STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at June 30, 2016

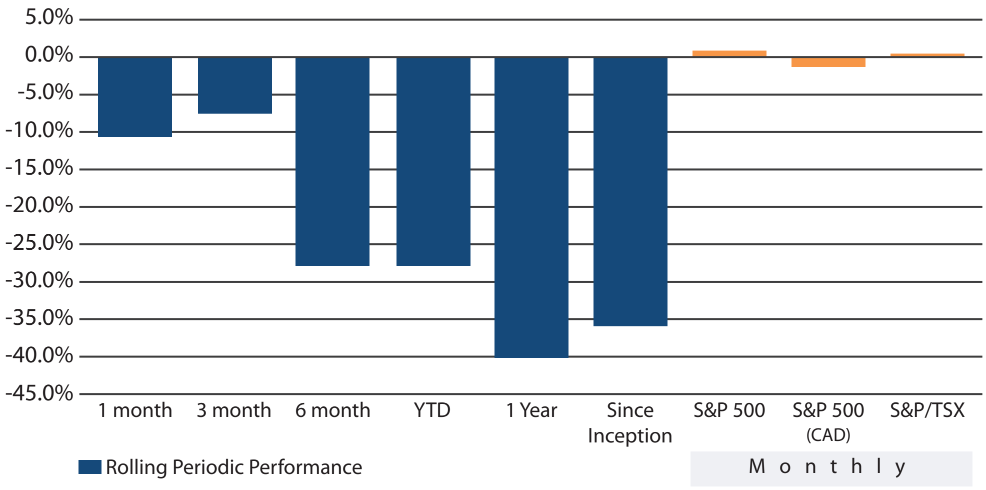
Fund Objective

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	**-10.19%**
3 months	**-8.29%**
Year to Date	**-27.67%**
Last calendar year	**-13.00%**
2 Years	**N/A**
3 Years	**N/A**
5 Years	**N/A**
Annualized volatility	**25.0%**
Sharpe Ratio (since inception)	**(1.46)**
Sharpe Ratio S&P 500 (since inception)	**(0.11)**

GICS Sectors[1]

Sector	Weight
Energy	**4.2%**
Materials	**5.6%**
Industrials	**1.6%**
Consumer Discretionary	**14.3%**
Consumer Staples	**13.6%**
Health Care	**9.3%**
Financials[2]	**31.0%**
Information Technology	**0.0%**
Telecommunication Services	**0.0%**
Utilities	**9.0%**
Other ETFs	**11.3%**

[1] Absolute Value of Gross Exposure by GICS Sector.
[2] Financials include REITs at 9.3%

*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.

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North American Opportunity Fund LP

Geographic Distribution

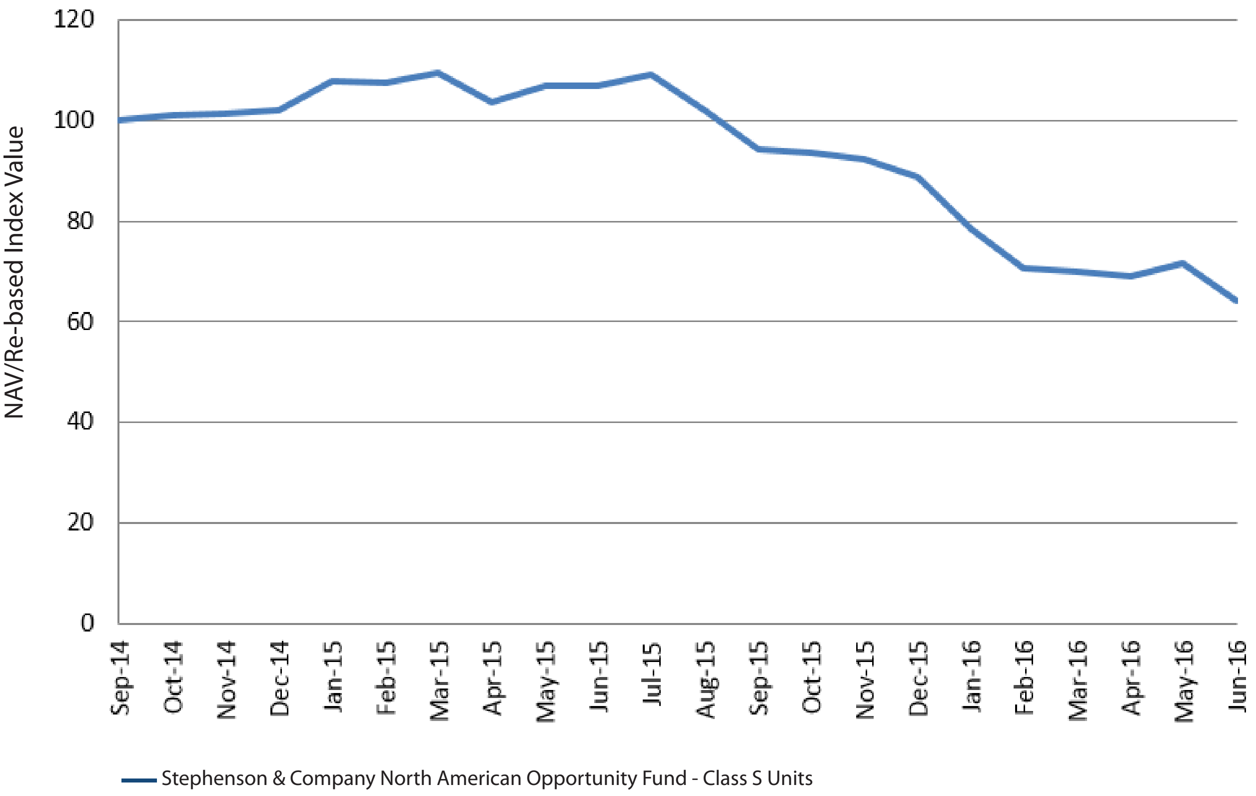
A. Region	Weight*	B. Currency	Weight*
Canada	**23.9%**	CAD	**28.6%**
US	**38.3%**	USD	**38.7%**
Europe (ex-UK)	**11.8%**	CHF	**0.2%**
UK	**9.8%**	GBP	**10.3%**
Japan	**16.1%**	EUR	**4.1%**
Other	**0.0%**	JPY	**18.2%**

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**142.07%**
Beta of the Fund	**1.43**
Volatility of the Fund (Annualized)	**25.0%**
Volatility of the S&P 500 (Annualized)	**26.9%**
Maximum Monthly Drawdown (Intra Month)	**12.3%**
Sharpe Ratio (Monthly)	**(4.96)**
Sharpe Ratio S&P 500 (Monthly)	**00.5**

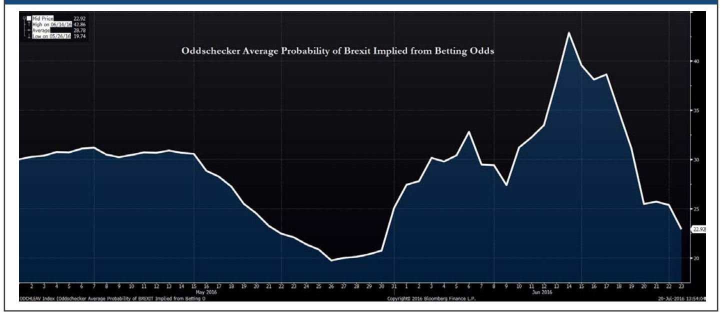
Net Track Record



Monthly Commentary

Market Developments:
The Fund was down -10.19% (net of expenses) for the month of June, with U.S. long positions down -2.50% and non-North American long positions down -4.66%, while Canadian dollar long positions were down -0.37%. U.S. short positions were down -0.49% while Canadian dollar short positions were down -0.54% and convertible bonds were up +0.24%. The foreign exchange exposure of the Fund contributed a negative variance of -1.28% to performance, over the period.
Global uncertainty was at the forefront of investors' minds in June. In the run-up to Britain's vote on its future in or out of the European Union, stock markets sold off and a global rally in government bonds ensued. Stocks in the Eurozone and Japan got pounded at the end of the second week of the month, suffering one of their worst days since the market meltdown at the start of the year. The Yen surged in the early part of June as the Bank of Japan refrained from adding any stimulus to slow an advance prompted by Brexit worries. Complacent central banks exacerbated investor anxiety in the first few weeks of the month helping to propel a selloff that erased $2.4 trillion from global equities.
Stocks globally rallied in the days prior to the Brexit vote as opinion polls conducted on June 21-22, showed the "Remain" camp was out in front. In days before the vote European shares rose to their highest level in more than two weeks in above-average trading, while the S&P 500 Index climbed within 1.2 per cent of its all-time high. Investment strategists, as well as the stock, bond and gold markets all seemed to be predicting that Britain would remain in the European Union. Even betting houses were showing a decreasing likelihood of the U.K. exiting Europe with the odds of "Remain" vote increasing dramatically as the June 23 vote approached (see figure 1).

Figure 1: Brexit Odds – Bets on the U.K. Voting to Leave the EU Declined Prior to the Vote



Source: Bloomberg Finance L.P.

Even around midnight, London time on June 23, all seemed well in Britain and the rest of the European Union as the early polls put the pro-EU side of in-out referendum in the lead. The pound soared and Nigel Farage, the head of the U.K. Independence Party and one of the chief EU haters, went on TV and effectively gave a concession speech.

Two or three hours later, the fortunes for Britain and EU were turned upside down as a strong pro-exit—Brexit—trend emerged. Once the dust settled on the 24th Britain's stunning vote to exit (52% to 48%) the European Union sent shockwaves through global financial markets as investors braced for widespread economic and political fallout. The Brexit vote appeared to magnify a host of problems plaguing the EU in recent years: unemployment, recession, sovereign bailouts and unstable banks.

The day after the vote global stock markets lost more than $2 trillion of value in the largest single day drop since at least 2007, as investors dumped risky assets and rushed into safe havens. The British pound fell to its lowest level against the U.S. dollar since 1985 and the EURO STOXX 50 had its biggest one-day loss since 1987. UK and German interest rates sank to historic lows, reflecting expectations of a hit to both the UK and Eurozone growth for years to come. U.S. stocks plunged the most in 10 months, joining a sellfoff in global risk assets on speculation that the U.K. decision to leave would hamper worldwide growth.

Stock markets in Germany and France each fell by 7 percent to 8 percent, respectively. Italian and Spanish markets posted their sharpest one-day drops ever, falling more than 12 percent, led by a massive swoon in European bank stocks. Britain's big banks took a $100 billion battering, with Lloyds, Barclays and RBS tumbling by as much as 30 percent, although they cut those loses in half by the close on June 24.

The biggest casualty of the Brexit vote may be the notion that open borders, common rules and the free movement of people will lead to greater prosperity for everyone. The June 23 Brexit result will undoubtedly mark a watershed moment for the forces of the anti-globalization movement.

While global markets remained volatile and uncertain in the immediate aftermath of the Brexit vote, North American markets and the FTSE 100 began to rally in the last few days of the month as the realization dawned on investors that Brexit does not mean an immediate exit and that a very long and boring negotiation cycle with the EU lies ahead.

Volatility as measured by the VIX index rallied sharply over the month, peaking at an intra-month high of 25.76 on June 24 (an increase of 81.54%). The VIX closed at 15.63 on June 30, an increase of 10.15% on the month.

The S&P 500 closed the month at 2098.86, an increase of +0.26% on a total return basis for the month. The S&P 500 returned -0.65% on a total return basis when expressed in Canadian dollars over the month. Returns across the various GICS sectors varied widely for the month of June with the telecom services sector up 9.3%, followed by the utilities sector, which was up 7.5%, while the financial sector had the weakest performance, down -3.4% followed by the information technology sector, which was down -2.8%, over the period.

The S&P/TSX was up 0.25% on a total return basis over the month, with strong performance from a handful of GICS sectors. The materials sector had the best performance over the month, up 12.8% followed by the utility sector, which was up 3.9%. The healthcare sector had the weakest performance, down -21.3% followed by the information technology sector, which was down -7.1%, over the month.

Fund Performance:

The Fund was down -10.19% reflecting a portfolio weighting that was heavily weighted toward non-North American equities and biased towards an expected "Remain" vote by the British people. The Fund in hindsight was too weighted toward base metal names and financials given the outcome of the vote.

European markets took it on the chin in the aftermath of the Brexit vote. The FTSE 100 index ironically led European markets higher in the aftermath of the vote as the British pound plunged as much as much as 13.26% at one point versus the U.S. dollar. The FTSE 100 represents the U.K.'s largest 100 companies and 85% of their revenue is derived outside of the U.K. Investors bid shares of the FTSE 100 higher as the pound's sharp drop made U.K. exports more affordable. Unfortunately for the other European bourses the bounce back wasn't nearly as strong as it became apparent that the decision by the British people may have bigger long-term consequences for the European Union than the U.K.

Figure 2: European Markets Have Struggled After the Brexit

Source: Bloomberg Finance L.P.

The Fund underperformed the S&P 500, which was up 0.26% in U.S. dollar terms and underperformed the S&P500 which returned -0.65% when measured in Canadian dollar terms on a total return basis. The Fund also underperformed the S&P/TSX which was up 0.25% on a total return basis. The Sharpe Ratio for the Fund was -4.96, over the month. The fund's Sharpe Ratio was worse than that of the S&P 500 Index which had a monthly Ratio of 0.05.

The top four performers for the Fund during the month was a long position in Kao Corporation (4452—Tokyo), which contributed a positive variance of +0.58%, a long position in Reynolds American Inc. (RAI—NYSE), which contributed a positive variance of +0.35%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Milestone Apartments Real Estate Investment Trust (MST-U—TSX), which contributed a positive variance of +0.34% and a long position in RioCan Real Estate Investment Trust (REI-U—TSX) which contributed a positive variance of +0.24% to the Fund.

The bottom four performers for the Fund include a long position in BHP Billiton Limited (BHP—ASX), which contributed a negative variance of -2.15%, over the month. Additionally a long position in Rio Tinto Limited (RIO—ASX), which contributed a negative variance of -2.02%, over the period, while a long position in Concordia International Corp. (CXR—TSX), contributed a negative variance of -1.38%, over the month. A long position in Keycorp (KEY—NYSE) contributed a negative variance of -0.51%, over the period.

Outlook:

An unexpectedly grim May employment report combined with Britain's vote to leave the European Union fanned wider concerns in June that the U.S. economy was in danger of stalling. More recently the U.S. Department of Labor released its blockbuster June jobs report which helped quash worries that growth is flagging helping to propel the S&P 500 to all-time highs. These twists and turns in the global economy have helped send stocks on a particularly violent roller coaster, erasing two 10 percent corrections in 10 months and restoring $1.4 trillion lost in the aftermath of the Brexit vote in just eight sessions.

On Friday July 8 a rally in the S&P 500 was made even more impressive because it came on a day when bond yields were flirting with all-time lows, a situation that is unprecedented. The yield on the U.S. 10-year Treasuries slid within mere basis points of their all-time intraday low (1.35%) set earlier that week. It isn't supposed to happen this way—in fact, it never has. At no time in history have government bonds and U.S. equities, generally viewed as risk-on/risk-off complements, ended the same session this close to their respective records.

This conundrum is testament to the forces splintering sentiment in markets that have been fixated on the pace of global growth and Federal Reserve policy. One fact that helps explain the concerted moves in stocks and bonds is the defensive nature of the rally in stocks. With the exception of energy producers, industries leading the S&P 500 higher have been the ones whose fortunes are the least tied to the economic cycle. Utilities, phone companies and makers of consumer staples are all up more than 10 percent in 2016 and are three of the four best performing groups.

In essence, the stock market has been playing defense all year, even when it's been rising. On one level this is simply about growth prospects. The U.S. economy has failed to build much momentum with consumer demand, business spending, corporate profits and wage growth all being very weak throughout the recovery. Ever since the Fed shut down its last big stimulus program, QE3, nothing organic has shown up to replace it as a reason to buy stocks.

Stocks are now the slowest moving asset class, while bonds continue to rally. The leading sectors on the market are all strong dividend paying sectors. What we are witnessing is an unusual inversion where stocks are where investors are getting income, while the bond market is where they're getting capital gains. It's an investment world "turned upside down," as Randall Forsyth wrote recently in Barron's.

Capital markets are supposed to be about allocating capital and sending it to the places where it can do the most good. That entails risk. This is why stocks traditionally provide better returns than bonds. With stocks now trading like bonds creates a strange unrecognizable market that is feared by many investors, as it has become difficult if not impossible to value given the distortions created in the bond market. On the basis of traditional valuation metrics such as PE ratios, the stock market looks expensive. But corporate bonds are generally valued off of "non-risk"—bonds or government bonds, which because of distortions created around the world by central banks have pushed the yields on government bonds to historic lows. That has created a problem for equity investors since in the context of an extremely distorted bond market stocks don't look expensive. But more problematic is the issue as to which market to believe–the pessimism of the bond market or the relative enthusiasm of the stock market?

While Brexit will likely have continued political repercussions both in the U.K. and the European Union as a financial event it has surprisingly turned into a buying opportunity. The Manager has used the pullback as an opportunity to pick up some of the beaten up British and European financials.

Given the high valuations in the global stock and bond markets and the uncertainty revolving around the U.S. election and Europe's new direction, periods of extreme volatility in the capital markets should be expected. As a result the Manager has increased dramatically the Fund's exposure to defensive, dividend paying companies and increased the weighting of the Fund toward North American issuers.

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	62.8888
F	CAD	59.2657
I	CAD	NA
S	CAD	64.1915

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	6.1291
F	CAD	5.8276
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							-27.67

[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.

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