

Financial Statements of

EHP GUARDIAN FUND

Year ended December 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of EHP Guardian Fund

We have audited the accompanying financial statements of EHP Guardian Fund, which comprise the statement of financial position as at December 31, 2017, 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 Guardian Fund as at December 31, 2017, 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 27, 2018
Toronto, Canada

EHP GUARDIAN FUND

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Cash and cash equivalents	\$ 78,436,151	\$ 50,192,867
Financial assets at fair value through profit or loss (cost - \$153,024,793; 2016 - \$62,371,488) (note 5)	159,142,595	65,336,076
Receivable for investments sold (note 2)	11,853,405	11,931,775
Dividends receivable	324,083	212,148
Derivative assets	204,682	-
Interest receivable	12,369	5,022
Subscription receivable	-	432
Other receivable	21,757	-
Expenses paid in advance	3,581	-
	<u>249,998,623</u>	<u>127,678,320</u>
Liabilities		
Bank margin	14,069,851	-
Financial liabilities at fair value through profit and loss (proceeds - \$32,089,784; 2016 - \$38,395,907) (note 5)	33,357,280	39,347,993
Payable for investments purchased (note 2)	15,296,227	2,771,812
Derivative liabilities	14,920	-
Accounts payable and accrued liabilities	79,552	65,090
Management fees payable (note 7)	195,693	88,695
Performance fees payable (note 7)	415,980	277,223
Dividends payable	71,533	6,322
Interest payable	49,296	-
Distribution payable	-	1,916
Redemptions payable	-	4,500
	<u>63,550,332</u>	<u>42,563,551</u>
Net assets attributable to holders of redeemable units (note 6)	\$ 186,448,291	\$ 85,114,769
Net assets attributable to holders of redeemable units per class and series:		
Class A - Initial Series	\$ 7,384,982	\$ 5,486,221
Class A - 2016 Series 10	-	1,010,477
Class A - 2016 Series 11	-	2,483,608
Class A - 2016 Series 12	-	1,443,867
Class A - 2017 Series 1	1,759,035	-
Class A - 2017 Series 2	1,386,149	-
Class A - 2017 Series 3	739,185	-
Class A - 2017 Series 4	989,952	-
Class A - 2017 Series 5	454,406	-
Class A - 2017 Series 6	106,032	-
Class A - 2017 Series 7	1,103,283	-
Class A - 2017 Series 8	10,205	-
Class A - 2017 Series 9	29,659	-
Class A - 2017 Series 10	110,752	-
Class A - 2017 Series 11	150,701	-
Class A - 2017 Series 12	103,443	-
Class E - Initial Series	391,957	3,458,435
Class F - Initial Series	40,240,623	31,315,561
Class F - 2016 Series 10	-	4,935,370
Class F - 2016 Series 11	-	6,348,571
Class F - 2016 Series 12	-	5,895,086
Class F - 2017 Series 1	4,652,595	-
Class F - 2017 Series 2	6,986,792	-
Class F - 2017 Series 3	16,632,532	-
Class F - 2017 Series 4	5,730,433	-

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Statement of Financial Position (continued)

December 31, 2017, with comparative information for 2016

	2017	2016
Class F - 2017 Series 5	5,766,124	-
Class F - 2017 Series 6	8,470,672	-
Class F - 2017 Series 7	4,062,316	-
Class F - 2017 Series 8	26,233,730	-
Class F - 2017 Series 9	883,572	-
Class F - 2017 Series 10	2,335,193	-
Class F - 2017 Series 11	2,075,917	-
Class F - 2017 Series 12	2,963,858	-
Class UA - Initial Series	467,111	-
Class UA - 2016 Series 9	-	33,382
Class UA - 2016 Series 11	-	202,373
Class UA - 2016 Series 12	-	269,150
Class UA - 2017 Series 2	125,798	-
Class UA - 2017 Series 3	656,494	-
Class UF - Initial Series	2,972,383	779,722
Class UF - 2016 Series 10	-	1,869,693
Class UF - 2016 Series 11	-	724,702
Class UF - 2016 Series 12	-	257,977
Class UF - 2017 Series 1	868,805	-
Class UF - 2017 Series 2	513,413	-
Class UF - 2017 Series 3	1,148,328	-
Class UF - 2017 Series 4	488,827	-
Class UF - 2017 Series 5	2,088,388	-
Class UF - 2017 Series 6	3,854,923	-
Class UF - 2017 Series 7	9,390,659	-
Class UF - 2017 Series 8	181,773	-
Class UF - 2017 Series 9	4,883,313	-
Class UF - 2017 Series 10	198,079	-
Class UF - 2017 Series 11	741,190	-
Class UF - 2017 Series 12	62,976	-
Class UJ - 2016 Series 10	12,295,517	13,590,244
Class W - 2017 Series 8	153,118	-
Class W - 2017 Series 11	100,686	-
Founder Class - Initial Series	2,951,469	5,010,330
Founder Class - 2017 Series 1	248,993	-
Founder Class - 2017 Series 4	301,950	-
	\$ 186,448,291	\$ 85,114,769

Net assets attributable to holders of redeemable units per units:

Class A - Initial Series	\$ 10.25	\$ 10.79
Class A - 2016 Series 10	-	9.99
Class A - 2016 Series 11	-	10.15
Class A - 2016 Series 12	-	10.11
Class A - 2017 Series 1	9.47	-
Class A - 2017 Series 2	9.55	-
Class A - 2017 Series 3	9.55	-
Class A - 2017 Series 4	9.69	-
Class A - 2017 Series 5	9.75	-
Class A - 2017 Series 6	9.86	-
Class A - 2017 Series 7	9.88	-
Class A - 2017 Series 8	10.05	-
Class A - 2017 Series 9	10.04	-
Class A - 2017 Series 10	10.01	-
Class A - 2017 Series 11	10.03	-
Class A - 2017 Series 12	9.99	-
Class E - Initial Series	11.44	11.73

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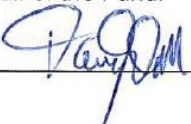
Statement of Financial Position (continued)

December 31, 2017, with comparative information for 2016

	2017	2016
Class F - Initial Series	10.54	10.97
Class F - 2016 Series 10	—	10.01
Class F - 2016 Series 11	—	10.17
Class F - 2016 Series 12	—	10.12
Class F - 2017 Series 1	9.58	—
Class F - 2017 Series 2	9.64	—
Class F - 2017 Series 3	9.63	—
Class F - 2017 Series 4	9.75	—
Class F - 2017 Series 5	9.77	—
Class F - 2017 Series 6	9.90	—
Class F - 2017 Series 7	9.93	—
Class F - 2017 Series 8	10.03	—
Class F - 2017 Series 9	10.09	—
Class F - 2017 Series 10	10.05	—
Class F - 2017 Series 11	10.01	—
Class F - 2017 Series 12	10.00	—
Class UA - Initial Series	12.00	—
Class UA - 2016 Series 9	—	13.42
Class UA - 2016 Series 11	—	13.70
Class UA - 2016 Series 12	—	13.60
Class UA - 2017 Series 2	12.08	—
Class UA - 2017 Series 3	12.09	—
Class UF - Initial Series	12.12	13.46
Class UF - 2016 Series 10	—	13.46
Class UF - 2016 Series 11	—	13.67
Class UF - 2016 Series 12	—	13.61
Class UF - 2017 Series 1	12.13	—
Class UF - 2017 Series 2	12.17	—
Class UF - 2017 Series 3	12.19	—
Class UF - 2017 Series 4	12.34	—
Class UF - 2017 Series 5	12.36	—
Class UF - 2017 Series 6	12.49	—
Class UF - 2017 Series 7	12.52	—
Class UF - 2017 Series 8	12.65	—
Class UF - 2017 Series 9	12.72	—
Class UF - 2017 Series 10	12.61	—
Class UF - 2017 Series 11	12.59	—
Class UF - 2017 Series 12	12.59	—
Class UJ - 2016 Series 10	12.12	13.47
Class W - 2017 Series 8	10.03	—
Class W - 2017 Series 11	10.01	—
Founder Class - Initial Series	10.79	11.28
Founder Class - 2017 Series 1	9.55	—
Founder Class - 2017 Series 4	9.75	—

See accompanying notes to financial statements.

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



Chief Financial Officer

EHP GUARDIAN FUND

Statement of Comprehensive Income

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Income:		
Dividend	\$ 4,945,344	\$ 1,307,347
Interest for distribution purposes	158,169	62,110
Net foreign currency gains (losses)	(1,044,999)	413,125
Other income	21,757	—
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)	(2,579,375)	967,498
Net change in unrealized gains on financial assets and liabilities at fair value through profit or loss (note 3)	3,027,416	2,048,592
	<u>4,528,312</u>	<u>4,798,672</u>
Operating expenses:		
Management fee (note 7)	1,916,942	455,699
Commissions and other portfolio transaction costs	778,258	238,719
Dividend expense on investments sold short	719,041	204,351
Interest and stock loan fees	640,569	163,153
Performance fee (note 7)	507,696	588,049
Withholding taxes	441,253	100,573
Administration fee	255,523	77,487
Other operating expenses	40,878	21,442
Legal fee	35,068	10,503
Audit fee	25,946	31,446
	<u>5,361,174</u>	<u>1,891,422</u>
Expenses absorbed by the Investment Manager (note 7)	—	(16,419)
Increase (decrease) in net assets attributable to holders of redeemable units (note 6)	\$ (832,862)	\$ 2,923,669

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, 2017, with comparative information for 2016

	Unit transactions									
	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Return of capital	Transfer in/transfer out	Resignation of redeemable units	Distributions of redeemable shares	Net assets attributable to holders of redeemable units, end of year
2017										
Class A - Initial Series	\$ 5,486,221	\$ (125,926)	\$ -	\$ 206,633	\$ (2,427,515)	\$ (385,617)	\$ (291,449)	\$ 4,935,485	\$ (12,850)	\$ 7,384,982
Class A - 2016 Series 10	1,010,477	-	-	851	-	(873)	-	(1,010,455)	-	-
Class A - 2016 Series 11	2,483,608	-	-	743	-	(2,111)	-	(2,482,240)	-	-
Class A - 2016 Series 12	1,443,867	-	-	159	-	(1,232)	-	(1,442,794)	-	-
Class A - 2017 Series 1	-	(33,235)	3,206,800	72,840	(974,538)	(106,990)	(399,007)	-	(6,835)	1,759,035
Class A - 2017 Series 2	-	(9,640)	1,407,670	40,776	-	(52,546)	-	-	(111)	1,386,149
Class A - 2017 Series 3	-	(8,315)	1,057,980	31,118	(307,588)	(33,438)	-	-	(572)	739,185
Class A - 2017 Series 4	-	2,656	991,694	27,079	-	(30,161)	-	-	(1,316)	989,952
Class A - 2017 Series 5	-	803	482,000	4,577	(20,000)	(12,560)	-	-	(414)	454,406
Class A - 2017 Series 6	-	1,032	105,000	2,523	-	(2,031)	-	-	(492)	106,032
Class A - 2017 Series 7	-	17,027	1,090,190	16,579	-	(12,397)	-	-	(8,116)	1,103,283
Class A - 2017 Series 8	-	205	10,000	153	-	(56)	-	-	(97)	10,205
Class A - 2017 Series 9	-	457	29,550	-	-	(130)	-	-	(218)	29,659
Class A - 2017 Series 10	-	976	109,850	843	-	(452)	-	-	(465)	110,752
Class A - 2017 Series 11	-	1,202	149,750	506	-	(184)	-	-	(573)	150,701
Class A - 2017 Series 12	-	80	103,424	-	-	(23)	-	-	(38)	103,443
Class E - Initial Series	3,458,435	(23,567)	25,000	69,791	(3,067,911)	(67,336)	-	-	(2,455)	391,957
Class F - Initial Series	31,315,561	(43,275)	30,520	1,192,863	(7,594,842)	(1,783,363)	-	17,175,322	(52,163)	40,240,623
Class F - 2016 Series 10	4,935,370	-	-	3,365	-	(4,253)	-	(4,934,482)	-	-
Class F - 2016 Series 11	6,348,571	-	-	3,614	-	(5,387)	-	(6,346,798)	-	-
Class F - 2016 Series 12	5,895,086	-	-	4,028	-	(5,026)	-	(5,894,088)	-	-
Class F - 2017 Series 1	-	(9,786)	5,711,740	183,657	(1,005,520)	(224,671)	-	-	(2,825)	4,652,595
Class F - 2017 Series 2	-	14,344	7,902,738	188,230	(827,823)	(279,473)	-	-	(11,224)	6,986,792
Class F - 2017 Series 3	-	27,678	17,341,534	406,437	(971,892)	(569,179)	425,750	-	(27,796)	16,632,532
Class F - 2017 Series 4	-	58,843	8,549,475	189,458	(2,822,738)	(211,301)	-	-	(33,304)	5,730,433
Class F - 2017 Series 5	-	80,061	6,559,395	130,387	(935,480)	(138,282)	109,720	-	(39,677)	5,766,124
Class F - 2017 Series 6	-	132,700	8,828,552	117,119	(402,244)	(141,852)	-	-	(63,603)	8,470,672
Class F - 2017 Series 7	-	80,935	5,042,675	59,725	(1,062,306)	(51,048)	31,041	-	(38,706)	4,062,316
Class F - 2017 Series 8	-	601,215	25,638,952	407,869	-	(127,725)	-	-	(286,581)	26,233,730
Class F - 2017 Series 9	-	21,231	1,167,565	9,681	(302,340)	(2,445)	-	-	(10,120)	883,572
Class F - 2017 Series 10	-	24,561	2,195,780	10,835	(2,016)	(6,204)	123,945	-	(11,708)	2,335,193
Class F - 2017 Series 11	-	14,934	2,062,282	8,990	-	(3,171)	-	-	(7,118)	2,075,917
Class F - 2017 Series 12	-	4,539	2,959,799	1,919	-	(236)	-	-	(2,163)	2,963,858
Class UA - Initial Series	-	(33,569)	-	17,151	-	(21,297)	-	504,826	-	467,111
Class UA - 2016 Series 9	33,382	-	-	-	-	(29)	-	(33,353)	-	-
Class UA - 2016 Series 11	202,373	-	-	171	-	(171)	-	(202,373)	-	-

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

Year ended December 31, 2017, with comparative information for 2016

	Unit transactions									
	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Return of capital	Transfer in/transfer out	Redesignation of redeemable units	Distributions of redeemable shares	Net assets attributable to holders of redeemable units, end of year
2017										
Class UA - 2016 Series 12	269,150	-	-	173	-	(230)	-	(269,093)	-	-
Class UA - 2017 Series 2	-	(4,432)	130,232	5,136	-	(5,084)	-	-	(54)	125,798
Class UA - 2017 Series 3	-	(43,949)	700,448	24,295	-	(24,300)	-	-	-	656,494
Class UF - Initial Series	779,722	(214,692)	-	121,351	(418,045)	(134,866)	-	2,852,125	(13,212)	2,972,383
Class UF - 2016 Series 10	1,869,693	-	-	1,553	-	(1,612)	-	(1,869,634)	-	-
Class UF - 2016 Series 11	724,702	-	-	529	-	(615)	-	(724,616)	-	-
Class UF - 2016 Series 12	257,977	-	-	75	-	(220)	-	(257,832)	-	-
Class UF - 2017 Series 1	-	(467,748)	6,207,200	35,674	(4,739,935)	(162,424)	-	-	(3,962)	868,805
Class UF - 2017 Series 2	-	(17,629)	577,797	18,589	(45,005)	(18,419)	-	-	(1,920)	513,413
Class UF - 2017 Series 3	-	(81,803)	1,434,503	25,709	(186,044)	(38,255)	-	-	(5,782)	1,148,328
Class UF - 2017 Series 4	-	(23,171)	515,145	12,780	-	(11,826)	-	-	(4,101)	488,827
Class UF - 2017 Series 5	-	(154,163)	2,294,186	9,139	-	(44,469)	-	-	(16,305)	2,088,388
Class UF - 2017 Series 6	-	(142,308)	3,997,715	83,566	-	(42,382)	-	-	(41,668)	3,854,923
Class UF - 2017 Series 7	-	79,750	9,500,355	84,064	(88,336)	(69,040)	-	-	(116,134)	9,390,659
Class UF - 2017 Series 8	-	3,084	178,902	2,774	-	(388)	-	-	(2,599)	181,773
Class UF - 2017 Series 9	-	275,825	4,635,569	153,752	-	-	-	-	(181,833)	4,883,313
Class UF - 2017 Series 10	-	1,572	196,507	1,539	-	(248)	-	-	(1,291)	198,079
Class UF - 2017 Series 11	-	(4,098)	748,459	821	-	(152)	-	-	(3,840)	741,190
Class UF - 2017 Series 12	-	(1,354)	64,330	74	-	-	-	-	(74)	62,976
Class UJ - 2016 Series 10	13,590,244	(783,349)	-	573,061	(511,215)	(519,982)	-	-	(53,242)	12,295,517
Class W - 2017 Series 8	-	3,118	150,000	2,418	-	(932)	-	-	(1,486)	153,118
Class W - 2017 Series 11	-	686	100,000	592	-	(265)	-	-	(327)	100,686
Founder Class - Initial Series	5,010,330	(57,310)	-	132,143	(1,965,629)	(166,205)	-	-	(1,860)	2,951,469
Founder Class - 2017 Series 1	-	(1,007)	250,000	10,323	-	(8,752)	-	-	(1,571)	248,993
Founder Class - 2017 Series 4	-	1,950	300,000	9,479	-	(8,550)	-	-	(929)	301,950
	\$ 85,114,769	\$ (832,862)	\$ 134,741,263	\$ 4,720,279	\$ (30,678,962)	\$ (5,542,466)	\$ -	\$ -	\$ (1,073,730)	\$ 186,448,291

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

Year ended December 31, 2017, with comparative information for 2016

	Unit transactions										Net assets attributable to holders of redeemable units, end of year	
	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Return of capital	Transfer in/transfer out	Redesignation of redeemable units	Distributions of redeemable shares			
2016												
Class A - Initial Series	\$ 1,071	\$ 120,039	\$ -	\$ 65,796	\$ (45,464)	\$ -	\$ (1,031,388)	\$ 6,475,489	\$ (99,322)	\$ -	\$ 5,486,221	
Class A - 2015 Series 11	490,340	-	-	370	-	-	-	(490,340)	(370)	-	-	
Class A - 2015 Series 12	14,986	-	-	162	-	-	-	(14,986)	(162)	-	-	
Class A - 2016 Series 1	-	3,586	98,564	912	-	-	-	(102,150)	(912)	-	-	
Class A - 2016 Series 2	-	2,992	160,972	747	-	-	-	(163,964)	(747)	-	-	
Class A - 2016 Series 3	-	7,803	685,000	1,591	-	-	-	(692,803)	(1,591)	-	-	
Class A - 2016 Series 4	-	5,381	300,500	2,281	-	-	(25,222)	(280,659)	(2,281)	-	-	
Class A - 2016 Series 5	-	16,286	1,131,100	2,031	-	-	-	(1,143,584)	(5,833)	-	-	
Class A - 2016 Series 6	-	17,390	1,204,168	1,018	-	-	-	(1,220,167)	(2,409)	-	-	
Class A - 2016 Series 7	-	3,542	668,900	1,928	-	-	-	(668,309)	(6,061)	-	-	
Class A - 2016 Series 8	-	2,492	954,661	4,480	-	-	-	(957,153)	(4,480)	-	-	
Class A - 2016 Series 9	-	68	741,680	989	-	-	-	(741,375)	(1,362)	-	-	
Class A - 2016 Series 10	-	11,126	1,000,099	7,575	-	-	-	-	(8,323)	1,010,477		
Class A - 2016 Series 11	-	50,471	2,440,155	3,300	-	-	-	-	(10,318)	2,483,608		
Class A - 2016 Series 12	-	8,025	1,437,271	64	-	-	-	-	(1,493)	1,443,867		
Class E - Initial Series	2,408,129	375,306	750,000	113,456	(75,000)	-	-	-	(113,456)	3,458,435		
Class F - Initial Series	208,141	781,029	-	371,137	(5,211,412)	-	-	35,697,489	(530,823)	31,315,561		
Class F - 2015 Series 10	105,736	-	-	79	-	-	-	(105,736)	(79)	-		
Class F - 2015 Series 11	233,846	-	-	176	-	-	-	(233,846)	(176)	-		
Class F - 2015 Series 12	40,247	-	-	30	-	-	-	(40,247)	(30)	-		
Class F - 2016 Series 1	-	43,159	1,030,339	9,322	-	-	-	(1,073,498)	(9,322)	-		
Class F - 2016 Series 2	-	87,083	4,494,387	20,483	-	-	-	(4,581,470)	(20,483)	-		
Class F - 2016 Series 3	-	27,950	2,895,239	6,174	-	-	-	(2,923,189)	(6,174)	-		
Class F - 2016 Series 4	-	83,871	3,546,710	16,922	(3,983)	-	-	(3,612,417)	(31,103)	-		
Class F - 2016 Series 5	-	62,237	3,757,289	12,326	(59,083)	-	25,222	(3,777,952)	(20,039)	-		
Class F - 2016 Series 6	-	28,458	2,059,350	3,541	-	-	-	(2,086,379)	(4,970)	-		
Class F - 2016 Series 7	-	24,837	3,881,732	19,725	(100,190)	-	-	(3,792,621)	(33,483)	-		
Class F - 2016 Series 8	-	36,739	7,521,335	25,005	(6,991)	-	570,933	(8,099,440)	(47,581)	-		
Class F - 2016 Series 9	-	5,487	5,292,173	5,266	-	-	75,706	(5,370,694)	(7,938)	-		
Class F - 2016 Series 10	-	62,713	4,945,011	31,314	(65,180)	-	-	-	(38,488)	4,935,370		
Class F - 2016 Series 11	-	127,896	6,002,261	18,804	(20,101)	-	246,727	-	(27,016)	6,348,571		
Class F - 2016 Series 12	-	42,767	5,830,980	5,816	(15,162)	-	38,022	-	(7,337)	5,895,086		
Class UA - 2016 Series 9	-	946	32,766	-	-	-	-	-	(330)	33,382		
Class UA - 2016 Series 11	-	3,277	199,096	906	-	-	-	-	(906)	202,373		
Class UA - 2016 Series 12	-	2,553	266,696	151	-	-	-	-	(250)	269,150		

EHP GUARDIAN FUND

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

Year ended December 31, 2017, with comparative information for 2016

2016	Unit transactions									
	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Reinvestment of distributions to holders of redeemable shares	Redemption of redeemable units	Return of capital	Transfer in/transfer out	Redesignation of redeemable units	Distributions of redeemable shares	Net assets attributable to holders of redeemable units, end of year
Class UF - Initial Series	–	26,630	–	4,618	–	–	–	755,537	(7,063)	779,722
Class UF - 2016 Series 8	–	1,342	97,725	655	–	–	–	(99,067)	(655)	–
Class UF - 2016 Series 9	–	(1,232)	657,905	513	–	–	–	(656,469)	(717)	–
Class UF - 2016 Series 10	–	55,233	1,814,834	14,691	–	–	–	–	(15,065)	1,869,693
Class UF - 2016 Series 11	–	9,992	715,012	2,477	–	–	–	–	(2,779)	724,702
Class UF - 2016 Series 12	–	6,148	252,206	106	–	–	–	–	(483)	257,977
Class UJ - 2016 Series 10	–	463,244	13,127,000	122,844	–	–	–	–	(122,844)	13,590,244
Founder Class - Initial Series	246,444	258,050	–	99,842	(810,887)	–	–	5,333,256	(116,375)	5,010,330
Founder Class - 2015 Series 10	387,375	–	–	287	–	–	–	(387,375)	(287)	–
Founder Class - 2015 Series 11	754,567	–	–	566	–	–	–	(754,567)	(566)	–
Founder Class - 2015 Series 12	449,619	–	–	4,862	–	–	–	(449,619)	(4,862)	–
Founder Class - 2016 Series 1	–	11,670	300,000	2,298	–	–	–	(311,670)	(2,298)	–
Founder Class - 2016 Series 2	–	11,570	480,000	2,340	–	–	100,000	(591,570)	(2,340)	–
Founder Class - 2016 Series 3	–	836	300,000	226	–	–	–	(300,836)	(226)	–
Founder Class - 2016 Series 4	–	17,718	650,000	4,112	–	–	–	(666,235)	(5,595)	–
Founder Class - 2016 Series 5	–	9,004	500,000	–	–	–	–	(506,800)	(2,204)	–
Founder Class - 2016 Series 7	–	2,532	544,000	4,194	–	–	–	(546,532)	(4,194)	–
Founder Class - 2016 Series 8	–	5,423	812,629	5,433	–	–	–	(818,052)	(5,433)	–
	\$ 5,340,501	\$ 2,923,669	\$ 83,579,745	\$ 1,023,941	\$ (6,413,453)	\$ –	\$ –	\$ –	\$ (1,339,634)	\$ 85,114,769

See accompanying notes to financial statements.

EHP GUARDIAN FUND

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (832,862)	\$ 2,923,669
Adjustments for:		
Net realized gains (losses) on financial assets and liabilities at fair value through profit or loss (note 3)	2,579,375	(967,498)
Net change in unrealized gains on financial assets and liabilities at fair value through profit or loss (note 3)	(3,027,416)	(2,048,592)
	(1,280,903)	(92,421)
Change in non-cash balances:		
Purchases of investments	(900,279,695)	(192,147,302)
Cost of investments purchased to cover short positions	(447,280,796)	(122,926,258)
Proceeds from sale of investments	807,291,276	126,603,895
Proceeds from investments sold short	453,333,047	157,985,911
Net increase in dividends receivable	(111,935)	(204,720)
Net increase in interest receivable	(7,347)	(4,140)
Net increase in other receivable	(21,757)	-
Net increase in expenses paid in advance	(3,581)	-
Net increase in accounts payable and accrued liabilities	14,462	58,023
Net increase in management fees payable (note 7)	106,998	80,124
Net increase in dividends payable	65,211	5,799
Net increase in performance fees payable (note 7)	138,757	269,502
Net increase (decrease) in distribution payable	(1,916)	1,916
Net increase (decrease) in interest payable	49,296	(221)
Net cash used in operating activities	(87,988,883)	(30,369,892)
Cash flows from financing activities:		
Proceeds from issuance of redeemable units (note 6)	134,741,695	84,044,313
Payment on redemption of redeemable units (note 6)	(30,683,462)	(6,408,953)
Distributions to holders of redeemable units	(1,895,917)	(315,693)
Net cash provided by financing activities	102,162,316	77,319,667
Increase in cash and cash equivalents	14,173,433	46,949,775
Cash and cash equivalents, beginning of year	50,192,867	3,243,092
Cash and cash equivalents, end of year	\$ 64,366,300	\$ 50,192,867
Supplemental cash flow information:		
Interest paid	\$ 170,435	\$ 17,749
Interest received	150,822	57,970
Dividends received, net of withholding taxes	4,392,156	1,002,054
Dividends paid	653,830	198,552

See accompanying notes to financial statements.

EHP GUARDIAN FUND

Schedule of Investments

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
Investments - long				
Canadian equities:				
444,000	Alignvest Acquisition Corp., Class A	\$ 4,366,905	\$ 4,351,200	2.33
6,110	AltaGas Ltd.	176,575	174,868	0.09
592,100	Alterra Power Corporation	4,657,427	4,736,800	2.54
64,100	Artis REIT	868,636	903,811	0.49
1,240	Aurora Cannabis Inc.	9,084	11,904	0.01
2,170	Bank of Nova Scotia	177,574	176,030	0.09
180,800	Birchcliff Energy Ltd.	758,920	795,520	0.43
270,690	Bonavista Energy Corp.	514,582	609,053	0.33
29,040	Canadian Apartment Properties REIT	973,538	1,083,773	0.58
3,230	Canadian Tire Corporation Ltd., Class A	529,533	529,397	0.28
310,100	Cannabis Strategies Acquisition Corp.	3,101,000	3,082,394	1.65
295,930	Cardinal Energy Ltd.	1,355,979	1,506,284	0.81
69,440	Chemtrade Logistics Income Fund	1,283,560	1,347,136	0.72
174,580	Chorus Aviation Inc.	1,312,688	1,684,697	0.90
43,710	CI Financial Corp.	1,183,637	1,301,247	0.70
16,480	Cogeco Communications Inc.	1,428,358	1,425,190	0.76
15,610	Cogeco Inc.	1,380,419	1,412,861	0.76
1,300	Colliers International Group Inc.	96,863	98,631	0.05
1,810	Constellation Software Inc.	1,249,268	1,379,257	0.74
12,050	Corus Entertainment Inc., Class B	139,057	140,985	0.08
95,600	DHX Media Ltd.	386,705	434,024	0.23
2,910	Domtar Corp.	180,757	181,089	0.10
129,110	Dream Global REIT	1,260,095	1,577,724	0.85
180,040	Element Fleet Management Corp.	1,834,217	1,710,380	0.92
35,970	Enbridge Income Fund Holdings Inc.	999,966	1,072,266	0.58
39,500	Exchange Income Corp.	1,390,569	1,407,780	0.76
148,320	Extencare Inc.	1,423,872	1,357,128	0.73
3,730	Fortis Inc.	176,661	171,990	0.09
23,090	Freehold Royalties Ltd.	340,886	324,415	0.17
36,250	Genworth MI Canada Inc.	1,352,546	1,576,875	0.85
9,620	Gibson Energy Inc.	170,539	174,892	0.09
7,970	IGM Financial Inc.	332,847	351,876	0.19
352,200	Imvescor Restaurant Group Inc.	1,433,992	1,525,026	0.82
41,550	Inter Pipeline Ltd.	1,113,493	1,081,547	0.58
33,000	iShares Canadian S&P/TSX Capped Energy Index ETF	406,736	404,910	0.22
25,030	Killam Properties Inc.	353,712	355,927	0.19
61,630	Labrador Iron Ore Royalty Corp.	1,231,232	1,676,337	0.90
3,050	Laurentian Bank of Canada	162,344	172,417	0.09
19,610	Magna International Inc., Class A	1,233,310	1,397,016	0.75
13,410	Martinrea International Inc.	181,385	215,096	0.12
12,740	Maxar Technologies Ltd.	1,054,876	1,030,921	0.55
250,000	Napco Inc.	490,000	487,500	0.26
10,140	National Bank of Canada	631,920	635,981	0.34
31,330	Norbord Inc.	1,321,011	1,333,092	0.71
7,110	Northview Apartment REIT	176,086	177,679	0.10
111,820	Northwest Healthcare Properties REIT	1,213,582	1,271,393	0.68

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
8,090	Open Text Corp.	342,430	361,704	0.19
26,910	Pembina Pipeline Corp.	1,159,187	1,224,674	0.66
9,200	Power Corporation of Canada	282,511	297,804	0.16
38,340	Power Financial Corp.	1,283,711	1,324,264	0.71
19,130	Pure Industrial REIT, Class A	110,521	129,510	0.07
69,090	Pure Multi-Family REIT LP, Class A	529,124	521,630	0.28
26,500	Quantum International Income Corp, subscriptions receipts	—	—	—
6,570	Russel Metals Inc.	174,094	191,647	0.10
38,560	Shaw Communications Inc., Class B	1,049,977	1,106,286	0.59
69,350	Sienna Senior Living Inc.	1,215,954	1,263,557	0.68
27,280	Superior Plus Corp.	344,054	323,814	0.17
139,980	Surge Energy Inc.	271,561	292,558	0.16
5,390	TFI International Inc.	177,343	177,115	0.09
43,780	The North West Company Inc.	1,341,766	1,316,464	0.71
70,890	Toronto-Dominion Bank	5,198,809	5,221,049	2.80
18,780	Tourmaline Oil Corp.	414,765	427,808	0.23
178,870	Transalta Corp.	1,337,968	1,332,582	0.71
2,800	TransCanada Corp.	168,698	171,304	0.09
63,970	Transcontinental Inc., Class A	1,518,286	1,589,015	0.85
7,500	Valeant Pharmaceuticals International Inc.	194,202	196,500	0.11
11,910	Vermilion Energy Inc.	510,509	544,049	0.29
17,650	West Fraser Timber Co. Ltd.	1,370,084	1,369,111	0.73
1,492,500	Western Energy Services Corp.	1,641,697	1,880,550	1.01
627,740	Western Forest Products Inc.	1,413,596	1,537,964	0.83
23,330	WSP Global Inc.	1,232,463	1,397,700	0.75
	Total Canadian equities	69,700,252	73,054,978	39.18
	United States equities:			
800	3M Co.	239,068	236,707	0.13
2,200	AFLAC Inc.	244,521	242,766	0.13
11,160	Altria Group Inc.	1,013,561	1,001,828	0.53
8,030	American Financial Group Inc.	928,834	1,095,659	0.59
1,100	Amgen Inc.	243,993	240,471	0.13
3,550	Andeavor	471,373	510,265	0.27
900	Anthem Inc.	206,470	254,574	0.14
2,380	Apple Inc.	463,817	506,319	0.27
3,630	Automatic Data Processing Inc.	468,383	534,770	0.29
6,060	Baxter International Inc.	489,216	492,429	0.26
13,360	Best Buy Company Inc.	846,329	1,149,944	0.62
2,920	Boeing Co.	727,682	1,082,535	0.58
11,720	CA Inc.	503,285	490,321	0.26
8,390	Camden Property Trust	983,044	970,963	0.52
8,630	Carnival Corp.	724,767	720,033	0.39
13,210	Centerpoint Energy Inc.	460,065	470,954	0.25
7,110	Chevron Corp.	987,891	1,118,946	0.60
20,300	Cisco Systems Inc.	832,564	977,383	0.52

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
12,490	Coca-Cola Co.	725,120	720,370	0.39
1,800	CoreSite Realty Corp.	239,091	257,731	0.14
5,960	Corning Inc.	219,246	239,679	0.13
4,890	Cracker Barrel Old Country Store Inc.	976,312	976,732	0.52
2,200	Cummins Inc.	474,793	488,519	0.26
2,230	Darden Restaurants Inc.	233,014	269,176	0.14
2,200	Entergy Corp.	239,438	225,094	0.12
8,660	Equity Residential REIT	716,138	694,231	0.37
8,920	Exxon Mobil Corp.	974,307	937,883	0.50
10,660	First American Financial Corp.	728,080	750,974	0.40
46,680	Ford Motor Co.	726,345	732,931	0.39
1,000	General Dynamics Corp.	246,089	255,757	0.14
17,470	General Motors Co.	787,314	900,204	0.48
107,100	GGP Inc.	2,913,187	3,149,122	1.69
7,180	Gilead Sciences Inc.	699,624	646,621	0.35
12,980	HealthSouth Corp.	785,317	806,231	0.43
15,820	Highwoods Properties Inc.	1,061,337	1,012,464	0.54
2,460	Illinois Tool Works Inc.	437,240	515,978	0.28
12,420	Intel Corp.	571,866	720,704	0.39
5,370	International Business Machines Corp.	1,099,838	1,035,681	0.56
153,000	iShares iBoxx High Yield Corp Bond ETF	16,950,509	16,783,266	9.00
5,790	Johnson & Johnson	930,688	1,016,968	0.55
6,670	Kimberly Clark Corp.	1,078,749	1,011,717	0.54
7,320	KLA-Tencor Corp.	813,095	966,852	0.52
2,400	Lockheed Martin Corp.	893,736	968,621	0.52
5,550	LyondellBasell Industries NV, Class A	701,928	769,692	0.41
4,750	McDonald's Corp.	823,311	1,027,767	0.55
2,260	Microsoft Corp.	211,148	243,023	0.13
400	Nektar Therapeutics	28,848	30,030	0.02
2,330	NRG Energy Inc.	82,439	83,419	0.04
11,650	Occidental Pete Corp.	1,009,591	1,078,767	0.58
234,910	Office Depot Inc.	1,027,070	1,045,381	0.56
5,260	OGE Energy Corp.	240,541	217,612	0.12
37,250	Old Republic International Corp.	927,041	1,001,160	0.54
10,020	Omnicom Group Inc.	1,064,350	917,377	0.49
14,870	Oneok Inc.	1,051,496	999,145	0.54
10,010	Owens & Minor Inc.	245,342	237,578	0.13
6,910	Packaging Corporation of America	857,276	1,047,165	0.56
11,230	Paychex Inc.	849,612	961,101	0.52
23,300	Pfizer Inc.	1,011,684	1,060,900	0.57
3,520	Philip Morris International Inc.	519,790	467,500	0.25
7,950	Phillips 66 Co.	852,829	1,010,887	0.54
10,400	PPL Corp.	515,114	404,636	0.22
1,330	Praxair Inc.	212,569	258,616	0.14
11,890	Principal Financial Group Inc.	952,934	1,054,655	0.57
8,900	Procter and Gamble Co.	1,050,692	1,027,970	0.55
1,620	Prudential Financial Inc.	229,282	234,157	0.13
7,540	Quest Diagnostics Inc.	979,657	933,540	0.50
1,000	Raytheon Co.	238,037	236,146	0.13
3,060	Republic Services Inc.	243,714	260,077	0.14
1,600	Royal Caribbean Cruises Ltd.	247,758	239,915	0.13

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
2,500	Sanderson Farms Inc.	462,259	436,151	0.23
367,900	SPDR Bloomberg Barclays High Yield Bond ETF	17,146,561	16,982,526	9.11
1,980	TE Connectivity Ltd.	196,107	236,560	0.13
2,060	The Chemours Co.	126,321	129,637	0.07
1,620	United Parcel Service Inc., Class B	233,354	242,649	0.13
3,310	United Technologies Corp.	487,490	530,819	0.28
1,860	UnitedHealth Group Inc.	454,418	515,481	0.28
9,320	Valero Energy Corp.	779,193	1,076,833	0.58
2,010	Wal-Mart Stores Inc.	190,958	249,519	0.13
18,110	Western Union Co.	471,958	432,783	0.22
9,460	Western Union Co.	246,533	226,070	0.12
	Total United States equities	83,324,541	86,087,617	46.17
Total investments - long		\$ 153,024,793	\$ 159,142,595	85.35

Investments - short

Canadian equities:

(5,330)	Air Canada Inc.	\$ (130,330)	\$ (137,942)	(0.07)
(9,030)	Alaris Royalty Corp.	(176,319)	(186,650)	(0.10)
(11,250)	Altus Group Ltd.	(337,564)	(415,463)	(0.22)
(14,410)	American Hotel Income Properties REIT LP	(132,479)	(134,589)	(0.07)
(29,390)	Aritzia Inc.	(343,373)	(372,960)	(0.20)
(9,280)	ATS Automation Tooling System Inc.	(125,490)	(144,305)	(0.08)
(1,240)	Aurora Cannabis Inc.	(9,084)	(11,904)	(0.01)
(14,510)	AutoCanada Inc.	(290,138)	(328,507)	(0.18)
(7,100)	Bank of Montreal	(712,847)	(714,189)	(0.38)
(8,820)	Boardwalk REIT	(361,548)	(380,054)	(0.20)
(9,930)	Boralex Inc., Class A	(221,919)	(233,355)	(0.13)
(470)	Boyd Group Income Fund	(44,256)	(47,418)	(0.03)
(16,610)	Brookfield Asset Management Inc., Class A	(906,924)	(908,899)	(0.49)
(5,650)	Brookfield Business Partners LP	(217,787)	(244,588)	(0.13)
(820)	Brookfield Infrastructure Partners LP	(46,088)	(46,232)	(0.02)
(2,610)	Canadian Imperial Bank of Commerce	(317,730)	(319,829)	(0.17)
(960)	Canadian REIT	(43,516)	(44,448)	(0.02)
(11,060)	Cascades Inc.	(159,261)	(150,637)	(0.08)
(22,120)	Celestica Inc.	(298,895)	(291,541)	(0.15)
(36,950)	CES Energy Solutions Corp.	(223,209)	(241,284)	(0.13)
(4,430)	Cineplex Inc.	(170,464)	(165,371)	(0.09)
(1,300)	Colliers International Group Inc.	(96,863)	(98,631)	(0.05)
(22,130)	Corus Entertainment Inc., Class B	(255,380)	(258,921)	(0.14)
(4,780)	Cott Corp.	(88,182)	(100,284)	(0.05)
(58,840)	Dirtt Environment Solutions Ltd.	(346,996)	(396,582)	(0.21)
(10,220)	Element Fleet Management Corp.	(104,925)	(97,090)	(0.05)
(3,740)	Empire Company Ltd., Class A	(80,600)	(91,593)	(0.05)
(3,030)	Encana Corp.	(40,441)	(50,813)	(0.03)
(550)	Fairfax Financial Holdings Ltd.	(337,158)	(368,137)	(0.20)
(12,610)	First Capital Realty Inc.	(261,891)	(261,279)	(0.14)
(25,390)	First Quantum Minerals Ltd.	(354,035)	(447,120)	(0.24)
(1,300)	Great Canadian Gaming Corp.	(43,932)	(43,927)	(0.02)

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
(8,130)	Hudson's Bay Co.	(90,732)	(91,706)	(0.05)
(3,820)	Hydro One Ltd.	(87,037)	(85,568)	(0.05)
(260,160)	Innergex Renewable Energy Inc.	(3,697,439)	(3,746,304)	(2.01)
(25,450)	Kelt Exploration Ltd.	(150,592)	(182,986)	(0.10)
(4,740)	Kinaxis Inc.	(358,403)	(363,985)	(0.19)
(15,080)	Knight Therapeutics Inc.	(149,473)	(125,315)	(0.07)
(21,400)	Manulife Financial Corp.	(560,556)	(561,108)	(0.31)
(64,260)	MEG Energy Corp.	(431,352)	(330,296)	(0.18)
(13,150)	Mitel Networks Corp.	(131,496)	(136,497)	(0.07)
(22,000)	Mty Food Group Inc.	(1,155,944)	(1,234,200)	(0.66)
(3,690)	Onex Corp.	(355,983)	(340,181)	(0.18)
(22,680)	Raging River Exploration Inc.	(173,821)	(181,440)	(0.10)
(4,420)	Restaurant Brands International Ltd.	(335,366)	(341,534)	(0.18)
(9,340)	Ritchie Bros Auctioneers Inc.	(384,843)	(351,558)	(0.19)
(690)	Rogers Communications Inc., Class B	(44,273)	(44,195)	(0.02)
(15,800)	Royal Bank of Canada	(1,617,310)	(1,621,870)	(0.87)
(18,840)	Seven Generations Energy Inc.	(320,303)	(334,975)	(0.18)
(13,100)	Sierra Wireless Inc.	(438,421)	(336,670)	(0.18)
(1,240)	Sleep Country Canada Holdings Inc.	(44,468)	(41,416)	(0.02)
(4,040)	SNC-Lavalin Group Inc.	(213,583)	(230,482)	(0.12)
(34,960)	Spartan Energy Corp.	(196,282)	(251,362)	(0.14)
(6,400)	Sun Life Financial Inc.	(331,750)	(332,032)	(0.18)
(139,980)	Surge Energy Inc.	(271,561)	(292,558)	(0.16)
(4,380)	Thomson Reuters Corp.	(241,064)	(239,980)	(0.13)
(3,580)	Tourmaline Oil Corp.	(87,244)	(81,552)	(0.04)
(12,600)	Transalta Corp.	(94,249)	(93,870)	(0.05)
(34,310)	Tricon Capital Group Inc.	(368,282)	(396,281)	(0.22)
(4,780)	Uni-Select Inc.	(132,202)	(135,800)	(0.07)
(5,130)	Valeant Pharmaceuticals International Inc.	(130,094)	(134,406)	(0.07)
	Total Canadian equities	(19,873,747)	(20,374,669)	(10.92)
	United States equities:			
(1,500)	Acadia Healthcare Company Inc.	(61,562)	(61,529)	(0.03)
(7,730)	Acorda Therapeutics Inc.	(208,968)	(208,438)	(0.11)
(8,360)	Advanced Micro Devices Inc.	(123,618)	(108,036)	(0.06)
(1,520)	Aecom Technology Corp.	(62,985)	(70,986)	(0.04)
(3,080)	Akamai Technologies Inc.	(197,994)	(251,826)	(0.14)
(8,780)	Allegheny Technologies Inc.	(209,415)	(266,441)	(0.15)
(13,790)	AMAG Pharmaceuticals Inc.	(246,428)	(229,694)	(0.12)
(4,790)	Avis Budget Group Inc.	(193,294)	(264,223)	(0.14)
(1,740)	Bofl Holding Inc.	(61,284)	(65,402)	(0.04)
(2,140)	Carpenter Technology Corp.	(134,493)	(137,173)	(0.07)
(10,940)	Century Aluminum Co.	(169,497)	(270,102)	(0.15)
(1,360)	Cree Inc.	(42,344)	(63,497)	(0.03)
(12,180)	Darling International Inc.	(233,475)	(277,597)	(0.15)
(1,960)	Dycom Industries Inc.	(220,438)	(274,554)	(0.15)

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
(900)	Eagle Pharmaceutical Inc.	(67,565)	(60,439)	(0.03)
(2,860)	Electronics for Imaging Inc.	(137,292)	(106,169)	(0.06)
(12,040)	Endo International PLC	(123,764)	(117,300)	(0.06)
(1,300)	Esterline Technologies Corp.	(123,645)	(122,077)	(0.07)
(13,840)	Express Inc.	(154,638)	(176,593)	(0.09)
(2,430)	Flowserve Corp.	(134,116)	(128,697)	(0.07)
(13,000)	Fossil Group Inc.	(117,058)	(126,980)	(0.07)
(14,010)	Freeport-McMoRan Inc.	(230,451)	(333,923)	(0.18)
(6,800)	G-III Apparel Group Ltd.	(227,387)	(315,346)	(0.17)
(2,670)	Granite Construction Inc.	(172,779)	(212,900)	(0.11)
(3,960)	Gulfport Energy Corp.	(66,014)	(63,521)	(0.03)
(2,300)	Hawaiian Holdings Inc.	(122,577)	(115,220)	(0.06)
(1,700)	Hilton Worldwide Holdings Inc.	(138,984)	(170,666)	(0.09)
(4,790)	Hub Group Inc., Class A	(253,760)	(288,430)	(0.16)
(3,130)	Integrated Device Technology Inc.	(101,021)	(116,980)	(0.06)
(600)	Lending Tree Inc.	(173,022)	(256,788)	(0.14)
(1,000)	Manhattan Associates Inc.	(60,755)	(62,277)	(0.03)
(10,830)	Mattel Inc.	(224,986)	(209,390)	(0.11)
(3,630)	Maxlinear Co.	(121,053)	(120,562)	(0.06)
(5,590)	MDU Resources Group Inc.	(188,861)	(188,891)	(0.10)
(4,070)	Medicines Co.	(196,639)	(139,882)	(0.08)
(1,900)	Mednax Inc.	(121,224)	(127,641)	(0.07)
(3,810)	NETGEAR Inc.	(228,059)	(281,386)	(0.15)
(2,330)	NRG Energy Inc.	(82,439)	(83,419)	(0.04)
(900)	NuVasive Inc.	(65,169)	(66,175)	(0.04)
(6,900)	Oclaro, Inc.	(63,034)	(58,463)	(0.03)
(10,010)	Owens & Minor Inc.	(245,342)	(237,578)	(0.13)
(1,100)	PDC Energy Inc.	(63,047)	(71,270)	(0.04)
(1,330)	Perrigo Co.	(134,666)	(145,727)	(0.08)
(1,100)	PG&E Corp.	(62,399)	(61,991)	(0.03)
(6,390)	PRA Group Inc.	(278,864)	(266,691)	(0.14)
(700)	PTC Inc.	(59,730)	(53,476)	(0.03)
(10,430)	QEP Resources Inc.	(127,316)	(125,477)	(0.07)
(1,940)	Range Resources Corp.	(63,588)	(41,605)	(0.02)
(2,860)	Red Robin Gourmet Burgers Inc.	(224,821)	(202,775)	(0.11)
(2,660)	Sally Beauty Holdings Inc.	(63,249)	(62,731)	(0.03)
(800)	Signature Bank	(131,236)	(138,040)	(0.07)
(17,250)	SLM Corp.	(228,273)	(245,040)	(0.13)
(7,310)	SM Energy Co.	(197,424)	(202,902)	(0.11)
(9,790)	Southwestern Energy Co.	(66,718)	(68,673)	(0.04)
(6,810)	Sprouts Farmers Market Inc.	(180,011)	(208,457)	(0.11)
(850)	Stifel Financial Inc.	(50,574)	(63,642)	(0.03)
(21,020)	Superior Energy Services Inc.	(249,645)	(254,465)	(0.14)
(660)	SVB Financial Group	(123,234)	(193,956)	(0.10)
(5,250)	Synaptics Inc.	(254,899)	(263,595)	(0.14)
(2,300)	Syneos Health Inc.	(121,928)	(126,062)	(0.07)
(800)	Taubman Centers Inc.	(65,786)	(65,802)	(0.04)
(2,560)	Tempur-Sealy International Inc.	(196,968)	(201,747)	(0.11)
(13,320)	Tenet Healthcare Corp.	(250,278)	(253,848)	(0.14)

EHP GUARDIAN FUND

Schedule of Investments (continued)

December 31, 2017

Number of shares/ par value/ contracts	Description	Cost	Carrying value	% of net assets
(900)	The Chemours Co.	(55,189)	(56,637)	(0.03)
(5,190)	The Hain Celestial Group Inc.	(266,042)	(276,568)	(0.15)
(18,700)	The Interpublic Group of Companies Inc.	(485,631)	(473,917)	(0.25)
(8,230)	The Mosaic Co.	(244,529)	(265,476)	(0.14)
(600)	TransDigm Group Inc.	(214,416)	(207,135)	(0.11)
(5,760)	TripAdvisor Inc.	(308,305)	(249,522)	(0.13)
(7,940)	Triumph Group Inc.	(280,931)	(271,493)	(0.15)
(200)	Ultimate Software Group Inc.	(51,863)	(54,867)	(0.03)
(6,450)	Under Armour Inc., Class C	(151,130)	(108,003)	(0.06)
(1,000)	United Natural Foods Inc.	(61,648)	(61,937)	(0.03)
(1,470)	United States Steel Corp.	(47,077)	(65,029)	(0.03)
(2,730)	Viasat Inc.	(247,062)	(256,876)	(0.14)
(6,960)	Vista Outdoor Inc.	(191,182)	(127,479)	(0.07)
(1,660)	WageWorks Inc.	(135,418)	(129,381)	(0.07)
(400)	WEX Inc.	(62,433)	(71,016)	(0.04)
(8,600)	WPX Energy Inc.	(111,098)	(152,112)	(0.08)
	Total United States equities	(12,216,037)	(12,982,611)	(6.96)
Total investments - short		\$ (32,089,784)	\$ (33,357,280)	(17.88)
Total investments - long		\$ 153,024,793	\$ 159,142,595	85.35
Total investments - short		(32,089,784)	(33,357,280)	(17.88)
Canadian warrants:				
114,600	Alignvest Acquisition II Corp., Warrants \$11.50 04JUL21	150	80,220	0.04
United States futures:				
(55)	US 10-Year T-Note Futures MAR18	–	50,433	0.03
(152)	US 2-Year T-Note Futures MAR18	–	74,029	0.04
	Total United States futures		124,462	0.07
Total derivative assets			204,682	0.11
Canadian futures:				
(26)	S&P/TSX 60 Futures MAR18	–	(14,920)	(0.01)
	Total derivative liabilities		(14,920)	(0.01)
Total investments owned		<u>\$ 120,935,159</u>	<u>125,975,077</u>	67.57
Other assets, net			60,473,214	32.43
Net assets			<u>\$ 186,448,291</u>	<u>100.00</u>

See accompanying notes to financial statements.

EHP GUARDIAN FUND

Notes to Financial Statements

Year ended December 31, 2017

1. General information:

The EHP Guardian Fund (the "Fund") is an open-ended investment trust established under the laws of the Province of Ontario pursuant to a trust agreement made as of March 19, 2015 and amended and restated as of June 25, 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, consisting of interest and dividend income and capital gain appreciation and to provide unitholders with monthly distributions. The Investment Manager plans to generate these returns by utilizing predominantly 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 the above-stated objectives, 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

(b) Approval of the financial statements:

The financial statements were approved by the Investment Manager and authorized for issue on March 27, 2018.

(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 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

(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.

(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 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

When the Fund purchases a warrant, an amount equal to fair value, which is based on the premium paid, is recorded as an asset. When 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 warrant expires worthless, is recognized as a realized gains or loss and is presented in the statement of comprehensive income within net realized gains (losses) on financial assets at FVTPL.

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 gains on financial assets and liabilities at FVTPL in the year 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

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.

(e) Cost of investments:

The cost of investments, excluding futures, 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 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

- (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.

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 year for each class/series, respectively.

- (j) Income allocation:

Income, expenses other than management fees, performance fees and realized and unrealized capital gains (losses) are distributed among 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

(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 mutual fund trust under the provisions of the Income Tax Act (Canada) 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.

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, 2017, the Fund had capital loss carryforwards of \$626,641 (2016 - nil) and non-capital loss carryforwards of nil (2016 - \$339,829).

(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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued):

(o) Future accounting standard:

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

IFRS 9 was issued by the IASB in November 2009 and will replace International Accounting Standard ("IAS") 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; however, it is available for early adoption. The Fund is currently in the process of evaluating the potential effect of this standard. Based on the Fund's assessment, which still in progress, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Fund.

3. Net gains (losses) on 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 tables present the net gains (losses) on financial assets and liabilities at FVTPL for the year ended December 31, 2017 and 2016:

2017	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized losses	\$ (118,928)	\$ (674,348)	\$ (793,276)
Net change in unrealized gains	204,682	3,028,602	3,233,284
	85,754	2,354,254	2,440,008
Financial liabilities at FVTPL:			
Net realized losses	(1,786,099)	—	(1,786,099)
Net change in unrealized losses	(205,868)	—	(205,868)
	(1,991,967)	—	(1,991,967)
Total	\$ (1,906,213)	\$ 2,354,254	\$ 448,041

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Financial assets and financial liabilities at FVTPL (continued):

2016	Held-for-trading	Designated at FVTPL	Total
Financial assets at FVTPL:			
Net realized gains (losses)	\$ (12,033)	\$ 2,095,056	\$ 2,083,023
Net change in unrealized gains	–	2,964,702	2,964,702
	(12,033)	5,059,758	5,047,725
Financial liabilities at FVTPL:			
Net realized losses	(1,115,525)	–	(1,115,525)
Net change in unrealized losses	(916,110)	–	(916,110)
	(2,031,635)	–	(2,031,635)
Total	\$ (2,043,668)	\$ 5,059,758	\$ 3,016,090

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:

2017:

Description	Maturity date	Strike price	Notional amount
Warrants:			
Alignvest Acquisition II Corp.	July 4, 2021	\$ 11.50	\$ 1,317,900

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Derivative financial instruments (continued):

2016:

Description	Maturity date	Strike price	Notional amount
Warrants:			
Quantum International Income Corp.	July 28, 2017	\$ 0.65	\$ 7,475

Futures:

The Fund may enter into various futures contracts as part of its investment strategy. Generally, a futures contract represents a firm commitment for the future purchase or sale of an asset at a specified price on a specified date. The Fund may use futures contracts to gain exposure to, or hedge against, changes in the value of equities, commodities, interest rates or foreign currencies. If market conditions move unexpectedly, the anticipated benefits of futures contracts may not be achieved and a loss may be realized. The use of futures contracts involves the risk of imperfect correlation in movements in the price of futures contracts and the underlying instruments.

The following tables detail the Fund's investments in futures:

Description	Maturity date	Notional amount	Amount in financial assets or liabilities
Futures:			
S&P/TSX 60 Future MAR 18	March 16, 2018	\$ 4,978,480	\$ (14,920)
US 10-Year T-Note Future MAR 18	March 16, 2018	6,822,578	74,029
US 2-Year T-Note Future MAR 18	March 29, 2018	32,544,150	50,433

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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.

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:

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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, 2017 and 2016, the Fund had no significant investments in debt instruments. For derivatives, refer to note 4.

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 CIBC (the "Prime Brokers"). Bankruptcy or insolvency of the Prime Brokers may cause the Fund's 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 Brokers. At the date of the approval of the financial statements, the credit rating for the Bank of Nova Scotia was A+ (2016 – A+) and for CIBC, it was A+ (2016 – A+).

The Fund has provided the Prime Brokers with a general lien over the financial assets held in custody as security for the Prime Brokers' 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 Brokers agreements. As at December 31, 2017, the fair value of financial assets subject to the general lien is \$249,995,042 (2016 - \$127,678,320). The Fund's cash investments are held by highly creditworthy financial institutions.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 unitholders. The Fund did not withhold any redemptions or implement any suspension during 2017 or 2016.

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 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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, 2017, 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 \$12,597,508 (2016 - \$2,598,808).

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.

The tables below summarize the foreign currencies to which the Fund had significant exposure at December 31, 2017 and 2016 in CAD. 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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Financial risk management (continued):

2017:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ (31,992,726)	\$ (1,599,636)
Investments at FVTPL	73,229,468	3,661,473
Total	\$ 41,236,742	\$ 2,061,837
% of net assets attributable to holders of redeemable units	22.1	1.1

2016:

United States dollar	Exposure	Impact on net assets attributable to holders of redeemable units
Cash and other receivables	\$ 7,628,336	\$ 381,417
Investments at FVTPL	11,080,494	554,025
Total	\$ 18,708,830	\$ 935,442
% of net assets attributable to holders of redeemable units	22.0	1.1

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Financial risk management (continued):

(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.

(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 date, valuation techniques will be applied to determine the fair value.

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Financial risk management (continued):

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 followed:

2017	Level 1	Level 2	Level 3	Total
Financial assets designated at FVTPL:				
Equities	\$ 159,142,595	\$ -	\$ -	\$ 159,142,595
Financial assets held- for-trading:				
Futures	124,462	-	-	124,462
Warrants	-	80,220	-	80,220
	159,267,057	80,220	-	159,347,277
Financial liabilities held- for-trading:				
Futures	(14,920)	-	-	(14,920)
Equities	(33,357,280)	-	-	(33,357,280)
	(33,372,200)	-	-	(33,372,200)
	\$ 125,894,857	\$ 80,220	\$ -	\$ 125,975,077

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Financial risk management (continued):

2016	Level 1	Level 2	Level 3	Total
Financial assets designated at FVTPL:				
Equities	\$ 65,336,076	\$ –	\$ –	\$ 65,336,076
Financial liabilities held- for-trading:				
Equities	(39,347,993)	–	–	(39,347,993)
	\$ 25,988,083	\$ –	\$ –	\$ 25,988,083

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

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 CAD \$10 for Class A, Class F, Class W and Founders units or USD \$10 for Class UA, Class UF, Class UJ and Class UW units.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

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 (a) any redemption charges payable, and (b) 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.

During the years ended December 31, 2017 and 2016, the number of units issued, redeemed and outstanding was as follows:

2017	Units, beginning of year	Issuance of units	Redemption of units	Distribution reinvestment	Redesignation of units	Units, end of year
Class A - Initial Series	508,237	–	(237,182)	19,900	429,331	720,286
Class A - 2016 Series 10	101,137	–	–	85	(101,222)	–
Class A - 2016 Series 11	244,656	–	–	73	(244,729)	–
Class A - 2016 Series 12	142,759	–	–	16	(142,775)	–
Class A - 2017 Series 1	–	321,684	(103,158)	7,591	(40,406)	185,711
Class A - 2017 Series 2	–	140,959	–	4,235	–	145,194
Class A - 2017 Series 3	–	106,555	(32,380)	3,245	–	77,420
Class A - 2017 Series 4	–	99,374	–	2,787	–	102,161
Class A - 2017 Series 5	–	48,213	(2,065)	470	–	46,618
Class A - 2017 Series 6	–	10,500	–	256	–	10,756
Class A - 2017 Series 7	–	109,952	–	1,681	–	111,633
Class A - 2017 Series 8	–	1,000	–	15	–	1,015
Class A - 2017 Series 9	–	2,955	–	–	–	2,955
Class A - 2017 Series 10	–	10,984	–	84	–	11,068
Class A - 2017 Series 11	–	14,975	–	50	–	15,025
Class A - 2017 Series 12	–	10,356	–	–	–	10,356
Class E - Initial Series	294,834	2,134	(268,777)	6,062	–	34,253
Class F - Initial Series	2,855,386	2,885	(720,186)	112,338	1,567,273	3,817,696
Class F - 2016 Series 10	492,838	–	–	336	(493,174)	–
Class F - 2016 Series 11	624,233	–	–	356	(624,589)	–
Class F - 2016 Series 12	582,422	–	–	398	(582,820)	–
Class F - 2017 Series 1	–	571,848	(105,174)	19,015	–	485,689
Class F - 2017 Series 2	–	791,227	(85,959)	19,412	–	724,680
Class F - 2017 Series 3	–	1,743,297	(101,597)	42,149	42,762	1,726,611
Class F - 2017 Series 4	–	858,453	(290,271)	19,420	–	587,602
Class F - 2017 Series 5	–	661,342	(95,915)	13,362	11,163	589,952
Class F - 2017 Series 6	–	884,654	(40,751)	11,865	–	855,768
Class F - 2017 Series 7	–	507,197	(107,337)	6,041	3,104	409,005
Class F - 2017 Series 8	–	2,574,629	–	40,825	–	2,615,454
Class F - 2017 Series 9	–	116,581	(30,007)	962	–	87,536

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

2017	Units, beginning of year	Issuance of units	Redemption of units	Distribution reinvestment	Redesignation of units	Units, end of year
Class F - 2017 Series 10	–	219,013	(201)	1,079	12,358	232,249
Class F - 2017 Series 11	–	206,457	–	899	–	207,356
Class F - 2017 Series 12	–	296,332	–	192	–	296,524
Class UA - Initial Series	–	–	–	1,371	37,556	38,927
Class UA - 2016 Series 9	2,488	–	–	–	(2,488)	–
Class UA - 2016 Series 11	14,769	–	–	13	(14,782)	–
Class UA - 2016 Series 12	19,792	–	–	13	(19,805)	–
Class UA - 2017 Series 2	–	10,000	–	410	–	10,410
Class UA - 2017 Series 3	–	52,350	–	1,948	–	54,298
Class UF - Initial Series	57,932	–	(34,389)	9,626	212,087	245,256
Class UF - 2016 Series 10	138,942	–	–	116	(139,058)	–
Class UF - 2016 Series 11	53,018	–	–	39	(53,057)	–
Class UF - 2016 Series 12	18,959	–	–	6	(18,965)	–
Class UF - 2017 Series 1	–	468,764	(400,007)	2,848	–	71,605
Class UF - 2017 Series 2	–	44,192	(3,503)	1,482	–	42,171
Class UF - 2017 Series 3	–	107,458	(15,279)	2,045	–	94,224
Class UF - 2017 Series 4	–	38,617	–	1,012	–	39,629
Class UF - 2017 Series 5	–	168,220	–	730	–	168,950
Class UF - 2017 Series 6	–	301,931	–	6,701	–	308,632
Class UF - 2017 Series 7	–	750,086	(7,064)	6,756	–	749,778
Class UF - 2017 Series 8	–	14,155	–	220	–	14,375
Class UF - 2017 Series 9	–	381,240	–	2,553	–	383,793
Class UF - 2017 Series 10	–	15,585	–	120	–	15,705
Class UF - 2017 Series 11	–	58,785	–	64	–	58,849
Class UF - 2017 Series 12	–	5,000	–	4	–	5,004
Class UJ - 2016 Series 10	1,009,254	–	(40,561)	45,483	–	1,014,176
Class W - 2017 Series 8	–	15,029	–	242	–	15,271
Class W - 2017 Series 11	–	10,000	–	59	–	10,059
Founder Class - Initial Series	444,362	–	(182,963)	12,105	–	273,504
Founder Class - 2017 Series 4	–	30,000	–	972	–	30,972

2016	Units, beginning of year	Issuance of units	Redemption of units	Distribution reinvestment	Redesignation of units	Units, end of year
Class A - Initial Series	103	–	(4,216)	6,142	506,208	508,237
Class A - 2015 Series 11	49,178	–	–	37	(49,215)	–
Class A - 2015 Series 12	1,500	–	–	16	(1,516)	–
Class A - 2016 Series 1	–	9,863	–	90	(9,953)	–
Class A - 2016 Series 2	–	16,084	–	74	(16,158)	–
Class A - 2016 Series 3	–	68,315	–	158	(68,473)	–
Class A - 2016 Series 4	–	30,016	–	228	(30,244)	–
Class A - 2016 Series 5	–	113,056	–	203	(113,259)	–
Class A - 2016 Series 6	–	120,473	–	102	(120,575)	–
Class A - 2016 Series 7	–	66,821	–	193	(67,014)	–
Class A - 2016 Series 8	–	95,426	–	449	(95,875)	–
Class A - 2016 Series 9	–	74,331	–	99	(74,430)	–
Class A - 2016 Series 10	–	100,372	–	765	–	101,137
Class A - 2016 Series 11	–	244,329	–	327	–	244,656
Class A - 2016 Series 12	–	142,752	–	7	–	142,759
Class E - Initial Series	223,087	68,238	(6,473)	9,982	–	294,834
Class F - Initial Series	19,875	–	(476,868)	34,174	3,278,205	2,855,386

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

2016	Units, beginning of year	Issuance of units	Redemption of units	Distribution reinvestment	Redesignation of units	Units, end of year
Class F - 2015 Series 10	10,440	—	—	8	(10,448)	—
Class F - 2015 Series 11	23,411	—	—	18	(23,429)	—
Class F - 2015 Series 12	3,996	—	—	3	(3,999)	—
Class F - 2016 Series 1	—	102,982	—	915	(103,897)	—
Class F - 2016 Series 2	—	446,510	—	2,018	(448,528)	—
Class F - 2016 Series 3	—	288,112	—	611	(288,723)	—
Class F - 2016 Series 4	—	354,746	(397)	1,688	(356,037)	—
Class F - 2016 Series 5	—	375,664	(5,899)	1,233	(370,998)	—
Class F - 2016 Series 6	—	205,629	—	354	(205,983)	—
Class F - 2016 Series 7	—	387,514	(10,023)	1,974	(379,465)	—
Class F - 2016 Series 8	—	751,192	(698)	2,503	(752,997)	—
Class F - 2016 Series 9	—	531,034	—	529	(531,563)	—
Class F - 2016 Series 10	—	496,296	(6,617)	3,159	—	492,838
Class F - 2016 Series 11	—	599,695	(2,000)	1,865	24,673	624,233
Class F - 2016 Series 12	—	579,548	(1,502)	576	3,800	582,422
Class UA - 2016 Series 9	—	2,488	—	—	—	2,488
Class UA - 2016 Series 11	—	14,702	—	67	—	14,769
Class UA - 2016 Series 12	—	19,781	—	11	—	19,792
Class UF - Initial Series	—	—	—	348	57,584	57,932
Class UF - 2016 Series 8	—	7,500	—	50	(7,550)	—
Class UF - 2016 Series 9	—	50,144	—	39	(50,183)	—
Class UF - 2016 Series 10	—	137,836	—	1,106	—	138,942
Class UF - 2016 Series 11	—	52,834	—	184	—	53,018
Class UF - 2016 Series 12	—	18,951	—	8	—	18,959
Class UJ - 2016 Series 10	—	1,000,000	—	9,254	—	1,009,254
Founder Class - Initial Series	23,069	—	(72,214)	8,989	484,518	444,362
Founder Class - 2015 Series 10	38,169	—	—	28	(38,197)	—
Founder Class - 2015 Series 11	75,278	—	—	57	(75,335)	—
Founder Class - 2015 Series 12	45,000	—	—	480	(45,480)	—
Founder Class - 2016 Series 1	—	30,000	—	226	(30,226)	—
Founder Class - 2016 Series 2	—	47,864	—	231	(48,095)	—
Founder Class - 2016 Series 3	—	30,000	—	23	(30,023)	—
Founder Class - 2016 Series 4	—	65,101	—	410	(65,511)	—
Founder Class - 2016 Series 5	—	50,000	—	—	(50,000)	—
Founder Class - 2016 Series 7	—	54,262	—	420	(54,682)	—
Founder Class - 2016 Series 8	—	81,263	—	544	(81,807)	—

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

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

Series	2017			2016		
	Increase (decrease) per series	Weighted average units outstanding	Increase (decrease) per unit	Increase (decrease) per series	Weighted average units outstanding	Increase (decrease) per unit
Class A - Initial Series	\$ (125,926)	914,015	(0.14)	\$ 120,039	569,218	0.21
Class A - 2015 Series 11	-	-	-	3,586	9,753	0.37
Class A - 2016 Series 2	-	-	-	2,992	15,869	0.19
Class A - 2016 Series 3	-	-	-	7,803	67,181	0.12
Class A - 2016 Series 4	-	-	-	5,381	26,208	0.21
Class A - 2016 Series 5	-	-	-	16,286	106,689	0.15
Class A - 2016 Series 6	-	-	-	17,390	115,373	0.15
Class A - 2016 Series 7	-	-	-	3,542	64,007	0.06
Class A - 2016 Series 8	-	-	-	2,492	83,648	0.03
Class A - 2016 Series 9	-	-	-	68	67,491	-
Class A - 2016 Series 10	-	-	-	11,126	91,011	0.12
Class A - 2016 Series 11	-	-	-	50,471	198,795	0.25
Class A - 2016 Series 12	-	-	-	8,025	79,755	0.10
Class A - 2017 Series 1	(33,235)	263,744	(0.13)	-	-	-
Class A - 2017 Series 2	(9,640)	136,052	(0.07)	-	-	-
Class A - 2017 Series 3	(8,315)	95,976	(0.09)	-	-	-
Class A - 2017 Series 4	2,656	98,587	0.03	-	-	-
Class A - 2017 Series 5	803	45,858	0.02	-	-	-
Class A - 2017 Series 6	1,032	10,375	0.10	-	-	-
Class A - 2017 Series 7	17,027	98,859	0.17	-	-	-
Class A - 2017 Series 8	205	1,008	0.20	-	-	-
Class A - 2017 Series 9	457	2,955	0.15	-	-	-
Class A - 2017 Series 10	976	10,937	0.09	-	-	-
Class A - 2017 Series 11	1,202	15,001	0.08	-	-	-
Class A - 2017 Series 12	80	3,872	0.02	-	-	-
Class E - Initial Series	(23,567)	154,422	(0.15)	375,306	285,453	1.31
Class F - Initial Series	(43,275)	4,210,006	(0.01)	781,029	3,206,577	0.24
Class F - 2016 Series 1	-	-	-	43,159	103,449	0.42
Class F - 2016 Series 2	-	-	-	87,083	421,432	0.21
Class F - 2016 Series 3	-	-	-	27,950	281,806	0.10
Class F - 2016 Series 4	-	-	-	83,871	342,467	0.24
Class F - 2016 Series 5	-	-	-	62,237	354,746	0.18
Class F - 2016 Series 6	-	-	-	28,458	200,776	0.14
Class F - 2016 Series 7	-	-	-	24,837	358,312	0.07
Class F - 2016 Series 8	-	-	-	36,739	767,220	0.05
Class F - 2016 Series 9	-	-	-	5,487	475,018	0.01
Class F - 2016 Series 10	-	-	-	62,713	424,476	0.15
Class F - 2016 Series 11	-	-	-	127,896	518,534	0.25
Class F - 2016 Series 12	-	-	-	42,767	370,102	0.12
Class F - 2017 Series 1	(9,786)	529,184	(0.02)	-	-	-
Class F - 2017 Series 2	14,344	74,864	0.02	-	-	-
Class F - 2017 Series 3	27,678	1,693,367	0.02	-	-	-
Class F - 2017 Series 4	58,843	759,779	0.08	-	-	-
Class F - 2017 Series 5	80,061	624,553	0.13	-	-	-
Class F - 2017 Series 6	132,700	844,426	0.16	-	-	-
Class F - 2017 Series 7	80,935	428,657	0.19	-	-	-
Class F - 2017 Series 8	601,215	2,488,267	0.24	-	-	-
Class F - 2017 Series 9	21,231	93,342	0.23	-	-	-
Class F - 2017 Series 10	24,561	182,257	0.13	-	-	-
Class F - 2017 Series 11	14,934	178,894	0.08	-	-	-
Class F - 2017 Series 12	4,539	140,146	0.03	-	-	-
Class U - Initial Series	(33,569)	38,231	(0.88)	-	-	-
Class U - 2016 Series 9	-	-	-	946	2,488	0.38

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

Series	2017			2016		
	Increase (decrease) per series	Weighted average units outstanding	Increase (decrease) per unit	Increase (decrease) per series	Weighted average units outstanding	Increase (decrease) per unit
Class UA - 2016 Series 11	—	—	—	3,277	14,736	0.22
Class UA - 2016 Series 12	—	—	—	2,553	10,096	0.25
Class UA - 2017 Series 2	(4,432)	10,204	(0.43)	—	—	—
Class UA - 2017 Series 3	(43,949)	53,315	(0.82)	—	—	—
Class UF - Initial Series	(214,692)	263,848	(0.81)	26,630	57,626	0.46
Class UF - 2016 Series 8	—	—	—	1,342	7,539	0.18
Class UF - 2016 Series 9	—	—	—	(1,232)	42,761	(0.03)
Class UF - 2016 Series 10	—	—	—	55,233	123,791	0.45
Class UF - 2016 Series 11	—	—	—	9,992	40,438	0.25
Class UF - 2016 Series 12	—	—	—	6,148	16,639	0.37
Class UF - 2017 Series 1	(467,748)	294,766	(1.59)	—	—	—
Class UF - 2017 Series 2	(17,629)	40,564	(0.43)	—	—	—
Class UF - 2017 Series 3	(81,803)	96,406	(0.85)	—	—	—
Class UF - 2017 Series 4	(23,171)	38,719	(0.60)	—	—	—
Class UF - 2017 Series 5	(154,163)	167,703	(0.92)	—	—	—
Class UF - 2017 Series 6	(142,308)	274,884	(0.52)	—	—	—
Class UF - 2017 Series 7	79,750	706,683	0.11	—	—	—
Class UF - 2017 Series 8	3,084	14,741	0.21	—	—	—
Class UF - 2017 Series 9	275,825	381,977	0.72	—	—	—
Class UF - 2017 Series 10	1,572	14,444	0.11	—	—	—
Class UF - 2017 Series 11	(4,098)	53,741	(0.08)	—	—	—
Class UF - 2017 Series 12	(1,354)	5,002	(0.27)	—	—	—
Class UJ - 2016 Series 10	(783,349)	1,007,617	(0.78)	463,244	1,004,613	0.46
Class W - 2017 Series 8	3,118	14,458	0.22	—	—	—
Class W - 2017 Series 11	686	10,030	0.07	—	—	—
Founder Class - Initial Series	(57,310)	380,189	(0.15)	258,050	481,363	0.54
Founder Class - 2016 Series 1	—	—	—	11,670	30,201	0.39
Founder Class - 2016 Series 2	—	—	—	11,570	56,114	0.21
Founder Class - 2016 Series 3	—	—	—	836	30,022	0.03
Founder Class - 2016 Series 4	—	—	—	17,718	62,591	0.28
Founder Class - 2016 Series 5	—	—	—	9,004	50,000	0.18
Founder Class - 2016 Series 7	—	—	—	2,532	52,504	0.05
Founder Class - 2016 Series 8	—	—	—	5,423	81,682	0.07
Founder Class - 2017 Series 1	(1,007)	25,530	(0.04)	—	—	—
Founder Class - 2017 Series 4	1,950	30,484	0.06	—	—	—

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 Class UA units;

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Related party transactions (continued):

- (ii) 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;
- (iii) 1/12 of 1.5% of the aggregate of the net asset value of the Founder, Class I and Class UI units; and
- (iv) 1/12 of 1.25% of the aggregate of the net asset value of the Class W and Class UW units.

(b) Performance fees:

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, Class UA, Class F, Class UF, Class I, Class UI, Class J, Class UJ, Class W and Class UW series exceeds the previous high water mark.
- (ii) 10% of the amount by which the performance of each Founder series exceeds the previous high water mark.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Related party transactions (continued):

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. The Investment Manager has not elected to absorb certain expenses of the Fund in 2017. For the year ended December 31, 2016, the Investment Manager absorbed \$10,287 in audit fees and \$6,132 in administration fees.

(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 measured at the exchange amounts. As at December 31, 2017, 111.4433 of Class A units and 111.2857 of Class F units were held by the Investment Manager and 34,253.2927 of Class E units and 14,319.0149 of Founder units (2016 - 106.8436 of Class A units, 106.7903 of Class F units, 294,833.9293 of Class E units and 68,428.0359 of Founder units, respectively) were owned by unitholders related to the Investment Manager.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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, 2017 is approximately \$141,682 (2016 - \$20,338).

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 long position in ETFs is equal to the total fair value of the investment in those respective ETFs at any given point in time. The Fund did not have control or any significant influence on these ETFs and, the following, meet the definition of unconsolidated structures entities:

As at	ETF	Place of business	Fair value amounts	Proportion of interest owned
December 31, 2017	iShares Canadian S&P/TSX Capped Energy Index ETF	Canada	\$ 404,910	0.04%
December 31, 2017	iShares iBoxx High Yield Corp Bond ETF	United States	16,783,266	0.08%
December 31, 2017	SPDR Bloomberg Barclays High Yield Bond ETF	United States	16,982,526	0.11%
December 31, 2016	iShares iBoxx High Yield Corp Bond ETF	United States	\$ 8,489,900	0.03%
December 31, 2016	SPDR Bloomberg Barclays High Yield Bond ETF	United States	8,479,122	0.05%

The Fund may invest in or hold a short position of 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. The maximum exposure to loss from interests in short positions can be unlimited.

The fair value of these ETFs, if any, are disclosed in investments in the statement of financial position and listed in the schedule of investments.

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.

EHP GUARDIAN FUND

Notes to Financial Statements (continued)

Year ended December 31, 2017

11. Subsequent events:

The Fund has evaluated the effect of subsequent events on the Fund's financial statements through March 27, 2018, which is the date the financial statements were available to be issued. For the period from January 1, 2018 to March 9, 2018, the Fund had subscriptions of \$4,210,791 and redemptions of \$37,484,990.

Effective January 1, 2018, the Fund has changed its distribution frequency from weekly to monthly.