



## Aston Hill Canadian Total Return Fund & Class

Fund Manager(s): Manitou Investment Management Ltd.

### Commentary

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The Trump Watch continues as the world looks to understand the policy orientation and impact of the new President. The investing world is closely observing policies and regulation that would impact domestic growth as well as global trade. President Trump delivered what was considered a solid speech to Congress with a more conciliatory tone than prior speeches and the ever-present tweets. Prime Minister Trudeau visited the White House and received assurances that the trade relationship between Canada and the U.S. is considered constructive and the concerns over NAFTA are focused on the dynamics with Mexico.

By way of policy, if we ignore the executive orders and focus on what will flow through the traditional political process, the Republicans are going after the Affordable Care Act first and then appear to be focused on taxes. But, just to remind us that this administration may not be business as usual, Trump has accused Obama of wire tapping and they are escalating tensions with North Korea by moving ahead, rapidly, with a missile defense system to be installed in South Korea. However, when we look through the headlines, the US economy seems to be strengthening further with solid jobs numbers, which is a positive for consumer spending and corporate growth. It also increases the odds of a rate increase, in the near term, thus investors are reconciling strong equity valuations with the prospect of solid U.S. growth and higher interest rates. The U.S. market certainly has performed well year-to-date, indicating prospects for growth have been the dominant sentiment.

Outside the U.S., growth prospects are not as strong. The Canadian economy is holding in with "okay" job numbers, a recovery in the energy market from a rough 2016 and trade data that appears healthy. However, concerns remain for credit levels and real estate prices. The TSX is up modestly for the year, as the strength in energy and mining stocks, that drove returns in 2016, has moderated substantially. In our view, the Canadian dollar is supportive of trade related economic activity and it is unlikely that the energy markets will return to the activity levels of a few years ago, given oil prices appear to be range bound.

Political uncertainty continues in Europe with French elections the next significant opportunity for a population to express a desire for dramatic change. Brexit will continue to dominate headlines as well as bring uncertainty to corporate decision making. A potential positive is that austerity appears to have run its course and pro-growth spending may become more predominant as it has in Canada and the U.S.

Putting the pieces together, we continue to view the US as the strongest economy, we remain concerned for valuations, particularly in a rising rate environment and are focused on companies with the financial strength to navigate regulatory changes and market volatility. Assuming no change to trade policy between Canada and the US, the Canadian economy should follow the US, with a 12-18-month lag. Our cash levels will move around as we look to take advantage of volatility given we tend to buy and sell in significant weights.

The Canadian Total Return Fund has performed solidly year-to-date led by technology companies Shopify Inc and Apple Inc. There has also been a strong contribution from Canadian auto parts, and auto paint distributor Uni-Select Inc as well as one of our few small caps GDI Integrated Facility Services Inc. The fund is 70% invested in Canadian securities and cash with the remainder in U.S. listed securities and U.S. cash. We remain unhedged with our U.S. exposure with the belief the U.S. dollar will remain strong.

*Forward-Looking Statements: This commentary contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this commentary. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.*

## Fund Facts

CIFSC Category:	Canadian Focused Equity
NAVPS:	\$12.32(Fund, Series A)
Inception:	November 22, 2011
AUM (Feb. 28, 2016):	\$5.7 million
MER (Jun.30, 2016):	2.88% (Fund, Series A)
Minimum Purchase:	\$2,000 Initial, \$50 Subsequent

## Fund Codes

### CAD

Series A (FE) AHF530  
 Series A (LSC) AHF531  
 Series F AHF532  
 T-Series units available

### Corporate Class

Series A (FE) AHF580  
 Series A (LSC) AHF581  
 Series F AHF582

## Risk Rating

When you invest in a fund, the value of your investment can go down as well as up. Aston Hill Asset Management Inc. has rated this Fund's risk as medium.

Low	Low to Medium	Medium	Medium to High	High
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For a description of the specific risks of this Fund, see the Fund's simplified prospectus.



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\*Canadian Focused Small/Mid Cap Equity: \$5.76 billion as at December 31, 2015. For the most current threshold visit <http://www.cifsc.org/en/thresholds.php>. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.