STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at December 31, 2016

Fund Objective

The Fund is a global fundamental long/short fund whose portfolio investments will consist primarily of equity securities of North American and global issuers, but may also include global securities of all types. The investment objective is to provide consistent long-term capital appreciation with attractive risk-adjusted returns throughout market cycles. The Fund aims to provide investors with higher returns, lower volatility and lower correlation to North American and global equity markets than a traditional long only portfolio.

Fund Details

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

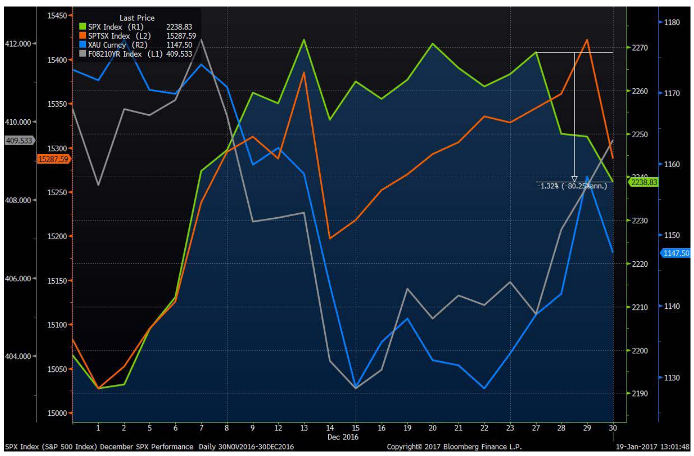
Monthly Commentary

Market Developments:

The Fund was up +0.74% (net of expenses) for the month of December, with U.S. long positions up +0.83% and non-North American long positions up +0.41%, while Canadian dollar long positions were up 0.28%. U.S. short positions were up +0.11%, while Canadian dollar short positions were down -0.56% and convertible bonds were up +0.14%. Preferred share positions were up 0.12%, while option strategies contributed a negative variance of -0.07% in December. The foreign exchange exposure of the Fund contributed a negative variance of -0.67% to performance, over the period.

The stock market was higher in December with the S&P 500, DOW and TSX all hitting new highs in the month. The Trump Bump continued in December as investors continued to believe that a reduced regulatory backdrop coupled with reduced taxes should continue to power corporate earnings. Stocks weakened in the last three or four days of trading on lower volume over the holiday period and bonds continued to slide in December while gold also slumped.

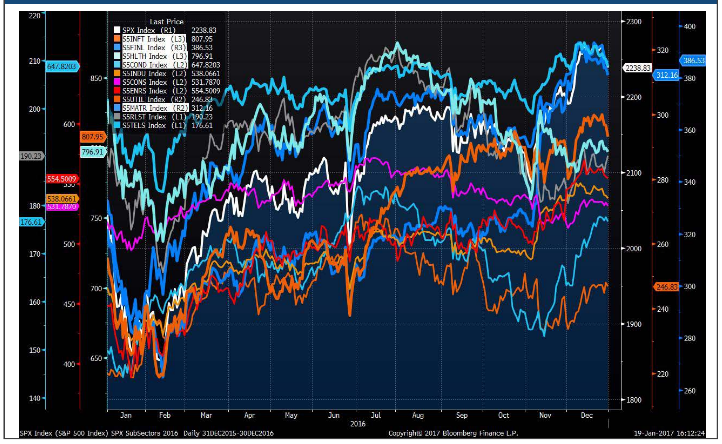
Figure 1: Stocks Were Higher While Bonds and Gold Were Lower In December



Source: Bloomberg Finance LP

The internal dynamics of the market were once again quite dramatic during December with leadership shifting from cyclical sectors to defensive sectors, such as the utility and telecom sectors which had not participated in the immediate aftermath of the U.S. election. This shift towards more defensive sectors of the market represented a catch-up for these sectors which had underperformed in November (e.g. S&P 500 utility sector was down -6.0% in the prior month).

Figure 2: There Were Dramatic Sectoral Shifts in 2016
(SPX Index and Sub-Sectors 2016)



Source: Bloomberg Finance LP

2016 was a dramatic, roller-coaster of a year as global markets were driven largely by political events. Whether it was Brexit or the surprise election of Donald Trump, political risk and investing went hand in hand last year. Interestingly, volatility wasn't concentrated in the actual realized volatility of asset prices but rather it was the market view around the global macro and policy outlook that made it an exceptional and difficult year for many investors.

The year for stocks began on a sour note, with the MSCI World gauge tumbling 2 per cent on the first day and U.S.

equities notching the worst-ever start to a year. A China-fueled turmoil sent stock markets from Tokyo to India into bear markets in the first two months of 2016. Oil reached a 13-year low while the dollar slid to its weakest level in a year—all before June.

The best Dow performer in 2016 was Caterpillar, which gained 36.46 per cent. UnitedHealth was also very strong finishing the year up 36.04 per cent. Nike was, by far, the worst performer of the year, down 18.67 per cent, its worst annual performance since 2008 when it fell 20.61 per cent.

Of the S&P 500 companies, Nvidia was the year's top performer, up about 223.8 per cent, followed by Oneok, which rose 132.8 per cent. On the flip side, Endo International was the year's worst performing stock in the S&P 500, down 73.1 per cent followed by First Solar, which fell 51.4 per cent.

During December the S&P 500 benefited by strong gains in technology and financial services companies with Nvidia Corp soaring +21.79% and Micron Technology rallying +18.61, over the month. Department stores took it on the chin during December with Macy's Inc. falling -15.58% and Nordstrom Inc., which fell -14.47%, over the month.

The TSX benefited from a strong bounce in financial stocks which were broadly higher in December. The index was led higher by Meg Energy Corp., which was up +22.25% in December and Bombardier Inc., which was up +18.77%, over the month. The index was negatively impacted by a swoon of -17.48% for Teck Resources Ltd. and a tumble by Empire Co. Ltd., which fell -14.84% in December.

Volatility as measured by the VIX Index decreased slightly at the beginning of the month and then increased slightly as the month progressed. The VIX Index closed the month at 14.04 for an increase of +5.33%.

The S&P 500 closed the month at 2238.83 an increase of +1.98% on a total return basis for the month. The S&P 500 returned +2.29% on a total return basis when expressed in Canadian dollars, over the month. Returns across the various GICS sectors were widely divergent with the telecom service sector up +8.1%, followed by the utility sector, which was up +4.6%, while the consumer discretionary sector and materials sector tied for the weakest performance, down -0.1% followed by the industrial sector, which was up +0.3%, over the period.

The S&P/TSX was up +1.59% on a total return basis over the month, with wide variances in the performance amongst the GICS sectors. The financial sector had the best performance over the month, up +3.2% followed by the utility sector, which was up +2.7%. The healthcare sector had the weakest performance, down -5.2% followed by the information technology sector, which was down -1.2%, over the month.

Fund Performance:

The Fund was up +0.74% in December as the stock market moved higher in anticipation of future tax and regulatory changes that should benefit American corporations. The results reflected the strong weighting of cyclical names which were slightly out of favor in month as defensive sectors played catch-up in December. The S&P 500 telecom services sector rallied 8.1% in December and the utilities sector returned 4.6%, over the period. Additionally a 1.32% selloff in the S&P 500 over the last four days of trading days in December reduced the monthly return.

The Fund underperformed the S&P 500, which was up +1.98% in US dollar terms and underperformed the S&P500 which returned +2.29% when measured in Canadian dollar terms on a total return basis. The Fund also underperformed the S&P/TSX which was up +1.59% on a total return basis. The Sharpe Ratio for the Fund was +0.92, over the month. The fund's Sharpe Ratio was not as good as that of the S&P 500 Index which had a monthly Ratio of +2.46.

The top four performers for the Fund during the month was a long position in Pizza Pizza Royalty Corp (PZA—TSX), which contributed a positive variance of +0.26%, a long position in Intesa Sanpaolo S.p.A. (ISP—Italy), which contributed a positive variance of +0.22%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in KeyCorp (KEY—NYSE), which contributed a positive variance of +0.19% and a long position in Discover Financial Services (DFS—NYSE), which contributed a positive variance of +0.16% to the Fund.

The bottom four performers for the Fund include a short position in First Majestic Silver (FR—TSX), which contributed a negative variance of -0.37%, over the month. Additionally a short position in Agnico Eagle Mines Limited (AEM—TSX), which contributed a negative variance of -0.19%, over the period, while a long position in Teck Resources Ltd. (TECK/B—TSX) contributed a negative variance of -0.186%, over the month. A long position in Encana Corporation (ECA—TSX) contributed a negative variance of -0.13%, over the period.

Outlook:

On election night, as the prospects of a Trump election began to rise, markets sold off sharply. Since that time markets have rallied sharply as investors focused on the

pro-growth and reflationary aspects of a Trump presidency, which led to a snapback in equities and other risk assets and a sell-off in safe haven securities.

Rising earnings and multiples for S&P 500 companies should push equity returns into the double digits for 2017. Additionally the energy sector will no longer be the drag on earnings that it was in 2016, and that should be another positive for stocks. If $50 per barrel oil prices hold and the Manager thinks that it can, then it means tremendous profit-margin growth due to the substantial amount of costs that have been taken out of the energy industry in these recent turbulent years. The S&P 500 earnings should grow in the 6-8 per cent range with half of it coming from the energy sector.

A shift in policy should favor more cyclical and speculative assets, such as value and small caps although the recent market gains have negated much of the small cap advantage. Research shows that low P/E stocks tend to do best when nominal growth rates are normal. By contrast, high P/E names outperform during periods of weak growth (the current recovery) or speculation (late 1990s). An acceleration in economic growth to more normal levels should continue boost the performance of value-oriented assets.

2017 will likely be about value investing in cyclical sectors and special situations beneath the veneer of major stock market averages and with active management finally surpassing passive investment management styles. The real money will be made on classic value investing that focuses more on company fundamentals than on Trumponomics.

The Fund is positioned to benefit from a strengthening U.S. dollar and the relative outperformance of the S&P 500 over the TSX. The Fund has a strong weighting toward U.S. equities and in cyclical sectors, particularly the financials. The Manager believes that while there may be some downside risk to the market in the short-term as the new American president takes office, the longer-term policy changes will likely be very bullish for U.S. equities.

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North American Opportunity Fund LP

Performance Statistics*

1 month	**0.74%**
3 months	**-5.80%**
3 Years	**N/A**
5 Years	**N/A**
Annualized volatility	**13.9%**
Sharpe Ratio (since inception)	**(1.71)**
Sharpe Ratio S&P 500 (since inception)	**(0.11)**

GICS Sectors[1]

Sector	Weight
Energy	**13.7%**
Materials	**2.5%**
Industrials	**0.0%**
Consumer Discretionary	**15.3%**
Consumer Staples	**0.0%**
Health Care	**16.0%**
Financials	**29.4%**
Information Technology	**16.3%**
Real Estate	**4.2%**
Telecommunication Services	**0.0%**
Utilities	**1.8%**
Other (ETFs & derivatives)	**5.0%**

[1] Absolute Value of Gross Exposure by GICS Sector.

*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	**32.5%**	CAD	**29.6%**
US	**57.2%**	USD	**63.2%**
Europe (ex-UK)	**4.9%**	CHF	**0.0%**
UK	**5.3%**	GBP	**4.5%**
Japan	**0.0%**	EUR	**2.7%**
Other	**0.0%**	JPY	**0.0%**

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**106.9%**
Beta of the Fund	**0.33**
Volatility of the Fund (Annualized)	**7.1%**
Volatility of the S&P 500 (Annualized)	**8.7%**
Maximum Monthly Drawdown (Intra Month)	**1.40%**
Sharpe Ratio (Monthly)	**0.92**
Sharpe Ratio S&P 500 (Monthly)	**2.46**

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	56.7029
F	CAD	53.6569
I	CAD	NA
S	CAD	58.1163

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	5.5256
F	CAD	5.2419
I	CAD	NA
S	CAD	NA

[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.

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.