



From Charles Marleau, CIM & Joany Pagé, CFA

Joyeuses Fêtes et Merci

Chers clients,

Au fil des ans, nous avons eu notre juste part de succès et avons également rencontré des obstacles qui nous ont rendus plus forts. Cependant, nous n'avons jamais perdu de vue notre objectif. Nous nous efforçons de fournir le meilleur service et la meilleure performance à long terme à nos clients. Quels que soient les tendances des marchés, Palos restera transparent, axé sur le client et axé sur la performance.

Je suis reconnaissant de vous avoir comme clients et cela nous encourage à être les meilleurs. Depuis la création de Palos en 2001, nous avons parcouru un long chemin et nous continuons en sélectionnant les meilleurs fournisseurs, auditeurs et meilleures pratiques possible. Nous recherchons toujours les meilleurs produits et thèmes d'investissement et les meilleures allocations d'actifs afin de bien gérer les risques. Mon approche a toujours été de faire ce qui est le mieux pour nos clients et cela ne changera pas.

En matière de performance, le fonds s'est bien comporté au fil des ans. Encore une fois, sans votre confiance et votre fidélité, cela n'aurait pas été possible. En tant que gestionnaire, je pense qu'il est crucial que mes placements personnels soient investis dans le même portefeuille que le vôtre. Mon intérêt est donc le même que le vôtre. Je me soucie de savoir quand le portefeuille va bien et quand qu'il va mal et on sera toujours à la hauteur des circonstances.

Nous vous remercions de votre confiance et de votre fidélité au fil des ans et nous souhaitons continuer à prospérer pour être les meilleurs gestionnaires possible. Nos clients comptent beaucoup pour nous. Je vous souhaite à tous de joyeuses fêtes et une nouvelle année prospère.

Cordialement,

Charles

Happy Holidays & Thank You

Dear Clients,

Over the years we have had our fair share of successes and have also encountered some obstacles along the way that made us stronger. However, I have never lost sight of our goal. We thrive to make sure we are providing the best service and long-term performance to our clients. No matter how the markets behave, Palos will continue to be transparent, client-focused and performance-driven.

I'm grateful to have you all as clients as it encourages us to be better at what we do. Since Palos' creation in 2001, we have come a long way. We continue to select the best possible suppliers, auditors and best practices. We will always keep looking for the next investment themes, optimal portfolio allocations and risk management opportunities. My approach has always been to do what is best for clients and this will not change.

When it comes to performance, the fund has done well over the years. Again, without your trust and loyalty this would not have been possible. As manager, I believe it is crucial that my money be invested alongside yours. There is no better alignment than being beside my clients. I care when we do well and when we do poorly and will always rise to the occasion.

Thank you for your trust and loyalty over the years and we will continue to strive to be the best money managers possible. Our clients mean a lot to all of us. I wish you all a happy holiday season and a prosperous new year.

Cheers,

Charles

Due to holidays on December 25th and 26th, all prices and performance are as of December 24th, 2018.

Chart 1: Palos Domestic Funds versus Benchmarks (Total Returns) ¹	FundServ	NAVPS	YTD Returns
Palos Income Fund L.P.	PAL100	\$7.71	-19.02%
Palos Equity Income Fund - RRSP	PAL101	\$5.22	-18.22%
Palos Merchant Fund L.P. (Mar 31, 2018) ²	PAL500	\$1.83	7.25%
Palos WP Growth Fund - RRSP	PAL210	\$6.64	-38.44%
S&P TSX Composite (Total Return with dividends reinvested)			-12.52%
S&P 500 (Total Return with dividends reinvested)			-10.37%
S&P TSX Venture (Total Return with dividends reinvested)			-37.21%
Chart 2: Market Data ¹			Value
US Government 10-Year			2.81%
Canadian Government 10-Year			1.98%
Crude Oil Spot			US \$46.22
Gold Spot			US \$1,277.30
US Gov't10-Year/Moody BAA Corp. Spread			235 bps
USD/CAD Exchange Rate Spot			US \$0.7368

¹ Period ending Dec 24, 2018. Data extracted from Bloomberg

² Fund is priced annually

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