

18 AM Canadian Equity Highlights

The 18 AM Canadian Equity portfolio is uniquely positioned, with 50/50 exposure to two focused style portfolios, Offence (growth and momentum) and Defence (income, quality and low risk). We manage the Offence and Defence styles independently, using 15-stock portfolios of companies that exhibit attractive balance sheet and income statement fundamentals (factors) of the respective style.

With its over 5-year track record, the 18 AM Canadian Equity portfolio has realized objectives by:

- ✓ Outperforming the benchmark S&P/TSX Composite (TSX) in 4 of 5 calendar years, and overall since inception before fees.
- ✓ Experiencing a lower risk profile versus the TSX. It has done by having both a lower volatility, and by losing less during calendar years when the index declined.
- ✓ Maintaining a fundamental profile that is superior to the benchmark across a variety of impactful factors as intended within each style, such as: i) a lower Price/Earnings ratio, ii) higher Return on Equity, iii) better Earnings Growth and iv) enhanced Yield.

18 AM Canadian Equity portfolio gained 14.2% in Q1 2019, outperforming the TSX. Further details of the portfolio and style performance are shown in the following table.

Performance	Q1 2019	1 Year	Since Inception	
			Return	Volatility
Offence*	17.3%	4.2%	4.6%	11.6%
Defence*	11.2%	10.7%	9.2%	7.9%
Portfolio**	14.2%	7.5%	7.0%	8.6%
Benchmark	13.3%	8.1%	6.4%	8.9%

*The chart depicts performance data for the style portfolios managed by 18 AM and is for information purposes only. Inception date December 31, 2013.

The strong Canadian equity performance of Q1 was broad based, spread across all 11 industry sectors, common investment styles and the majority of companies. In such a period, it can be difficult for active management to outperform a passive portfolio. The 18 AM Canadian Equity approach is to select companies for the portfolio that deliver deliberate style exposures (Offence and Defence), manage risk through prudent sector exposure and avoid unintended security specific risks. In this way, the portfolio was able to fully participate in, and add to, the widespread gains in the quarter. Top contributors to the portfolio came from Information Technology companies Constellation Software (+32.9%) and Shopify (33.5%), as well as Industrials companies Toromont Industries (+26.3) and Waste Connections (+17.0%). Worst contributors to the portfolio were BTO Gold (-6.0%) and Air Canada (-1.7%).

Our focus on systematic security selection, income statement and balance sheet fundamentals, style diversification and portfolio risk management, will aid us in navigating the portfolio through varying market conditions for long-term success. Our unique approach of combining style allocations within a single portfolio provides benefits from broader sector and market cap exposure, broad factor exposure and lower portfolio volatility relative to a single style portfolio and relative to the benchmark.

*** Performance is shown gross of all fees. Performance data is historical and not indicative of future performance. Returns annualized for periods greater than 1 year. The benchmark is the TSX Composite Total Return Index. This document is for information purposes only. Data sources: Thomson Reuters, Standard & Poors, Morningstar/CPMS and 18 AM.*

Market Overview

After tumbling from a peak in July 2018 to the low in December, a decline of 17%, the TSX rebounded strongly and quickly in Q1 2019, reminding investors yet again of the capricious nature of equity markets. By quarter's end, the index had almost completely recouped the 2018 losses. Such dramatic swings underscore the challenges of market timing, and how prudent, steady investment discipline serves investors in navigating market volatility. While most global equity markets participated in the strong first quarter performance, the Canadian market managed to uncharacteristically lead the way.

For Q1, the TSX Index was up 13.3%. A number of factors contributed to the swift turnaround of the market. Rising oil prices provided substantial boost to the resource heavy Canadian market and economy. Rate sensitive sectors benefited from a change in sentiment by the Bank of Canada regarding the pace of future interest rate hikes. The multi-year low equity valuations for Canadian equities following the 2018 collapse supplied investors with an attractive entry point, which in turn provided support for the recovery to more normal valuation levels.

Highlights of the TSX return for Q1 include:

Stocks – Over 80% of companies in the TSX posted gains in Q1, with over half of those rising more than 10%. Four of the top 5 performing stocks were cannabis companies, each gaining over 50%. MEG Energy was the worst performer, down 34% following a failed takeover bid by Husky Energy. SNC Lavalin's share price fell 26% in the quarter, plagued by heightened uncertainty over ongoing legal issues.

Sectors – All 11 sectors were positive in the quarter. Health Care was up 49% driven in large part by large gains in the cannabis sector. Information Technology rose 25.9% boosted by solid year end earnings results within the sector. Interest sensitive sectors Real Estate (+17.5%) and Utilities (+16.1%) also performed well. Materials was the laggard, gaining only 8.5%, held back by relatively weak returns in the gold sector.

Styles – Within the broader Canadian market, Growth outperformed Value by a substantial margin in the quarter. Similarly for the portfolio, the Offence style was the leader, besting both the overall market and its style counterpart Defence.

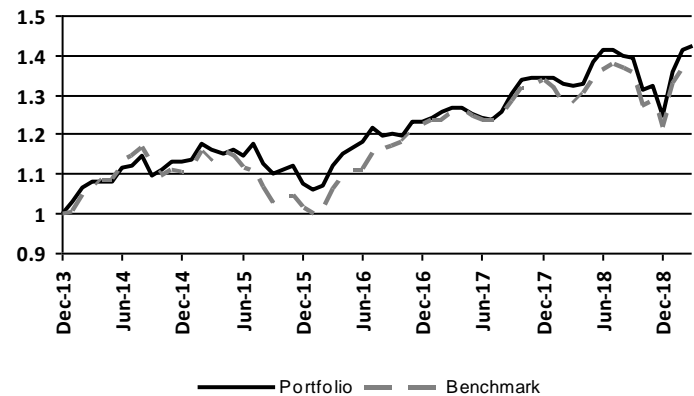
We look to the fundamental profile of the Canadian market to assess the attractiveness of the overall market. Relative to the start of the year, the TSX fundamentals have moderated but remain attractive. Valuations have risen in line with the market's rebound, from 12.3 times current year earnings at the outset of the year to 15.8 times at the end of Q1. 2019 earnings are expected to grow at 3.8% year over year. However, this rate of growth has dropped from the previously estimated 11.0% at the beginning of the year.

The 18 AM team has been managing Canadian equities for more than 25 years. We have time-tested our disciplined, systematic process through interest rate cycles, growth and retraction phases, and through our share of stock market shocks. We believe a focus on company fundamentals, rather than speculating on macroeconomic and political events, provides investors the best opportunity for long-term success.

Portfolio Description

The 18 Asset Management Canadian Equity Fund invests solely in Canadian equities, selected from large/mid cap companies in Canada. A portfolio of 30 stocks, it combines two independent 15 stock style allocations, one Offence-oriented and one Defence-oriented. Risk management is an integral part of the portfolio management process and includes style diversification, broad sector exposure and sell disciplines.

The portfolio's investment objective is to outperform its benchmark, the TSX Total Return Index (TSX TRI), by 2% per year. The portfolio is suitable for clients seeking enhanced return opportunity from their Canadian Equity allocation through focused portfolios with high active share.

Growth in Value of \$1 Since Inception

Performance History
Inception date 12/31/2013

<i>For the period ended</i>	<i>2019-03-31</i>	Since Inception	3 Month	YTD	1 Year	2 Year	3 Year	4 Year	5 Year
Portfolio Return		6.97%	14.22%	14.22%	7.49%	5.93%	8.33%	5.25%	5.70%
Benchmark Return		6.36%	13.29%	13.29%	8.11%	4.86%	9.26%	5.06%	5.43%
Out/Under Performance		0.61%	0.92%	0.92%	-0.63%	1.06%	-0.93%	0.19%	0.27%
<i>Calendar Returns</i>		2018	2017	2016	2015	2014			
Portfolio Return		-7.32%	9.22%	14.41%	-4.71%	12.97%			
Benchmark Return		-8.89%	9.10%	21.08%	-8.32%	10.55%			
Out/Under Performance		1.57%	0.13%	-6.67%	3.61%	2.42%			

Return and Risk Statistics
Based on monthly returns

	Monthly	12 Month Rolling		Since Inception
# of Periods	63	52	Portfolio Standard Deviation	8.58%
Frequency of Outperformance	50.8%	63.5%	Benchmark Standard Deviation	8.88%
Average Outperformance	0.89%	2.83%	Tracking Error	3.98%
Frequency of Underperformance	49.2%	36.5%	Correlation with Benchmark	0.90
Average Underperformance	-0.83%	-3.60%	Information Ratio	0.15
Best Absolute Return	9.16%	17.26%	Bull Capture	80.6%
Worst Absolute Return	-5.80%	-9.05%	Bear Capture	74.0%
Best Relative Performance	3.18%	8.69%	Largest Relative Drawdown	-8.20%
Worst Relative Performance	-3.07%	-6.67%	Trough Date	2017-12-31

Portfolio Characteristics
Refer to Glossary for more information on Portfolio Characteristics

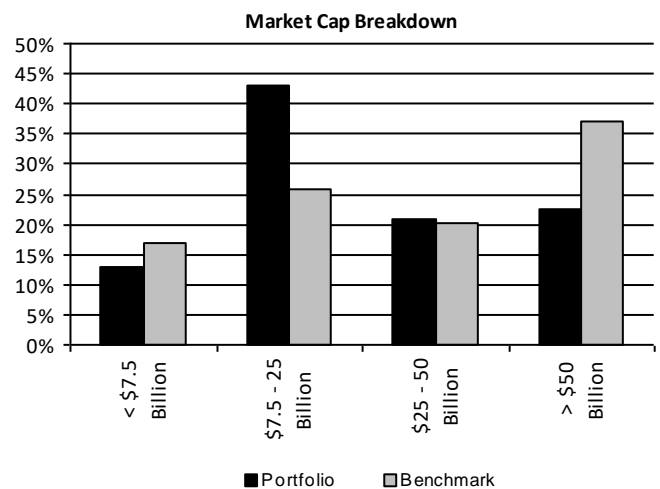
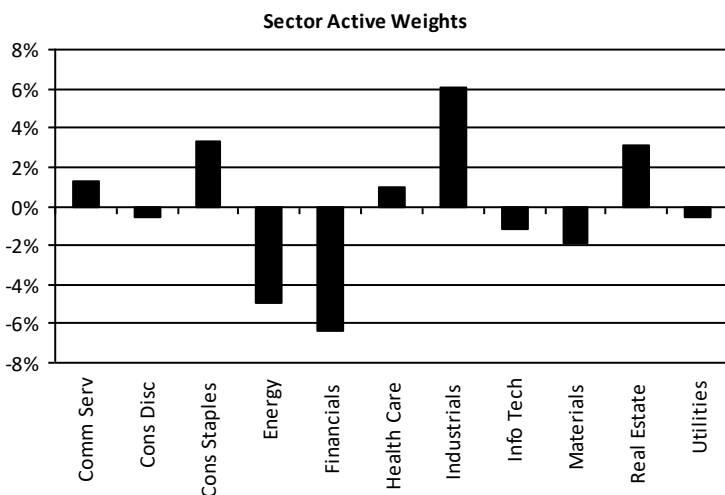
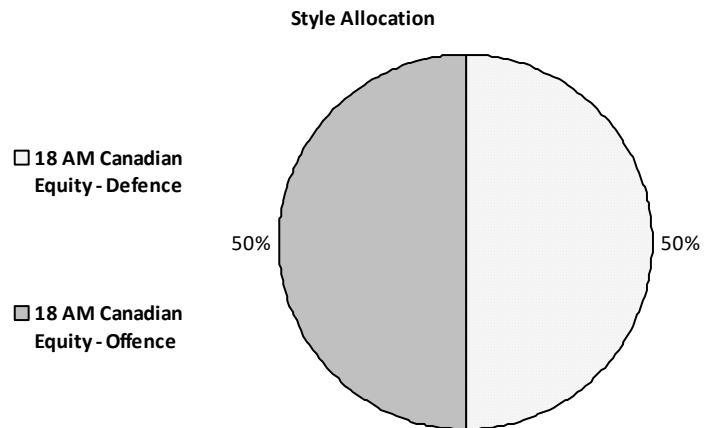
	Portfolio	Benchmark		Portfolio	Benchmark
Number of Stocks	30	243	Reinvestment Rate	9.61%	6.14%
Price/Earnings on Current EPS	13.7x	15.16x	Quarterly Earnings Growth	3.21%	-1.01%
Price/Earnings on Trailing EPS	15.07x	15.81x	Quarterly Earnings Surprise	0.07%	-0.29%
Price/Book	2.14x	1.77x	Estimate Revision from 3 Months Ago	-0.52%	-8.58%
Price/Cash Flow	8.3x	7.93x	Price Change from 3 Months Ago	13.64%	12.51%
Expected Yield	2.81%	3.14%	Price Change from 6 Months Ago	5.81%	0.21%

Performance is shown gross of all fees. Performance data is historical and not indicative of future performance. Returns are annualized for periods greater than 1 year. The benchmark for the fund is the TSX Composite Total Return Index. This document is for information purposes only.

Portfolio Strategy

The portfolio is designed to capture the benefits from two central portfolio management principles; i) focused portfolios and ii) high conviction style betas. By combining two 15 stock focused portfolios - a low volatility, high income portfolio (Defence) with a high growth and momentum portfolio (Offence) - it takes advantage of changing markets and provides clients with exposure to beta complements.

Using our systematic stock selection process we select companies that exhibit the most attractive fundamental factors representing the two style betas. Companies within each focused style portfolio are equally weighted with periodic rebalancing across holdings and styles.


Top 10 Holdings

Company	% Portfolio
Waste Connections Inc.	4.26
Quebecor Inc.	3.84
Metro Inc.	3.71
Fortis Inc.	3.57
Toromont Industries Ltd.	3.56
Restaurant Brands International Inc.	3.55
Aliment'n Couche-Tard	3.46
Cdn Apartment Prop REIT	3.44
Royal Bank of Canada	3.44
Parkland Fuel Corp.	3.42
Total:	36.25

Top 10 Overweights

Company	% Active Wgt
Quebecor Inc., B	3.58
Toromont Industries Ltd	3.31
Metro Inc.	3.19
Parkland Fuel Corp.	3.18
Cdn Apartment Prop REIT	3.10
Waste Connections Inc	2.89
B2Gold Corp.	2.89
Air Canada	2.85
RioCan REIT	2.80
Bausch Health Comp.	2.73
Total:	30.53

Top 10 Underweights

Company	% Active Wgt
Enbridge Inc.	-4.31
Cdn National Railway	-3.83
Royal Bank of Canada	-2.94
Toronto-Dominion Bank	-2.82
Brookfield Asset Mgmt	-2.40
Manulife Financial Corp	-1.96
Cdn Natural Resources	-1.94
Barrick Gold Corp	-1.41
TELUS Corporation	-1.31
Shopify Inc.	-1.19
Total:	-24.11