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PALOS

Weekly Commentary

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By Charles Marleau, CIM

You should Wisely Consider Reinvesting the Palos Distribution

La version française suit

Palos Income Fund LP (Pal100)
Palos Equity Income Fund (Pal101/102)

Dear Unit Holders,

Over the past few weeks, markets have been volatile due to the impact of both COVID-19 fears and the geopolitically driven collapse in oil prices. Ultimately, we will recover from this crisis and this recent correction will one day be a distant memory. We should also remind ourselves that history has demonstrated time and time again that the best time to invest is when prices are depressed. This is the best way to profit.

I am strongly recommending that all unit holders that are scheduled to receive their March distribution should reconsider taking the distribution. I'm of the opinion that the stock market is considerably oversold. Eventually, and perhaps imminently, stock prices should turn higher and to a significant degree. In this respect, I believe that reinvesting the distribution is the appropriate strategy as staying invested would avoid missing out on a market reversal. There is plenty of empirical evidence that suggests the following; when bad things turn around for the better, the stock market moves so fast that there isn't enough time to fetch the profit opportunity offered. I believe the prudent strategy is to reinvest your distribution to avoid depleting your capital at what are likely to be
market lows.

Please email me if you want to change your distribution instructions, or should you have any questions regarding the Palos funds.

Email: cmarleau@palos.ca

By Charles Marleau, CIM

Fonds de revenu Palos LP (Pal100)
Fonds de revenu d'actions Palos (Pal101/102)

Chers détenteurs d'unités,

Au cours des dernières semaines, les marchés ont été volatiles, sous l'effet à la fois des craintes liées au COVID-19 et de l'effondrement géopolitique des prix du pétrole. Au final, nous nous remettrons de cette crise et cette récente correction sera un jour un lointain souvenir. Nous devons également nous rappeler que l'histoire a démontré à maintes reprises que le meilleur moment pour investir est lorsque les prix sont dépréciés. C'est la meilleure façon d'en profiter.

Je recommande fortement à tous les porteurs de parts qui devraient recevoir leur distribution de mars de reconsidérer la distribution. Je pense que le marché boursier est considérablement survendu. Finalement, et peut-être de manière imminente, les cours boursiers devraient augmenter dans une large mesure. À cet égard, je pense que réinvestir la distribution est la stratégie à favoriser et éviterait de passer à côté d'un revirement de marché. Il existe de nombreuses preuves empiriques qui suggèrent ce qui suit : lorsque les mauvaises choses se retournent pour le mieux, la bourse évolue si vite qu'il n'y a pas assez de temps pour saisir les opportunités offertes. Je crois que la stratégie prudente consiste à réinvestir votre distribution pour éviter de diminuer votre capital au plus bas du marché.

Veuillez m'envoyer un courriel si vous souhaitez modifier vos instructions de distribution, ou si vous avez des questions concernant les fonds Palos.

Courriel: cmarleau@palos.ca

Chart 1: Palos Domestic Funds versus Benchmarks (Total Returns) [1]	FundServ	NAVPS	YTD Returns
Palos Income Fund L.P.	PAL100	$5.41	-36.35%
Palos Equity Income Fund - RRSP	PAL101	$3.88	-32.19%
Palos Merchant Fund L.P. (Dec 31, 2019) [2]	PAL500	$1.71	20.15%
Palos WP Growth Fund - RRSP	PAL210	$4.50	-41.27%
Palos-Mitchell Alpha Fund (Fund Initiated on Jan 29, 2019) [3]	PAL300	$5.93	-42.83%
S&P TSX Composite (Total Return with dividends reinvested)			-30.06%
S&P 500 (Total Return with dividends reinvested)			-28.33%
S&P TSX Venture (Total Return with dividends reinvested)			-38.23%
Chart 2: Market Data [1]			**Value**
US Government 10-Year			0.85%
Canadian Government 10-Year			0.87%
Crude Oil Spot			US $22.43
Gold Spot			US $1,484.60
US Gov't10-Year/Moody BAA Corp. Spread			399 bps
USD/CAD Exchange Rate Spot			US $0.6965

[1] *Period ending March 20, 2020. Data extracted from Bloomberg*

[2] *Fund is priced annually*

[3] *Fund is priced weekly on Tuesdays*

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