

INCREASE YOUR FUTURE WEALTH POTENTIAL

J ZECHNER ASSOCIATES GLOBAL HEDGED GROWTH FUND



PORTFOLIO MANAGER: JOHN ZECHNER, MA, CFA

The value of the JZAI Hedged Growth Fund (The “Fund”) fell by 3.23% during the 1st quarter of 2017 and 1.35% over the past year. The three and five-year returns of the Fund remain well ahead of the group average for Alternative Strategy funds.

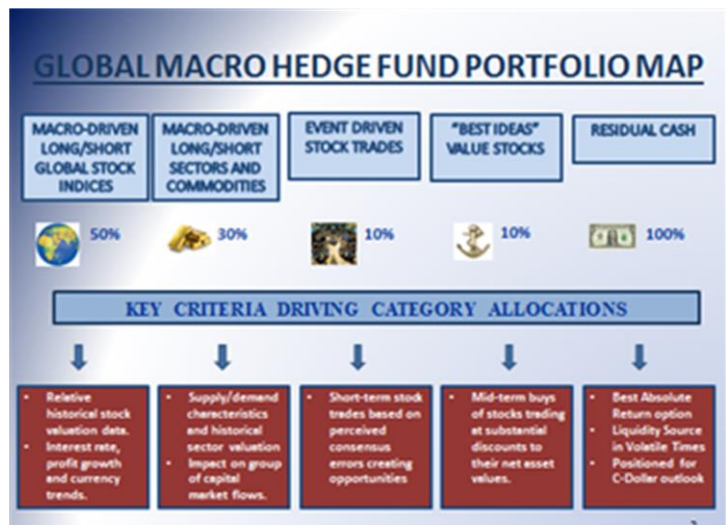
The investment strategy for 2017 in the Fund continues to be one positioned for weakness in stocks and some strength in gold. While the gold trade worked out very well in the first quarter, continued gains in U.S. stocks turned the short positions into a losing trade for the quarter and the Fund declined slightly in total value. At quarter, the largest holdings in the Fund were short positions in U.S. stock indices as we see risk in both stock and bond markets in the short term. The Fund also continues to have a large cash position, both due to our cautious outlook for financial markets as well as providing liquidity for any potential future purchases on anticipated weakness.

Stocks have rallied on optimism about higher U.S. and global growth, reduced regulations, higher infrastructure spending and drastically reduced taxes. We remain sceptics as any potential good news is already factored into stock prices today. Over 80% of global stock market gains since 2012 have been due to higher valuations for stocks, rather than earnings growth. By many traditional measures, stocks are at valuations not seen since the peak of the ‘technology bubble’ in 2000.

While global economic growth is rising, this has occurred after eight years of massive interest rate stimulus and record government debt support, particularly from the world’s two largest economies, the U.S. and China. There is very little room left to drive growth higher. U.S. growth has slowed meaningfully in the first quarter of 2017. Meanwhile, profit margins have peaked for this cycle as input costs, most noticeably wages, are starting to rise again. Margin debt to fund stocks is at record highs suggesting rampant speculation in stocks similar to what we saw in 2007 and 2000. The stock market has not had a pullback in over five years and we are more than eight years into a recovery; both of those are far longer than normal. The risk/reward ratio for stocks is very unfavourable, in our view, and we have invested the assets in this Fund accordingly.

The structure of the Fund allows the investor to benefit from the diverse strengths of the Manager’s investment expertise, allowing it to grow in all types of investment environments. The strategy and key advantages that we bring to the management of this Fund are:

1. Targeted Macro-Economic Focus. Global economic data and financial market trends monitored on a daily basis to identify ‘anomalies’ in markets on which the Fund can capitalize.
2. Proven History of Active Management. This style has been the core strategy of the firm since its inception in 1993 and is fully employed in the management of this Fund.
3. Mitigated Risks. No additional volatility from use of financial leverage as Fund does not this option, a unique attribute of this Fund compared to many others in this asset class.
4. Efficient implementation. Use of very liquid, low cost index-based securities used to capture the identified opportunities and risks so that the benefits of an active trading strategy are all channeled to Fund returns.



31 st -Mar-2017	INVESTMENT RETURNS			
	Quarter	1 year	3 year	5 year
JZA Global Hedged Growth Fund ¹	-3.23%	+1.35%	+6.81%	+9.05%
GlobeFund Peer Group Average ²	+1.07%	+10.86%	+3.42%	+3.36%

Notes:

1. Returns are GlobeFund measured returns based on Net Asset Value per unit after all fees on an accrued basis.
2. GlobeFund Peer Group is Globe Alternative Strategies Index

Basic Management Fee 2.0%, plus Performance Fee 10% of the annual return in excess of 10%. Performance Fee capped at maximum of 2% for any single year.

Past performance is not indicative of future results.

Categorization: Alternative Strategies

Funds have been categorized according to the Canadian Investment Funds Standards Committee criteria.

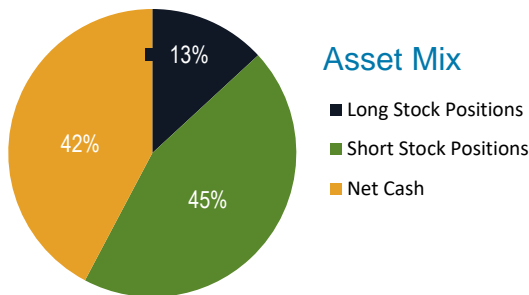
Fund Objective:

The Fund is designed to generate consistent, positive returns that are commensurate with a moderate degree of investment risk. The manager focuses on global indicators to make an assessment of macro-economic trends in global stocks, fixed income and commodity markets that are most impacted by those trends. The Fund is suitable for sophisticated investors who can tolerate a moderate degree of risk and volatility.

Investment Strategy: Top-Down Growth

J Zechner Associates Inc. focuses on global economic indicators in addition to stock and sector valuation analysis to manage Balanced and Equity portfolios. By applying these valuation criteria the Manager has demonstrated a consistent ability to add value by finding opportunities within global industries, sectors and themes that have the strongest growth characteristics.

The goal of the Fund is to add value from these macroeconomic decisions or ‘alpha generation’ in the allocation of equities and fixed income investments using sector allocations for both. The strategy will primarily use sector and country index Exchange Traded Funds (ETF’s) to emulate the economic and market scenarios, which reflect the macro-economic and strategic views of financial markets by J Zechner.



Top 5 Holdings:

Securities	
Short: SPDR Trust Unit Series 1 (ETF for S&P500)	66.6%
Short: Bank of America	7.9%
Short: iShares Canadian S&P/TSX Financials	5.7%
Short: Caterpillar Inc..	5.2%
Long: Market Vectors Junior Gold Miner	5.1%

(as of March 31st, 2017)



Benefits of our Pooled Funds

The J Zechner Associates Pooled Funds offer professional money management, varied investment choices, the potential for above average returns and lower management fees so you keep more of your accumulated wealth.

A pooled fund is a unit trust that operates like a mutual fund, but is not required to have a prospectus under securities law. A pooled fund is sold through an Offering Memorandum.

J Zechner Pooled Funds are available only to Canadian investors and require a minimum investment of \$150,000; unless the investor is an Accredited Investor. Units of the Funds are qualified investments for certain registered plans.

Solid Partnership Foundation

Our Pooled Funds are held at CIBC Mellon, who acts as Trustee, Custodian, Valuation Agent and Unitholder Record Keeper provider. Our commitment to integrity is behind our decision to partner with a leading Canadian custodian, reassuring our clients that their funds are safe and secure. Like J. Zechner Associates, CIBC Mellon is firmly committed to integrity, client service and exceptional results.

Eligibility for Investment

The Fund will only invest in securities that will be qualified investments under the Income Tax Act (Canada) for a trust governed by a registered retirement savings plan (an “RRSP”), registered retirement income fund (a “RRIF”), or tax-free savings account (a “TFSA”).

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