MARRET ASSET MANAGEMENT INC.

DECEMBER PERFORMANCE BY SERIES

Series (CAD)	Month	YTD	1 Year	Since Inception
5/12/2017	(6.30%)	2.16%	2.16%	0.19%
5/19/2017	(6.30%)	2.15%	2.15%	0.21%
5/26/2017	(6.30%)	2.15%	2.15%	0.24%
6/16/2017	(6.30%)	2.15%	2.15%	0.25%
6/30/2017	(6.31%)	2.06%	2.06%	0.75%

Series (USD)	Month	YTD	1 Year	Since Inception
5/12/2017	(6.17%)	2.60%	2.60%	0.55%
5/19/2017	(6.17%)	2.56%	2.56%	0.77%
5/26/2017	(6.17%)	2.65%	2.65%	0.61%
6/30/2017	(6.17%)	2.51%	2.51%	1.10%
7/07/2017	(6.17%)	2.52%	2.52%	1.06%

Date of Inception: May 1, 2017
Source : CIBC Mellon, December 31, 2018
Available in CAD & USD

COMMENTARY

The *Healthcare Sub Index (H0HL) underperformed the overall High Yield market (H0A0) in December, declining 2.61% versus the market at minus 2.19%. The Healthcare Sub Index Yield and spread remained below the High Yield market with a yield of 7.81% versus 7.95%, and a spread of 524bps. versus 537bps. The fund materially underperformed both indices due to its higher beta nature.

The fund's best performing positions in December were essentially breakeven, as there were no positive performers:

Tennessee Merger Sub Inc. (Team Health)	(0.5bps.)
HCA (Hospital Corporation of America)	(1.0bps.)
WellCare Health Plans Inc.	(4.2bps.)

The worst performing positions were our largest and highest conviction trades:

Bausch Health Companies Inc.	(195bps.)
Tenet Healthcare Corporation	(145bps.)
Mallinckrodt Pharmaceuticals	(74bps.)

Last month, we noted we were near the windup period for this fund and that we would be looking for opportunities to liquidate positions at favourable prices. Needless to say, these opportunities did not arise as December was the worst monthly return in the High Yield markets since Q4 2015, when plummeting oil prices drove High Yield markets lower. The liquidity characteristics of High Yield in December were perhaps more akin to 2008 though, as markets essentially went no bid especially late in the month.

Despite the large underperformance in December, the fund did produce a positive return in 2018, and is positive since inception. The fund gained 2.60% in U.S. Dollar terms after fees, while the USD return for the High Yield Index was minus 2.27% or 4.87% of outperformance. The Healthcare Sub Index (H0HL) significantly outperformed the overall market in 2018, +1.53% versus minus 2.27% or 3.80% of outperformance. The fund also outperformed the Healthcare Index 2.60% versus 1.53% (+107bps.).

We did not do a good job of preserving capital in December, as this partially would have required attempting to sell positions at very distressed prices. We have been through many periods of illiquidity and plunging markets over the past three plus decades, and know only too well that attempting to sell in very illiquid markets usually ends up driving prices even lower with only a very small sell position, if you are able to sell anything at all. Selling more liquid things such as CDX Index swap or buying U.S. Treasuries are much more effective hedges.

However, the risk of getting whipsawed is also very high and you end up locking in losses, as no one usually knows where the inflection points are.

What we can conclude from December's action though is:

1. Pretty much everything economically sensitive (stocks, prefs, high yield), became deeply oversold in December – the early action in January confirms this.

2. December's price movements were very technically damaging to markets and do not bode well for equity returns in 2019. Perhaps the one positive development is that the Federal Reserve has softened its stance on further rate hikes. This may provide some relief to markets in Q1 2019. However, we believe that they have already raised rates too much and economic growth will slow materially as 2019 unfolds.

3. It is entirely possible that we may not enter recession in 2019, or even in 2020 for that matter. However, growth is likely to slow enough in the U.S., Europe and China that earnings growth is negative in 2019 and maybe 2020, which will induce markets to act like they have in previous recessions and produce double digit negative returns.

4. Finally, it appears to us that the U.S. 10yr. yields peaked for this cycle at 3.25% in early October, and the fear of late cycle rate increases are behind us. This encourages us to extend duration whenever the 10yr. yield rises above 2.80%. We also suggest to our investors to significantly increase exposure to longer duration government bonds, which is essentially the only asset class to produce consistent double digit returns when equity prices fall by similar amounts.

We continue to seek opportunities to liquidate this fund and expect a late February windup.

*The fund will pursue an opportunistic investment strategy, which has a current focus on the healthcare industry. The ICE BofA Merrill Lynch US High Yield Healthcare Sub Index (H0HL) provides investors with a market backdrop, helping them to frame the fund's performance. The index consists of U.S. dollar-denominated below investment grade corporate debt issued in the U.S. market, compared to the Fund which invests in debt issued in both the U.S. and Canadian market. Provided that the fund's mandate enables flexibility on geographies, strategies, and securities, we selected this index as the most representative amongst those available.

Performance (%) CAD	1-YR	SI	YTD	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
MTDD, Class A	2.16%	0.19%	2.16%	2.04%	-0.34%	-0.20%	0.82%	3.28%	0.68%	2.20%	0.81%	0.59%	-1.73%	0.61%	-6.30%

Performance (%) USD	1-YR	SI	YTD	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
MTDD, Class A	2.60%	0.55%	2.60%	2.12%	-0.36%	-0.14%	0.83%	3.28%	0.70%	2.26%	0.84%	0.64%	-1.68%	0.58%	-6.17%

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IMPORTANT DISCLOSURES

The offering of units of the Fund is made pursuant to its Term Sheet only to those investors who meet certain eligibility and minimum purchase requirements. Eligible investors should read the Fund's Offering Memorandum before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. Commissions, trailing commissions, management fees and expenses all may be associated with investment funds.

The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in security 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.

Series F securities are generally only available to clients who have a fee-based account with their dealer. MAMI does not pay trailing commissions to dealers who sell Class F securities, which means MAMI can charge a lower management fee compared to Class A of the same Fund. A lower management fee may positively impact the performance data shown when compared to Series A.

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The index comparisons presented are intended to illustrate the Fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices. There are various important differences that may exist between the Fund and the stated indices that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indices are unmanaged, and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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