

Marret Tactical Distressed Debt Fund, Class A

January 2019 Commentary

JANUARY PERFORMANCE BY SERIES

CAD SERIES	MTD	YTD	1 YR	SI ANNUALIZED	SI NON-ANNUALIZED
5/12/2017	6.47%	6.47%	6.59%	3.90%	6.40%
5/19/2017	6.47%	6.47%	6.58%	3.96%	6.42%
5/26/2017	6.47%	6.47%	6.58%	4.03%	6.47%
6/16/2017	6.47%	6.47%	6.58%	4.18%	6.47%
6/30/2017	6.47%	6.47%	6.59%	5.00%	7.19%

USD SERIES	MTD	YTD	1 YR	SI ANNUALIZED	SI NON-ANNUALIZED
5/12/2017	6.63%	6.63%	7.13%	4.34%	7.17%
5/19/2017	6.63%	6.63%	7.13%	4.61%	7.54%
5/26/2017	6.63%	6.63%	7.18%	4.49%	7.25%
6/30/2017	6.63%	6.63%	7.12%	5.45%	7.87%
7/07/2017	6.63%	6.63%	7.13%	5.22%	7.87%

Date of Inception: May 1, 2017

Source: CIBC Mellon, January 31, 2019

Available in CAD & USD

The Healthcare Sub Index (H0HL) materially outperformed the overall High Yield market (H0A0) in January, gaining 5.34% vs. 4.59% for the market. The Healthcare Sub Index yield and spread remained well below the High Yield market with a yield of 6.55% vs. 6.94% and a spread of 404bps. vs. 443bps. The fund outperformed both the Healthcare Sub Index and the overall market.

The best performing positions in January were:

Bausch Health Companies Inc.	2.55%
Tenet Healthcare Corporation	1.01%
Endo International plc	0.92%

The worst performers were:

WellCare Health Plans Inc.	0.08%
HCA Healthcare	0.03%
TeamHealth Holdings	0.01%

Our goals in January were to recapture as much of the lost performance in December as possible, while at the same time, begin the liquidation process. While these can often be contradictory goals, we were generally successful as we did recapture December losses while also liquidating slightly more than half the fund. Cash levels at January 31st were 51% and the remaining 49% are generally the highest conviction and highest liquidity positions – primarily Bausch Health, Tenet and Community.

The goal for February is to produce a flat or positive return, while liquidating the remaining 49%.

At this point, we conclude that our overall thesis of the Healthcare sector being cheap relative to the market was validated.

Healthcare Sub Index (H0HL)	May 12, 2017	Jan 31, 2019
Yield	5.82%	6.80%
Spread	409bps.	431bps.
High Yield Index (HOA0)		
Yield	5.63%	6.94%
Spread	390bps.	443bps.

When we began, Healthcare yielded more than the markets by 19bps. and by January 31, 2019, Healthcare yielded 14bps. below the market for a relative outperformance of 33bps. in yield. The fund outperformed both indices, and we will provide full attribution next month when the fund is formally wound up.

FUND PERFORMANCE %, CLASS A

CAD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	6.47%												6.47%
2018	2.04%	-0.34%	-0.20%	0.82%	3.28%	0.68%	2.20%	0.81%	0.59%	-1.73%	0.61%	-6.30%	2.16%

USD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	6.63%												6.63%
2018	2.12%	-0.36%	-0.14%	0.83%	3.28%	0.70%	2.26%	0.84%	0.64%	-1.68%	0.58%	-6.17%	2.60%

Source: CIBC Mellon, January 31, 2019



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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.

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