

Financial Statements of

# **EHP ADVANTAGE FUND**

Year ended December 31, 2015



**KPMG LLP**  
Bay Adelaide Centre  
333 Bay Street Suite 4600  
Toronto ON M5H 2S5  
Canada

Telephone (416) 777-8500  
Fax (416) 777-8818  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Partners of EHP Advantage Fund

We have audited the accompanying financial statements of EHP Advantage Fund, which comprise the statement of financial position as at December 31, 2015, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of EHP Advantage Fund as at December 31, 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

March 29, 2016  
Toronto, Canada

# EHP ADVANTAGE FUND

## Statements of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Assets</b>		
Cash	\$ 17,943,430	\$ 6,269,789
Financial assets at fair value through profit or loss (cost - \$73,812,141; 2014 - \$31,912,407) (note 2)	75,474,127	34,370,867
Receivable for investments sold (note 2)	17,339,417	4,130,045
Dividends receivable	145,149	55,446
Interest receivable	8,423	3,318
Other receivable	–	3,328
	<u>110,910,546</u>	<u>44,832,793</u>
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss (cost - \$24,659,043; 2014 - \$8,451,746) (note 2)	23,667,516	8,578,677
Payable for investments purchased (note 2)	15,258,406	30,580
Performance fee payable (note 7)	1,762	329,950
Management fees payable (note 7)	89,350	83,783
Accounts payable and accrued liabilities	81,613	55,677
Dividends payable	76,371	29,486
Interest payable	8,894	220
Redemptions payable	284,197	–
Subscriptions received in advance	–	100,000
	<u>39,468,109</u>	<u>9,208,373</u>
Net liabilities attributable to holders of redeemable units (note 6)	<u>\$ 71,442,437</u>	<u>\$ 35,624,420</u>

# EHP ADVANTAGE FUND

Statements of Financial Position (continued)

December 31, 2015, with comparative information for 2014

	2015	2014
Net assets attributable to holders of redeemable units per class and series:		
Class A - Initial Series	\$ 5,175,985	\$ 757,095
Class A - 2014 Series 11	-	2,263,958
Class A - 2014 Series 12	-	849,923
Class A - 2015 Series 4	1,129,053	-
Class A - 2015 Series 5	313,841	-
Class A - 2015 Series 6	692,310	-
Class A - 2015 Series 7	379,705	-
Class A - 2015 Series 8	495,380	-
Class A - 2015 Series 9	157,714	-
Class A - 2015 Series 10	160,380	-
Class A - 2015 Series 11	146,403	-
Class A - 2015 Series 12	49,551	-
Class E - Initial Series	5,612,238	3,919,191
Class F - Initial Series	11,265,476	287,595
Class F - 2014 Series 10	-	10,568
Class F - 2014 Series 11	-	405,966
Class F - 2014 Series 12	-	1,294,824
Class F - 2015 Series 4	531,473	-
Class F - 2015 Series 5	1,574,323	-
Class F - 2015 Series 6	2,444,362	-
Class F - 2015 Series 7	1,650,498	-
Class F - 2015 Series 8	3,089,785	-
Class F - 2015 Series 9	883,811	-
Class F - 2015 Series 10	355,108	-
Class F - 2015 Series 11	724,101	-
Class F - 2015 Series 12	574,083	-
Founder Class - Initial Series	31,137,660	19,388,427
Founder Class - 2014 Series 9	-	512,560
Founder Class - 2014 Series 10	-	65,262
Founder Class - 2014 Series 11	-	4,682,554
Founder Class - 2014 Series 12	-	1,186,497
Founder Class - 2015 Series 4	49,597	-
Founder Class - 2015 Series 5	1,258,036	-
Founder Class - 2015 Series 6	332,868	-
Founder Class - 2015 Series 7	185,784	-
Founder Class - 2015 Series 8	117,871	-
Founder Class - 2015 Series 9	10,969	-
Founder Class - 2015 Series 10	100,615	-
Founder Class - 2015 Series 11	843,457	-
<b>Total net assets attributable to holders of redeemable units</b>	<b>\$ 71,442,437</b>	<b>\$ 35,624,420</b>

# EHP ADVANTAGE FUND

Statements of Financial Position (continued)

December 31, 2015, with comparative information for 2014

	2015	2014
Net assets attributable to holders of redeemable units per unit:		
Class A - Initial Series	\$ 14.96	\$ 15.02
Class A - 2014 Series 11	—	10.35
Class A - 2014 Series 12	—	10.25
Class A - 2015 Series 4	9.22	—
Class A - 2015 Series 5	9.56	—
Class A - 2015 Series 6	9.48	—
Class A - 2015 Series 7	9.46	—
Class A - 2015 Series 8	9.29	—
Class A - 2015 Series 9	9.95	—
Class A - 2015 Series 10	10.04	—
Class A - 2015 Series 11	9.73	—
Class A - 2015 Series 12	9.91	—
Class E - Initial Series	11.89	11.41
Class F - Initial Series	11.77	11.68
Class F - 2014 Series 10	—	10.57
Class F - 2014 Series 11	—	10.37
Class F - 2014 Series 12	—	10.25
Class F - 2015 Series 4	9.32	—
Class F - 2015 Series 5	9.62	—
Class F - 2015 Series 6	9.50	—
Class F - 2015 Series 7	9.53	—
Class F - 2015 Series 8	9.34	—
Class F - 2015 Series 9	9.98	—
Class F - 2015 Series 10	9.93	—
Class F - 2015 Series 11	9.86	—
Class F - 2015 Series 12	9.83	—
Founder Class - Initial Series	16.23	16.02
Founder Class - 2014 Series 9	—	10.91
Founder Class - 2014 Series 10	—	10.96
Founder Class - 2014 Series 11	—	10.34
Founder Class - 2014 Series 12	—	10.29
Founder Class - 2015 Series 4	9.29	—
Founder Class - 2015 Series 5	9.57	—
Founder Class - 2015 Series 6	9.51	—
Founder Class - 2015 Series 7	9.29	—
Founder Class - 2015 Series 8	9.31	—
Founder Class - 2015 Series 9	9.97	—
Founder Class - 2015 Series 10	10.06	—
Founder Class - 2015 Series 11	9.85	—

See accompanying notes to financial statements.

On behalf of the Partnership:

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# EHP ADVANTAGE FUND

## Statements of Comprehensive Income

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Income:		
Dividend	\$ 1,835,945	\$ 587,845
Interest for distribution purposes	90,719	18,713
Other income	45,984	—
Net foreign currency gains (losses)	526,980	(28,006)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss:		
Net realized gains (losses) on financial assets and liabilities at fair value through profit or loss (note 3)	(661,011)	4,623,011
Net change in unrealized appreciation on financial assets and liabilities at fair value through profit or loss (note 3)	321,984	1,412,564
	<u>2,160,601</u>	<u>6,614,127</u>
Operating expenses:		
Commissions and other portfolio transaction	1,062,423	507,060
Management fees (note 7)	979,519	317,349
Dividend expense on investments sold short	620,894	141,164
Performance fee (note 7)	540,890	593,012
Interest and stock loan fees	277,193	78,577
Withholding taxes	167,031	46,025
Administration fee	86,446	48,542
Other fees	82,937	63,764
Audit and tax fees	33,900	34,094
	<u>3,851,233</u>	<u>1,829,587</u>
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,690,632)	\$ 4,784,540

See accompanying notes to financial statements.

# EHP ADVANTAGE FUND

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2015, with comparative information for 2014

	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Unit transactions				Capital gains distribution to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
			Proceeds from redeemable units issued	Redemption of redeemable units	Transfer in (Transfer out)	Redesignation of redeemable units		
2015								
Class A - Initial Series	\$ 757,095	\$ (247,565)	\$ 1,428	\$ (2,677,900)	\$ (99,124)	\$ 7,442,051	\$ -	\$ 5,175,985
Class A - 2014 Series 11	2,263,958	-	-	-	-	(2,263,958)	-	-
Class A - 2014 Series 12	849,923	-	-	-	-	(849,923)	-	-
Class A - 2015 Series 1	-	43,748	716,800	(5,000)	-	(755,548)	-	-
Class A - 2015 Series 2	-	9,938	1,100,000	-	-	(1,109,938)	-	-
Class A - 2015 Series 3	-	11,681	2,451,003	-	-	(2,462,684)	-	-
Class A - 2015 Series 4	-	(101,983)	1,302,555	(20,000)	(51,519)	-	-	1,129,053
Class A - 2015 Series 5	-	(13,992)	327,833	-	-	-	-	313,841
Class A - 2015 Series 6	-	(33,190)	725,500	-	-	-	-	692,310
Class A - 2015 Series 7	-	(27,045)	406,750	-	-	-	-	379,705
Class A - 2015 Series 8	-	(24,620)	520,000	-	-	-	-	495,380
Class A - 2015 Series 9	-	(286)	188,000	(30,000)	-	-	-	157,714
Class A - 2015 Series 10	-	(570)	160,950	-	-	-	-	160,380
Class A - 2015 Series 11	-	(3,597)	150,000	-	-	-	-	146,403
Class A - 2015 Series 12	-	(449)	50,000	-	-	-	-	49,551
Class E - Initial Series	3,919,191	89,769	285,000	(101,297)	1,419,575	-	-	5,612,238
Class F - Initial Series	287,595	(737,654)	-	(802,275)	-	12,517,810	-	11,265,476
Class F - 2014 Series 10	10,568	-	-	-	-	(10,568)	-	-
Class F - 2014 Series 11	405,966	-	-	-	-	(405,966)	-	-
Class F - 2014 Series 12	1,294,824	-	-	-	-	(1,294,824)	-	-
Class F - 2015 Series 1	-	10,016	252,400	-	-	(262,416)	-	-
Class F - 2015 Series 2	-	94,592	6,725,423	-	-	(6,820,015)	-	-
Class F - 2015 Series 3	-	23,095	3,726,130	(25,203)	-	(3,724,022)	-	-
Class F - 2015 Series 4	-	(42,434)	600,425	(26,518)	-	-	-	531,473
Class F - 2015 Series 5	-	(66,259)	1,640,582	-	-	-	-	1,574,323
Class F - 2015 Series 6	-	(121,518)	3,086,280	(520,400)	-	-	-	2,444,362
Class F - 2015 Series 7	-	(114,506)	2,095,853	(330,849)	-	-	-	1,650,498
Class F - 2015 Series 8	-	(146,522)	3,288,331	(52,024)	-	-	-	3,089,785
Class F - 2015 Series 9	-	76	857,697	-	26,038	-	-	883,811
Class F - 2015 Series 10	-	(3,966)	359,074	-	-	-	-	355,108
Class F - 2015 Series 11	-	(11,732)	735,833	-	-	-	-	724,101
Class F - 2015 Series 12	-	(4,397)	552,999	-	25,481	-	-	574,083

# EHP ADVANTAGE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Year ended December 31, 2015, with comparative information for 2014

2015	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Unit transactions				Capital gains distribution to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
			Proceeds from redeemable units issued	Redemption of redeemable units	Transfer in (Transfer out)	Redesignation of redeemable units		
Founder Class - Initial Series	19,388,427	(402,894)	57,061	(6,367,546)	(1,267,240)	19,729,852	–	31,137,660
Founder Class - 2014 Series 9	512,560	–	–	–	–	(512,560)	–	–
Founder Class - 2014 Series 10	65,262	–	–	–	–	(65,262)	–	–
Founder Class - 2014 Series 11	4,682,554	–	–	–	–	(4,682,554)	–	–
Founder Class - 2014 Series 12	1,186,497	–	–	–	–	(1,186,497)	–	–
Founder Class - 2015 Series 1	–	180,072	2,738,000	–	(53,211)	(2,864,861)	–	–
Founder Class - 2015 Series 2	–	36,136	3,127,935	–	–	(3,164,071)	–	–
Founder Class - 2015 Series 3	–	29,703	7,224,343	–	–	(7,254,046)	–	–
Founder Class - 2015 Series 4	–	(8,879)	137,500	(79,024)	–	–	–	49,597
Founder Class - 2015 Series 5	–	(50,964)	1,309,000	–	–	–	–	1,258,036
Founder Class - 2015 Series 6	–	(17,132)	350,000	–	–	–	–	332,868
Founder Class - 2015 Series 7	–	(14,216)	200,000	–	–	–	–	185,784
Founder Class - 2015 Series 8	–	(7,129)	125,000	–	–	–	–	117,871
Founder Class - 2015 Series 9	–	(31)	11,000	–	–	–	–	10,969
Founder Class - 2015 Series 10	–	615	100,000	–	–	–	–	100,615
Founder Class - 2015 Series 11	–	(16,543)	860,000	–	–	–	–	843,457
	\$ 35,624,420	\$ (1,690,632)	\$ 48,546,685	\$ (11,038,036)	\$ –	\$ –	\$ –	\$ 71,442,437



# EHP ADVANTAGE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Year ended December 31, 2015, with comparative information for 2014

	Net assets attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Unit transactions				Capital gains distribution to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
			Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Redesignation of redeemable units		
2014								
Class A - Initial Series	\$ 12	\$ 110,921	\$ -	\$ 73,068	(11,270)	\$ 657,432	\$ (73,068)	\$ 757,095
Class A - 2013 Series 10	24,860	-	-	-	-	(24,860)	-	-
Class A - 2013 Series 11	88,205	-	-	-	-	(88,205)	-	-
Class A - 2013 Series 12	61,632	-	-	-	-	(61,632)	-	-
Class A - 2014 Series 1	-	668	11,500	148	-	(12,168)	(148)	-
Class A - 2014 Series 2	-	15,699	306,500	3,044	-	(322,199)	(3,044)	-
Class A - 2014 Series 3	-	493	116,000	44	-	(116,493)	(44)	-
Class A - 2014 Series 4	-	775	15,773	196	-	(16,548)	(196)	-
Class A - 2014 Series 5	-	173	5,000	35	-	(5,173)	(35)	-
Class A - 2014 Series 7	-	155	10,000	-	-	(10,155)	-	-
Class A - 2014 Series 11	-	68,958	2,195,000	-	-	-	-	2,263,958
Class A - 2014 Series 12	-	8,423	841,500	302	-	-	(302)	849,923
Class E - Initial Series	-	483,548	3,435,643	109,247	-	-	(109,247)	3,919,191
Class F - Initial Series	-	26,117	7,500	9,832	-	253,978	(9,832)	287,595
Class F - 2014 Series 6	-	616	120,321	134	-	(120,937)	(134)	-
Class F - 2014 Series 7	-	1,737	131,304	-	-	(133,041)	-	-
Class F - 2014 Series 10	-	568	10,000	64	-	-	(64)	10,568
Class F - 2014 Series 11	-	11,703	419,355	-	-	(25,092)	-	405,966
Class F - 2014 Series 12	-	34,824	1,260,000	3,363	-	-	(3,363)	1,294,824
Founder Class - Initial Series	7,851,144	3,490,499	-	2,817,938	(2,989,256)	11,036,040	(2,817,938)	19,388,427
Founder Class - 2013 Series 10	112,175	-	-	-	-	(112,175)	-	-
Founder Class - 2013 Series 11	490,167	-	-	-	-	(490,167)	-	-
Founder Class - 2013 Series 12	577,419	-	-	-	-	(577,419)	-	-
Founder Class - 2014 Series 1	-	25,455	375,000	4,740	-	(400,455)	(4,740)	-
Founder Class - 2014 Series 2	-	104,285	1,750,000	17,038	-	(1,854,285)	(17,038)	-
Founder Class - 2014 Series 3	-	3,173	600,000	306	-	(603,173)	(306)	-
Founder Class - 2014 Series 4	-	26,100	453,075	5,656	-	(479,175)	(5,656)	-
Founder Class - 2014 Series 5	-	64,688	1,594,880	11,552	-	(1,659,568)	(11,552)	-
Founder Class - 2014 Series 6	-	63,091	2,797,722	10,019	-	(2,860,813)	(10,019)	-
Founder Class - 2014 Series 7	-	3,081	300,000	-	-	(303,081)	-	-
Founder Class - 2014 Series 8	-	30,728	1,665,000	2,200	-	(1,695,728)	(2,200)	-
Founder Class - 2014 Series 9	-	42,560	470,000	7,708	-	-	(7,708)	512,560

# EHP ADVANTAGE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Year ended December 31, 2015, with comparative information for 2014

	Net assets attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Unit transactions				Capital gains distribution to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
			Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Redesignation of redeemable units		
2014								
Founder Class - 2014 Series 10	–	5,262	60,000	1,013	–	–	(1,013)	65,262
Founder Class - 2014 Series 11	–	147,442	4,560,020	1,277	(50,000)	25,092	(1,277)	4,682,554
Founder Class - 2014 Series 12	–	12,798	1,173,699	418	–	–	(418)	1,186,497
	\$ 9,205,614	\$ 4,784,540	\$ 24,684,792	\$ 3,079,342	\$ (3,050,526)	\$ –	\$ (3,079,342)	\$ 35,624,420

See accompanying notes to financial statements.

# EHP ADVANTAGE FUND

## Statements of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,690,632)	\$ 4,784,540
Adjustments for:		
Net realized gains (losses) on financial assets and liabilities at fair value through profit or loss (note 4)	661,011	(4,623,010)
Net change in unrealized appreciation on financial assets and liabilities at fair value through profit or loss (note 4)	(321,984)	(1,412,565)
	(1,351,605)	(1,251,035)
Change in non-cash balances:		
Purchases of investments	(971,781,838)	(303,134,532)
Cost of investments purchased to cover short positions	(393,045,915)	(114,768,702)
Proceeds from sale of investments	942,544,543	283,112,442
Proceeds from investments sold short	397,948,216	119,921,206
Net increase in dividends receivable	(89,703)	(27,835)
Net increase in interest receivable	(5,105)	(3,318)
Net increase (decrease) in other receivable	3,328	(3,328)
Net increase (decrease) in performance fee payable (note 7)	(328,188)	211,146
Net increase in accounts payable and accrued liabilities	25,936	8,528
Net increase in management fee payable (note 7)	5,567	70,500
Net increase in dividends payable	46,885	26,342
Net increase in interest payable	8,674	121
Net cash used in operating activities	(24,667,600)	(14,587,430)
Cash flows from financing activities:		
Proceeds from issuance of redeemable units (note 6)	48,446,685	24,400,292
Payment on redemption of redeemable units (note 6)	(10,753,839)	(3,050,526)
Net cash provided by financing activities	37,692,846	21,349,766
Net increase in cash	11,673,641	5,511,301
Cash, beginning of year	6,269,789	758,488
Cash, end of year	\$ 17,943,430	\$ 6,269,789
Supplemental cash flow information:		
Interest paid	\$ 67,954	\$ 782
Interest received	85,614	15,395
Dividends received, net of withholding taxes	1,579,211	513,987

See accompanying notes to financial statements.

# EHP ADVANTAGE FUND

## Schedule of Investments

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
<b>Investments - long</b>				
Canadian equities:				
8,600	Aecon Group Inc.	\$ 119,628	\$ 132,354	0.18
54,000	Air Canada Inc.	656,605	551,340	0.77
12,100	Alimentation Couche-Tard Inc., Class B	637,367	737,011	1.03
1,800	Bank of Montreal	136,656	140,544	0.20
1,900	Bank of Nova Scotia	123,611	106,343	0.15
2,600	BCE Inc.	140,608	138,996	0.19
1,800	Boyd Group Income Fund	116,877	118,980	0.17
20,400	BRP Inc.	564,960	405,552	0.57
1,100	Canadian Imperial Bank of Commerce	102,761	100,309	0.14
9,600	Canadian National Railway Co.	762,997	742,560	1.04
451,091	Canadian Oil Sands Ltd.	3,858,442	3,730,523	5.22
5,600	Canadian Tire Corporation Ltd., Class A	676,860	661,696	0.93
38,100	Capital Power Corp.	675,822	677,037	0.95
4,700	CCL Industries Inc., Class B	728,508	1,054,539	1.48
16,000	CGI Group Inc.	798,358	886,400	1.24
9,700	Chartwell Retirement Residences REIT	119,355	123,190	0.17
16,600	CI Financial Corp.	553,232	507,960	0.71
3,200	Cineplex Inc.	151,569	152,160	0.21
9,700	Cogeco Cable Inc.	671,475	599,169	0.84
8,000	Cominar REIT	139,799	117,680	0.16
4,900	Descartes Systems Group Inc.	117,054	136,416	0.19
9,700	Dollarama Inc.	678,334	775,418	1.09
7,200	Enecare Inc.	116,094	114,912	0.16
8,300	Enerflex Ltd.	116,592	110,307	0.15
1,800	Enghouse Systems Ltd.	116,654	133,812	0.19
14,900	Extendicare Inc.	120,487	143,785	0.20
5,800	First Capital Realty Inc.	114,681	106,430	0.15
2,100	FirstService Corp.	114,522	117,390	0.16
19,800	Genworth MI Canada Inc.	660,818	526,680	0.74
1,700	George Weston Ltd.	179,113	181,798	0.25
35,000	Great Canadian Gaming Corp.	577,971	541,450	0.76
3,600	Great-West Lifeco Inc.	120,693	124,308	0.17
5,800	H&R REIT	133,248	116,290	0.16
81,500	Infor Acquisition Corp., Class A	793,212	801,145	1.12
13,000	Innergex Renewable Energy Inc.	140,852	147,290	0.21
14,400	Just Energy Group Inc.	121,276	142,272	0.20
2,700	Laurentian Bank of Canada	132,020	130,410	0.18
8,800	Linamar Corp.	637,299	657,624	0.92
2,100	Loblaw Companies Ltd.	142,559	137,214	0.19
11,600	Magna International Inc., Class A	717,583	650,992	0.91
2,700	National Bank of Canada	110,808	108,837	0.15
1,400	Onex Corp.	105,676	118,748	0.17
2,000	Open Text Corp.	118,787	132,680	0.19
6,500	Parex Resources Inc.	71,832	66,040	0.09
82,000	Penn West Petroleum Ltd.	117,211	95,940	0.13
23,900	Power Corporation of Canada	707,244	691,666	0.97
20,500	Power Financial Corp.	731,430	652,105	0.91

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
43,400	Quantum International Income Corp., Subscription Receipts	—	—	—
3,600	Quebecor Inc.	123,661	121,968	0.17
14,800	Ritchie Bros. Auctioneers Inc.	531,569	493,432	0.69
18,600	Rogers Communications Inc., Class B	934,359	887,592	1.24
1,800	Royal Bank of Canada	139,066	133,470	0.19
4,600	Shaw Communications Inc.	127,021	109,480	0.15
23,900	Shawcor Ltd.	677,338	670,873	0.94
4,900	Smart REIT	149,218	147,931	0.21
2,300	Stella-Jones Inc.	117,921	120,773	0.17
3,700	Telus Corp.	158,492	141,562	0.20
3,000	Thomson Reuters Corp.	147,049	157,230	0.22
5,200	Toromont Industries Ltd.	160,271	164,060	0.23
1,800	Toronto-Dominion Bank	95,023	97,632	0.14
95,500	Transalta Corp., Preferred Shares	920,201	945,450	1.32
49,300	Transcontinental Inc., Class A	830,354	850,918	1.19
28,900	Transforce Inc.	706,426	682,329	0.96
162,200	Turquoise Hill Resources Ltd.	578,649	569,322	0.80
2,000	Uni-Select Inc.	123,062	137,020	0.19
323,600	Western Forest Products Inc.	696,350	731,336	1.02
25,100	WestJet Airlines Ltd.	638,732	511,036	0.72
	Total Canadian equities	27,404,302	27,019,716	37.81
	Canadian warrants:			
117,500	Immunovaccine Inc., \$1.24, March 31, 2016	—	—	—
100,000	Western Lithium USA Corp. \$0.90 June 10, 2017	—	—	—
	Total Canadian warrants	—	—	—
	United States equities:			
300	3M Co.	62,388	62,541	0.09
1,500	AAON Inc.	184,865	191,414	0.27
1,700	ABIOMED Inc.	171,368	212,395	0.30
1,900	Adobe Systems Inc.	200,786	247,007	0.35
2,400	Aetna Inc.	333,998	359,105	0.50
4,800	AFLAC Inc.	395,528	397,899	0.56
700	Allegiant Travel Co.	175,156	162,582	0.23
300	Alphabet Inc., Class A	267,473	323,006	0.45
300	Alphabet Inc., Class C	256,120	315,064	0.44
4,200	Altria Group Inc.	290,506	338,339	0.47
300	Amazon.com Inc.	218,015	280,609	0.39
4,900	American Airlines Group Inc.	296,325	287,180	0.40
1,200	American International Group Inc.	102,822	102,912	0.14
500	AmerisourceBergen Corp.	63,596	71,762	0.10
1,600	Amgen Inc.	324,477	359,438	0.50
4,500	AMN Healthcare Services Inc.	171,232	193,365	0.27
2,300	Apple Inc.	337,455	335,039	0.47
1,300	AT&T Inc.	61,508	61,906	0.09
100	AutoZone Inc.	95,180	102,673	0.14
500	Avalonbay Communities Inc.	115,806	127,409	0.18
3,800	Avery Dennison Corp.	335,828	329,518	0.46
300	Berkshire Hathaway Inc., Class B	48,194	54,819	0.08
6,800	Best Buy Company Inc.	313,826	286,550	0.40

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
800	Biogen Inc.	284,187	339,166	0.47
2,200	Boeing Co.	376,855	440,216	0.62
6,500	Boston Scientific Corp.	149,177	165,874	0.23
2,100	Brown-Forman Corp., Class A	290,007	288,527	0.40
1,000	C.R. Bard Inc.	237,390	262,166	0.37
5,800	Campbell Soup Co.	400,048	421,799	0.59
2,900	Cardinal Health Inc.	331,775	358,268	0.50
3,300	Carnival Corp.	215,315	248,803	0.35
3,000	CDK Global Inc.	190,129	197,081	0.28
500	Chubb Ltd.	67,441	80,854	0.11
5,400	Cincinnati Financial Corp.	381,623	442,181	0.62
500	Clorox Co.	75,220	87,760	0.12
1,000	Coca-Cola Co.	47,970	59,452	0.08
2,600	Cognizant Technology Solution., Class A	206,807	215,960	0.30
600	Colgate Palmolive Co.	46,245	55,317	0.08
2,600	Comcast Corp., Class A	213,970	203,043	0.28
4,100	Comfort Systems USA Inc.	173,559	161,255	0.23
4,000	ConAgra Foods Inc.	225,389	233,381	0.33
1,200	Constellation Brands Inc.	208,153	236,547	0.33
3,600	CoreLogic Inc.	177,143	168,692	0.24
300	Costco Wholesale Corp.	52,966	67,050	0.09
800	Cracker Barrel Old Country Store Inc.	151,861	140,416	0.20
1,900	CVS Health Corp.	244,845	257,077	0.36
600	Danaher Corp.	68,043	77,122	0.11
700	Davita Inc.	71,023	67,530	0.09
5,600	Delta Air Lines Inc.	330,065	392,839	0.55
10,500	Digi International Inc.	178,945	165,362	0.23
700	Dr Pepper Snapple Group Inc.	73,219	90,286	0.13
2,200	Drew Industries Inc.	178,641	185,384	0.26
8,900	eBay Inc.	321,970	338,463	0.47
1,900	Eli Lilly & Co.	209,283	221,554	0.31
1,500	Equifax Inc.	191,135	231,187	0.32
300	Essex Property Trust Inc.	86,416	99,396	0.14
2,300	F5 Networks Inc.	321,698	308,621	0.43
1,500	Facebook Inc., Class A	212,428	217,258	0.30
700	Factset Research Systems Inc.	159,960	157,486	0.22
2,300	Fidelity National Information Services Inc.	193,912	192,888	0.27
3,300	First Solar Inc.	233,074	301,368	0.42
1,700	Fiserv Inc.	220,535	215,172	0.30
3,900	Fluor Corp.	255,824	254,856	0.36
5,000	FMC Technologies Inc.	218,383	200,735	0.28
5,700	Gap Inc.	265,077	194,839	0.27
6,300	General Communication Inc., Class A	178,385	172,453	0.24
1,000	General Dynamics Corp.	180,055	190,093	0.27
700	General Mills Inc.	41,497	55,857	0.08
7,000	General Motors Co.	327,863	329,465	0.46
2,400	Gilead Sciences Inc.	313,569	336,088	0.47
8,600	Griffon Corp.	186,424	211,847	0.30
5,000	Hanmi Financial Corp.	176,219	164,131	0.23
1,600	Hanover Insurance Group Inc.	167,521	180,106	0.25
3,500	Hartford Financial Services Group Inc.	211,359	210,505	0.29
4,500	HealthEquity Inc.	178,196	156,125	0.22
300	Henry Schein Inc.	63,841	65,676	0.09

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
1,300	Home Depot Inc.	189,662	237,927	0.33
600	Illinois Tool Works Inc.	65,037	76,956	0.11
3,200	Insperty Inc.	185,764	213,231	0.30
8,600	Intel Corp.	326,169	410,008	0.57
600	Intercontinental Exchange Inc.	184,954	212,783	0.30
6,100	Interface Inc.	173,083	161,576	0.23
1,500	International Business Machines Corp.	297,282	285,678	0.40
60,200	iShares Barclays 20+ Year Treasury Bond	10,163,808	10,045,614	14.06
9,400	Ixia	177,599	161,698	0.23
1,200	J & J Snack Foods Corp.	181,394	193,752	0.27
5,200	JetBlue Airways Corp.	175,289	162,996	0.23
600	Johnson & Johnson	74,016	85,293	0.12
5,400	Juniper Networks Inc.	219,082	206,256	0.29
700	Kellogg Co.	61,259	70,010	0.10
500	Kimberly Clark Corp.	65,929	88,085	0.12
4,200	Korn/Ferry International	186,441	192,855	0.27
3,300	Lam Research Corp.	335,103	362,701	0.51
4,900	LA-Z-Boy Inc.	172,039	165,595	0.23
2,800	LHC Group Inc.	173,347	175,495	0.25
1,900	Limited Brands Inc.	234,190	251,950	0.35
900	Lockheed Martin Corp.	258,765	270,463	0.38
2,100	Logmein Inc.	191,006	195,005	0.27
2,300	Lowe's Companies Inc.	209,211	242,033	0.34
2,200	LyondellBasell Industries NV, Class A	243,811	264,574	0.37
4,700	Marathon Petroleum Corp.	317,811	337,184	0.47
6,600	Marcus Corp.	176,884	173,267	0.24
900	Marsh & McLennan Companies Inc.	62,120	69,064	0.10
1,700	Mastercard Inc., Class A	206,839	229,052	0.32
700	McCormick and Co. Inc.	70,441	82,885	0.12
1,300	McKesson Corp.	315,819	354,831	0.50
1,600	Mednax Inc.	159,046	158,672	0.22
4,700	Michael Kors Holdings Ltd.	257,172	260,563	0.36
12,700	Micron Technology Inc.	310,735	248,870	0.35
3,600	Microsemi Corp.	174,157	162,365	0.23
5,100	Microsoft Corp.	299,365	391,572	0.55
700	MicroStrategy Inc., Class A	175,182	173,684	0.24
800	Mohawk Industries Inc.	203,288	209,677	0.29
3,700	Mondelez International Inc., Class A	206,930	229,600	0.32
21,300	Monster Worldwide Inc.	179,504	168,904	0.24
1,500	National Presto Industries Inc.	176,292	172,005	0.24
5,800	NetApp Inc.	234,156	212,946	0.30
1,300	NIKE Inc., Class B	88,945	112,442	0.16
900	Northrop Grumman Corp.	198,567	235,165	0.33
5,800	Nucor Corp.	324,681	323,473	0.45
4,900	NutriSystem Inc.	164,430	146,743	0.21
8,000	Nvidia Corp.	258,260	364,907	0.51
700	Omnicom Group Inc.	65,426	73,294	0.10
1,900	Papa John's International Inc.	164,156	146,905	0.21
900	Paychex Inc.	55,769	65,875	0.09
3,000	People's United Financial Inc.	60,718	67,050	0.09
500	Pepsico Inc.	61,815	69,140	0.10
4,900	Pfizer Inc.	208,919	218,894	0.31
1,700	PG&E Corp.	118,849	125,136	0.18

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
11,400	PGT Inc.	177,241	179,694	0.25
2,900	Phillips 66	342,532	328,289	0.46
4,000	Pinnacle Entertainment Group	175,073	172,268	0.24
2,400	Pinnacle Financial Partners Inc.	174,132	170,585	0.24
1,500	Progressive Corp.	48,769	66,012	0.09
500	Praxair Inc.	74,451	70,856	0.10
3,000	Prestige Brands Holdings Inc.	183,277	213,730	0.30
600	Procter and Gamble Co.	58,342	65,937	0.09
500	Rockwell Collins Inc.	59,593	63,867	0.09
1,100	Public Storage Inc.	293,074	377,071	0.53
24,200	Quinstreet Inc.	175,806	143,674	0.20
1,900	Ralph Lauren Corp., Class A	321,819	293,127	0.41
1,000	Republic Services Inc.	45,012	60,878	0.09
3,600	Reynolds American Inc.	221,561	229,921	0.32
2,200	RLI Corp.	178,582	188,003	0.26
4,900	Rollins Inc.	171,964	175,631	0.25
600	Salesforce.com Inc.	64,468	65,099	0.09
3,000	Scripps Networks Interactive Inc.	239,184	229,215	0.32
3,800	Selective Insurance Group Inc.	176,183	176,591	0.25
1,200	Signet Jewelers Ltd.	208,371	205,410	0.29
3,500	Simpson Manufacturing Co. Inc.	173,414	165,411	0.23
4,100	Snyders-Lance Inc.	190,082	194,618	0.27
1,000	Southern Co.	60,681	64,753	0.09
5,400	Southwest Airlines Co.	323,537	321,790	0.45
2,800	Starbucks Corp.	207,011	232,611	0.33
1,500	Stryker Corp.	192,047	192,930	0.27
2,500	Sturm, Ruger & Co. Inc.	178,182	206,236	0.29
6,300	SurModics Inc.	179,958	176,725	0.25
1,200	Sysco Corp.	57,255	68,088	0.10
700	T. Rowe Price Group Inc.	64,662	69,255	0.10
2,200	Tesoro Corp.	294,211	320,807	0.45
4,600	Texas Instruments Inc.	340,803	348,917	0.49
4,800	The Dow Chemical Co.	325,719	341,967	0.48
2,900	Estee Lauder Companies Inc., Class A	331,651	353,412	0.49
8,700	Goodyear Tire & Rubber Co.	311,683	393,345	0.55
4,500	Mosaic Co.	242,344	171,818	0.24
5,800	TJX Companies Inc.	509,346	569,168	0.80
700	Torchmark Corp.	41,889	55,373	0.08
3,500	Total Energy Services Inc.	221,405	241,214	0.34
6,700	Transocean Ltd.	130,650	114,789	0.16
2,900	Travelers Companies Inc.	391,073	452,942	0.63
600	Ultimate Software Group Inc.	158,346	162,340	0.23
2,900	United Rentals Inc.	256,152	291,126	0.41
1,500	UnitedHealth Group Inc.	227,626	244,203	0.34
1,000	Universal Health Services Inc., Class B	172,350	165,362	0.23
4,500	Valero Energy Corp.	323,566	440,350	0.62
2,600	VCA Antech Inc.	182,592	197,898	0.28
5,900	Verizon Communications Inc.	352,350	377,387	0.53
4,200	Viad Corp.	173,339	164,083	0.23
1,800	Walgreens Boots Alliance Inc.	194,365	212,123	0.30



# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
4,400	Walker & Dunlop Inc.	177,698	175,429	0.25
900	Waste Management Inc.	50,589	66,473	0.09
1,100	Watsco Inc.	176,120	178,306	0.25
14,700	Western Union Co.	342,685	364,349	0.51
3,400	WhiteWave Foods Co., Class A	182,631	183,082	0.26
1,200	XL Group PLC	54,790	65,065	0.09
	Total United States equities	46,407,839	48,454,411	67.86
Total investments - long		\$ 73,812,141	\$ 75,474,127	105.67

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
<b>Investments - short</b>				
Canadian equities:				
(35,100)	Aimia Inc.	\$ (362,062)	\$ (330,291)	(0.46)
(6,300)	AltaGas Ltd.	(251,143)	(194,670)	(0.27)
(7,700)	Amaya Inc.	(208,605)	(134,211)	(0.19)
(16,900)	Artis REIT	(223,150)	(216,320)	(0.30)
(6,300)	AutoCanada Inc.	(139,813)	(152,145)	(0.21)
(11,300)	Avigilon Corp.	(161,011)	(154,810)	(0.22)
(1,800)	Badger Daylighting Ltd.	(35,797)	(43,956)	(0.06)
(7,100)	Birchcliff Energy Ltd.	(45,914)	(28,684)	(0.04)
(4,400)	Blackberry Ltd.	(48,334)	(56,496)	(0.08)
(2,500)	Boardwalk REIT	(118,648)	(118,625)	(0.17)
(6,800)	Brookfield Renewable Energy Partners LP	(233,902)	(246,636)	(0.35)
(13,400)	Cameco Corp.	(226,275)	(228,738)	(0.32)
(30,200)	Canaccord Genuity Group Inc.	(167,674)	(154,322)	(0.22)
(34,400)	Canadian Energy Services and Technology	(128,656)	(133,472)	(0.19)
(6,300)	Canfor Corp.	(101,795)	(127,197)	(0.18)
(5,300)	Chemtrade Logistics Income Fund	(95,042)	(94,658)	(0.13)
(700)	Colliers International Group Inc.	(42,020)	(43,211)	(0.06)
(7,400)	Concordia Healthcare Corp.	(387,261)	(418,396)	(0.59)
(76,600)	Crew Energy Inc.	(377,167)	(310,230)	(0.43)
(3,600)	DH Corp.	(116,234)	(113,832)	(0.16)
(7,700)	Dorel Industries Inc., Class B	(236,980)	(241,241)	(0.34)
(6,500)	Dream Office REIT	(118,847)	(112,905)	(0.16)
(13,400)	Element Financial Corp.	(246,902)	(223,780)	(0.31)
(1,000)	Emera Inc.	(42,721)	(43,230)	(0.06)
(5,000)	Enbridge Inc.	(219,936)	(230,000)	(0.32)
(22,500)	Ensign Energy Services Inc.	(188,184)	(166,050)	(0.23)
(7,100)	Gibson Energy Inc.	(117,249)	(98,122)	(0.14)
(13,900)	Gran Tierra Energy Inc.	(45,034)	(41,839)	(0.06)
(38,700)	HudBay Minerals Inc.	(234,407)	(205,497)	(0.29)
(18,200)	Hudson's Bay Co.	(417,814)	(329,420)	(0.46)
(6,600)	Husky Energy Inc.	(117,605)	(94,446)	(0.13)
(28,000)	Interfor Corp.	(340,774)	(393,120)	(0.55)
(51,400)	Kelt Exploration Ltd.	(303,301)	(217,936)	(0.31)
(3,200)	Labrador Iron Ore Royalty Corp.	(40,823)	(30,688)	(0.04)
(44,400)	Lundin Mining Corp.	(176,814)	(168,720)	(0.24)
(10,300)	Martinrea International Inc.	(108,675)	(108,253)	(0.15)
(28,700)	MEG Energy Corp.	(338,114)	(230,174)	(0.32)
(3,800)	Norbord Inc.	(84,330)	(102,410)	(0.14)
(55,100)	Nuvista Energy Ltd.	(266,201)	(224,257)	(0.31)
(38,200)	Paramount Resources Ltd., Class A	(414,565)	(233,784)	(0.33)
(7,600)	Performance Sports Group Ltd.	(128,306)	(101,384)	(0.14)
(4,300)	Potash Corporation of Saskatchewan Inc.	(115,866)	(101,910)	(0.14)

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
(37,500)	Prometic Life Sciences Inc.	(117,746)	(126,000)	(0.18)
(5,300)	Raging River Exploration Inc.	(45,979)	(44,361)	(0.06)
(9,200)	RioCan REIT	(237,784)	(217,948)	(0.31)
(26,200)	Secure Energy Services Inc.	(247,335)	(219,032)	(0.31)
(3,100)	Seven Generations Energy Inc.	(44,954)	(41,788)	(0.06)
(7,000)	Sierra Wireless Inc.	(171,347)	(152,390)	(0.21)
(112,600)	Suncor Energy Inc.	(4,060,824)	(4,020,946)	(5.63)
(17,600)	Surge Energy Inc.	(46,547)	(37,136)	(0.05)
(2,900)	The Intertain Group Ltd.	(26,546)	(28,884)	(0.04)
(6,300)	Torc Oil & Gas Ltd.	(44,914)	(32,445)	(0.05)
(4,600)	Tourmaline Oil Corp.	(117,048)	(102,810)	(0.14)
(24,300)	Veresen Inc.	(254,668)	(215,298)	(0.30)
(24,400)	Whitecap Resources Inc.	(273,794)	(221,308)	(0.31)
	Total Canadian equities	(13,463,437)	(12,460,412)	(17.45)

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
United States equities:				
(1,700)	Abercrombie & Fitch Co.	(44,870)	(63,521)	(0.09)
(1,900)	Actuant Corp., Class A	(51,778)	(63,001)	(0.09)
(1,600)	Aecom Technology Corp.	(60,165)	(66,494)	(0.09)
(1,300)	Akorn Inc.	(58,839)	(67,123)	(0.09)
(800)	Albermarle Corp.	(48,943)	(62,010)	(0.09)
(8,200)	Alcoa Inc.	(98,117)	(112,005)	(0.16)
(100)	Alexion Pharmaceuticals Inc.	(21,252)	(26,398)	(0.04)
(800)	American Tower Corp., Class A	(94,567)	(107,335)	(0.15)
(1,600)	Anadarko Petroleum Corp.	(111,190)	(107,568)	(0.15)
(700)	Anixter International Inc.	(62,299)	(58,502)	(0.08)
(1,700)	Apache Corp.	(112,889)	(104,621)	(0.15)
(900)	AutoDesk Inc.	(68,552)	(75,889)	(0.11)
(100)	Avago Technologies Ltd.	(17,315)	(20,087)	(0.03)
(300)	Baker Hughes Inc.	(21,595)	(19,160)	(0.03)
(2,000)	Bel Fuse Inc., Class B	(53,950)	(47,855)	(0.07)
(700)	Belden Inc.	(57,774)	(46,189)	(0.06)
(700)	Boston Properties Inc.	(113,133)	(123,552)	(0.17)
(5,300)	Cabot Oil & Gas Corp.	(152,958)	(129,750)	(0.18)
(12,000)	Career Education Corp.	(60,778)	(60,283)	(0.08)
(1,000)	Carrizo Oil & Gas Inc.	(47,024)	(40,936)	(0.06)
(800)	Caterpillar Inc.	(78,608)	(75,240)	(0.11)
(2,200)	Centurylink Inc.	(77,740)	(76,602)	(0.11)
(800)	Cimarex Energy Co.	(120,228)	(98,954)	(0.14)
(2,100)	Coach Inc.	(85,966)	(95,120)	(0.13)
(2,700)	ConocoPhillips	(188,710)	(174,459)	(0.24)
(9,900)	Consol Energy Inc.	(118,937)	(108,235)	(0.15)
(2,000)	Consolidated Communications Holdings I	(57,089)	(57,985)	(0.08)
(1,500)	Cree Inc.	(55,639)	(55,363)	(0.08)
(400)	Crown Castle International Corp.	(42,872)	(47,855)	(0.07)
(400)	Devon Energy Corp.	(21,876)	(17,714)	(0.02)
(3,200)	Diamond Offshore Drilling Inc.	(94,662)	(93,441)	(0.13)
(1,200)	Dollar Tree Inc.	(103,547)	(128,238)	(0.18)
(400)	Dominion Resources Inc.	(35,276)	(37,443)	(0.05)
(900)	Dover Corp.	(72,259)	(76,362)	(0.11)
(1,000)	Duke Energy Corp.	(96,122)	(98,797)	(0.14)
(1,600)	Endo International PLC	(141,167)	(135,556)	(0.19)
(1,400)	Engility Holdings Inc.	(60,476)	(62,929)	(0.09)
(4,100)	Ensc o PLC, Class A	(90,247)	(87,323)	(0.12)
(3,500)	EPIQ Systems Inc.	(58,745)	(63,307)	(0.09)
(1,300)	EQT Corp.	(108,966)	(93,786)	(0.13)
(300)	Equinix Inc.	(105,706)	(125,547)	(0.18)
(1,000)	Equity Residential REIT	(94,163)	(112,912)	(0.16)
(400)	Esterline Technologies Corp.	(50,715)	(44,838)	(0.06)
(100)	Expedia Inc.	(10,443)	(17,202)	(0.02)
(1,400)	Fastenal Co.	(73,767)	(79,087)	(0.11)
(1,200)	Flowserve Corp.	(75,137)	(69,881)	(0.10)
(9,300)	Freport-McMoran Inc.	(87,540)	(87,132)	(0.12)

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
(31,800)	Frontier Communications Corp.	(199,481)	(205,517)	(0.29)
(400)	GameStop Corp., Class A	(19,263)	(15,522)	(0.02)
(1,400)	Garmin Ltd.	(70,898)	(72,015)	(0.10)
(3,300)	General Growth Properties Inc.	(113,330)	(124,265)	(0.17)
(2,400)	P H Glatfelter Co.	(57,490)	(61,246)	(0.09)
(400)	Goldman Sachs Group Inc.	(95,557)	(99,768)	(0.14)
(2,700)	Government Properties Income REIT	(56,999)	(59,299)	(0.08)
(1,800)	Green Plains Inc.	(48,456)	(57,044)	(0.08)
(1,200)	Greif Inc., Class A	(50,988)	(51,166)	(0.07)
(1,800)	Halliburton Co.	(96,764)	(84,794)	(0.12)
(200)	Harman International Industries Inc.	(28,629)	(26,075)	(0.04)
(4,200)	Harsco Corp.	(58,905)	(45,802)	(0.06)
(2,500)	HCP Inc.	(118,717)	(132,301)	(0.19)
(1,400)	Helmerich & Payne Inc.	(100,093)	(103,751)	(0.15)
(1,400)	Hess Corp.	(108,818)	(93,928)	(0.13)
(4,300)	HMS Holdings Corp.	(61,827)	(73,433)	(0.10)
(3,000)	Intersil Corp., Class A	(48,093)	(52,976)	(0.07)
(5,500)	Iridium Communications Inc.	(58,745)	(64,012)	(0.09)
(1,300)	Jacobs Engineering Group Inc.	(75,179)	(75,471)	(0.11)
(2,000)	KapStone Paper and Packaging Corp.	(57,250)	(62,525)	(0.09)
(3,200)	Kimco Realty Corp.	(101,676)	(117,178)	(0.16)
(4,300)	Kinder Morgan Inc.	(164,938)	(88,785)	(0.12)
(1,900)	Koppers Holdings Inc.	(57,222)	(47,987)	(0.07)
(1,100)	Kraft Heinz Co.	(104,361)	(110,762)	(0.16)
(4,300)	Kulicke and Soffa Industries Inc.	(61,321)	(69,445)	(0.10)
(1,300)	Loews Corp.	(63,578)	(69,084)	(0.10)
(900)	Marathon Oil Corp.	(21,052)	(15,681)	(0.02)
(600)	Martin Marietta Materials Inc.	(112,585)	(113,408)	(0.16)
(3,200)	Noble Corporation PLC	(50,562)	(46,720)	(0.07)
(2,600)	Mattel Inc.	(81,971)	(97,761)	(0.14)
(1,300)	Microchip Technology Inc.	(75,188)	(83,729)	(0.12)
(700)	Monsanto Co.	(86,215)	(95,439)	(0.13)
(2,400)	Morgan Stanley	(104,320)	(105,652)	(0.15)
(2,400)	Murphy Oil Corp.	(96,420)	(74,565)	(0.10)
(1,300)	Mylan Inc.	(87,323)	(97,276)	(0.14)
(4,900)	Nabors Industries Ltd.	(63,777)	(57,707)	(0.08)
(1,400)	National Oilwell Varco Inc.	(80,012)	(64,886)	(0.09)
(4,400)	Navient Corp.	(75,689)	(69,721)	(0.10)
(2,800)	Nektar Therapeutics	(59,027)	(65,292)	(0.09)
(800)	Netflix Inc.	(104,590)	(126,632)	(0.18)
(400)	Newfield Exploration Co.	(17,353)	(18,024)	(0.03)
(900)	Newmont Mining Corp.	(22,519)	(22,407)	(0.03)
(6,700)	Newpark Resources Inc.	(57,683)	(48,957)	(0.07)
(1,900)	Nielsen Holdings PLC	(108,210)	(122,531)	(0.17)
(4,400)	Noble Energy Inc.	(215,421)	(200,516)	(0.28)
(1,100)	Northern Trust Corp.	(102,781)	(109,742)	(0.15)
(2,400)	Now Inc.	(58,912)	(52,544)	(0.07)
(1,900)	Olin Corp.	(54,334)	(45,384)	(0.06)

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
(4,600)	Olympic Steel Inc.	(64,745)	(73,718)	(0.10)
(5,300)	Oneok Inc.	(245,838)	(180,873)	(0.25)
(1,700)	Patterson Companies Inc.	(102,914)	(106,362)	(0.15)
(2,800)	Pepco Holdings Inc.	(89,931)	(100,787)	(0.14)
(500)	Pioneer Natural Resources Co.	(90,831)	(86,757)	(0.12)
(2,500)	Pitney Bowes Inc.	(67,446)	(71,444)	(0.10)
(1,500)	Powell Industries Inc.	(61,271)	(54,034)	(0.08)
(4,300)	Pulte Homes Inc.	(111,719)	(106,043)	(0.15)
(2,800)	QEP Resources Inc.	(59,598)	(51,924)	(0.07)
(1,200)	Qorvo Inc.	(92,136)	(84,529)	(0.12)
(3,300)	Quanta Services Inc.	(97,392)	(92,479)	(0.13)
(3,900)	Rayonier Advanced Materials Inc.	(61,667)	(52,839)	(0.07)
(1,600)	Realty Income Corp.	(99,137)	(114,321)	(0.16)
(800)	REX American Resources Corp.	(55,998)	(59,862)	(0.08)
(2,400)	Rowan Companies PLC	(65,004)	(56,297)	(0.08)
(1,500)	Scana Corp.	(106,433)	(125,568)	(0.18)
(1,600)	Seagate Technology PLC	(79,537)	(81,174)	(0.11)
(2,500)	Semtech Corp.	(60,185)	(65,458)	(0.09)
(200)	Skyworks Solutions Inc.	(23,131)	(21,265)	(0.03)
(2,200)	Spectra Energy Corp.	(86,475)	(72,887)	(0.10)
(7,300)	Spectrum Pharmaceuticals Inc.	(57,318)	(60,918)	(0.09)
(1,300)	Staples Inc.	(24,136)	(17,037)	(0.02)
(1,000)	State Street Corp.	(94,924)	(91,836)	(0.13)
(1,900)	Tegna Inc.	(60,825)	(67,103)	(0.09)
(2,000)	Tenet Healthcare Corp.	(99,312)	(83,864)	(0.12)
(2,500)	Teradata Corp.	(103,767)	(91,407)	(0.13)
(3,400)	Tredegar Corp.	(62,324)	(64,086)	(0.09)
(2,000)	Trimble Navigation Ltd.	(46,999)	(59,369)	(0.08)
(200)	TripAdvisor Inc.	(20,221)	(23,596)	(0.03)
(2,000)	U.S. Silica Holdings Inc.	(56,777)	(51,841)	(0.07)
(300)	United Continental Holdings Inc.	(20,860)	(23,789)	(0.03)
(800)	Universal Electronics Inc.	(56,440)	(56,851)	(0.08)
(7,600)	Universal Technical Institute Inc.	(56,564)	(49,012)	(0.07)
(700)	Urban Outfitters Inc.	(19,341)	(22,039)	(0.03)
(2,700)	Vasco Data Security International Inc.	(64,948)	(62,512)	(0.09)
(1,500)	Ventas Inc.	(107,142)	(117,140)	(0.16)
(800)	Vertex Pharmaceuticals Inc.	(125,944)	(139,309)	(0.19)
(1,300)	Viacom Inc., Class B	(77,127)	(74,050)	(0.10)
(3,700)	Vishay Intertechnology Inc.	(59,211)	(61,701)	(0.09)
(900)	Vulcan Materials Co.	(86,796)	(118,286)	(0.17)
(300)	W.W. Grainger Inc.	(79,983)	(84,109)	(0.12)
(1,700)	WEC Energy Group Inc.	(112,646)	(120,713)	(0.17)
(1,300)	Welltower Inc.	(113,909)	(122,391)	(0.17)

# EHP ADVANTAGE FUND

Schedule of Investments (continued)

December 31, 2015

Number of shares/ par value	Description	Cost	Carrying value	% of net assets
(5,000)	WPX Energy Inc.	(56,217)	(39,718)	(0.06)
(2,500)	Wynn Resorts Ltd.	(244,335)	(239,380)	(0.34)
(4,000)	Yahoo! Inc.	(187,039)	(184,114)	(0.26)
	Total United States equities	(11,195,606)	(11,207,104)	(15.70)
Total investments - short		\$ (24,659,043)	\$ (23,667,516)	(33.15)
Total investments - long		\$ 73,812,141	\$ 75,474,127	105.67
Total investments - short		(24,659,043)	(23,667,516)	(33.15)
Total investments owned		<u>\$ 49,153,098</u>	51,806,611	72.52
Other assets, net			19,635,826	27.48
Net assets			\$ 71,442,437	100.00

See accompanying notes to financial statements.

# EHP ADVANTAGE FUND

Notes to Financial Statements

Year ended December 31, 2015

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## 1. General information:

The EHP Advantage Fund (the "Fund") is an open-ended investment trust established under the laws of the Province of Ontario pursuant to a trust agreement (the "Trust Agreement") made as of April 17, 2013 and amended and restated as of June 1, 2014 between Caledon Trust Company as trustee (the "Trustee"), and EdgeHill Partners. The registered office of the Fund is 2 Bloor Street East, Suite 2102, Toronto, Ontario, Canada, M4W 1A8.

EdgeHill Partners, a general partnership formed under the laws of the Province of Ontario, is the manager and investment advisor of the Fund (the "Investment Manager"). The Investment Manager performs management functions for the Fund, including investment management of the Fund's portfolio.

The Fund's investment objective is to generate superior risk-adjusted investment returns over the long term by utilizing a multi-strategy approach, consisting of diversified quantitative and systematic investment strategies. The Fund will also seek to preserve capital and mitigate risk through the application of both portfolio and risk management tools. In order to achieve its objective, the Fund will actively allocate capital over multiple investment strategies predominantly based upon researched, repeatable and process-driven methodologies.

## 2. Significant accounting policies:

The principal accounting policies applied in the preparation of these financial statements are set out below:

### (a) Basis of presentation:

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value.

### (b) Approval of the financial statements:

The financial statements were approved by the Investment Manager and authorized for issue on March 29, 2016.



# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

### (c) Functional currency and foreign currency translation:

The measurement and functional currency of the Fund is the Canadian dollar ("CAD") and the financial statements are presented in CAD. Investment transactions and income and expenses in foreign currencies have been translated to CAD at the rate of exchange prevailing at the time of the transaction.

Foreign currency assets and liabilities have been translated into the functional currency, using the rate of exchange prevailing at the statements of financial position dates.

Foreign exchange gains and losses relating to cash are presented in the statements of comprehensive income within net foreign currency gains (losses).

Foreign exchange gains and losses relating to the financial assets and liabilities carried at FVTPL are presented in the statements of comprehensive income within net gains (losses) in fair value on financial assets and liabilities at FVTPL.

### (d) Financial assets and financial liabilities:

#### (i) Classification:

The Fund classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at FVTPL.

This category has two sub-categories: financial assets and financial liabilities held for trading, and those designated at FVTPL at inception.

#### (a) Financial assets and liabilities held for trading:

A financial asset or financial liability is classified as held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Investments in securities sold short have been categorized as held-for-trading.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

### (b) Financial assets and liabilities designated at FVTPL at inception:

Financial assets and financial liabilities designated at FVTPL at inception are financial instruments that are not classified as held-for-trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Investments in long-listed equities and Exchange-Traded Funds ("ETFs") have been categorized as designated at FVTPL.

All other financial assets and liabilities are classified as loans and receivables and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

### (ii) Recognition, derecognition and measurement:

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in the statements of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

When the Fund purchases an option or warrant, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options and warrants are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a realized gain or loss and is presented in the statements of comprehensive income within net realized gains (losses) on financial assets at FVTPL.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Net realized and changes in unrealized gains and losses arising from changes in the fair value of the financial assets or financial liabilities at FVTPL category are presented in the statements of comprehensive income within net realized gains (losses) on financial assets and liabilities at FVTPL and net change in unrealized appreciation on financial assets and liabilities at FVTPL in the years in which they arise.

Dividend income from financial assets at FVTPL is recognized in the statements of comprehensive income within dividend income, gross of withholding taxes, when the Fund's right to receive payments is established. Dividends declared on securities sold short are recorded as a dividend expense on the ex-dividend date. Amounts not yet received or paid are included in the statements of financial position in dividends receivable and dividends payable on securities sold short, respectively. Interest for distribution purposes earned on debt securities at FVTPL is recognized in the statements of comprehensive income on an accrual basis.

### (iii) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at last sale or close price, where the close price falls within the day's bid-ask spread. In circumstances where the close price is not within the day's bid-ask spread, management determines the point within bid-ask spread that is most representative of fair value based on specific facts and circumstances.

The fair value used for financial reporting is consistent with the fair value used for unitholder and related transactions.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

(e) Cost of investments:

The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding commissions and other transaction costs.

(f) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Fund currently has a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL.

(g) Cash and cash equivalents:

Cash and cash equivalents consist of cash on deposit and short-term deposits with terms to maturity of less than three months at acquisition.

(h) Payable for investments purchased/receivable for investments sold:

Amounts receivable for investments sold and amounts payable for investments purchased that have been contracted are recorded on the statements of financial position at the amount to be received or delivered.

(i) Redeemable units and net assets attributable to holders of redeemable units:

The Fund issues multiple classes of redeemable units, which are redeemable at the holder's option and do not have identical features, and therefore are classified as financial liabilities. For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the net asset value of the unit at the date of redemption. The redeemable shares are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units. There is no difference in the method net asset value and net assets attributable to holders of redeemable units is computed.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the years for each class/series, respectively. Refer to note 6 for further detail.

(j) Income allocation:

Income, expenses other than management fees, and realized and unrealized capital gains (losses) are distributed amongst the different classes of units in proportion to the amount invested in them. For management fees please refer to note 7.

(k) Net assets attributable to holders of redeemable units per unit:

The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class of units by the total numbers of units of that particular class outstanding at the end of the years.

(l) Commissions and other portfolio transaction costs:

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets or liabilities at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense. Refer to note 8 for further detail on soft dollar arrangements.

(m) Taxation:

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act") and, accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains that is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax. Refer to note 7 for further details.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 2. Significant accounting policies (continued):

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

As at December 31, the Fund had capital loss carryforwards of \$336,268 (2014 - nil) and non-capital loss carryforwards of \$929,147 (2014 - nil).

### (n) Critical accounting estimates and assumptions:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. Actual results may differ from these estimates.

### (o) Future accounting standards:

Financial instruments:

IFRS 9, Financial Instruments ("IFRS 9"), is part of the International Accounting Standards Board's wider project to release International Accounting Standard 39, Financial Instruments - Recognition and Measurement. IFRS 9 retains, but simplifies the mixed measurements model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entities' business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however early adoption is permitted. The Fund is in the process of evaluating the impact of the new standard.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

### 3. Financial assets and financial liabilities at FVTPL:

The Fund's classification of financial assets and liabilities at FVTPL is described in note 2. The following table presents the net gains (losses) on financial assets and liabilities at FVTPL for the years ended December 31, 2015 and 2014:

2015	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains (losses)	\$ 82,544	\$ (2,647,933)	\$ (2,565,389)
Net change in unrealized losses	–	(796,474)	(796,474)
	82,544	(3,444,407)	(3,361,863)
Financial liabilities at FVTPL:			
Net realized gains	1,904,378	–	1,904,378
Net change in unrealized gains	1,118,458	–	1,118,458
	3,022,836	–	3,022,836
Total	\$ 3,105,380	\$ (3,444,407)	\$ (339,027)

2014	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains	\$ 178,698	\$ 2,679,238	\$ 2,857,936
Net change in unrealized gains	–	1,514,596	1,514,596
	178,698	4,193,834	4,372,532
Financial liabilities at FVTPL:			
Net realized gains	1,765,074	–	1,765,074
Net change in unrealized losses	(102,032)	–	(102,032)
	1,663,042	–	1,663,042
Total	\$ 1,841,740	\$ 4,193,834	\$ 6,035,574

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 4. Derivative financial instruments:

The Fund holds the following derivative instruments:

Warrants:

A warrant is a contractual arrangement under which the issuer grants the holder the right, but not the obligation, either to buy at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price directly from the issuer of the underlying securities. The Fund is exposed to credit risk on purchased warrants only to the extent of their carrying amount, which is their fair value.

The following table details the Fund's investments in warrants as at December 31, 2015 and 2014:

2015:

Description	Maturity date	Strike price	Notional amount	Fair value in financial assets (liabilities)
Warrants:				
Immunovaccine Inc.	March 18, 2016	1.24	\$ 145,700	\$ –
Western Lithium USA Corp.	June 10, 2017	0.90	90,000	–

2014:

Description	Maturity date	Strike price	Notional amount	Fair value in financial assets (liabilities)
Warrants:				
Immunovaccine Inc.	March 18, 2016	1.24	\$ 145,700	\$ –



# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 4. Derivative financial instruments (continued):

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the statements of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not, therefore, indicate the Fund's exposure to credit or market price risk. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus, the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

## 5. Financial risk management:

### (a) Financial risk factors:

The Fund's investment activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, foreign exchange risk, and interest rate risk).

The Fund is also exposed to operational risks, such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the types of securities it invests in. The Investment Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and may use derivatives to hedge certain risk exposures. To assist in managing risks, the Investment Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategies, internal guidelines and securities regulations.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

The Fund's investment policy allows it to invest in a variety of financial instruments and utilize various investment strategies in order to meet its objectives. As part of the Fund's risk management practices, investment activities of the Fund are subject to the following investment restrictions, as prescribed in the Offering Memorandum:

(i) Purchasing securities:

The Fund will typically purchase securities through normal market facilities. Purchases of securities under other circumstances will only be permitted where the purchase price for such securities approximates the prevailing market price or is negotiated or established on an arm's-length basis.

(ii) Foreign investment proposals:

The Fund will not invest in (a) an interest in a trust (or partnership which holds such interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to proposed Section 94.2 of the Tax Act or (b) the securities of any non-resident corporation, trust or other non-resident entity if the Fund would be required to include an amount in income pursuant to Section 94.1 of the Tax Act as amended by, or set forth in, the amendments to the Tax Act released on October 24, 2012 (or amendments to such proposals or provisions as enacted into law or successor provisions thereto).

(iii) Commodities:

The Fund may not purchase or sell commodities if the intention is to take physical delivery of the commodity.

(iv) Unit fund status:

The Fund will comply with the requirements set out in the Tax Act in order to cause the Fund to have unit trust status.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(i) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's assets represents the maximum credit risk exposure.

The Fund's investments in debt instruments and related derivatives represent the main concentration of credit risk. The fair value of these financial instruments includes consideration of the creditworthiness of the issuer. As at December 31, 2015 and 2014, the Fund had no significant investments in debt instruments and/or derivatives.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The majority of the cash and cash equivalents and investments of the Fund are held by the Bank of Nova Scotia and BMO Capital Markets (the "Prime Brokers"). Bankruptcy or insolvency of the Prime Brokers may cause the Funds' rights with respect to cash and cash equivalents held by the prime brokers to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial position of the prime broker. At the date of the approval of the financial statements, the credit rating for the Bank of Nova Scotia was A+ and for BMO Capital Markets it was A-1.

The Fund has provided the Prime Brokers with a general lien over the financial assets held in custody as security for the Prime Broker exposures relating to provision of custody services to the Fund. The terms under which the general lien is provided are usual and customary services to the Fund. The terms under which the general lien is provided are usual and customary for Prime Broker agreements. As at December 31, 2015, the fair value of financial assets subject to the general lien is \$110,910,546 (2014 - \$44,832,793). The Fund's cash investments are held by highly creditworthy financial institutions.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

### (ii) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund could be exposed to weekly cash redemptions of redeemable units. The Fund manages its liquidity risk by primarily investing in marketable securities and other financial instruments which are traded in active markets and can be readily disposed of under normal market conditions. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity.

Under extraordinary circumstances, the Fund also has the ability to suspend redemptions if this is deemed to be in the best interest of all shareholders. The Fund did not withhold any redemptions or implement any suspension during 2015 or 2014.

It is the Fund's policy that the Investment Manager monitors the Fund's liquidity position on a daily basis.

The Fund's liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option; however, it does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term.

### (iii) Market risk:

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates, foreign exchange rates and market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

### (a) Price risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Fund is primarily exposed to price risk from its investments in equity securities.

All investments represent a risk of loss of capital. The Investment Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objectives and strategy. Except for securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from securities sold short can be unlimited. The Fund's overall market positions are monitored on a regular basis by the Investment Manager.

The Fund is primarily exposed to price risk from its investments in equity securities and related derivatives. As at December 31, 2015, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$5,180,661 (2014 - \$2,579,219).

The Fund is also exposed to price risk through the concentration of its investment portfolio, and manages this risk through daily monitoring of the portfolio to comply with the investment strategies outlined in the Fund's Offering Memorandum.

### (b) Foreign exchange risk:

The Fund holds both monetary and non-monetary assets denominated or traded in currencies other than the CAD, the Fund's functional currency. Foreign currency risk arises as the value of future transactions, assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 5. Financial risk management (continued):

The table below summarizes the foreign currencies to which the Fund had significant exposure at December 31, 2015 and 2014 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to the listed currencies, with all other variables held constant.

2015:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ (19,132,787)	\$ (956,639)
Investments at FVTPL	37,247,307	1,862,365
<b>Total</b>	<b>\$ 18,114,520</b>	<b>\$ 905,726</b>

% of net assets attributable to holders of redeemable units	25.4	1.3
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2014:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ 214,313	\$ 10,716
Investments at FVTPL	18,915,659	945,783
<b>Total</b>	<b>\$ 19,129,972</b>	<b>\$ 956,499</b>

% of net assets attributable to holders of redeemable units	53.7	2.7
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# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

The analysis above is based on the assumptions that the relevant foreign exchange rate increased/decreased by 5%, with all other variables held constant. This represents management's best estimate of a reasonably possible shift in the foreign exchange rates.

### (c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

The majority of the Fund's investments are non-interest bearing and, as such, are not subject to a significant amount of risk arising from fluctuations in interest rates.

### (b) Capital risk management:

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's net asset value per unit upon redemption. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. There is no external regulatory requirement to maintain a minimum capital amount.

### (c) Fair value measurement:

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year-end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year-end dates, valuation techniques will be applied to determine the fair value.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 5. Financial risk management (continued):

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments include the use of comparable recent arm's-length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The fair value hierarchy has the following levels:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

The determination of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

If an asset or liability classified as Level 1 subsequently ceases to be actively traded, it is transferred into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs; in which case, it is reclassified to Level 3. All transfers are recorded at fair value at the beginning of the year of the transfer.

All investments held by the Fund are classified as Level 1.

There were no transfers between Level 1, Level 2 and Level 3 in the years presented.



# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 6. Net assets attributable to redeemable units:

Redeemable units:

The Fund is authorized to issue an unlimited number of classes and series of units and an unlimited number of units in each such class or series. Each unit of a class or a series represents an undivided ownership interest in the net asset value of the Fund attributable to that class or series of units. Each unit of a particular series of a class has equal rights to each other unit of the same series with respect to all matters, including voting, receipt of distributions from the Fund, liquidation and other events in connection with the Fund.

Subscriptions are accepted on a weekly basis, subject to applicable law and the Investment Manager's discretion to refuse a subscription in whole or in part. If a fully completed subscription agreement and subscription proceeds in cleared funds are delivered by the last business day of a week, a valuation date, and such subscription is accepted, the units subscribed for will be issued on the first business day of the next week. Units will be issued in series each month at an opening pricing net asset value for each new series of \$10.

Units may be redeemed as of the last business day of each week (a "Redemption Date"), except in extraordinary circumstances. A request in writing (including, for greater certainty, requests sent by email) with the unitholder's signature, to the satisfaction of the Investment Manager and the Trustee, must be received by the Investment Manager at least six calendar days prior to the Redemption Date or such other period as permitted by the Investment Manager and the Trustee in their sole discretion. The amount payable to a unitholder for each unit redeemed will be an amount equal to the class net asset value per unit of the relevant series on the Redemption Date, together with the proportionate share attributable to such units of any distribution which has been declared and not paid, less (i) any redemption charges payable, and (ii) any withholding or other taxes required to be deducted. The redemption proceeds will typically be paid to the unitholder on or before the fourth business day following the Redemption Date.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6. Net assets attributable to redeemable units (continued):

During the years ended December 31, 2015 and 2014, the number of units issued, redeemed and outstanding was as follows:

2015:

	Units, beginning of year	Sale of units	Redemption of units	Re- designation of units	Units, end of year
Class A - Initial Series	50,418	90	(171,715)	467,127	345,920
Class A - 2014 Series 11	218,682	–	–	(218,682)	–
Class A - 2014 Series 12	82,927	–	–	(82,927)	–
Class A - 2015 Series 4	–	130,109	(2,141)	(5,536)	122,432
Class A - 2015 Series 5	–	32,835	–	–	32,835
Class A - 2015 Series 6	–	73,035	–	–	73,035
Class A - 2015 Series 7	–	40,118	–	–	40,118
Class A - 2015 Series 8	–	53,318	–	–	53,318
Class A - 2015 Series 9	–	18,856	(3,010)	–	15,846
Class A - 2015 Series 10	–	15,982	–	–	15,982
Class A - 2015 Series 11	–	15,046	–	–	15,046
Class A - 2015 Series 12	–	5,000	–	–	5,000
Class E - Initial Series	343,444	23,197	(8,385)	113,853	472,109
Class F - Initial Series	24,616	–	(66,688)	999,519	957,447
Class F - 2014 Series 10	1,000	–	–	(1,000)	–
Class F - 2014 Series 11	39,157	–	–	(39,157)	–
Class F - 2014 Series 12	126,340	–	–	(126,340)	–
Class F - 2015 Series 4	–	59,859	(2,803)	–	57,056
Class F - 2015 Series 5	–	163,607	–	–	163,607
Class F - 2015 Series 6	–	311,511	(54,173)	–	257,338
Class F - 2015 Series 7	–	207,614	(34,417)	–	173,197
Class F - 2015 Series 8	–	336,444	(5,483)	–	330,961
Class F - 2015 Series 9	–	85,975	–	2,612	88,587
Class F - 2015 Series 10	–	35,771	–	–	35,771
Class F - 2015 Series 11	–	73,465	–	–	73,465
Class F - 2015 Series 12	–	55,867	–	2,548	58,415
Founder Class - Initial Series	1,210,169	3,509	(381,469)	1,086,368	1,918,577
Founder Class - 2014 Series 9	46,968	–	–	(46,968)	–
Founder Class - 2014 Series 10	5,952	–	–	(5,952)	–
Founder Class - 2014 Series 11	452,922	–	–	(452,922)	–
Founder Class - 2014 Series 12	115,291	–	–	(115,291)	–
Founder Class - 2015 Series 4	–	13,788	(8,450)	–	5,338
Founder Class - 2015 Series 5	–	131,433	–	–	131,433
Founder Class - 2015 Series 6	–	35,000	–	–	35,000
Founder Class - 2015 Series 7	–	20,000	–	–	20,000
Founder Class - 2015 Series 8	–	12,655	–	–	12,655
Founder Class - 2015 Series 9	–	1,100	–	–	1,100
Founder Class - 2015 Series 10	–	10,000	–	–	10,000
Founder Class - 2015 Series 11	–	85,664	–	–	85,664

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6. Net assets attributable to redeemable units (continued):

2014:

	Units, beginning of year	Sale of units	Redemption of units	Re- designation of units	Units, end of year
Class A - Initial Series	1	—	(808)	51,225	50,418
Class A - 2013 Series 10	2,250	—	—	(2,250)	—
Class A - 2013 Series 11	8,350	—	—	(8,350)	—
Class A - 2013 Series 12	6,050	—	—	(6,050)	—
Class A - 2014 Series 1	—	1,150	—	(1,150)	—
Class A - 2014 Series 2	—	30,650	—	(30,650)	—
Class A - 2014 Series 3	—	11,600	—	(11,600)	—
Class A - 2014 Series 4	—	1,577	—	(1,577)	—
Class A - 2014 Series 5	—	500	—	(500)	—
Class A - 2014 Series 7	—	1,000	—	(1,000)	—
Class A - 2014 Series 11	—	218,682	—	—	218,682
Class A - 2014 Series 12	—	82,927	—	—	82,927
Class E - Initial Series	—	343,444	—	—	343,444
Class F - Initial Series	—	750	—	23,866	24,616
Class F - 2014 Series 6	—	11,819	—	(11,819)	—
Class F - 2014 Series 7	—	13,209	—	(13,209)	—
Class F - 2014 Series 10	—	1,000	—	—	1,000
Class F - 2014 Series 11	—	41,640	—	(2,483)	39,157
Class F - 2014 Series 12	—	126,340	—	—	126,340
Founder Class - Initial Series	619,468	—	(199,978)	790,679	1,210,169
Founder Class - 2013 Series 10	10,000	—	—	(10,000)	—
Founder Class - 2013 Series 11	46,000	—	—	(46,000)	—
Founder Class - 2013 Series 12	56,500	—	—	(56,500)	—
Founder Class - 2014 Series 1	—	37,500	—	(37,500)	—
Founder Class - 2014 Series 2	—	175,000	—	(175,000)	—
Founder Class - 2014 Series 3	—	60,000	—	(60,000)	—
Founder Class - 2014 Series 4	—	45,308	—	(45,308)	—
Founder Class - 2014 Series 5	—	159,488	—	(159,488)	—
Founder Class - 2014 Series 6	—	278,761	—	(278,761)	—
Founder Class - 2014 Series 7	—	30,056	—	(30,056)	—
Founder Class - 2014 Series 8	—	166,362	—	(166,362)	—
Founder Class - 2014 Series 9	—	46,968	—	—	46,968
Founder Class - 2014 Series 10	—	5,952	—	—	5,952
Founder Class - 2014 Series 11	—	455,415	(4,993)	2,499	452,921
Founder Class - 2014 Series 12	—	115,291	—	—	115,291

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6. Net assets attributable to redeemable units (continued):

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2015 and 2014 is calculated as follows:

Series	2015			2014		
	Increase (decrease) per series	Weighted average units out- standing	Increase (decrease) per unit	Increase (decrease) per series	Weighted average units out- standing	Increase (decrease) per unit
Class A - Initial Series	\$ (247,565)	443,479	(0.56)	\$ 37,853	50,987	0.74
Class A - 2014 Series 1	-	-	-	520	1,150	0.45
Class A - 2014 Series 2	-	-	-	12,655	30,650	0.41
Class A - 2014 Series 3	-	-	-	449	11,600	0.04
Class A - 2014 Series 4	-	-	-	579	1,577	0.37
Class A - 2014 Series 5	-	-	-	138	500	0.28
Class A - 2014 Series 7	-	-	-	155	1,000	0.16
Class A - 2014 Series 11	-	-	-	68,958	218,682	0.32
Class A - 2014 Series 12	-	-	-	8,121	82,927	0.10
Class A - 2015 Series 1	43,748	67,528	0.65	-	-	-
Class A - 2015 Series 2	9,938	106,377	0.09	-	-	-
Class A - 2015 Series 3	11,681	239,748	0.05	-	-	-
Class A - 2015 Series 4	(101,983)	122,409	(0.83)	-	-	-
Class A - 2015 Series 5	(13,992)	31,702	(0.44)	-	-	-
Class A - 2015 Series 6	(33,190)	67,225	(0.49)	-	-	-
Class A - 2015 Series 7	(27,045)	37,853	(0.71)	-	-	-
Class A - 2015 Series 8	(24,620)	48,703	(0.51)	-	-	-
Class A - 2015 Series 9	(286)	14,599	(0.02)	-	-	-
Class A - 2015 Series 10	(570)	14,796	(0.04)	-	-	-
Class A - 2015 Series 11	(3,597)	13,047	(0.28)	-	-	-
Class A - 2015 Series 12	(449)	5,000	(0.09)	-	-	-
Class E - Initial Series	89,869	452,372	0.20	374,301	343,444	1.09
Class F - Initial Series	(737,654)	1,010,159	(0.73)	16,285	24,616	0.66
Class F - 2014 Series 6	-	-	-	482	11,819	0.04
Class F - 2014 Series 7	-	-	-	1,737	13,209	0.13
Class F - 2014 Series 10	-	-	-	504	1,000	-
Class F - 2014 Series 11	-	-	-	11,703	39,157	0.30
Class F - 2014 Series 12	-	-	-	31,461	126,340	0.25
Class F - 2015 Series 1	10,016	24,380	0.41	-	-	-
Class F - 2015 Series 2	94,592	639,756	0.15	-	-	-
Class F - 2015 Series 3	23,095	366,012	0.06	-	-	-
Class F - 2015 Series 4	(42,434)	58,557	(0.72)	-	-	-
Class F - 2015 Series 5	(66,259)	158,705	(0.42)	-	-	-
Class F - 2015 Series 6	(121,518)	252,868	(0.48)	-	-	-
Class F - 2015 Series 7	(114,506)	182,231	(0.63)	-	-	-
Class F - 2015 Series 8	(146,522)	310,210	(0.47)	-	-	-
Class F - 2015 Series 9	76	78,155	-	-	-	-
Class F - 2015 Series 10	(3,966)	30,000	(0.13)	-	-	-
Class F - 2015 Series 11	(11,732)	64,212	(0.18)	-	-	-
Class F - 2015 Series 12	(4,397)	24,627	(0.18)	-	-	-
Founder Class - Initial Series	(402,894)	2,148,117	(0.19)	672,561	1,353,025	0.50
Founder Class - 2014 Series 1	-	-	-	20,715	37,500	0.55
Founder Class - 2014 Series 2	-	-	-	87,247	175,000	0.50
Founder Class - 2014 Series 3	-	-	-	2,867	60,000	0.05
Founder Class - 2014 Series 4	-	-	-	20,444	45,308	0.45

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 6 Net assets attributable to redeemable units (continued):

Series	2015			2014		
	Increase (decrease) per series	Weighted average units out- standing	Increase (decrease) per unit	Increase (decrease) per series	Weighted average units out- standing	Increase (decrease) per unit
Founder Class - 2014 Series 5	–	–	–	53,136	159,488	0.33
Founder Class - 2014 Series 6	–	–	–	53,072	278,761	0.19
Founder Class - 2014 Series 7	–	–	–	3,081	30,056	0.10
Founder Class - 2014 Series 8	–	–	–	28,528	166,362	0.17
Founder Class - 2014 Series 9	–	–	–	34,852	46,968	0.74
Founder Class - 2014 Series 10	–	–	–	4,249	5,952	0.71
Founder Class - 2014 Series 11	–	–	–	146,165	405,468	0.36
Founder Class - 2014 Series 12	–	–	–	12,380	115,291	0.11
Founder Class - 2015 Series 1	180,072	250,796	0.72	–	–	–
Founder Class - 2015 Series 2	36,136	293,720	0.12	–	–	–
Founder Class - 2015 Series 3	29,703	691,136	0.04	–	–	–
Founder Class - 2015 Series 4	(8,879)	10,619	(0.84)	–	–	–
Founder Class - 2015 Series 5	(50,964)	127,957	(0.40)	–	–	–
Founder Class - 2015 Series 6	(17,132)	35,000	(0.49)	–	–	–
Founder Class - 2015 Series 7	(14,216)	20,000	(0.71)	–	–	–
Founder Class - 2015 Series 8	(7,129)	12,177	(0.59)	–	–	–
Founder Class - 2015 Series 9	(31)	1,100	(0.03)	–	–	–
Founder Class - 2015 Series 10	615	10,000	0.06	–	–	–
Founder Class - 2015 Series 11	(16,543)	59,532	(0.28)	–	–	–

## 7. Related party transactions:

### (a) Management fees:

As consideration for the services provided by the Investment Manager, the Fund pays the Investment Manager a management fee, monthly in arrears, calculated as:

- (i) 1/12 of 2.0% of the aggregate of the net asset value of the Class A and/or Class I units on the last business day of the preceding month;
- (ii) 1/12 of 1.0% of the aggregate of the net asset value of the Class F units on the last business day of the preceding month; and
- (iii) 1/12 of 1.5% of the aggregate of the net asset value of the Founder units on the last business day of the preceding month.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 7. Related party transactions (continued):

### (b) Performance fee:

The Investment Manager is entitled to a quarterly performance fee equal to:

- (i) 20% of the amount by which the performance of each Class A series, Class F series, and/or Class I series exceeds the previous high water mark; and
- (ii) 10% of the amount by which the performance of each Founder series exceeds the previous high water mark.

No performance fee shall be paid in respect of a particular series of the class of units unless the class net asset value per unit of the class of units of that series exceeds the highest net asset value per unit of the class of units of that series in respect of which a performance fee has been previously paid (the "High Watermark") and, in such circumstances, a performance fee shall only be paid on that portion of the net profit that exceeds the High Watermark. Because the performance fee is calculated on a series-by-series basis, if a new investor purchases units of the class or an existing unitholder purchases additional units of the class, the starting point for the measurement of net profit with respect to that new or additional investment will be the applicable subscription date for such class of units. The previous highest class net asset value per unit of the class of units of any series achieved prior to the purchase of the new units of the class will not be considered in determining whether a performance fee is payable with respect to any such newly issued series of units of the class. As a result, different series of units of the class may have different performance fees payable at the end of the same calculation period, based on the level of net profit relating to each such series during the period during which it was outstanding, and a unitholder may be subject to a performance fee payment with respect to its units of the class in one series even if it incurs a net loss with respect to the aggregate number of units of the class it owns in all series.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 7. Related party transactions (continued):

### (c) Related party shareholdings:

The Investment Manager, its officers and directors invest in units of the Fund from time to time in the normal course of business. All transactions with the Investment Manager are measured at the exchange amounts. As at December 31, 2015, 308,909.0645 of Founder units, 12,539.0023 of Class A units and 472,108.6119 of Class E units (2014 - 430,606.4608, 4,921.4923 and 343,444.225, respectively) were owned by unitholders related to the Investment Manager.

## 8. Soft dollar commissions:

In allocating brokerage business, consideration may be given by the Investment Manager of the Fund to dealers to furnish research, statistical and other services to the Investment Manager through soft dollar arrangements (the amount ascertained to have been paid for goods and services other than order execution). The total brokerage commission paid to dealers in connection with investment portfolio transactions and amounts of soft dollar commission for the year ended December 31, 2015 is approximately \$130,874 (2014 - \$196,220).

## 9. Interests in subsidiaries, associates and unconsolidated structured entities:

The Fund may invest in units of as part of its investment strategies. The nature and purpose of these ETFs generally, is to manage assets on behalf of third-party investors in accordance with their investment objectives, and are financed through the issue of units to investors.

In determining whether the Fund has control or significant influence over an ETF, the Fund assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the Fund has control over an ETF, the Fund qualifies as an investment entity under IFRS 10, Consolidated Financial Statements, and therefore accounts for investments it controls at FVTPL. The Fund's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the Fund's prospectus to meet those objectives. The Fund also measures and evaluates the performance of any ETFs on a fair value basis.

# EHP ADVANTAGE FUND

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 9. Interests in subsidiaries, associates and unconsolidated structured entities (continued):

ETFs over which the Fund has control or significant influence are categorized as subsidiaries and associates, respectively. All other ETFs are categorized as unconsolidated structured entities.

Investments in ETFs are susceptible to market price risk arising from uncertainty about future values of those ETFs. The maximum exposure to loss from interests in ETFs is equal to the total fair value of the investment in those respective ETFs at any given point in time. The fair value of, if any, are disclosed in investments in the statements of financial position and listed in the schedule of investments. The Fund did not have control or any significant influence on these ETF's. The following meet the definition of unconsolidated structures entities:

As at	ETF	Place of business	Carrying amounts
December 31, 2015	iShares Barclays 20+ Year Treasury Bond ETF	United States	\$ 10,045,614
December 31, 2014	iShares Barclays 20+ Year Treasury Bond ETF	United States	4,461,963
December 31, 2014	iShares Barclays 7-10 Year Bond ETF	United States	4,211,361

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## 10. Filing exemption:

The Fund is relying on the exemption contained in Section 2.11(d) of National Instrument 81-106 not to file its financial statements with the Ontario Securities Commission on SEDAR.