STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at May 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

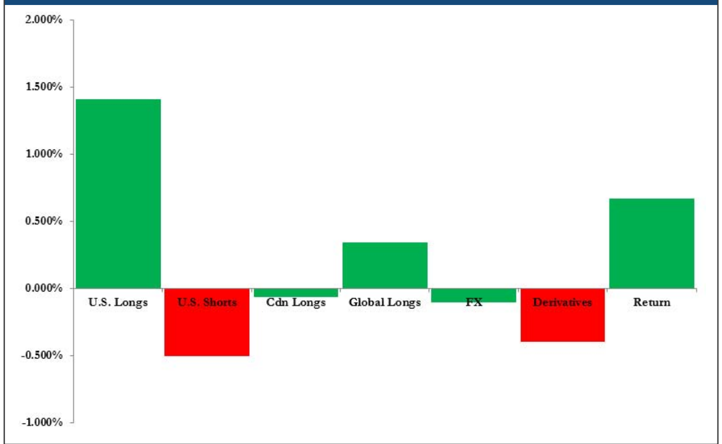
Fund manager	**John Stephenson**
Launch date	**01 October 2014**
Liquidity	**Monthly**
Opening NAV	**$100**

Monthly Commentary

Market Developments:

The Fund was up +0.67% (net of expenses) for the month of May, outperforming both the TSX and the S&P 500 when measured in Canadian dollar terms. Most of the gains came from the Fund's U.S. longs, while the foreign longs also contributed to the Fund's performance, over the month. The U.S. short positions were the biggest contributor to negative variance, over the month while the derivatives used to hedge the Fund's long positions was also a contributor to negative variance. Both the S&P 500 and the TSX went sideways through the first half of the month and then plunged -1.89% and -2.30% respectively between on the 16th and 17th of May before recovering. The Canadian dollar rose +1.31% against the U.S. dollar in May while the TSX index fell and the S&P 500 moved modestly higher when expressed in Canadian dollar terms.

Figure 1: Contributors to Fund Performance in May



Source: SGGG FSI, SCCM

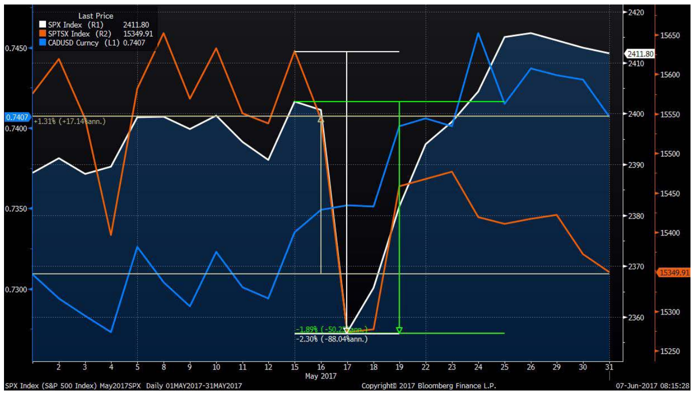
The relative calm that had descended over North American stock markets was shattered mid-month as the turmoil surrounding the Trump administration spilled into financial markets. The catalyst for the selloff was news reports that claimed that Trump asked former FBI Director James Comey to quash an investigation of former National Security Advisor Michael Flynn. With the specter of possible obstruction of justice charges circling the U.S. president investors took the news as a signal to hit the sell button.

On May 17 the Dow Jones Industrial Average tumbled more than 370 points, Treasuries rallied the most since Brexit and volatility spiked higher as financial markets were roiled. Stock benchmarks around the world saw their worst day in eight months, while gold prices rose, as investors fled to safety. The selloff ended a long streak of tranquility in global equities that stood in contrast to the discord emanating from Washington.

After months of complacency, Wall Street finally seemed to notice the political wrangling in Washington as investors began to question the Trump administration's ability to focus on policy as it careens from one crisis to another. Many of the trades sparked by the president's shock election reversed, with the U.S. dollar giving up most of its post-election rally.

Markets began to head higher after news broke that a special counsel had been appointed to oversee the FBI's investigation of the Trump campaign's ties to Russia. By the end of the third week of May President Trump had departed Washington for his first overseas trip, which helped put his domestic troubles on the back burner. Trump's nine-day trip came after one of the worst weeks of his presidency, but with the president managing to stay off Twitter for much of his trip, investors interpreted it as a case of *no new is good news*.

Figure 2: The Canadian Dollar Strengthened in May



Source: Bloomberg Finance L.P.

Markets faded at the end of the month as both J.P. Morgan Chase and Bank of America cautioned at an industry conference that trading was weakening in the second quarter. Also pressuring markets were weaker crude oil prices and news that former FBI Director James Comey was going to publicly testify that President Trump had pushed him to drop his probe of Michael Flynn.

During May, the S&P 500 benefited by gains in the technology sector with Nvidia Corp rallying +35.36% while Autodesk Inc. rallied 21.52%, over the month. The index was dragged down by a tumble of -26.45% in Signet Jewelers Ltd. and a fall of -25.50% for Alexion Pharmaceuticals Inc.

The TSX benefited from a strong bounce in healthcare stocks but the biggest gainer in May was Air Canada, which was up +37.98%, while Home Capital Group Inc. was up 31.32%. The index was negatively impacted by Aimia Inc., which fell -74.12% and Asamko Gold, which fell -32.20%, over the month.

Volatility as measured by the VIX Index fell slightly in May. The VIX Index closed the month at 10.41 for a decrease of -3.79%, over the month.

The S&P 500 closed the month at 2,411.80 an increase of +1.41% on a total return basis for the month. The S&P 500 returned just +0.37% on a total return basis when expressed in Canadian dollars, over the month. Performance across the various GICS sectors varied widely in May. The information technology had the best performance in May, up +4.1%, while the utilities sector was up +3.6%. The energy sector had the weakest performance over the month, falling -4.0% while the financials sector fell -1.4%, over the month.

The S&P/TSX was down -1.37% on a total return basis over the month, with very wide variances in the performance amongst the GICS sectors. The healthcare sector had the best performance over the month, up +7.5% followed by the industrials sector, which was up +3.2%. The energy sector had the weakest performance, down -4.6% followed by the materials sector, which was down -2.3%, over the month.

Fund Performance:

The Fund was up +0.67% in May as the S&P 500 alternated sharply from positive to negative performance in the month of May. The S&P 500 rallied slightly in the first half of the month (up +0.76%) but on the 16th and 17th of May the index fell -1.89%. It then proceeded to rise sharply over the next six trading days (+2.46%) before declining slightly in the last three days of the month. The TSX was even more very volatile during the month rallying slightly in the first half of the month (up +0.28%) before plunging -2.30% on the 16th and 17th of May, then recovering somewhat over the next four trading days before heading lower over the remaining sessions.

The Canadian dollar was strong in May rallying +1.31% as the dollar recovered from the deeply oversold conditions in April.

The Fund underperformed the S&P 500, which was up +1.41% in U.S. dollar terms. The Fund outperformed the S&P/TSX which was down -1.37% on a total return basis. The Sharpe Ratio for the Fund was 0.30, over the month. The fund's Sharpe Ratio was worse than that of the S&P 500 Index which had a monthly Ratio of 1.82.

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 +0.81%, a long position in Alphabet Inc. (GOOGL—NASDAQ), which contributed a positive variance of +0.49%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Amazon.com Inc. (AMZN—NASDAQ), which contributed a positive variance of +0.49% and a long position in Vivendi. (VIV FP—EN Paris), which contributed a positive variance of +0.25% to the Fund.

The bottom four performers for the Fund include a short position in Guess?, Inc. (GES—NYSE), which contributed a negative variance of -0.36%, over the month. Additionally a long position in Celgene Corporation (CELG—NASDAQ), which contributed a negative variance of -0.18%, over the period, while a long position in Intesa Sanpaolo S.p.A. (ISP IM—Boursa Italiana) contributed a negative variance of -0.175%, over the month. A short position in Best Buy Co., Inc. (BBY—NYSE) contributed a negative variance of -0.167%, over the period.

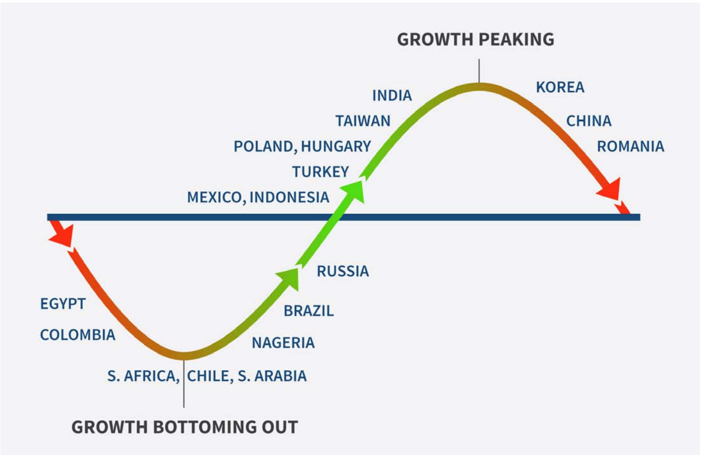
Outlook:

Global stock markets have continued to move higher despite a stalled legislative agenda in the U.S., worries over Russia's meddling in the U.S. election and North Korean missile launches. Helping to propel markets higher is an extremely tight U.S. labor market and Purchasing Managers Indices (PMIs) that are in expansionary territory across the developed world. Inflation expectations have fallen recently, taking interest rates lower.

While the S&P 500 has moved higher the leadership has been less pro-cyclical with Financials being among the worst performers recently and with small caps and value stocks lagging the rally. The technology sector continues to be a source of market outperformance reversing the selloff it experienced in the aftermath of the surprise Trump election victory. Despite the strong performance of the S&P 500 so far this year, EAFE (Europe, Australasia and Far East) has consistently topped the rally in the U.S. this year.

Emerging markets (EM) have also surged in 2017 as they offer better valuation than developed markets and more growth. The level of U.S. dollar debt obligations is down significantly from prior periods and the fiscal situation for many EM countries is vastly improved. Emerging markets have also benefited from the perception that on trade, Trump's bark so far is worse than his bite. Emerging markets growth is likely to stabilize around the four per cent level but important variations exist at the country level.

Figure 3: Where EMs Sit in the Economic Cycle



Source: Capital Economics

Despite the rising wave of opposition to globalization across the world, the data tell a different story—that economic globalization is still the norm. In fact, the engine of globalization has shifted from developed to emerging economies. After a long period of uneven and fragile growth, the global economic recovery is finally beginning to look stable, and even strong.

The Eurozone, having apparently shrugged off the after-effects of the sovereign debt crisis, is now into a solid recovery. The U.S., notwithstanding some recent weakness in gross domestic product growth, is robust enough that the consensus view is that the Federal Reserve will raise interest rates at their June meeting. Although China still has big problems with debt, its economy is chugging along fine for now. And after their worst performance in 2016 since the global financial crisis, the emerging markets as a whole are recovering nicely.

Given the strong growth outside of Canada, the Manager, over the past month, has increased the exposure of the Fund towards Europe and the emerging markets while decreasing the weighting of Canadian equities. The Toronto Stock Exchange (TSX) has historically underperformed the S&P 500 each and every year and by a wide margin in which there was no raging commodity bull market. Despite the very strong economic performance of the Canadian economy so far this year, the TSX has underperformed the S&P 500 and is expected to continue its underperformance for the balance of this year.

As well, the Manager has further concentrated the Fund's holdings eliminating all but the highest conviction investments so that the Fund currently has approximately 30 positions (long and shorts) across multiple geographies.

Earnings throughout the second quarter have been extremely strong and the outlook of equity analysts for earnings growth over the balance of the year remains strong. Global markets should continue to move higher with strength in the near-term concentrated in the technology and consumer discretionary sectors while the share prices of traditional bricks-and-mortar retailers will continue to remain under pressure.

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North American Opportunity Fund LP

Performance Statistics*

1 month	**0.67%**
3 months	**-0.03%**
3 Years	**N/A**
5 Years	**N/A**
Annualized volatility	**10.1%**
Sharpe Ratio (since inception)	**(1.67)**
Sharpe Ratio S&P 500 (since inception)	**(0.17)**

GICS Sectors[1]

Sector	Weight
Energy	**7.7%**
Materials	**3.5%**
Industrials	**0.0%**
Consumer Discretionary	**16.3%**
Consumer Staples	**0.0%**
Health Care	**0.0%**
Financials	**16.9%**
Information Technology	**36.7%**
Real Estate	**11.9%**
Telecommunication Services	**0.0%**
Utilities	**2.4%**
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	**25.6%**	CAD	**37.7%**
US	**42.2%**	USD	**50.0%**
Europe (ex-UK)	**15.8%**	CHF	**0.0%**
UK	**4.8%**	GBP	**4.0%**
Japan	**0.0%**	EUR	**8.1%**
Emerging Markets	**9.5%**	JPY	**0.2%**
Other	**0.0%**		

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**88.65%**
Beta of the Fund	**0.76**
Volatility of the Fund (Annualized)	**10.1%**
Volatility of the S&P 500 (Annualized)	**7.7%**
Maximum Monthly Drawdown (Intra Month)	**2.42%**
Sharpe Ratio (Monthly)	**0.30**
Sharpe Ratio S&P 500 (Monthly)	**1.82**

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	55.0010
F	CAD	52.2923
I	CAD	NA
S	CAD	56.6383

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	5.3393
F	CAD	5.0810
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.

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