

Financial Statements of

EHP SELECT FUND

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of EHP Select Fund

We have audited the accompanying financial statements of EHP Select Fund, which comprise the statement of financial position as at December 31, 2016, 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EHP Select Fund as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 31, 2017
Toronto, Canada

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Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Cash	\$ 1,117,953	\$ 3,344,958
Financial assets at fair value through profit or loss (cost - \$20,328,592; 2015 - \$9,052,902) (note 5)	22,211,924	8,975,353
Dividends receivable	53,020	20,047
Interest receivable	93	772
Receivable for investments sold	458,348	1,758,738
Subscription receivable	—	50,000
Other receivable	232,000	—
	<u>24,073,338</u>	<u>14,149,868</u>
Liabilities		
Financial liabilities at fair value through profit or loss (proceeds - \$3,995,687; 2015 - \$4,027,960) (note 5)	4,493,813	4,078,623
Payable for investments purchased	2,003,868	1,627,053
Performance fees payable (note 7)	57,220	3,154
Accounts payable and accrued liabilities	46,793	31,366
Management fees payable (note 7)	14,819	17,598
Dividends payable	10,547	5,205
Interest payable	98	37
	<u>6,627,158</u>	<u>5,763,036</u>
Net assets attributable to holders of redeemable units (note 6)	<u>\$ 17,446,180</u>	<u>\$ 8,386,832</u>
Net assets attributable to holders of redeemable units per class and series:		
Class A - Initial Series	\$ 652,633	\$ 1,234
Class A - 2015 Series 8	—	24,704
Class A - 2015 Series 11	—	35,203
Class A - 2015 Series 12	—	63,991
Class A - 2016 Series 10	84,938	—
Class A - 2016 Series 12	59,618	—
Class E - Initial Series	5,505,070	4,010,065
Class F - Initial Series	3,396,754	1,247
Class F - 2015 Series 7	—	10,000
Class F - 2015 Series 11	—	92,430
Class F - 2016 Series 1	—	—
Class F - 2016 Series 10	1,180,803	—
Class F - 2016 Series 11	365,507	—
Class F - 2016 Series 12	175,509	—
Class UF - Initial Series	70,073	—
Class UF - 2016 Series 11	292,801	—
Founder Class - Initial Series	5,298,448	1,320,674
Founder Class - 2015 Series 6	—	1,381,194
Founder Class - 2015 Series 7	—	98,783
Founder Class - 2015 Series 8	—	741,297
Founder Class - 2015 Series 9	—	257,131
Founder Class - 2015 Series 10	—	197,777
Founder Class - 2015 Series 11	—	100,733
Founder Class - 2015 Series 12	—	50,369
Founder Class - 2016 Series 12	364,026	—
	<u>\$ 17,446,180</u>	<u>\$ 8,386,832</u>

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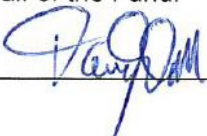
Statement of Financial Position (continued)

December 31, 2016, with comparative information for 2015

	2016	2015
Net assets attributable to holders of redeemable units per units:		
Class A - Initial Series	\$ 13.53	\$ 12.34
Class A - 2015 Series 8	—	9.88
Class A - 2015 Series 11	—	10.06
Class A - 2015 Series 12	—	10.19
Class A - 2016 Series 10	10.19	—
Class A - 2016 Series 12	9.94	—
Class E - Initial Series	15.47	13.43
Class F - Initial Series	13.80	12.47
Class F - 2015 Series 7	—	10.00
Class F - 2015 Series 11	—	9.96
Class F - 2016 Series 1	—	—
Class F - 2016 Series 10	10.33	—
Class F - 2016 Series 11	10.21	—
Class F - 2016 Series 12	10.03	—
Class UF - Initial Series	14.01	—
Class UF - 2016 Series 11	13.95	—
Founder Class - Initial Series	11.66	10.44
Founder Class - 2015 Series 6	—	10.07
Founder Class - 2015 Series 7	—	9.88
Founder Class - 2015 Series 8	—	9.83
Founder Class - 2015 Series 9	—	10.29
Founder Class - 2015 Series 10	—	9.89
Founder Class - 2015 Series 11	—	10.07
Founder Class - 2015 Series 12	—	10.07
Founder Class - 2016 Series 12	10.05	—

See accompanying notes to financial statements.

Approved by Edgehill Partners, Investment Manager,
on behalf of the Fund:



Chief Financial Officer

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Statement of Comprehensive Income

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Income:		
Dividend income	\$ 496,293	\$ 167,887
Interest for distribution purposes	4,266	5,892
Net foreign currency losses	(15,424)	(11,935)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss:		
Net realized gains on financial assets and liabilities at fair value through profit or loss	690,962	633,166
Net change in unrealized appreciation (depreciation) on financial assets and liabilities at fair value through profit or loss	1,513,418	(172,818)
	<u>2,689,515</u>	<u>622,192</u>
Operating expenses:		
Commissions and other portfolio transaction costs	335,348	120,404
Performance fees (note 7)	180,485	4,828
Dividend expense on investments sold short	139,006	71,769
Management fees (note 7)	126,893	40,530
Interest and stock loan fees	73,815	37,709
Administration fees	61,715	41,810
Audit fees	22,283	16,950
Other fees	14,203	1,695
Legal fees	6,619	9,227
Trustee fees	3,390	4,368
Withholding taxes	220	1,362
	<u>963,977</u>	<u>350,652</u>
Expenses absorbed by the Investment Manager (note 7)	—	(5,750)
Increase in net assets attributable to holders of redeemable units	<u>\$ 1,725,538</u>	<u>\$ 277,290</u>

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Statement of Comprehensive Income (continued)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Increase (decrease) in net assets attributable to holders of redeemable units per class and series:		
Class A - Initial Series	\$ 48,482	\$ 134
Class A - 2015 Series 8	623	(296)
Class A - 2015 Series 11	-	203
Class A - 2015 Series 12	-	991
Class A - 2016 Series 2	1,636	-
Class A - 2016 Series 3	5,712	-
Class A - 2016 Series 4	136	-
Class A - 2016 Series 5	1,953	-
Class A - 2016 Series 8	1,050	-
Class A - 2016 Series 10	1,938	-
Class A - 2016 Series 12	(382)	-
Class E - Initial Series	765,812	280,946
Class F - Initial Series	157,656	145
Class F - 2015 Series 11	-	449
Class F - 2016 Series 1	8,716	-
Class F - 2016 Series 2	7,644	-
Class F - 2016 Series 3	1,557	-
Class F - 2016 Series 4	13,406	-
Class F - 2016 Series 5	13,197	-
Class F - 2016 Series 6	149	-
Class F - 2016 Series 7	528	-
Class F - 2016 Series 8	20,469	-
Class F - 2016 Series 9	4,683	-
Class F - 2016 Series 10	37,403	-
Class F - 2016 Series 11	5,507	-
Class F - 2016 Series 12	(801)	-
Class UF - Initial Series	3,104	-
Class UF - 2016 Series 9	2,003	-
Class UF - 2016 Series 11	8,456	-
Founder Class - Initial Series	561,064	20,194
Founder Class - 2015 Series 5	-	1,092
Founder Class - 2015 Series 6	-	(22,658)
Founder Class - 2015 Series 7	-	(1,217)
Founder Class - 2015 Series 8	-	(8,703)
Founder Class - 2015 Series 9	-	7,131
Founder Class - 2015 Series 10	-	(2,223)
Founder Class - 2015 Series 11	-	733
Founder Class - 2015 Series 12	-	369
Founder Class - 2016 Series 1	3,151	-
Founder Class - 2016 Series 2	11,482	-
Founder Class - 2016 Series 3	34,025	-
Founder Class - 2016 Series 4	2,815	-
Founder Class - 2016 Series 5	1,024	-
Founder Class - 2016 Series 7	2,314	-
Founder Class - 2016 Series 12	(974)	-
	\$ 1,725,538	\$ 277,290

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Statement of Comprehensive Income (continued)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Weighted average units outstanding per class and series:		
Class A - Initial Series	54,347	100
Class A - 2015 Series 8	—	2,500
Class A - 2015 Series 11	—	3,500
Class A - 2015 Series 12	—	5,355
Class A - 2016 Series 2	2,500	—
Class A - 2016 Series 3	24,289	—
Class A - 2016 Series 4	2,500	—
Class A - 2016 Series 5	25,000	—
Class A - 2016 Series 8	2,500	—
Class A - 2016 Series 10	7,944	—
Class A - 2016 Series 12	6,000	—
Class E - Initial Series	349,338	190,731
Class F - Initial Series	249,655	100
Class F - 2015 Series 11	—	5,989
Class F - 2016 Series 1	12,847	—
Class F - 2016 Series 2	10,500	—
Class F - 2016 Series 3	5,000	—
Class F - 2016 Series 4	109,982	—
Class F - 2016 Series 5	27,601	—
Class F - 2016 Series 6	41,690	—
Class F - 2016 Series 7	2,500	—
Class F - 2016 Series 8	59,169	—
Class F - 2016 Series 9	37,463	—
Class F - 2016 Series 10	108,909	—
Class F - 2016 Series 11	34,300	—
Class F - 2016 Series 12	4,053	—
Class UF - Initial Series	5,000	—
Class UF - 2016 Series 9	5,000	—
Class UF - 2016 Series 11	20,840	—
Founder Class - Initial Series	503,660	119,745
Founder Class - 2015 Series 5	—	102,439
Founder Class - 2015 Series 6	—	167,244
Founder Class - 2015 Series 7	—	10,000
Founder Class - 2015 Series 8	—	73,086
Founder Class - 2015 Series 9	—	25,000
Founder Class - 2015 Series 10	—	20,000
Founder Class - 2015 Series 11	—	10,000
Founder Class - 2015 Series 12	—	5,000
Founder Class - 2016 Series 1	11,627	—
Founder Class - 2016 Series 2	15,300	—
Founder Class - 2016 Series 3	92,712	—
Founder Class - 2016 Series 4	15,000	—
Founder Class - 2016 Series 5	10,294	—
Founder Class - 2016 Series 7	7,601	—
Founder Class - 2016 Series 12	33,313	—

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Statement of Comprehensive Income (continued)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A - Initial Series	\$ 0.89	\$ 1.34
Class A - 2015 Series 8	0.25	(0.12)
Class A - 2015 Series 11	—	0.06
Class A - 2015 Series 12	—	0.19
Class A - 2016 Series 2	0.65	—
Class A - 2016 Series 3	0.24	—
Class A - 2016 Series 4	0.05	—
Class A - 2016 Series 5	0.08	—
Class A - 2016 Series 8	0.42	—
Class A - 2016 Series 10	0.24	—
Class A - 2016 Series 12	(0.06)	—
Class E - Initial Series	2.19	1.47
Class F - Initial Series	0.63	1.45
Class F - 2015 Series 11	—	0.07
Class F - 2016 Series 1	0.68	—
Class F - 2016 Series 2	0.73	—
Class F - 2016 Series 3	0.31	—
Class F - 2016 Series 4	0.12	—
Class F - 2016 Series 5	0.48	—
Class F - 2016 Series 7	0.21	—
Class F - 2016 Series 8	0.35	—
Class F - 2016 Series 9	0.13	—
Class F - 2016 Series 10	0.34	—
Class F - 2016 Series 11	0.16	—
Class F - 2016 Series 12	(0.20)	—
Class UF - Initial Series	0.62	—
Class UF - 2016 Series 9	0.40	—
Class UF - 2016 Series 11	0.41	—
Found Class - Initial Series	1.11	0.17
Founder Class - 2015 Series 5	—	0.01
Founder Class - 2015 Series 6	—	(0.14)
Founder Class - 2015 Series 7	—	(0.12)
Founder Class - 2015 Series 8	—	(0.12)
Founder Class - 2015 Series 9	—	0.29
Founder Class - 2015 Series 10	—	(0.11)
Founder Class - 2015 Series 11	—	0.07
Founder Class - 2015 Series 12	—	0.07
Founder Class - 2016 Series 1	0.27	—
Founder Class - 2016 Series 2	0.75	—
Founder Class - 2016 Series 3	0.37	—
Founder Class - 2016 Series 4	0.19	—
Founder Class - 2016 Series 5	0.10	—
Founder Class - 2016 Series 7	0.30	—
Founder Class - 2016 Series 12	(0.03)	—

See accompanying notes to financial statements.

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Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2016, with comparative information for 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				Distributions to holders of redeemable shares		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	Net investment income	Capital gains	
2016									
Class A - Initial Series	\$ 1,234	\$ 48,482	\$ -	\$ 3,750	\$ (102,952)	\$ 705,869	\$ (2,270)	\$ (1,480)	\$ 652,633
Class A - 2015 Series 8	24,704	623	-	48	-	(25,327)	(29)	(19)	-
Class A - 2015 Series 11	35,203	-	-	-	-	(35,203)	-	-	-
Class A - 2015 Series 12	63,991	-	-	-	-	(63,991)	-	-	-
Class A - 2016 Series 2	-	1,636	25,000	127	-	(26,636)	(77)	(50)	-
Class A - 2016 Series 3	-	5,712	245,861	441	-	(251,573)	(267)	(174)	-
Class A - 2016 Series 4	-	136	25,000	10	-	(25,136)	(6)	(4)	-
Class A - 2016 Series 5	-	1,953	250,000	151	-	(251,953)	(91)	(60)	-
Class A - 2016 Series 8	-	1,050	25,000	81	-	(26,050)	(49)	(32)	-
Class A - 2016 Series 10	-	1,938	83,000	150	-	-	(91)	(59)	84,938
Class A - 2016 Series 12	-	(382)	60,000	-	-	-	-	-	59,618
Class E - Initial Series	4,010,065	765,812	774,193	59,243	(45,000)	-	(35,858)	(23,385)	5,505,070
Class F - Initial Series	1,247	157,656	-	12,569	(143,786)	3,381,637	(7,608)	(4,961)	3,396,754
Class F - 2015 Series 7	10,000	-	-	-	-	(10,000)	-	-	-
Class F - 2015 Series 11	92,430	-	-	-	-	(92,430)	-	-	-
Class F - 2016 Series 1	-	8,716	130,000	674	-	(138,716)	(408)	(266)	-
Class F - 2016 Series 2	-	7,644	105,000	591	-	(112,644)	(358)	(233)	-
Class F - 2016 Series 3	-	1,557	50,000	121	-	(51,557)	(73)	(48)	-
Class F - 2016 Series 4	-	13,406	1,131,840	1,037	-	(1,145,246)	(628)	(409)	-
Class F - 2016 Series 5	-	13,197	298,518	1,021	-	(311,715)	(618)	(403)	-
Class F - 2016 Series 6	-	149	418,500	30	-	(418,649)	(18)	(12)	-
Class F - 2016 Series 7	-	528	25,000	41	-	(25,528)	(25)	(16)	-
Class F - 2016 Series 8	-	20,469	645,000	1,583	-	(665,469)	(958)	(625)	-
Class F - 2016 Series 9	-	4,683	405,000	404	-	(409,683)	(245)	(159)	-
Class F - 2016 Series 10	-	37,403	1,143,400	2,909	-	-	(1,761)	(1,148)	1,180,803
Class F - 2016 Series 11	-	5,507	360,000	436	-	-	(264)	(172)	365,507
Class F - 2016 Series 12	-	(801)	201,600	23	(25,290)	-	(14)	(9)	175,509
Class UF - Initial Series	-	3,104	-	240	-	66,969	(145)	(95)	70,073
Class UF - 2016 Series 9	-	2,003	64,966	155	-	(66,969)	(94)	(61)	-
Class UF - 2016 Series 11	-	8,456	284,345	654	-	-	(396)	(258)	292,801

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

Year ended December 31, 2016, with comparative information for 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				Distributions to holders of redeemable shares		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	Resignation of redeemable units	Net investment income	Capital gains	
2016									
Founder Class - Initial Series	1,320,674	561,064	–	41,317	(1,016,576)	4,433,286	(25,005)	(16,312)	5,298,448
Founder Class - 2015 Series 6	1,381,194	–	–	–	–	(1,381,194)	–	–	–
Founder Class - 2015 Series 7	98,783	–	–	218	–	(98,783)	(132)	(86)	–
Founder Class - 2015 Series 8	741,297	–	–	1,630	–	(741,297)	(987)	(643)	–
Founder Class - 2015 Series 9	257,131	–	–	–	–	(257,131)	–	–	–
Founder Class - 2015 Series 10	197,777	–	–	434	–	(197,777)	(263)	(171)	–
Founder Class - 2015 Series 11	100,733	–	–	–	–	(100,733)	–	–	–
Founder Class - 2015 Series 12	50,369	–	–	–	–	(50,369)	–	–	–
Founder Class - 2016 Series 1	–	3,151	116,271	244	–	(119,422)	(148)	(96)	–
Founder Class - 2016 Series 2	–	11,482	153,000	889	–	(164,482)	(538)	(351)	–
Founder Class - 2016 Series 3	–	34,025	950,015	2,632	–	(984,040)	(1,593)	(1,039)	–
Founder Class - 2016 Series 4	–	2,815	150,000	218	–	(152,815)	(132)	(86)	–
Founder Class - 2016 Series 5	–	1,024	103,101	79	–	(104,125)	(48)	(31)	–
Founder Class - 2016 Series 7	–	2,314	78,804	179	–	(81,118)	(108)	(71)	–
Founder Class - 2016 Series 12	–	(974)	365,000	96	–	–	(58)	(38)	364,026
	\$ 8,386,832	\$ 1,725,538	\$ 8,667,414	\$ 134,425	\$ (1,333,604)	\$ –	\$ (81,363)	\$ (53,062)	\$ 17,446,180

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

Year ended December 31, 2016, with comparative information for 2015

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				Distributions to holders of redeemable shares		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	Net investment income	Capital gains	
Class A - Initial Series	\$ 1,100	\$ 134	\$ -	\$ 191	\$ -	\$ -	\$ (78)	\$ (113)	\$ 1,234
Class A - 2015 Series 8	-	(296)	25,000	-	-	-	-	-	24,704
Class A - 2015 Series 11	-	203	35,000	290	-	-	(118)	(172)	35,203
Class A - 2015 Series 12	-	991	63,000	1,415	-	-	(576)	(839)	63,991
Class E - Initial Series	1,279,119	280,946	2,450,000	401,293	-	-	(163,248)	(238,045)	4,010,065
Class F - Initial Series	1,102	145	-	207	-	-	(84)	(123)	1,247
Class F - 2015 Series 7	-	-	10,000	-	-	-	-	-	10,000
Class F - 2015 Series 11	-	449	91,981	683	-	-	(278)	(405)	92,430
Founder Class - Initial Series	-	20,194	275,000	28,831	-	1,025,480	(11,729)	(17,102)	1,320,674
Founder Class - 2015 Series 5	-	1,092	1,024,388	1,560	-	(1,025,480)	(635)	(925)	-
Founder Class - 2015 Series 6	-	(22,658)	2,538,621	11,484	(1,134,769)	-	(4,672)	(6,812)	1,381,194
Founder Class - 2015 Series 7	-	(1,217)	100,000	-	-	-	-	-	98,783
Founder Class - 2015 Series 8	-	(8,703)	750,000	-	-	-	-	-	741,297
Founder Class - 2015 Series 9	-	7,131	250,000	10,181	-	-	(4,142)	(6,039)	257,131
Founder Class - 2015 Series 10	-	(2,223)	200,000	-	-	-	-	-	197,777
Founder Class - 2015 Series 11	-	733	100,000	1,045	-	-	(425)	(620)	100,733
Founder Class - 2015 Series 12	-	369	50,000	527	-	-	(214)	(313)	50,369
	\$ 1,281,321	\$ 277,290	\$ 7,962,990	\$ 457,707	\$ (1,134,769)	\$ -	\$ (186,199)	\$ (271,508)	\$ 8,386,832

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 1,725,538	\$ 277,290
Adjustments for:		
Net realized gains on financial assets and liabilities at fair value through profit or loss	(690,962)	(633,166)
Net change in unrealized depreciation (appreciation) on financial assets and liabilities at fair value through profit or loss	(1,513,418)	172,818
	(478,842)	(183,058)
Change in non-cash balances:		
Purchases of investments	(92,025,635)	(60,313,744)
Cost of investments purchased to cover short positions	(74,588,637)	(42,627,886)
Proceeds from sale of investments	82,005,922	53,575,077
Proceeds from investments sold short	75,668,554	45,581,340
Increase in dividends receivable	(32,973)	(15,174)
Decrease (increase) in interest receivable	679	(447)
Increase in other receivable	(232,000)	–
Increase in performance fees payable	54,066	3,095
Increase in accounts payable and accrued liabilities	15,427	25,934
Increase (decrease) in management fees payable	(2,779)	17,592
Increase in dividends payable	5,342	2,564
Increase in interest payable	61	15
Net cash used in operating activities	(9,610,815)	(3,934,692)
Cash flows from financing activities:		
Proceeds from issuance of redeemable units	8,717,414	7,812,990
Payment on redemption of redeemable units	(1,333,604)	(1,134,769)
Net cash provided by financing activities	7,383,810	6,678,221
Increase (decrease) in cash	(2,227,005)	2,743,529
Cash, beginning of year	3,344,958	601,429
Cash, end of year	\$ 1,117,953	\$ 3,344,958
Supplemental cash flow information:		
Interest paid	\$ 1,544	\$ 550
Interest received	4,945	5,445
Dividends received, net of withholding taxes	463,100	151,351
Dividends paid	133,664	69,205

See accompanying notes to financial statements.

EHP SELECT FUND

Schedule of Investments

December 31, 2016

Number of shares/ par value	Description	Cost	Fair value	% of net assets
Investments - long				
Canadian equities:				
58,370	Air Canada Inc.	\$ 758,991	\$ 797,918	4.57
37,400	Alignvest Acquisition Corp., Class A	376,842	381,480	2.19
32,140	BRP Inc.	729,881	911,169	5.22
40,780	CAE Inc.	746,563	765,848	4.39
10,230	Canadian National Railway Co.	795,899	924,383	5.30
36,260	Capital Power Corp.	752,807	842,320	4.83
47,040	Celestica Inc.	755,807	748,406	4.29
11,470	CGI Group Inc.	683,773	739,127	4.24
9,250	Dollarama Inc.	776,010	910,015	5.22
170,780	ECN Capital Corp.	544,676	563,574	3.23
49,220	Enerflex Ltd.	762,601	839,201	4.81
22,130	Genworth MI Canada Inc.	691,263	744,896	4.27
35,990	Great Canadian Gaming Corp.	805,076	899,030	5.15
29,330	Hardwoods Distribution Inc.	554,788	524,420	3.01
16,390	Industrial Alliance Insurance and Financial Services	768,591	875,062	5.02
52,140	Interfor Corp.	780,022	783,664	4.49
34,640	Intertape Polymer Group Inc.	748,716	872,235	5.00
70,000	iShares Canadian S&P/TSX Capped Energy Index ETF (note 9)	925,260	981,400	5.63
103,010	Just Energy Group Inc.	774,456	756,093	4.33
8,720	Linamar Corp.	572,142	503,057	2.88
12,970	Magna International Inc., Class A	696,260	756,151	4.33
31,330	Manulife Financial Corp.	717,511	749,100	4.29
16,850	MTY Food Group Inc.	748,326	851,936	4.88
158,000	Quantum International Income Corp., Subscription Receipts	—	—	—
140,520	Rogers Sugar Inc.	754,200	956,941	5.49
8,100	Transalta Corp.	50,113	60,183	0.34
35,400	Transcontinental Inc., Class A	802,932	785,526	4.50
30,760	TransForce Inc.	757,237	1,073,217	6.15
16,120	West Fraser Timber Co. Ltd.	749,208	773,921	4.44
36,530	WestJet Airlines Ltd.	748,641	841,651	4.82
	Total Canadian equities - long	20,328,592	22,211,924	127.31
Canadian warrants:				
33,500	Quantum International Income Corp. \$0.65 28JUL17	—	—	—
	Total Canadian warrants	—	—	—
Total investments - long		\$ 20,328,592	\$ 22,211,924	127.31

EHP SELECT FUND

Schedule of Investments (continued)

December 31, 2016

Number of shares/ par value	Description	Cost	Fair value	% of net assets
Investments - short				
Canadian equities:				
(25,680)	Baytex Energy Corp.	\$ (133,545)	\$ (168,461)	(0.97)
(41,500)	Black Diamond Group Ltd.	(178,257)	(187,580)	(1.08)
(3,560)	Boardwalk REIT	(180,482)	(173,194)	(0.99)
(9,920)	Boralex Inc., Class A	(178,346)	(189,968)	(1.09)
(4,350)	Brookfield Renewable Partners LP	(156,630)	(173,348)	(0.99)
(37,050)	Calfrac Well Services Ltd.	(127,984)	(176,358)	(1.01)
(41,360)	Canaccord Genuity Group Inc.	(181,608)	(197,287)	(1.13)
(32,360)	Canyon Services Group Inc.	(164,030)	(227,491)	(1.30)
(10,150)	Chemtrade Logistics Income Fund	(178,458)	(192,241)	(1.10)
(27,530)	DHX Media Ltd.	(187,007)	(194,088)	(1.11)
(10,400)	Dream Office REIT	(170,177)	(203,320)	(1.17)
(61,270)	Electrovaya Inc.	(180,941)	(130,505)	(0.75)
(11,010)	Element Fleet Management Corp.	(126,440)	(137,185)	(0.79)
(14,680)	Enerplus Corp.	(108,150)	(187,023)	(1.07)
(9,790)	Hudson's Bay Co.	(163,869)	(129,130)	(0.74)
(12,040)	Innergex Renewable Energy Inc.	(173,067)	(168,921)	(0.97)
(30,070)	Kelt Exploration Ltd.	(136,322)	(203,574)	(1.17)
(23,220)	MEG Energy Corp.	(127,467)	(214,321)	(1.23)
(54,500)	Northern Blizzard Resources Inc.	(174,318)	(211,460)	(1.21)
(7,720)	Northland Power Inc.	(166,127)	(179,876)	(1.03)
(8,460)	Northview Apartment REIT	(179,809)	(169,285)	(0.97)
(10,440)	Polaris Infrastructure Inc.	(102,241)	(159,628)	(0.91)
(55,490)	Spartan Energy Corp.	(172,550)	(184,782)	(1.06)
(12,650)	Transalta Renewables Corp.	(172,629)	(181,401)	(1.04)
(54,200)	TS03 Inc.	(175,233)	(153,386)	(0.88)
	Total Canadian equities - short	(3,995,687)	(4,493,813)	(25.76)
Total investments - short		\$ (3,995,687)	\$ (4,493,813)	(25.76)
Total investments - long		\$ 20,328,592	\$ 22,211,924	127.31
Total investments - short		(3,995,687)	(4,493,813)	(25.76)
Total investments owned		<u>\$ 16,332,905</u>	17,718,111	101.55
Other assets, net			(271,931)	(1.55)
Net assets			\$ 17,446,180	100.00

See accompanying notes to financial statements.

EHP SELECT FUND

Notes to Financial Statements

Year ended December 31, 2016

1. General information:

The EHP Select 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 October 14, 2014 and amended and restated as of June 1, 2015 between Caledon Trust Company as Trustee (the "Trustee") and EdgeHill Partners. The registered office of the Fund is 45 Hazelton Ave., Suite B, Toronto, Ontario, Canada M5R 2E3.

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 long/short equity strategy consisting of diversified qualitative, 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 invest by employing diversified strategies.

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"), as published by the International Accounting Standards Board ("IASB"). In the preparation of these financial statements, the Fund has consistently applied these standards.

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 31, 2017.

EHP SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 statement of financial position date.

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

(d) Financial assets and liabilities:

(i) Classification:

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

This category has two sub-categories: financial assets or 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 and derivatives have been categorized as held for trading.

EHP SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 exchanged 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 statement 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 statement of comprehensive income within net realized gains (losses) on financial assets at FVTPL.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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 statement of comprehensive income within net realized gains (losses) on financial assets and liabilities at FVTPL and net change in unrealized appreciation (depreciation) on financial assets and liabilities at FVTPL in the period in which they arise.

Dividend income from financial assets at FVTPL is recognized in the statement 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 statement 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 statement 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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. Realized gains and losses on disposition are determined based on the average cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the statement of comprehensive income for the year in which they arise.

(f) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to off-set 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 consists 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 statement 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 SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 period for each class/series respectively. Refer to note 6 for further detail.

(j) Income allocation:

Income, expenses other than management fees, performance 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 and performance 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 or series outstanding at the end of the year.

(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 the statement of comprehensive income as an expense.

(m) Taxation:

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income, including net realized capital gains, for the fiscal year which is not paid or payable to its unitholders as at the end of the fiscal year. It is the intention of the Manager that sufficient net taxable investment income and net taxable capital gains realized will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized.

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(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:

IFRS 9, Financial Instruments ("IFRS 9"):

IFRS 9 was issued by the IASB in November 2009 and will replace International Accounting Standard 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In July 2014, the IASB issued the final version of IFRS 9. The revised standard adds guidance on the classification and measurement of financial liabilities.

IFRS 9 is effective for fiscal years beginning on or after January 1, 2018. The Fund continues to evaluate the impact of IFRS 9 on its financial statements, particularly with regard to the recording of its investments.

EHP SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Net gains (losses) on financial assets at fair value through profit or loss:

The Fund's classification of financial assets and liabilities at FVTPL is described in note 2. The following tables present the net gains (losses) on financial assets and liabilities at FVTPL:

2016	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains	\$ 5,962	\$ 873,203	\$ 879,165
Net change in unrealized gains	–	1,986,459	1,986,459
	5,962	2,859,662	2,865,624
Financial liabilities at FVTPL:			
Net realized losses	(188,203)	–	(188,203)
Net change in unrealized losses	(473,041)	–	(473,041)
	(661,244)	–	(661,244)
Total	\$ (655,282)	\$ 2,859,662	\$ 2,204,380

2015	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains (losses)	\$ 5,543	\$ (647,539)	\$ (641,996)
Net change in unrealized losses	–	(110,962)	(110,962)
	5,543	(758,501)	(752,958)
Financial liabilities at FVTPL:			
Net realized gains	1,275,162	–	1,275,162
Net change in unrealized losses	(61,856)	–	(61,856)
	1,213,306	–	1,213,306
Total	\$ 1,218,849	\$ (758,501)	\$ 460,348

EHP SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 tables detail the Fund's investments in warrants:

2016:

Description	Maturity date	Strike price	Notional amount
Warrants:			
Quantum International Income Corp.	July 28, 2017	\$ 0.65	\$ 21,775

2015:

Description	Maturity date	Strike price	Notional amount
Warrants:			
Quantum International Income Corp.	July 28, 2017	\$ 0.65	\$ 21,775
Western Lithium USA Corp.	June 10, 2017	0.90	180,000

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Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Derivative financial instruments (continued):

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognized on the statement 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 risks. 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 other 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 against or obtain exposure to 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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:

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.

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, 2016 and 2015, 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 BMO Capital Markets (the "Prime Broker"). Bankruptcy or insolvency of the Prime Broker may cause the Fund's rights with respect to cash and cash equivalents held by the Prime Broker 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 BMO Capital Markets was A-1 (2015 - A-1).

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Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risk management (continued):

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, 2016, the fair value of financial assets subject to the general lien is \$24,073,338 (2015 - \$14,149,868). The Fund's cash investments are held by highly credit worthy financial institutions.

(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 monthly 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 unitholders. The Fund did not withhold any redemptions or implement any suspension during 2016 or 2015.

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 does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risk management (continued):

(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 sensitivity analysis shows 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.

(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 other 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 other price risk from its investments in equity securities and related derivatives. As at December 31, 2016, 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 \$1,771,811 (2015 - \$489,673).

The Fund is also exposed to other 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risk management (continued):

(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.

The tables below summarize the foreign currencies to which the Fund had significant exposure at December 31, 2016 and 2015 in CAD terms. The tables also illustrate 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.

2016:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ 364,784	\$ 18,239
% of net assets attributable to holders of redeemable units	2.1%	0.1%

EHP SELECT FUND

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risk management (continued):

2015:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ 8,591	\$ 430
Net investments at FVTPL	223,486	11,174
Total	\$ 232,077	\$ 11,604
% of net assets attributable to holders of redeemable units	2.8	0.1

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 statement of changes in net assets attributable to holders of redeemable units. There is no external regulatory requirement to maintain a minimum capital amount.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial risk management (continued):

(c) Fair value measurement:

The fair value of financial assets and 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 period-end date, valuation techniques will be applied to determine the fair value.

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 period of the transfer.

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

There were no transfers among Levels 1, 2, and 3 in the years presented.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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 on 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 CAD \$10 for Class A, Class F and Founders Class units or U.S. \$10 for Class UF units.

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 one business day 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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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

During the years ended December 31, 2016 and 2015, the number of units issued, redeemed and outstanding was as follows:

2016	Units, beginning of year	Issuance of units	Redemption of units	Redesignation of units	Units, end of year
Class A - Initial Series	100	—	(7,744)	55,873	48,229
Class A - 2015 Series 8	2,500	—	—	(2,500)	—
Class A - 2015 Series 11	3,500	—	—	(3,500)	—
Class A - 2015 Series 12	6,281	—	—	(6,281)	—
Class A - 2016 Series 2	—	2,500	—	(2,500)	—
Class A - 2016 Series 3	—	24,522	—	(24,522)	—
Class A - 2016 Series 4	—	2,500	—	(2,500)	—
Class A - 2016 Series 5	—	25,000	—	(25,000)	—
Class A - 2016 Series 8	—	2,500	—	(2,500)	—
Class A - 2016 Series 10	—	8,339	—	—	8,339
Class A - 2016 Series 12	—	6,000	—	—	6,000
Class E - Initial Series	298,628	60,412	(3,190)	—	355,850
Class F - Initial Series	100	—	(11,686)	257,768	246,182
Class F - 2015 Series 7	1,000	—	—	(1,000)	—
Class F - 2016 Series 11	9,284	—	—	(9,284)	—
Class F - 2016 Series 1	—	13,008	—	(13,008)	—
Class F - 2016 Series 2	—	10,500	—	(10,500)	—
Class F - 2016 Series 3	—	5,000	—	(5,000)	—
Class F - 2016 Series 4	—	113,375	—	(113,375)	—
Class F - 2016 Series 5	—	29,509	—	(29,509)	—
Class F - 2016 Series 6	—	41,890	—	(41,890)	—
Class F - 2016 Series 7	—	2,500	—	(2,500)	—
Class F - 2016 Series 8	—	65,573	—	(65,573)	—
Class F - 2016 Series 9	—	39,948	—	(39,948)	—
Class F - 2016 Series 10	—	114,363	—	—	114,363
Class F - 2016 Series 11	—	35,803	—	—	35,803
Class F - 2016 Series 12	—	19,996	(2,500)	—	17,496
Class UF - 2016 Initial Series	—	—	—	5,000	5,000
Class UF - 2016 Series 9	—	5,000	—	(5,000)	—
Class UF - 2016 Series 11	—	20,983	—	—	20,983
Founder Class - Initial Series	126,526	—	(92,268)	420,142	454,400
Founder Class - 2015 Series 6	137,183	—	—	(137,183)	—
Founder Class - 2015 Series 7	10,000	—	—	(10,000)	—
Founder Class - 2015 Series 8	75,413	—	—	(75,413)	—
Founder Class - 2015 Series 9	25,000	—	—	(25,000)	—
Founder Class - 2015 Series 10	20,000	—	—	(20,000)	—
Founder Class - 2015 Series 11	10,000	—	—	(10,000)	—
Founder Class - 2015 Series 12	5,000	—	—	(5,000)	—
Founder Class - 2016 Series 1	—	11,627	—	(11,627)	—
Founder Class - 2016 Series 2	—	15,300	—	(15,300)	—
Founder Class - 2016 Series 3	—	94,688	—	(94,688)	—
Founder Class - 2016 Series 4	—	15,000	—	(15,000)	—
Founder Class - 2016 Series 5	—	10,312	—	(10,312)	—
Founder Class - 2016 Series 7	—	7,799	—	(7,799)	—
Founder Class - 2016 Series 12	—	36,223	—	—	36,223

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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

2015	Units, beginning of year	Issuance of units	Redemption of units	Redesignation of units	Units, end of year
Class A - Initial Series	100	–	–	–	100
Class A - 2015 Series 8	–	2,500	–	–	2,500
Class A - 2015 Series 11	–	3,500	–	–	3,500
Class A - 2015 Series 12	–	6,281	–	–	6,281
Class E - Initial Series	112,861	185,767	–	–	298,628
Class F - Initial Series	100	–	–	–	100
Class F - 2015 Series 7	–	1,000	–	–	1,000
Class F - 2015 Series 11	–	9,284	–	–	9,284
Founder Class - Initial Series	–	27,500	–	99,026	126,526
Founder Class - 2015 Series 5	–	102,439	–	(102,439)	–
Founder Class - 2015 Series 6	–	252,656	(115,473)	–	137,183
Founder Class - 2015 Series 7	–	10,000	–	–	10,000
Founder Class - 2015 Series 8	–	75,413	–	–	75,413
Founder Class - 2015 Series 9	–	25,000	–	–	25,000
Founder Class - 2015 Series 10	–	20,000	–	–	20,000
Founder Class - 2015 Series 11	–	10,000	–	–	10,000
Founder Class - 2015 Series 12	–	5,000	–	–	5,000

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:

- 1/12 of 2.0% of the aggregate of the net asset value of the Class A and Class UA units on the last business day of the preceding month;
- 1/12 of 1.0% of the aggregate of the net asset value of the Class F, Class UF, Class J and Class UJ units on the last business day of the preceding month;
- 1/12 of 1.5% of the aggregate of the net asset value of the Founder Class and Class I units on the last business day of the preceding month;

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Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Related party transactions (continued):

(b) Performance fee:

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

- 20% of the amount by which the performance of each Class A, Class UA, Class F, Class UF, Class I, Class J and Class UJ series exceeds the previous high water mark; and
- 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 water mark and, in such circumstances, a performance fee shall only be paid on that portion of the net profit that exceeds the high water mark. 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.

(c) Other expenses:

The Fund is responsible for all of its operating expenses including legal, audit and all other expenses incurred in the ordinary course of operations. There were no such expenses absorbed by the Investment Manager for the year ended 2016. The Investment Manager elected to absorb certain expenses of the Fund during the year ended 2015, including \$1,382 in legal fees and \$4,638 in trustee fees.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Related party transactions (continued):

(d) 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 in the normal course of business and are measured at the exchange amounts. As at December 31, 2016, 100.0000 of Class A Units and 100.0000 of Class F Units were held by the Investment Manager and 355,850.3133 of Class E Units and 37,591.3358 of Founder Units (2015 - 100.0000, 100.0000, 298,627.4604 and 38,030.2014, 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 commissions for the year ended December 31, 2016 is approximately \$51,002 (2015 - nil).

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

The Fund may invest in units of ETFs 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 Offering Memorandum to meet those objectives. The Fund also measures and evaluates the performance of any ETFs on a fair value basis.

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2016

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

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 statement of financial position and listed in the schedule of investments. The Fund also measures and evaluates the performance of any ETFs on a fair value basis.

As at	ETF	Place of business	Fair value amounts	Proportion of interest owned
December 31, 2016	iShares Canadian S&P/TSX Capped Energy Index ETF	Canada	\$ 981,400	0.09%
December 31, 2015	iShares S&P/TSX Capped Energy Index ETF	Canada	256,250	0.03%

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.

11. Subsequent events:

The Fund has evaluated the effect of subsequent events on the Fund's financial statements through March 31, 2017, which is the date the financial statements were available to be issued. For the period from January 1, 2017 to March 31, 2017, the Fund had subscriptions of \$2,056,626 and redemptions of \$44,200.