

Financial Statements of

**EHP GUARDIAN INTERNATIONAL
ALTERNATIVE FUND**

Period from August 10, 2018 (commencement of
operations) to December 31, 2018



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITORS' REPORT

To the Unitholders of EHP Guardian International Alternative Fund

Opinion

We have audited the financial statements of EHP Guardian International Alternative Fund (the Fund), which comprise

- the statement of financial position as at December 31, 2018
- the statement of comprehensive income for the period from August 10, 2018 (commencement of operations) to December 31, 2018
- the statement of changes in net assets attributable to holders of redeemable units for the period from August 10, 2018 (commencement of operations) to December 31, 2018
- the statement of cash flows for the period from August 10, 2018 (commencement of operations) to December 31, 2018
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and its financial performance and its cash flows for the period from August 10, 2018 (commencement of operations) to December 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Page 4

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 29, 2019

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Statement of Financial Position

December 31, 2018

Assets

Cash	\$ 3,940,245
Financial assets at fair value through profit or loss (cost - \$3,515,903) (note 6)	3,508,210
Receivable for investments sold (note 2)	187,843
Dividends receivable	5,106
Interest receivable	4,304
Other financial assets (note 4)	5,220
Expenses paid in advance	808
	<hr/> 7,651,736

Liabilities

Financial liabilities at fair value through profit and loss (proceeds - \$1,586,560) (note 6)	1,536,166
Payable for investments purchased (note 2)	21,975
Management fees payable (note 9)	3,183
Performance fees payable (note 9)	8,303
Accounts payable and accrued liabilities	5,909
Dividends payable on investments sold short	1,652
Interest and borrowing fees payable	2,316
Redemptions payable (note 12)	2,400
	<hr/> 1,581,904

Net assets attributable to holders of redeemable units	\$ 6,069,832
--	--------------

Net assets attributable to holders of redeemable units per class	
Class A	\$ 1,002,374
Class F	4,603,481
Class I	262,411
Class UF	201,566
	<hr/> \$ 6,069,832

Number of redeemable units outstanding (note 7):	
Class A	96,933
Class F	444,975
Class I	25,940
Class UF	14,742

Net assets attributable to holders of redeemable units per units:	
Class A	\$ 10.34
Class F	10.35
Class I	10.12
Class UF	13.67
Class UF (in U.S. dollars)	10.02

See accompanying notes to financial statements.

Approved by EHP Funds Inc., Investment Manager,
on behalf of the Fund:

"Darryl DeMers" _____ Chief Financial Officer

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Statement of Comprehensive Income

Period from August 10, 2018 (commencement of operations) to December 31, 2018

Income:	
Dividend	\$ 22,974
Interest for distribution purposes	10,951
Net foreign currency losses	(14,500)
Net realized gains on financial assets and liabilities at fair value through profit or loss	51,849
Net change in unrealized appreciation on financial assets and liabilities at fair value through profit or loss	49,369
	120,643
Operating expenses:	
Audit fee	27,890
Administration fee	26,426
Professional fees	11,436
Management fees (note 9)	11,138
Performance fees (note 9)	9,908
Other operating fees	8,914
Commissions and other portfolio transaction costs	6,262
Interest and stock loan fees	5,642
Dividend expense on investments sold short	3,779
Withholding taxes	2,909
	114,304
Expenses absorbed by the Investment Manager (note 9)	(62,919)
	51,385
Increase in net assets attributable to holders of redeemable units	
	\$ 69,258
Increase in net assets attributable to holders of redeemable units per class:	
Class A	\$ 3,854
Class F	44,898
Class I	12,411
Class UF	8,095
	\$ 69,258
Increase in net assets attributable to holders of redeemable units per unit (note 8):	
Class A	\$ 0.12
Class F	0.21
Class I	0.50
Class UF	0.66

See accompanying notes to financial statements.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Period from August 10, 2018 (commencement of operations) to December 31, 2018

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued	Redemption of redeemable units	Distributions to holders of redeemable units	Reinvestment of distributions to holders of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
Class A	\$ 1,000	\$ 997,520	\$ -	\$ (45)	\$ 45	\$ 3,854	\$ 1,002,374
Class F	1,000	4,559,983	(2,400)	(14,306)	14,306	44,898	4,603,481
Class I	250,000	-	-	(9,447)	9,447	12,411	262,411
Class UF	-	193,471	-	(643)	643	8,095	201,566
	\$ 252,000	\$ 5,750,974	\$ (2,400)	\$ (24,441)	\$ 24,441	\$ 69,258	\$ 6,069,832

See accompanying notes to financial statements.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Statement of Cash Flows

Period from August 10, 2018 (commencement of operations) to December 31, 2018

Cash flows provided by (used in):

Operating activities:

Increase in net assets attributable to holders of redeemable units	\$ 69,258
Adjustments for non-cash items:	
Commissions and other portfolio transaction costs	6,262
Net foreign currency losses	14,500
Net realized gains on financial assets and liabilities at fair value through profit or loss	(51,849)
Net change in unrealized appreciation on financial assets and liabilities at fair value through profit or loss	(49,369)
Change in non-cash balances:	
Increase in dividends receivable	(5,106)
Increase in interest receivable	(4,304)
Increase in expenses paid in advance	(808)
Increase in management fees payable	3,183
Increase in performance fees payable	8,303
Increase in accounts payable and accrued liabilities	5,909
Increase in dividends payable on investments sold short	1,652
Increase in interest and borrowing fees payable	2,316
Proceeds from sale of investments	10,058,186
Purchase of investments	(12,106,362)
Net cash used in operating activities	(2,048,229)

Financing activities:

Proceeds from issuance of redeemable units	5,750,974
Net cash provided by financing activities	5,750,974

Increase in cash	3,702,745
Foreign exchange loss on cash	(14,500)
Cash, beginning of period	252,000
Cash, end of period	\$ 3,940,245

Supplemental cash flow information*:

Interest paid	\$ 2,068
Interest received	6,647
Dividends paid	2,126
Dividends received, net of withholding taxes	14,960

*Included as part of cash flows from operating activities.

See accompanying notes to financial statements.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
Investments owned				
Australian equities:				
460	AGL Energy Ltd.	\$ 8,107	\$ 9,109	0.15
650	Amcor Ltd/Australia	8,230	8,279	0.14
11,520	Aurelia Metals Ltd.	8,349	7,530	0.12
800	Brambles Ltd.	7,934	7,806	0.13
2,010	Bravura Solutions Ltd.	7,987	7,149	0.12
1,240	Charter Hall Group	8,087	8,845	0.15
170	CIMIC Group Ltd.	7,485	7,094	0.12
50	CSL Ltd.	8,783	8,900	0.15
1,160	DuluxGroup Ltd.	8,042	7,315	0.12
160	Flight Centre Travel Group Ltd.	7,428	6,601	0.11
2,290	Inghams Group Ltd.	8,742	9,092	0.15
360	JB Hi-Fi Ltd.	8,088	7,662	0.13
320	Magellan Financial Group Ltd.	8,137	7,241	0.12
520	McMillan Shakespeare Ltd.	7,685	6,953	0.11
1,520	nib holdings Ltd/Australia	7,809	7,598	0.13
4,590	NRW Holdings Ltd.	8,337	7,126	0.12
1,510	Qantas Airways Ltd.	8,094	8,405	0.14
1,200	Sandfire Resources NL	8,008	7,706	0.13
1,010	Super Retail Group Ltd.	7,535	6,826	0.11
4,050	Viva Energy REIT	8,262	8,760	0.14
1,750	Whitehaven Coal Ltd.	7,826	7,267	0.12
		168,955	163,264	2.71
British equities:				
920	3i Group PLC	12,801	12,386	0.20
430	Admiral Group PLC	14,710	15,324	0.25
620	Anglo American PLC	17,862	18,865	0.31
1,740	Auto Trader Group PLC	12,652	13,777	0.23
240	Berkeley Group Holdings PLC	14,146	14,536	0.24
1,480	BP PLC	13,435	12,778	0.21
6,180	Centrica PLC	15,351	14,514	0.24
7,060	Civitas Social Housing PLC	12,974	13,090	0.22
710	Computacenter PLC	12,835	12,435	0.20
2,090	Direct Line Insurance Group PLC	11,501	11,596	0.19
490	Experian PLC	15,553	16,250	0.27
2,690	Forterra PLC	10,711	10,490	0.17
200	Games Workshop Group PLC	11,165	10,585	0.17
570	GlaxoSmithKline PLC	14,928	14,797	0.24
3,020	Hastings Group Holdings PLC	10,949	9,826	0.16
4,050	Hays PLC	11,853	9,871	0.16
1,460	International Consolidated Airlines Group SA	15,740	15,708	0.26
1,600	Jupiter Fund Management PLC	9,673	8,223	0.14
6,630	LXI REIT plc	13,105	13,908	0.23
150	Next PLC	13,449	10,422	0.17

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
1,660	Numis Corp PLC	8,892	6,921	0.11
1,480	Pagegroup PLC	13,065	11,615	0.19
970	PayPoint PLC	13,982	13,661	0.23
1,720	Playtech Plc	12,898	11,528	0.19
2,610	QinetiQ Group PLC	12,331	13,013	0.21
4,380	Redde PLC	12,971	12,963	0.21
540	RELX PLC	14,593	15,196	0.25
1,390	Rightmove PLC	10,702	10,460	0.17
660	Smith & Nephew PLC	15,384	16,821	0.28
790	Softcat PLC	9,396	8,087	0.13
980	SSP Group Plc	11,561	11,045	0.18
1,440	Synthomer PLC	11,571	8,960	0.15
1,270	Tate & Lyle PLC	14,529	14,592	0.24
7,910	The Renewables Infrastructure Group Ltd.	14,968	15,588	0.26
190	Unilever PLC	13,590	13,590	0.22
4,450	Watkin Jones PLC	15,162	15,920	0.26
430	WH Smith PLC	14,358	12,876	0.21
		485,346	472,217	7.75
	Canadian equity:			
57,000	ECN Capital Corp.	198,340	196,650	3.24
	Danish equities:			
110	Coloplast A/S	13,657	13,929	0.23
130	DFDS A/S	7,575	7,134	0.12
700	H+H International A/S	15,140	13,918	0.23
130	Novo Nordisk A/S	7,698	8,106	0.13
390	Per Aarsleff Holding A/S	17,125	16,115	0.27
130	Royal Unibrew A/S	13,027	12,217	0.20
130	Topdanmark A/S	7,894	8,244	0.14
390	Tryg A/S	12,421	13,379	0.22
		94,537	93,042	1.54
	European equities:			
140	ACS Actividades de Construcción y Servicios SA	7,244	7,403	0.12
50	Adidas AG	15,365	14,255	0.23
140	Ageas	9,449	8,600	0.14
60	Amadeus Fire AG	8,963	7,643	0.13
140	ASR Nederland NV	8,507	7,567	0.12
540	BE Semiconductor Industries NV	14,676	15,596	0.26
540	Bolsas y Mercados Espanoles SHMSF SA	21,515	20,527	0.34
50	Christian Dior SE	25,676	26,094	0.43
140	Cie Plastic Omnium SA	5,796	4,414	0.07
250	Coca-Cola European Partners PLC	15,477	15,693	0.26

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
540	Deutsche Lufthansa AG	16,562	16,627	0.27
540	Enagas SA	19,164	19,953	0.33
140	Euronext NV	11,445	11,007	0.18
470	Evotec AG	14,963	12,757	0.21
2,740	Faes Farma SA	15,302	13,156	0.22
140	Gaztransport Et Technigaz SA	13,577	14,694	0.24
740	Grand City Properties SA	24,156	21,918	0.36
60	Hannover Rueck SE	10,950	11,038	0.18
2,210	Italgas SpA	15,464	17,257	0.28
140	Kaufman & Broad SA	7,840	7,309	0.12
740	Koninklijke Ahold NV	23,113	25,533	0.42
540	Metropole Television SA	13,565	11,850	0.20
140	Neste Oyj	15,174	14,740	0.24
890	Red Electrica Corp SA	24,905	27,119	0.45
890	Repsol SA	21,900	20,142	0.33
250	Rothschild & Co.	13,148	12,055	0.20
140	Safran SA	23,698	23,064	0.38
50	Sofina SA	13,020	12,957	0.21
140	Talanx AG	6,728	6,521	0.11
540	Tieto OYJ	21,695	19,902	0.33
140	Total SA	10,956	10,105	0.17
140	UCB SA	16,019	15,602	0.26
140	Vidrala SA	15,662	16,171	0.27
140	Vinci SA	16,739	15,760	0.26
140	Warehouses De Pauw CVA	23,962	25,208	0.42
140	Wolters Kluwer NV	10,934	11,282	0.19
		553,309	541,519	8.93
	Japanese equities:			
200	Arcs Co., Ltd.	6,622	6,089	0.10
100	Asahi Group Holdings Ltd.	5,513	5,309	0.09
300	Astellas Pharma Inc.	6,325	5,229	0.09
400	Avex Group Holdings Inc.	7,338	6,939	0.11
1,000	Broadleaf Co., Ltd.	7,888	6,628	0.11
300	Brother Industries Ltd.	7,186	6,085	0.10
200	Capcom Co., Ltd.	5,661	5,402	0.09
200	Daiho Corp.	8,793	8,817	0.15
200	Daiwa House Industry Co., Ltd.	8,100	8,700	0.14
100	Daiwabo Holdings Co., Ltd.	7,205	6,342	0.10
200	DTS Corp.	9,260	8,730	0.14
300	Hakuhodo DY Holdings Inc.	6,384	5,876	0.10
900	Haseko Corp.	14,345	12,927	0.21
200	Heiwa Corp.	5,713	5,551	0.09
200	Honda Motor Co., Ltd.	7,559	7,199	0.12
100	Hoya Corp.	8,135	8,226	0.14
400	Isuzu Motors Ltd.	7,401	7,703	0.13

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
200	Japan Airlines Co., Ltd.	9,529	9,678	0.16
200	Japan Post Insurance Co., Ltd.	6,435	6,335	0.10
300	JFE Holdings Inc.	8,203	6,555	0.11
300	Keihin Corp.	7,572	6,880	0.11
200	Kirin Holdings Co., Ltd.	6,207	5,717	0.09
200	Kobe Bussan Co., Ltd.	6,971	8,071	0.13
300	KOMEDA Holdings Co., Ltd.	7,797	8,073	0.13
500	Konica Minolta Inc.	6,607	6,174	0.10
100	Lawson Inc.	8,575	8,643	0.14
900	Marubeni Corp.	9,727	8,645	0.14
900	MCJ Co., Ltd.	9,312	7,421	0.12
900	Mitsubishi Chemical Holdings Corp.	10,032	9,319	0.15
200	Mitsubishi Corp.	7,194	7,511	0.12
300	Mitsui & Co., Ltd.	6,416	6,307	0.10
300	Mitsui Matsushima Holdings Co., Ltd.	6,022	5,081	0.08
3,600	Mizuho Financial Group Inc.	8,068	7,624	0.13
300	Nikon Corp.	6,839	6,100	0.10
200	Nippon Carbon Co., Ltd.	13,774	10,011	0.16
200	Nippon Telegraph & Telephone Corp.	10,224	11,148	0.18
200	Nissan Chemical Industries Ltd.	13,092	14,326	0.24
300	Nojima Corp.	9,141	8,301	0.14
200	NTT DOCOMO Inc.	5,938	6,150	0.10
200	Park24 Co., Ltd.	6,995	6,002	0.10
1,200	Pharma Foods International Co., Ltd.	8,583	7,700	0.13
300	SAMTY Co., Ltd.	5,248	4,690	0.08
200	Sankyu Inc.	12,774	12,374	0.20
200	SCSK Corp.	10,826	9,675	0.16
200	Shinagawa Refractories Co., Ltd.	9,943	9,352	0.15
900	Shinoken Group Co., Ltd.	10,056	7,633	0.13
200	Showa Denko KK	10,820	8,133	0.13
500	Solasto Corp.	7,666	6,827	0.11
200	Sony Corp.	13,981	13,247	0.22
200	Sony Financial Holdings Inc.	5,689	5,111	0.08
200	Starts Corp Inc.	6,179	6,056	0.10
200	Subaru Corp.	6,522	5,870	0.10
1,000	Sumitomo Mitsui Construction Co., Ltd.	8,438	8,307	0.14
200	Sumitomo Mitsui Financial Group Inc.	10,100	9,066	0.15
900	Sun Frontier Fudousan Co., Ltd.	12,383	11,909	0.20
500	Systema Corp.	7,816	7,922	0.13
300	T&D Holdings Inc.	6,317	4,772	0.08
200	Takeuchi Manufacturing Co., Ltd.	5,736	4,213	0.07
300	Teijin Ltd.	7,071	6,555	0.11
200	T-Gaia Corp.	5,640	5,166	0.09
400	The Kansai Electric Power Co Inc.	7,874	8,208	0.14
300	Tobishima Corp.	5,925	5,201	0.09
700	Tokyo Steel Manufacturing Co., Ltd.	8,078	7,748	0.13
200	Toshiba TEC Corp.	7,298	6,375	0.11
100	Towa Pharmaceutical Co., Ltd.	10,011	9,538	0.16
100	Trend Micro Inc/Japan	7,523	7,424	0.12

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
200	Ulvac Inc.	9,164	7,934	0.13
200	Valor Holdings Co., Ltd.	6,379	6,581	0.11
100	Yaoko Co., Ltd.	7,359	7,462	0.12
		561,497	522,873	8.61
	New Zealand equities:			
2,890	Air New Zealand Ltd.	7,493	8,201	0.14
590	Fisher & Paykel Healthcare Corp Ltd.	7,129	7,021	0.12
2,220	SKYCITY Entertainment Group Ltd.	7,355	7,214	0.12
2,200	Spark New Zealand Ltd.	7,769	8,358	0.14
		29,746	30,794	0.52
	Norwegian equities:			
140	Salmar ASA	9,865	9,448	0.16
560	Telenor ASA	14,064	14,789	0.24
		23,929	24,237	0.40
	Swedish equities:			
2,320	Ahlsell AB	15,870	18,590	0.31
140	Avanza Bank Holding AB	9,510	9,121	0.15
880	Axfood AB	20,928	20,532	0.34
1,770	Betsson AB	18,294	19,872	0.33
250	BioGaia AB	14,029	12,197	0.20
880	Castellum AB	20,251	22,108	0.36
2,320	Dios Fastigheter AB	18,988	20,107	0.33
1,490	Granges AB	20,754	18,448	0.30
740	Hembla AB	17,213	16,844	0.28
140	Lifco AB	7,611	7,052	0.12
1,490	Mycronic AB	22,394	27,064	0.45
140	Nolato AB	9,604	7,891	0.13
550	Swedish Orphan Biovitrum AB	17,261	16,326	0.27
		212,707	216,152	3.57
	Swiss equities:			
140	Galenica AG	9,810	8,375	0.14
1,150	Mobilezone Holding AG	16,969	17,202	0.28
140	Novartis AG	15,858	16,218	0.27
20	Swisscom AG	12,550	13,002	0.21
10	Vetropack Holding AG	27,272	28,088	0.46
		82,459	82,885	1.36
	U.S. equities:			
3,600	iShares 20+ Year Treasury Bond ETF	545,524	597,166	9.84
4,000	iShares JP Morgan USD Emerging Markets Bond ETF	559,554	567,411	9.35
		1,105,078	1,164,577	19.19
Total investments owned		\$ 3,515,903	\$ 3,508,210	57.82

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
Investments sold short				
Australian equities:				
(810)	ALS Ltd.	\$ (6,204)	\$ (5,279)	(0.09)
(670)	APA Group	(5,658)	(5,475)	(0.09)
(570)	Bank of Queensland Ltd.	(5,260)	(5,315)	(0.09)
(860)	Bega Cheese Ltd.	(4,981)	(4,076)	(0.07)
(1,150)	Boral Ltd.	(5,759)	(5,461)	(0.09)
(80)	Commonwealth Bank of Australia	(5,162)	(5,567)	(0.09)
(1,500)	Fortescue Metals Group Ltd.	(5,544)	(6,042)	(0.10)
(490)	InvoCare Ltd.	(5,521)	(4,852)	(0.08)
(460)	LendLease Group	(6,569)	(5,143)	(0.08)
(220)	National Australia Bank Ltd.	(5,235)	(5,090)	(0.08)
(960)	Nufarm Ltd/Australia	(5,313)	(5,500)	(0.09)
(800)	Oil Search Ltd.	(6,036)	(5,506)	(0.09)
(900)	Origin Energy Ltd.	(6,268)	(5,598)	(0.09)
(540)	QBE Insurance Group Ltd.	(5,732)	(5,243)	(0.09)
(1,120)	Reliance Worldwide Corp Ltd.	(5,147)	(4,791)	(0.08)
(1,380)	Scentre Group	(5,093)	(5,174)	(0.09)
(280)	SEEK Ltd.	(4,945)	(4,554)	(0.08)
(1,610)	Stockland	(5,886)	(5,448)	(0.09)
(410)	Suncorp Group Ltd.	(5,296)	(4,978)	(0.08)
(1,220)	Tabcorp Holdings Ltd.	(5,306)	(5,031)	(0.08)
(1,150)	The Star Entertainment Grp Ltd.	(5,088)	(5,041)	(0.08)
(360)	Treasury Wine Estates Ltd.	(5,142)	(5,122)	(0.08)
		(121,145)	(114,286)	(1.88)
British equities:				
(110)	ASOS PLC	(9,891)	(4,360)	(0.07)
(1,770)	Balfour Beatty PLC	(8,118)	(7,682)	(0.13)
(140)	British American Tobacco PLC	(7,572)	(6,093)	(0.10)
(2,300)	Cairn Energy PLC	(7,831)	(6,006)	(0.10)
(1,980)	Capital & Counties Properties PLC	(8,609)	(7,966)	(0.13)
(190)	Clarkson PLC	(8,082)	(6,285)	(0.10)
(780)	CVS Group PLC	(10,108)	(8,983)	(0.15)
(2,020)	CYBG PLC	(8,819)	(6,372)	(0.10)
(1,070)	Dairy Crest Group PLC	(8,264)	(7,865)	(0.13)
(1,070)	De La Rue PLC	(8,491)	(7,879)	(0.13)
(250)	Dechra Pharmaceuticals PLC	(9,185)	(9,009)	(0.15)
(1,410)	DS Smith PLC	(9,410)	(7,347)	(0.12)
(2,310)	Equiniti Group PLC	(8,759)	(8,707)	(0.14)
(1,170)	Essentra PLC	(7,639)	(6,974)	(0.11)
(1,600)	Glencore PLC	(8,484)	(8,115)	(0.13)
(2,710)	Greencore Group PLC	(8,763)	(8,407)	(0.14)
(1,070)	Greene King PLC	(9,091)	(9,835)	(0.16)
(480)	Hill & Smith Holdings PLC	(8,619)	(10,028)	(0.17)
(760)	HSBC Holdings PLC	(8,467)	(8,559)	(0.14)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
(1,010)	Investec PLC	(8,631)	(7,756)	(0.13)
(1,880)	Kingfisher PLC	(7,997)	(6,791)	(0.11)
(850)	Lancashire Holdings Ltd.	(8,683)	(8,953)	(0.15)
(1,770)	Majestic Wine PLC	(8,070)	(7,611)	(0.13)
(2,880)	Melrose Industries PLC	(8,875)	(8,215)	(0.14)
(1,410)	Merlin Entertainments PLC	(8,420)	(7,794)	(0.13)
(2,050)	Mitchells & Butlers PLC	(9,074)	(9,186)	(0.15)
(620)	Ocado Group PLC	(8,210)	(8,527)	(0.14)
(1,010)	On the Beach Group PLC	(7,520)	(5,908)	(0.10)
(560)	Pearson PLC	(8,584)	(9,148)	(0.15)
(1,040)	Provident Financial PLC	(9,376)	(10,411)	(0.17)
(2,160)	PZ Cussons PLC	(8,296)	(8,002)	(0.13)
(200)	Rathbone Brothers PLC	(8,021)	(8,154)	(0.13)
(820)	Sanne Group PLC	(8,221)	(8,294)	(0.14)
(850)	Smart Metering Systems PLC	(8,835)	(7,769)	(0.13)
(1,310)	Sophos Group PLC	(8,850)	(8,634)	(0.14)
(800)	Standard Chartered PLC	(8,098)	(8,486)	(0.14)
(2,160)	Stobart Group Ltd.	(7,764)	(5,430)	(0.09)
(310)	The Weir Group PLC	(8,262)	(7,005)	(0.12)
(500)	Travis Perkins PLC	(8,807)	(9,314)	(0.15)
(750)	United Utilities Group PLC	(9,305)	(9,612)	(0.16)
		(342,101)	(317,472)	(5.23)
	Danish equities:			
(50)	ALK-Abello A/S	(10,218)	(10,046)	(0.17)
(320)	Bang & Olufsen A/S	(8,640)	(5,954)	(0.10)
(190)	Jyske Bank A/S	(10,227)	(9,353)	(0.15)
(110)	Orsted A/S	(9,512)	(10,031)	(0.17)
(110)	Schouw & Co A/S	(11,709)	(11,180)	(0.18)
		(50,306)	(46,564)	(0.77)
	European equities:			
(650)	AIXTRON SE	(10,011)	(8,542)	(0.14)
(950)	Altran Technologies SA	(11,240)	(10,401)	(0.17)
(110)	Anheuser-Busch InBev SA/NV	(11,831)	(9,920)	(0.16)
(890)	Autogrill SpA	(11,452)	(10,238)	(0.17)
(1,650)	Banco Bilbao Vizcaya Argentaria SA	(12,691)	(11,955)	(0.20)
(280)	Bekaert SA	(9,916)	(9,217)	(0.15)
(600)	Brunel International NV	(10,131)	(10,241)	(0.17)
(540)	Buzzi Unicem SpA	(13,852)	(12,681)	(0.21)
(2,020)	Cairo Communication SpA	(9,756)	(10,782)	(0.18)
(390)	Carrefour SA	(9,761)	(9,089)	(0.15)
(890)	Caverion OYJ	(7,816)	(7,081)	(0.12)
(340)	Chargeurs SA	(9,756)	(8,928)	(0.15)
(1,410)	Dalata Hotel Group PLC	(9,918)	(10,435)	(0.17)
(890)	Deutsche Bank AG	(12,090)	(9,692)	(0.16)
(890)	DIC Asset AG	(12,729)	(12,617)	(0.21)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
(650)	Elior Group	(12,443)	(13,268)	(0.22)
(110)	Erste Group Bank AG	(5,930)	(4,995)	(0.08)
(230)	Eurocommercial Properties NV	(10,596)	(9,699)	(0.16)
(890)	Europcar Mobility Group	(10,832)	(10,941)	(0.18)
(100)	Fnac Darty SA	(8,852)	(8,925)	(0.15)
(650)	Fugro NV	(10,823)	(7,666)	(0.13)
(260)	GEA Group AG	(10,588)	(9,144)	(0.15)
(540)	Glanbia PLC	(12,388)	(13,842)	(0.23)
(110)	Ingenico Group	(10,751)	(8,517)	(0.14)
(290)	IPSOS	(9,756)	(9,310)	(0.15)
(240)	JCDecaux SA	(10,659)	(9,198)	(0.15)
(2,360)	Koninklijke BAM Groep NV	(10,877)	(9,273)	(0.15)
(2,390)	Mediaset SpA	(9,846)	(10,250)	(0.17)
(240)	Metso OYJ	(9,994)	(8,590)	(0.14)
(150)	Nexity SA	(9,703)	(9,237)	(0.15)
(1,650)	Nokia OYJ	(12,127)	(12,972)	(0.21)
(410)	Ontex Group NV	(10,792)	(11,124)	(0.18)
(340)	Raiffeisen Bank International AG	(13,096)	(11,798)	(0.19)
(650)	Rexel SA	(11,204)	(9,448)	(0.16)
(340)	RWE AG	(9,726)	(10,078)	(0.17)
(540)	SAF-Holland SA	(10,461)	(9,453)	(0.16)
(50)	SEB SA	(9,510)	(8,815)	(0.15)
(360)	SES SA Subscription Receipts	(10,155)	(9,402)	(0.15)
(540)	Siemens Gamesa Renewable Energy SA	(8,775)	(8,980)	(0.15)
(410)	SPIE SA	(8,899)	(7,427)	(0.12)
(140)	Takeaway.com NV	(9,920)	(12,755)	(0.21)
(340)	Tarkett SA	(10,373)	(9,311)	(0.15)
(540)	thyssenkrupp AG	(14,953)	(12,644)	(0.21)
(2,600)	Tubacex SA	(12,023)	(10,160)	(0.17)
(110)	Umicore SA	(7,101)	(5,994)	(0.10)
(2,360)	Unione di Banche Italiane SpA	(10,258)	(9,343)	(0.15)
(260)	Uniper SE	(10,051)	(9,184)	(0.15)
(230)	Vastned Retail NV	(11,507)	(11,360)	(0.19)
(230)	Wereldhave NV	(10,056)	(9,775)	(0.16)
(190)	Zalando SE	(9,127)	(6,664)	(0.11)
(810)	Zumtobel Group AG	(9,852)	(9,002)	(0.15)
		(536,954)	(500,363)	(8.25)
Japanese equities:				
(1,600)	Aiful Corp.	(5,755)	(5,173)	(0.09)
(200)	Asics Corp.	(3,819)	(3,495)	(0.06)
(300)	Belluna Co., Ltd.	(4,166)	(3,735)	(0.06)
(100)	Benesse Holdings Inc.	(3,722)	(3,480)	(0.06)
(500)	Chugoku Marine Paints Ltd.	(5,441)	(5,640)	(0.09)
(100)	Coca-Cola West Co., Ltd.	(3,655)	(4,085)	(0.07)
(500)	COLOPL Inc.	(4,426)	(4,688)	(0.08)
(900)	Concordia Financial Group Ltd.	(5,412)	(4,723)	(0.08)
(1,200)	COOKPAD Inc.	(5,645)	(4,447)	(0.07)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
(100)	Fancl Corp.	(3,547)	(3,491)	(0.06)
(200)	Fujitsu General Ltd.	(3,811)	(3,502)	(0.06)
(700)	Futaba Industrial Co., Ltd.	(5,018)	(4,797)	(0.08)
(1,100)	Gree Inc.	(6,190)	(5,951)	(0.10)
(200)	Hitachi Chemical Co., Ltd.	(4,115)	(4,129)	(0.07)
(1,100)	Hitachi Zosen Corp.	(5,340)	(4,569)	(0.08)
(800)	Hokuetsu Kishu Paper Co., Ltd.	(5,325)	(4,964)	(0.08)
(100)	House Foods Group Inc.	(4,157)	(4,695)	(0.08)
(400)	Hulic Co., Ltd.	(4,851)	(4,900)	(0.08)
(400)	Ibiden Co., Ltd.	(7,033)	(7,700)	(0.13)
(1,200)	Ichigo Inc.	(5,307)	(4,761)	(0.08)
(800)	IDOM Inc.	(4,936)	(3,631)	(0.06)
(600)	Itoham Yonekyu Holdings Inc.	(5,126)	(4,947)	(0.08)
(200)	Japan Petroleum Exploration Co., Ltd.	(5,586)	(4,905)	(0.08)
(400)	Kadokawa Dwango Corp.	(5,878)	(5,740)	(0.09)
(200)	Kansai Paint Co., Ltd.	(4,004)	(5,258)	(0.09)
(200)	Kawasaki Heavy Industries Ltd.	(6,190)	(5,850)	(0.10)
(300)	Kawasaki Kisen Kaisha Ltd.	(5,412)	(5,055)	(0.08)
(200)	Keikyu Corp.	(3,973)	(4,469)	(0.07)
(800)	Kenedix Inc.	(5,061)	(4,686)	(0.08)
(200)	Koa Corp.	(3,561)	(3,218)	(0.05)
(200)	Komatsu Ltd.	(6,807)	(5,883)	(0.10)
(100)	Kotobuki Spirits Co., Ltd.	(4,985)	(5,279)	(0.09)
(500)	Kumiai Chemical Industry Co., Ltd.	(4,182)	(4,029)	(0.07)
(100)	Lasertec Corp.	(3,687)	(3,485)	(0.06)
(900)	Leopalace21 Corp.	(5,040)	(4,880)	(0.08)
(100)	LINE Corp.	(3,906)	(4,695)	(0.08)
(100)	Makita Corp.	(5,253)	(4,856)	(0.08)
(200)	Meidensha Corp.	(3,700)	(3,440)	(0.06)
(100)	Milbon Co., Ltd.	(5,718)	(5,559)	(0.09)
(200)	MISUMI Group Inc.	(5,259)	(5,768)	(0.10)
(200)	Mitsubishi Estate Co., Ltd.	(4,211)	(4,302)	(0.07)
(400)	Mitsui E&S Holdings Co., Ltd.	(5,798)	(5,124)	(0.08)
(200)	Mitsui OSK Lines Ltd.	(6,193)	(5,967)	(0.10)
(100)	NH Foods Ltd.	(4,873)	(5,142)	(0.08)
(400)	Nichicon Corp.	(4,220)	(3,960)	(0.07)
(1,600)	Nippon Denko Co., Ltd.	(4,862)	(4,338)	(0.07)
(100)	Nippon Gas Co., Ltd.	(4,788)	(4,962)	(0.08)
(100)	Nippon Paint Holdings Co., Ltd.	(4,675)	(4,676)	(0.08)
(200)	Nippon Paper Industries Co., Ltd.	(4,764)	(4,887)	(0.08)
(100)	Nippon Shinyaku Co., Ltd.	(8,893)	(8,693)	(0.14)
(200)	Nippon Yusen KK	(4,297)	(4,206)	(0.07)
(400)	Nishi-Nippon Financial Holdings Inc.	(5,469)	(4,765)	(0.08)
(400)	Nissin Electric Co., Ltd.	(4,087)	(3,994)	(0.07)
(900)	Nomura Holdings Inc.	(5,486)	(4,710)	(0.08)
(200)	Nomura Real Estate Holdings Inc.	(5,060)	(5,012)	(0.08)
(200)	Olympus Corp.	(8,645)	(8,394)	(0.14)
(500)	Onward Holdings Co., Ltd.	(3,986)	(3,675)	(0.06)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
(200)	Resorttrust Inc.	(4,172)	(4,007)	(0.07)
(400)	Sanden Holdings Corp.	(4,861)	(3,706)	(0.06)
(400)	Sega Sammy Holdings Inc.	(7,230)	(7,641)	(0.13)
1,400	Takara Leben Co., Ltd.	(5,108)	(5,258)	(0.09)
(200)	Takashimaya Co., Ltd.	(4,297)	(3,492)	(0.06)
(700)	Tamura Corp.	(5,315)	(4,649)	(0.08)
(500)	The Chiba Bank Ltd.	(4,208)	(3,818)	(0.06)
(400)	The Chugoku Bank Ltd.	(4,824)	(4,611)	(0.08)
(500)	The Iyo Bank Ltd.	(3,917)	(3,606)	(0.06)
(100)	Tokyo Ohka Kogyo Co., Ltd.	(3,769)	(3,672)	(0.06)
(900)	Tokyu Fudosan Holdings Corp.	(6,716)	(6,066)	(0.10)
(300)	Topcon Corp.	(6,167)	(5,458)	(0.09)
(100)	Tsumura & Co.	(4,074)	(3,799)	(0.06)
(300)	W-Scope Corp.	(4,547)	(4,372)	(0.07)
(200)	Yamato Kogyo Co., Ltd.	(7,026)	(6,400)	(0.11)
(200)	Yamazaki Baking Co., Ltd.	(5,188)	(5,735)	(0.09)
		(366,725)	(351,655)	(5.85)
	New Zealand equity:			
(800)	Auckland International Airport Ltd.	(4,946)	(5,258)	(0.09)
	Norwegian equities:			
(2,060)	BW LPG Ltd.	(11,045)	(8,474)	(0.14)
(1,840)	Nordic Semiconductor ASA	(10,716)	(8,384)	(0.14)
(2,240)	Odfjell Drilling Ltd.	(9,881)	(7,311)	(0.12)
(630)	Subsea 7 SA	(10,583)	(8,372)	(0.14)
		(42,225)	(32,541)	(0.54)
	Swedish equities:			
(550)	BillerudKorsnas AB	(9,330)	(8,924)	(0.15)
(290)	Oriflame Holding AG	(9,551)	(8,836)	(0.15)
(2,720)	Ratos AB	(9,910)	(9,739)	(0.16)
(840)	Svenska Handelsbanken AB	(12,487)	(12,700)	(0.21)
(840)	Telefonaktiebolaget LM Ericsson	(9,460)	(10,067)	(0.17)
		(50,738)	(50,266)	(0.84)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Schedule of Investments (continued)

December 31, 2018

Number of shares/par value	Description	Proceeds/cost	Fair value	% of net asset value
Swiss equities:				
(270)	ams AG	(12,264)	(8,595)	(0.14)
(110)	Basilea Pharmaceutica	(7,128)	(6,172)	(0.10)
(650)	Credit Suisse Group AG	(11,348)	(9,708)	(0.16)
(1,180)	EFG International AG	(10,914)	(9,497)	(0.16)
(110)	LafargeHolcim Ltd.	(6,675)	(6,119)	(0.10)
(180)	Leonteq AG	(10,912)	(10,487)	(0.17)
(650)	UBS Group AG	(12,179)	(10,975)	(0.18)
		(71,420)	(61,553)	(1.01)
Total investments sold short		\$ (1,586,560)	\$ (1,479,958)	(24.46)
Total investments owned		\$ 3,515,903	\$ 3,508,210	57.82
Total investments sold short		(1,586,560)	(1,479,958)	(24.46)
Commissions and other portfolio transaction costs		(1,447)	–	–
Net investments owned		<u>\$ 1,927,896</u>	2,028,252	33.36
Unrealized loss, foreign exchange forward contracts			(56,208)	(0.93)
Other assets, net			4,097,788	67.57
Net assets attributable to holders of redeemable units			\$ 6,069,832	100.00

See accompanying notes to financial statements.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements

Period from August 10, 2018 (commencement of operations) to December 31, 2018

1. General information:

The EHP Guardian International Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a declaration of trust made as of June 20, 2018 and amended and restated as of August 10, 2018 (the "Trust Agreement"). The Fund is considered a reporting issuer and is subject to National Instrument 81-102 *Investment Funds*. The Fund commenced active operations on August 10, 2018. The registered office of the Fund is 45 Hazelton Ave., Suite B, Toronto, Ontario, Canada M5R 2E3.

EdgeHill Partners, a general partnership formed under the laws of the Province of Ontario, is the Investment Manager, manager and portfolio manager of the Fund (the "Investment Manager"). The Investment Manager performs management functions for the Fund, including investment management of the Fund's portfolio.

The Fund's investment objective is to provide a positive total return, regardless of market conditions or general market direction, with low correlation to international developed equity markets. The Fund uses alternative investment strategies including equity long/short, equity market neutral and credit long/short, by investing in international developed-market equities, fixed income ETFs, equity ETFs and treasury futures derivative contracts as a part of implementing these strategies. The Fund may invest up to 100% or more of its net assets in foreign securities.

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 ("NI 81-102"), which are designed, in part, to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. We intend to manage the Fund in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations. The following provides a description of the exemptions that the Fund has obtained from the provisions of NI 81-102, and/or a description of the general investment activity.

Alternative Fund Investment Relief

The Fund has obtained the following exemptions from NI 81-102:

- (a) subsection 2.1(1), to permit the Fund to invest more than 10% of its net asset value in the securities of a single issuer;

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

1. General information (continued):

- (b) to permit the Fund to purchase, sell or use specified derivatives and/or debt like securities other than in compliance with subsections 2.7(1), (2) and (3), and sections 2.8 and 2.11;
- (c) section 2.6 to permit the Fund to borrow cash to use for investment purposes in excess of the limits set out in subsection 2.6(a) and to grant a security interest of its assets in connection therewith;
- (d) subsections 2.6.1(1)(c) and 2.6.1(2) and (3) to permit the Fund to borrow securities from a borrowing agent to sell securities short within prescribed limitations;
- (e) section 6.8, to permit the Fund to deposit with its lender, assets over which it has granted a security interest in connection with borrowing cash above; and
- (f) subsection 7.1, to permit the Fund to pay, or enter into arrangements that would require it to pay, a fee that is determined by the performance of the Fund that is based on the cumulative total return of the Fund for the period that began immediately after the last period for which such fee was paid.

2. Significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of presentation:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"). In the preparation of these financial statements, the Fund has consistently applied these standards.

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL"), which are presented at fair value.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

(b) Approval of the financial statements:

The financial statements were approved by the Investment Manager and authorized for issue on March 29, 2019.

(c) Functional currency and foreign currency translation:

The measurement and functional currency of the Fund is the Canadian dollar ("CAD") and the financial statements are presented in CAD. Investment transactions and income and expenses in foreign currencies have been translated to CAD at the rate of exchange prevailing at the time of the transaction.

Foreign currency assets and liabilities have been translated into the functional currency, using the rate of exchange prevailing at the statement of financial position date.

Foreign exchange gains and losses relating to cash are presented in the statement of comprehensive income within net foreign currency losses.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at FVTPL are presented in the statement of comprehensive income within net realized gains on financial assets and liabilities at FVTPL or within net change in unrealized appreciation on financial assets and liabilities at fair value through profit or loss.

(d) Recent accounting standard:

IFRS 9, Financial Instruments ("IFRS 9"):

IFRS 9 was issued by the IASB in November 2009 and has replaced International Accounting Standard ("IAS") 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In July 2014, the IASB issued the final version of IFRS 9. The revised standard adds guidance on the classification and measurement of financial liabilities.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

IFRS 9 is effective for fiscal years beginning on or after January 1, 2018 and has been adopted by the Fund since it commenced operations on August 10, 2018.

(e) Financial assets and financial liabilities:

(i) Classification

The Fund classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at FVTPL. The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

All other financial assets and liabilities, excluding redeemable units, are classified and measured at amortized cost. These other financial assets and financial liabilities are recognized on the date on which they are originated and are measured at amortized cost. Redeemable units are measured at the present value of the redemption amount and are considered a residual.

(ii) Recognition, derecognition and measurement

Financial assets and financial liabilities are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, with transaction costs recognized in the statement of comprehensive income.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. Net realized and changes in unrealized gains and losses arising from changes in the fair value of the financial assets or financial liabilities at FVTPL category are presented in the statement of comprehensive income within net realized gains (losses) on financial assets and liabilities at FVTPL and net change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL in the period in which they arise.

The Fund derecognizes a financial asset when the contractual rights to the cash flows on the financial asset in the transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

When the Fund purchases an option or warrant, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options and warrants are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a realized gain or loss and is presented in the statement of comprehensive income within net realized gains (losses) on financial assets and liabilities at FVTPL.

Dividend income from financial assets at FVTPL is recognized in the statement of comprehensive income within dividend income, gross of withholding taxes, when the Fund's right to receive payments is established. Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date. Amounts not yet received or paid are included in the statement of financial position in dividends receivable and dividends payable on securities sold short, respectively. Interest for distribution purposes earned on debt securities at FVTPL is recognized in the statement of comprehensive income on an accrual basis.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

(iii) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument, including warrants, using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at last sale or close price, where the close price falls within the day's bid-ask spread. In circumstances where the close price is not within the day's bid-ask spread, management determines the point within bid-ask spread that is most representative of fair value based on specific facts and circumstances.

The fair value of foreign currency forward contracts is determined using quoted forward exchange rates at the reporting date as obtained from an independent source.

The fair value used for financial reporting is consistent with the fair value used for unitholder and related transactions.

(f) Cost of investments:

The cost of investments, represents the amount paid for each security and is determined on an average cost basis, excluding commissions and other transaction costs. Realized gains and losses on disposition are determined based on the average cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the statement of comprehensive income for the period in which they arise.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

(g) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL.

(h) Cash:

Cash consists of cash on deposit and short-term deposits with terms to maturity of less than three months at acquisition.

(i) Payable for investments purchased/receivable for investments sold:

Amounts receivable for investments sold and amounts payable for investments purchased that have been contracted are recorded on the statement of financial position at the amount to be received or delivered.

(j) Redeemable units and net assets attributable to holders of redeemable units:

The Fund issues multiple classes of redeemable units, which are redeemable at the holder's option and do not have identical features and, therefore, are classified as financial liabilities. For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the net asset value of the unit at the date of redemption. The redeemable shares are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units. There is no difference in the method net asset value and net assets attributable to holders of redeemable units is computed.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

(k) Income allocation:

Income, expenses (other than management fees, performance fees) and realized and unrealized capital gains (losses) (other than from forward contracts used to hedge Class UF units) are distributed among the different classes of units in proportion to the amount invested in them. The realized and unrealized gains (losses) attributable to the forward contracts used to hedge the United States Dollar exposure attributable to Class UF units are allocated to the holders of such Class UF units. For management fees and performance fees, please refer to note 9.

(l) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total numbers of units of that particular class or series outstanding at the end of the period.

(m) Increase in net assets attributable to holders of redeemable units per unit

The increase in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period for each class. Refer to note 8 for further detail.

(n) Taxation:

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act") and, accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains that is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

2. Significant accounting policies (continued):

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

As at December 31, 2018, the Fund had no capital loss carry-forwards and non-capital loss carry-forwards balances.

(o) Commissions and other portfolio transaction costs:

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income as an expense. Refer to note 10 for further detail on soft dollar arrangement.

3. Critical accounting estimates and judgments:

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

4. Derivative financial instruments:

The Fund holds the following derivative instruments:

Forward contracts:

The Fund may enter into various forward contracts as part of its investment strategy. Generally, a forward contract is a customized contract between two parties to purchase or sell an asset at a specified price on a future date. The Fund may use forward contracts to gain exposure to, or hedge against, changes in the value of equities, commodities, interest rates or foreign currencies. If market conditions move unexpectedly, the anticipated benefits of forward contracts may not be achieved and a loss may be realized. The use of forward contracts involves the risk of imperfect correlation in movements in the price of forward contracts and the underlying instruments or commodities.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

4. Derivative financial instruments (continued):

Forward contracts are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following tables detail the Fund's investments in forward contracts as at December 31, 2018 related to the hedging of the U.S. dollar exposure for the Class UF units:

Settlement date	Currency	Counterparty	Forward rates	Contract price	Notional amount	Unrealized gain (loss)
February 28, 2019	USD	Bank of Nova Scotia	1.3633	\$ 201,305	\$ 196,085	\$ 5,220

The following tables detail the Fund's investments in forward contracts as at December 31, 2018 related to portfolio hedges:

Settlement date	Currency	Counterparty	Forward rates	Contract price	Notional amount	Unrealized gain (loss)
February 27, 2019	AUD	Bank of Nova Scotia	0.9610	\$ (48,962)	\$ (49,345)	\$ 383
February 27, 2019	CHF	Bank of Nova Scotia	1.3929	(21,660)	(21,132)	(528)
February 27, 2019	DKK	Bank of Nova Scotia	0.2101	(46,783)	(46,344)	(439)
February 27, 2019	EUR	Bank of Nova Scotia	1.5681	(39,967)	(36,731)	(3,236)
February 27, 2019	GBP	Bank of Nova Scotia	1.7433	(154,960)	(151,833)	(3,127)
February 27, 2019	JPY	Bank of Nova Scotia	0.0125	(171,702)	(160,994)	(10,708)
February 27, 2019	SEK	Bank of Nova Scotia	0.1543	(166,466)	(159,347)	(7,119)
February 27, 2019	NOK	Bank of Nova Scotia	0.1579	8,513	8,152	361
February 27, 2019	NZD	Bank of Nova Scotia	0.9150	(25,428)	(25,352)	(76)
February 27, 2019	USD	Bank of Nova Scotia	1.3633	(1,161,685)	(1,129,966)	(31,719)
Net unrealized loss on forward contracts						\$ (56,208)

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not, therefore, indicate the Fund's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus, the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

4. Derivative financial instruments (continued):

Offsetting of Financial Instruments:

In the normal course of business, the Fund may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table shows financial instruments that may be eligible for offset, if such conditions were to arise, as at December 31, 2018. The "Net amounts" column displays what the net impact would be on the Fund's statements of financial position if all amounts were set-off.

	Amounts offset			Amounts not offset		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statement of financial position	Financial instruments (including non-cash collateral)	Cash collateral received	Net amounts
Financial assets as at December 31, 2018						
Forwards, gross	\$ 5,220	\$ –	\$ 5,220	\$ (5,220)	\$ –	\$ –
Forwards, net	744	(744)	–	–	–	–

	Amounts offset			Amounts not offset		
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets	Net amounts of financial liabilities presented in the statement of financial position	Financial instruments (including non-cash collateral)	Cash collateral received	Net amounts
Financial liabilities as at December 31, 2018						
Forwards, net	\$ (56,952)	\$ 744	\$ (56,208)	\$ 5,220	\$ –	\$ (50,988)

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management:

(a) Financial risk factors:

The Fund's investment activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, foreign exchange risk and interest rate risk).

The Fund is also exposed to operational risks, such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the types of securities it invests in. The Investment Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and may use derivatives to hedge certain risk exposures. To assist in managing risks, the Investment Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategies, internal guidelines and securities regulations.

The Fund's investment policy allows it to invest in a variety of financial instruments and utilize various investment strategies in order to meet its objectives. As part of the Fund's risk management practices, investment activities of the Fund are subject to investment restrictions, as prescribed in the Fund's simplified prospectus.

The Fund typically purchases securities through normal market facilities. Purchases of securities under other circumstances will only be permitted where the purchase price for such securities approximates the prevailing market price or is negotiated or established on an arm's-length basis.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

(i) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's assets represents the maximum credit risk exposure.

The Fund's investments in debt instruments and related derivatives represent the main concentration of credit risk. The fair value of these financial instruments includes consideration of the creditworthiness of the issuer. As at December 31, 2018, the Fund had no significant investments in debt instruments. For derivatives, refer to note 4.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The majority of the cash and investments of the Fund are held by the Bank of Nova Scotia (the "Prime Broker"). Bankruptcy or insolvency of the Prime Broker may cause the Fund's rights with respect to cash held by the Prime Broker to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the Prime Broker. At the date of the approval of the financial statements, the credit rating for the Bank of Nova Scotia was A+.

The Fund has provided the Prime Broker with a general lien over the financial assets held in custody as security for the Prime Broker's exposures relating to provision of custody services to the Fund. The terms under which the general lien is provided are usual and customary services to the Fund. The terms under which the general lien is provided are usual and customary for Prime Broker agreements. As at December 31, 2018, the fair value of financial assets subject to the general lien is \$7,645,708. The Fund's cash investments are held by highly creditworthy financial institutions.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

(ii) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund could be exposed to daily cash redemptions of redeemable units. The Fund manages its liquidity risk by primarily investing in marketable securities and other financial instruments which are traded in active markets and can be readily disposed of under normal market conditions. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity.

Under extraordinary circumstances, the Fund also has the ability to suspend redemptions if this is deemed to be in the best interest of all unitholders. The Fund did not withhold any redemptions or implement any suspension during 2018.

It is the Fund's policy that the Investment Manager monitors the Fund's liquidity position on a daily basis.

The Fund's liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option; however, it does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term.

(iii) Market risk:

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates, foreign exchange rates and market prices. The following sensitivity analysis shows how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

(a) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Fund is primarily exposed to price risk from its investments in equity securities.

All investments represent a risk of loss of capital. The Investment Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objectives and strategy. Except for securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from securities sold short can be unlimited. The Fund's overall market positions are monitored on a regular basis by the Investment Manager.

The Fund is primarily exposed to price risk from its investments in equity securities and related derivatives. As at December 31, 2018, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$202,825.

The Fund is also exposed to price risk through the concentration of its investment portfolio, and manages this risk through daily monitoring of the portfolio to comply with the investment strategies outlined in the Fund's simplified prospectus.

(b) Foreign exchange risk:

The Fund holds both monetary and non-monetary assets denominated or traded in currencies other than the CAD, the Fund's functional currency. Foreign currency risk arises as the value of future transactions, assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

The table below summarizes the foreign currencies to which the Fund had significant exposure at December 31, 2018 in CAD. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to the listed currencies, with all other variables held constant.

Currency	Currency Exposure (excluding the Hedge attributable to Class UF)			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Net exposure	Hedge	Total	Net exposure	Hedge	Total
Euro	\$ (40,888)	\$ 41,156	\$ 268	\$ (2,044)	\$ 2,058	\$ 14
U.K. Pound						
Sterling	(154,924)	154,745	(179)	(7,746)	7,737	(9)
Japanese Yen	(172,206)	171,218	(988)	(8,610)	8,561	(49)
Australian Dollar	(48,967)	48,978	11	(2,448)	2,449	1
Swiss Franc	(21,665)	21,332	(333)	(1,083)	1,067	(16)
Swedish Krona	(166,447)	165,886	(561)	(8,322)	8,294	(28)
Danish Krone	(46,781)	46,478	(303)	(2,339)	2,324	(15)
Norwegian Krone	8,513	(8,304)	209	426	(415)	11
New Zealand						
Dollar	(25,472)	25,536	64	(1,274)	1,277	3
U.S. Dollar	(1,161,406)	1,164,577	3,171	(58,070)	58,229	159
	\$ (1,830,243)	\$ 1,831,602	\$ 1,359	\$ (91,510)	\$ 91,581	\$ 71
% of net assets attributable to holders of redeemable units	(30.2)	30.2	–	(1.5)	1.5	–

The analysis above is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5%, with all other variables held constant. This represents management's best estimate of a reasonably possible shift in the foreign exchange rates.

The Fund holds various forward contracts to hedge against changes in the value of the U.S. Dollar with regards to Class UF units. The profit and loss from such currency hedge is allocated to Class UF unitholders only.

As of December 31 2018, the U.S. dollar ("USD") value of Class UF units was U.S. \$147,651 and the USD par value of forward contracts was U.S. \$147,663. Please refer to note 4 for further details on forward contracts.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

The majority of the Fund's investments are non-interest bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

(b) Capital risk management:

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset value per unit upon redemption. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable units. There is no external regulatory requirement to maintain a minimum capital amount.

(c) Leverage risk:

When the Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Fund's aggregate gross exposure to underlying assets is greater than the amount invested. Leverage may increase volatility, may impair the Fund's liquidity and may cause the Fund to liquidate positions at unfavourable times.

In accordance with the *Alternative Fund Investment Relief* obtained by the Fund, as described in note 1, the aggregate gross exposure of the Fund, to be calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the aggregate market value of the Fund's long positions; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

5. Financial risk management (continued):

During the period from the Fund's inception to December 31, 2018, the Fund's lowest and highest aggregate gross exposure was 56.4% and 96.6% of the Fund's net asset value respectively. The primary source of leverage was short positions in equity securities. The low and high end of the range, are as a result of our investing activities, and timing of subscriptions and/or redemptions. The Fund's strategy is outlined in the Simplified Prospectus.

The Investment Manager monitors, on a daily basis, that the Fund's aggregate gross exposure is less than three times the Fund's net asset value.

6. Fair value measurement:

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year-end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year-end date, valuation techniques will be applied to determine the fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments include the use of comparable recent arm's-length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

6. Fair value measurement (continued):

The fair value hierarchy has the following levels:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

If an asset or liability classified as Level 1 subsequently ceases to be actively traded, it is transferred into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs; in which case, it is reclassified to Level 3. All transfers are recorded at fair value at the beginning of the year of the transfer.

All investments held by the Fund are classified as followed:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 3,508,210	\$ –	\$ –	\$ 3,508,210
Liabilities				
Equities	\$ 1,479,958	\$ –	\$ –	\$ 1,479,958
Forward contracts	–	56,208	–	56,208
	\$ 1,479,958	\$ 56,208	\$ –	\$ 1,536,166

There were no transfers between Level 1, Level 2 and Level 3 in the period from August 10, 2018 (commencement of operations) to December 31, 2018.

The forward contracts used to hedge Class UF units is also considered a Level 2 security.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

7. Net assets attributable to redeemable units:

Redeemable units:

The Fund is authorized to issue an unlimited number of classes of units and an unlimited number of units in each such class. Each unit of a class represents an undivided ownership interest in the net asset value of the Fund attributable to that class of units. Each unit of a class has equal rights to each other unit of the same class with respect to all matters, including voting, receipt of distributions from the Fund, liquidation and other events in connection with the Fund, subject to the terms and conditions of the Trust Agreement.

The following classes of units are currently being offered by the Fund:

Class A units: Available to all investors.

Class F units: Available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Investment Manager, any other investor for whom the Investment Manager does not incur distribution costs.

Class I units: Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Investment Manager. Also available to certain employees and employees of affiliated entities of the Investment Manager and, at the Investment Manager's discretion, to former employees and to relatives of current and former employees of the Investment Manager.

Class UF units: Denominated in USD and available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Investment Manager, any other investor for whom the Investment Manager does not incur distribution costs.

The minimum initial investment in Class A and Class F units of the Fund is \$2,000, while the minimum initial investment in Class I units is \$500,000. The minimum initial investment in Class UF units of the Fund is US\$2,000. The minimum subsequent investment in the Fund is \$500 or US\$500, as applicable, unless the units are bought through a pre-authorized contribution plan, in which case, the minimum subsequent investment is \$50 or US\$50, as applicable. These minimum investment amounts may be adjusted or waived in the discretion of the Investment Manager.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

7. Net assets attributable to redeemable units (continued):

Subscriptions are accepted on a daily basis, subject to applicable law and the Investment Manager's discretion to refuse a subscription in whole or in part. If an order is delivered by a registered broker or dealer by 4:00 p.m. (Eastern Time) on a day the Toronto Stock Exchange ("TSX") is open (a "Valuation Day"), and such subscription is accepted, the units subscribed for will be issued that day at the unit price calculated later that day. Otherwise, the subscription order will be processed at the unit price calculated on the next Valuation Day.

Units may be redeemed on any Valuation Day, except in extraordinary circumstances. If a redemption request is sent by the unitholder's registered broker or dealer and is received by the Investment Manager before 4:00 p.m. (Eastern Time) on a Valuation Day, then redemption shall be processed at the unit price calculated later that day. Otherwise, the redemption request will be processed at the unit price calculated on the next Valuation Day. The amount payable to a unitholder for each unit redeemed will be an amount equal to the class net asset value per unit on the Valuation Day, together with the proportionate share attributable to such units of any distribution which has been declared and not paid, less (a) any short-term trading fees payable, and (b) any withholding or other taxes required to be deducted. The redemption proceeds will typically be paid to the unitholder on or before the three business days following the redemption of units.

Under exceptional circumstances the Fund may be unable to process redemption orders. This would most likely occur if market trading has been suspended on stock exchanges, options exchanges or futures exchanges on which more than 50% by value of a Fund's assets are listed and if a Fund's portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, units will also not be issued, switched or reclassified.

If an investor redeems units of the Fund within 90 days of purchasing such units, the Fund may deduct and retain, 2% of the net asset value of the units of the particular class of the Fund being redeemed.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

7. Net assets attributable to redeemable units (continued):

Unitholders may switch all or part of their investment in a class of units of the Fund to units of the same class of another fund managed by the Investment Manager. Unitholders may also reclassify all or part of their investment from one class of units to another class of units of the same Fund, as long as the unitholder is eligible to hold that class of units. If the Investment Manager receives any switch or reclassification order before 4:00 p.m. (Eastern Time) on any Valuation Day, then the order will be processed at the unit price calculated later that day. Otherwise, the order shall be processed at the unit price calculated on the next Valuation Day.

The Class UF units of the Fund are denominated in USD, and the returns of the Class UF units are generally hedged back to CAD. Holders of Class UF units who exchange those units for units of another class will do so at the prevailing Canadian/U.S. dollar exchange rate.

During the period from August 10, 2018 (commencement of operations) to December 31, 2018, the number of units issued, redeemed and outstanding was as follows:

	Redeemable units, beginning period	Redeemable units issued	Redemption of redeemable units	Reinvestments of units	Redeemable units, end of period
Class A	100	96,829	–	4	96,933
Class F	100	443,717	(232)	1,390	444,975
Class I	25,000	–	–	940	25,940
Class UF	–	14,694	–	48	14,742

Distributions:

The Investment Manager shall declare and credit as due and payable as of each taxation year-end all of the net income of the Fund for such taxation year and a sufficient amount of the net capital gains of the Fund for the taxation year ending in such calendar year so that the Fund will not have any obligation to pay tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund under the Tax Act.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

8. Increase in net assets attributable to holders of redeemable units per unit:

The increase in net assets attributable to holders of redeemable units per unit for the period from August 10, 2018 (commencement of operations) to December 31, 2018 is calculated as follows:

	Increase in net assets attributable to holders of redeemable units per class	Weighted average of redeemable units outstanding during the period	Increase in net assets attributable to holders of redeemable units per unit
Class A	\$ 3,854	31,877	\$ 0.12
Class F	44,898	214,372	0.21
Class I	12,411	25,069	0.50
Class UF	8,095	12,250	0.66

9. Related party transactions:

(a) Management fees:

The Investment Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units, plus applicable taxes, and is payable on the last day of each calendar month.

- Class A units: 1.90% per annum
- Class F units: 0.90% per annum
- Class UF units: 0.90% per annum
- Class I units: Negotiated by the unitholder and paid directly by the unitholder to the Investment Manager. The management fee rate would not exceed the management fee payable on Class A units of the Fund.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

9. Related party transactions (continued):

(b) Performance fees:

The Investment Manager receives a performance fee in respect of each class of units of the Fund. The Fund shall pay the Investment Manager a performance fee each calendar quarter (a "Performance Fee Determination Period") equal to 15% of the net profit (as defined below) of each of the applicable class units subject to the High Watermark (as defined below). The performance fee will be calculated and accrued for each class on a daily basis during each Performance Fee Determination Period and, with respect to an intra-quarter redemption of units of a class, on the relevant redemption date.

Net Profit means, in respect of any class of units of a Fund for any Performance Fee Determination Period, the amount calculated by deducting the initial Net Asset Value per unit of the class for that Performance Fee Determination Period from the closing Net Asset Value per unit of such class for that Performance Fee Determination Period and multiplying the resulting amount by the total number of the units of such class outstanding at the close of business on the last business day in that Performance Fee Determination Period (and, with respect to an intra-quarter redemption, on the relevant redemption date).

No performance fee shall be paid in respect of a class unless the class Net Asset Value per unit exceeds the highest Net Asset Value per unit in respect of which a performance fee has been previously paid for that class (the "High Watermark") and, in such circumstances, a performance fee shall only be paid on that portion of the Net Profit that exceeds the High Watermark. Unitholders in Class I units may negotiate a performance fee to be paid by the unitholder that is different than the one described above or no performance fee at all.

(c) Other expenses:

The Fund is responsible for all of its operating expenses, including legal, audit and all other expenses incurred in the ordinary course of operations. The Investment Manager has elected to absorb a certain amount of the expenses of the Fund in 2018. For the year ended December 31, 2018, the Investment Manager absorbed \$14,679 in administration fees, \$27,890 in audit fees, \$11,436 in professional fees and \$8,914 in other fees.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

9. Related party transactions (continued):

(d) Related party shareholdings:

The Investment Manager, its officers and directors invest in units of the Fund from time to time in the normal course of business. All transactions with the Investment Manager are measured at the exchange amounts. As at December 31, 2018, 599.2734 of Class A units, 100.3129 of Class F units, and 25,940.2124 of Class I units were owned by the Investment Manager or unitholders related to the Investment Manager.

10. Soft dollar commissions:

In allocating brokerage business, consideration may be given by the Investment Manager of the Fund to dealers to furnish research, statistical and other services to the Investment Manager through soft dollar arrangements (the amount ascertained to have been paid for goods and services other than order execution). The total brokerage commission paid to dealers in connection with investment portfolio transactions and amounts of soft dollar commission for the period from August 10, 2018 (commencement of operations) to December 31, 2018 is approximately \$64.

11. Interests in unconsolidated structured entities:

The Fund may invest in units of ETFs as part of its investment strategies. The nature and purpose of these ETFs generally, is to manage assets on behalf of third-party investors in accordance with their investment objectives, and are financed through the issue of units to investors.

In determining whether the Fund has control or significant influence over an ETF, the Fund assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the Fund has control over an ETF, the Fund qualifies as an investment entity under IFRS 10, Consolidated Financial Statements, and therefore, accounts for investments it controls at FVTPL. The Fund's primary purpose is defined by its investment objectives and uses the investment strategies available to it, as defined in the Fund's simplified prospectus to meet those objectives. The Fund also measures and evaluates the performance of any ETFs on a fair value basis.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

11. Interests in unconsolidated structured entities (continued):

Investments in ETFs are susceptible to market price risk arising from uncertainty about future values of those ETFs. The maximum exposure to loss from interests in ETFs is equal to the total fair value of the investment in those respective ETFs at any given point in time. The Fund did not have control or any significant influence on these ETF's. The following meet the definition of unconsolidated structure entities:

	Place of business	Fair value amounts	Proportion of interest owned
iShares JP Morgan USD Emerging Markets Bond ETF	United States	\$ 567,411	0.003%
iShares 20+ Year Treasury Bond ETF	United States	597,166	0.005%

The Fund may invest in or hold a short position of units of ETFs as part of its investment strategies. The nature and purpose of these ETFs generally, is to manage assets on behalf of third-party investors in accordance with their investment objectives, and are financed through the issue of units to investors. The maximum exposure to loss from interests in short positions can be unlimited.

The fair value of these ETFs, if any, are disclosed in investments in the statement of financial position and listed in the schedule of investments.

As of December 31, 2018, the Fund did not hold any short units in an ETF.

12. Redemptions payable:

Redemptions payable consist of Fund units redeemed during the period which have not been paid out until subsequent to the period end.

EHP GUARDIAN INTERNATIONAL ALTERNATIVE FUND

Notes to Financial Statements (continued)

Period from August 10, 2018 (commencement of operations) to December 31, 2018

13. Subsequent events:

Effective for January 1, 2019, EdgeHill Partners filed with, and received approval from, the regulator to change the Investment Manager, manager and portfolio manager of the Fund to EHP Funds Inc., an affiliate of the Investment Manager. The Investment Manager also filed to offer Class UA units of the Fund. The Class UA units of the Fund are denominated in USD, and the returns of the Class UA units are generally hedged back to the CAD.

The Fund has evaluated the effect of subsequent events on the Fund's financial statements through March 29, 2019, which is the date the financial statements were available to be issued. For the period from January 1, 2019 to March 25, 2019, the Fund had subscriptions of \$5,870,736 and redemptions of \$141,095.