

CELERNUS EQUITY NEUTRAL FUND (CENF)



As at June 30, 2017

CLASS A

WHY INVEST IN THIS FUND

- Seek to generate positive returns that are uncorrelated with those of broad-based equity markets.
- Take steps to minimize volatility of annual returns over a market cycle.

FUND DETAILS

Manager:

Celernus Investment Partners Inc.

Inception Date: February 2015

AUM: 6.9 million

Minimum investment: \$25,000

Advisory fee: 0.85%

Performance fee:

20%, after 6% hurdle

High water mark: Yes

Subscriptions: Weekly

Redemptions: Weekly

Prime Broker:

National Bank Correspondent Network (NBCN)

Auditor: BDO Canada LLP

Administrator:

Convexus Managed Services Inc.

Lawyer: WeirFoulds LLP

Eligible accounts:

RSP, RESP, RRIF, TFSA, cash

FUND CODES

CIP300A - No Load

INVESTMENT TEAM



Chris Grant, CFA
Senior Partner

*Full Bio can be found at
www.celernus.com/people

FUND OVERVIEW

The Celernus Equity Neutral Fund (CENF) is a market neutral-biased, long/short equity fund that aims to provide positive, low volatility returns that are uncorrelated with those of the broad-based market indices. The fund seeks to generate returns through the capture of quantitative alpha-generating fundamental and technical factors in the U.S. large cap space.

COMPOUND RETURNS (%) Class A

1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	INCEPTION
-3.05	1.58	0.88	-0.87	-	-	-0.49

MONTHLY RETURNS (%) Class A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	-0.67	-1.24	1.22	1.59	3.13	-3.05	-	-	-	-	-	-	0.88
2016	-0.14	-1.79	-0.19	-0.28	-0.55	-0.79	1.54	-1.55	-0.38	-0.98	-2.09	1.78	-5.36
2015	-	0.46	3.68	-6.32	2.87	3.59	1.73	0.10	0.77	-3.05	-0.12	0.17	3.49

HISTORICAL PERFORMANCE - GROWTH \$10,000



MARKET EXPOSURE

Long Exposure	110.3%
Short Exposure	-66.9%
Gross Exposure	177.2%
Net Exposure	43.4%

SECTOR ALLOCATION

SHORT		LONG
-9.6%	Consumer Staples	19.2%
-4.0%	Information Technology	19.1%
-11.3%	Industrials	16.8%
-17.5%	Financials	14.4%
-4.8%	Materials	13.6%
0.0%	Consumer Discretionary	9.6%
-7.9%	Health Care	9.6%
0.0%	Other (Gold ETF)	5.6%
-1.3%	Energy	2.4%
-8.5%	Real Estate	0.0%
-2.0%	Utilities	0.0%
-66.9%	Total	110.3%

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COMMENTARY

U.S. 10-year yields maintained a generally downward bias over the quarter. While this is typically beneficial to the performance of low volatility stocks relative to high volatility stocks, the effect was modest in this period. Crude oil posted negative results overall, although energy sector stocks rallied significantly over the last two weeks of the period. The Institute of Supply Management (ISM) manufacturing and non-manufacturing indices were quite strong, registering in the mid-to-high 50s. These numbers are generally consistent with solid equity market returns, which was the case in this quarter. The price of gold was virtually unchanged.

Exposure to the information technology and financials sectors contributed to the Fund's long book performance. The performance of its short book benefited from the weakness in crude oil as its energy-related stocks sold off. The continued appreciation of broad-based U.S. equity indices also contributed to performance.

Google Inc. and Apple Inc. entered into arrangements with Avis Budget Group Inc. and Hertz Global Holdings Inc., respectively, to further pursue their self-driving vehicle initiatives. Avis Budget Group Inc. and Hertz Global Holdings Inc. both rallied sharply on the news.

We continue to note that ISM data is consistent with positive returns from U.S. equity indices, and that the U.S. employment situation is also consistent with positive equity returns. We are mindful of the extremely low levels of volatility pricing. Given the high quantities of short-volatility strategies, which effectively creates a "yield" by selling volatility short, we recognize that any moderate selloff in equity markets could be exacerbated by the short volatility positions that are in place.

Geopolitical risk has increased. North Korea's statements suggest it is ready to engage in war, but the probability of an actual attack by North Korea is likely less than the pervasive rhetoric would imply. Likewise, U.S. President Trump's statements directed to North Korea have been aggressive. The heightened geopolitical tensions are creating episodes of higher short-term volatility and equity market dips that the market seems still prone to buy. We feel that the market is becoming more wary of these dips. We will continue to keep a short book in place to protect against possible meaningful downside movement in equity indices.

DISCLAIMER

Information about the Celernus Equity Neutral Fund (the "Fund") is not to be construed as a public offering of securities in any jurisdiction of Canada. This Fund Fact sheet is for information purposes only and does not constitute an offer to sell or a solicitation to buy any securities referred to herein. The offering of units of the Fund is made pursuant to an Offering Memorandum and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about the Fund, including a statement of the Fund's fundamental investment objectives and risks, is contained in the Offering Memorandum, a copy of which may be obtained from Celernus Investment Partners Inc. or by contacting your advisor. Please read the Offering Memorandum carefully before investing. Unit values and investment returns will fluctuate. You are encouraged to speak with a tax advisor as any distributions paid as a result of capital gains realized by the Fund and income and dividends earned by the Fund are taxable in the year they are paid to you. The Funds are not guaranteed, their values change frequently and past performance may not be repeated. Past performance does not guarantee future results. Unit value and investment returns will fluctuate and there is no assurance that a fund can maintain a specific net asset value. All amounts herein are in Canadian dollars unless otherwise noted.

ABOUT US

Celernus manages investment funds for high-net-worth individuals and institutions. Our lineup of actively managed, low-fee solutions are built to help investors achieve long-term financial success. We manage our portfolios with a lower-volatility approach while also focusing on alpha generation and absolute returns.

CONTACT US

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