

Financial Statements of

EHP ADVANTAGE FUND

Period from May 1, 2013 (commencement of operations)
to December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Partners of EHP Advantage Fund

We have audited the accompanying financial statements of EHP Advantage Fund, which comprise the statements of net assets and investment portfolio as at December 31, 2013, the statements of operations and changes in net assets for the period from May 1, 2013 (commencement of operations) to December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EHP Advantage Fund and its investment portfolio as at December 31, 2013, and its results of operations and its changes in net assets for the period from May 1, 2013 (commencement of operations) to December 31, 2013 in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

March 24, 2014
Toronto, Canada

EHP ADVANTAGE FUND

Statement of Net Assets
(Expressed in Canadian dollars)

December 31, 2013

Assets

Investments in securities, at fair value (cost - \$11,011,570)	\$ 11,989,434
Cash	758,488
Receivable from investments sold	73,809
Dividends receivable	27,611
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	12,849,342

Liabilities

Securities sold short, at fair value (proceeds - \$2,531,009)	2,612,572
Payment for investments purchased	486,840
Performance fee payable (note 2(b))	118,804
Accounts payable and accrued liabilities	47,149
Management fee payable (note 2(a))	13,283
Dividends payable	3,144
Interest payable	99
Subscriptions received in advance	384,500
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	3,666,391
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	\$ 9,182,951

Net assets representing:

Class A - Initial Series	\$ 12
Class A - 2013 Series 10	24,799
Class A - 2013 Series 11	87,988
Class A - 2013 Series 12	61,480
Founder Class - Initial Series	7,831,815
Founder Class - 2013 Series 10	111,899
Founder Class - 2013 Series 11	488,960
Founder Class - 2013 Series 12	575,998

Net assets per unit:

Class A - Initial Series	\$ 12.26
Class A - 2013 Series 10	11.02
Class A - 2013 Series 11	10.54
Class A - 2013 Series 12	10.16
Founder Class - Initial Series	12.64
Founder Class - 2013 Series 10	11.19
Founder Class - 2013 Series 11	10.63
Founder Class - 2013 Series 12	10.20

See accompanying notes to financial statements.

EHP ADVANTAGE FUND

Statement of Operations
(Expressed in Canadian dollars)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

Income:		
Dividends, net of withholding taxes of \$ 7,832	\$	130,394
Interest		873
		<hr/>
		131,267
Expenses:		
Performance fee (note 2(b))		169,370
Management fee (note 2(a))		64,142
Other fees		28,788
Audit and tax fees		22,600
Administration fee		21,922
Dividend expense on investments sold short		18,696
Interest and stock loan fees		14,909
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		340,427
Net investment loss		<hr/>
		(209,160)
Realized and unrealized gains (losses) on investments:		
Net realized gain on investments		669,232
Change in unrealized appreciation on investments		896,300
Commissions and transactions costs		(67,031)
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		1,498,501
Increase in net assets from operations	\$	<hr/>
		1,289,341

EHP ADVANTAGE FUND

Statement of Operations (continued)
(Expressed in Canadian dollars)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

Net asset increase by unit class:

Class A - Initial Series	\$	2
Class A - 2013 Series 10		2,299
Class A - 2013 Series 11		4,488
Class A - 2013 Series 12		980
Founder Class - Initial Series		1,097,533
Founder Class - 2013 Series 06		3,884
Founder Class - 2013 Series 07		85,127
Founder Class - 2013 Series 08		7,647
Founder Class - 2013 Series 09		35,524
Founder Class - 2013 Series 10		11,899
Founder Class - 2013 Series 11		28,960
Founder Class - 2013 Series 12		10,998

Increase in net assets from operations	\$	1,289,341
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Increase per unit:

Class A - Initial Series	\$	2.00
Class A - 2013 Series 10		1.02
Class A - 2013 Series 11		0.54
Class A - 2013 Series 12		0.16
Founder Class - Initial Series		3.04
Founder Class - 2013 Series 06		3.28
Founder Class - 2013 Series 07		1.31
Founder Class - 2013 Series 08		1.23
Founder Class - 2013 Series 09		1.24
Founder Class - 2013 Series 10		1.19
Founder Class - 2013 Series 11		0.63
Founder Class - 2013 Series 12		0.19

See accompanying notes to financial statements.

EHP ADVANTAGE FUND

Statement of Changes in Net Assets
(Expressed in Canadian dollars)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

	Balance, beginning of period	Issued	Series roll-up	Redeemed	Increase in net assets from operations	Distribution of Capital gains	Reinvestment of distributions	Balance, end of period
Class A - Initial Series	\$ -	\$ 10	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 12
Class A - 2013 Series 10	-	22,500	-	-	2,299	(72)	72	24,799
Class A - 2013 Series 11	-	83,500	-	-	4,488	(147)	147	87,988
Class A - 2013 Series 12	-	60,500	-	-	980	(28)	28	61,480
Founder Class - Initial Series	-	2,000,000	4,734,282	-	1,097,533	(34,266)	34,266	7,831,815
Founder Class - 2013 Series 06	-	100,000	(103,884)	-	3,884	(119)	119	-
Founder Class - 2013 Series 07	-	1,750,000	(1,835,127)	-	85,127	(2,598)	2,598	-
Founder Class - 2013 Series 08	-	250,000	(257,647)	-	7,647	(233)	233	-
Founder Class - 2013 Series 09	-	2,502,100	(2,537,624)	-	35,524	(1,084)	1,084	-
Founder Class - 2013 Series 10	-	100,000	-	-	11,899	(374)	374	111,899
Founder Class - 2013 Series 11	-	460,000	-	-	28,960	(932)	932	488,960
Founder Class - 2013 Series 12	-	565,000	-	-	10,998	(392)	392	575,998
	\$ -	\$ 7,893,610	\$ -	\$ -	\$ 1,289,341	\$ (40,245)	\$ 40,245	\$ 9,182,951

See accompanying notes to financial statements.

EHP ADVANTAGE FUND

Statement of Investments
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
Long positions				
Canadian equities:				
720	Aastra Technologies Ltd	\$ 24,475	\$ 31,327	0.34
4,040	Aecon Group Inc	56,400	64,963	0.71
2,650	Agellan Commercial Rei Unt	22,472	22,870	0.25
15,830	Air Canada CI-B Vtg	108,204	117,300	1.28
36,970	Alexander Energy Ltd	23,998	28,467	0.31
1,440	Algoma Central Corp	23,579	23,904	0.26
830	Alimentation Couche-Tard -B	64,946	65,993	0.72
2,370	Altus Group Ltd.	25,169	39,816	0.43
1,200	Atrium Innovations Inc.	22,398	28,980	0.32
2,100	Atrium Mortgage Invt Corp	22,714	22,785	0.25
730	Autocanada Inc.	25,064	33,441	0.36
9,470	Automodular Corp.	23,287	22,823	0.25
410	Badger Daylighting Ltd.	24,451	34,953	0.38
13,980	Ballard Power Systems Inc. New	22,790	22,508	0.25
410	Bank of Montreal	26,697	29,020	0.32
450	Bank of Nova Scotia	26,473	29,894	0.33
37,450	Bankers Petroleum	152,988	163,282	1.78
1,690	Bauer Performance Sports	21,438	23,863	0.26
610	Bce Inc.	27,615	28,060	0.31
1,010	Bell Aliant Inc.	27,664	26,997	0.29
6,740	Biosyent Inc.	22,624	28,712	0.31
4,280	Bombardier CI A Ord.	20,497	19,688	0.21
870	Brookfield Canada Office Pro (Cn)	22,710	22,872	0.25
1,080	Brookfield Property Partners Unt - Cad.	22,303	22,896	0.25
10,330	Bsm Technologies	24,479	32,436	0.35
920	Calloway Real Estate Investment Trust	23,264	23,110	0.25
4,080	Canacol Energy Ltd.	23,154	29,050	0.32
280	Canadian Imperial Bank of Commerce	22,397	25,396	0.28
1,870	Canadian National Railway	95,127	113,210	1.23
4,300	Canadian Oil Sands Ltd.	85,658	85,871	0.94
400	Canadian Pacific Rail	65,004	64,220	0.70
2,260	Canam Group	22,688	30,759	0.33
3,600	Canfor Corporation	79,647	95,472	1.04
22,690	Capstone Mining Corporation	56,102	67,843	0.74
99,670	Cardero Resource Corp.	22,924	21,429	0.23
1,960	Carfinco Financial Group Ord.	22,713	24,461	0.27
3,960	Cascades Inc.	23,697	27,047	0.29
4,420	Cathedral Energy Srvcs Income	22,713	22,188	0.24
1,230	Chemtrade Logistics Income Fund	22,572	23,924	0.26
1,530	Chesswood Group Ltd.	22,918	28,489	0.31

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
8,270	Chorus Aviation Inc-B Vtg	24,093	33,245	0.36
2,430	Ci Financial Group	75,596	85,828	0.93
88,580	Coalspur Mines Ltd. (Cad)	23,545	19,488	0.21
1,960	Coeur D'Alene Mines Corp.	22,954	22,560	0.25
1,410	Cominar Real Estate Investment	26,647	25,944	0.28
420	Constellation Software	73,319	94,395	1.03
1,730	Crombe Real Estate Investment Trust	23,224	23,355	0.25
2,190	Ct Real Estate Investment Trust Unit	22,943	23,871	0.26
13,400	Delphi Energy Corp.	22,780	25,862	0.28
18,720	Denison Mines Corp.	23,146	23,962	0.26
4,370	Dream Unlimited Corp.	61,280	73,635	0.80
930	Dundee Real Estate Investment Trust Units Ser. A	28,852	26,765	0.29
1,550	Easyhome Ltd.	23,197	26,505	0.29
930	Emera Incorporated	26,830	28,365	0.31
570	Enbridge Inc.	25,791	26,431	0.29
1,370	First Capital Realty Inc.	24,449	24,235	0.26
1,410	Firstservice Corp.	61,208	63,788	0.69
760	Fortis Inc.	24,479	23,127	0.25
2,030	Genivar Inc.	60,861	64,026	0.70
4,590	Genworth Mi Canada Inc.	145,283	167,902	1.83
1,570	Gildan Activewear Inc. - Cad.	70,152	88,579	0.96
3,490	Gmp Capital Inc.	22,701	24,465	0.27
820	Great-West Lifeco Inc.	24,822	26,806	0.29
1,110	H&R Real Estate Investment	24,507	23,699	0.26
4,610	Heroux-Devtek Inc.	46,863	51,171	0.56
600	High Liner Foods Inc.	21,798	28,350	0.31
790	Home Capital Grp. Inc. Sv-B	57,684	63,587	0.69
1,740	Imperial Metals Corp.	23,198	27,805	0.30
1,380	Information Services Class A Vtg Ord.	23,160	23,805	0.26
2,450	Innergex Renewable Energy Inc.	23,038	25,848	0.28
1,960	International Forest Prod. Ltd. A	23,228	26,205	0.29
10,370	Kelso Technologies Inc.	23,225	31,421	0.34
2,610	Kelt Exploration Ord	21,783	24,482	0.27
48,120	Lake Shore Gold Corp.	23,035	23,338	0.25
240	Lassonde Industries Inc. Class A	23,051	24,749	0.27
520	Laurentian Bank of Canada	23,225	24,393	0.27
1,700	Leons Furniture Limited	22,720	23,817	0.26
3,880	Linamar Corporation	141,773	171,147	1.86
480	Logistec Corp. Class B	23,701	26,256	0.29
38,280	Madalena Energy Inc.	22,455	26,030	0.28
1,000	Magna Int'l Inc. Class A Sv - Cad.	76,491	87,070	0.95
3,840	Maple Leaf Foods Inc.	64,960	64,320	0.70
48,980	Mason Graphite Ord	24,152	41,633	0.45
3,320	Mccooy Corporation	22,862	22,443	0.24

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
1,340	Medical Facilities Corp.	22,809	23,986	0.26
1,150	Melcor Ord	22,975	22,966	0.25
1,010	Methanex Corp.	62,043	63,266	0.69
420	Metro Inc. Class A Sv	27,883	27,220	0.30
180	Morguard Corp.	20,296	22,570	0.25
1,550	Morneau Shepell Inc.	22,941	23,607	0.26
4,090	Mountain Province Diamonds Ord	23,313	21,268	0.23
690	Mty Food Group Inc.	22,680	23,598	0.26
1,010	National Bank of Canada	89,277	89,264	0.97
1,380	Newalta Corp.	22,770	24,012	0.26
4,340	Noranda Income Fund	23,054	23,479	0.26
2,830	Norbord Inc.	87,515	95,682	1.04
2,500	Nordion Inc.	22,614	22,125	0.24
36,780	North American Palladium	24,095	24,643	0.27
720	Open Text Corporation	65,027	70,200	0.76
41,330	Orvana Minerals Corp.	23,459	21,492	0.23
330	Paladin Labs Inc.	23,368	39,092	0.43
2,330	Patheon Inc. Voting Rstd.	22,618	22,787	0.25
150,350	Petromanas Energy Inc.	22,552	22,552	0.25
920	Points International Ltd.	23,684	24,610	0.27
2,530	Potash Corp .of Saskatchewan Inc. - Cad.	84,600	88,525	0.96
880	Power Corp. of Canada	27,156	27,984	0.30
750	Power Financial Corp.	24,502	26,970	0.29
1,110	Premium Brands Holdings Corp.	21,795	25,141	0.27
3,340	Pure Technologies Ltd.	22,724	22,144	0.24
3,410	Reitmans Canada Ltd.	23,400	23,120	0.25
4,030	Reservoir Minerals Ord	22,931	19,989	0.22
13,030	Rock Energy Inc.	25,366	44,302	0.48
1,840	Rogers Communication Inc. -B	82,379	88,449	0.96
390	Royal Bank of Canada	25,517	27,838	0.30
18,020	Semafo Inc.	40,778	50,096	0.55
1,060	Sierra Wireless Inc.	23,065	26,998	0.29
3,250	Solium Capital Inc.	22,757	24,375	0.27
5,110	Sphere 3D Corporation Com.	23,354	32,755	0.36
89,130	St. Andrew Goldfields	23,076	24,956	0.27
2,390	Stantec Inc.	121,415	157,405	1.71
1,160	Tahoe Res. Inc.	21,141	20,335	0.22
8,440	Tembec Inc. (Ct*)	22,934	24,223	0.26
47,120	Theratechnologies Inc.	26,283	22,853	0.25
660	Thomson Reuters Corp.	24,066	26,506	0.29
1,310	Tim Hortons Inc. - Cad.	75,997	81,194	0.88
2,090	Torc Oil & Gas Ltd.	22,572	22,008	0.24
3,330	Toromont Industries Ltd.	81,152	88,578	0.96
260	Toronto-Dominion Bank	22,637	26,023	0.28

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
1,360	Total Energy Services Trust	22,209	27,635	0.30
570	Transcanada Corp.	27,021	27,634	0.30
9,420	Transcontinental Inc. - Class A	146,986	137,720	1.50
2,560	Transforce Inc.	64,136	64,486	0.70
17,420	Transglobe Energy Corp.	142,265	153,470	1.67
58,850	True Gold Mining	24,352	23,246	0.25
3,820	True North Apartment Real Estate	22,918	22,767	0.25
890	Uni-Select Inc.	23,155	25,454	0.28
11,960	Urbana Corp. - A Non-Vtg	23,066	22,485	0.24
1,620	Vermilion Energy Inc.	92,475	100,958	1.10
2,080	Virginia Mines Ord	22,911	23,421	0.26
910	West Fraser Timber Co. Ltd.	77,337	93,903	1.02
15,230	Western Forest Products	21,871	29,089	0.32
5,670	Westjet Airlines Ltd.	141,099	157,796	1.72
780	Westjet Airlines Ltd. Variable	22,522	21,520	0.23
2,330	Westshore Terminals Investment	68,996	80,618	0.88
2,810	Zargon Oil & Gas Ltd.	22,813	23,688	0.26
3,870	Zcl. Composites Inc.	22,934	27,787	0.30
		5,766,710	6,369,890	69.33
	United States equities:			
100	3M Co	13,116	14,892	0.16
810	Abbvie Inc.	37,172	45,420	0.49
500	Accenture Plc CI-A	38,216	43,664	0.48
590	Aflac Inc.	36,064	41,849	0.46
280	Agl Resources Inc.	13,083	14,041	0.15
590	Align Technology Inc.	34,405	35,803	0.39
410	Allergan Inc.	39,012	48,366	0.53
60	Ameren Corp.	2,240	2,304	0.03
350	American Electric Power	16,638	17,370	0.19
130	Apollo Group Inc. -Class A	3,624	3,772	0.04
90	Apple Inc.	44,235	53,603	0.58
890	Barnes Group Inc.	34,579	36,191	0.39
140	Becton Dickinson & Co.	14,638	16,425	0.18
470	Bed Bath and Beyond Inc.	35,779	40,076	0.44
140	Berkshire Hathaway Inc. B - New	16,471	17,622	0.19
640	Black Hills Corp.	34,355	35,690	0.39
350	Boeing Co.	38,928	50,730	0.55
130	Boston Beer Co. Inc.	31,672	33,299	0.36
400	Bristow Group Inc.	33,992	31,886	0.35
700	Brunswick Corporation	34,035	34,226	0.37
1,240	Ca Inc.	37,575	44,313	0.48
790	Carrizo Oil & Gas	33,861	37,544	0.41
180	Cf Industries Holding Inc.	35,717	44,544	0.49

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
110	Chevron Corp.	14,373	14,592	0.16
180	Chubb Corp.	16,556	18,466	0.20
1,620	Cisco Systems Inc.	38,493	38,607	0.42
170	Clorox Company	15,275	16,749	0.18
550	Cms Energy Corp.	15,696	15,631	0.17
490	Coach Inc.	28,367	29,193	0.32
970	Cognex Corp.	31,767	39,279	0.43
200	Colgate Palmolive Co.	12,536	13,849	0.15
1,100	Comscore Ord	32,412	33,387	0.36
290	Concur Technologies	31,572	31,771	0.35
240	Consolidated Edison Ord	14,609	14,087	0.15
300	Cracker Barrel Old Country Sto.	34,633	35,049	0.38
1,770	Cts Corp W/Rts to Pur Notes Unit	34,200	37,407	0.41
710	Delphi Automotive Plc Shs Us	40,800	45,332	0.49
780	Discover Financial	42,356	46,347	0.50
20	Dominion Resources Inc.	1,346	1,374	0.01
440	Dominos Pizza Ord	30,909	32,541	0.35
1,010	Dreamworks Animation	34,435	38,078	0.41
260	Dril-Quip Inc.	30,190	30,354	0.33
200	Dte Energy Ord	14,296	14,101	0.15
70	Duke Energy Corp.	5,065	5,130	0.06
400	Edwards Lifesciences Corp.	29,477	27,939	0.30
590	Eli Lilly & Co.	31,989	31,962	0.35
1,520	Emc Corp/Mass	37,610	40,598	0.44
680	Encore Capital Group Inc.	34,456	36,289	0.40
1,010	Engility Holdings Ord	33,326	35,815	0.39
510	Enpro Industries Inc.	30,435	31,224	0.34
180	Exxon Mobil Corp.	16,807	19,345	0.21
560	First Solar Inc.	35,617	32,484	0.35
1,400	Flotek Inds. Inc.	31,041	29,840	0.33
280	Fossil Ord	33,074	35,668	0.39
930	Gap Inc.	39,434	38,598	0.42
260	General Mills Inc.	13,441	13,781	0.15
410	Graco Inc.	33,562	34,011	0.37
680	Harris Corp.	41,440	50,414	0.55
590	Helmerich and Payne Ord	40,016	52,664	0.57
180	Hershey Co.	18,239	18,583	0.20
1,370	Intel Corp.	33,518	37,756	0.41
490	Interactive Intelligence Group	30,571	34,980	0.38
180	Intl. Business Machines Corp. (Un*)	35,777	35,835	0.39
890	Irobot Ord	31,466	32,864	0.36
7,000	Ishares Iboxx H/Y Corp. Bond	665,172	690,321	7.52
180	Johnson & Johnson	16,689	17,506	0.19
590	Joy Global Inc.	33,751	36,642	0.40

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
210	Kellogg Co.	13,682	13,620	0.15
140	Laboratory Corp. Amer. Hldgs New	14,437	13,586	0.15
480	Lithia Motors Inc. -A-	31,758	35,372	0.39
280	Loews Corp.	14,141	14,342	0.16
300	Lumber Liquidators Holdings Inc.	33,178	32,784	0.36
1,400	Lumos Networks Corp.	34,842	31,163	0.34
400	Manpower Inc.-Wisc.	34,021	36,465	0.40
290	Marsh & McLennan Cos.	12,807	14,894	0.16
60	Mastercard Inc. Class A	39,841	53,232	0.58
210	Mccormick And Co. Inc.	15,346	15,368	0.17
180	Mcdonald's Corp.	18,247	18,546	0.20
590	Measurement Specialties Inc.	34,685	38,015	0.41
640	Medtronic Inc.	35,763	39,007	0.42
990	Microsoft Corp.	33,735	39,343	0.43
1,560	Monarch Casino and Resort Inc.	31,054	33,151	0.36
540	Moody's Corp.	36,866	45,007	0.49
920	Multimedia Games Inc.	31,888	30,630	0.33
820	Ncr Corp.	31,087	29,661	0.32
170	Nextera Energy Ord	14,695	15,458	0.17
150	Nisource Inc.	4,868	5,236	0.06
370	Northeast Utilities	16,137	16,649	0.18
580	Omnicare Inc.	33,643	37,179	0.40
990	Oracle Corp.	33,586	40,236	0.44
1,370	Orbital Sciences Corp.	34,188	33,871	0.37
270	O'Reilly Automotive Inc.	35,444	36,892	0.40
560	Oshkosh Truck Corp.	27,633	29,968	0.33
350	P G & E Corp.	15,797	14,968	0.16
530	Packaging Corp of America	34,536	35,623	0.39
210	Peppo Holdings Inc.	4,217	4,262	0.05
170	Pepsico Inc.	14,620	14,972	0.16
470	Petsmart Inc.	34,807	36,298	0.40
240	Pinnacle West Ord	14,077	13,483	0.15
520	Power Integrations Inc.	30,943	30,798	0.34
480	Ppl Corporation	15,512	15,334	0.17
30	Priceline.Com Inc.	25,952	37,024	0.40
410	Public Service Enterprise Group	14,283	13,947	0.15
550	Questcor Pharmaceuticals Ord	34,097	31,798	0.35
400	Red Robin Gourmet Burgers	33,984	31,227	0.34
430	Rockwell Automat Ord	42,203	53,959	0.59
540	Rockwell Collins Inc.	37,959	42,374	0.46
480	Salix Pharmaceuticals	34,753	45,833	0.50
530	Sandisk Corp.	37,993	39,699	0.43
350	Scana Corp.	17,863	17,440	0.19
1,800	Scientific Games Corp. - A	34,178	32,344	0.35

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
470	Scripps Ntwks Interact	35,146	43,121	0.47
750	Seagate Technology Plc.	33,317	44,731	0.49
50	Sempra Energy Ord	4,609	4,766	0.05
150	Sigma-Aldrich Corp.	13,384	14,974	0.16
600	Smith A O Corp.	34,585	34,371	0.37
1,630	Sonic Ord	34,562	34,933	0.38
630	Sotheby's Del.	34,485	35,587	0.39
400	Southern Co.	17,905	17,459	0.19
15,660	Spdr Barclays High Yield Bond Etf	646,861	674,384	7.34
700	Stamps.Com Ord	34,452	31,297	0.34
930	Standard Motor Ord	34,421	36,346	0.40
2,190	Stein Mart Ord	34,425	31,235	0.34
4,280	Supervalu Inc.	30,907	33,136	0.36
870	Synchronoss Technologies	30,849	28,679	0.31
420	Sysco Corp.	14,650	16,098	0.18
830	Teco Energy Inc.	15,013	15,196	0.17
830	Teradata Ord	38,207	40,089	0.44
710	Tjx Companies Inc.	39,274	48,054	0.52
170	Torchmark Corp.	12,325	14,109	0.15
1,450	Total System Services Inc.	42,480	51,248	0.56
290	Towers Watson & Co Class -A	34,932	39,304	0.43
240	Union Pacific Corp.	38,507	42,812	0.47
350	Us Bancorp.	13,787	15,013	0.16
540	Varian Medical Systems Ord	39,145	44,565	0.49
590	Wageworks Inc.	33,197	37,244	0.41
180	Wal-Mart Stores Inc.	14,264	15,040	0.16
930	Wells Fargo & Co.	40,738	44,830	0.49
3,740	Wendy's/Arby's Group Inc. - A	34,106	34,635	0.38
590	Western Digital Corp.	40,868	52,570	0.56
2,300	Western Union Co.	41,349	42,110	0.46
370	Wisconsin Energy Corp.	16,090	16,244	0.18
480	Xcel Energy Inc.	14,473	14,233	0.16
		5,244,860	5,619,544	61.20
Total long positions		\$ 11,011,570	\$ 11,989,434	130.56

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
Short positions				
Canadian equities:				
(7,020)	Advantage Oil & Gas Ltd.	\$ (29,862)	\$ (32,431)	(0.35)
(13,070)	Alacer Gold Corp.	(28,551)	(28,623)	(0.31)
(4,840)	Argonaut Gold Inc.	(27,420)	(25,749)	(0.28)
(9,670)	Atlantic Power Corp.	(38,467)	(35,876)	(0.39)
(7,040)	Aurico Gold Inc.	(30,417)	(27,597)	(0.30)
(13,220)	B2Gold Corp.	(29,518)	(28,820)	(0.31)
(3,200)	Blackberry Ltd.	(21,581)	(25,312)	(0.28)
(2,730)	Canexus Corp.	(20,646)	(19,629)	(0.21)
(9,640)	Centerra Gold Inc.	(31,087)	(41,741)	(0.45)
(1,960)	China Gold International Resources Ord	(5,457)	(5,312)	(0.06)
(14,750)	Detour Gold Corp.	(81,490)	(60,623)	(0.66)
(970)	Dundee Corp. - Class A	(20,080)	(18,168)	(0.20)
(8,730)	Dundee Precious Metals Inc.	(29,497)	(26,801)	(0.29)
(2,870)	Eldorado Gold Corp.	(19,775)	(17,335)	(0.19)
(2,020)	Endeavour Silver Corp.	(8,314)	(7,777)	(0.08)
(80)	Fairfax Financial Holdings Ltd.	(32,960)	(34,046)	(0.37)
(1,710)	First Majestic Silver Corp.	(19,621)	(17,870)	(0.19)
(1,770)	Fortuna Silver Mines Inc.	(7,040)	(5,399)	(0.06)
(860)	Goldcorp Inc.	(25,308)	(19,823)	(0.22)
(1,560)	Iamgold Corp.	(7,347)	(5,521)	(0.06)
(1,170)	Inter Pipeline Ltd.	(30,624)	(30,256)	(0.33)
(2,530)	Lightstream Resources Ltd.	(18,493)	(14,927)	(0.16)
(680)	Manitoba Telecoms Svcs Inc.	(19,892)	(20,196)	(0.22)
(810)	Meg Energy Corp.	(24,836)	(24,875)	(0.27)
(3,300)	New Gold Inc.	(19,884)	(18,447)	(0.20)
(21,840)	Novagold Res Inc. Cad	(53,088)	(58,968)	(0.64)
(4,630)	Nuvista Energy Ltd.	(30,039)	(33,336)	(0.36)
(4,140)	Oceanagold Corp.	(6,917)	(6,790)	(0.07)
(2,110)	Osisko Mining Corp.	(8,790)	(9,959)	(0.11)
(1,820)	Pan American Silver Corp.	(21,820)	(22,641)	(0.25)
(630)	Paramount Resources Ltd. - A	(22,252)	(24,526)	(0.27)
(2,400)	Penn West Petroleum Ltd.	(21,557)	(21,312)	(0.23)
(10,560)	Pretium Resources Inc.	(36,437)	(58,714)	(0.64)
(2,510)	Reitmans (Cda) Ltd. - A Nv	(18,716)	(17,068)	(0.19)
(9,120)	Rio Alto Mining Limited	(18,177)	(16,234)	(0.18)
(34,530)	Rubicon Minerals Ord	(48,588)	(33,838)	(0.37)
(5,590)	Sherritt Intl. Corp. -Rvs-	(20,326)	(20,851)	(0.23)
(7,540)	Silver Standard Res. Ord	(45,135)	(55,721)	(0.61)
(10,830)	Silvercorp Metals Inc.	(29,314)	(26,425)	(0.29)
(640)	SnC-Lavalin Group	(25,858)	(30,637)	(0.33)
(2,220)	Talisman Energy Inc.	(25,479)	(27,506)	(0.30)
(9,690)	Taseko Mines Ltd.	(20,550)	(21,995)	(0.24)
(10,630)	Thompson Creek Metals Co.	(35,446)	(24,768)	(0.27)

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
(23,890)	Torex Gold Resources Inc.	(29,138)	(22,696)	(0.25)
(1,710)	Trican Well Service Ltd.	(24,157)	(22,213)	(0.24)
(300)	Valeant Pharma Intl-New	(34,555)	(37,413)	(0.42)
(1,560)	Westport Innovation Inc.	(42,952)	(32,479)	(0.35)
(9,520)	Wi-Lan Inc.	(33,163)	(33,891)	(0.37)
		(1,280,621)	(1,253,135)	(13.65)
United States equities:				
(180)	Abbott Laboratories	(6,525)	(7,329)	(0.08)
(180)	Abercrombie & Fitch Co. - A -	(7,688)	(6,291)	(0.07)
(100)	Actavis Inc.	(14,650)	(17,844)	(0.19)
(150)	Advanced Micro Devices Inc.	(521)	(615)	(0.01)
(490)	Aegion Corp.	(11,342)	(11,391)	(0.12)
(3,010)	Ak Steel Holding Corp.	(11,666)	(26,212)	(0.29)
(90)	Akamai Technologies	(4,247)	(4,510)	(0.05)
(570)	Allegheny Technologies	(16,873)	(21,568)	(0.23)
(380)	Almost Family Inc.	(11,219)	(13,047)	(0.14)
(1,600)	Alpha Natural Resources Inc.	(10,760)	(12,149)	(0.13)
(30)	Amazon Com Inc.	(11,201)	(12,707)	(0.14)
(640)	American Eagle Outfitters Inc.	(10,364)	(9,787)	(0.11)
(160)	American Science and Engineering	(11,046)	(12,221)	(0.13)
(350)	Apartment Inv't and Mgmt Co. - A	(10,623)	(9,631)	(0.10)
(780)	Applied Materials Inc.	(12,808)	(14,654)	(0.16)
(2,200)	Arch Coal	(10,448)	(10,374)	(0.11)
(4,420)	Arqule Inc.	(11,329)	(10,139)	(0.11)
(1,330)	Avid Technology Inc.	(10,348)	(11,526)	(0.13)
(1,010)	Avon Products Inc.	(19,873)	(18,481)	(0.20)
(140)	Best Buy Company Inc.	(4,703)	(5,928)	(0.06)
(210)	Buckle Ord	(11,897)	(11,722)	(0.13)
(1,540)	Central Garden and Pet Class A	(11,160)	(11,038)	(0.12)
(170)	Chesapeake Energy Corp.	(4,149)	(4,902)	(0.05)
(580)	Chicos Fas	(11,529)	(11,611)	(0.13)
(2,720)	Ciber Inc.	(11,247)	(11,988)	(0.13)
(3,300)	Cincinnati Bell Inc. New Com.	(11,136)	(12,511)	(0.14)
(720)	Cliffs Natural Res. Inc.	(15,796)	(20,041)	(0.22)
(330)	Comtech Telecommunications Corp.	(10,462)	(11,043)	(0.12)
(490)	Consol Energy Inc.	(16,635)	(19,795)	(0.22)
(80)	Constellation Brands Inc. - A	(4,701)	(5,980)	(0.07)
(230)	Contango Oil and Gas	(10,180)	(11,534)	(0.13)
(130)	Crown Castle Intl. Corp.	(9,881)	(10,141)	(0.11)
(180)	Devon Energy Corporation New	(10,711)	(11,831)	(0.13)
(310)	Diebold Inc.	(11,255)	(10,871)	(0.12)
(290)	Dr. Horton Inc.	(6,156)	(6,874)	(0.07)
(810)	E*Trade Financial Corporation	(12,634)	(16,895)	(0.18)
(770)	Ebix Inc.	(11,415)	(12,037)	(0.13)

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
(2,160)	Entropic Communications	(11,266)	(10,804)	(0.12)
(220)	Equity Residential	(12,757)	(12,119)	(0.13)
(350)	Ethan Allen Ord	(11,394)	(11,307)	(0.12)
(100)	Expedia Inc.	(5,791)	(7,398)	(0.08)
(60)	F5 Networks Inc.	(4,988)	(5,791)	(0.06)
(220)	Firstenergy Corp.	(8,943)	(7,708)	(0.08)
(280)	Foot Locker Inc.	(11,560)	(12,329)	(0.13)
(270)	Forest Laboratories Inc.	(12,093)	(17,216)	(0.19)
(1,770)	Forest Oil Corp.	(9,430)	(6,805)	(0.07)
(550)	Francescas Holdings Ord	(11,465)	(10,753)	(0.12)
(310)	Genworth Financial Inc. - Class A	(4,060)	(5,113)	(0.06)
(430)	Hartford Financial Services	(13,875)	(16,549)	(0.18)
(180)	Health Care Reit Inc.	(12,034)	(10,240)	(0.11)
(770)	Healthways Inc.	(11,438)	(12,552)	(0.14)
(590)	Heartland Express Inc.	(11,520)	(12,294)	(0.13)
(150)	Hewlett Packard Co.	(3,567)	(4,459)	(0.05)
(1,400)	Higher One Holdings Ord	(11,559)	(14,541)	(0.16)
(470)	Hms Holdings Corp.	(11,423)	(11,345)	(0.12)
(350)	Hospira Inc.	(13,796)	(15,344)	(0.17)
(450)	Impax Laboratories Inc.	(11,531)	(12,019)	(0.13)
(190)	Integrays Energy Group Ord	(11,290)	(10,979)	(0.12)
(310)	Iron Mountain Inc.	(9,546)	(9,992)	(0.11)
(1,170)	J C Penney Co Inc.	(16,526)	(11,382)	(0.12)
(1,010)	Janus Capital Group Inc.	(10,577)	(13,279)	(0.14)
(1,400)	Jds Uniphase Corp.	(19,236)	(19,314)	(0.21)
(280)	Juniper Networks	(5,599)	(6,714)	(0.07)
(310)	Kinder Morgan Inc.	(12,301)	(11,852)	(0.13)
(2,640)	Kopin Corp.	(11,409)	(11,832)	(0.13)
(530)	Lennar Class A Ord	(18,656)	(22,267)	(0.24)
(870)	Liveperson Inc.	(11,288)	(13,693)	(0.15)
(320)	Lsb Industries Inc.	(11,126)	(13,944)	(0.15)
(530)	Mack-Cali Realty Corp.	(11,449)	(12,090)	(0.13)
(350)	Masco Corporation	(7,432)	(8,467)	(0.09)
(310)	Meadwestvaco Corp.	(11,383)	(12,152)	(0.13)
(390)	Medifast Ord	(11,091)	(10,827)	(0.12)
(980)	Mercury Computer Systems Inc.	(11,287)	(11,396)	(0.12)
(370)	Micron Technology Inc.	(6,938)	(8,550)	(0.09)
(100)	Monster Beverage Ord	(5,970)	(7,198)	(0.08)
(1,910)	Monster Worldwide Inc.	(11,422)	(14,463)	(0.16)
(250)	Nabors Industries Ltd.	(4,159)	(4,516)	(0.05)
(160)	Navigators Group Inc.	(11,396)	(10,732)	(0.12)
(40)	Netflix Inc.	(11,411)	(15,640)	(0.17)
(680)	Newfield Exploration Co.	(17,680)	(17,794)	(0.19)
(410)	Newmont Mining Corp.	(12,809)	(10,028)	(0.11)
(430)	Nrg Energy Inc. :1	(12,053)	(13,115)	(0.14)
(250)	Nucor Corp.	(12,396)	(14,175)	(0.15)
(220)	Oneok Inc. New	(12,242)	(14,528)	(0.16)

EHP ADVANTAGE FUND

Statement of Investments (continued)
(Expressed in Canadian dollars)

December 31, 2013

Shares/ par value	Description	Cost	Fair value	% of net assets
(350)	Peabody Energy Corp.	(7,113)	(7,263)	(0.08)
(180)	Pentair Inc.	(11,285)	(14,844)	(0.16)
(1,130)	Pericom Semiconductor Corp.	(11,333)	(10,633)	(0.12)
(350)	Perkinelmer Inc.	(12,587)	(15,325)	(0.17)
(2,120)	Petroquest Energy Inc.	(9,992)	(9,749)	(0.11)
(470)	Pharmerica Ord	(11,284)	(10,737)	(0.12)
(240)	Pitney Bowes Inc.	(4,243)	(5,941)	(0.06)
(220)	Prologis Inc.	(8,844)	(8,633)	(0.09)
(350)	Pulte Homes Inc.	(6,493)	(7,575)	(0.08)
(100)	Pvh Ord	(13,088)	(14,445)	(0.16)
(210)	Rackspace Hosting Inc.	(11,054)	(8,729)	(0.10)
(180)	Range Resources Corp.	(14,121)	(16,117)	(0.18)
(1,520)	Ruby Tuesday Inc.	(11,389)	(11,187)	(0.12)
(310)	Salesforce.Com Inc.	(14,738)	(18,173)	(0.20)
(510)	Select Comfort Corporation	(11,467)	(11,423)	(0.12)
(340)	Spectra Energy Corp.	(12,521)	(12,865)	(0.14)
(510)	Suncoke Energy Ord	(10,921)	(12,360)	(0.13)
(1,090)	Symmetry Medical Ord	(11,227)	(11,680)	(0.13)
(450)	Tenet Healthcare Corp.	(20,223)	(20,134)	(0.22)
(100)	Tesoro Corp.	(5,308)	(6,214)	(0.07)
(620)	Titan Intl Inc. III	(11,381)	(11,852)	(0.13)
(40)	Tripadvisor Inc.	(2,871)	(3,519)	(0.04)
(1,100)	Ttm Technologies Inc.	(11,295)	(10,023)	(0.11)
(650)	United States Steel Corp.	(18,191)	(20,364)	(0.23)
(410)	Verifone Systems Inc.	(11,156)	(11,674)	(0.13)
(160)	Vertex Pharmaceuticals Inc.	(11,269)	(12,625)	(0.14)
(210)	Vitamin Shoppe Inc.	(10,425)	(11,599)	(0.13)
(130)	Vornado Realty Trust	(11,476)	(12,257)	(0.13)
(310)	Vulcan Materials Co.	(16,306)	(19,562)	(0.21)
(350)	Weyerhaeuser Co.	(10,600)	(11,738)	(0.13)
(710)	Wpx Energy Ord	(13,847)	(15,374)	(0.17)
		(1,250,388)	(1,359,437)	(14.80)
Total short positions		(2,531,009)	(2,612,572)	(28.45)
Net value of investments		<u>\$ 8,480,561</u>	9,376,862	102.11
Other assets, net			(193,911)	(2.11)
Net assets			<u>\$ 9,182,951</u>	100.00

See accompanying notes to financial statements.

EHP ADVANTAGE FUND

Notes to Financial Statements

Period from May 1, 2013 (commencement of operations) to December 31, 2013

The EHP Advantage Fund (the "Fund") is an open-ended investment trust established under the laws of the Province of Ontario pursuant to a trust agreement (the "Trust Agreement") made as of August 14, 2013.

EdgeHill Partners, a general partnership formed under the laws of the Province of Ontario, is the manager and investment adviser 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 generate superior risk adjusted investment returns over the long-term by utilizing a multi-strategy approach consisting of diversified quantitative and systematic investment strategies. The Fund will also seek to preserve capital and mitigate risk through the application of both portfolio and risk management tools. In order to achieve its objective, the Fund will actively allocate capital over multiple investment strategies predominantly based upon researched, repeatable and process-driven methodologies.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the period. Actual results could differ from those estimates.

(a) Unit valuation:

Net assets per unit ("GAAP NAV") is computed by dividing the net assets attributable to the class/series determined in accordance with GAAP, by the total number of units of the class/series outstanding. Net increase in GAAP NAV from operations represents the net increase in net assets of the class/series from operations for the period divided by the weighted average units outstanding for the period.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

1. Significant accounting policies (continued):

Net asset value per unit ("pricing NAV") is computed by dividing the net asset value attributable to the class/series of the Fund, determined for the purchase and redemption of units in accordance with the Fund's Limited Partnership Agreement, by the total number of units of the class/series outstanding. This amount may be different from the GAAP NAV calculation which is presented on the statement of net assets. Generally, any difference is due to valuing securities at bid and ask prices for GAAP purposes while pricing NAV typically utilizes last available trade price to determine fair value for the purchase and redemption of units. For the period ended December 31, 2013 reconciliation between GAAP NAV and pricing NAV is provided:

	Net asset value			Net asset value per unit		
	Pricing NAV	Section 3855 adjustment	GAAP NAV	Pricing NAV	Section 3855 adjustment	GAAP NAV
Class A - Initial Series	\$ 12	\$ -	\$ 12	\$ 12.29	\$ (0.03)	\$ 12.26
Class A - 2013 Series 10	24,878	(79)	24,799	11.06	(0.04)	11.02
Class A - 2013 Series 11	88,270	(282)	87,988	10.57	(0.03)	10.54
Class A - 2013 Series 12	61,677	(197)	61,480	10.19	(0.03)	10.16
Founder Class - Initial Series	7,856,874	(25,059)	7,831,815	12.68	(0.04)	12.64
Founder Class - 2013 Series 10	112,257	(358)	111,899	11.23	(0.04)	11.19
Founder Class - 2013 Series 11	490,525	(1,565)	488,960	10.66	(0.03)	10.63
Founder Class - 2013 Series 12	577,841	(1,843)	575,998	10.23	(0.03)	10.20
	\$ 9,212,334	\$ (29,383)	\$ 9,182,951			

(b) Investments:

Security transactions are recorded on the trade date. Realized gains and losses on security transactions are determined on an average cost basis.

In accordance with CPA Canada Handbook Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"), investments are classified as held-for-trading and, therefore, recorded at fair value.

Section 3855 also requires that transaction costs, such as brokerage commissions incurred in the purchase and sale of securities by the Fund, be charged to net income in the period. Accordingly, these costs are included in commissions and transaction costs in the statement of operations.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

1. Significant accounting policies (continued):

Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers are valued at their bid price. Investments held may include equities, listed warrants, options, short-term notes, treasury bills, bonds, asset-backed securities and other debt instruments. Investments sold short are valued at their ask price. Investments with no available bid or ask price are valued at their closing sale price.

The Fund may sell securities short, whereby a security that it does not own is sold short in anticipation of a decline in the market value of a security. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer. On each day the short position is open, the liability for the obligation to replace the borrowed security is marked-to-market and an unrealized gain or loss equal to the difference between the price at which the security was sold and the cost of replacing the borrowed security is recorded. While the transaction is open, the Fund will also incur a liability for any accrued dividends or interest on the security, which is paid to the lender of the security. Gains and losses on short sales are reflected in the statement of operations.

The Fund may use derivative contracts to enhance returns of the Fund and to manage risks associated with the investments. The value of the contracts are marked-to-market on the valuation date and the resultant gains and losses, both realized and unrealized, are recognized in the statement of operations.

In accordance with CPA Canada Handbook Section 3862, Financial Instruments - Disclosures ("Section 3862"), the Fund's investments are categorized in a three-tier hierarchy based on inputs used to value the investments. The hierarchy of inputs is summarized below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is one in which transactions for the assets occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly as prices or indirectly as derived by prices; and
- Level 3 - inputs for the asset or liability that are not based on observable market data.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

1. Significant accounting policies (continued):

Section 3862 also requires additional disclosures relating to risk management. These disclosures are included in note 4.

As of December 31, 2013, all of the Fund's investments and investments in securities sold short were classified as Level 1 investments.

(c) Investment income, expenses and distributions:

Interest income and expenses are recorded on an accrual basis. Dividend income is recognized on the ex-dividend date. Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date.

(d) Cash:

Cash consists of cash on deposit and short-term deposits with terms to maturity of less than one year at acquisition. Cash is deemed to be held-for-trading and, therefore, carried at fair value.

(e) Other assets and liabilities:

For the purposes of categorization in accordance with Section 3855, receivables from investments sold and dividends receivable are classified as loans and receivables and recorded at cost or amortized cost. Similarly, performance fee payable, accounts payable and accrued liabilities, management fee payable, dividend payable, interest payable and subscriptions received in advance are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

(f) Foreign currency:

Investment transactions and income and expenses in foreign currencies have been translated to Canadian dollars at the rate of exchange prevailing at the time of the transaction. The market value of investments quoted in foreign currencies has been translated to Canadian dollars at the rate of exchange prevailing at period end. Foreign exchange gains and losses on the sale of investments are included in the gain or loss on the sale of investments.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

1. Significant accounting policies (continued):

(g) Taxation of the Fund:

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income, including net realized capital gains, for the fiscal period which is not paid or payable to its unitholders as at the end of the fiscal period. It is the intention of the Investment Manager that sufficient net taxable investment income and net taxable capital gains realized will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized.

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.

(h) Future accounting change:

International Financial Reporting Standards ("IFRS")

In December 2011, the Canadian Accounting Standards Board ("AcSB") decided to extend the deferral of the adoption of IFRS for entities applying Accounting Guideline ("AcG") 18 to fiscal years beginning on or after January 1, 2014.

The Fund has elected to defer the adoption of IFRS to 2014. The Fund expects to report its financial results for the year ended December 31, 2014 prepared on an IFRS basis. The Fund will also provide comparative data on an IFRS basis, including an opening statement of net assets as at January 1, 2013. Further revisions by the AcSB to the IFRS adoption date for investment companies are possible.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

1. Significant accounting policies (continued):

The Investment Manager has presently determined that the impact of IFRS will be limited to additional note disclosure and modifications to existing presentation, including the inclusion of a statement of cash flows, and does not expect that the net assets or net asset value per unit will be impacted by the changeover to IFRS. This determination may change as we finalize our assessment of potential IFRS differences and as new standards are issued by the International Accounting Standards Board.

2. Related party transactions:

(a) Management fee:

As consideration for the services provided by the Investment Manager, the Fund pays the Investment Manager a management fee, monthly in arrears, calculated as:

- 1/12 of 2.0% of the aggregate of the net asset value of the Class A and/or Class I units on the last business day of the preceding month;
- 1/12 of 1.0% of the aggregate of the net asset value of the Class F units on the last business day of the preceding month;
- 1/12 of 1.5% of the aggregate of the net asset value of the Founder units on the last business day of the preceding month; and

(b) Performance fee:

The Investment Manager is entitled to a quarterly performance fee equal to:

- 20% of the amount by which the performance of each Class A series, Class F series, and/or Class I series exceeds the previous high water mark;
- 10% of the amount by which the performance of each Founder series exceeds the previous high water mark.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

2. Related party transactions (continued):

No performance fee shall be paid in respect of a particular series of the class of units unless the class net asset value per unit of the class of units of that series exceeds the highest net asset value per unit of the class of units of that series in respect of which a performance fee has been previously paid (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. Because the performance fee is calculated on a series-by-series basis, if a new investor purchases units of the class or an existing unitholder purchases additional units of the class, the starting point for the measurement of net profit with respect to that new or additional investment will be the applicable subscription date for such class of units. The previous highest class net asset value per unit of the class of units of any series achieved prior to the purchase of the new units of the class will not be considered in determining whether a performance fee is payable with respect to any such newly issued series of units of the class. As a result, different series of units of the class may have different performance fees payable at the end of the same calculation period, based on the level of net profit relating to each such series during the period during which it was outstanding, and a unitholder may be subject to a performance fee payment with respect to its units of the class in one series even if it incurs a net loss with respect to the aggregate number of units of the class it owns in all series.

(c) 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, 2013, 321,326 of Founder units and 3,301 of Class A units were owned by unitholders related to the Investment Manager.

3. Units of the Fund:

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

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

3. Units of the Fund (continued):

Subscriptions are accepted on a monthly basis, subject to applicable law and the Investment Manager's discretion to refuse a subscription in whole or in part. If a fully completed subscription agreement and subscription proceeds in cleared funds are delivered by the last business day of a month (a "valuation date"), and such subscription is accepted, the units subscribed for will be issued on the first business day of the next month. Units will be issued in series each month at an opening pricing NAV for each new series of \$10.

Units may be redeemed as of the last business day of each month (a "Redemption Date"), except in extraordinary circumstances. A request in writing (including, for greater certainty, requests sent by email) from the relevant unitholder for redemption must be delivered to the Investment Manager and the trustee at least 30 calendar days prior to the Redemption Date or such other period as permitted by the Investment Manager and the trustee in their sole discretion. Redemption requests received after that time will be processed as of the next Redemption Date. The redemption proceeds will typically be paid to the unitholder on or before the twelfth business day following the Redemption Date.

Unitholders who redeem units prior to the first anniversary of purchase will receive the redemption proceeds of such units less a 5.0% redemption fee. The redemption charge will be deducted from the redemption price otherwise payable and will be paid to the Fund. No redemption fee will be charged if units are redeemed as result of the death of a unitholder or as a result of the unitholder exercising a statutory right of withdrawal or rescission. The Investment Manager and the trustee may, in their discretion, agree to waive such redemption fee.

The following is a summary of units issued, rolled-up and redeemed during the period:

	Balance, beginning of period	Issued	Series roll-up	Redeemed	Balance, end of period
Class A - Initial Series	-	1	-	-	1
Class A - 2013 Series 10	-	2,250	-	-	2,250
Class A - 2013 Series 11	-	8,350	-	-	8,350
Class A - 2013 Series 12	-	6,050	-	-	6,050
Founder Class - Initial Series	-	200,000	419,468	-	619,468
Founder Class - 2013 Series 06	-	10,000	(10,000)	-	-
Founder Class - 2013 Series 07	-	175,000	(175,000)	-	-
Founder Class - 2013 Series 08	-	25,000	(25,000)	-	-
Founder Class - 2013 Series 09	-	250,210	(250,210)	-	-
Founder Class - 2013 Series 10	-	10,000	-	-	10,000
Founder Class - 2013 Series 11	-	46,000	-	-	46,000
Founder Class - 2013 Series 12	-	56,500	-	-	56,500

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

3. Units of the Fund (continued):

At the end of each quarter, some or all series of the same class of units may be rolled up into the Initial series in order to reduce the number of outstanding series of such class. This will be accomplished by amending the net asset value per unit of all such series so that they are the same, and consolidating or subdividing the number of units of each such series so the aggregate net asset value of units held by a limited partner does not change.

4. Financial instruments and risk management:

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). 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.

(a) 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 resulting in a financial loss to the Fund.

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.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

4. Financial instruments and risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations that are settled by delivering cash or another financial asset.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity. All liabilities are payable within a year.

(c) Market risk:

(i) Currency risk:

Currency risk is the risk that changes in foreign exchange rates will affect the Fund's income or the fair value of its investment holdings denominated in currencies other than the Canadian dollar, which is its reporting currency. The Fund may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2013 in Canadian dollar terms. The table also illustrates the potential impact to the Fund's net assets, with all other variables held constant, as a result of a 5% change in the U.S. dollar relative to the Canadian dollar. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Currency	Exposure			Total	Impact on net assets
	Investments in securities and securities sold short	Cash	Other net assets		
U.S. dollars	\$ 4,260,108	\$ 15,764	\$ 7,160	\$ 4,283,032	\$ 214,152
As percentage of net assets				46.64%	2.33%

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

4. Financial instruments and risk management (continued):

(ii) Interest rate risk:

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

(iii) Other price risk:

Other price risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). 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.

For the Fund, the most significant exposure to other price risk arises from its investment in equity securities. As at December 31, 2013, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$937,686. In practice, the actual trading results may differ from this analysis and the difference could be material.

5. 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 at December 31, 2013 is approximately \$12,072.

EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Period from May 1, 2013 (commencement of operations) to December 31, 2013

6. Filing of financial statements:

The Fund is relying on the exemption contained in Section 2.11(d) of National Instrument 81-106 not to file its financial statements with the Ontario Securities Commission on SEDAR.