HISTORY SHOWS PRICE OF AN OUNCE OF GOLD EQUALS PRICE OF A DECENT MEN'S SUIT!

<u>*Gold-to-Decent-Suit Ratio* is Estimate of True Value Says Canada's Sionna Investment Managers</u>

(TORONTO, August 19, 2011) – When it comes to an amusing idea rooted in serious discussion, Sionna Investment Managers' aptly-labelled ***Gold-to-Decent-Suit Ratio*** is as close to historically accurate as any other well known ratio in pegging the price of an ounce of gold to the price of a decent suit.

While analysts, market watchers and *gold bugs* across the world speculate on the price of the precious metal, research by Sionna Investment Managers shows the cost for an ounce of gold in 1967 was C$35, exactly the same price as a decent suit from Eaton's, a prominent Canadian retailer at the time. In 1975, gold weighed in at C$100 an ounce, a 1:1 ratio with a decent suit from Eaton's during the same year. In 2009, the price of an ounce of gold in Canada soared to C$950, or the price of a decent suit at leading tailors during the same 12 months.

"The long-held rule in the marketplace is that an ounce of gold, historically, has been able to buy a decent suit. But then again, it may depend on where you shop," says Sionna Portfolio Manager Mel Mariampillai, who is part of the investment team that helped develop the concept.

There are some startling similarities between the two products. "Gold has been having an incredible run and what people really want to know is where it will go. Although no one knows for sure, we believe that the price of a decent men's suit and gold will converge to the same level," says Mariampillai.

As of August 15, 2011, an ounce of gold cost C$1,723.19 (source: goldprice.org), represents a higher ratio of 1:1.5 to a Burberry London men's black wool two-button suit on the same day at Toronto's Holt Renfrew, a high-end Canadian department store, which costs C$1,150.00. (source: Holts Catalogue, Women's & Men's Fall Preview 2011).

Does the ratio now suggest that the price of suits will rise, or is the ratio signalling that the price of gold will fall? We know that wool prices have been rising recently, and this is expected to nudge up the price of clothing (including men's suits) in coming seasons. Will it be enough to bring the ratio back to a 1:1 ratio? We don't know for sure, but we do know that human nature creates price/value schisms and fuels volatility – especially in these types of markets.

Better Value in Gold Equities than Physical Gold

Although gold equities have always had a mythical quality, typically trading at a significant premium to their fundamental value, Sionna's relative value approach enables the company to consider gold equities by focusing on purchasing the most inexpensive names in the group.

Since the beginning of 2010, Sionna has been slightly underweight the gold sector overall and, within the sector, believes there is much better value in gold equities relative to owning the commodity directly. "We potentially see a downside risk to the gold commodity price based on our ***Gold-to-Decent-Suit Ratio*** data. However, when analysing commodities we keep in mind many other factors – in the case of gold, one of our major concerns is the potential for currency debasement. Over the long-term, gold has retained its purchasing power in a way that cash does not. Also, the reason we see better value in gold equities is because it appears that the stocks are pricing in a gold price of around $1,200 an ounce, much lower than current spot price of gold.

Sionna's relative value investing style is a pragmatic approach to handling an idiosyncratic Canadian stock market that is heavily weighted in three sectors: energy, materials and financials. According to Mariampillai, "the most pragmatic way to deal in these large sectors that actually make up a huge portion of the S&P TSX is by selecting the relatively cheapest stocks in each sector. This method of managing risk helps to keep Sionna and the Brandes Sionna portfolios diversified, so we can protect on the downside."

"Is gold a little overpriced at the moment?" ponders the Portfolio Manager, who admits that only his tailor knows for sure. "But I will say that I can get a really decent suit where I shop for a lot less than the price of an ounce of gold these days."

About Sionna Investment Managers:
Sionna Investment Managers is an active Canadian value manager, specializing in a relative value approach that takes into account Canada's overweighting in cyclical and resource stocks. Sionna's relative value approach aims for diversification in order to balance out market skews and offer downside protection for clients.

Sionna invests on behalf of institutional clients, such as foundations, endowments and pension funds and separately managed accounts for high net-worth individuals. Sionna also has a retail strategic alliance with Brandes Investment Partners & Co.

Sionna Investment Managers was founded by Kim Shannon in 2002. The firm is independent and privately owned by senior members of the firm. Based in Toronto, Sionna manages C$3.2 billion in total assets, including $2.6 billion in Assets under Management (AUM) and $0.6 billion in Assets under Administration (AUA), as at June 30, 2011. www.sionna.ca