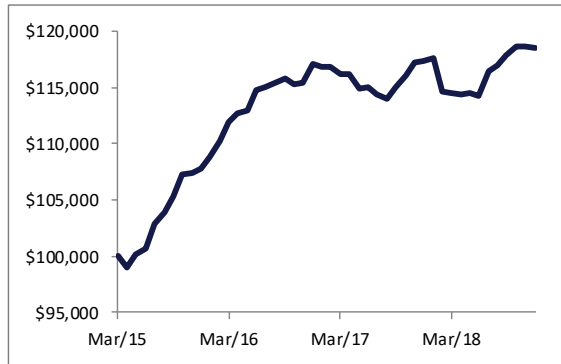


## EHP Guardian Fund

Returns (Class F units, net of all fees and expenses)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2018	0.2%	-2.5%	-0.1%	-0.2%	0.1%	-0.2%	2.0%	0.4%	0.8%	0.7%	0.0%	-0.1%	1.0%
2017	-0.3%	0.1%	-0.6%	0.1%	-1.1%	0.1%	-0.6%	-0.3%	0.9%	0.9%	1.0%	0.1%	0.2%
2016	1.0%	1.2%	1.6%	0.6%	0.2%	1.6%	0.3%	0.3%	0.4%	-0.5%	0.2%	1.5%	8.7%
2015				-1.0%	1.2%	0.4%	2.2%	1.0%	1.4%	1.8%	0.1%	0.4%	7.8%

### Growth of \$100,000 (monthly)



### Compound Returns (%)

	3 Mo	6 Mo	1 Yr	3 Yr	Incep.
Fund	0.6%	3.8%	1.0%	3.2%	4.6%

### Risk/Reward Analysis

	Fund	AGG Bond	S&P TSX	S&P 500
Annualized Return	4.6%	1.4%	2.0%	7.5%
Annualized Std Dev.	3.1%	2.7%	8.3%	11.5%
Winning Months	73%	53%	60%	60%
Average Monthly Gain	0.7%	0.7%	1.7%	3.0%
Average Monthly Loss	-0.6%	-0.5%	-2.0%	-2.5%
Largest Drawdown	-2.8%	-3.3%	-14.3%	-9.3%
Sharpe Ratio	1.5	0.5	0.2	0.7
Fund Correlation		21.3%	10.1%	22.6%
Fund Beta		0.23	0.04	0.06
Net Exposure	40%			
Gross Exposure	132%			

### Commentary

The EHP Guardian Fund Class “F” units declined -0.1% for the month of December. Losses on long positions were largely offset by gains from shorts as defensive, low volatility stocks outperformed all others for the third month in a row. Our Credit Momentum strategy, which had rotated into long-dated U.S. treasuries in mid-November, paid off as the long bond spiked higher in a flight to safety move. While we believe that traditional bond allocations will be challenged to add much value in the long term, our view remains that during periods of extreme market stress they will continue to act as an excellent tactical diversifier.

It was an historic month in terms of the extreme market moves, with U.S. indices posting their worst December since 1931 amidst the depression. At its nadir, the S&P 500 was down 14.8% for the month before partially rebounding. In a year that started off with an environment of low volatility, extreme bullishness, synchronized global growth and the strongest earnings gains in years, we ended the year with pretty much the opposite - a technically broken market, panicky behaviour, and extreme bearishness. Numerous markets around the world hit official “bear market” territory, down 20% or more from their respective highs, including the tech-heavy Nasdaq which posted a negative year after being up almost 20% as of October. There is a long list of “causes” for the sell-off, including a Fed tightening too far, a trade war that is starting to bite into earnings, decelerating global growth, and a number of more mechanical reasons including tax-loss selling and fund redemptions driven by some of the largest flows out of equity funds on record.

The key question looking forward is whether or not we are rolling into a recession. Bear markets that occur without a recession tend to average a 24% decline – not far from where we are today. Bear markets within a recession are much worse, falling 37% on average. The “soft” data, including PMIs, ISM, and sentiment indicators have fallen off a cliff in recent months, with the U.S. data catching up quickly to already weak global data. However the “hard” data including employment, industrial production, wage growth and housing starts remain supportive, showing deceleration, but nothing close to levels that typically lead recessions. Poor soft data can become self-fulfilling as a negative feedback loop takes hold; as an example there are signs that the riskiest parts credit market are freezing up with leveraged loans declining and junk debt deals getting shelved due to lack of demand. If we were forced to guess, we would favour a 2015/16 or 1998 scenario where growth slows but doesn’t turn negative, but markets will absolutely remain volatile as investors weigh future scenarios, and each data point will take on increased importance.

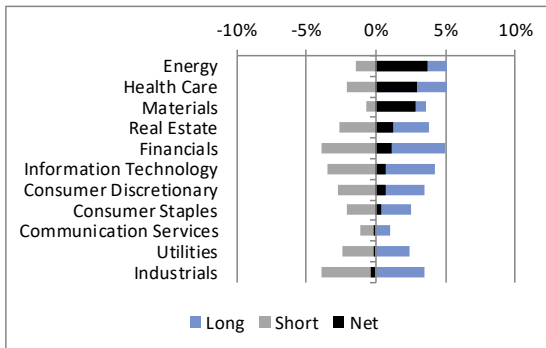
We enter 2019 positioned similarly to the last few months with the fund at the low end of targeted risk. Periods like these, where markets suffer a substantial pullback, remind us of the merits of our gearing-down process and has allowed each of our funds to outperform during this downdraft. The goal of our process is to protect capital by sitting on the sidelines until markets re-assert themselves, at which point we will re-engage. Whether the rally that took hold in the last week of the year was a short-term bounce in a bigger decline, or the start of a turn higher, we will have to wait and see, however, for the time being we remain cautious until tactical indicators turn up and a more constructive trend emerges.

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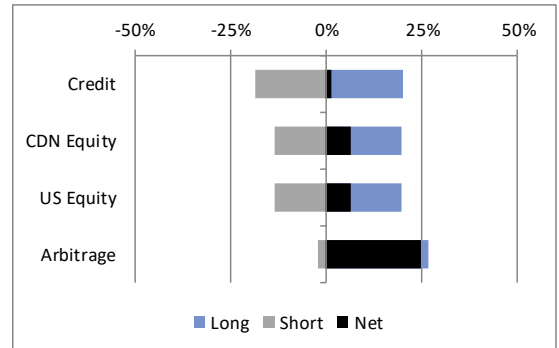
(416) 360-0310  
[info@ehpfunds.com](mailto:info@ehpfunds.com)  
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**Fund Structure**

**Sector Allocations % of NAV**



**Capital Allocations % of NAV**



**Canadian Equity - Top 10 Longs**

North West Co Inc/The	0.7%
Alimentation Couche-Tard Inc	0.7%
Summit Industrial Income REIT	0.7%
Canadian Imperial Bank of Comm	0.7%
Capital Power Corp	0.7%
Sienna Senior Living Inc	0.7%
Enghouse Systems Ltd	0.6%
Bank of Montreal	0.6%
Metro Inc	0.6%
MTY Food Group Inc	0.6%

**U.S. Equity - Top 10 Longs**

Chemed Corp	0.5%
Quest Diagnostics Inc	0.4%
LyondellBasell Industries NV	0.4%
American Financial Group Inc/O	0.4%
TE Connectivity Ltd	0.4%
Union Pacific Corp	0.4%
Cracker Barrel Old Country Sto	0.4%
Exelon Corp	0.4%
Pfizer Inc	0.4%
Eastman Chemical Co	0.4%

**Fund Information**

The Fund constructs a long/short portfolio of equities and income-producing securities by buying quality, high yielding, rising stocks and shorting overvalued, declining, volatile stocks. The Fund actively hedges equity and interest rate risk to preserve capital in declining markets or rising interest rate environments. The Fund emphasizes a disciplined process of stock selection, risk control and liquidity. The Fund targets annual returns of 6-8% inclusive of its cash distribution and net of all fees.

<b>Portfolio Managers:</b>	Jason Mann, Ian Fairbrother	<b>Fund Risk Rating:</b>	Low to Medium
<b>Fund Structure:</b>	Mutual Fund Trust	<b>Reporting Frequency:</b>	Weekly
<b>RSP Eligible:</b>	Yes	<b>Fund Codes:</b>	\$CAD: EHP300A / EHP300F \$USD: EHP300UA / EHP300UF
<b>Fee Structure:</b>	A, UA: 2% Mgmt Fee, 20% Perf Fee F, UF: 1% Mgmt Fee, 20% Perf Fee	<b>High Water Mark:</b>	Yes, Perpetual
<b>Subscription Amounts:</b>	\$25,000 Minimum	<b>Fund Administrator:</b>	SS&C CommonWealth
<b>Subscriptions:</b>	Weekly, Friday 4pm deadline	<b>Prime Brokers:</b>	Bank of Nova Scotia, CIBC
<b>Redemptions:</b>	Weekly, 1 day notice A/F, 2 day UA/UF	<b>Legal / Auditors:</b>	McMillan LLP / KPMG LLP

*DISCLAIMER: Performance returns refer to initial series of Class "F" Units, and are net of all fees and certain operating expenses. Partial year returns are unaudited. Returns are annualized and since inception unless otherwise noted. Statistics are calculated using monthly returns unless otherwise noted. Allocations are represented as percentages of net assets. Index statistics use total return indices. The composition of the Funds' portfolio could differ significantly from the index due to the investment strategy employed, and includes differences such as use of credit strategies, use of equal weight positions, use of short positions, varying fund net exposure, varying currency exposure, and investing in small capitalization stocks. Please see "Investment Strategies" in the Confidential Offering Memorandum for more details. Fund Risk Rating is defined in the "Risk Factors" section of the Offering Memorandum. This presentation is not an offer to sell nor a solicitation of an offer to purchase interests of the Funds. The Manager reserves the right to change any terms of the offering at any time. Offers and sales of interests in the Funds will be made only pursuant to an offering memorandum, complete documentation of the relevant Fund and in accordance with the applicable securities laws, and this presentation is qualified in its entirety by reference to such documentation, including the Risk Factors and Potential Conflicts of Interest disclosure set forth therein.*