MARCH 2019

EHP Select Fund

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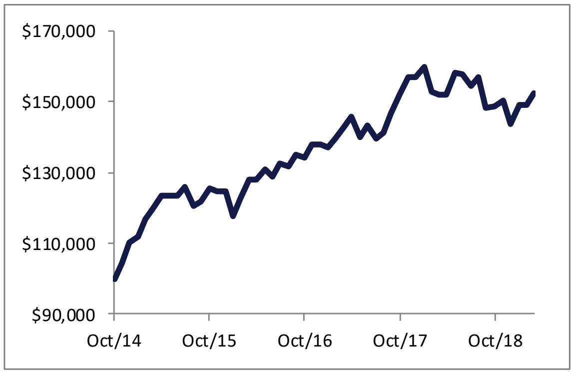
Returns (Class F units, net of all fees and expenses)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	3.8%	0.1%	2.1%										6.1%
2018	1.9%	-4.4%	-0.7%	0.2%	4.1%	-0.5%	-1.9%	1.4%	-5.5%	0.4%	1.0%	-4.4%	-8.5%
2017	-0.6%	1.7%	2.4%	2.1%	-4.0%	2.1%	-2.6%	1.2%	4.0%	3.6%	3.3%	-0.1%	13.7%
2016	-5.7%	4.3%	4.2%	0.0%	2.3%	-1.3%	2.6%	-0.6%	2.6%	-0.6%	2.6%	0.2%	10.7%
2015	1.7%	4.2%	2.5%	3.0%	0.2%	0.0%	2.1%	-4.3%	0.9%	3.1%	-1.0%	0.2%	13.2%
2014											4.3%	5.6%	10.2%

Growth of $100,000 (monthly)



Risk/Reward Analysis

	Fund	S&P TSX
Annualized Return	10.0%	5.3%
Annualized Std Deviation	9.3%	9.0%
Winning Months	68%	62%
Average Monthly Gain	2.3%	1.9%
Average Monthly Loss	-2.2%	-1.9%
Largest Drawdown	-10.2%	-14.3%
Sharpe Ratio	1.1	0.6
Fund Correlation		51.8%
Fund Beta		0.53
Net Exposure	90%	
Gross Exposure	150%	

Compound Returns (%)

	3 Mo	6 Mo	1 Yr	3 Yr	Incep.
Fund	6.1%	2.8%	0.3%	6.0%	10.0%

Commentary

The EHP Select Fund Class "F" units increased +2.1% for the month of March. Gains came from long positions with our shorts only a small drag on performance. TSX leadership came from defensive sectors with tech, utilities, and REIT's leading, while economically sensitive areas - discretionary, energy and financials - all lagged. The TSX posted its best quarter in 19 years in Q1 as equity markets globally screamed higher. As we highlighted last month, for the TSX to continue to "work" from here, we need to see strength coming from financials and energy, yet during March, both lagged. Energy stocks ended down for the month, despite further strength in crude prices, up 5% during March and up 30% since the beginning of the year, yet as has been the case in '19, energy stocks have struggled to keep pace, and we remain sidelined on the sector.

Global equities continued their rebound, closing out the best quarter in more than a decade. It appears the concerns that weighed on markets in Q4 of last year have been all but forgotten, however, there was a glimmer of fear re-emerging mid-month with investors spooked by the prospect of slowing global growth, causing recession fears to once again resurface. Much ink was spilled on the yield curve inversion that occurred during the month, along with the fact the market is now discounting a 75% chance of a rate *cut* in 2019. A few things are worth noting on the yield curve: an inversion at the short end has predicted 22 of the last 7 recessions (in other words not a great predictor by itself); recessions tend to occur on average 21 months from a more meaningful 2yr/10yr inversion (which hasn't happened yet); and stocks on average peaked a year later and were 22% *higher* post the inversion. In short, its too early to de-risk portfolios on this indicator alone. The market has taken a decidedly defensive tone however, with leadership coming from large cap, dividend paying, high quality stocks. Cyclical value continues to suffer, and it's fair to assume that until global economic growth stops slowing and begins to accelerate again, that may continue to be the case.

We're not suggesting there aren't any reasons to be concerned for equity markets, and we have held the view for some time that by all measures this market is late cycle. However, we recognize that over the last 10 years, it has by no means been a conventional bull market as the economy has experienced mediocre GDP growth and equity markets globally have experienced a number of substantial pullbacks. North American markets have come very close to experiencing two bear markets over the last few years alone. The wildcard remains the willingness of central banks to backstop risk assets and to offer up accommodative measures when called upon, even when it sometimes appears unnecessary. A recession, while inevitable at some point, is not a given in the near term, and frankly, an easy monetary policy melt-up remains a real risk.

We enter April with the fund fully geared up, and with all markets we invest in currently in up trends. Despite exposures towards the high end of the fund's targeted range, our market "beta" is less aggressively positioned as the fund carries a tilt towards more defensive sectors of the market, more so than we would typically expect during "risk on" periods. For now, we are constructively positioned and able to participate in any further move higher in equities, however, should markets roll over and go through an extended period of weakness, as always we will de-risk portfolios and lower overall market exposures as key levels are breached

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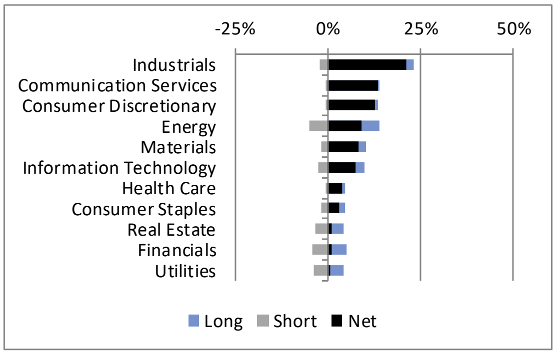
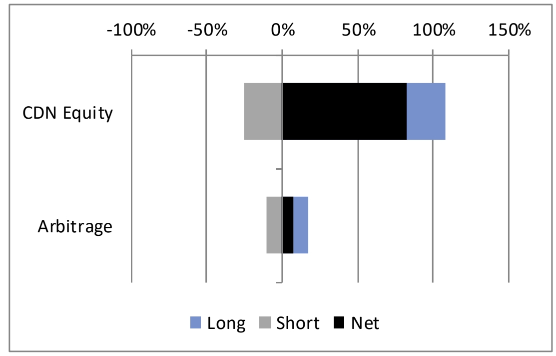
Fund Structure

Sector Allocations % of NAV



Capital Allocations % of NAV



Top 10 Equity Longs

Quebecor Inc	5.8%
Hudbay Minerals Inc	5.8%
Aritzia Inc	5.3%
CGI Inc	5.1%
Badger Daylighting Ltd	5.1%
Air Canada	5.1%
Toromont Industries Ltd	5.0%
Constellation Software Inc/Can	4.9%
Medical Facilities Corp	4.7%
Rogers Communications Inc	4.7%

Top 10 Equity Shorts (GICS Sub-Industry)

Independent Power Producers &	-1.4%
Multi-line Insurance	-1.3%
Systems Software	-1.2%
Specialized Finance	-1.1%
Integrated Oil & Gas	-1.1%
Real Estate Services	-1.0%
Oil & Gas Exploration & Produc	-1.0%
Industrial Machinery	-1.0%
Renewable Electricity	-1.0%
Soft Drinks	-1.0%

Fund Information

The Fund constructs a concentrated long/short portfolio of primarily Canadian stocks by buying undervalued, rising, stable stocks and shorting overvalued, declining, volatile stocks. The Fund actively gears down risk in declining markets and tilts toward more defensive stocks and strategies to preserve capital. The Fund emphasizes a disciplined process of stock selection, risk control and liquidity. The Fund targets returns of 15%+ net of all fees.

Portfolio Managers:	Jason Mann, Ian Fairbrother, James Park	Fund Risk Rating:	Medium
Fund Structure:	Mutual Fund Trust	High Water Mark:	Yes, Perpetual
RSP Eligible:	Yes	Fund Administrator:	SS&C CommonWealth
Redemptions:	Weekly, 0 days notice	Prime Brokers:	BMO
Reporting Frequency:	Weekly	Legal / Auditors:	McMillan LLP / KPMG LLP

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