STEPHENSON & COMPANY
Capital Management

NORTH AMERICAN OPPORTUNITY FUND LP

As at May 31, 2016

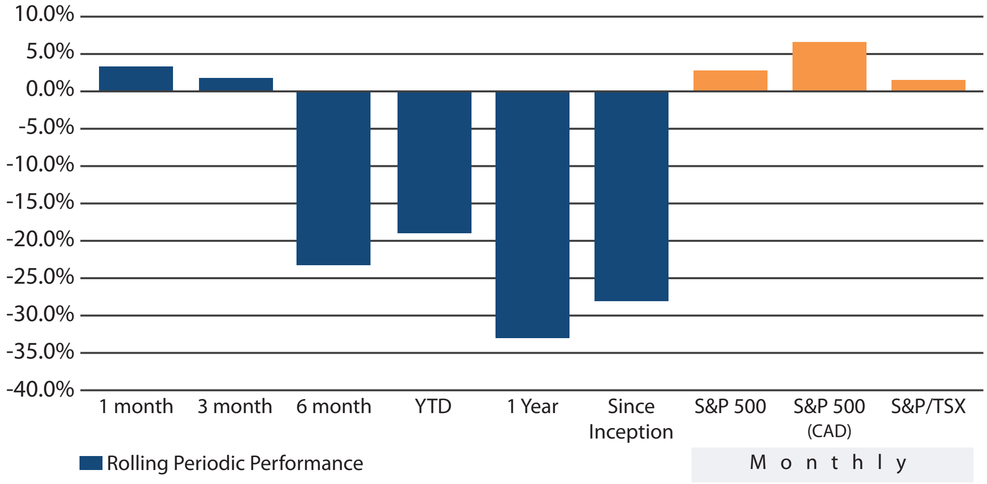
Fund Objective

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 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	**3.40%**
3 months	**1.30%**
Year to Date	**-19.46%**
Last calendar year	**-13.00%**
1 Year	**-32.20%**
2 Years	**N/A**
3 Years	**N/A**
5 Years	**N/A**
Since Launch Date	**-28.52%**
Annualized volatility	**14.5%**
Sharpe Ratio (since inception)	**(1.30)**
Sharpe Ratio S&P 500 (since inception)	**(0.05)**

GICS Sectors[1]

Sector	Weight
Energy	**6.3%**
Materials	**2.3%**
Industrials	**0.0%**
Consumer Discretionary	**26.6%**
Consumer Staples	**6.7%**
Health Care	**10.9%**
Financials[2]	**19.5%**
Information Technology	**7.7%**
Telecommunication Services	**1.1%**
Utilities	**6.1%**
Other ETFs	**12.8%**

[1] Absolute Value of Gross Exposure by GICS Sector.
[2] Financials include REITs at 6.2%

*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

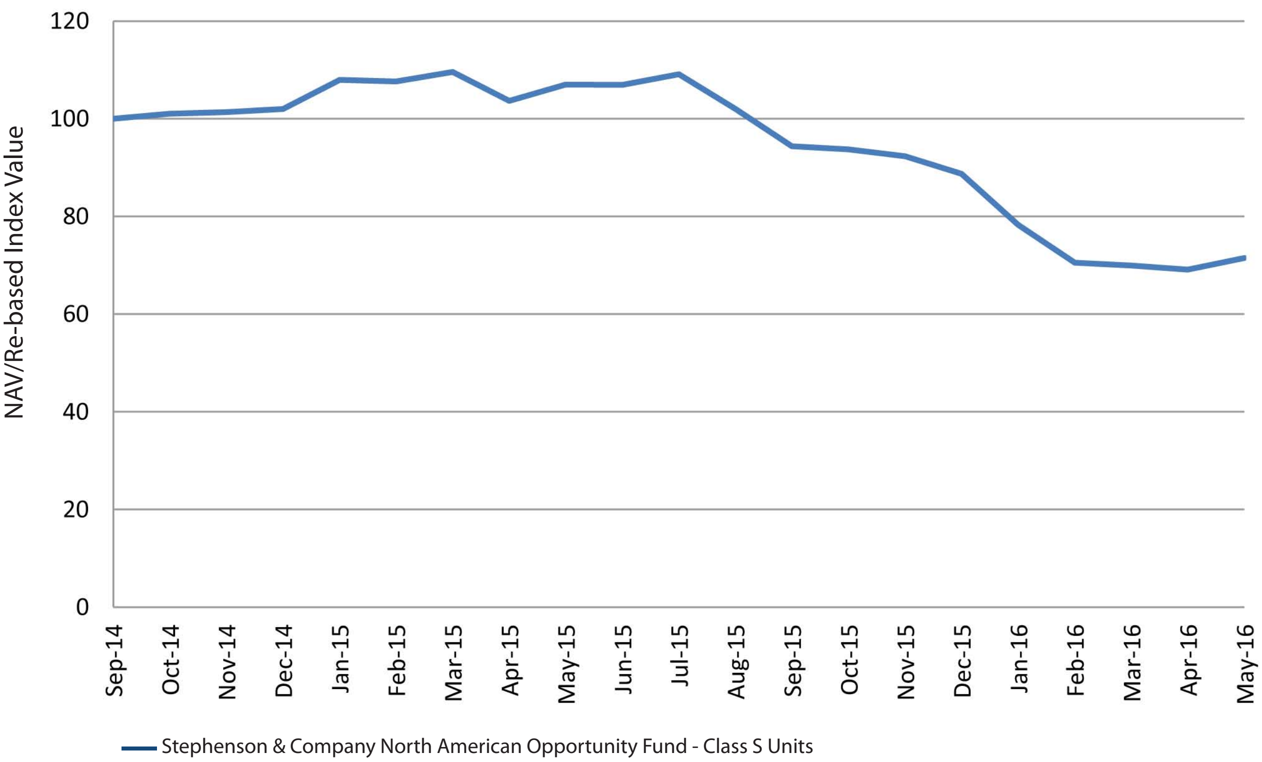
A. Region	Weight*	B. Currency	Weight*
Canada	**32.4%**	CAD	**50.4%**
US	**57.8%**	USD	**44.4%**
Europe (ex-UK)	**5.7%**	CHF	**2.7%**
UK	**4.1%**	GBP	**0.9%**
Japan	**0.0%**	EUR	**1.5%**
Other	**0.0%**	JPY	**0.0%**

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	**104.18%**
Beta of the Fund	**0.70**
Volatility of the Fund (Annualized)	**12.6%**
Volatility of the S&P 500 (Annualized)	**11.3%**
Maximum Monthly Drawdown (Intra Month)	**2.1%**
Sharpe Ratio (Monthly)	**3.09**
Sharpe Ratio S&P 500 (Monthly)	**1.74**

Net Track Record



Monthly Commentary

Market Developments:
The Fund was up +3.40% (net of expenses) for the month of May, with U.S. long positions up +1.776% and non-North American long positions up +0.678%, while Canadian dollar long positions were up +.790%. U.S. short positions were up +0.522%, while Canadian dollar short positions were down -0.034% and convertible bonds were up +0.612%. The foreign exchange exposure of the Fund contributed a positive variance of +0.543% to performance, over the period.

The Canadian dollar began to weaken against the U.S. dollar in May falling by 5.37%, over the month. In the first six days of the month the Canadian dollar fell 3.23% against the U.S. dollar. By the end of the month the Canadian dollar stood at 76.38 cents U.S.

Much of the overall uncertainty in the market has been manifested in the currency markets where there is tremendous volatility. Some of that volatility represents uncertainty surrounded upcoming decisions that are binary and have profound implications such as the upcoming Brexit vote in the UK. The May USDCAD volatility was down from the prior months but still represented annualized volatility of 7.25%. The UK pound vs. the USD by comparison had an annualized volatility in May of 10.43%.

During the month of May U.S. economic data continued to improve and a chorus of Fed officials signaled that a rise in short-term interest rates could come as soon as the Fed's June 14-15 meeting. This hawkish talk by Fed officials helped spark a mini rally in the dollar and bank shares. Gauges of American consumer confidence and spending, housing-market activity and industrial production all gained steam during the month. Corporate profits in the U.S. showed signs of stabilization, even though American companies still face earnings pressure due to rising wage growth and still-weak global economic expansion.

The American consumer seems to be in pretty good shape with firming wage growth and an unemployment level that is half of what it was in the recession's aftermath. Consumer spending expanded at a 1.9% annual rate in the first quarter, and retail sales jumped in April at the fastest pace in a year. The University of Michigan released its May index of consumer confidence, which showed a rise to 94.7, the highest level in 11 months.

While talk of a possible June rate hike by the Fed dominated the financial news in late May, this looks highly unlikely. The May jobs report was a huge disappointment and with the UK's June 23 referendum on whether to leave the European Union looming, Fed officials will likely put off a rate increase until later in the year.

The TSX continued to firm throughout May. When factoring in the recovery in the loonie, the returns on the Toronto Stock Exchange have been outperforming American stocks by over ten per cent. An improving sentiment toward Canadian assets, which when measured on a forward Price/Earnings (PE) basis, shows the TSX now trading at a premium to the S&P 500.

Volatility as measured by the VIX index dropped over the month, peaking at an intra-month high of 16.33 on May 19. The VIX closed at 14.19 on May 31, a decrease of 9.62% on the month.

The S&P 500 closed the month at 2096.96, an increase of +1.80% when measured on a total return basis for the month. The S&P 500 returned +6.18% 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 May with the information technology sector up 5.3%, followed by the healthcare sector, which was up 2.0%, while the energy sector had the weakest performance, down -1.2% followed by the industrial sector, which was down -0.8%, over the period.

The S&P/TSX was up 0.96% on a total return basis over the month, with strong performance from a handful of GICS sectors. The information technology sector had the best performance over the month, up 8.3% followed by the consumer staples sector, which was up 4.7%. The materials and healthcare sectors of the index were the biggest contributors to negative variance, both down -6.7% over the month.

Fund Performance:
The Fund was up +3.40% reflecting improving market conditions and a strengthening U.S. dollar.

Oil prices saw a significant rebound from February's lows. The rise in oil prices helped underpin a very healthy advance in the Canadian dollar for much of this year. But recently, the Canadian dollar has not only fallen against a rebounding U.S. dollar but also underperformed other currencies, showing that even with recovering oil prices domestic factors alone can bring Canadian dollar depreciation.

The Fund held a 57.8% weight toward American equities reflecting the view by the Manager of stronger U.S. fundamentals and that a weaker economic growth in Canada this quarter would pressure the Canadian dollar.

The Fund outperformed the S&P 500, which was up 1.53% in U.S. dollar terms but underperformed the S&P500 which returned 6.18% when measured in Canadian dollar terms on a total return basis. The fund also outperformed the S&P/TSX which was up 0.96% on a total return basis. The Sharpe Ratio for the Fund was 3.09, 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 1.74.

The top four performers for the Fund during the month was a long position in Concordia Healthcare Corp. (CXR—TSX), which contributed a positive variance of +1.572%, a long position in MTY Food Group Inc. (MTY—TSX), which contributed a positive variance of +0.392%, over the period on an unrealized basis. The other top contributors to Fund performance was a long position in Evolva Holding SA (EVE—Swiss), which contributed a positive variance of +0.376% and a long position in Pfizer Inc. (PFE—NYSE) which contributed a positive variance of +0.339% to the Fund.

The bottom four performers for the Fund include a short position in Whole Foods Market Inc. (WFM—NASDAQ), which contributed a negative variance of -0.118%, over the month. Additionally a short position in Valeant Pharmaceuticals International, Inc. (VRX—NYSE), which contributed a negative variance of -0.104%, over the period, while a short position in The Gap, Inc. (GPS—NYSE), contributed a negative variance of -0.096%, over the month. A long position in Keyera Corp (KEY—TSX) contributed a negative variance of -0.069%, over the period.

Outlook:

The disappointing May jobs report in the U.S. had many investors hitting the panic button. One bad month means nothing in the world of payrolls but still the average three-month payrolls gains was surprisingly soft. The May jobs report showed the slowest pace of job creation in six years and will likely delay the U.S. Federal Reserve's plan to tighten monetary policy.

The outcome of the UK vote on whether to stay or leave the European Union has pressured markets lately. Bears have been in charge of the markets for several sessions as investors mull the possibility of a Brexit and the effects of negative interest rates in the Eurozone and Japan with European shares getting pounded.

With so much uncertainty out there investors have flocked to the relative safety of government bonds and away from equities and in the process pushed yields down. Negative interest rate policies, implemented by central bankers in Europe and Japan have dragged the yields on many government bonds below zero. This means that investors effectively have to pay for the privilege of parking their money in safer assets. In May, there were more than $10 trillion (U.S.) of sovereign bonds globally with negative yields.

Negative rates, which are meant to boost growth by encouraging investment, have been criticized by some as a last-ditch effort by central bankers who have exhausted conventional methods of monetary policy. Janus Capital's Bill Gross, who previously managed the world's largest bond fund recently tweeted that "this is a supernova that will explode one day."

The so-called Brexit vote on June 23 has been hanging over markets for months, and the consensus view is that the UK citizens will ultimately listen to their government and choose to remain in the European Union. But an undercurrent of fear is beginning to show up across financial markets, as recent polls show a shift toward a majority favoring an exit from Europe. And while there will always be an England, it's no longer clear is whether there will always be a European Union.

While the Manager believes the most likely outcome of the UK's referendum will be a decision to remain within the European Union, market and currency volatility are once again on the rise.

With so much uncertainty heading down the pipe over the next month and with central banks desperately trying to stoke inflation with low rates, many currencies have been under pressure. One commodity that has been a huge beneficiary of this uncertainty has been gold. For many investors gold is not a commodity but rather a currency and since the beginning of June gold has been the second best performing currency in the world after the New Zealand dollar.

Gold should remain well bid over the next few weeks and the Manager has started to build some positions in gold miners that should continue to do well as long as the geopolitical issues remain front and centre for the stock market.

With more than $10 trillion in (U.S.) in sovereign bonds globally with negative yields the financials have been under pressure. The Manager has been reducing the Fund's exposure to the financial sector for some time and anticipates reducing that exposure even more over the next month or so.

The Manager has increased the Fund's exposure to the U.S. dollar and believes that the Canadian dollar will likely weaken in the weeks ahead. The U.S. dollar was very hard hit after the release of the abysmal payrolls report however this appears to have been an overreaction. Payrolls are often volatile. During the 2004 to 2006 timeframe, for example, payrolls came in below 100,000 some 20 per cent of the time. Even more importantly, payrolls are only a signal of a slowing economy if they're bunched together, with 3 or 4 coming in the space of six months or so.

The overall tilt of the Fund has shifted with the increasing level of investor angst from a cyclical bent toward a more defensive posturing. The global economic data and outlook should improve markedly in late June and beyond and pullbacks are being viewed as buying opportunities for the Fund.

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Capital Management

North American Opportunity Fund LP

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	69.8862
F	CAD	65.9926
I	CAD	NA
S	CAD	71.4775

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	6.7554
F	CAD	6.5007
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								-19.46

[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.