

Term Sheet



Palos-Mitchell Alpha Fund

For more information on the fund or Palos Management Inc., please visit the Funds section of our website at www.palos.ca.

Organization Overview

The Palos-Mitchell Alpha Fund (the “Fund”) is an open-ended trust established on January 29, 2019. Palos Management Incorporated (the “Firm”) is responsible for investment decisions of the Fund. Palos Management is a Canadian investment management company based in Montreal, Canada.

Investment Objectives

The Fund’s objectives are 1) to protect capital and 2) deliver superior long-term returns, or generate “alpha”, by investing in a select portfolio of Canadian and U.S. exchange-listed securities. The fund is actively managed and seeks to generate trading enhanced returns by implementing strategies designed to generate income, mitigate risk, and capitalize on market opportunities as they arise.

Investment Strategy

The Manager employs qualitative, quantitative, technical, and comparative analysis during in the security selection process. The portfolio managers use macroeconomic and sector analysis to determine optimal sector, industry and geographic allocations within the fund. The fund may hold both long positions and short positions. The managers may use covered options strategies that are designed to mitigate risk and/or generate income. Individual security short positions are “covered” and are used for risk mitigation purposes only. The management team of William Mitchell and Charles Marleau regularly meet with industry analysts or management of many of the companies the fund invests in. The portfolio management possesses over 50 years of combined experience.

Fund Information	
Exposure	150% gross, 125% net
Strategy	Long Bias, actively managed, strategic hedging
Region	North American focused
Valuation Currency	Canadian dollars
Currency Hedging	Strategic
Market cap	Large and mid-cap bias
Derivatives	Covered options

Management fee	No management fee for clients of Palos Wealth Management Inc.
High Water Mark	Yes, perpetual
Hurdle Rate	The performance fee benchmark is calculated as a 50% weighting in the S&P/TSX Composite Total Return Index and a 50% weighting in the CAD\$ adjusted S&P 500 Total Return Index
Performance fee	20% of the performance above the Hurdle Rate
Redemption	Any time
Redemption notice period	5 business days prior to the valuation day
Distribution reinvestment option	Yes
Distribution	Quarterly (optional, at the discretion of the manager) and fully at year end
Minimum Investment	Initial \$25,000, subsequent \$500 (or at the discretion of the manager)
NAV frequency	Weekly on Tuesdays and at month end
Eligibility	See Notes 1 and 2 below

Note 1: Series O – Can only be purchased by clients of the manager or his affiliates.

Note 2: Series O – Can only be purchased by investors with fee-based accounts with the manager or his affiliates.

Fund Information	
Prime Broker:	National Bank Independent Network
Legal Counsel:	Fasken
Administrator:	SGGG Fund Services Inc.
Portfolio Managers:	William Mitchell, CIM® Charles Marleau, CIM®
Portfolio Administrator:	Amelia Li
Fundserv code:	PAL300

Firm Information	
Firm:	Palos Management Inc.
Role:	Investment Fund Manager & Portfolio Manager
Address :	1 Place Ville-Marie, Suite 1670 Montreal, Quebec, Canada H3B 2B6
Tel:	(514) 397-0188 or (855) 725-6788 (Canada)
Fax:	(514) 397-0199
Clients:	514-307-0472, or info@palos.ca Web Site: www.palos.ca

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