JANUARY 2019

EHP Advantage International Fund

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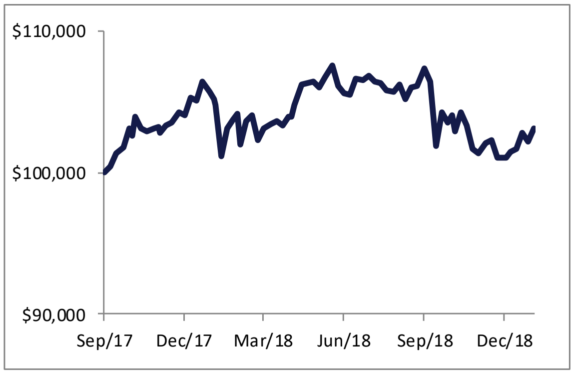
Returns (Class F units, net of all fees and expenses)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	2.1%												2.1%
2018	1.1%	-1.0%	-0.9%	0.8%	2.0%	-0.4%	1.0%	-0.4%	1.1%	-3.1%	-2.5%	-0.4%	-2.9%
2017										2.6%	0.7%	0.8%	4.1%

Growth of $100,000 (weekly)



Risk/Reward Analysis

	Fund	MSCI EAFE
Annualized Return	2.4%	-2.0%
Annualized Std Deviation	5.5%	11.6%
Winning Months	56%	44%
Average Monthly Gain	1.3%	2.8%
Average Monthly Loss	-1.3%	-2.4%
Largest Drawdown	-5.9%	-12.4%
Sharpe Ratio	0.4	-0.2
Fund Correlation		71.6%
Fund Beta		0.32
Net Exposure	84%	
Gross Exposure	176%	

Compound Returns (%)

	1 Mo	3 Mo	6 Mo	1 Yr	Incep.
Fund	2.1%	-0.8%	-3.2%	-1.9%	2.4%

Commentary

The EHP Advantage International Fund Class “F” units increased +2.1% for the month of January. Long positions in higher quality, stable, reasonably priced stocks were offset in part by a “junk” rally in more volatile, lower quality short positions as broad markets bounced off the December lows. From a factor perspective, momentum and growth stocks put in the best performance across markets, while low volatility strategies lost money after three months of outperformance. Our Credit Momentum strategy added to returns as we switched out of defensive U.S. 30-yr Treasuries and into high yield debt, as the latter staged a remarkable monthly rebound that was the largest since March of 2009. High yield debt often leads equities higher after bear market periods, and while we are somewhat surprised by the strength, we respect our process of adding back risk as conditions warrant.

With a dismal 2018 for risk assets in the rear view mirror, markets started 2019 with a bang, as equities across the globe staged an impressive rally and U.S. markets posting their best January since 1987 (which we suppose is only appropriate after having the worst December since the great depression). In our view, the rally has been of low quality, with the most volatile, unprofitable, leveraged stocks outperforming meaningfully and likely driven by short covering. Junk rallies like these are exactly what would be expected in a “bear market rally” that ultimately fails and subsequently resumes its downtrend. Ironically, it is also exactly what would be expected at the start of a new bull market, thus making it nearly impossible to predict what comes next. There are a host of data points to argue either case; profit growth is slowing, “soft” survey data points to a more meaningful slowdown in the U.S. and China, and there is an outright contraction in Europe and Japan. Brexit is still a mess, and there is yet to be a resolution to the ongoing trade wars. However, hard data like employment and industrial production are not yet pointing to a recession any time soon, China is gearing up stimulus again, and the all-important U.S. FED has turned dovish, with future rate hikes seemingly shelved for the foreseeable future.

Our process relies on market trends and volatility to define risk exposures, and by these measures we are seeing a number of “green shoots” very much like the winter of 2016 prior to a meaningful upswing in markets. High yield debt has resumed its uptrend, and credit spreads overall show no signs of panic. Canada and Australia, both more cyclical markets, have gone “risk-on” in our process, with the U.S. and Europe close to key levels which would cause us to further raise overall exposures, leaving us near the higher end of our targeted range for all of our funds. We are admittedly skeptical of this rally, and suspect that markets have more work to do before a durable uptrend begins. Most new bull markets don’t begin with a “V-shaped” recovery off the lows, although there is nothing to say that they can’t. This skepticism is an admittedly emotional view, and our process is designed to act on the facts and not our opinions. The facts currently support adding incrementally more risk to the funds which will allow us to participate in further upside. If those facts change again, our process and liquidity allow us to react quickly and resume our defensive positioning which proved its worth in the latter part of 2018.

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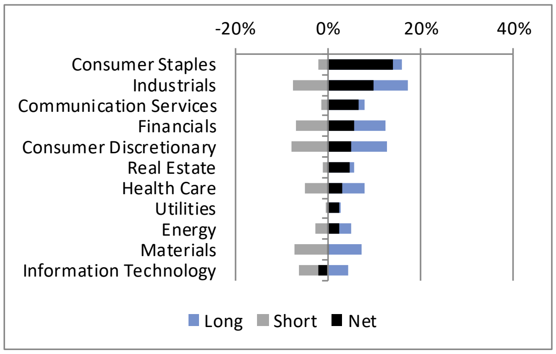
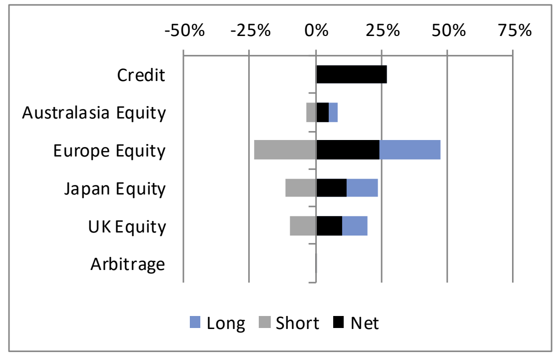
Fund Structure

Sector Allocations % of NAV



Capital Allocations % of NAV



Top 10 Equity Longs

Christian Dior SE	0.9%
Vetropack Holding AG	0.9%
Ferrari NV	0.9%
MTU Aero Engines AG	0.8%
Teleperformance	0.8%
St Galler Kantonalbank AG	0.8%
Amadeus IT Group SA	0.8%
Royal Unibrew A/S	0.8%
Koninklijke Ahold Delhaize NV	0.8%
Neste Oyj	0.8%

Top 10 Equity Shorts

LEM Holding SA	-0.5%
ASM International NV	-0.4%
AP Moller - Maersk A/S	-0.4%
Subsea 7 SA	-0.4%
Chargeurs SA	-0.4%
Banco Bilbao Vizcaya Argentari	-0.4%
Lenzing AG	-0.4%
SOITEC	-0.4%
Melexis NV	-0.4%
thyssenkrupp AG	-0.4%

Fund Information

The Fund constructs a long/short portfolio of International equities and credit 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 annual returns of 10-12% net of all fees.

Portfolio Managers:	Jason Mann, Ian Fairbrother, James Park
Fund Structure:	Mutual Fund Trust
RSP Eligible:	Yes
Fee Structure:	A, UA: 2% Mgmt Fee, 20% Perf Fee F, UF: 1% Mgmt Fee, 20% Perf Fee
Subscription Amounts:	$25,000 Minimum
Subscriptions:	Weekly, Friday 4pm deadline
Redemptions:	Weekly, 1 day notice A/F, 2 day UA/UF
Fund Risk Rating:	Low to Medium
Reporting Frequency:	Weekly
Fund Codes:	$CAD: EHP500A / EHP500F $USD: EHP500UA / EHP500UF
High Water Mark:	Yes, Perpetual
Fund Administrator:	SS&C CommonWealth
Prime Broker:	Bank of Nova Scotia
Legal / Auditors:	McMillan LLP / KPMG LLP

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