

4 T H A N N U A L

# Innovative **ALTERNATIVE** **INVESTMENT STRATEGIES**

## The Many Paths to Real Asset Investing

### MODERATOR

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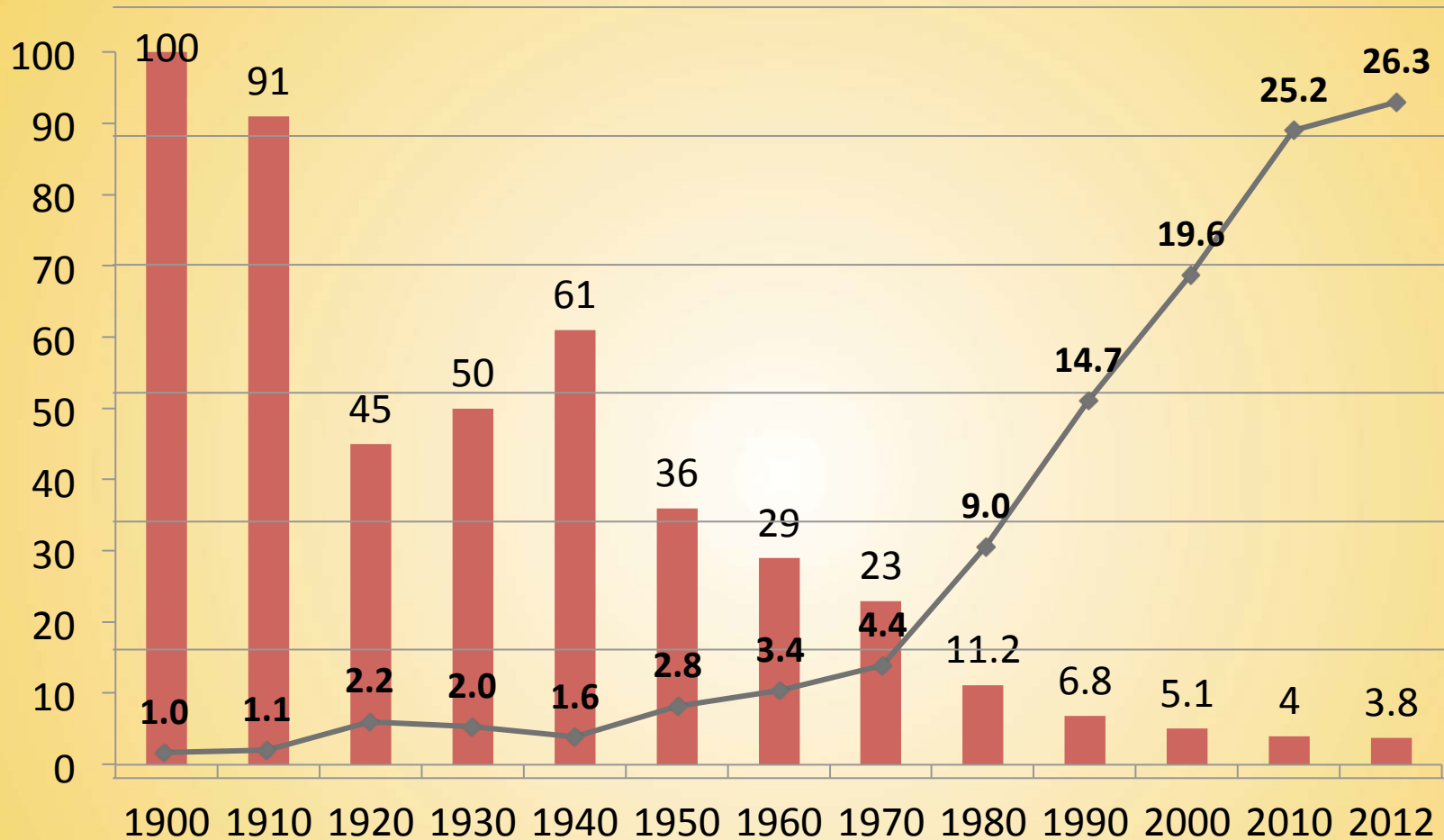


# Disclosure

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# Consumer price inflation in the United States, 1900-2012



■ Purchasing power in cents of an investment in 1900 of 1 USD ◆ Rising prices in the USA

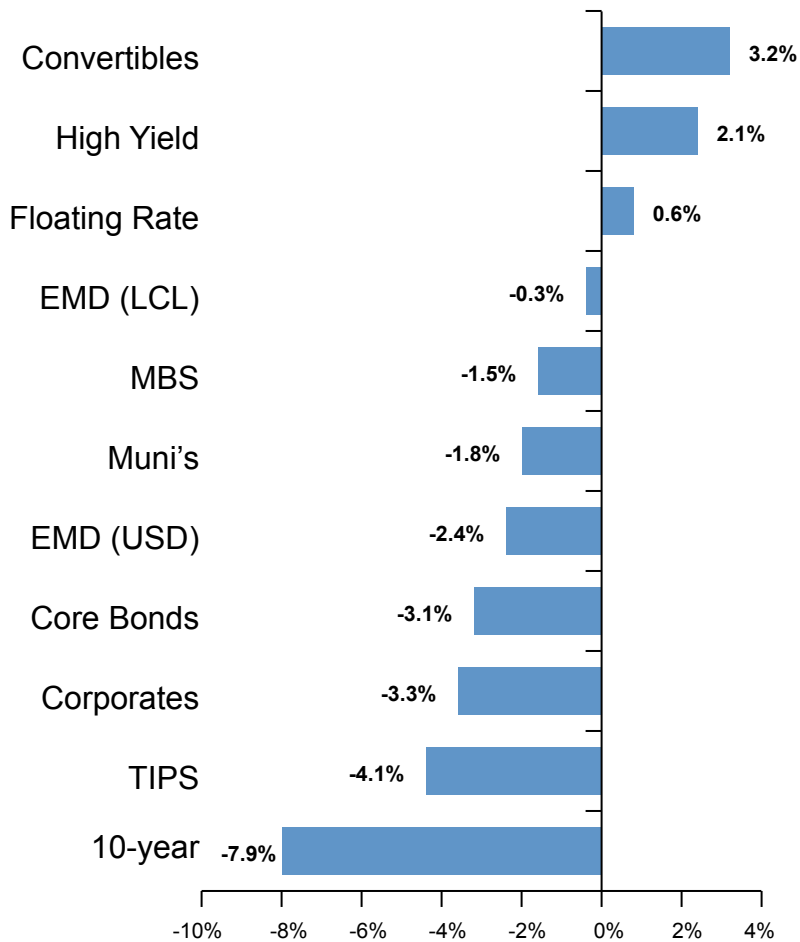


# Most Bonds and Some Stocks Could Suffer from an Increase in Long-Term Rates

Global Economy

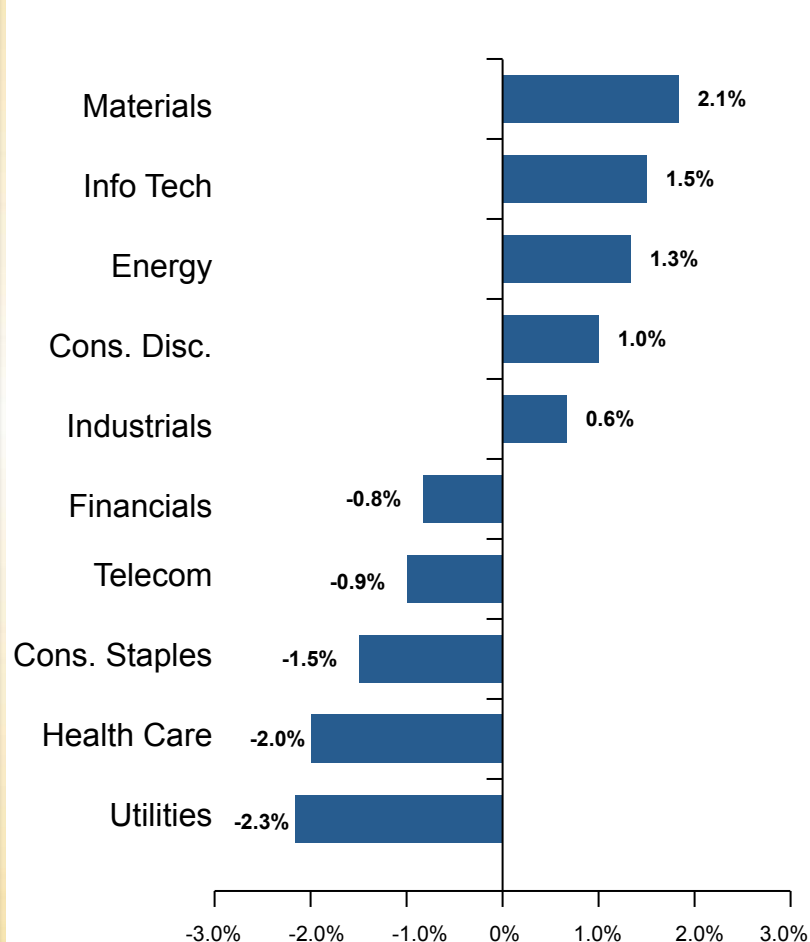
## Price Impact of a 1% Increase in 10-Year Rates

### Fixed Income Sectors



## Price Impact of a 1% Increase in 10-Year Rates

### S&P 500 GICS

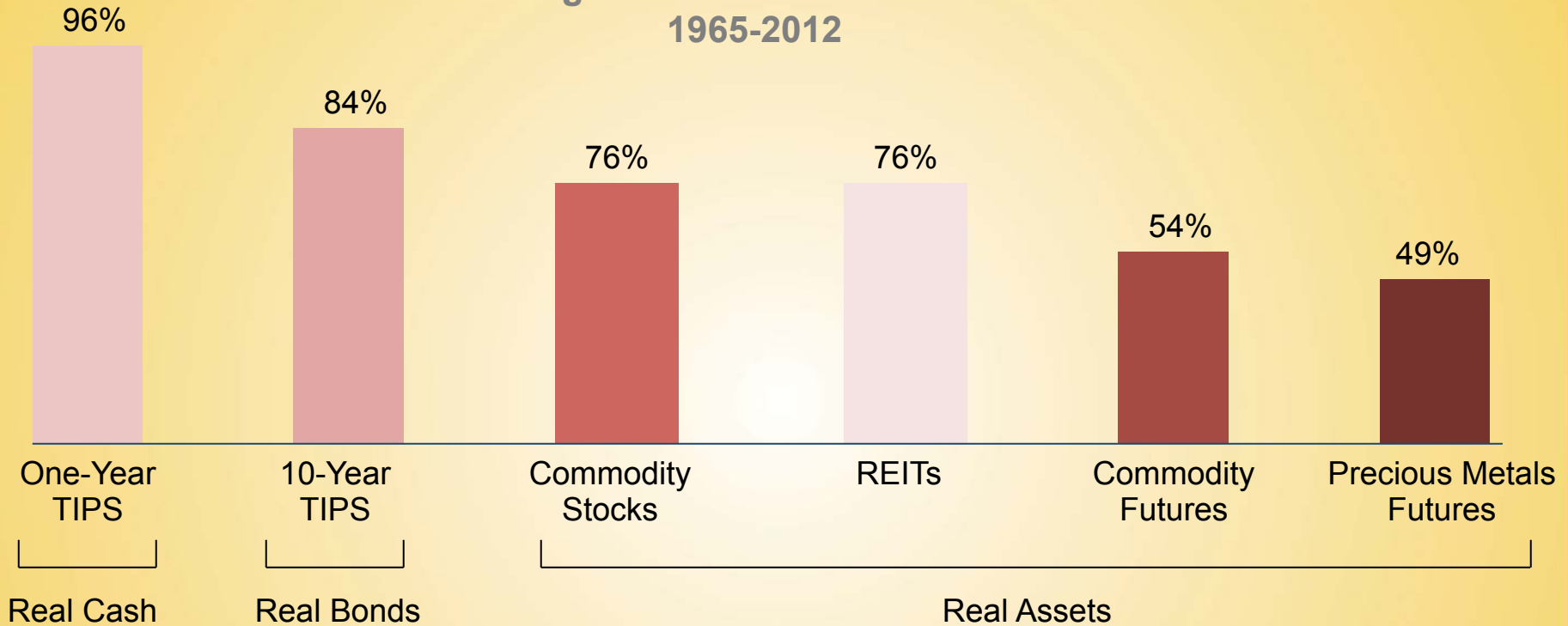


Source: Standard & Poor's, US Treasury, FactSet, Barclays, Capital Innovations, LLC



# The Reliability of Inflation Hedges

Percent of Rising Inflation Years with Positive Returns  
1965-2012



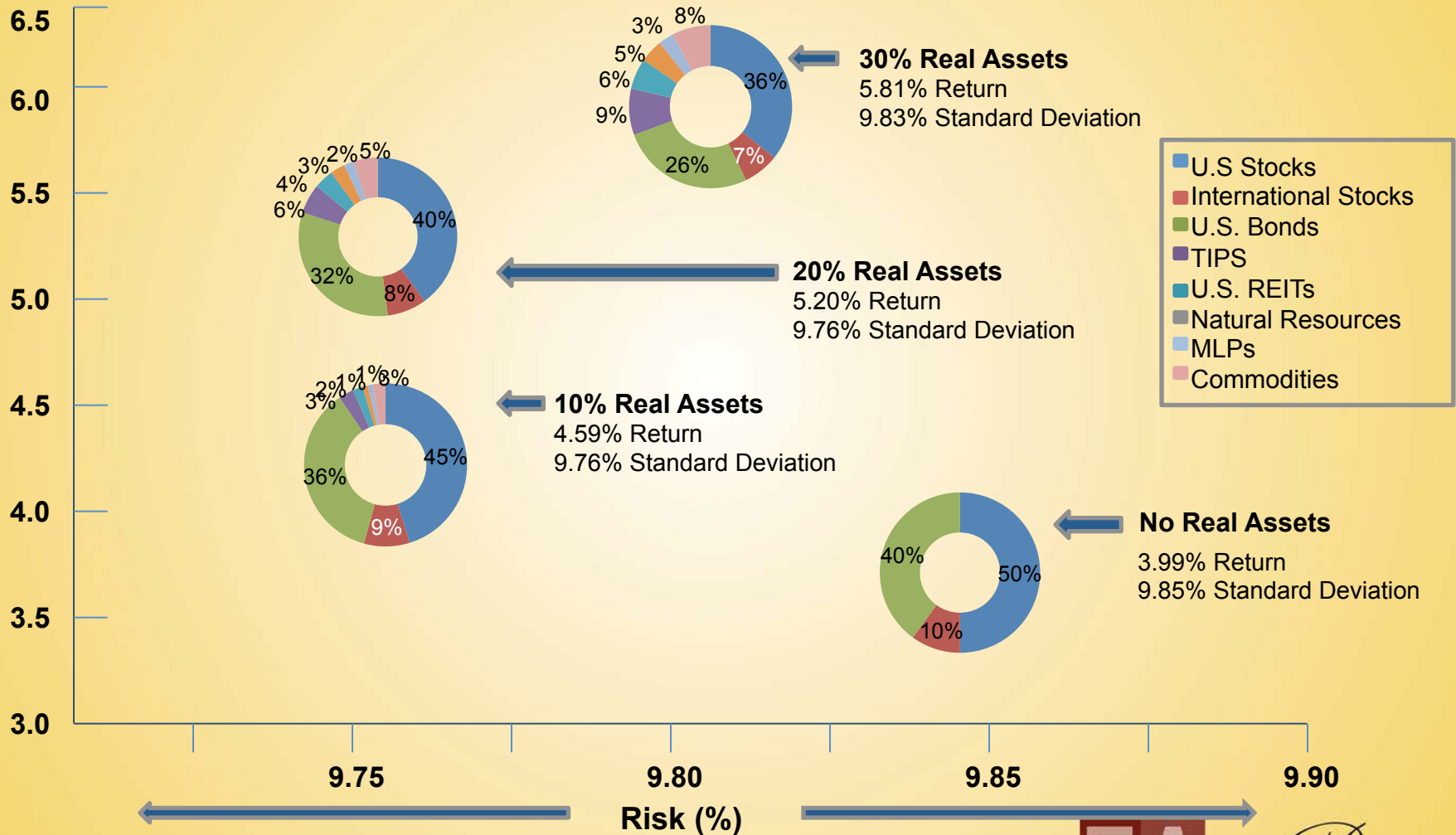
*Historical analysis is not a guarantee of future results. Individuals cannot invest directly in an index. TIPS are calculated from synthetic Alliance Bernstein real yields estimated from actual inflation and nominal yield curve variables before 1999, and they are sourced from Federal Reserve real yields thereafter; commodity stocks and precious metals futures are sourced from the Ken French Data Library; and REITs are represented by the NAREIT Index. Commodity futures prior to 1990 are on a US consumption-weighted basis and are sourced from the AllianceBernstein series prior to 1970 and from the MJK Commodity Futures Database between 1970 and 1990; they are represented by DJ-UBS thereafter. Commodity futures and precious metals futures are fully collateralized by three-month T-bills. Source: BLS, Commodity Research Bureau (CRB), DJ-UBS, Federal Reserve, Ken French, GFD, International Monetary Fund (IMF), London Times, MJK Associates, NAREIT, National Bureau of Economic Research (NBER), The New York Times, USDA, US Geological Survey (USGS), The Wall Street Journal..*



# Improved Risk Return Profile with Real Assets

## Historical Effect of Allocating to Real Assets (January 2001- December 2012)

A diversified allocation to real assets within a portfolio has historically offered lower risk and potential for enhanced returns

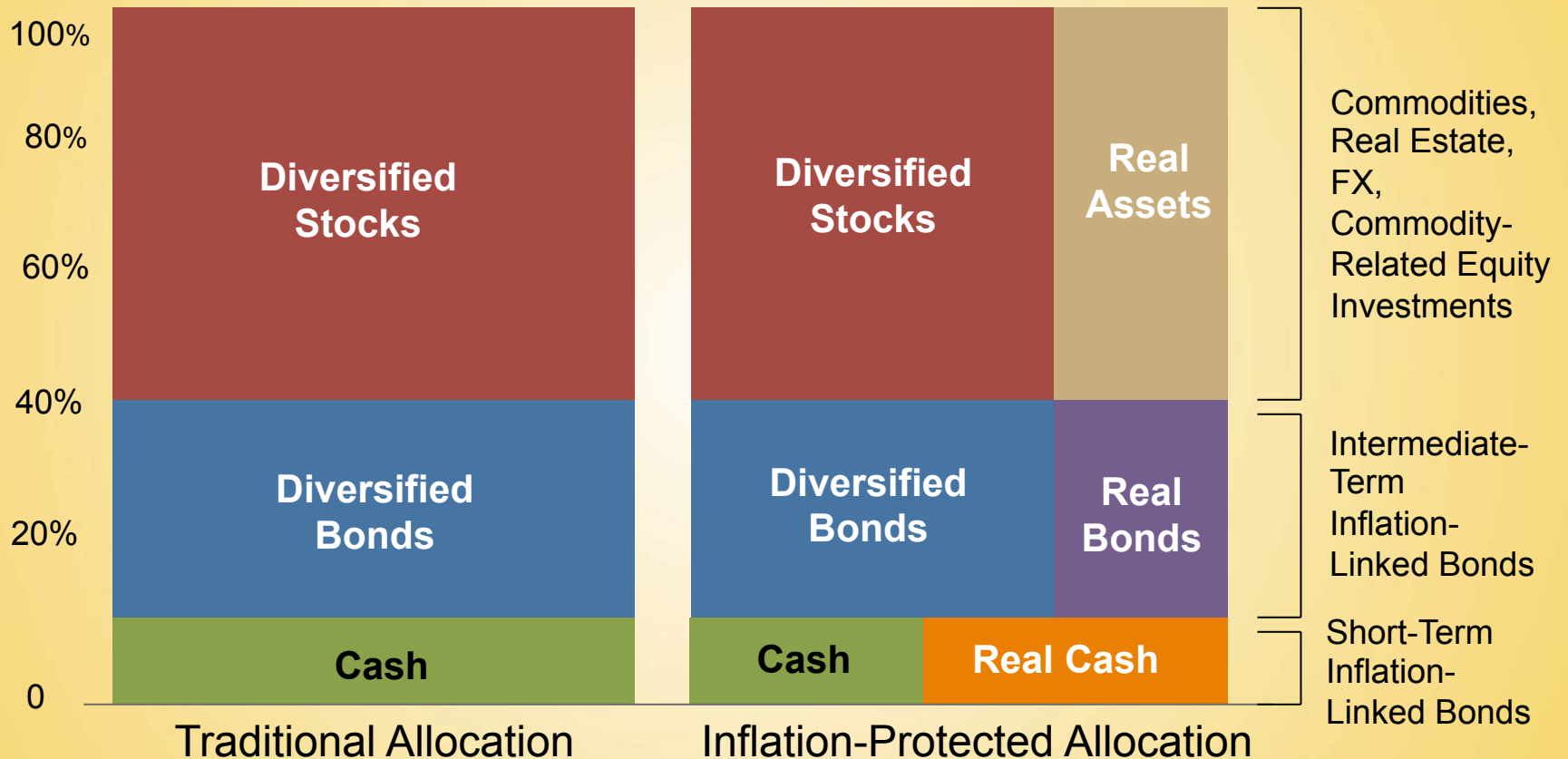


Source: Credit Suisse 2012 Survey



# Real Investments Complement Traditional Counterparts

## “Traditional” vs. Inflation-Protected Allocation



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# CURRENCIES AS AN ALTERNATIVE INVESTMENT STRATEGY

**CHRIS GAFFNEY, CFA**

**SENIOR VICE PRESIDENT, EVERBANK WORLD MARKETS**

**(A DIVISION OF EVERBANK)**

## WHY ADD CURRENCIES?

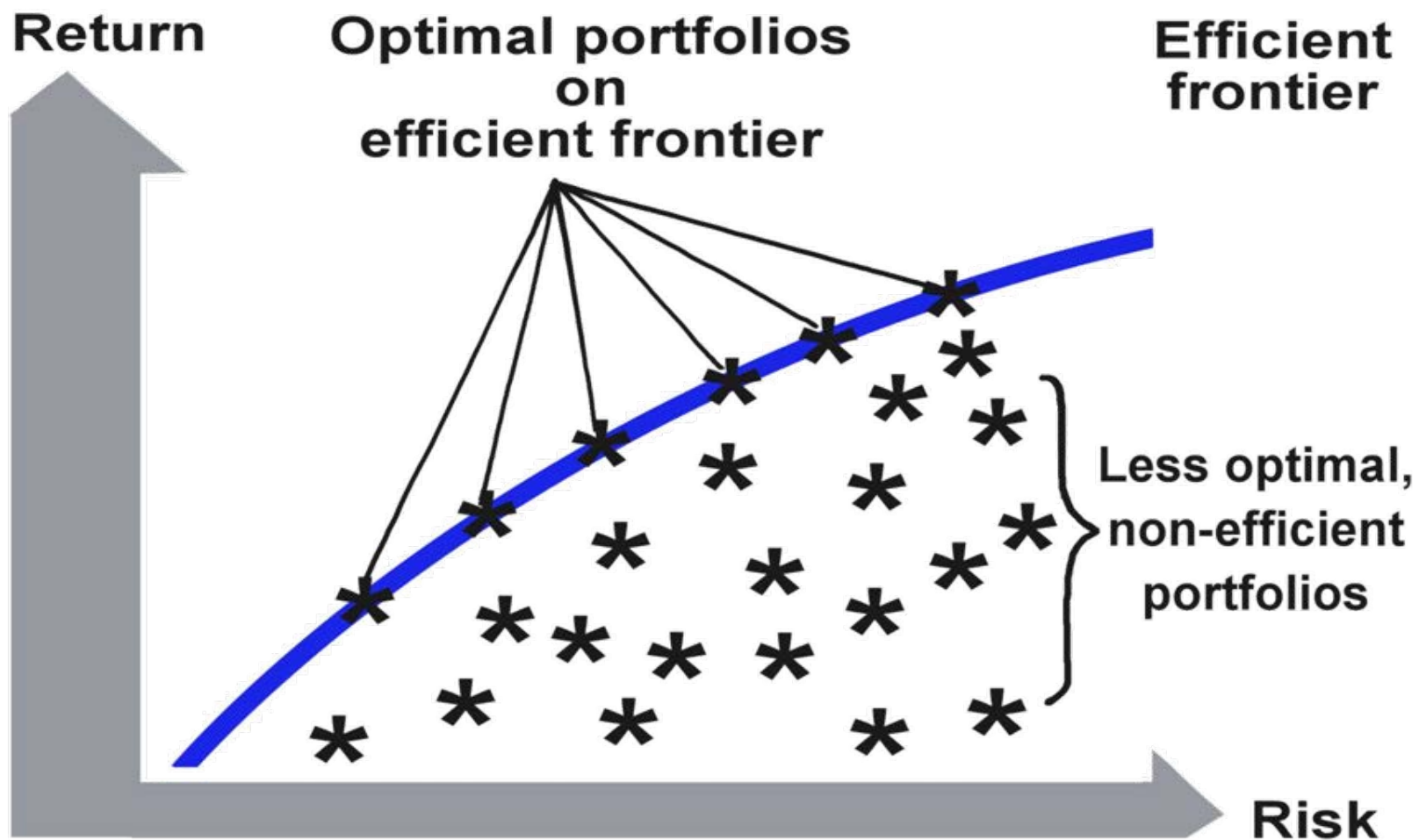


Largest Asset Class in the global markets

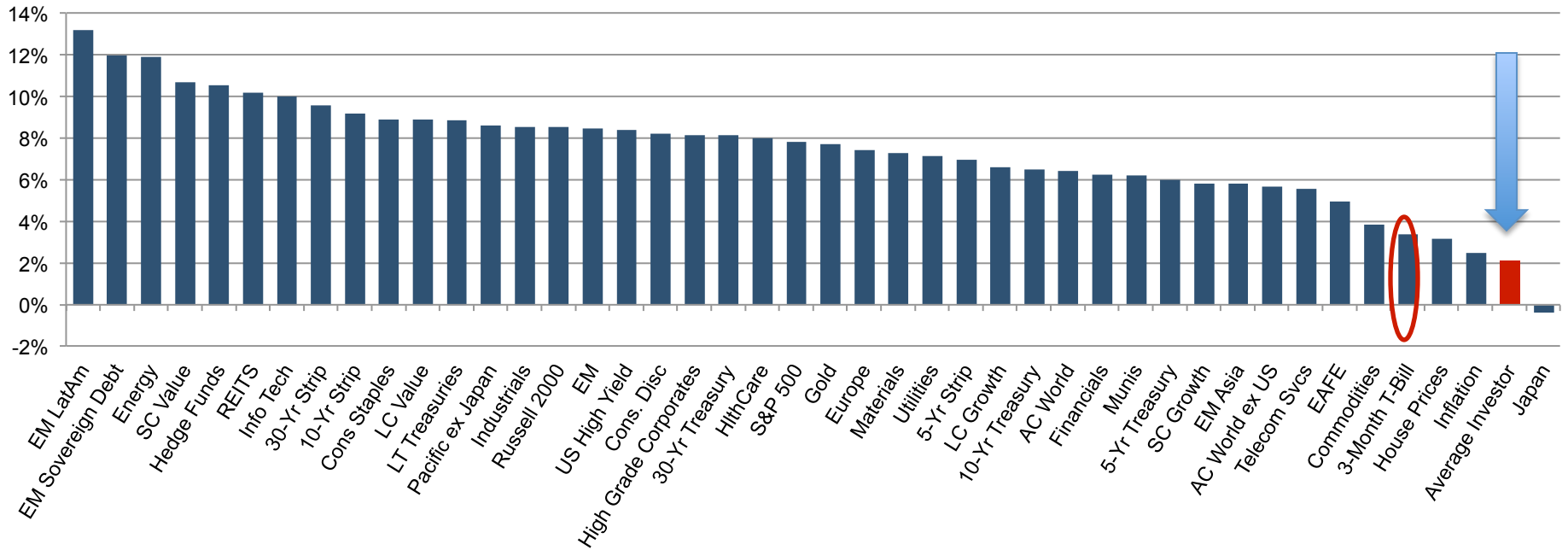
Market is dominated by trade related transactions

Historically low correlation with equity markets

# Modern Portfolio Theory



## Asset Class Returns vs. The "Average Investor" 20 Years Annualized (12/31/1991-12/31/2011)



Source: Richard Bernstein Advisors LLC., Bloomberg, MSCI, Standard & Poor's, Russell, HFRI, BofA Merrill Lynch, Dalbar, FHFA, FRB, FTSE. Total Returns in USD. Average Investor is represented by Dalbar's average asset allocation investor return, which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Tiburon CEO Conference presentation April 2013.

# HOW TO INVEST?

FOREX markets – leveraged spot trading

ETFs

Direct investments in currency deposit accounts  
BRL, CNY, MXN, CHF, AUD

Sovereign / Supranational debt issues  
European peripheral debt, BRL, PLN

Un-hedged Foreign Equity exposure

Managed Currency Funds  
EIIMX,



# CHINESE RENMINBI



## Technical Snapshot

Spot Price	6.14
3-YR STDev	1.92%
Est. Downside Risk	-1.45%

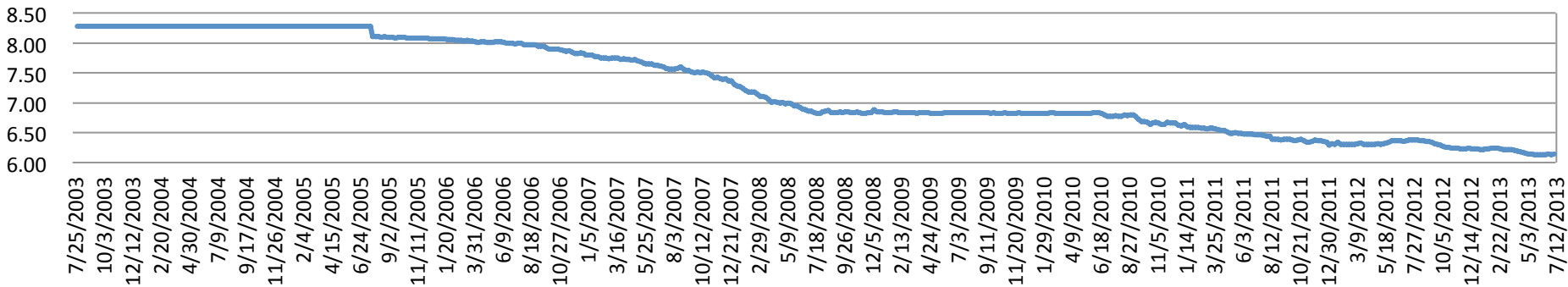
## Fundamental Snapshot

Debt to GDP	22.9%
CA to GDP	2.6%
Budget Deficit to GDP	-1.1%
Real GDP Growth	7.5%
Cash Target	6.0%
Inflation Rate	2.4%

## Highlights

- Growth Policies & Economic Reform
- Controlled Revaluation & Currency Integration
- Closely monitor “real” data and social unrest

## China Spot 10 Yr



SOURCE: BLOOMBERG

# NORWEGIAN KRONE



## Technical Snapshot

Spot Price	6.06
3-YR STDev	13.3%
Est. Downside Risk	-11.84%

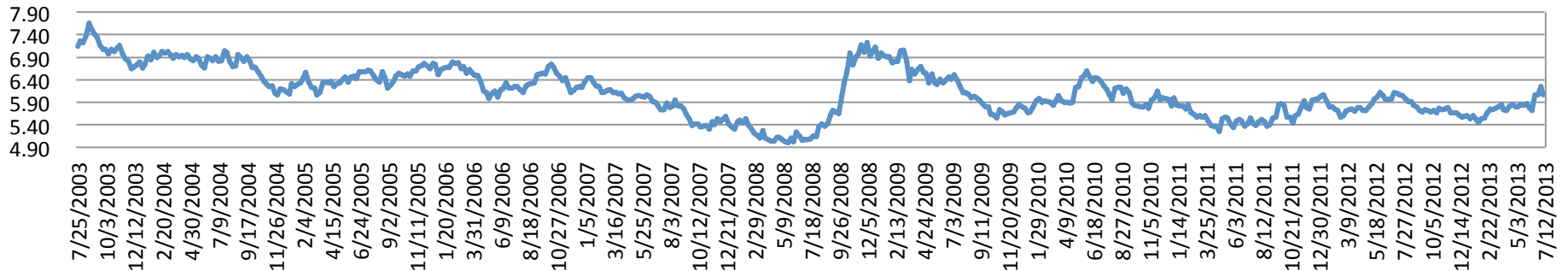
## Fundamental Snapshot

Debt to GDP	34.1%
CA to GDP	12.4%
Budget Deficit to GDP	13.9%
Real GDP Growth	-2.7%
Cash Target	1.5%
Inflation Rate	2.0%

## Highlights

- Rock solid fundamentals
- Commodity driven economy – oil revenues
- NOT a part of the euro zone

## Norway Spot 10 Yr



SOURCE: BLOOMBERG

# BRAZILIAN REAL



## Technical Snapshot

Spot Price	2.22
3-YR STDev	15.35%
Est. Downside Risk	-4.4%

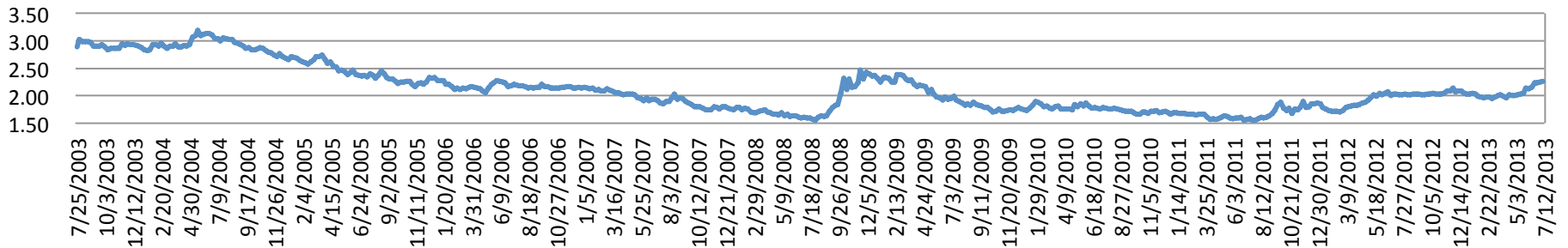
## Fundamental Snapshot

Debt to GDP	68.5%
CA to GDP	-3.0%
Budget Deficit to GDP	-2.6%
Real GDP Growth	1.9%
Cash Target	8.5%
Inflation Rate	6.6%

## Highlights

- Inflation could lead to rate tightening
- Commodity play with some rate protection
- Closely monitor government intervention

## Brazilian Real Spot 10 Yr



SOURCE: BLOOMBERG



# MEXICAN PESO



## Technical Snapshot

Spot Price	12.67
3-YR STDev	13.2%
Est. Downside Risk	-6.60%

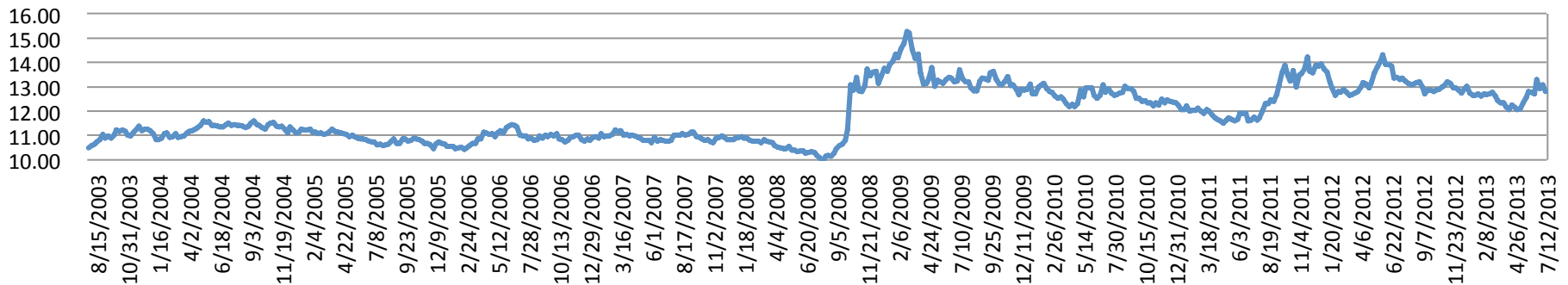
## Fundamental Snapshot

Debt to GDP	43.5%
CA to GDP	-1.3%
Budget Deficit to GDP	-2.5%
Real GDP Growth	0.8%
Cash Target	4.0%
Inflation Rate	4.5%

## Highlights

- Growth Policies & Economic Reform
- Sustainable and Constant Debt Levels
- Positive Current Account Trends

## Mexican Peso Spot 10 Yr



SOURCE: BLOOMBERG

# CURRENCY RETURNS

	2007	2008	2009	2010	2011	2012	Thru 6/28/2013
Gold	30.94%	5.80%	24.37%	29.53%	10.61%	6.96%	-26.74%
Silver	14.57%	-23.25%	48.03%	82.94%	-9.35%	8.91%	-35.59%
Platinum	36.74%	-42.50%	54.22%	12.27%	-21.15%	10.43%	-13.13%
Palladium	8.31%	-52.61%	108.09%	79.07%	-17.70%	7.74%	-6.44%
S&P 500	3.53%	-38.49%	23.45%	12.78%	0.00%	13.41%	13.09%

Currencies in  
order of return for  
YTD 2013 (Rank):

	2007	2008	2009	2010	2011	2012	2013
Chinese Renminbi	6.96%	6.97%	0.01%	3.33%	4.96%	1.13%	1.52%
Hong Kong \$	-0.28%	0.65%	-0.05%	-0.23%	0.04%	0.22%	-0.08%
Mexican peso	-0.84%	-21.10%	4.44%	6.17%	-12.10%	8.29%	-1.20%
Danish krone	10.67%	-4.29%	2.48%	-6.67%	-2.71%	1.62%	-1.43%
Euro	10.52%	-4.48%	2.51%	-6.56%	-2.99%	2.00%	-1.46%
Hungarian forint	11.16%	-9.38%	0.58%	-9.49%	-14.47%	9.97%	-2.63%
Swedish krona	5.89%	-17.59%	9.41%	6.70%	-2.71%	6.13%	-3.07%
Swiss franc	7.48%	5.86%	3.24%	10.69%	-0.50%	2.67%	-3.26%
Singapore \$	6.62%	0.24%	1.79%	9.38%	-0.91%	6.16%	-3.68%
Czech Koruna	15.57%	-5.58%	4.08%	-1.64%	-5.03%	3.70%	-4.87%
Canadian \$	16.99%	-18.07%	15.72%	5.49%	-2.69%	2.70%	-5.62%
British pound	1.33%	-26.76%	10.81%	-3.34%	0.35%	4.78%	-6.58%
New Zealand	8.93%	-23.75%	24.79%	7.90%	0.49%	6.47%	-6.74%
Polish zloty	18.43%	-16.74%	3.73%	-3.36%	-14.18%	11.65%	-7.12%
Indian Rupee	12.29%	-19.24%	4.90%	4.28%	-15.74%	-3.07%	-7.40%
Brazilian Real	20.04%	-23.09%	32.67%	5.01%	-11.77%	-8.78%	-7.61%
Norwegian	14.69%	-21.97%	20.03%	-0.94%	-2.47%	7.58%	-8.63%
Australian \$	11.06%	-19.30%	27.77%	13.95%	0.40%	1.57%	-12.23%
Japanese yen	6.78%	22.96%	-2.56%	14.68%	6.28%	-11.35%	-12.61%
South Africa	2.21%	-26.61%	28.75%	11.48%	-18.08%	-4.71%	-14.50%