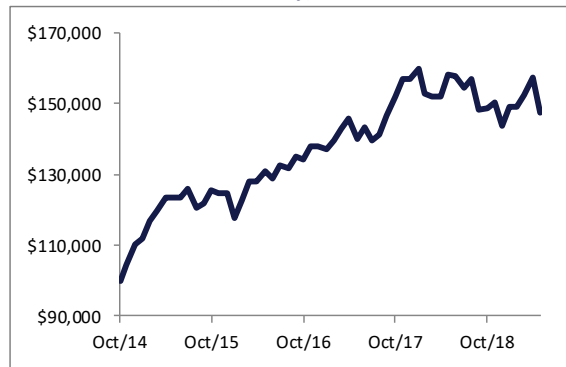


## EHP Select Fund

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%	3.3%	-6.2%								2.8%
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	8.9%	5.1%
Annualized Std Deviation	9.8%	9.0%
Winning Months	67%	62%
Average Monthly Gain	2.3%	2.0%
Average Monthly Loss	-2.5%	-2.0%
Largest Drawdown	-10.2%	-14.3%
Sharpe Ratio	0.9	0.6
Fund Correlation		54.9%
Fund Beta		0.59
Net Exposure	94%	
Gross Exposure	145%	

## Compound Returns (%)

	3 Mo	6 Mo	1 Yr	3 Yr	Incep.
Fund	-1.1%	-1.7%	-6.8%	4.1%	8.9%

## Commentary

The EHP Select Fund Class “F” units declined -6.2% for the month of May. We entered the month with the Fund at the higher end of its risk range, and given the bias to cyclical value stocks, losses from our long exposure to industrials, energy, and materials overwhelmed the gains from our shorts. The TSX was a relative outperformer among global markets with technology, and increasingly expensive defensive/bond proxy stocks (utilities, staples, telecoms), all posting positive returns. Last month, it was energy and financials that helped propel the market higher, while this month they were amongst the worst performers, responding to the pullback in crude prices and the impact of lower rates and slower growth.

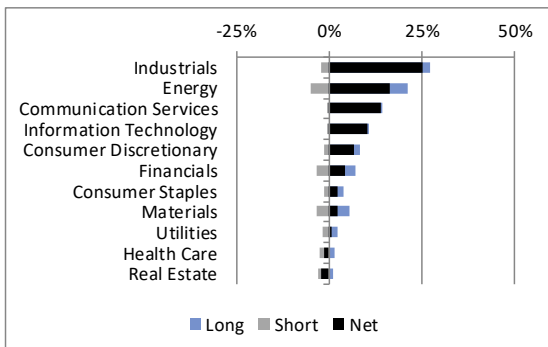
Equity markets globally sold off sharply in May, with most markets down 4-6%, and with many breaching key technical levels and closing on their lows for the month. Low quality, junkier stocks led the sell-off, along with cheap cyclical value stocks as it became increasingly clear that not only is the Trump trade war here to stay, but that tariffs will increasingly be used as a blunt instrument to attempt to achieve any and all policy goals. This new level of uncertainty was a surprise to a market that had come to believe that the trade war with China was coming to a close, not ratcheting higher into a new, and more damaging phase. You can certainly argue whether Trump is “making American great again”, but there is no doubt that he is “making bonds great again”, with the defensive U.S. long bond leaping almost 5% during the month. The market has quickly gone from discounting as many as three rate *hikes* for 2019, to now assuming at least two *cuts*, and a 90% chance of a move lower by the Fed. Trump has certainly made his desire for lower rates clear – could he force the Fed’s hand with his latest moves on trade?

As we’ve been highlighting in recent letters, one of our concerns was that the market bounce in Q1 was predicated at least in part on the prospect of improving global economic numbers. That prospect suddenly appears less likely, with globally weaker retail sales, industrial production and ISM numbers. Recession fears have re-emerged with the yield curve inverting at the short end once again, along with weakness in economically sensitive commodities tied to global growth (copper, oil). With GDP estimates being cut and slowing earnings growth, it is increasingly difficult to find a lot of positives as the risk of a negative feedback loop emerges. It’s perhaps no wonder that long-suffering value stocks hit fresh lows for the cycle in terms of relative performance.

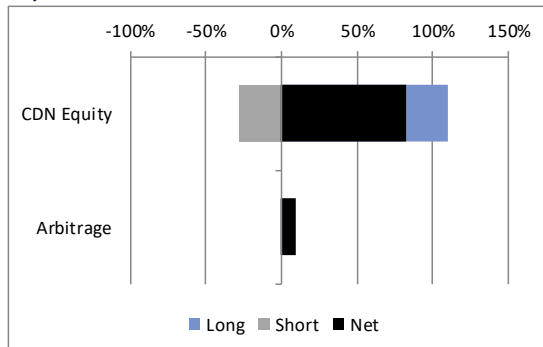
We enter June with the Fund “risk on”, but the risk signals are piling up globally. High yield bond spreads have widened materially as they often do ahead of equity sell-offs, and many global markets (U.S, Japan, Europe) are already “risk off” in our models. Whether we fully de-risk as we did in Q3 of 2018 will depend on where markets go from here, as global indices currently sit squarely at our key risk triggers. Sentiment has soured and the economic outlook is uninspiring, however, we make no predictions for the path forward as we remain subject to the potential willingness of central banks to intervene and step in as needed, once again providing a backstop for risk assets. As always, we are happy to follow our process, reduce risk and move to sidelines if required to protect gains until we get a more complete picture of how things unfold.

**Fund Structure**

**Sector Allocations % of NAV**



**Capital Allocations % of NAV**



**Top 10 Equity Longs**

Air Canada	5.9%
Badger Daylighting Ltd	5.6%
Constellation Software Inc/Can	5.5%
Quebecor Inc	5.3%
CGI Inc	5.1%
Aritzia Inc	5.0%
Boyd Group Income Fund	4.5%
Cogeco Communications Inc	4.4%
Cogeco Inc	4.4%
Gibson Energy Inc	4.1%

**Top 10 Equity Shorts (GICS Sub-Industry)**

Pharmaceuticals	-1.0%
Integrated Oil & Gas	-1.0%
Commodity Chemicals	-1.0%
Regional Banks	-1.0%
Automotive Retail	-1.0%
Diversified REITs	-1.0%
Renewable Electricity	-0.9%
Pharmaceuticals	-0.9%
Trading Companies & Distributo	-0.9%
Regional Banks	-0.9%

**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

*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.*

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