FEBRUARY 2019

EHP Advantage Fund

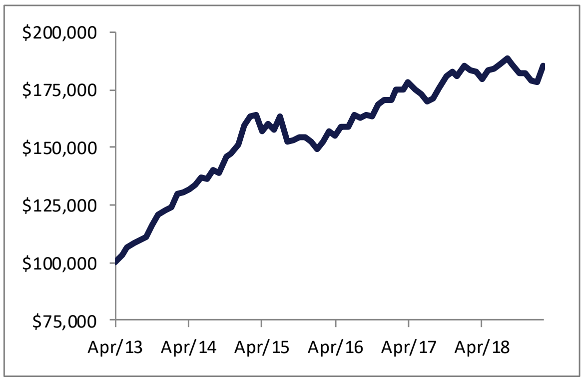
ehp | FUNDS

EHP Advantage 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	-0.1%	3.9%											3.8%
2018	2.3%	-1.0%	-0.5%	-1.4%	1.9%	0.5%	1.1%	1.4%	-1.6%	-2.1%	0.2%	-2.0%	-1.4%
2017	0.1%	2.8%	-0.2%	1.8%	-1.9%	-1.0%	-1.6%	0.6%	2.6%	3.0%	1.1%	-0.9%	6.4%
2016	-2.0%	1.9%	3.3%	-1.4%	2.5%	0.1%	3.2%	-0.7%	0.5%	-0.1%	3.0%	1.0%	11.7%
2015	5.4%	2.5%	0.4%	-4.4%	2.3%	-1.6%	3.4%	-6.7%	0.6%	0.9%	-0.1%	-1.3%	0.7%
2014	0.6%	4.7%	0.5%	1.5%	1.3%	2.3%	-0.5%	2.7%	-0.9%	5.1%	1.1%	2.6%	23.1%
2013					3.2%	3.4%	1.5%	1.4%	1.2%	4.6%	3.7%	2.0%	22.9%

Growth of $100,000 (monthly)



Risk/Reward Analysis

	Fund	S&P TSX	S&P 500
Annualized Return	11.2%	7.5%	12.3%
Annualized Std Deviation	7.6%	8.9%	11.1%
Winning Months	67%	66%	73%
Average Monthly Gain	2.1%	2.0%	2.5%
Average Monthly Loss	-1.5%	-2.0%	-3.0%
Largest Drawdown	-9.0%	-14.3%	-13.5%
Sharpe Ratio	1.5	0.8	1.1
Fund Correlation		39.1%	51.8%
Fund Beta		0.33	0.35
Net Exposure	110%		
Gross Exposure	187%		

Compound Returns (%)

	6 Mo	1 Yr	3 Yr	5 Yr	Incep.
Fund	-1.8%	1.1%	6.8%	7.4%	11.2%

Commentary

The EHP Advantage Fund Class "F" units increased +3.9% for the month of February. Returns came from the long side of the portfolio, partially offset by shorts. U.S. equities drove returns as both value and momentum longs moved higher while the "junk" rally in lower quality, high beta shorts moderated its pace. Merger arbitrage was a contributor to returns with an "overbid" in one of our larger holdings, and Credit Momentum continued to perform as high yield bonds continued their rally, reaching new all-time highs.

The melt up in global equity markets continued in February as the fears that drove the market lower in Q4 seemingly disappeared. What was initially viewed as a "snap back" rally that was likely to retest the lows increasingly appears to be the start of a new bull leg after a temporary Q4 setback. The U.S stock market is off to its best start in 30+ years and not far off record highs, and in high yield debt, the part of the credit markets most sensitive to risk, junk bonds are up the most YTD since 2001 and at all time-highs. A combination of the Fed telegraphing it has investor's backs, corporate earnings being better than feared, and improving China-U.S trade relations have all contributed. While these are all positive developments, we note that the market is no longer "cheap" and is back to pricing in a fair bit of good news. Despite a near-term recession unlikely, concerns remain: slowing global growth and parts of Europe in recession, soft U.S. economic data, tough YOY earnings comparisons, and an unresolved Brexit. All of these concerns make it hard for us to be as sanguine recent volatility levels imply.

While "V" shape rebounds are rare, particularly one of this magnitude, the technicals are increasingly pointing to further strength, providing for a self-perpetuating environment where FOMO has re-emerged, and where underperforming, underinvested active managers are increasingly being forced to capitulate and "buy in" to the rally to avoid being left behind. While this this bounce in equities started with leadership coming from higher-volatility, expensive, low quality stocks, it has not been solely mega-cap tech stocks that are dominating. Instead, breadth has been widening with cyclicals, small caps, industrials and energy stocks all outperforming, and outpacing tech. This shift in leadership away from high-priced growth stocks towards other areas of the market is long overdue and hopefully is just the beginning of a rotation that ultimately has investors shifting into more reasonably priced stocks. The next leg of this rally may be focused more on sector-rotation rather than absolute gains, with more defensive areas like REITs, utilities, gold and treasuries underperforming relative to more cyclical, value-oriented sectors.

After green shoots began to emerge in January, with high yield, and cyclical markets like Canada and Australia going "risk on", February saw the remainder of global markets break above key moving averages, causing us to further gear up risk and bring exposures up near the high end of each fund's targeted range. Interestingly, despite each market being risk on, the funds are somewhat conservatively positioned with "betas" being lower than we typically see in bull markets. While our view is that being somewhat cautious is the prudent call, overall we are positioned to participate in this rally for as long as it has legs. As always, our rules-driven process will dictate that if the market does roll over, we will gear down exposures and move to the sidelines.

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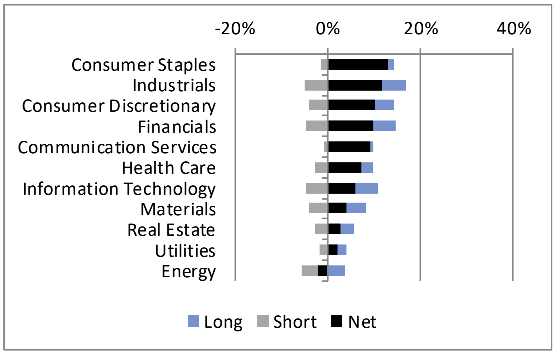
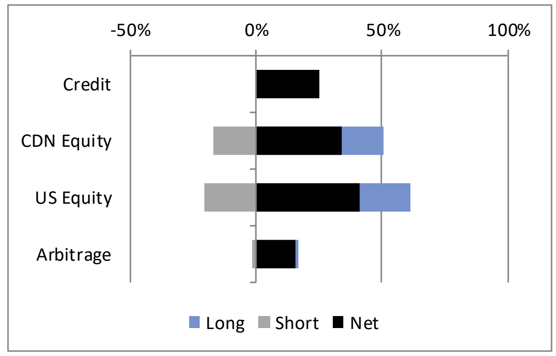
Fund Structure

Sector Allocations % of NAV



Capital Allocations % of NAV



Canadian Equity - Top 10 Longs

Constellation Software Inc/Can	1.7%
Alimentation Couche-Tard Inc	1.6%
Quebecor Inc	1.5%
Air Canada	1.5%
Rogers Communications Inc	1.5%
Hudbay Minerals Inc	1.5%
Canadian Pacific Railway Ltd	1.5%
CGI Inc	1.4%
North West Co Inc/The	1.4%
Toromont Industries Ltd	1.4%

U.S. Equity - Top 10 Longs

WW Grainger Inc	1.1%
Dollar General Corp	1.1%
Zoetis Inc	1.0%
American Express Co	1.0%
Home Depot Inc/The	1.0%
Aflac Inc	1.0%
Mastercard Inc	1.0%
Progressive Corp/The	1.0%
Sysco Corp	1.0%
Costco Wholesale Corp	0.9%

Fund Information

The Fund constructs a long/short portfolio of North American 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 Risk Rating:	Low to 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:	Bank of Nova Scotia, BMO
Reporting Frequency:	Weekly	Legal / Auditors:	McMillan LLP / KPMG LLP

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