LOGiQ Asset Management

February 28, 2017

Aston Hill U.S. Conservative Growth Fund & Class

Commentary

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 U.S. 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 U.S. 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 U.S., the Canadian economy should follow the U.S., 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.

We started managing the US Conservative Growth Fund in December of last year. We have re-positioned the fund to be aligned with Manitou's core approach of being concentrated where stock picking is the dominant element influencing portfolio construction. The fund has performed solidly year-to-date led by technology companies Shopify Inc and Apple Inc. There has also been a strong contribution from credit card companies American Express Company and Visa Inc. Visa is considered a technology company, as they strictly operate a transaction network where as American Express is a financial firm as they also provide the credit used in a majority of transactions completed with their cards. The fund currently holds 23 securities, 21 are US listed with 1 Euro and one British holding and approximately 12% cash.

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:	U.S. Equity
NAVPS:	$9.69 (Fund, Series A)
Inception:	April 1, 2015 (Series A)
AUM (Dec. 31, 2016):	$5.3 million
Distribution:	$0.0290/unit
Yield:	~ 3.7% per annum
MER (Jun. 30, 2016):	2.46% (Fund, Series A)
Minimum Purchase:	$2,000 Initial, $50 Subsequent Series UA & UF: $10,000 Initial

Fund Codes

CAD	USD	Corporate Class
Series A (FE) AHF160	Series UA AHF162	Series A (FE) AHF180
Series A (LSC) AHF161	-	Series A (LSC) AHF181
Series F AHF163	Series UF AHF164	Series F AHF182
T-Series units available		

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

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

Contact your LOGiQ Sales Team: 77 King Street West, Suite 2110, PO Box 92 Toronto, ON M5K 1G8
Tel: 1-(800) 513-3868 or (416) 583-2300 / funds@logiqasset.com / www.logiqasset.com