

Financial Statements of

**EHP GUARDIAN  
INTERNATIONAL FUND**

Period from October 2, 2017 (commencement of  
operations) to December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of EHP Guardian International Fund

We have audited the accompanying financial statements of EHP Guardian International Fund, which comprise the statement of financial position as at December 31, 2017, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from October 2, 2017 (commencement of operations) to December 31, 2017, 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 International Financial Reporting Standards, 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EHP Guardian International Fund as at December 31, 2017, and its financial performance and its cash flows for the period from October 2, 2017 (commencement of operations) to December 31, 2017 in accordance with International Financial Reporting Standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

March 27, 2018  
Toronto, Canada

# EHP GUARDIAN INTERNATIONAL FUND

## Statement of Financial Position

December 31, 2017

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### Assets

Cash	\$ 3,280,354
Financial assets at fair value through profit or loss (cost - \$3,485,786) (note 4)	3,551,953
Organization cost receivable	3,475
Dividends receivable	3,245
Interest receivable	3,199
	<hr/>
	6,842,226

### Liabilities

Financial liabilities at fair value through profit and loss (proceeds - \$1,408,125) (note 4)	1,431,867
Accounts payable and accrued liabilities	1,119
Management fees payable (note 6)	6,106
Performance fees payable (note 6)	5,659
Dividends payable	768
Interest payable	1,487

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Net assets attributable to holders of redeemable units (note 5)	\$ 5,395,220
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#### Net assets attributable to holders of redeemable units per class and series:

Class A - 2017 Series 11	\$ 151,647
Class E - Initial Series	1,862,425
Class F - 2017 Series 10	1,025
Class F - 2017 Series 11	658,101
Founder Class - 2017 Series 10	256,881
Founder Class - 2017 Series 11	405,542
Founder Class - 2017 Series 12	2,059,599

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	\$ 5,395,220
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# EHP GUARDIAN INTERNATIONAL FUND

Statement of Financial Position (continued)

December 31, 2017

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Net assets attributable to holders of redeemable units per unit:	
Class A - 2017 Series 11	10.11
Class E - Initial Series	10.35
Class F - 2017 Series 10	10.25
Class F - 2017 Series 11	10.12
Founder Class - 2017 Series 10	10.28
Founder Class - 2017 Series 11	10.14
Founder Class - 2017 Series 12	10.05

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See accompanying notes to financial statements.

Approved by Edgehill Partners, Investment Manager,  
on behalf of the Fund:

  
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Chief Financial Officer

# EHP GUARDIAN INTERNATIONAL FUND

## Statement of Comprehensive Income

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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Income:	
Dividend	\$ 10,291
Interest for distribution purposes	6,795
Net foreign currency losses	(21,622)
Net gains on financial assets and liabilities at fair value through profit or loss:	
Net realized gains on financial assets and liabilities at fair value through profit or loss (note 3)	91,987
Net change in unrealized gains on financial assets and liabilities at fair value through profit or loss (note 3)	42,425
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	129,876
Operating expenses:	
Commissions and other portfolio transaction costs	13,304
Administration fees	13,750
Audit fees	6,955
Management fees (note 6)	6,106
Performance fees (note 6)	5,659
Interest and stock loan fees	5,385
Dividends expense on investments sold short	3,499
Withholding taxes	1,520
Organization cost	183
Legal fees	128
Other fees	114
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	56,603
Expense absorbed by the Investment Manager (note 6)	(20,947)
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Increase in net assets attributable to holders of redeemable units (note 5)	\$ 94,220

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See accompanying notes to financial statements.

# EHP GUARDIAN INTERNATIONAL FUND

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

Period from October 2, 2017 (commencement of operations) to December 31, 2017

	Net assets attributable to holders of redeemable units, beginning of period	Increase in net assets attributable to holders of redeemable units	Unit transactions			Capital gains	Net assets attributable to holders of redeemable units, end of period
			Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Distributions of redeemable shares		
Class A - 2017 Series 11	\$ -	\$ 1,647	\$ 150,000	\$ 1,088	\$ (69)	\$ (1,019)	\$ 151,647
Class E - Initial Series	-	62,425	1,800,000	41,258	(2,629)	(38,629)	1,862,425
Class F - 2017 Series 10	-	25	1,000	16	(1)	(15)	1,025
Class F - 2017 Series 11	-	8,101	650,000	5,354	(341)	(5,013)	658,101
Founder Class - 2017 Series 10	-	6,881	250,000	4,548	(290)	(4,258)	256,881
Founder Class - 2017 Series 11	-	5,542	400,000	3,663	(233)	(3,430)	405,542
Founder Class - 2017 Series 12	-	9,599	2,050,000	6,344	(404)	(5,940)	2,059,599
	\$ -	\$ 94,220	\$ 5,301,000	\$ 62,271	\$ (3,967)	\$ (58,304)	\$ 5,395,220

See accompanying notes to financial statements.

# EHP GUARDIAN INTERNATIONAL FUND

## Statement of Cash Flows

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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Cash flows from operating activities:	
Increase in net assets attributable to holders of redeemable units	\$ 94,220
Adjustments for:	
Net realized gains on financial assets and liabilities at fair value through profit or loss (note 3)	(91,987)
Net change in unrealized gains on financial assets and liabilities at fair value through profit or loss (note 3)	(42,425)
	<hr/> (40,192)
Change in non-cash balances:	
Purchases of investments	(8,630,744)
Cost of investments purchased to cover short positions	(3,571,164)
Proceeds from sale of investments	5,189,354
Proceeds from investments sold short	5,026,880
Net increase in organization cost	(3,475)
Net increase in dividends receivable	(3,245)
Net increase in interest receivable	(3,199)
Net decrease in accounts payable and accrued liabilities	1,119
Net increase in management fees payable (note 6)	6,106
Net increase in performance fees payable (note 6)	5,659
Net increase in dividends payable	768
Net increase in interest payable	1,487
Net cash used in operating activities	<hr/> (2,020,646)
Cash flows from financing activities:	
Proceeds from issuance of redeemable units (note 5)	5,301,000
Net increase in cash, being cash, end of period	<hr/> \$ 3,280,354
Supplemental cash flow information:	
Interest paid	\$ 1,518
Interest received	3,596
Dividends received, net of withholding taxes	5,526
Dividends paid	2,731

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See accompanying notes to financial statements.



# EHP GUARDIAN INTERNATIONAL FUND

## Schedule of Investments

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
<b>Investments - long</b>				
Australian equities:				
2,700	Abacus Property Group	\$ 10,365	\$ 10,921	0.20
1,700	Adelaide Brighton Ltd.	10,606	10,882	0.20
500	Aristocrat Leisure Ltd.	10,855	11,634	0.21
6,800	Asaleo Care Ltd.	10,130	10,014	0.19
6,300	AusNet Services Ltd.	11,011	11,164	0.21
6,800	Australian Pharma Indus Ltd	10,030	11,249	0.21
12,800	Beach Energy Ltd.	12,350	15,645	0.29
300	BHP Billiton Ltd.	7,801	8,709	0.16
800	Carsales.com Ltd.	10,782	11,380	0.21
1,900	Charter Hall Group	10,854	11,229	0.21
10,800	Cromwell Property Group	10,572	10,709	0.20
1,300	DuluxGroup Ltd.	10,007	9,776	0.18
1,100	Fisher & Paykel Healthcare Corp.	12,663	13,866	0.26
200	Flight Centre Travel Group Ltd.	9,097	8,686	0.16
3,200	Medibank Private Ltd.	9,664	10,336	0.19
4,700	Mirvac Group	10,941	10,843	0.20
7,600	Nine Entertainment Co. Holdings Ltd.	11,098	11,453	0.21
1,600	Qantas Airways Ltd.	9,271	7,917	0.15
3,600	Reliance Worldwide Corporation Ltd.	13,265	13,784	0.25
4,400	Shopping Centres Australasia Property Group	10,251	10,065	0.19
8,700	Southern Cross Media Group Ltd.	9,758	10,121	0.19
4,400	Spark Infrastructure Group	11,079	10,842	0.20
	Total Australian equities	232,450	241,225	4.47
Danish equities:				
490	GN Store Nord A/S	20,552	19,900	0.37
290	Royal Unibrew A/S	21,035	21,840	0.41
460	Topdanmark A/S	23,832	24,980	0.46
660	William Demant Holding A/S	23,445	23,195	0.43
	Total Danish equities	88,864	89,915	1.67
European equities:				
990	ACEA SPA	22,933	23,004	0.43
1,090	Air France-KLM	21,208	22,334	0.41
70	Allianz SE	20,731	20,226	0.37
260	Amadeus IT Holding SA	22,625	23,581	0.44
7,130	Arnoldo Mondadori Editore SPA	23,327	22,399	0.42
2,290	Aroundtown SA	21,149	22,169	0.41
420	ASR Nederland NV	21,477	21,740	0.40
150	BASF SE	21,105	20,763	0.38
240	BE Semiconductor Industries NV	23,310	25,316	0.47
210	Biomerieux SA	21,770	23,666	0.44
360	Bouygues SA	22,300	23,526	0.44

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
570	CA Immobilien Anlagen AG	21,020	22,194	0.41
50	Christian Dior SE	21,618	22,976	0.43
320	Deutsche Beteiligungs AG	21,520	22,715	0.42
500	Deutsche Lufthansa AG	21,421	23,176	0.43
350	Deutsche Post AG	20,903	20,992	0.39
200	Diasorin SPA	23,403	22,331	0.41
1,070	ERG SPA	23,341	24,863	0.46
280	Euronext NV	21,541	21,889	0.41
240	Faurecia	22,383	23,585	0.44
160	Ferrari NV	23,082	21,112	0.39
940	Fiat Chrysler Automobiles NV	20,831	21,147	0.39
310	Gaztransport ET Technigaz SA	20,817	23,434	0.43
9,580	Green REIT PLC	21,621	22,477	0.42
6,350	Iren SPA	23,002	23,953	0.44
9,770	Irish Residential Properties REIT PLC	21,658	22,112	0.41
18,220	Juventus Football Club SPA	20,025	21,017	0.39
360	Kaufman & Broad SA	21,137	21,527	0.40
290	KBC Ancora	22,121	22,968	0.43
200	KBC Groep NV	21,091	21,459	0.40
390	Kendrion NV	22,365	23,632	0.44
390	Koninklijke Philips NV	20,125	18,560	0.34
680	Peugeot SA	19,631	17,396	0.32
390	Plastic Omnium	21,224	22,300	0.41
650	Polytec Holding AG	20,072	18,144	0.34
340	Recordati SPA	20,086	19,012	0.35
920	Repsol SA	21,387	20,468	0.38
360	Sligro Food Group NV	20,940	21,646	0.40
320	Software AG	21,151	22,626	0.42
1,720	Telekom Austria AG	20,735	20,059	0.37
290	Total SA	20,732	20,148	0.37
260	Ubisoft Entertainment SA	24,902	25,163	0.47
150	Warehouses De Pauw SCA	20,669	21,146	0.39
	Total European equities	928,489	944,951	17.51
	Great Britain equities:			
660	Anglo American PLC	15,689	17,370	0.32
260	Bellway PLC	15,968	15,735	0.29
1,870	BP PLC	16,264	16,602	0.31
1,200	Britvic PLC	16,209	16,611	0.31
6,240	Centrica PLC	17,022	14,552	0.27
5,650	CMC Markets PLC	16,050	14,395	0.27
8,960	Faroe Petroleum PLC	15,325	15,979	0.30
180	Ferguson PLC	16,224	16,295	0.30
6,640	Genel Energy PLC	12,940	12,152	0.22
740	Halma PLC	16,061	15,837	0.29
6,360	Hansteen Holdings PLC	14,898	15,448	0.29
5,890	Hays PLC	18,718	18,298	0.34
200	Intercontinental Hotels Group PLC	15,616	16,030	0.30
1,490	International Consolidated Airline Group	15,602	16,475	0.30
180	Intertek Group PLC	15,793	15,867	0.29
5,470	ITV PLC	14,980	15,376	0.28

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
1,600	Jupiter Fund Management PLC	15,692	17,080	0.32
5,980	Just Group PLC	15,289	17,308	0.32
3,390	Legal & General Group PLC	15,110	15,736	0.29
5,230	Man Strategic Holdings Ltd.	16,462	18,370	0.34
340	Persimmon PLC.	15,380	15,812	0.29
13,390	Premier Oil PLC	16,229	17,341	0.32
7,200	Primary Health Properties PLC	14,367	14,308	0.26
5,740	Redde PLC	15,822	17,086	0.32
1,490	Redrow PLC	15,608	16,564	0.31
190	Renishaw PLC	16,064	16,862	0.31
2,930	Rentokil Initial PLC	15,635	15,826	0.29
390	Royal Dutch Shell PLC, Class A	16,142	16,428	0.30
960	Savills PLC	15,406	16,191	0.30
260	Schroders PLC	15,105	15,527	0.29
2,520	Secure Income REIT PLC	15,855	15,441	0.29
11,500	Sirius Real Estate Ltd.	12,115	12,843	0.24
680	Smith & Nephew PLC	15,014	14,439	0.27
1,850	Softcat PLC	16,367	16,340	0.30
620	SSE PLC	14,377	13,901	0.26
4,490	Taylor Wimpey PLC	15,027	15,741	0.29
240	The Berkeley Group Holdings PLC	15,365	17,109	0.32
9,550	UK Commercial Property Trust Ltd.	14,404	14,372	0.27
430	WH Smith PLC	15,240	17,141	0.32
300	Wizz Air Holdings PLC	16,506	18,751	0.35
	Total Great Britain equities	621,940	639,539	11.85
	Japanese equities:			
400	Aeon Financial Service Co. Ltd.	10,820	11,706	0.22
400	Amano Corp.	12,285	13,147	0.24
200	Aozora Bank Ltd.	9,677	9,781	0.18
200	Asahi Group Holdings Ltd.	12,958	12,469	0.23
1,000	Astellas Pharma Inc.	16,347	16,027	0.30
200	Canon Inc.	8,987	9,369	0.17
400	Canon Marketing Japan Inc.	13,118	13,585	0.25
200	Daiwa House Industry Co. Ltd.	8,968	9,652	0.18
1,000	Dexerials Corp.	15,151	16,273	0.30
1,600	ES-Con Japan Ltd.	11,399	11,689	0.22
1,000	Financial Products Group Co.	15,144	15,269	0.28
1,000	Haseko Corp.	18,802	19,529	0.36
1,200	Hitachi Ltd.	11,415	11,750	0.22
1,000	Hoosiers Holdings	12,785	14,689	0.27
600	IBJ Leasing Co. Ltd.	19,993	19,280	0.36
600	Itochu Corp.	12,995	14,073	0.26
1,900	JXTG Holdings Inc.	13,014	15,406	0.28
400	K S Holdings Corp.	11,540	12,889	0.24
800	Kajima Corp.	10,381	9,672	0.18
400	Kirin Holdings Co. Ltd.	12,226	12,672	0.23
1,000	Kitanotatsujin Corp.	12,824	16,228	0.30

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
1,200	Leopalace21 Corp.	11,390	11,724	0.22
1,000	Matsui Securities Co. Ltd.	11,230	10,607	0.20
2,100	Mebuki Financial Group Inc.	11,305	11,172	0.21
400	Medipal Holdings Corp.	9,843	9,846	0.18
400	Minebea Mitsumi Inc.	10,318	10,542	0.20
1,000	Mitsubishi Chemical Holdings	13,360	13,791	0.25
1,000	Mitsui & Co. Ltd.	19,065	20,433	0.38
200	Mitsui Chemicals Inc.	7,631	8,086	0.15
200	Mitsui Sugar Co. Ltd.	10,382	10,618	0.20
6,800	Mizuho Financial Group Inc.	15,638	15,517	0.29
400	NEC Networks & System Integration Corp.	13,418	13,228	0.25
1,200	New Japan Radio Co. Ltd.	11,684	14,361	0.27
200	Nippon Telegraph & Telephone Corp.	13,333	11,825	0.22
200	Noevir Holding Co.	18,162	18,648	0.35
800	Obayashi Corp.	13,318	12,170	0.23
200	Okumura Corp.	10,314	10,350	0.19
200	Paltac Corp.	9,997	11,466	0.21
1,000	Renesas Electronics Corp.	15,519	14,644	0.27
400	Rorze Corp.	12,354	12,269	0.23
600	Sekisui House Ltd.	14,249	13,621	0.25
200	Seria Co. Ltd.	13,964	15,168	0.28
1,400	Sumitomo Chemical Co. Ltd.	12,524	12,648	0.23
600	Sumitomo Forestry Co. Ltd.	13,232	13,491	0.25
600	Sun Frontier Fudousan Co. Ltd.	10,246	8,572	0.16
800	Syuppin Co. Ltd.	14,249	13,634	0.25
200	Tocalo Co. Ltd.	10,721	11,220	0.21
1,900	Tokai Holdings Corp.	18,772	20,301	0.38
200	Tokyo Century Corp.	11,139	12,202	0.23
400	Tosoh Corp.	10,964	11,394	0.21
1,600	Toyo Construction Co. Ltd.	11,436	11,760	0.22
200	Toyota Tsusho Corp.	9,511	10,116	0.19
200	Trend Micro Inc.	14,430	14,254	0.26
200	Tri Chemical Laboratories Inc.	9,500	9,023	0.17
200	Ulvac Inc.	17,280	15,838	0.29
600	World Holdings Co. Ltd.	21,600	23,991	0.44
200	Yamaha Motor Co. Ltd.	7,498	8,242	0.15
	Total Japanese equities	730,405	751,927	13.94
	New Zealand equities:			
800	Fisher & Paykel Healthcare Corp.	9,272	10,243	0.19
3,100	Mercury NZ Ltd.	9,104	9,321	0.17
	Total New Zealand equities	18,376	19,564	0.36
	Norwegian equities:			
1,290	Atea ASA	21,773	22,835	0.42
830	DBN ASA	20,326	19,348	0.36
1,690	Grieg Seafood ASA	20,325	18,714	0.35
	Total Norwegian equities	62,424	60,897	1.13

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
Swedish equities:				
990	Axfood AB	22,743	24,009	0.45
510	Boliden AB	21,852	21,951	0.41
510	Electrolux AB, Series B	22,204	20,676	0.38
370	Nolato AB, Class B	26,145	30,591	0.57
5,210	SAS AB	20,763	17,022	0.31
1,500	Tele2 AB, Class B	23,356	23,193	0.43
680	Wihlborgs Fastigheter AB	20,586	20,476	0.38
Total Swedish equities		157,649	157,918	2.93
Swiss equities:				
640	ABB Ltd.	20,972	21,563	0.40
50	Bucher Industries AG	24,414	25,540	0.47
20	Dormakaba Holding AG	24,775	23,412	0.43
1,960	EFG International AG	23,592	26,041	0.48
120	HBM Healthcare Investment AG	20,117	20,633	0.38
30	INFICON Holding AG	23,890	23,547	0.44
100	Kuehne + Nagel International AG	22,581	22,251	0.41
200	Novartis AG	21,663	21,258	0.40
30	Partners Group Holding AG	25,840	25,850	0.48
100	Sonova Holding AG	21,715	19,632	0.37
30	Straumann Holding AG	26,707	26,643	0.50
30	Swisscom AG	19,591	20,064	0.37
130	VAT Group AG	22,202	24,214	0.45
130	VP Bank AG	22,226	22,302	0.41
Total Swiss equities		320,285	322,950	5.99
United States equities:				
43	CRH PLC	2,034	1,951	0.04
2,200	iShares JP Morgan Emerging Markets Bond Index ETF	322,870	321,116	5.95
Total United States equities		324,904	323,067	5.99
Total investments - long		\$ 3,485,786	\$ 3,551,953	65.84

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
<b>Investments - short</b>				
Australian equities:				
(300)	ALS Ltd.	\$ (2,231)	\$ (2,059)	(0.04)
(500)	AMP Ltd.	(2,472)	(2,548)	(0.05)
(300)	APA Group	(2,612)	(2,453)	(0.05)
(500)	APN Outdoor Group Ltd.	(2,275)	(2,420)	(0.05)
(200)	Bendigo And Adelaide Bank	(2,275)	(2,291)	(0.04)
(300)	Brambles Ltd.	(2,809)	(2,966)	(0.06)
(200)	Brickworks Ltd.	(2,678)	(2,920)	(0.05)
(100)	Credit Corp Group Ltd.	(1,865)	(2,190)	(0.04)
(300)	Fletcher Building Ltd.	(1,950)	(2,032)	(0.04)
(300)	Graincorp Ltd.	(2,399)	(2,412)	(0.04)
(800)	Independence Group NL	(3,124)	(3,738)	(0.07)
(300)	Oil Search Ltd.	(2,102)	(2,294)	(0.04)
(300)	Origin Energy Ltd.	(2,315)	(2,774)	(0.05)
(500)	Pact Group Holdings Ltd.	(2,677)	(2,788)	(0.05)
(300)	QBE Insurance Group Ltd.	(3,044)	(3,145)	(0.06)
(800)	Scentre Group	(3,166)	(3,291)	(0.06)
(200)	Sirtex Medical Ltd.	(2,882)	(3,244)	(0.06)
(800)	Skycity Entertainment Group	(2,725)	(2,922)	(0.05)
(200)	Suncorp Group Ltd.	(2,657)	(2,721)	(0.05)
(215)	Transurban Group	(2,535)	(2,624)	(0.05)
(300)	Webjet Ltd.	(2,955)	(3,072)	(0.06)
(300)	Westfield Corp.	(2,352)	(2,795)	(0.05)
(200)	Worleyparsons Ltd.	(2,775)	(2,818)	(0.05)
	Total Australian equities	(58,875)	(62,517)	(1.16)
Danish equities:				
(30)	Pandora A/S	(3,673)	(4,105)	(0.08)
(50)	Vestas Wind Systems A/S	(5,011)	(4,343)	(0.08)
	Total Danish equities	(8,684)	(8,448)	(0.16)
European equities:				
(50)	Acciona SA	(5,047)	(5,133)	(0.10)
(820)	Banca Popolare Dell Emilia Romagna	(5,311)	(5,209)	(0.10)
(1,850)	Banca Popolare Di Sondrio	(9,442)	(8,497)	(0.16)
(450)	Banco Bilbao Vizcaya Argentaria SA	(4,967)	(4,829)	(0.09)
(80)	Bekaert NV	(4,651)	(4,399)	(0.08)
(790)	Binckbank NV	(5,114)	(5,285)	(0.10)
(140)	Buwog AG	(5,157)	(6,073)	(0.11)
(140)	Buzzi Unicem SPA	(4,700)	(4,753)	(0.09)
(150)	Carmila	(5,227)	(5,254)	(0.10)
(540)	Caverion Corp.	(5,114)	(4,799)	(0.09)
(100)	Construcc Y Aux De Ferrocarr	(5,240)	(5,157)	(0.10)
(185)	CRH PLC	(8,642)	(8,362)	(0.16)
(80)	D Ieteren SA/NV	(4,739)	(4,531)	(0.08)

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
(100)	DBV Technologies SA	(5,985)	(6,321)	(0.12)
(500)	Euskaltel SA	(5,302)	(5,129)	(0.10)
(310)	Flow Traders	(9,412)	(9,355)	(0.17)
(180)	Gemalto	(9,119)	(13,444)	(0.25)
(500)	Iberdrola SA	(5,116)	(4,874)	(0.09)
(160)	K+S AG	(5,005)	(5,011)	(0.09)
(100)	Klepierre	(5,130)	(5,532)	(0.10)
(340)	Leonardo SPA	(5,102)	(5,089)	(0.09)
(1,220)	Mapfre SA	(5,151)	(4,930)	(0.09)
(50)	Masmovil Ibercom SA	(5,371)	(6,631)	(0.12)
(60)	Nexity	(4,552)	(4,492)	(0.08)
(160)	OCI NV	(4,640)	(5,077)	(0.09)
(930)	Postnl NV	(5,140)	(5,720)	(0.11)
(1,560)	Sacyr SA	(5,215)	(5,553)	(0.10)
(1,190)	Safilo Group SPA	(9,302)	(8,558)	(0.16)
(60)	Sartorius Stedim Biotech SA	(5,306)	(5,458)	(0.10)
(180)	Tarkett	(9,490)	(9,500)	(0.18)
(1,130)	Technicolor	(4,956)	(4,893)	(0.09)
(690)	Telepizza Group SA	(5,072)	(4,893)	(0.09)
(280)	Tenaris SA	(4,928)	(5,560)	(0.10)
(140)	Thyssenkrupp AG	(4,861)	(5,115)	(0.09)
(1,130)	Tubacex SA	(5,349)	(5,712)	(0.11)
(210)	UniCredit SPA	(5,274)	(4,937)	(0.09)
(50)	Vicat	(4,942)	(4,963)	(0.09)
(30)	Virbac SA	(4,998)	(5,590)	(0.10)
(160)	Vivendi	(5,195)	(5,413)	(0.10)
(100)	Wereldhave NV	(5,833)	(6,035)	(0.11)
(160)	Zeal Network SE	(5,135)	(5,174)	(0.10)
(20)	Zooplus AG	(4,359)	(4,536)	(0.09)
	Total European equities	(238,591)	(245,776)	(4.56)
	Great Britain equities:			
(680)	Auto Trader Group PLC	(3,955)	(4,075)	(0.07)
(850)	Balfour Beatty PLC	(3,829)	(4,288)	(0.08)
(1,160)	Barclays PLC	(3,705)	(4,002)	(0.07)
(510)	Capita PLC	(4,236)	(3,473)	(0.06)
(890)	Capital & Counties Properties PLC	(3,929)	(4,833)	(0.09)
(80)	Derwent London PLC	(3,675)	(4,237)	(0.08)
(140)	Dignity PLC	(4,667)	(4,328)	(0.08)
(870)	Drax Group PLC	(4,146)	(3,999)	(0.07)
(460)	Essentra PLC	(4,051)	(4,137)	(0.08)
(120)	Fevertree Drinks PLC	(3,956)	(4,641)	(0.09)
(190)	Galliford Try PLC	(3,865)	(4,150)	(0.08)
(300)	GB Group PLC	(2,100)	(2,218)	(0.04)
(670)	Glencore PLC	(4,119)	(4,438)	(0.08)
(360)	Great Portland Estates PLC	(3,760)	(4,210)	(0.08)
(570)	Greencore Group PILC	(1,921)	(2,224)	(0.04)
(450)	Greene King PLC	(4,022)	(4,242)	(0.08)

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
(180)	Hill & Smith Holdings PLC	(3,901)	(4,094)	(0.08)
(440)	Hunting PLC	(3,835)	(4,521)	(0.08)
(500)	Investec PLC	(4,400)	(4,543)	(0.08)
(390)	Mediclinic International PLC	(3,817)	(4,302)	(0.08)
(1,180)	Melrose Industries PLC	(4,170)	(4,253)	(0.08)
(640)	Merlin Entertainments PLC	(3,996)	(3,945)	(0.07)
(70)	Metro Bank PLC	(4,113)	(4,261)	(0.08)
(1,160)	Mitie Group PLC	(4,286)	(3,807)	(0.07)
(320)	Pearson PLC	(3,694)	(4,000)	(0.07)
(720)	PZ Cussons PLC	(3,901)	(3,956)	(0.07)
(1,040)	Qinetiq Group PLC	(3,962)	(4,082)	(0.08)
(40)	Reckitt Benckiser Group PLC	(4,418)	(4,701)	(0.09)
(990)	Sainsbury PLC	(3,927)	(4,059)	(0.08)
(60)	Shire PLC	(3,773)	(3,974)	(0.07)
(90)	Spectris PLC	(3,779)	(3,802)	(0.07)
(990)	Spire Healthcare Group PLC	(4,088)	(4,264)	(0.08)
(300)	Standard Chartered PLC	(3,711)	(3,975)	(0.07)
(1,130)	Tesco PLC	(3,605)	(4,016)	(0.07)
(120)	The Weir Group PLC	(4,006)	(4,327)	(0.08)
(180)	Ultra Electronics Hldgs PLC	(3,931)	(4,118)	(0.08)
(290)	United Utilities Group PLC	(4,022)	(4,086)	(0.08)
(350)	Vedanta Resources PLC	(4,174)	(4,783)	(0.09)
(850)	Virgin Money Holdings (UK) PLC	(3,987)	(4,103)	(0.08)
(1,100)	WM Morrison Supermarkets PLC	(4,035)	(4,109)	(0.08)
	Total Great Britain equities	(155,467)	(163,576)	(3.03)
	Japanese equities:			
(600)	Acom Co. Ltd.	(3,191)	(3,179)	(0.06)
(1,200)	Aiful Corp.	(5,156)	(5,180)	(0.10)
(200)	Anritsu Corp.	(2,060)	(2,842)	(0.05)
(200)	Asics Corp.	(3,757)	(4,006)	(0.07)
(200)	Colopl Inc.	(2,848)	(2,730)	(0.05)
(200)	Daio Paper Corp.	(2,994)	(3,324)	(0.06)
(200)	Fujitsu General Ltd.	(5,383)	(5,519)	(0.10)
(200)	Hitachi Metals Ltd.	(3,368)	(3,609)	(0.07)
(400)	Hokkaido Electric Power Co.	(3,664)	(3,310)	(0.06)
(400)	Hokuetsu Kishu Paper Co. Ltd.	(2,872)	(3,002)	(0.06)
(200)	Hokuriku Electric Power Co.	(2,244)	(2,023)	(0.04)
(600)	Idom Inc.	(5,150)	(5,354)	(0.10)
(600)	Infomart Corp.	(4,954)	(4,504)	(0.08)
(600)	J Trust Co. Ltd.	(5,425)	(4,912)	(0.09)
(200)	Japan Petroleum Exploration	(5,874)	(6,665)	(0.12)
(1,200)	Kabu.Com Securities Co. Ltd.	(4,809)	(4,711)	(0.09)
(200)	Kadokawa Dwango Corp.	(2,977)	(3,103)	(0.06)
(200)	Kaneka Corp.	(1,925)	(2,295)	(0.04)
(200)	Keikyu Corp.	(4,883)	(4,829)	(0.09)
(200)	Kobe Steel Ltd.	(2,172)	(2,331)	(0.04)
(200)	Kyoei Steel Ltd.	(4,515)	(4,798)	(0.09)
(600)	Kyushu Financial Group Inc.	(4,580)	(4,564)	(0.09)
(200)	Lifull Co. Ltd.	(1,972)	(2,248)	(0.04)



# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
(200)	Lion Corp.	(4,750)	(4,762)	(0.09)
(200)	Mitsuba Corp.	(3,490)	(3,779)	(0.07)
(200)	Mitsui Engineer & Shipbuilding Co. Ltd.	(3,258)	(3,765)	(0.07)
(200)	Mitsui Fudosan Co. Ltd.	(5,770)	(5,632)	(0.10)
(200)	Nikkiso Co. Ltd.	(2,310)	(2,746)	(0.05)
(200)	Nippon Sheet Glass Co. Ltd.	(1,956)	(2,284)	(0.04)
(200)	Nissan Shatai Co. Ltd.	(2,592)	(2,570)	(0.05)
(1,200)	North Pacific Bank Ltd.	(4,855)	(5,059)	(0.09)
(400)	NTN Corp.	(2,210)	(2,494)	(0.05)
(200)	Okamoto Industries Inc.	(2,647)	(2,552)	(0.05)
(200)	Ono Pharmaceutical Co. Ltd.	(5,826)	(5,858)	(0.11)
(200)	Ricoh Co. Ltd.	(2,278)	(2,335)	(0.04)
(200)	Shinsei Bank Ltd.	(4,083)	(4,348)	(0.08)
(200)	Suruga Bank Ltd.	(5,492)	(5,391)	(0.10)
(200)	Takara Bio Inc.	(3,361)	(3,511)	(0.07)
(200)	Takara Holdings Inc.	(2,528)	(2,936)	(0.05)
(600)	Takara Leben Co. Ltd.	(3,454)	(3,333)	(0.06)
(200)	The Hiroshima Bank Ltd.	(2,027)	(2,188)	(0.04)
(200)	Toho Titanium Co. Ltd.	(2,290)	(2,672)	(0.05)
(200)	Toyo Seikan Group Holdings Ltd.	(4,189)	(4,037)	(0.08)
(200)	Vector Inc.	(3,449)	(3,703)	(0.07)
(200)	Wellnet Corp.	(2,628)	(2,637)	(0.05)
(200)	Yamato Holdings Co. Ltd.	(5,157)	(5,058)	(0.09)
(200)	Yamazaki Baking Co. Ltd.	(4,949)	(4,901)	(0.09)
(200)	Zojirushi Corp.	(2,310)	(2,561)	(0.05)
	Total Japanese equities	(174,632)	(180,150)	(3.34)
	New Zealand equities:			
(400)	Auckland Intl Airport Ltd.	(2,258)	(2,313)	(0.04)
(400)	Fletcher Building Ltd.	(2,432)	(2,712)	(0.05)
	Total New Zealand equities	(4,690)	(5,025)	(0.09)
	Norwegian equities:			
(100)	Bakkafrost P/F	(4,813)	(5,329)	(0.10)
(1,030)	Bw Lpg Ltd	(5,212)	(6,100)	(0.11)
(430)	Nordic Nanovector ASA	(5,368)	(5,338)	(0.10)
(1,520)	Opera Software ASA	(5,323)	(6,103)	(0.11)
	Total Norwegian equities	(20,716)	(22,870)	(0.42)
	Swedish equities:			
(190)	Arjo AB, Class B	(802)	(682)	(0.01)
(180)	Avanza Bank Holding AB	(9,367)	(9,501)	(0.18)
(1,170)	Cloetta AB, Class B	(4,934)	(5,330)	(0.10)
(630)	Ericsson LM, Class B	(4,693)	(5,204)	(0.10)
(190)	Getinge AB, Class B	(3,694)	(3,468)	(0.06)
(390)	Hoist Finance AB	(5,270)	(5,519)	(0.10)
(110)	Oriflame Holding AG	(5,067)	(5,708)	(0.11)
(500)	Svenska Handelsbanken, Class A	(9,090)	(8,605)	(0.16)
	Total Swedish equities	(42,917)	(44,017)	(0.82)

# EHP GUARDIAN INTERNATIONAL FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value	Description	Cost	Fair value	% of net assets
Swiss equities:				
(50)	AMS AG	(5,992)	(5,705)	(0.11)
(130)	Aryzta AG	(5,203)	(6,481)	(0.12)
(50)	Cosmo Pharmaceuticals NV	(9,250)	(9,442)	(0.18)
(20)	Hochdorf Holding AG	(7,064)	(7,385)	(0.14)
(60)	Implenia AG	(4,912)	(5,100)	(0.09)
(320)	Kudelski SA.	(5,061)	(4,974)	(0.09)
(50)	Psp Swiss Property AG	(5,661)	(5,956)	(0.11)
(20)	Rieter Holding AG	(5,851)	(6,135)	(0.11)
(20)	U-Blox Holding AG	(4,916)	(4,948)	(0.09)
(230)	Ubs Group AG	(4,982)	(5,322)	(0.10)
(110)	Zehnder Group AG	(5,259)	(5,668)	(0.10)
	Total Swiss equities	(64,151)	(67,116)	(1.24)
United States equities				
(6,000)	iShares Barclays 1-3 Year Treasury ETF	(639,402)	(632,372)	(11.72)
	Total United States equities	(639,402)	(632,372)	(11.72)
Total investments - short		\$ (1,408,125)	\$ (1,431,867)	(26.54)
Total investments - long		\$ 3,485,786	\$ 3,551,953	65.84
Total investments - short		(1,408,125)	(1,431,867)	(26.54)
Total investments owned		<u>\$ 2,077,661</u>	2,120,086	39.30
Other assets, net			3,275,134	60.70
Net assets			\$ 5,395,220	100.00

See accompanying notes to financial statements.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 1. General information:

The EHP Guardian International Fund (the "Fund") is an open-ended investment trust established under the laws of the Province of Ontario pursuant to a trust agreement made as of August 28, 2017 between Caledon Trust Company as Trustee (the "Trustee") and EdgeHill Partners. 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 manager and investment advisor 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, consisting of interest and dividend income and capital gain appreciation. The Investment Manager plans to generate these returns by utilizing predominantly a long/short equity strategy, consisting of diversified qualitative, 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 the above-stated objectives, the Fund will invest by employing diversified strategies.

## 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.

### (b) Approval of the financial statements:

The financial statements were approved by the Investment Manager and authorized for issue on March 27, 2018.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 2. Significant accounting policies (continued):

### (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 gains (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 gains (losses) on financial assets and liabilities at FVTPL.

### (d) 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.

This category has two sub-categories: financial assets and financial liabilities held-for-trading, and those designated at FVTPL at inception.

#### (a) Financial assets and liabilities held-for-trading:

A financial asset or financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Investments in securities sold short and derivatives have been categorized as held-for-trading.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 2. Significant accounting policies (continued):

### (b) Financial assets and liabilities designated at FVTPL at inception:

Financial assets and financial liabilities designated at FVTPL at inception are financial instruments that are not classified as held-for-trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Investments in long-listed equities and exchange-traded funds ("ETFs") have been categorized as designated at FVTPL.

All other financial assets and liabilities are classified as loans and receivables and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

### (ii) Recognition, derecognition and measurement:

Financial assets and financial liabilities at FVTPL 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. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL 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 on financial assets and liabilities at FVTPL and net change in unrealized gains on financial assets and liabilities at FVTPL in the period in which they arise.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 2. Significant accounting policies (continued):

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.

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

### (e) 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 FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 2. Significant accounting policies (continued):

### (f) 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.

### (g) Cash and cash equivalents:

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

### (h) 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.

### (i) 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 FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 2. Significant accounting policies (continued):

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period for each class/series, respectively.

### (j) Income allocation:

Income, expenses other than management fees, performance fees, and realized and unrealized capital gains (losses) are distributed among the different classes of units in proportion to the amount invested in them. For management fees and performance fees, please refer to note 6.

### (k) 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.

### (l) 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.

### (m) Taxation:

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) (the "Tax Act") and, accordingly, is subject to tax on its income, including net realized capital gains, for the fiscal year which is not paid or payable to its unitholders as at the end of the fiscal year. It is the intention of the 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.



# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 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, 2017, the Fund had non-capital loss carryforwards of nil.

### (n) Critical accounting estimates and assumptions:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates.

### (o) Future accounting standards:

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

IFRS 9 was issued by the IASB in November 2009 and will replace International Accounting Standard 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.

IFRS 9 is effective for fiscal years beginning on or after January 1, 2018; however, it is available for early adoption. The Fund is currently in the process of evaluating the potential effect of this standard. Based on the Fund's assessment, which still in progress, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Fund.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

### 3. Net gains (losses) on financial assets and financial liabilities at FVTPL:

The Fund's classification of financial assets and liabilities at FVTPL is described in note 2. The following table presents the net gains (losses) on financial assets and liabilities at FVTPL for the period ended December 31, 2017:

	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains	\$ –	\$ 44,388	\$ 44,388
Net change in unrealized gains	–	66,167	66,167
	–	110,555	110,555
Financial liabilities at FVTPL:			
Net realized gains	47,599	–	47,599
Net change in unrealized losses	(23,742)	–	(23,742)
	23,857	–	23,857
<b>Total</b>	<b>\$ 23,857</b>	<b>\$ 110,555</b>	<b>\$ 134,412</b>

### 4. 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.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. Financial risk management (continued):

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 the following investment restrictions, as prescribed in the Offering Memorandum:

The Fund will typically purchase 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.

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, 2017 the Fund had no significant investments in debt instruments and/or derivatives.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. Financial risk management (continued):

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 cash equivalents 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 and cash equivalents 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 Prime Broker 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 Brokers' 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, 2017, the fair value of financial assets subject to the general lien is \$6,838,751. The Fund's cash investments are held by highly creditworthy financial institutions.

### (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 monthly 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 2017.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. Financial risk management (continued):

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.

### (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, 2017, 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 \$212,009.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. Financial risk management (continued):

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 Offering Memorandum.

### (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.

The table below summarizes the foreign currencies to which the Fund had significant exposure at December 31, 2017 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.

	Current exposure	% of net assets
Australian Dollar	\$ 2,777	0.05
Swiss Franc	(392)	(0.01)
Danish Kroner	778	0.01
European Euro	(1,482)	(0.03)
Great British Pounds	537	0.01
Japanese Yen	29,817	0.55
Norwegian Kronar	(6,515)	(0.12)
New Zealand Dollars	708	0.01
Swedish Kronar	(1,633)	(0.03)
United States Dollar	12,476	0.23

As of December 31, 2017, had the value of the CAD strengthened or weakened by 5% in relation to the listed currencies, all other variables held constant, net assets would have decreased or increased by approximately \$1,853 or approximately 0.03% of total net assets.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. 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) 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 period-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 period-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 period-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 FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 4. Financial risk management (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 period of the transfer.

All investments held by the Fund are classified as Level 1.

There were no transfers among Level 1, Level 2 and Level 3 in the period presented.

## 5. Net assets attributable to redeemable units:

Redeemable units:

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 GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 5. Net assets attributable to redeemable units (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 net asset value for each new series of CAD \$10 for Class A, Class F and Founders units or USD \$10 for Class UA, Class UF and Class UJ units.

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) with the unitholder's signature, to the satisfaction of the Investment Manager and the Trustee, must be received by the Investment Manager at least one business day prior to the Redemption Date or such other period as permitted by the Investment Manager and the Trustee in their sole discretion. The amount payable to a unitholder for each unit redeemed will be an amount equal to the class net asset value per unit of the relevant series on the Redemption Date, together with the proportionate share attributable to such units of any distribution which has been declared and not paid, less (a) any redemption charges 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 fourth business day following the Redemption Date.

During the period ended December 31, 2017, the number of units issued, redeemed and outstanding was as follows:

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	Units, beginning of period	Issuance of units	Redemption of units	Units, end of period
Class A - 2017 Series 11	–	15,000	–	15,000
Class E - Initial Series	–	180,000	–	180,000
Class F - 2017 Series 10	–	100	–	100
Class F - 2017 Series 11	–	65,000	–	65,000
Founder Class - 2017 Series 10	–	25,000	–	25,000
Founder Class - 2017 Series 11	–	40,000	–	40,000
Founder Class - 2017 Series 12	–	205,000	–	205,000

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# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

## 5. Net assets attributable to redeemable units (continued):

The increase in net assets attributable to holders of redeemable units per unit for the period ended December 31 is calculated as follows:

Series	Increase per series	Weighted average units outstanding	Increase per unit
Class A - 2017 Series 11	\$ 1,647	15,000	\$ 0.11
Class E - Initial Series	62,425	180,000	0.35
Class F - 2017 Series 10	25	100	0.25
Class F - 2017 Series 11	8,101	65,000	0.12
Founder Class - 2017 Series 10	6,881	25,000	0.28
Founder Class - 2017 Series 11	5,542	40,000	0.14
Founder Class - 2017 Series 12	9,599	205,000	0.05

## 6. Related party transactions:

### (a) Management fees:

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

- (i) 1/12 of 2.0% of the aggregate of the net asset value of the Class A and Class UA units on the last business day of the preceding month;
- (ii) 1/12 of 1.0% of the aggregate of the net asset value of the Class F, Class UF, Class J and Class UJ units on the last business day of the preceding month; and
- (iii) 1/12 of 1.5% of the aggregate of the net asset value of Class I and Class UI units on the last business day of the preceding month.
- (iv) 1/12 of 1.25% of the aggregate of the net asset value of the Founder, Class W and Class UW units on the last business day of the preceding month.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 6. Related party transactions (continued):

### (b) Performance fees:

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

- (i) 20% of the amount by which the performance of each Class A, Class UA, Class F, Class UF, Class I, Class UI, Class J, Class UJ, Class W and Class UW series exceeds the previous high water mark; and
- (ii) 10% of the amount by which the performance of each Founder series exceeds the previous high water mark.

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 water mark) and, in such circumstances, a performance fee shall only be paid on that portion of the net profit that exceeds the high water mark. 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) 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 certain expenses of the Fund in 2017. For the period ended December 31, 2017, the Investment Manager absorbed \$6,955 in audit fees, \$13,750 in administration fees, \$128 in legal fees and \$114 in other fees were absorbed in 2017.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

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## 6. 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, 2017, 100.0000 of Class F units were held by the Investment Manager and 180,000.0000 of Class E units were owned by unitholders related to the Investment Manager.

## 7. 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 ended December 31, 2017 is nil.

## 8. Interests in subsidiaries, associates and 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 issuance 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 Offering Memorandum to meet those objectives. The Fund also measures and evaluates the performance of any ETFs on a fair value basis.

ETFs over which the Fund has control or significant influence are categorized as subsidiaries and associates, respectively. All other ETFs are categorized as unconsolidated structured entities.

# EHP GUARDIAN INTERNATIONAL FUND

Notes to Financial Statements (continued)

Period from October 2, 2017 (commencement of operations) to December 31, 2017

## 8. Interests in subsidiaries, associates and 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 long position 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 ETFs and, the following, meet the definition of unconsolidated structures entities:

As at	ETF	Place of business	Fair value amounts	Proportion of interest owned
December 31, 2017	iShares JP Morgan Emerging Markets Bond Index ETF	United States	\$ 321,116	0.00%

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.

## 9. Filing exemption:

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.

## 10. Subsequent events:

The Fund has evaluated the effect of subsequent events on the Fund's financial statements through March 27, 2018, which is the date the financial statements were available to be issued. For the period from January 1, 2018 to March 9, 2018, the Fund had subscriptions of \$1,175,448 and redemptions of \$546,085.

Effective January 1, 2018, the Fund has changed its valuation frequency from monthly to weekly. As a result, subscriptions into the fund and redemptions out of the fund can occur on a weekly basis provide appropriate notice is provided. Additionally, management fees described in note 6 are calculated and accrued on a weekly basis and payable in arrears at the end of each calendar month.