential on new money into ROMC?**

   I see the future return potential mostly represented by the current and future earnings yield on ROMC and its investments. In terms of our investments, first quarter 2014 reported earnings for most of our common equity holdings are up vs. first quarter 2013. If the rest of the year is consistent, and that is anything but guaranteed, our "look-through" earnings yield should be higher than last year's and may even be as high as 9%, before the deduction of ROMC expenses. Of course, this is just a guess.

2. **Is that an attractive earnings yield?**

   Based on 2014 estimates, the S&P 500 is offering an earnings yield of 6%. 10-year government bonds are offering less than 3% and cash is quite a bit lower than either. Unfortunately, the days of double digit yields, for just about every investment, are gone—for now.

3. **What macroeconomic areas are of concern to ROMC?**

   We do not invest based on macroeconomics. We invest in the common stock of businesses and other securities on an individual basis using some pretty basic assumptions. Taxes and inflation, our bogies to future purchasing power, might be more sensitive to macroeconomic factors so we look for large economic spreads over both.

4. **What is the cash allocation presently & historically?**

   Since inception, ROMC has been fully invested. Sometimes, we have been more than fully invested. In 2009, we were buying preferred shares, convertibles and corporate bonds and we borrowed to pay for it all. The spreads were very good.

5. **What areas are most interesting today?**

   New money into ROMC is going mainly into insurance. The valuations are more attractive there because the economics of the industry are more volatile. One year's underwriting performance is impossible to predict as is the return on our insurer's own investments. This insecurity keeps many investors away and the result is less competition for insurance stocks. Over the long term, a good insurer will generate the same return on its own capital than will the average for business. Some will do even better. Banks are similar.

6. **How wide is ROMC's universe of sectors/industries?**

We favour industries that produce unrestricted earnings. That is to say, earnings that are distributable to owners rather than required to be retained for capital expenditure. In our favoured sectors, earnings may be retained but such earnings are typically re-invested for growth at high marginal rates, or to re-purchase stock. Insurance and banking can offer such characteristics. Tech., pharma., and a few others too, but their prospects are less clear.

7. **What about energy?**

We don't rule anything out, but resource businesses generally require large maintenance capex. Reported earnings are largely undistributable and the rate at which retained earnings are invested is greatly dependent on commodity prices. This can make for an unattractive combination. Under the right circumstances, a utility might be a better asset.

8. **What about infrastructure and real estate?**

We look at both but, at present, I cannot find anything that offers a high return on assets in a dependable location(s). A high return on assets is important because less leverage is required to produce an adequate return on owner capital, and these sectors require leverage. Location is important because one cannot relocate assets.

9. **What about foreign exchange hedging?**

In the past, we have hedged all of our international fixed income investments. Because we borrowed in the currency in which all were based, we effectively hedged the currency. If the currency in question declined vs. the Canadian dollar and the value of our asset declined as a result, so did the value of our debt obligation. We have not hedged our common equity investments. It is believed that over time, currency fluctuations in a reasonable free-trade environment will have a limited impact on economic profits earned.

10. Expand on last year's hedging of common equity holdings.

Last year, I bought a put option on the S&P 500 index. It was cheap, or so I thought. In a normal market, at today's interest rates, one would pay about 7% per year premium for a somewhat out of the money option on a North American index. We paid a little over 2% for more than 8 months; less than 3% annualized. But the market didn't correct and we lost the 2%, which came out of our economic value. I think it was a mistake. It is my job to add economic value, it is not to speculate on the direction of the market at the expense of our economics.

11. Describe our travails in retail.

We have had good success with our two principal holdings. We have never quite got a third right. Our present third retailer is a leader, has averaged high relative returns on both sales and assets in the past, and has successfully expanded into certain other markets. However, it is in a commoditized business and is now engaged in a price war in its home market. At the same time, it is reorganizing some of its international ventures. This has caused poor results for owners but also a low stock price. We continue to hold as some negative events might prove temporary.

12. What kind of impact is technology having on our retail investments?

All retailers are quickly developing their e-commerce platforms and our holdings are no exception. It is unclear what the long-term impact will be on the industry, and on our investments in particular. In our two principal retailers, margins have not declined, yet. It does look like technology's impact will be felt most by those retailers with a lot of square footage (real estate) selling a commoditized product, and we are not immune.

As an aside, how long will certain internet-only retailers' owners be satisfied with $0 profits? And how does demand for their services fair in the future when they are required to charge sales tax?

13. Describe ROMC's sell discipline.

Our preferred method of investment is not to sell. Since inception, 90% of ROMC's gain remains unrealized. In the past, we have sold common equity investments only when I have made mistakes. That is to say, where economic returns on such holdings have come in at lower rates than could have be achieved elsewhere within ROMC, or in high quality fixed income alternatives. That is telling. It is possible that if our holdings' economic yields were to decline below the yields offered on cash &/or bonds, we would sell such holdings. Remember 1999? Cash and bonds were yielding well over stocks' earnings yields. I'd like to think that at such a time, ROMC would have been a seller of stocks and a buyer of fixed income.

14. Elaborate on the new Salary class.

Last year, our market value rose by well more than our economic value. Because performance fees are based on market value changes, I stood to earn a pretty penny. So much so that ROMC's expenses would have wiped out owner economic gains. As you know, I spend most time reporting to you on our economics as I believe they determine our market gains. So I did not feel comfortable taking a large performance fee. Peter van Schaik, your independent trustee, and I started thinking about how to deal with the matter. We came up with the idea of a Salary class where a fixed amount of money, rather than a percentage of assets, would be charged to class owners. We felt that a fixed dollar fee could provide attractive future economies of scale which would continue to put owners first. As a result, 2013 fees were greatly reduced and economic gains for almost all owners were much improved. Market value also increased.

Now investors have the option of owning either class, or even both. Owners can transfer from Performance fee class to Salary class at any time. They just can't transfer from Salary to Performance fee. That is because we want Salary class to grow so that it becomes cheap to own ROMC.

15. How big would you like to see ROMC?

If Salary class got to $100 million, the estimated management expense ratio would be lower than 0.75%. That would be a big advantage over our competitors. And $100 million is not difficult to allocate.

16. Are there any new investors on the horizon?

We are in discussion with a couple of institutional groups. If they choose to be owners, hopefully they choose Salary class.

17. Planning at ROMC.

In the event of my sudden inability to productively manage ROMC, Peter van Schaik will lead you through the transition to another manager. Peter will receive from me the name of a manager who has already accepted the job. Importantly, this person would take on the task on the exact same terms as now in force. Peter will get everyone to vote on the matter. Each owner will have a say, the amount of weight determined by the number of ROMC securities owned. For voting purposes, one Salary class security has the same power as one Performance-fee class security.