ROMC FUND

OWNERS' MEETING

May 9, 2017 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 April 30, 2017

($Cdn)	**2017**	**Since inception**			
Change in ROMC NAVPS (class-weighted)	5%	306%			
Estimated impact of personal tax accrual	-2%	-79%	------>	Tax accrual since inception	
Change in ROMC NAVPS, net of tax accrual	4%	227%		Reported & paid	-18%
Impact of inflation	-1%	-16%		Deferred	-61%
ROMC after-tax real return	3%	212%		Total	-79%

ROMC Fund

Do we compare favourably with other investment categories?

Oct. 1, 2007 - Mar. 31, 2017	Overall gain	Annual gain
ROMC Fund: Salary class	308%	16%
ROMC Fund: Performance-fee class	279%	15%
U.S. Equities (S&P 500)	154%	10%
Global equities (MSCI World)	96%	7%
Canadian equities (S&P/TSX)	46%	4%
Canadian bonds	44%	4%
Canadian cash	11%	1%

Source: Morningstar, S&P Dow Jones Indices & Globe & Mail

ROMC Fund

Do we compare favourably with our competitors?

Year-by-year results

History (31/03/2017)	2013	2014	2015	2016	YTD
ROMC Salary Series	34.93	21.85	18.46	8.60	3.72
Category (Global Equity)	28.57	9.94	11.85	3.32	5.08
+/- Category (Global Equity)	6.36	11.91	6.60	5.28	-1.36

History (31/03/2017)	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD
ROMC Performance-fee Series	5.71	25.97	6.89	-5.51	26.82	31.08	19.01	16.10	8.82	3.29
Category (Global Equity)	-29.63	16.36	6.83	-6.72	11.96	28.57	9.94	11.85	3.32	5.08
+/- Category (Global Equity)	35.34	9.61	0.06	1.20	14.86	2.51	9.07	4.24	5.50	-1.79

At March 31, 2017 there were 1,385 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 % (31/03/2017)	**1-Year**	**3-Year**	**5-Year**
ROMC Salary series	20.54	15.21	18.55
Category (Global Equity)	14.16	8.81	12.06
+/- Category (Global Equity)	6.38	6.40	6.49
Rank in Category	9	1	1

Total Return % (31/03/2017)	**1-Year**	**3-Year**	**5-Year**
ROMC Performance-fee series	19.92	13.82	16.79
Category (Global Equity)	14.16	8.81	12.06
+/- Category (Global Equity)	5.76	5.00	4.73
Rank in Category	10	4	4

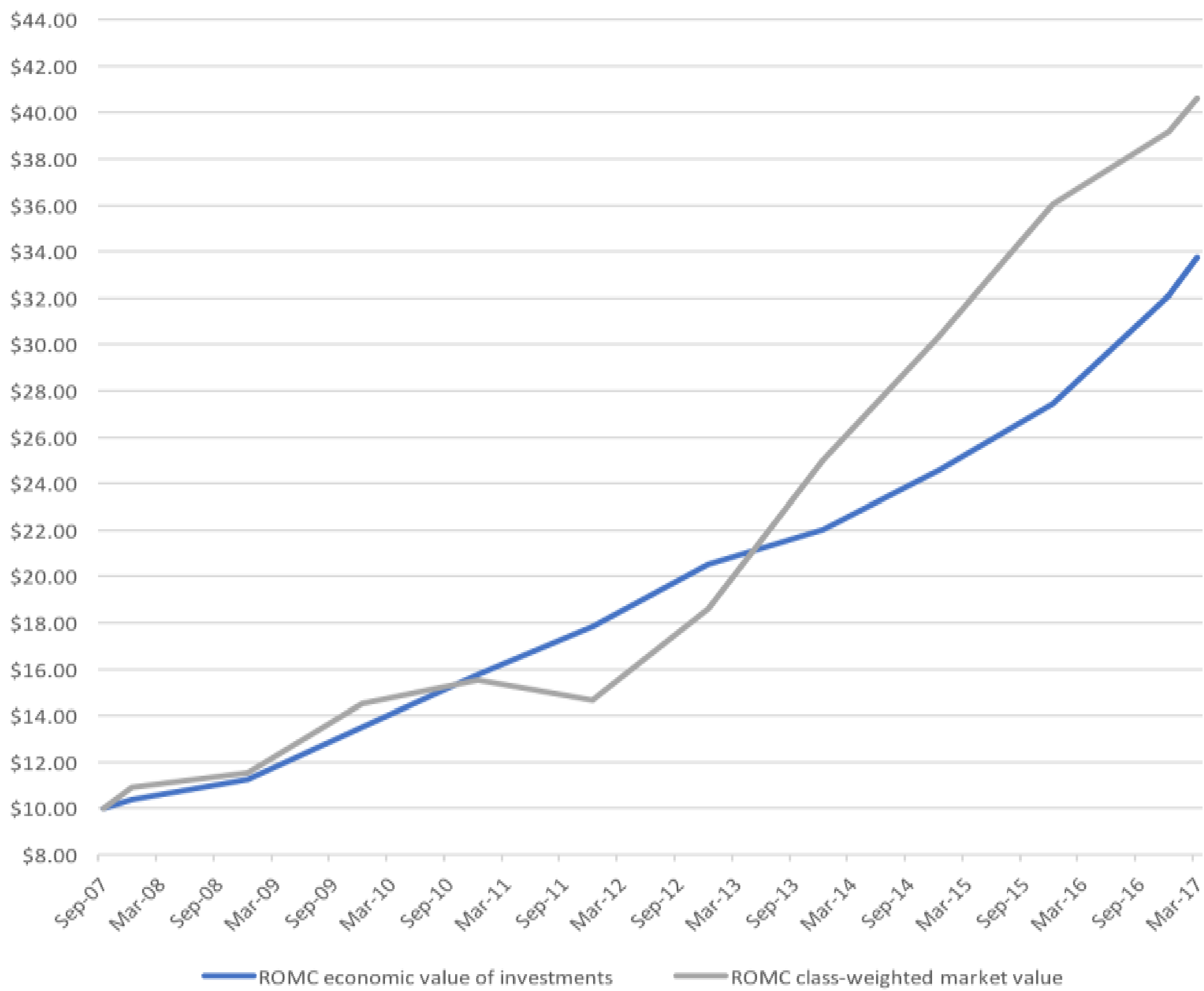
At March 31, 2017 there were 1,385 funds in Morningstar Canada's Global Equity category

Source: www.morningstar.ca

ROMC Fund

Is our market value keeping pace with our economic value?

(Economic value and market value as at March 31, 2017)



ROMC Fund

Where is our economic value coming from?

(Sources of economic value for the period January 1 to March 31, 2017)

		Average for the year	
($Cdn)	**2017 economic profit (Q1)**	**Book value**	**Market value**
Banking	495,368	11,216,673	25,445,668
Insurance	239,985	5,531,181	9,843,691
Retail	-	3,779,231	5,031,806
Communications, media & technology	90,324	6,093,429	7,393,676
Fixed income (incl. cash)	14,080	4,781,751	4,781,751
Other	1,431,149	-	-
Attributable to ROMC investments	**2,270,907**	**31,402,266**	**52,496,593**
ROMC expenses (incl. brokerage)	(263,868)		
Attributable to ROMC owners	2,007,039		
On a per-security basis:			
ROMC investments	1.61	22.31	
Salary class	1.44		40.15
Performance-fee class	1.18		37.29

	2017 (Q1)
Salary securities - average	1,306,526
Performance-fee securities - average	100,819
Average ROMC securities outstanding	1,407,345

DISCUSSION

1. What makes ROMC different?

When structuring ROMC Fund, it was important to avoid industry practices that lead to investor disadvantages. Practices with regard to investment strategy, expenses, tax, and partnership were identified as important:

a. Typically, investment strategy in most funds suffers from what Peter Lynch describes as "diworsification" – the practice of overdiversifying, mainly brought on by manager career risk. John Maynard Keynes suggested: "Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally." ROMC does not concern itself with career risk or convention.

b. When launched, the only management fee investors paid was a performance fee (net of administration/audit expenses). The fee has a hurdle too: the first six per cent are yours, afterwhich we share the upside (75 per cent to you and 25 per cent to your manager). This sort of structure is designed to focus management on compounding capital.

c. Investing sensibly and for the long term can reward investors with unrealized gains upon which tax will eventually be paid. By deferring the realization of gains, investors accumulate deferred tax liabilities. ROMC describes deferred tax as a loan from Ottawa, paying zero per cent interest and available for as long as a gain remains unrealized. In a world of high turnover investing—and, hence, constant current taxes—this thinking is unusual, but it has been of use to ROMC investors as we have been able to "borrow" a material portion of ROMC's total capital.

d. Partnership at ROMC means investing together. With management as an owner, the practices described are reinforced and together promote behaviour that nurtures trust.

2. **Cash in the fund is presently at an elevated level.**

This year, ROMC has continued to realize "other profits." While not management's first priority, other profits do occur, either because of the sale of overvalued equity positions that earn less attractive returns on capital or from operations outside of equities, like currencies and even fixed income. This year, other profits are due to the sale of equities. We reduced some of our banking exposure as well as one of our holdings in Communications, Media & Technology. Cash now represents about 15 per cent of the portfolio. Reinvesting cash has proved trying, valuations are not where we would consider ourselves active buyers. Some patience may be in order.

3. **Is there an expectation for a correction in the stock market?**

ROMC doesn't make forecasts, we value productive assets. Sometimes they are good value and sometimes not. When there is good value, we react and buy. When there is a lack of value, we wait (or sell). At present, the S&P 500, a proxy for the stock market, is offering a little over four per cent earnings yield. Treasury bonds are yielding less than two per cent, on average, and cash is less than one per cent. Management does not consider these yields attractive. By comparison and on a weighted-average basis, ROMC's holdings are trading at about seven per cent earnings yield. That figure excludes "other" profits.

4. **Where is ROMC looking for value?**

Management sees interesting valuations in certain industries we would normally not invest in. Certain industrials and even some healthcare-related stocks are trading at double digit trailing-twelve-month earnings yields. While investigation continues, the former are cyclical businesses with lower margins than we favour and large capital needs. The latter face uncertainty in their future revenue streams. It is not an easy market.

5. **What we look for:**

First, find a stable, if not growing, productive asset. Second, pay a price for that asset that will allow our capital to earn a 10% economic return. In common equity investments, we favour businesses with pricing power, that are leaders in their field with superior margins on sales and assets and that we don't have to make a lot of assumptions about. We avoid price takers, typical in resource-type or extractive industries. We also prefer businesses that have unrestricted earnings (those that are freely distributable to owners). Capital intensive businesses, that require depreciable equipment, tend to have earnings that are restricted from distribution as they are required for reinvestment. ROMC's common equity investments, on average, produce cash earnings that are higher than reported earnings and they are almost all freely distributable.