

PALOS

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Palos Weekly Commentary

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Palos Funds

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InterRent Has Another Very Impressive Quarter

On April 29, 2019, InterRent Real Estate Investment Trust (TSX:IIP-U) announced its 2019 Q1 results and they were impressive. The company continues to deliver double digit organic growth. The REIT has now delivered this kind of growth for six consecutive quarters. The company delivered 12% NOI growth and its revenue increased by 8% QoQ . The organic growth came from an increase in the average monthly rent. Furthermore, management continues to be disciplined on cost. Operating costs were very impressive, especially that we had record cold weather in Eastern Canada.

All this growth and management is still very balance sheet focus, which allows them to focus on long-term growth, and not short-term focus, like most other REITs. I'm confident that IIP-U will continue to deliver on its growth plan as they are only starting to execute on the Montreal market.

Disclaimer: Palos Funds are shareholders of IIP-U.

Chart 1: Palos Domestic Funds versus Benchmarks (Total Returns) ¹	FundServ	NAVPS	YTD Returns
Palos Income Fund L.P.	PAL100	\$8.76	13.56%
Palos Equity Income Fund - RRSP	PAL101	\$5.84	11.21%
Palos Merchant Fund L.P. (Dec 31, 2018) ²	PAL500	\$1.82	6.59%
Palos WP Growth Fund - RRSP	PAL210	\$8.03	13.52%
Palos-Mitchell Alpha Fund (Fund Initiated on Jan 29, 2019)	PAL300	\$10.82	8.24%
S&P TSX Composite (Total Return with dividends reinvested)			16.36%
S&P 500 (Total Return with dividends reinvested)			17.36%
S&P TSX Venture (Total Return with dividends reinvested)			9.56%
Chart 2: Market Data ¹			Value
US Government 10-Year			2.50%
Canadian Government 10-Year			1.70%
Crude Oil Spot			US \$63.60
Gold Spot			US \$1,284.20
US Gov't10-Year/Moody BAA Corp. Spread			215 bps
USD/CAD Exchange Rate Spot			US \$0.7437

¹ Period ending May 1, 2019. Data extracted from Bloomberg

² Fund is priced annually

³ Fund is priced weekly on Tuesdays

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