Stephenson & Company
Capital Management

North American Opportunity Fund LP

As at November 30, 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

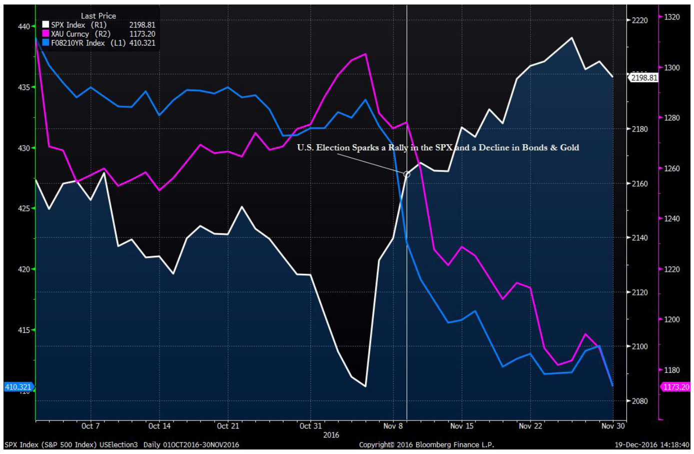
Market Developments:

The Fund was down -3.90% (net of expenses) for the month of November, with U.S. long positions down -0.21% and non-North American long positions down -0.16%, while Canadian dollar long positions were down -0.096%. U.S. short positions were down -1.45%, while Canadian dollar short positions were down -0.46% and convertible bonds were down -0.23%. Preferred share positions were down -0.15%, while option strategies contributed a negative variance of -0.79% in November. The foreign exchange exposure of the Fund contributed a negative variance of -0.55% to performance, over the period.

Markets in November were dominated by all things Trump. The surprise victory made fools out of forecasters and left market participants scrambling to adjust their portfolios in the wake of vastly different investment landscape. In the early hours of November 9, Dow futures fell as much as 800 points and the S&P 500 tumbled 5% tripping up circuit breakers meant to halt trading in periods of extreme swings.

U.S. stock markets shrugged off their losses by midday as the initial shock of the election results wore off and investors embraced the idea of a Trump presidency. Several sectors rallied, including financial and energy stocks, with investors betting that respective industry regulations will be dialed back. Biotech and prison stocks also gained in the day following the election. Investors pushed the yield on the 10-year Treasury to highs not seen since January.

Figure 1: Stocks and Bonds Went in Opposite Directions After the Election



Source: Bloomberg Finance LP

Donald Trump's plans for a U.S. construction boom set off a chain reaction that's invigorated commodity prices, hammered bonds, buttressed the U.S. dollar and sent emerging markets swooning. In the aftermath of the election copper saw the biggest weekly advance in at least three decades. Bonds have been falling as surging copper and other commodity prices have stoked inflation fears with more than $1 trillion erased from the value of the global debt markets in the first few days after the election.

Investors are expecting all of the good things that Mr. Trump promised on the campaign trail but none of the bad. Instead of global trade wars and mass deportations, equity markets are predicting tax cuts, deregulation and big spending. Almost every index has hit record levels since November 8, adding more than $1 trillion to U.S. equity valuations and almost five percent to the U.S. dollar's trade-weighted value.

The effect of Mr. Trump's policies on the U.S. economy will be reflationary. Even if you halved his plans for $5.7 in tax cuts and $1 trillion in infrastructure spending, his fiscal stimulus would still be huge. With U.S. unemployment already below five percent, the Fed will have little choice but to accelerate their planned interest rate increases.

The combination of fiscal loosening with monetary tightening will see the U.S. dollar appreciate even further. This in turn will reduce the costs of imports and raise the price of exports. The U.S. trade deficit, including that with China that stood at $400 billion last year will rise.

The S&P 500 benefited by strong gains in financial and industrial companies with Harman International soaring +38.64, while United Rentals Inc. was up +38.45%, over the month. First Solar Inc. fell -26.14% during November.

The TSX benefited from a strong bounce in industrial stocks. The index was led higher by Hudbay Minerals Inc., which was up +56.75% in November and Canadian Energy Services & Technology Corp, which was up +32.64%, over the month. The index was negatively impacted by a swoon of -34.51% for Detour Gold Corp and a sharp drop in Guyana Goldfields Inc., which fell -33.17% in November.

Volatility as measured by the VIX Index increased slightly at the beginning of the month and then fell steadily as the month progressed. The VIX Index closed the month at 13.33 for a decrease of -21.86%.

The S&P 500 closed the month at 2198.81, an increase of 3.70% on a total return basis for the month. The S&P 500 returned +3.73% on a total return basis when expressed in Canadian dollars, over the month. Returns across the various GICS sectors varied widely in November with the financial sector up +13.7%, followed by the industrial sector, which was up +8.5%, while the utility sector had the weakest performance, down -6.0% followed by the consumer staples sector, which was down -4.5%, over the period.

The S&P/TSX was up +2.15% on a total return basis over the month, with wide variances in the performance amongst the GICS sectors. The industrial sector had the best performance over the month, up +6.2% followed by the financial sector, which was up +4.9%. The healthcare sector had the weakest performance, down -8.6% followed by the utility sector, which was down -5.3%, over the month.

Fund Performance:

The Fund was down -3.90% in November reflecting the extremely defensive positioning of the Fund prior to the U.S. election. The Manager anticipated that given the Brexit vote in June that something unexpected might occur and the Fund increased its short positions in S&P options to hedge against a contentious election result rather than the consensus call for a Clinton victory.

Prior to the surprising win by Mr. Trump many investment strategists had been calling for a selloff in the S&P 500 on the order of 5 to 10 per cent should he win. The Manager thought it was prudent to go into the election by increasing the Fund's short positions on the S&P 500 to guard against such a downside risk.

But the forecasters had it all wrong. They said that Donald Trump would lose and if he did win that markets would collapse. But the opposite is what has happened. The Trump victory unleashed a strong market rally which benefitted cyclical sectors and hurt defensive sectors.

Equity markets reversed course in the first half hour of trading and began gapping higher making

it all but it impossible to rebalance the Fund towards cyclicals and away from defensives in the immediate aftermath of the election. The only strategies that would have allowed investors to capitalize in such a short time-frame would be a futures position taken in the pre-market or to have been set up for a Trump victory prior to election night. The issue with being pre-positioned for a Trump victory is that it would have been considered an extremely low-likelihood outcome on November 8. Secretary Clinton only needed to win one state and hold the so called "Blue Wall" states to have secured the presidency.

The Fund underperformed the S&P 500, which was up +3.70% in US dollar terms and underperformed the S&P500 which returned +3.73% when measured in Canadian dollar terms on a total return basis. The Fund also underperformed the S&P/TSX which was up +2.15% on a total return basis. The Sharpe Ratio for the Fund was -5.32, over the month. The fund's Sharpe Ratio was worse than that of the S&P 500 Index which had a monthly Ratio of 3.94.

The top four performers for the Fund during the month was a long position in KeyCorp (KEY—NYSE), which contributed a positive variance of +0.61%, a long position in Discover Financial Services (DFS—NYSE), which contributed a positive variance of +0.40%, over the period on an unrealized basis. The other top contributors to Fund performance was a short position in First Majestic Silver (FR—TSX), which contributed a positive variance of +0.24% and a long position in Encana Corporation (ECA—TSX) which contributed a positive variance of +0.188% to the Fund.

The bottom four performers for the Fund include a long position in Credit Suisse Group ADR (CS—NYSE), which contributed a negative variance of -0.374%, over the month. Additionally a short position in Freeport-McMoran Inc. (FCX—NYSE), which contributed a negative variance of -0.25%, over the period, while a long position in Pattern Energy Group, Inc. (PEGI—NASDAQ) contributed a negative variance of -0.22%, over the month. A short position in TransAlta Corporation (TA—TSX) contributed a negative variance of -0.21%, over the period.

Outlook:

For the past 18 months Mr. Trump has led an anti-establishment presidential campaign without peer. Over the next few months, America's establishment can expect the largest tax cut and asset-price boosting windfall in years. Is it any wonder why markets have been so giddy over the last month?

There is little doubt that the Trump policies are a big positive for markets in 2017, but as we move toward the middle of his term it may become more problematic. Promises not kept, a growth rate that overheats the economy leading to a recession or when it becomes apparent that U.S. growth can't sustain a three percent plus pace then the mood of the market will abruptly change.

For now things are good in the stock market as the animal spirits have been unleashed. But by the middle of 2018, the euphoria will likely have ended and markets could be due for a turn.

But for the foreseeable future, stocks and particularly U.S. stocks are where it is at. The rotation out of bonds has yet to begin in a serious way and a rising yield curve will benefit the financial sector above all others. Financials have been the most unloved group on the S&P 500 for the past eight years and the money center banks in particular have a long way to run despite their already heady gains in the aftermath of a Trump victory. With U.S. yields outpacing global rates the U.S. dollar will continue to strengthen, making a heavy weighting toward U.S. equities a slam dunk for 2017.

A stronger dollar and higher yields will be a negative for interest rate sensitive sectors such as the REITs, telecommunication companies and electric utilities, making these sectors good short candidates for the Fund. In a strengthening U.S. dollar environment the prospect for gold and precious metals companies looks dim and they will likely remain excellent candidates for the Fund's short book.

Economically sensitive groups such as the financials, energy, materials and industrials will lead the market higher in the next year or so and the Manager has increased the weighting of the Fund toward those sectors.

A Trump presidency is a game-changer for markets. Bonds have fallen sharply and stocks have soared as investors come to grips with lighter regulation, lower taxes and faster growth. A whole generation of fund managers have known only Fed watching, beta and momentum strategies and are unfamiliar with fundamental investing that is driven by capital investment leading to revenue and earnings growth. The return to fundamental investing is a welcome and overdue development and one that should benefit the Fund in future months.

Performance Statistics*

1 month	-3.90%
3 months	-8.24%
3 Years	N/A
5 Years	N/A
Annualized volatility	14.3%
Sharpe Ratio (since inception)	(1.71)
Sharpe Ratio S&P 500 (since inception)	(0.01)

GICS Sectors[1]

Sector	Weight
Energy	14.2%
Materials	1.4%
Industrials	0.0%
Consumer Discretionary	12.5%
Consumer Staples	1.5%
Health Care	16.3%
Financials	26.7%
Information Technology	14.4%
REITs	4.5%
Telecommunication Services	0.0%
Utilities	3.7%
Other (ETFs & derivatives)	9.2%

[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	34.2%	CAD	34.9%
US	55.0%	USD	59.1%
Europe (ex-UK)	6.8%	CHF	0.0%
UK	4.0%	GBP	3.8%
Japan	0.0%	EUR	2.2%
Other	0.0%	JPY	0.0%

*By country of domicile.

Monthly Risk Metrics

	Metric
Net market exposure (longs-shorts)	69.0%
Beta of the Fund	0.48
Volatility of the Fund (Annualized)	9.1%
Volatility of the S&P 500 (Annualized)	10.8%
Maximum Monthly Drawdown (Intra Month)	4.89%
Sharpe Ratio (Monthly)	(5.32)
Sharpe Ratio S&P 500 (Monthly)	3.94

NAVs - LP - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	56.4108
F	CAD	53.2616
I	CAD	NA
S	CAD	57.6881

NAVs - TRUST - Unrestricted Classes [2]

Class	CCY	NAV
A	CAD	5.4966
F	CAD	5.2082
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.