STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at January 31, 2017

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

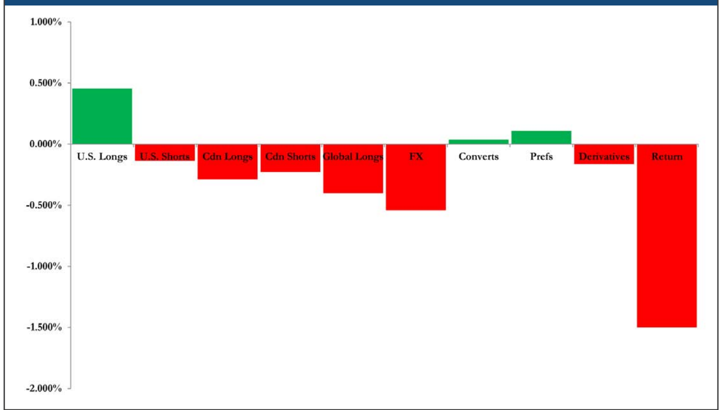
Fund manager	**John Stephenson**
Launch date	**01 October 2014**
Liquidity	**Monthly**
Opening NAV	**$100**

Monthly Commentary

Market Developments:

The Fund was down -1.50% (net of expenses) for the month of January, with most of the gains coming from the Fund's U.S. longs. The S&P 500 returned -1.22% in January on a total return basis when expressed in Canadian dollars. The S&P 500 was in sell-off mode for most of the month as concern over the likelihood that the new U.S. administration would be able to implement their agenda grew. The uncertainty over U.S. policy benefited the Canadian dollar, which strengthened unexpectedly during the month which negatively impacted the Fund's performance.

Figure 1: Contributors to Fund Performance in January

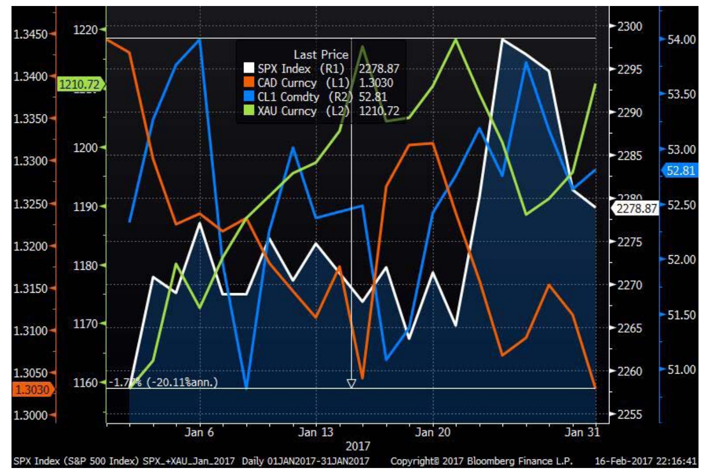


Source: SGGG FSI, SCCM

The S&P 500 moved higher in January finishing up 1.79% on a price basis while the Canadian dollar increased 1.77% during the month. Most of the gains came in just two trading days (January 24-25) when the S&P 500 surged 1.46% after which the market drifted lower for the remainder of the month. The reflation trade that was sparked by Donald Trump's November election continued to show signs of fading as the president's unorthodox approach to governing unnerved investors in equity and currency markets.

The U.S. administration's focus on trade has muddied the outlook for the U.S. dollar, which has fallen for the prior five weeks and given back more than half of the gains since Trump's election victory. The Canadian dollar benefited from the U.S. dollar weakness in January, strengthening by 1.77%, over the period.

Figure 2: Gold and the Canadian Dollar Strengthened while the S&P 500 was Volatile



Source: Bloomberg Finance LP

U.S. dollar bulls were taught a lesson by administration officials, who've repeatedly said that the greenback is too strong, upending speculation that they will focus on pro-growth policies that would boost the currency. On the last day of the month Trump said "We sit there like a bunch of dummies," while other countries devalue their currencies. Also adding fuel to the currency fire was Peter Navarro, head of Trump's National Trade Council, who said the euro is "grossly undervalued" in an interview with the Financial Times.

As uncertainty reigned supreme inside the Washington beltway, gold moved higher in January helping to lift the materials sectors of both the S&P 500 (up 4.6%) and the TSX (up 9.3%).

The Trump Bump was at a crossroads in late January as the new U.S. president began his first week, with analysts and investors calling for details on the proposals that have helped drive one of the biggest post-election stock market gains in history. As the rally begins to lose steam, bouts of profit taking emerged as the market awaited word on the new administration's actual policies.

Investors bought stocks and sold bonds in the immediate aftermath of Mr. Trump's surprise victory on the hopes that tax cuts, infrastructure spending and lighter regulation would translate into faster economic growth and healthier corporate earnings. But we are now at the point where the animal spirits unleashed by the Trump election victory meet the sausage making that is Washington D.C.

During January the S&P 500 benefited by strong gains in material and consumer discretionary companies with NRG Energy Inc. soaring +34.91% and Freeport-McMoran Inc. rallying +29.11%, over the month. Under Armour Inc. fell -26.02% while Kohls Corp fell -19.34%, over the month.

The TSX benefited from a strong bounce in material stocks which were sharply higher in January. The index was led higher by Ivanhoe Mines Ltd., which was up +56.30% in January and Kirkland Lake Gold Ltd., which was up +32.91%, over the month. The index was negatively impacted by the energy sector with Meg Energy Corp falling -26.76% while Hudson's Bay Co. fell -24.18% in January.

Volatility as measured by the VIX Index continued to drift lower over the month. The VIX Index closed the month at 11.99 for a decrease of -14.60% on the month.

The S&P 500 closed the month at 2278.87 an increase of +1.90% on a total return basis for the month. The S&P 500 returned -1.22% on a total return basis when expressed in Canadian dollars, over the month. Returns across the various GICS sectors were widely divergent with the materials sector up +4.6%, followed by the information technology, which was up +4.3%, while the energy sector was down -3.60% followed by the telecom sector, which was down -3.50%, over the period.

The S&P/TSX was up +0.80% on a total return basis over the month, with wide variances in the performance amongst the GICS sectors. The materials sector had the best performance over the month, up +9.3% followed by the telecom sector, which was up +2.7%. The energy sector had the weakest performance, down -5.6% followed by the healthcare sector, which was down -3.5%, over the month.

Fund Performance:

The Fund was down -1.50% in January as the stock market remained volatile as investors tried calibrate to potential benefits of lower taxes and less regulation against the likelihood that an erratic and untested administration can actually implement its pro-growth policies. The Fund suffered from the sudden gains in the Canadian dollar since the majority of the assets are in U.S. equities as well as from the cyclical tilt of the Fund. The mixed signals emanating out of Washington sent investors scurrying for cover through most of January driving up more defensive sectors of the market that had underperformed over the prior six weeks.

The Fund underperformed the S&P 500, which was up +1.90% in US dollar terms but performed in-line with the S&P500 which returned -1.22% when measured in Canadian dollar terms on a total return basis. The Fund also underperformed the S&P/TSX which was up +0.80% on a total return basis. The Sharpe Ratio for the Fund was -2.84, over the month. The fund's Sharpe Ratio was much better than that of the S&P 500 Index which had a monthly Ratio of -228.26.

The top four performers for the Fund during the month was a long position in Facebook, Inc. (FB—NASDAQ), which contributed a positive variance of +0.39%, a long position in Amgen Inc. (AMGN—NASDAQ), which contributed a positive variance of +0.19%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Encana Corporation (ECA—TSX), which contributed a positive variance of +0.12% and a long position in Alphabet Inc. (GOOGL—NASDAQ), which contributed a positive variance of +0.11% to the Fund.

The bottom four performers for the Fund include a long position in Intesa Sanpaola S.p.A. (ISP—Italy), which contributed a negative variance of -0.25%, over the month. Additionally a long position in Citigroup Inc. (C—NYSE), which contributed a negative variance of -0.21%, over the period, while a long position in Canadian Natural Resources Ltd. (CNQ—TSX) contributed a negative variance of -0.177%, over the month. A long position in Shire PLC (SHP—LSE) contributed a negative variance of -0.17%, over the period.

Outlook:

It seems hard to fathom that markets have shrugged off the risks of a protectionist Trump agenda, focusing instead on the potential stimulative benefits of tax cuts. President Trump may be able to temporarily stall the market forces of globalization by blackmailing individual companies to retain a factory here or there in America but these policies were abandoned years ago by policymakers as they simply did not work. Propping up inefficient and uncompetitive businesses behind tariff barriers may play well with Trump's base but such policies leave society worse off. The simply reality is we work, sell and compete in a global world and this will not change.

While the U.S. market will likely move higher as details of Trump's tax plan and regulatory reductions are made clear the Fund is starting to build European positions on market weakness. Consensus opinion on Europe may well be too negative. In large part this is because European stocks have rarely been as cheap as they are now when compared to the rest of the world.

Investors in North America have pretty much given up on Europe as the continent is seen as the big loser in the current geopolitical trend. Investors seem to feel that Donald Trump is almost openly in favor of the disintegration of the European Union and that Brexit is just the beginning. Everywhere one looks there seems to be all these fissures running through the system, whether it's the Scottish referendum, Brexit or Italy. There are always these breakpoints in Europe that create issues for investors.

With many investors fearing the political risks hanging over Europe while embracing the idea of the so-called "Trump trade" the valuation gap between stock markets in the U.S. and Europe has remained wide. The U.S. S&P 500 index currently trades at a forward price to earnings multiple of over 17 times, compared with less than 15 times for the pan-European Stoxx 600.

But with those issues comes opportunity. The Fund is bidding for listed shares of European companies, especially those in southern Europe, that have large amounts of their businesses in North America, but are still being penalized for being "European companies" by the market. Adidas, for example used to trade at a significant discount to those of U.S. rival Nike, but over the last two years the shares of the German company have tripled in value.

Japanese equities also look attractive in the current global environment and the Fund is looking to build some small positions in Japan over the next month or so.

The economic data in the U.S. has been very strong of late, suggesting that the Fed may move rates higher at its March meeting. While that is not the consensus view of the market, it would be very bullish for the U.S. dollar and U.S. equities generally. At her most recent testimony in front of the House of Representatives, Janet Yellen made clear that the U.S. central bank does not want to fall behind a fast-growing economy and be forced to raise rates rapidly.

The market ride will likely be volatile going forward with frequent oscillations between more defensive sectors and more cyclical sectors as the prevailing view of the likely certainty of implementation of Trump's pro-growth policies changes.

The Fund believes that the financial sector offers the best balance between risk and reward as the group despite its recent surge remains unloved and under-owned within the broader investment community. The Fund at present has an approximately 32% weighting toward the financial sector that should benefit from higher rates and a reduced regulatory burden in the months ahead.

Stephenson & Company
Capital Management

North American Opportunity Fund LP

Performance Statistics*

1 month	-1.50%
3 months	-4.63%
3 Years	N/A
5 Years	N/A
Annualized volatility	13.8%
Sharpe Ratio (since inception)	(1.72)
Sharpe Ratio S&P 500 (since inception)	(0.12)

GICS Sectors[1]

Sector	Weight
Energy	8.4%
Materials	0.5%
Industrials	0.0%
Consumer Discretionary	15.3%
Consumer Staples	1.0%
Health Care	6.9%
Financials	33.9%
Information Technology	15.8%
Real Estate	3.9%
Telecommunication Services	0.0%
Utilities	1.7%
Other (ETFs & derivatives)	16.5%

[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	21.7%	CAD	21.6%
US	65.7%	USD	67.4%
Europe (ex-UK)	6.5%	CHF	0.0%
UK	6.1%	GBP	6.9%
Japan	0.0%	EUR	4.1%
Other	0.0%	JPY	0.0%

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	76.93%
Beta of the Fund	0.60
Volatility of the Fund (Annualized)	7.2%
Volatility of the S&P 500 (Annualized)	-0.1%
Maximum Monthly Drawdown (Intra Month)	2.50%
Sharpe Ratio (Monthly)	(2.84)
Sharpe Ratio S&P 500 (Monthly)	(228.26)

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	55.8021
F	CAD	52.8543
I	CAD	NA
S	CAD	57.2469

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	5.4352
F	CAD	5.1587
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.