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Q3 2021 Fund Commentary

September lived up to its reputation as a difficult month for markets, more or less erasing the respectable gains from the summer months, and leaving Q3 returns on either side of zero for most developed markets. The narratives that drove markets during the quarter included: the rise and fall of the delta variant 4th wave, rapidly increasing concerns that inflation may not be transitory after all, and the U.S. Fed confirming that the conditions have been met to start the tapering of asset purchases (but with important caveats that they could hold off if the data worsens, and that the threshold for actually raising interest rates is meaningfully higher than for tapering). These various narratives had seen investors rotate out of value and into growth stocks from April to August, only to rush back into value as interest rates moved higher after the most recent Fed meeting.

The long overdue 5% pullback in the last few weeks of September felt very much like a de-leveraging by long/short funds, with high quality long positions and growth stocks dumped, while low quality, high beta shorts were covered (the opposite of what is typical during a market pullback). With market participants apparently caught overweight long-duration growth stocks again, we should assume as interest rates continue to press higher, that weakness in growth stocks will persist, in a manner similar to Q1 of this year. The pullback (so far) hasn't had the typical hallmarks of a major risk-off event. High yield bonds remain remarkably stable despite the equity weakness, and the typically flight-to-safety U.S. dollar moved higher, but not dramatically so. The VIX Index was also muted as it appears ample protection had already been bought, leaving mostly sellers of protection despite the market weakness. The implication is that this is most likely a normal check-back that respects the upward market trend, and a repositioning that sets up for a stronger cyclical rally into the typically seasonally strong Q4. That said, our risk process has responded to market weakness unemotionally, partially reducing beta across the fund as we enter Q4, and with markets sitting at key levels that will decide our next actions.

Inflation, stagflation, or none of the above?

We've talked in recent commentaries about our belief that we are likely in a "transitory for longer" inflationary environment, as opposed to the temporary reopening inflation that central banks are counting on in order to justify maintaining rates at low levels. In recent months the concern has grown that many of the aspects driving inflation may not be solved as quickly as hoped, including backed up cargo ships, chip shortages, and rising input costs. Labour costs are particularly sticky, with recently increased wages difficult to reduce in the future. Anecdotally, it's been a long time since we've seen as many help-wanted signs in retailer and restaurant windows. While some of this will resolve itself as Covid unemployment benefits roll off, it's clear that labour is asking for, and is getting, a bigger share of the pie as they return to work. Commodities, which have effectively been in a 5+ year bear market (some would argue as long as 10 years), are now in high demand, with inventories drawn down faster than new supply can come online. The effect can be seen in the price of lumber, natural gas, coal, oil, steel, fertilizer, and many others. Perversely, the ESG investment theme is having the unintended consequence of making the problem worse as governments and investors mandate a switch to environmentally friendly commodity supply and alternative energy sources faster than these replacements can actually come online. With the energy sector starved of investor capital and facing increasing regulatory constraints, coincident with rising demand as the economy reopens, we should not be surprised to see higher prices and supply shortages globally, like those now occurring in Europe. All this to say that there is ample evidence that inflation may be with us for some time, and investors have been caught off guard as evidenced by the following chart:

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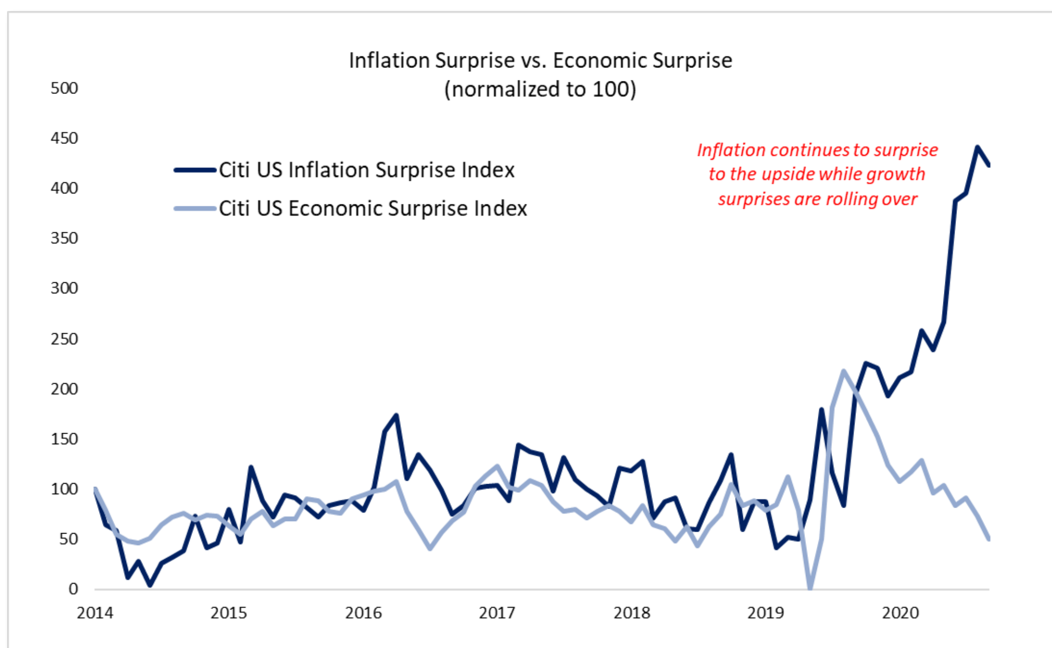

Source: Citi, Bloomberg

The chart implies that following the initial growth spurt from the massive central bank and fiscal stimulus, growth has underwhelmed optimistic forecasts, while inflation has surprised to the upside. If this persists, we run the risk of a period of "stagflation" where growth simply can't compete with rising prices, squeezing company margins, and crushing equity multiples. That said, these tend to be mean-reverting indicators, and as investors adjust to current conditions they become less and less "surprised" by new data. In fact, the most recent higher frequency data shows this already happening, with inflation increases becoming more anticipated, and with growth again improving faster than expected. While we obviously can't know whether inflation will end up being persistent or not, given most investment managers active today weren't running money in the 1970's, it's worthwhile understanding historical returns of assets and strategies during these periods. The chart on the right summarizes the data from an excellent academic paper published this year, where the authors examined *real* annualized returns during inflationary periods (as measured by a CPI above 5% over a rolling 2-year period from 1926-present). The results are stark – almost all traditional assets lose money on a real return basis.

Asset Class	Inflation Regimes	Normal Regimes
TIPS	2%	3%
U.S. 10 Yr Bonds	-5%	4%
60/40	-6%	8%
Equities	-7%	10%
U.S. Investment Grade Bonds	-7%	6%
U.S. High Yield Bonds	-7%	6%

Sectors	Inflation Regimes	Normal Regimes
Energy	1%	8%
Health Care	-1%	11%
Materials	-6%	11%
Consumer Discretionary	-6%	11%
Telcos	-7%	9%
Industrial/Manuf.	-8%	11%
Utilities	-9%	10%
Financials	-9%	11%
Technology	-9%	12%
Consumer Staples	-15%	13%

If we decompose returns by sector, we see that consumer staples, with margins squeezed, do worst, followed by long duration growth stocks in the technology sector. Energy stocks keep pace with inflation, as do health care stocks where inelastic pricing it is easier to pass on costs to consumers.

It's clear from the data, however, that earning real returns with long only assets is a real challenge, and the rising yields that typically accompany inflation damage the traditional 60/40 model.

So, does anything work well during periods of inflation? Thankfully, alternative assets can add real value in this regard. The paper also examines a mix of alternative strategies, many of which we use in our funds. Trend and momentum-based strategies, which can go long assets or equities that are working, and short those that are not, have some of their best returns in inflationary environments as trends last longer, and run further, than expected. The quality factor adds consistent value in all regimes, and value stocks keep pace. Notably, smaller capitalization stocks, which have fewer options to weather margin compression or pass costs on to consumers, lose money relative to their large cap counterparts. On the alternative asset front, gold, wine, and art outpace inflation, although the later two are less practical as liquid investment strategies. What's clear from the data is that for investors to keep pace during periods of inflation, alternatives are a necessary component of investment portfolios, partially replacing traditional stocks and bonds.

Alternative Strategies	Inflation Regimes	Normal Regimes
Trend - Multi Asset	25%	15%
Trend - Commodity	20%	8%
Momentum Factor	8%	4%
Quality Factor	3%	3%
Value Factor	-1%	2%
Low Volatility Factor	-3%	8%
Small Size Factor	-4%	1%

Alternative Assets	Inflation Regimes	Normal Regimes
Gold	13%	-1%
Wine	7%	2%
Art	5%	6%
Residential Real Estate	-2%	2%

Source for charts: The Best Strategies for Inflationary Times, HENRY NEVILLE, TEUN DRAAISMA, BEN FUNNELL, CAMPBELL R. HARVEY, and OTTO VAN HEMERT, May 25, 2021

An update on speculation and SPACs

One of the themes we've been highlighting in our recent commentary is the excessive levels of speculation that has been a feature of markets for a number of years, but peaked in Q1 of this year in a crescendo of risk taking marked by the massive rallies in "meme" stocks, the blow up of Archegos capital, historically high levels of short-term call option buying by retail traders, and the large issuance of SPACs which were used as a primary vehicle to take public less-than-stellar businesses public through reverse mergers. One criticism of SPAC mergers has been that they are far less restrictive than a traditional IPO in terms of the ability of promoters to provide very optimistic forecasts of future business prospects, and we've been highly critical of the rise of some of these "nonsense" stocks that trade on massive multiples of future (pretend) sales. At the time we highlighted Quantumscape, an ex-SPAC battery maker that expected no *revenue* until 2024 but traded at a $38 billion valuation. Since then, the stock has fallen 80%, leaving the mostly retail buyers at the top saddled with massive losses. The speculation has not been wrung from the markets yet, as evidenced by the upcoming IPO of EV carmaker Rivian, the "Ferrari of Teslas", which had a nearly $1 billion loss in the last 6 months, but is seeking an $80 billion valuation. It's clear that the Reddit crowd can only take so much, however, and we've seen a marked decrease in speculative activity overall. Small option call buying has come well off from historically high levels, and there has been an uptick in bearish small option put buying. The "de-SPAC" index is also good proxy for levels of speculation, as it tracks a basket of former SPACs that have successfully completed a merger. You can likely guess what level of actual cashflow and profits these companies collectively earn (much less than zero), and the chart below highlights the overall willingness of investors to bet on the future growth of these companies:

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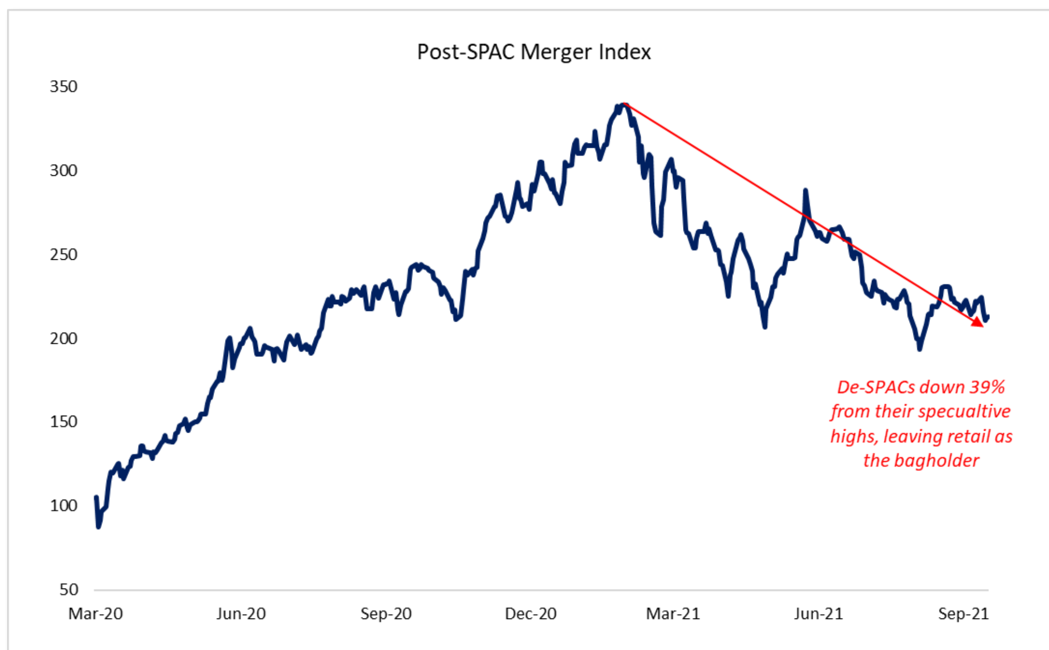


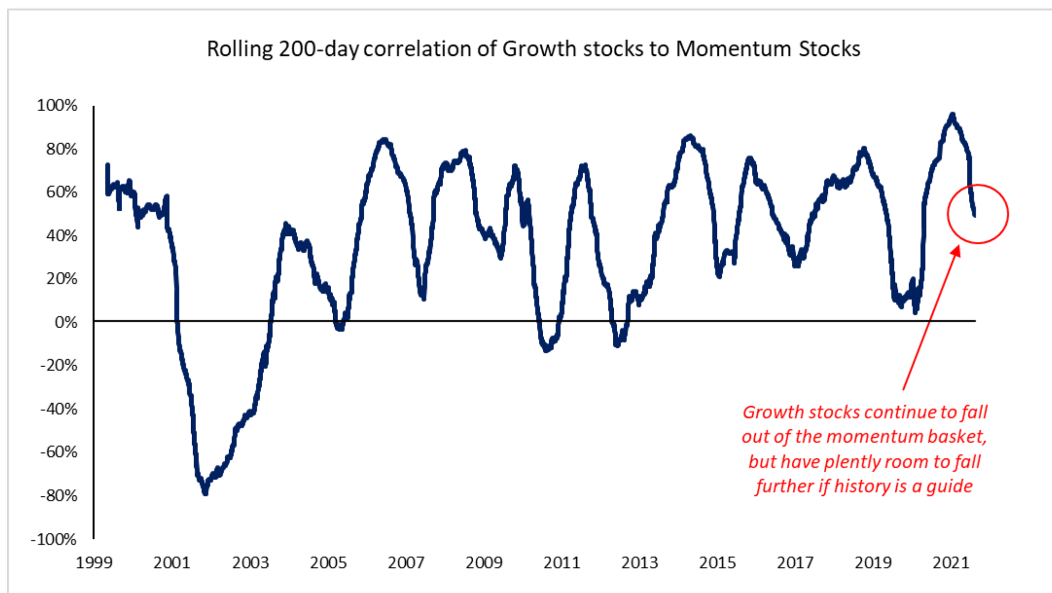
Source: Bloomberg

The picture isn't particularly pretty, with the index peaking in mid-February of this year, alongside peaks in other "momentum machines" like the ARKK Innovations ETF and bellwether stocks like Tesla. From an investment perspective, this has created a real opportunity in SPACs, and the universe of SPACs searching for a deal (of which there are 462 trading today) has gone from a -4.5% "Yield to Redemption" return in February, where every single SPAC traded at a premium to trust value, to a +2.1% average Yield to Redemption today. While a 2.1% return doesn't seem all that exciting on the surface, this is the return assuming that every SPAC is eventually liquidated, and the trust cash is returned. With some reasonable assumptions about when these SPACs can find deals, which pulls forward the timeline for getting your cash back with interest (or selling the shares in the market above trust value), the return can quickly jump to an unlevered 5-7% annualized. Importantly, these are essentially risk-free returns, as there is no credit risk or deal-break downside unlike high yield debt or a vanilla merger arb. In fact, in our newer EHP Strategic Income Fund, SPACs have a place today in the portfolio, as they should in any bond portfolio, as they compete favourably against high yield debt that carries historically tight yields and credit risk. While we can't know how long these conditions will last, the latest batch of SPAC IPOs have enhanced terms such as overfunded trusts (i.e., you are buying more than $10 of cash at the $10 IPO price), better warrant coverage, and shorter timeframes to consummate a deal, all in an effort to entice buyers. Gone are the days of the "SPAC pop" where every deal announcement saw the SPAC trade materially higher, and we've said before that don't believe it will return this cycle. But that environment isn't needed to have healthy, stable returns with a "buy to redeem" strategy. We continue to take advantage of the dislocation in the SPAC market, subject as always to our constraints on fund liquidity and concentration in any one asset class.

The Growth vs. Value story, part 27

While it feels like we are endlessly highlighting the growth vs. value story, as do commentators on financial news networks, we think that in many ways tracking these investment styles is one of the most important elements of being positioned correctly for changing market regimes and sector/asset class allocations. Ultimately, investor preference for growth, vs. value, vs. yield is a reflection of the collective beliefs of where macro drivers like interest rates and market multiples are headed, and of the money flows that result. As mentioned above, if the current concern of persistent inflation comes to pass, then we are still in the early days on what could be the great unwind of years of speculation and high equity multiples. This unwind doesn't necessitate a market crash, but being properly positioned across styles

and sectors will likely make the difference between good and bad relative returns even in an ongoing bull market. Momentum investing is distinct from growth investing in that momentum seeks to own whatever is currently working, and avoid whatever has not been, whereas growth seeks to own stocks with the best revenue or earnings growth while avoiding the worst. As such, momentum can be a useful indicator to see where we are in the cycle as it naturally rotates among sectors and styles over time. The chart below shows the rolling 200-day correlation of the momentum factor to the growth factor. After peaking at an almost perfect correlation of 1 earlier in the year, meaning that essentially all momentum stocks were growth stocks, the correlations have been rapidly falling as investors begin to favour dividend paying stocks and more cyclical value stocks.



While correlations have fallen, they have a way to go before hitting levels that would typically mark a trough in investor preferences for growth stocks. We've also argued that this cycle looks most like the dotcom boom that peaked in 2000, in terms of overall market multiples and levels of speculation. If the unwind of this cycle is anything similar, it could eventually be a very ugly bear market for tech-heavy indices, where correlations between growth and momentum fell to -80% by 2002, and where almost all growth stocks where in a prolonged bear market. During this same period, reasonably priced, lower volatility, higher quality businesses with real cashflow performed admirably, and we remain well positioned in the Funds to outperform in the event history repeats, favouring just these types of stocks in financials, materials, industrial and energy sectors.

Where to from here?

Despite the frustrating end to the quarter that has taken broad equity markets to levels that sit right at our key risk levels, we remain optimistic that a more protracted pullback in markets can be avoided. In some ways, much like last November when the vaccine news came out, the fact that investors have rushed once again to sell expensive and defensive stocks, while covering the most cyclical, highest beta shorts, lends credence to our view that the overall trend favours a revisit to a period of "good" inflation and steepening yield curves as investors look through the recent growth scare, and on to the next leg of expansion. October can also be a volatile month, and earnings outlooks will matter, but seasonality favours stability and higher markets into year end. We enter Q4 with the Funds "hedging their bets" - partially risk off in equities, but still long high yield debt, and overweight higher quality, more reasonably priced stocks in financials, materials and industrials. We continue to avoid expensive growth stocks, although they are not yet outright shorts either, as trends have yet to move them to the bottom of the momentum pack. With the Fed clear that they are past "talking about talking" about tapering, and on to the very earliest stages of pulling back support, we anticipate that

yields will continue to trend higher, and as such we continue to avoid bond-proxy utilities and reduce consumer staple holdings. As always however, while we clearly have investment views and seek to understand how cycles evolve, we implement our portfolio risk in a strictly unemotional manner, with a process that can quickly change gears to adapt to ever changing markets. We thank you as always for trusting us with your investment dollars.

Fund Specific Commentary

Summary of Returns (F-Class):

Fund	1M	3M	YTD	1YR	3YR	Inception
Defensive/Conservative Funds:						
EHP Foundation Alternative Fund	-1.1%	0.2%	7.9%	9.8%	5.1%	5.4%
EHP Foundation International Alternative Fund	-1.7%	-0.1%	5.1%	3.7%	2.7%	3.3%
EHP Global Arbitrage Alternative Fund	-0.3%	-1.5%	3.8%	7.7%	7.9%	8.7%
EHP Strategic Income Alternative Fund*						
Core/Moderate Funds:						
EHP Advantage Alternative Fund	-3.8%	-0.1%	9.4%	9.0%	6.4%	6.1%
EHP Advantage International Alternative Fund	-2.5%	0.9%	8.4%	3.0%	3.6%	4.0%
EHP Select Alternative Fund	-4.9%	-4.8%	13.9%	29.6%	16.2%	15.0%
EHP Global Multi-Strategy Fund	-3.0%	-1.2%	8.3%			

*Returns for the EHP Strategic Income Alternative Fund are available after 1 year of track record as per National Instrument 81-102

Defensive / Conservative Funds

EHP Foundation Alternative Fund

The Fund was up 0.2% over the quarter, with small positive performance from Canadian long/short equity, Credit, and U.S. long/short equity, while Merger Arbitrage was a small detraction from returns. The Fund spent the bulk of the quarter at the higher end of its risk range, although the market pullback in the last few weeks of September has triggered a portion of our risk levels, having us partially reduce exposure. Notably, the high yield market remained resilient in the face of equity market weakness and a sharp sell-off in treasuries, and remains the preferred holding as we enter Q4.

From an equity factor perspective, it was a mixed quarter, with September essentially the opposite of the prior two months in terms of what worked and what didn't. The market continues to ebb and flow alongside the pandemic, and fears over the delta variant wave pushed investors out of cyclicals and into growth names over the summer. That reversed sharply in September however, as it became clear that delta is receding. With persistent inflation and the Fed ever-slightly more hawkish, rates jumped higher, causing interest sensitive growth, dividend yield and low volatility stocks to sell off, and lower quality, deep value, "reopening" equities to surge once again. The Fund gave back some gains during the sell-off in September, but losses were moderate given the generally low beta even when at the higher end of its risk range.

With all of our risk triggers at or just below current market levels, any further weakness will quickly move the Fund to the sidelines in terms of beta risk. We're optimistic, however, that as the de-risking runs its course, that the market, and the Fund, is well set up for a cyclical rally into the seasonally strong end of the year, and we stick with higher quality,

more reasonably priced, dividend paying stocks in energy, materials and industrial sectors, while remaining underweight interest and inflation sensitive staples, utilities and REITs.

EHP Foundation International Alternative Fund

The Fund was down -0.1% over the quarter, with small positive performance from Japan and U.K. long/short equity, as well as Credit, while European and Australian long/short equities detracted from returns. The Fund spent the bulk of the quarter at the higher end of its risk range, although the market pullback in the last few weeks of September has triggered a portion of our risk levels, having us partially reduce exposure. Notably, the high yield market remained resilient in the face of equity market weakness and a sharp sell-off in treasuries, and remains the preferred holding as we enter Q4.

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EHP Global Arbitrage Alternative Fund

The Fund was down 1.5% over the quarter, with the bulk of losses occurring in July as the knock-on affect of the Willis Towers Watson / AON deal break infected the arb market, causing numerous spreads to widen in a wave of de-risking. Some of the widening could be considered an overreaction to what was an unrelated event, but it has also become clear that the FTC is serious about taking a much more active role in suing to block mergers in sensitive industries or in mega-caps where they believe competition will be lessened. This requires a higher deal risk premium, and we believe that adjustment has worked its way through the market, with more stability returning to spreads in recent months. The Fund participated in over 100 traditional arbitrage opportunities, and holds 58 positions as of the end of September. SPACs now account for 20% of the Fund, represented by 83 positions. SPACs detracted slightly from returns during the quarter as spreads continued to widen, with pressure from speculators exiting the asset class, alongside SPAC arbs selling down existing holdings to make room for better priced new issues with incentives for sponsor investors, overfunded trusts, better warrant coverage and shorter timelines for deal completions. Our approach has been to continue to buy and then redeem SPACs with attractive, essentially risk-free returns, and its likely that SPAC spreads are about as wide as they are likely to get relative to other credit spreads. While of course spreads can widen further as rates go higher, both SPACs and vanilla merger arb are considered short duration instruments, and actually benefit from being able to recycle capital into wider spreads every 3-6 months.

The traditional merger market continues to be robust with ample new deals and as credit markets remain highly supportive. Deal break risk has increased as noted above, and timelines have been stretched as well as competitive reviews are more common and taking longer to complete. Spreads remain quite wide as a result, and remain particularly compelling when measured against very tight high yield and corporate bond spreads. The Fund enters Q4 with an

approximate 3.4% gross spread over an average deal life of 75 days. These calculations assume no deal breaks, but also no higher competing bids, and assume deals close on the timelines we anticipate.

EHP Strategic Income Alternative Fund

The Fund launched June 1, 2021, and finished the month with a NAV per Class F unit of $10.1935. As per National Instrument 81-102 regulations, return calculations can only be shown after one year of track record. The Fund is fully invested with our core long/short bond portfolio representing 50% of NAV on a net basis (95% long and 45% short), and our Credit Momentum strategy (which rotates between U.S. High Yield debt and U.S. 30-Yr Treasuries) in a "risk-on" position, with a long 30% weight in U.S. High Yield ETFs. These ETFs serve both as a "liquidity buffer", as well as an effective way to quickly reduce credit risk in the event our risk indicators roll over. Risk Arbitrage opportunities, which are primarily in SPACs with the highest yields-to-maturities, round out the portfolio at 19% of NAV.

We enter Q4 with credit risk at the higher end of its range, with duration at 2.4, and net yield of 3.5% (excluding the estimated yield from SPACs). In the third quarter, the fixed income market flip-flopped, trading in a range, with credit risk being better bid in the second part of the quarter. The Bloomberg Barclays US Aggregate Bond Index returned 0.05% during the quarter (but it is still down 1.55% for the year) while the Bloomberg Barclays US Corporate High Yield Bond Index was up 0.89% in the quarter (advancing the year's return to 4.53%). During the quarter, the new issue activity in the high yield market has been robust with over US$102 Billion priced, further padding the record year to date sales tally to US$390 Billion. Spreads on investment-grade corporate bonds ended the quarter at 84 basis points over Treasuries, just 4 basis points wider than the end of Q2, but still at historically low levels. Similarly, the risk premium on high-yield debt ended the quarter at 2.89 percentage points, only 21 basis points wider than at the end of Q2. We continue to believe that the historic low spreads coupled with near historic low treasuries yields create a negative skew and we are comforted by having the ability to short higher risk bonds and to gear the risk down when the market regime changes.

We have been active trading the portfolio as the markets have shifted, and now have exposure (long and short) to 100 new issuers that we were not exposed to at the end of Q2. A few more notable sectoral changes including reducing exposure to basic materials from 12.5% to 6.4%, increasing healthcare exposure from 4.6% to 8.1% and changing the REIT exposure from -2.3% to +3.1%. The Fund's largest sector exposure remains energy, albeit lower than at the end of Q2, down from 15.5% to 13.2%.

As we noted in the monthly update, early in August, our high yield risk indicator went "risk off", moving us temporarily into defensive U.S. Long Bonds, and as risk appetite quickly returned, we rotated back into high yield before the end of the month. These portfolio shifts were additive to the Fund's return.

Core / Moderate Funds

EHP Advantage Alternative Fund

The Fund was down -0.1% over the quarter, with small positive performance from Canadian long/short equity, Credit, and U.S. long/short equity, while Merger Arbitrage was a small detraction from returns. The Fund spent the bulk of the quarter at the higher end of its risk range, although the market pullback in the last few weeks of September has triggered a portion of our risk levels, having us partially reduce exposure. Notably, the high yield market remained resilient in the face of equity market weakness and a sharp sell-off in treasuries, and remains the preferred holding as we enter Q4.

From an equity factor perspective, it was a mixed quarter, with September essentially the opposite of the prior two months in terms of what worked and what didn't. The market continues to ebb and flow alongside the pandemic, and fears over the delta variant wave pushed investors out of cyclicals and into growth names over the summer. That reversed sharply in September however, as it became clear that delta is receding. With persistent inflation and the Fed

ever-slightly more hawkish, rates jumped higher, causing interest sensitive growth, dividend yield and low volatility stocks to sell off, and lower quality, deep value, “reopening” equities to surge once again. The Fund gave back its gains to end the quarter essentially flat, a frustrating result, but given the nature of the pullback, which we believe was driven largely by hedge-fund de-grossing, it would be typical to see some mean reversion back to quality stocks as the de-risking runs its course, and “real” buyers return to the market.

With all of our risk triggers at or just below current market levels, any further weakness will quickly move the Fund to the sidelines in terms of beta risk. We’re optimistic, however, that as the de-risking runs its course, that the market, and the Fund, is well set up for a cyclical rally into the seasonally strong end of the year, and we stick with higher quality, more reasonably priced trending stocks in financials, materials, industrials and discretionary, while remaining underweight interest-sensitive utilities and REITs.

EHP Advantage International Alternative Fund

The Fund was up 0.9% over the quarter, with positive performance from Japan long/short equity and Credit, while U.K. and Australia long/short equity detracted from returns. The Fund spent the bulk of the quarter at the higher end of its risk range, although the market pullback in the last few weeks of September has triggered a portion of our risk levels, having us partially reduce exposure. Notably, the high yield market remained resilient in the face of equity market weakness and a sharp sell-off in treasuries, and remains the preferred holding as we enter Q4.

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EHP Select Alternative Fund

The Fund was down 4.8% over the quarter, leaving it up 13.9% YTD and 29.6% over the last year. Losses came entirely from long positions in higher quality cyclical stocks, which spent most of summer underperforming growth and defensive stocks as fears of the resurgent delta variant hurt the outlook for economic growth. Shorts added no value during the September pullback, as what appeared to be hedge-fund de-risking saw lower quality, high beta shorts covered, while quality, cash-flowing companies were sold off further. While we favour “value” stocks, we tend to avoid deeper value stocks with stressed balance sheets and low return on equity, and many of the “reopening” stocks like airlines, cinemas, and some energy stocks fit this definition. For the most part, these stocks actually have higher enterprise values than pre-pandemic, despite their share prices being lower by 50% or more – the result of a massive shift from equity to debt on their balance sheets. We favour stocks where the opposite is true. Canfor, for example, has a lower enterprise value than pre-pandemic, despite its share price having nearly tripled since then – the result of a windfall of cash that has turned them into a debt-free company. If inflation is stickier than originally expected, stocks like these will likely have another leg up, especially if economic growth re-accelerates as delta recedes.

With all of our risk triggers at or just below current market levels, any further weakness will quickly move the Fund to the low end of its beta risk. We're optimistic, however, that as the de-risking runs its course, that the market, and the Fund, is well set up for a cyclical rally into the seasonally strong end of the year, and we stick with higher quality, more reasonably priced trending stocks in materials, financials and discretionary sectors, while remaining underweight interest-sensitive or inflation sensitive utilities and technology.

Specialty Funds

EHP Global Multi-Strategy Fund

The Fund was down 1.2% over the quarter, and is up 8.3% from January 1, 2021. As a "fund of funds", the Fund holds interests in a number of our EHP alternative mutual funds, with a tactical approach to rotating assets to more defensive strategies as markets become more volatile, and our risk triggers are hit. The Fund had been positioned for a "risk on" environment, with a baseline exposure to our Global Merger Arb strategy which aims to provide consistent returns in all market environments, and with a tactical exposure to our Advantage and Select long/short strategies. If risk levels in these underlying funds continues to fall, the Fund will shift gears, and partially rotate to our more defensive Foundation strategies.

Disclaimers

Returns are for "F" class series of the Funds, are annualized and since inception unless otherwise noted, and are net of fees and expenses. Statistics are calculated using monthly returns. Partial year returns are unaudited. Index statistics use total return indices. The composition of the Funds' portfolio could differ significantly from the index due to the investment strategy employed, and includes differences such as use of credit strategies, use of equal weight positions, use of short positions, varying fund net exposure, varying currency exposure, and investing in small capitalization stocks. Unless otherwise noted, all values are in U.S. dollars. Source for all index data: Bloomberg.

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