

LYSANDER-ROUNDTABLE LOW VOLATILITY EQUITY FUND

After a somewhat disastrous start to 2016, many equity markets found footing in the second half of February. The S&P/TSX dropped nearly 5% from February 1st through February 11th, then rallied nearly 7% through February 18th and settled through the end of the month to finish near flat, up 0.3% - what a ride! South of the border, the S&P 500 finished the month in the red, falling 0.4%. The MSCI All Country World Index also lost ground, dipping 0.9% during the month of February. Most commodities caught a bid with gold and copper up 10.8% and 2.9%, respectively. Within the energy complex, prices were mixed as oil finished 0.4% to the positive, while natural gas prices plummeted over 25% due to warm weather influences. The Canadian dollar has recovered sharply from the recent low of 68.6 U.S. cents, rising 3.2% during February and finishing the month at nearly 74 cents versus its U.S. counterpart.

Inter-month volatility continues to be elevated, as the VIX Index appreciated by 39% mid-month and then pared back in the second half of the month, finishing February up 1.7%. Top performing TSX sectors include Materials and Consumer Staples, which appreciated 17.8% and 3.8%, respectively. The strong performance in the Materials sector can be attributed to the move in the spot price, as gold producers rallied on the back of the commodity. Healthcare and Financials were the worst performing sectors, down 23.3% and 2.6%, respectively. The 29.4% fall of Valeant Pharmaceuticals weighed on the entire S&P/TSX Healthcare Index, as investors hit the sell button with concerns around Valeant's business practices and delays in releasing audited financial statements mounting. The *Lysander-Roundtable Low Volatility Equity Fund* (the "Fund") does not hold a position in Valeant. Canadian banks sold off on concerns related to the banks' exposure to impaired energy loans and worries of contagion from the weakness in Alberta impacting the broader Canadian consumer. The Fund has been substantially underweight Financials and biased to Canadian banks with exposure to the U.S. Net exposure for February averaged 68% (delta-adjusted for short call options), up from 58% in January. Option coverage was closer to the mid-point of the 50% to 100% range. Short call options accounted for over half of February returns, as calls were written during heightened market volatility to benefit from richer option premiums. The Fund is diversified across all sectors with an overweight bias to Consumer Discretionary, Consumer Staples, Energy and Technology. Other than short call option positions, top performing stocks for the month include Coach Inc. (Consumer Discretionary), Enbridge Inc. (Energy), Baytex Energy Corp. (Energy), SNC-Lavalin Group Inc. (Industrials), and Agnico Eagle Mines Ltd. (Base Materials). The Fund holds a concentrated portfolio of 34 positions.



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