JUNE 2019

EHP Select Fund

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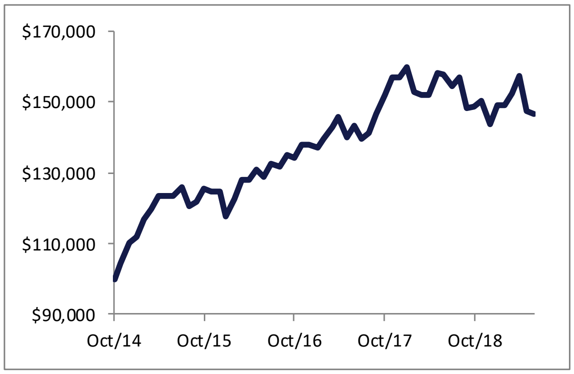
Returns (Class F units, net of all fees and expenses)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	3.8%	0.1%	2.1%	3.3%	-6.2%	-0.6%							2.1%
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	8.5%	5.6%
Annualized Std Deviation	9.7%	9.0%
Winning Months	66%	63%
Average Monthly Gain	2.3%	2.0%
Average Monthly Loss	-2.4%	-2.0%
Largest Drawdown	-10.2%	-14.3%
Sharpe Ratio	0.9	0.6
Fund Correlation		53.8%
Fund Beta		0.57
Net Exposure	98%	
Gross Exposure	148%	

Compound Returns (%)

	3 Mo	6 Mo	1 Yr	3 Yr	Incep.
Fund	-3.7%	2.1%	-7.0%	4.4%	8.5%

Commentary

The EHP Select Fund Class "F" units declined -0.6% for the month of June. Losses on the short side of the portfolio slightly outweighed gains from our longs as junkier stocks rallied sharply in the final few days of the month. With the exception of energy stocks, which were down in each of the last 2 months, TSX market leadership flip-flopped month over month with May's laggards, materials (gold), discretionary and health care all outperforming in June. Even with an outsized contribution from gold stocks, the TSX managed to underperform global developed markets considerably, seemingly due to the inability of energy stocks to gather investor interest or momentum despite June's strong rebound in crude price. Interestingly, when one looks outside of Canada, energy was one of the better sectoral performers.

After a meaningful setback for equity markets in May, indices snapped back in June, erasing all the losses and leaving markets largely flat on a two-month basis. While trade tensions, slowing global growth and the uncertainty surrounding central bank policy hammered stocks last month, those concerns were brushed aside during June as trade fears dissipated at the same time the Fed and the ECB offered up accommodative language. Despite the rally in stocks, sovereign bonds globally remained well-bid as investors continued to hold on to their safe-haven assets. A curious divergence has formed in markets with stock indices at or near all-time highs, with defensive treasuries, gold and bond-proxies leading, while at the same time investor sentiment indicators are quite bearish in terms of outlook and positioning. With global growth continuing to weaken and earnings expectations wavering, the bond market has likely forced the Fed's hand and we should expect a rate cut in the coming months.

In terms of how this divergence resolves itself, there are a few likely paths. It's possible that a quick, aggressive rate cut and true resolution of the trade war with China effectively "kicks the can" and global growth turns back up. Safe-havens would sell off and cyclical value stocks would rally, an outcome for which many are poorly positioned. It's equally likely, in our view, that the Fed eases cautiously and that tariffs and trade wars will continue to be an ongoing feature of U.S. policy as the Trump administration tries to reshape the global supply chain and weaken China's influence. Global growth, which was already declining before the trade war began, may push further to the downside, ending this already long-in-the-tooth economic cycle. In this scenario, the bond market is "correct" in terms of anticipating slowing inflation and falling yields, and equities overall are overpriced at these levels, particularly expensive growth stocks that have had yet another run higher this year.

While we don't make predictions, we do adapt risk to reflect market conditions, and the fund is relatively balanced between these two scenarios in terms of sector and beta exposures. We enter July with the fund "risk on" in terms of allocations, and with an emphasis on higher quality value stocks that have been overly discounted on a relative basis. Time will tell which scenario plays out (or whether something completely different emerges), but in any case, our process of adapting risk to reflect changing trends will help us navigate these expensive, late cycle markets.

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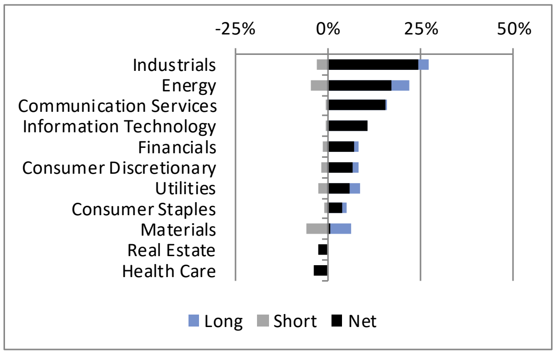
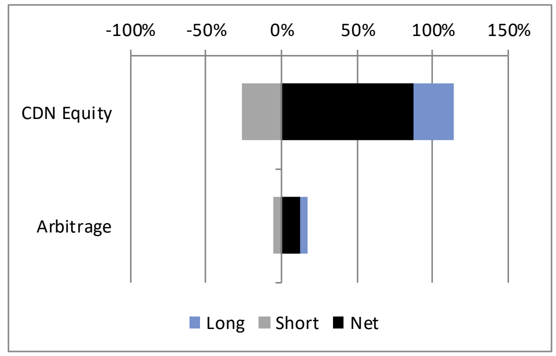
Fund Structure

Sector Allocations % of NAV



Capital Allocations % of NAV



Top 10 Equity Longs	
CGI Inc	5.7%
Badger Daylighting Ltd	5.5%
Constellation Software Inc/Can	5.0%
Quebecor Inc	5.0%
Alimentation Couche-Tard Inc	5.0%
Air Canada	5.0%
Cogeco Communications Inc	4.9%
Boyd Group Income Fund	4.9%
Cogeco Inc	4.8%
Gibson Energy Inc	4.8%

Top 10 Equity Shorts (GICS Sub-Industry)	
Diversified Metals & Mining	-1.3%
Copper	-1.2%
Fertilizers & Agricultural Che	-1.1%
Pharmaceuticals	-1.1%
Trading Companies & Distributo	-1.1%
Integrated Oil & Gas	-1.1%
Coal & Consumable Fuels	-1.1%
Renewable Electricity	-1.1%
Automotive Retail	-1.1%
Pharmaceuticals	-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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