STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at December 31, 2015

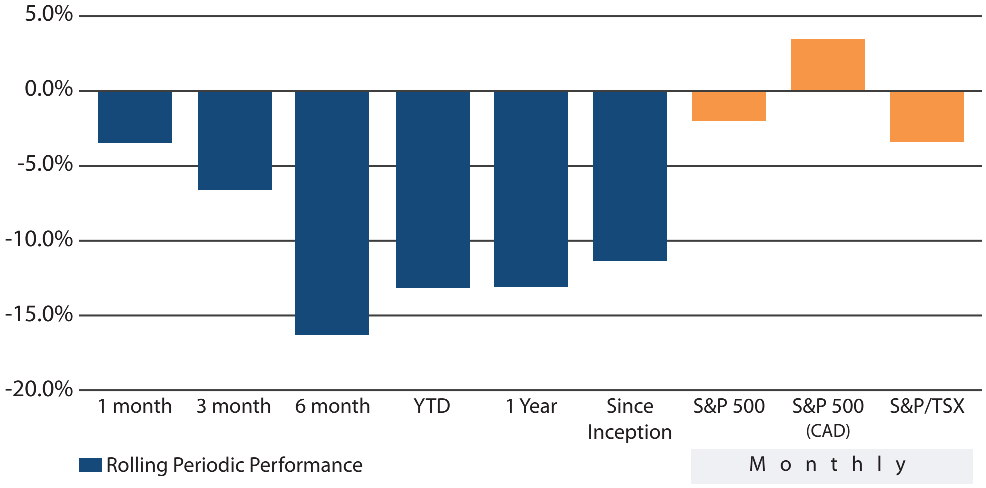
Fund Objective

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 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	**-3.86%**
3 months	**-5.99%**
6 months	**-17.02%**
Year to Date	**-13.0%**
Last calendar year	**2.01%**
1 Year	**-13.0%**
2 Years	**N/A**
3 Years	**N/A**
5 Years	**N/A**
Since Launch Date	**-11.25%**
Annualized volatility	**12.6%**
Sharpe Ratio (since inception)	**(0.89)**
Sharpe Ratio S&P 500 (since inception)	**(0.23)**

GICS Sectors[1]

Sector	Weight
Energy	**0.0%**
Materials	**8.1%**
Industrials	**4.7%**
Consumer Discretionary	**14.5%**
Consumer Staples	**8.8%**
Health Care	**13.4%**
Financials[2]	**28.1%**
Information Technology	**9.3%**
Telecommunication Services	**1.2%**
Utilities	**3.1%**
Other ETFs	**6.80%**

[1] Absolute Value of Gross Exposure by GICS Sector.
[2] Financials include REITs at 6.8%

*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	**8.4%**	CAD	**36.0%**
US	**68.4%**	USD	**44.0%**
Europe (ex-UK)	**12.4%**	CHF	**4.3%**
UK	**3.6%**	GBP	**5.8%**
Japan	**7.2%**	EUR	**4.4%**
Other	**0.0%**	JPY	**5.5%**

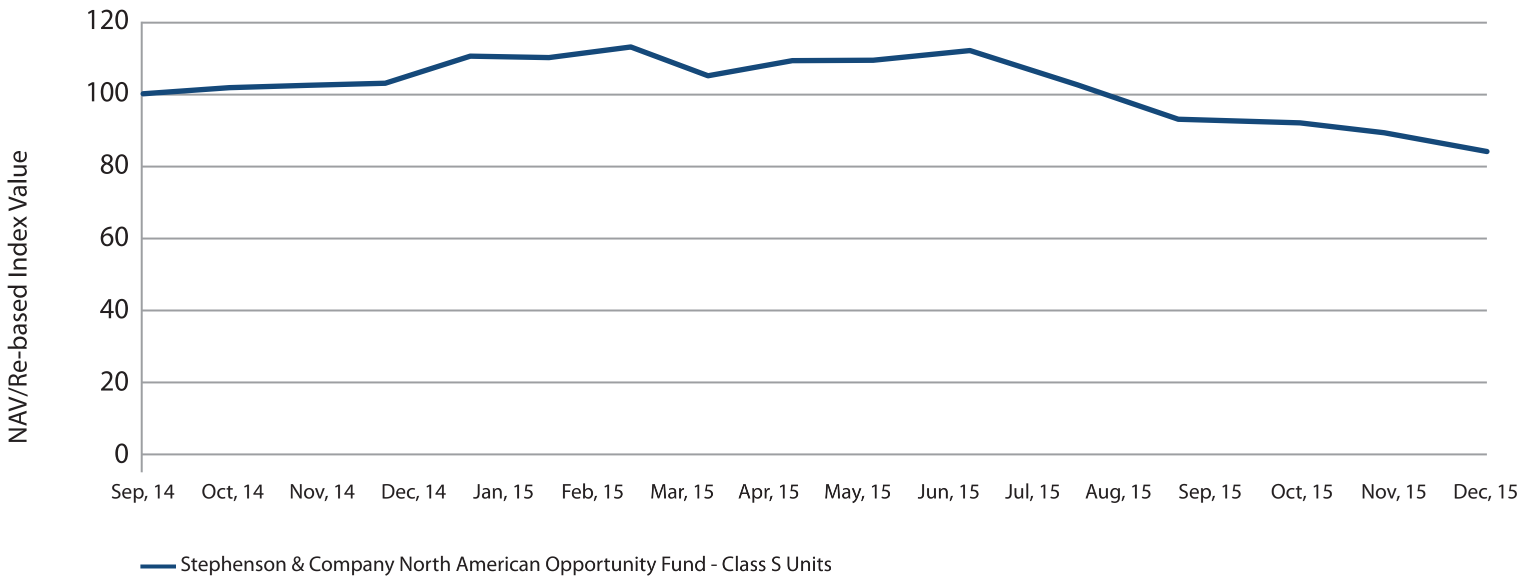
*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**76.82%**
Beta of the Fund	**0.81**
Volatility of the Fund (Annualized)	**19.5%**
Volatility of the S&P 500 (Annualized)	**18.5%**
Maximum Monthly Drawdown (Intra Month)	**5.21%**
Sharpe Ratio (Monthly)	**(2.50)**
Sharpe Ratio S&P 500 (Monthly)	**(1.15)**

Batting Average: 46.7% Percentage of up months since inception

Net Track Record



Monthly Commentary

Market Developments:

The Fund was down -3.86% (net of expenses) for the month of December, with US long positions down -2.377% and non-North American long positions up 0.302% while Canadian dollar long positions were down -0.960%. US short positions were down -0.227%, while Canadian dollar short positions were down -0.227% and the foreign exchange exposure of the Fund contributed a negative variance of -0.459% to performance, over the period.

The S&P 500 rallied 1.07% in the first trading day of December and then proceeded to fall -4.62% over the next thirteen trading days to an intra-month low of 2005.55 on December 18. The benchmark index then rallied 1.91% during the remainder of the month to close down -1.75% on the month. The peak to trough change in the S&P was a head-spinning 4.62% in December with much of the volatility occurring in the first three weeks of the month.

Through December 23, there were ten moves of 1% or more in the S&P 500 on a daily closing basis, the most for a December since 2008. An average of 7.8 billion shares changed hands daily in the U.S. stock market over the same period, well above the year-to-date average for 2015 and the average U.S. stock-trading volume the past three Decembers, when 6.1 billion shares changed hands a day. This has made the job of portfolio management exceedingly difficult for many market participants.

Corporate profit growth hit a wall this year, as plunging prices for oil and metals slammed energy and raw-material producers, the stronger dollar hurt exporters and economic growth remained tepid. Most analysts expect corporate profits to stabilize next year, but companies across many industries are struggling for revenue growth amid the still-slow global economy.

The market's big drop in August rattled investors because it hadn't happened since October 2011, an abnormally long time. Since the Second World War, investors have been hit with drops of at least 10 percent every nineteen months, on average. Going forward investors should brace for more big dips as stocks in the S&P 500 are no longer cheap relative to their earnings. The index is trading at 17.2 time its earnings over the past 12 months, higher than its average of 14.5 over the past decade.

The market is not only pricey but it is also sorely lacking in breadth. A narrowing focus on a handful of stocks is typically a sign of an exhausted rally, one where investors are out of ideas and pour money into the few areas they perceive as still being attractive bets. This was the case in the early 1970s and the late 1990s, which witnessed the increasing dominance of a few big winners and provided early warning of trouble ahead.

Today, once again, the list of market stars is narrowing. The so-called FANG stocks—short for Facebook, Amazon, Netflix and Google—provided most of the good news on Wall Street in recent months.

Add in a few more companies, such as Microsoft, Salesforce, Priceline, eBay and Starbuck's, and the list of last year's notable winners is nearly complete. In 2015, the top 10 stocks in the S&P 500 gained 13.9 per cent while, the other 490 stocks lost -5.8 per cent, the largest such spread since the 1990s.

Copper and zinc lost a quarter of their value in 2015 while nickel fell by more than 40 per cent as slowing growth in top consumer China, a supply overhang and a strong dollar hammered industrial metals. Meanwhile, gold's image as a safe haven asset has taken a battering as the metal saw its longest slump in more than 30 years.

Oil prices fell as much as 35 per cent for the year after a race to pump by Middle East crude producers and U.S. shale oil drillers created an unprecedented global glut that may take through 2016 to clear. But more important than its impact as the world's biggest commodity, oil and the market became one as illustrated in Figure 1.

Figure 1: Oil & the Market – In Lockstep

Source: Bloomberg LLP

Volatility as measured by the VIX index increased through to mid-month, peaking at a high of 24.39 on December 11. The VIX closed on December 31, at 18.21, an increase of 12.90 per cent on the month.

The S&P 500 closed the month at 2043.94, a decrease of -1.58% on a total return basis for the month. The S&P 500 returned 1.92% on a total return basis when expressed in Canadian dollars over the month. Returns across the various GICS sectors varied widely for December with the consumer staples sector up 2.5%, followed by the utilities sector, which was up 1.8%, while the energy sector was the biggest contributor to negative variance, down -10.0% followed by the materials sector, which was down -4.4% over the period.

The S&P/TSX was down -3.15% on a total return basis over the month, with most of the GICS sectors negative for the month. The health care sector had the best performance over the month, up 14.5% followed by the utilities sector, which was up 1.8%. The telecom sector of the index was the biggest contributor to negative variance, down -7.7% over the month, followed by the consumer discretionary sector which was down -5.7%.

Fund Performance:

The Fund's performance was disappointing in December, closing down -3.86% reflecting strong intra-month volatility in the S&P 500, with leadership alternating constantly between growth and value throughout the month. The benchmark index saw a peak to trough change of 4.62%, over the month as oil continued to drive the market in a haphazard manner. The Fund's performance was better when compared with the performance of the S&P/TSX.

The Fund underperformed the S&P 500, which was down -1.58% in US dollar terms and up 1.92% in Canadian dollar terms on a total return basis. The fund also underperformed the S&P/TSX which was down -3.15% on a total return basis. The Sharpe Ratio for the Fund was -2.50 over the month. The fund's Sharpe Ratio was worse than that of the S&P 500 Index which had a monthly Ratio of -1.15.

The top four performers for the Fund during the month was a long position in Evolva Holding SA Inc. (EVE-Swiss), which contributed a positive variance of +0.303%, a long position in Zurich Insurance Group AG (ZURN-Swiss), which contributed a positive variance of +0.183%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Biogen Inc. (BIIB-NASDAQ), which contributed a positive variance of +0.148% and a short position on Freeport-McMoran Inc. (FCX-NYSE) which contributed a positive variance of +0.139% to the Fund on an unrealized basis.

The bottom four performers for the Fund include a long position in Blackrock, Inc. (BLK-NYSE), which contributed a negative variance of -0.342%, over the month. Additionally a short position in Consol Energy Inc. (CNX-NYSE) which contributed a negative variance of -0.289%, over the period, while a short position in First Quantum Minerals Ltd. (FM-S&P/TSX), contributed a negative variance of -0.281%, on an unrealized basis to the Fund. A long position on The Blackstone Group LP (BX-NYSE) contributed a negative variance of -0.193% on an realized basis, over the period.

Outlook:

The volatility that we have seen in markets since August of 2015, while extreme, will likely continue for some time. The unprecedented actions of central banks in the wake of the 2008/09 global financial crisis have created broad distortions in asset prices of all types-from stocks to bonds to real estate.

These distortions are widely observable in the world around us, whether it's prospective homeowners entering into a bidding wars for homes in Toronto and Vancouver where they routinely bid $300,000 over asking despite the weak economic fundamentals of the Canadian economy or the relatively high stock market valuations vis a vie historic norms. But rather than being an isolated phenomenon this is a global phenomenon that has impacted assets of all types and distorted valuations and is a direct result of easy-money policies by central bankers. In short, if you make the cost of money cheap enough, people will spend it.

This "new normal" has created a situation of low growth, political dysfunction and rising inequality. Central banks in the wake of the financial crisis borrowed profits and growth from the future in the form of easy monetary policies. But now, central banks are out of ammo and others such as the U.S. Federal Reserve have started on a path toward normalization, but this path is untested and unprecedented. The unwinding of these extraordinary measures and the resultant distortions in asset prices that have been created will take time, likely resulting in continued volatility and uncertainty for investors.

Stock strategists, a normally bullish group, have curbed their enthusiasm for U.S. stocks with forecasts ranging from a paltry three percent rise in 2016 (Goldman Sachs) to a more robust 11 percent increase in the recent Deutsche Bank forecast. Nonetheless, all would be a step down from the robust gains of the past where the S&P grew 15 percent annually from 2009 to 2014, not including dividends.

While 2016 is likely to be challenging for most investors, there are still great investment opportunities in the market. Growth stocks are trading at a historically low premium to value stocks on the S&P 500 and European and Japanese shares look poised for growth in 2016 on the back of central bank stimulus.

Stocks will become attractive again once the expected returns become big enough to induce prospective buyers back into the market. With recent market volatility stocks are becoming more attractive but it will likely take expected returns north of 20% to induce investors back into the markets and drive them higher on a smoother more continuous basis.

The Manager believes that until markets reprice to make the expected returns attractive, the volatility, uncertainty and rapid reversals of market leadership are likely to continue. Accordingly, the Manager has raised cash balances, increased the Fund's allocation toward convertible bonds and reduced net market exposures until normalcy in the capital markets returns. As well, the Fund has entered into long strangles, a conservative option strategy designed for large price swings in either direction and/or the expectation of rising implied volatility, on a limited number of U.S. financials.

The Manager has been adding to the Fund's positions in Japan and Europe on pullbacks as it believes that the divergence in monetary policy between Europe/Japan and North America will likely result in outperformance of those stock markets.

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NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	87.3609
F	CAD	81.9409
I	CAD	NA
S	CAD	

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	8.2517
F	CAD	8.1119
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

[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.