STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at August 31, 2016

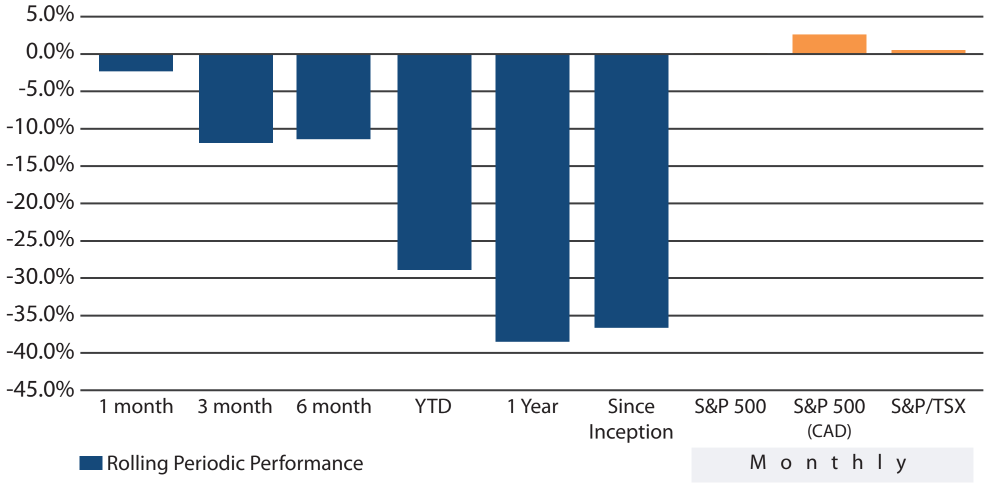
Fund Objective

The investment objective of the Fund is to provide consistent long-term capital appreciation with attractive risk-adjusted rates of return through market cycles, with a focus on risk management and capital preservation. The Fund aims to provide investors with higher returns, lower volatility and lower correlations to North American and global equity markets than a traditional long only portfolio. The Fund's portfolio investments will consist primarily of equity securities of North American and global issuers, but may also include global securities of all types.

Fund Details

Fund manager	**John Stephenson**
Launch date	**01 October 2014**
Liquidity	**Monthly**
Opening NAV	**$100**

Net Fund Performance



Performance Statistics*

1 month	**-1.91%**
3 months	**-12.04%**
6 months	**-10.90%**
Year to Date	**-29.16%**
Last calendar year	**-13.00%**
2 Years	**N/A**
3 Years	**N/A**
5 Years	**N/A**
Annualized volatility	**14.7%**
Sharpe Ratio (since inception)	**(1.48)**
Sharpe Ratio S&P 500 (since inception)	**0.09**

GICS Sectors[1]

Sector	Weight
Energy	**8.2%**
Materials	**4.2%**
Industrials	**1.2%**
Consumer Discretionary	**17.2%**
Consumer Staples	**3.7%**
Health Care	**4.9%**
Financials[2]	**10.6%**
Information Technology	**1.8%**
Telecommunication Services	**4.0%**
Utilities	**14.3%**
Other ETFs	**29.9%**

[1] Absolute Value of Gross Exposure by GICS Sector.
[2] Financials include REITs at 11.3%

*The performance data is based on the reporting share class of the Fund (shown in blue in the NAV table) and may be calculated using a different management fee to that shown in the Fund details. Share classes may be closed to new subscriptions. Annual returns presented are based on an investor being invested from the beginning of the fiscal year of the Fund. Returns will vary for investors who invested at other times. Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

Please refer to important information at the end of the document.

Geographic Distribution

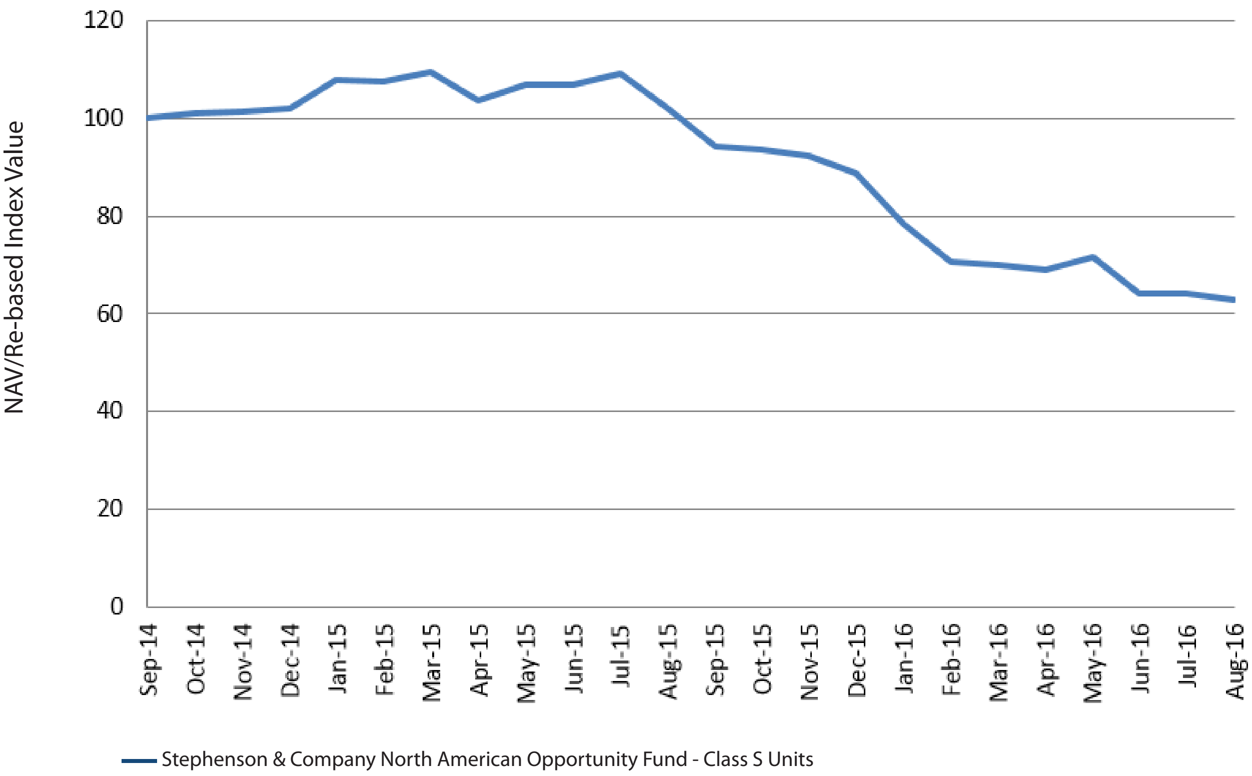
A. Region	Weight*	B. Currency	Weight*
Canada	**28.9%**	CAD	**35.4%**
US	**50.6%**	USD	**54.1%**
Europe (ex-UK)	**11.0%**	CHF	**5.5%**
UK	**9.5%**	GBP	**3.4%**
Japan	**0.0%**	EUR	**1.7%**
Other	**0.0%**	JPY	**0.0%**

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**104.4%**
Beta of the Fund	**0.13**
Volatility of the Fund (Annualized)	**6.6%**
Volatility of the S&P 500 (Annualized)	**5.9%**
Maximum Monthly Drawdown (Intra Month)	**2.08%**
Sharpe Ratio (Monthly)	**(3.67)**
Sharpe Ratio S&P 500 (Monthly)	**0.04**

Net Track Record



Monthly Commentary

Market Developments:

The Fund was down -1.91% (net of expenses) for the month of August, with U.S. long positions down -1.02% and non-North American long positions up +0.24%, while Canadian dollar long positions were down -0.27%. U.S. short positions were down -0.24% while Canadian dollar short positions were down -0.09% and convertible bonds were up +0.07%. Option strategies contributed a negative variance of -0.22% in August. The foreign exchange exposure of the Fund contributed a negative variance of -0.18% to performance, over the period.

Over the month, the S&P 500 was locked in a daily 1.5 per cent trading range, the smallest fluctuation since 1965. Prices of options to hedge against equity swings, almost entirely a function of volatility in the indexes, have been plunging.

The S&P 500 hit a record high of 2194 on August 15, yet the benchmark index ended down -0.1% on a price basis in August as concerns over the direction of the Fed's monetary policy began to weigh on investor sentiment.

Gains in technology, notably in the semiconductor space helped the S&P 500 eke out a modest gain on a total return basis in August. Netapp Inc. soared 29.79% while Micron Technology Inc. rallied 21.61% over the month. Consumer discretionary stocks were weaker in August with Coach Inc. falling 12.15% while Bristol-Myers Squibb Co. was the worst performer on the S&P 500—falling 24.68%.

The TSX benefited from a very strong bounce in Valeant Pharmaceuticals International, which soared 30.98% in August and by the contribution from energy companies. The materials sector, particularly the gold companies were hard hit, with Barrick Gold Corp (-21.82%), Kinross (-22.37%) and Yamana Gold Inc. (-28.92%) all swooned dramatically as the U.S. dollar moved higher in August and the prospect of an improving global economy began to dominate investor thinking.

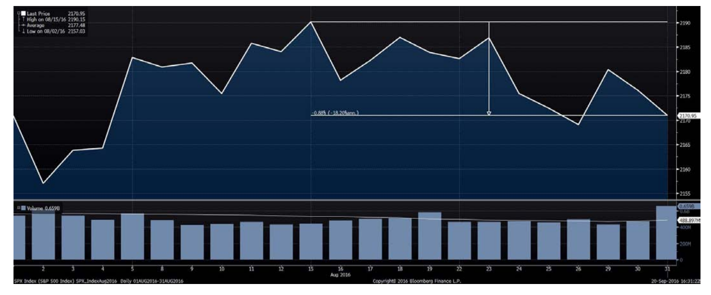
In August oil prices firmed with WTI moving from $40.06 per barrel on August 1, to a close of $44.70 per barrel by month end. Energy stocks in both Toronto and New York moved higher as crude prices rose with Chesapeake Energy Corp rising 24.75% in August while Crew Energy Inc. rose 20.07%.

On January 21 the correlation between the S&P 500 stock index and oil prices climbed to a multiyear high at 0.97 (they move together 97% of the time) as crude prices collapsed and recession fears increased. That same correlation moved as low as -.77 in July as the S&P 500 ran toward fresh highs.

July's robust non-farm payrolls report helped soothe concerns over the economy and shifted the markets' focus back to the outlook for Federal Reserve policy, lifting stocks at the beginning of the month. Despite some unexpected weakness in second quarter GDP news that a forecast-beating 255,000 jobs had been created in the U.S. in tandem with a modest improvement in wage growth and average hours worked indicated that the labor market is indeed healthy and near-term recession risks are reduced.

But earlier gains in the market that had been propelled by encouraging U.S. jobs data were challenged by hawkish comments by Federal Reserve Vice Chairman Stanley Fischer who seemed to suggest in a CNBC interview in Jackson Hole that a Fed rate raise could be on the table in September. From August 15 to the end of the month the S&P 500 fell -0.88% erasing most of the index's early gains.

Figure 1: Fed Speak can Make or Break Markets



Source: Bloomberg Finance L.P.

Wall Street's fear gauge, the CBOE Volatility Index fell in the early part of September to its lowest level in two years a sign that investors might be getting too complacent and could be caught off-guard by

an unexpected move in markets. The index stood at less than half the levels seen in January and June. Economic growth in the U.S. has been uneven, with labor markets gaining steadily while manufacturers struggle.

Volatility as measured by the VIX index drifted lower over the month before increasing in the last part of the month, peaking at an intra-month high of 13.65 on August 26. The VIX closed at 13.42 on August 31, an increase of 13.06% on the month.

The S&P 500 closed the month at 2170.95, an increase of +0.14% on a total return basis for the month. The S&P 500 returned +0.57% on a total return basis when expressed in Canadian dollars over the month. Returns across the various GICS sectors varied widely in August with the financial sector up 3.6%, followed by the information technology sector, which was up 1.8%, while the utility sector had the weakest performance, down -6.1% followed by the telecom sector, which was down -5.7%, over the period.

The S&P/TSX was up 0.23% on a total return basis over the month, with very differing performance amongst the GICS sectors. The healthcare sector had the best performance over the month, up 13.8% followed by the consumer staples sector, which was up 4.8%. The materials sector had the weakest performance, down -9.9% followed by the utilities sector, which was down -3.2%, over the month..

Fund Performance:

The Fund was down -1.91% in September reflecting primarily the negative contribution (-1.02%) of U.S. long positions and in particular the relatively high weighting of the Fund toward defensive sectors of the market. The hawkish comments from Fed Vice Chairman Stanley Fischer helped end the market's summer doldrums and erased most of the gains from the start of the month for the S&P 500.

Growth stocks were the beneficiary of the change in market tone half-way through August at the expense of defensive sectors which sold off hard. While the overall performance of the markets both in the U.S. and Canada were underwhelming the sentiment shift was quite remarkable. The utility sector on the S&P 500 sold off very hard, down -6.1% while the telecom services sector another classically defensive sector fell -5.7% in September. On the TSX the damage was felt mainly by the materials sector which tumbled -9.9% while the utilities sector fell -3.2%. The very poor performance of defensive sectors negatively impacted the Fund's performance given the Manager's decision to tilt the Fund toward more defensive sectors given the prevailing view in the market of lower for longer.

The Fund underperformed the S&P 500, which was up 0.14% in US dollar terms and underperformed the S&P500 which returned 0.57% when measured in Canadian dollar terms on a total return basis. The Fund also underperformed the S&P/TSX which was up 0.23% on a total return basis. The Sharpe Ratio for the Fund was -3.67, over the month. The fund's Sharpe Ratio was worse than that of the S&P 500 Index which had a monthly Ratio of 0.04.

The top four performers for the Fund during the month was a long position in Veresen Inc. (VSN—TSX), which contributed a positive variance of +0.62%, a long position in Duluth Holdings Inc. (DLTH—NASDAQ), which contributed a positive variance of +0.24%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Lloyds Banking Group PLC (LLOY—London), which contributed a positive variance of +0.23% and a long position in Keyera Corp. (KEY—TSX) which contributed a positive variance of +0.19% to the Fund.

The bottom four performers for the Fund include a long position in Milestone Apartment REIT (MST-U—TSX), which contributed a negative variance of -0.22%, over the month. Additionally a short position in Guess?, Inc. (GES—NYSE), which contributed a negative variance of -0.219%, over the period, while a long position in iShares MSCI All Peru Capped ETF (EPU—NYSE Arca), contributed a negative variance of -0.217%, over the month. A long position in Hanesbrands, Inc. (HBI—NYSE) contributed a negative variance of -0.207%, over the period.

Outlook:

The buyback trend in the U.S. seems to be slowing. More than 100 percent of the collective profits of S&P 500 companies were returned to shareholders last year. But in the first seven months of this year, U.S. buybacks were down 21%.

One test of the market will come from the Federal Reserve on September 21. Traders are pricing in a 26.3 per cent chance the central bank will raise borrowing costs at its September meeting, down from 34 percent before the August U.S. jobs report. The odds of a rate increase in December currently stand at 55%, up from a low of around 12% earlier this summer. Rate expectations have driven volatile trading in bank stocks, utilities, and other assets over the past year.

Most investors seem to be of the view that a rate increase will not be enough to derail the global economic expansion. Yet a gradual normalization of rates could potentially diminish the attractiveness of higher-yielding investments such as dividend stocks. The utilities sector, popular with yield-seeking investors, now trades at 19.3 times trailing 12-month earnings, compared with 18.4 for the S&P 500.

With recent economic data in the U.S. being decidedly disappointing the September Fed meeting should be a yawner. A data-dependent central bank will have to depend on seeing something better in order to hike in December.

Given the Manager's base case that monetary policy will remain lower for longer, the emphasis on dividend paying stocks should benefit the Fund in the months ahead. While growth (cyclical) names benefitted from a more hawkish tone from the Fed in August, the worsening economic indicators over the last few weeks will keep the Fed from raising rates in September putting the spotlight on the Fed for the December meeting.

Absent a surprise from the Fed in September the market is likely going to reward dividend-paying stocks in the near-term with the focus gradually shifting toward growth stocks as December approaches. The Fund's remains defensively positioned but with enough cyclical positions to hedge against the possibility that the Fed surprises in September.

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	61.5931
F	CAD	58.0448
I	CAD	NA
S	CAD	62.8691

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	6.0046
F	CAD	5.6955
I	CAD	NA
S	CAD	NA

Historical Performance (in percentage terms) [3]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD [4]
2014										1.03	0.36	0.61	2.01
2015	5.83	-0.26	1.78	-5.42	3.23	-0.05	2.03	-6.50	-7.47	-0.70	-1.52	-3.86	-13.0
2016	-11.75	-9.91	-0.80	-1.24	3.40	-10.19	-.15	-1.91					-29.16

[2] The share class in blue in the table above is the reporting share class for the Fund and may be closed to new subscriptions. Performance of other share classes shown may vary.
[3] Source: SGGG Fund Services Inc. Past performance is not a reliable indicator of future results.
[4] When 12 months of performance data is unavailable for a calendar year, partial year to date is shown.

Important Notes

Source: Stephenson & Company Capital Management and Bloomberg

There are inherent limitations in any comparison between a managed portfolio and a passive index. Indices are unmanaged and do not incur management fees, transaction costs or other expenses associated with a private fund. There are risks inherent in hedge fund investing programs.

Note to Investment Professionals: The information in the Monthly Report is being provided to current investors in the Fund and is being provided to their registered dealers for informational purposes only.

This is not sales literature and cannot be used as such.

The Fund is not a trust company and does not carry on business as a trust company and, accordingly, the Fund is not registered under the trust company legislation of any jurisdiction. Units of the Fund are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under provisions of that Act or any other legislation.

No securities regulatory authority has expressed an opinion about this Fund and it is an offence to claim otherwise. This Fund has not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of those laws.

Indicated rates of return are the historical annual compounded total returns, including changes in unit value and do not take into account sales, redemption, distribution or optional charges or income taxes payable by an investor that would have reduced returns. Performance is calculated net of all fees.

This document may contain forward looking statements which are based on expectations, estimates, and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Other events which were not taken into account may occur and may significantly affect the returns or performance of the Fund. Neither Stephenson & Company Capital Management nor the Fund undertakes any obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

The information provided herein is for informational purposes only and does not constitute a solicitation, public offering, advice or recommendation to buy or sell interests in the Fund, or any other Stephenson & Company Capital Management product. Please refer to the Fund's offering memorandum for more information on the Fund as any information in the report is qualified in its entirety by the disclosure therein.