



2020 ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

PALOS EQUITY INCOME FUND

FOR THE ANNUAL PERIOD ENDED DECEMBER 31, 2020

Portfolio Manager
Palos Management Inc. ("Palos")

Charles Marleau, CIM
President & Senior Portfolio Manager

This annual management report of fund performance ("MFRP") contains financial highlights, but does not contain complete annual financial statements of the Palos Equity Income Fund (the "Fund"). You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-514-397-0188 or toll free 1-855-PALOS-88 (1-855-725-6788), by writing to us at Palos Equity Income Fund, Investor Relations, 1 Place Ville-Marie, Suite 1670, Montréal, Québec H3B 2B6 or by visiting our website at www.palos.ca or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

This management discussion of Fund performance represents the management's view of the significant factors and developments affecting the Fund's performance and outlook. The Fund is a mutual fund managed and advised by Palos Management Inc. (the "Manager").

Investment Objective and Strategies

The Fund's objective is to provide long-term capital growth, attractive and steady income, and deliver trading-enhanced returns.

To achieve its objective, the Fund invests primarily in Canadian income-paying securities, such as equity securities of Canadian issuers that pay dividends or selected debt obligations that pay interest.

The primary investment strategy employed by the Fund is to apply qualitative, quantitative and comparative research in order to build and manage a portfolio of select high-grade and undervalued dividend-paying equity securities and income-paying debt securities. This core portfolio of securities currently represents approximately 90% of the Fund's portfolio. The Fund holds no more than 25% of non-Canadian securities.

The debt investments held in the Fund are often convertible debentures. Convertible debentures are debt securities that the holder can convert into common stock of the issuing company (or cash at an equivalent value) at a predetermined price. In selecting fixed income securities for the Fund (whether convertible or non-convertible), the Manager considers factors such as the debenture's yield, risk of interest rate fluctuation, credit risk, the issuer's capital structure, credit spread (i.e. the difference between the yield offered by the debenture and by a predetermined risk-free bond, such as Bank of Canada treasury bills with a similar maturity) and the duration (the weighted average of the time periods until the debenture's cash flows are received by the Fund, which measures the debentures's price sensitivity to its yield). Typically, the Manager seeks out bonds or debentures with a high yield compared to their credit risk and relatively low duration. However,

the Fund's overall debt portfolio may include bonds or debentures that are outside these parameters, depending on the components of the remainder of the portfolio, and whether the bond has other features, such as a convertibility feature. When evaluating convertible debentures, the Manager engages in an analysis using the above factors, and also includes an analysis of features particular to convertible debentures, such as clauses, the volatility of the underlying stock, and the amount of time left until the conversion feature expires. In valuing a convertible debenture, therefore, the Manager engages in an analysis of the underlying stock volatility, the features of the particular debenture, and a traditional analysis of the fixed income portion that takes into account the firm's credit profile, the ranking of the convertible within the capital structure, the bond's duration, and yield.

Essentially, the Manager calculates the value of a convertible debenture by calculating the present value of future interest and principal payments discounted at the cost of debt and adding the present value of the convertible component. The Manager then engages in a qualitative and quantitative analysis of a variety of factors, including the debenture's duration, its credit risk, the firm's corporate management, macroeconomic factors, including the likelihood of fluctuations in prevailing interest rates, and any particular clauses inherent in the convertible feature of the debenture.

In some cases, the Manager's motivation for purchasing a convertible debenture is to be able to engage in merger arbitrage (i.e. to make an educated guess about a company's likelihood of being purchased by another company at a price that is at a premium to the prevailing market price of the first company). Buying a convertible debenture may allow the Fund to gain exposure to an issuer or to its securities that it might not otherwise be able to based on the Fund's investment parameters and restrictions. For example, because a convertible debenture pays an interest income, it may be an appropriate investment to hold in the Fund's portfolio, even if the underlying stock would not, on its own, be an acceptable investment. However, the Fund can purchase the convertible debenture and benefit from the coupon payments, while at the same time waiting for a merger to occur.

In selecting equity investments for the Fund, the Manager focuses on companies that, in its judgment, provide good value. The Manager believes that good value companies are likely to experience capital appreciation and/or increases in distributions to investors, and that these companies tend to have significant potential for growth of cash flow, increases of dividend distribution, and stock buybacks.

In making the determination of what companies' stock present good value, the Manager typically focuses on a variety of financial ratios and metrics that provide relative points of reference that are transferable across companies and industries. The Manager primarily considers six financial ratios: earnings yield spread, debt vs. EBITDA, cash per share, return on equity, price to earnings (P/E ratio), and free cash flow yield.

Earnings Yield

The earnings yield is the earnings per share for the most recent period (typically twelve months) divided by the current market price per share. The earnings yield (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company. The Manager considers the differential between the earnings yield compared to the stock price versus the US Treasury Bond yield, sometimes called the earnings yield spread. A wide earnings yield spread represents good value, particularly as compared to bonds, and therefore presents a buying opportunity for the Manager.

Debt to EBITDA

The Manager also considers a company's debt as a percentage of its earnings before interest, taxes, depreciation and amortization or EBITDA. A low ratio indicates that the company is able to repay its debt and/or to take on additional debt, thus allowing it to finance expansion of operations or share buybacks. Conversely, a high debt/EBITDA ratio suggests that a firm may not be able to repay debt and interest as it comes due, which could potentially lead to a restructuring and/or bankruptcy of the company.

Cash per Unit

Cash per unit (sometimes known as free cash flow per share) is determined by dividing free cash flow by the total number of units outstanding. It is a measure of a company's financial flexibility. More free cash flow allows a company to engage in a variety of transactions, such as repaying debt, paying and increasing dividends, buying back stock and facilitating the growth of the business. The amount of free cash flow per unit can also be used to give a preliminary prediction concerning future share prices. For example, when a firm's unit price is low and free cash flow is on the rise, the Manager believes that this is a positive indicator that earnings and share value will soon increase, because a high cash flow per share value means that earnings per share could potentially be high as well.

Return on Equity

Return on equity (sometimes known as return on net worth) is the amount of net income returned as a percentage of unitholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money unitholders have invested in common stock (preferred stock is generally excluded, as are the dividends paid on that stock). Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.) Unitholder's equity does not include preferred shares. The Manager uses return on equity to compare the profitability of a company to that of other firms in the same industry. If a given company's return on equity is particularly high compared to its peers, then the company may present good value and therefore may be a good buying opportunity.

Price to Earnings

Price to earnings, or P/E, is one of the most commonly used financial ratios. In general, a high P/E suggests that the market is expecting higher earnings growth in the future compared to companies with a lower P/E. However, a high P/E ratio may also imply that a company is overvalued. The Manager focuses on companies with low P/E ratios because a low P/E ratio implies that

a significant component of the company's stock price is comprised of earnings, rather than market expectations for future growth. The Manager also recognizes that it is impossible to base a decision on the P/E ratio alone. The denominator (earnings) is based on an accounting measure of earnings that is susceptible to forms of manipulation, making the quality of the P/E only as good as the quality of the underlying earnings number.

Free Cash Flow Yield

The free cash flow yield is a measure of the free cash flow per unit a company is expected to earn against its market price per unit. As compared to the price to earnings ratio, the free cash flow yield is a more standardized measure that eliminates many of the problems involved in evaluating the quality of the earnings as reported by a company. Because free cash flow takes into account capital expenditures and other ongoing costs a business incurs to keep itself running, the Manager believes that the free cash flow yield is a more accurate representation of the returns shareholders receive from owning a business compared to the price to earnings ratio. In selecting equity investments, the Manager considers other factors beyond the financial ratios described above. The Manager also considers macroeconomic factors such as currency exchange rates, consumer demand, taxation policy, geopolitical factors that could affect commodity prices, and the quality of corporate management. The Manager recognizes that equity prices can be affected by a huge variety of factors, and that investing requires knowledge of a wide variety of disciplines. The Manager seeks to consider all of these factors while remaining focused on its core value investment philosophy.

In addition to the primary strategy, the Manager seeks to enhance returns through the following five targeted, short-term secondary trading strategies:

1. Pair trading, whereby the Manager identifies a security that is either undervalued or overvalued, and purchases (or sells) the security and simultaneously takes the opposite action with regards to the security's index. For example, the Manager might identify the common equity of Bank ABC as being overvalued. The Manager would borrow a quantity of Bank

ABC common equity and sell it "short", while simultaneously buying a security that represents an index in which Bank ABC is a component. This strategy effectively eliminates market risk from the pair trade;

2. Syndication trading, whereby the Manager invests in securities being offered in the market for the first time, while simultaneously selling the index "short". New issues are typically underpriced by a small amount in order to encourage investors to purchase the security. This strategy effectively eliminates market risk from the investment in the new issue;
3. Merger arbitrage, whereby the Manager trades in the equity of an acquirer in a merger while simultaneously taking the opposite action with regards to the security's index. The actual trade will depend on the Manager's view of whether the transaction is likely to be completed;
4. Statistical pair trading, whereby the Manager identifies securities that historically trade in tight correlation but that, for some reason, have become uncorrelated. The actual trading strategy will depend on the nature of the uncorrelation; and
5. Dividend capturing, whereby the Manager purchases a security just prior to the ex-dividend date and sell the security just after the dividend is paid. This strategy locks in a dividend payment while limiting risk.

The Fund may use derivatives only as permitted by securities regulations to earn additional income for the Fund. These transactions will be used in conjunction with the Fund's other investment strategies in a manner considered most appropriate to achieve the Fund's investment objectives and to create additional income for the Fund.

The Fund has obtained regulatory relief in order to permit the Fund to engage in short selling. In determining whether securities of a particular issuer should be sold short, the Manager uses the same analysis that is described above for deciding whether to purchase the securities. The Fund will engage in short selling as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value.

The Fund may temporarily buy or sell exchange traded funds in order to mitigate systematic risk relating to the Fund's investment strategies. These funds will not be managed by the Manager, an

affiliate or associate of the Manager. At no time will the Fund's interest in any one exchange traded fund be more than 10%. The selection criteria employed by the Manager in respect of the exchange traded funds will be limited to specific funds corresponding to the applicable syndication trading or merger arbitrage investment strategy being implemented.

Risk

The overall risks of investing in the Fund are as discussed in its simplified prospectus. There were no material changes to the Fund over the review period that affected the overall level of risk of the Fund.

This Fund is suitable for an investor with a medium to long-term investment horizon, who has a need for quarterly income and who wishes to add appreciation potential of equity security to his or her portfolio and can accept a moderate degree of risk.

Results of Operations

As at December 31, 2020, the total net asset value of the Fund was \$25.18 million, an decrease of 1.4% from December 31, 2019. This includes \$2,859,468 in net redemption and \$325,873 in distributions reinvested in the Fund by its unitholders.

Over the twelve-month period ended December 31, 2020, the **Palos Equity Income Fund** Series A units price increased (including distribution) in value by 13.3% and the Series F units price increased by 14.4%. On a comparative basis, both series significantly outperformed the benchmark as measured by the S&P/TSX Composite Total Return Index. For 2020, the benchmark delivered a positive total return of 5.6%. The Total Return index includes reinvested dividends.

2020 was a year like none other. The arrival of COVID-19 during the early stages of the year saw much of our society hunkered down as we battled the global pandemic. With lockdowns in place and few options to occupy the minds of money managers, much of our attention turned to "The Trump Show" and ongoing efforts to monitor the depressing statistics related to the pandemic. As if these concerns were not enough, financial markets tested investors resolve by offering up the shortest and sharpest bear

market in history which in turn was quickly followed by a breathtaking recovery.

Clearly, pandemic uncertainty ushered in a climate of confusion, fear, and uncertainty. As investors navigated through uncharted territory, capital preservation became priority number one. The manager took proactive measures by raising cash allocation as a means to protect the portfolio and we are confident that this was the most prudent course of action. The manager believed that risk was excessively high during the early stages of the outbreak and under such trying circumstances, prioritizing capital preservation over maximizing capital gain was a wise decision.

From a tactical perspective, protecting capital means taking proactive measures by shifting equity positions to either cash, or assets with a low correlation to equities (i.e. fixed income). At various times during the year, the fund held roughly 10% in fixed income securities as well as a larger than normal cash allocation. At year end the fund was holding 4.9% in cash or cash equivalents.

It's important to note that protecting a portfolio naturally entails an opportunity cost in terms of performance (i.e. the missed opportunity of not being fully invested). While this can be a drag in the short-term, the manager believed that raising cash was a prudent course of action. Understanding that successful investing begins with discipline and safety of capital, we preferred to take a patient approach with the knowledge that given time, volatility would subside and opportunities to invest at attractive prices would abound.

The manager chose to proceed cautiously and prudently during the first half of 2020 as uncertainty gripped markets. We sought safety by rotating our equity allocation to sectors that can be characterized as defensive. This includes precious metals (gold) and consumer staples (groceries and consumer goods). However, by the second half of the year we began to see opportunities as price declines in the more economically sensitive sectors were offering an attractive entry point. This included technology, health care, basic materials, consumer discretionary, and utilities.

By mid-year it became obvious that governments and central bankers were (and still are) committed to taking whatever measures deemed necessary to support an ailing economy. Unprecedented stimulus programs and historically low interest rates around the globe confirmed the accommodative posturing. Clearly, systemic risk was being removed from the equation.

Recent Developments

Massive economic stimulus programs have set the table for an economic boom. A powerful trifecta of pent-up consumer demand, fiscal stimulus, and low interest rates will ultimately find its way into the economy. In addition to these forces, there is a prevailing sense of renewed optimism as a new administration in Washington seems committed to restoring relationships with allies, rejoining the Paris climate accord, and a commonsense approach governing the nation. This will be good for the global economy. Biden's climate agenda should be extremely supportive of companies with exposure to renewable energy, vehicle electrification, and infrastructure. It is plausible to believe that the global economy will be supported with a gale force tailwind. Perhaps we are destined for a decade of tremendous growth, similar to what occurred in the decade following the Spanish Flu outbreak in 1918. It's fair to wonder, are we destined for a repeat of the Roaring Twenties?

Some challenges lie ahead. Among the questions is whether vaccines will succeed in restoring the economy we knew before the pandemic and perhaps we can only speculate as to if and to what degree the "old economy" will return. We've learned that current technology has given many of us the option of working from home. We believe this trend is here to stay and the economic implications are significant. For example, the demand for resources associated with commuting (fuel, parking, food, office attire) will surely decline. While personal savings rates have risen significantly, there is a spillover effect on some parts of the economy. For example, the service industry (i.e., restaurants and bars), business travel (airlines, hotels), traditional brick and mortar retail, and real estate companies with retail or office exposure have taken a hit. These sectors may take years to recover and only time will tell.

With regards to the "new economy", massive amounts of raw materials like steel and concrete will be required for infrastructure

and renewable energy projects. Electric vehicle (EV) demand is creating an enormous need for rare materials that are critical for the manufacture of EV batteries. This includes lithium, cobalt, nickel, and graphite. More abundant metals like copper, iron ore, and aluminum should also see sustained demand growth. In fact, over the previous ten months we've observed significant price increases in virtually all commodities including crude oil, natural gas, and agricultural commodities like corn, sugar, soybeans, and cotton.

In recent weeks we've heard reports of shortages in semiconductors that are used in thousands of consumer products ranging from automobiles and appliances to computers, game consoles and cell phones. Several auto makers have put production on hold citing shortages. Lumber prices, currently at all-time highs, is having an impact on home builders as they scramble for inventory. Oil exploration, which was significantly reigned in when prices plummeted in 2020, has fallen off the map. Drilling rig counts have dropped significantly over the last year as capital budgets were trimmed. With the world economy in the throes of recovery, we should expect increased demand and lower supply to drive energy prices higher. This bodes well for Canada's economy as our nation is a leading exporter of energy and raw materials. We believe commodities are poised for sustainable demand growth in lockstep with a recovering global economy.

There is reason for optimism. Renewed economic strength, remarkable innovation, and new technologies are setting the table for some exciting times. If the first two decades of the twenty-first century are any indication, the global economy will continue to be driven by new ideas and advancements in energy, health care, communications, and commerce. As investors we learned long ago that it's better to look ahead rather than backwards. New industries continue to emerge: cloud-based digital commerce, artificial intelligence, renewable energy, robotics, medicine, fuel-cell technology, driverless cars and even space travel. The future is capturing our collective imaginations in the same way that it did in the 1920's when automobiles, modern appliances, and air travel changed the world. We continue to be inspired by the incredibly exciting investing opportunities that lay ahead.

Related Party Transactions

Palos Management Inc., which acts as the investment fund manager and portfolio advisor to the Fund, is deemed to be a related party to the Fund. Palos Management Inc. and the Fund were not party to any other related party transactions during the last year.

The Fund's Independent Review Committee (the "IRC") has considered whether Palos Management Inc.'s roles as investment fund manager and portfolio advisor constitutes a conflict of interest requiring standing instructions and has concluded that it does not. Nevertheless, the IRC will review the arrangement from time to time to ensure that Palos Management Inc., in its dual capacity as investment fund manager and as portfolio manager, is performing adequately in both roles. In its analysis, the IRC will consider the following criteria, among others: the performance of the Fund relative to other funds in the same category, and the quantum of the fees paid to the Manager in relation to the performance of the Fund and the amount of assets under management in the Fund. Palos Management Inc. has relied on the approval of the IRC in proceeding in this manner.

Manager, Trustee and Portfolio Advisor

Palos Management Inc. is the manager and portfolio advisor of the Fund. Computershare Trust Company of Canada is the trustee of the Fund.

Custodian

NBIN Inc., a subsidiary of National Bank, is custodian of the Fund.

Registrar

SGGG Fund Services Inc. is the registrar of the Fund and keeps records of who owns the units of the Fund since July 1, 2016.

MANAGEMENT FEES

Management fees paid by the Fund are calculated monthly, based on 1/12th of the annualized management fee per series applied to the NAV per series as at the last business day of the preceding month.

Series	Trailer commissions (%)	Other (%)
A	0.75	0.75
F	0.00	0.75

Other – includes day-to-day administration of the Fund, portfolio advisory services and Manager's compensation

FINANCIAL HIGHLIGHTS

Series A

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past ten years.

The Fund's Net Assets per Unit ⁽¹⁾	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Assets, beginning of period	\$5.72	\$5.35	\$6.68	\$6.38	\$5.93	\$6.73	\$7.09	\$6.82	\$7.37	\$8.65
Increase (decrease) from operations:										
Total revenue	0.16	0.18	0.16	0.18	0.17	0.20	0.24	0.27	0.30	0.36
Total expenses	(0.15)	(0.17)	(0.16)	(0.16)	(0.17)	(0.21)	(0.20)	(0.34)	(0.29)	(0.49)
Realized gains (losses) for the period	0.20	0.01	0.27	0.40	0.30	0.14	0.77	0.63	(0.06)	(0.08)
Unrealized gains (losses) for the period	0.52	0.74	(1.20)	0.30	0.66	(0.14)	(0.36)	0.51	0.27	(0.35)
Total increase (decrease) from operations ⁽²⁾	0.73	0.76	(0.93)	0.72	0.96	(0.01)	0.45	1.07	0.22	(0.56)
Distributions:										
From income (excluding dividends)	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From dividends	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From capital gains	0.01	0.00	0.23	0.34	0.13	0.00	0.59	0.11	0.00	0.00
Return of capital	0.08	0.38	0.17	0.06	0.37	0.80	0.21	0.69	0.80	0.80
Total Annual Distributions ⁽³⁾	0.10	0.40	0.40	0.40	0.50	0.80	0.80	0.80	0.80	0.80
Net Assets, end of period	\$6.38	\$5.72	\$5.35	\$6.68	\$6.38	\$5.93	\$6.73	\$7.09	\$6.82	\$7.37
Ratios/Supplemental Data	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Net Asset Value (\$000's) ⁽¹⁾	17,924	17,011	15,862	19,092	18,649	17,587	19,195	17,643	16,071	14,219
Number of units outstanding (000's)	2,808	2,976	2,966	2,857	2,924	2,941	2,852	2,489	2,358	1,925
Management expense ratio ⁽²⁾	2.66%	2.71%	2.52%	2.51%	2.60%	3.00%	2.69%	4.85%	4.03%	5.37%
Management expense ratio before waivers or absorptions	2.66%	2.71%	2.52%	2.51%	2.60%	3.00%	2.72%	5.11%	4.03%	5.37%
Trading expense ratio ⁽³⁾	0.33%	0.18%	0.31%	0.29%	0.25%	0.17%	0.35%	0.16%	0.09%	0.22%
Portfolio turnover rate	97.73%	63.56%	91.30%	73.31%	108.62%	91.47%	168.61%	113.53%	107.02%	111.72%
Net Asset Value per unit	6.38\$	5.72\$	\$5.35	\$6.68	\$6.38	\$5.93	\$6.73	\$7.09	\$6.82	\$7.39

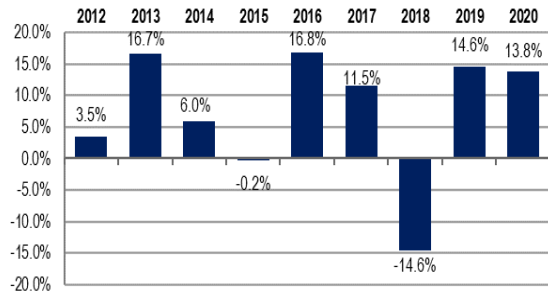
For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section

PAST PERFORMANCE

The following information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The following bar chart shows the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



*Since the commencement of operation, from February 18, 2011 to December 31, 2020.

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2020. The returns are compared against the S&P/TSX Composite Total Return Index over the same period.

	1 Year	3 Years	5 Years	10 Years	Since Inception
Overall Portfolio					
Series A Units - Overall	13.8%	3.7%	7.7%	N/A	5.4%
S&P/TSX Composite Total Return Index	5.6%	5.7%	9.3%	N/A	5.3%

FINANCIAL HIGHLIGHTS

Series F

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past eight years.

The Fund's Net Assets per Unit ⁽¹⁾	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	\$6.17	\$5.69	\$7.03	\$6.67	\$6.13	\$6.92	\$7.21	\$6.84	\$7.18
Increase (decrease) from operations:									
Total revenue	0.18	0.19	0.17	0.19	0.17	0.21	0.24	0.27	0.23
Total expenses	(0.12)	(0.13)	(0.11)	(0.16)	(0.13)	(0.20)	(0.18)	(0.23)	(0.19)
Realized gains (losses) for the period	0.15	0.01	0.28	0.45	0.30	0.12	0.41	0.64	(0.08)
Unrealized gains (losses) for the period	0.20	0.79	(1.28)	0.35	0.81	(0.19)	(0.56)	0.63	0.21
Total increase (decrease) from operations ⁽²⁾	0.42	0.86	(0.94)	0.83	1.15	(0.06)	(0.09)	1.31	0.17
Distributions:									
From income (excluding dividends)	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From dividends	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From capital gains	0.01	0.00	0.23	0.38	0.32	0.00	0.40	0.11	0.00
Return of capital	0.07	0.34	0.17	0.02	0.18	0.80	0.40	0.69	0.60
Total Annual Distributions ⁽³⁾	0.10	0.40	0.40	0.40	0.50	0.80	0.80	0.80	0.60
Net Assets, end of period	\$6.96	\$6.17	\$5.69	\$7.03	\$6.67	\$6.13	\$6.92	\$7.20	\$6.84
Ratios/Supplemental Data	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Net Asset Value (\$000's) ⁽¹⁾	7,252	8,509	9,040	11,160	5,707	2,638	1,874	671	326
Number of units outstanding (000's)	1,042	1,380	1,587	1,588	855	430	271	93	48
Management expense ratio ⁽²⁾	1.81%	1.86%	1.67%	2.41%	1.74%	2.85%	1.83%	3.40%	3.55%
Management expense ratio before waivers or absorptions	1.81%	1.86%	1.67%	2.41%	1.74%	2.85%	1.88%	3.77%	3.55%
Trading expense ratio ⁽³⁾	0.17%	0.19%	0.31%	0.32%	0.22%	0.17%	0.34%	0.22%	0.10%
Portfolio turnover rate	97.73%	63.56%	91.30%	73.31%	108.62%	91.47%	168.61%	113.53%	107.02%
Net Asset Value per unit	\$6.96	\$6.17	\$5.69	\$7.03	\$6.67	\$6.13	\$6.93	\$7.21	\$6.84

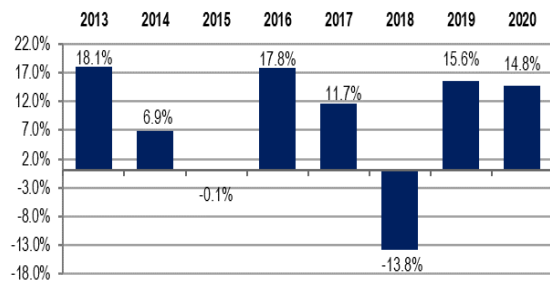
For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

PAST PERFORMANCE

The following information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The following bar chart show the investment fund's annual performance for each of the years shown, and illustrates how the investment fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



*Since the commencement of operation, from April 9, 2012 to December 31, 2020.

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2020. The returns are compared against the S&P/TSX Composite Total Return Index over the same period.

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series F Units	14.8%	4.6%	8.5%	N/A	8.1%
S&P/TSX Composite Total Return Index	5.6%	5.7%	9.3%	N/A	7.6%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2020

Portfolio by Category

The major portfolio categories and top 25 holdings of the Fund at the end of the period are indicated in the following tables. The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available.

Regional Weightings (%)

Canada	97.10%
United States	2.90%
Total	100.00%

Sector Weightings (%)

Consumer Discretionary	6.80%
Consumer Staples	4.10%
Energy	7.90%
Financials	28.20%
Health Care	2.20%
Industrials	13.30%
Info Tech	6.80%
Materials	8.70%
Communication Services	3.40%
Utilities	6.10%
Real Estate	7.60%
Cash	4.90%
Total	100.00%

Portfolio Long/Short Breakdown (%)

Long positions	95.10%
Short positions	0.00%
Cash	4.90%
Total	100.00%

Asset Class Weightings (%)

Common Stocks	85.6%
Preferred Stocks	0.0%
Fixed Income	9.5%
Cash	4.9%
Total	100.00%

Top 25 Holdings (%)

Royal Bank of Canada	4.01%
The Bank of Nova Scotia	3.80%
The Toronto-Dominion Bank	3.68%
Bank of Montreal	3.55%
iShares 1-5 Year Laddered Government Bond Index ETF	3.25%
iShares 1-5 Year Laddered Corporate Bond Index ETF	2.67%
Shopify Inc.	2.29%
National Bank of Canada	2.07%
Canadian Pacific Railway Ltd	1.86%
Canadian National Railway Co.	1.66%
Quebecor Inc.	1.54%
Fiera Capital Corp. 5% 30JUN2023 CONV. \$18.85	1.54%
Canadian Natural Resources Ltd	1.37%
TELUS Corp.	1.36%
North American Construction Group Ltd 5% 31MAR2026 CONV. \$26.25	1.32%
Keyera Corp.	1.25%
Premium Brands Holdings Corp.	1.23%
Enbridge Inc.	1.20%
K-Bro Linen Inc.	1.17%
Tourmaline Oil Corp.	1.17%
Lightspeed POS Inc.	1.16%
Capital Power Corp.	1.16%
First Quantum Minerals Ltd	1.15%
CGI Inc.	1.13%
Innergex Renewable Energy Inc.	1.09%
Top 25 Holdings	47.68%

The total Net Asset Value of the Fund as at December 31, 2020 was \$25.18 million.

EXPLANATORY NOTES TO FINANCIAL HIGHLIGHTS**Net Assets per Unit:**

- (1) This information is derived from the Fund's audited annual financial statements. Before 2012, the net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements. This difference was due to the fact that the net asset value calculated for Fund pricing purposes was based on the actual trade price, whereas the net assets per unit presented in the financial statements was based on the closing "bid" price, as was required by GAAP. In 2014, the financial statements changed accounting principle to IFRS and this discrepancy no longer exist, as the net asset value calculated for Fund pricing purpose is the same used in the IFRS financial statements. This changes was done restrospectively to the 2013 and 2012 financials statements.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease in net assets from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of opening and closing nets assets per units.
- (3) Distributions were paid in cash to unitholders who ask for cash payment. For the other unitholders, the distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data:

- (1) This information is provided as at December 31 of the year shown.
- (2) The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The prospectus and other information about the Fund are available at www.sedar.com.

For more information contact your investment advisor or:

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