

Q2.17

Cidel Canadian Opportunities

Cidel

cidel.com

The Canadian Opportunities strategy is designed for long-term investors seeking higher capital growth from emerging Canadian companies. Investors benefit from the strategy's focus on growth and contribution to portfolio diversification.

Overview

The Investment is an equity portfolio consisting of small- to mid-size Canadian companies with growth characteristics.

The Objective is to produce superior returns over a long investment horizon.

The Investment Philosophy is that superior long-term investment is grounded in thoughtful, disciplined security-specific fundamental research. We look ahead of the curve and strive to identify small, growing companies in Canadian industry with exceptional management.

Market Commentary

Small cap benchmarks are lagging the S&P/TSX Composite Index over the past three-, six-, and twelve-month periods, with negative returns over the second quarter of 2017. The Energy and Materials sectors together accounted for almost all of the indices' declines. Energy was the weakest performer, with returns over the quarter of -15% and year-to-date of nearly -25%, and Materials performed poorly as mining shares fell. The Canadian Opportunities fund outperformed the benchmark with a 0.9% return for the quarter, versus benchmark returns of -4.5%, principally due to the resurgence of high quality stocks that had been underappreciated in previous periods. Valuations of small cap stocks are in line with their large cap counterparts, but looking forward we expect small cap growth to be relatively greater.

The Process

Company Research. Interviewing management teams of companies with strong business plans and promising outlooks.

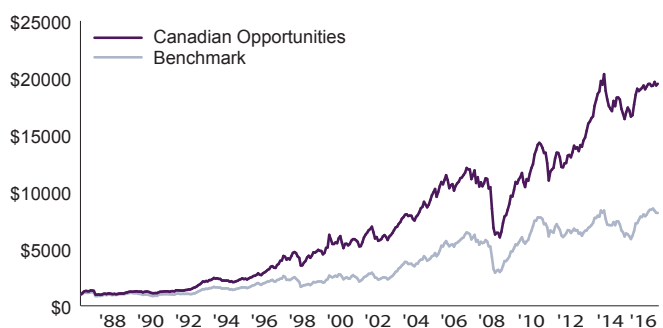
Quantitative Analysis. Assessment of fundamentals to identify companies that are growing and can provide high returns.

Portfolio Construction. Diversified across the sectors, with focus on the growth potential of quality companies.

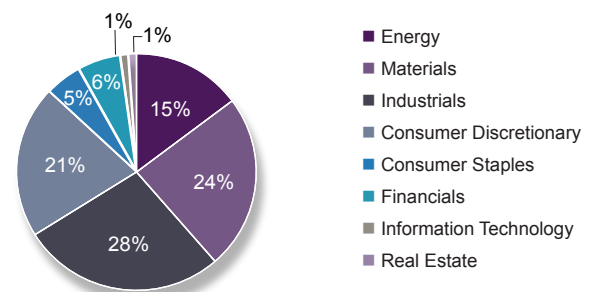
KEY CHARACTERISTICS	Portfolio	Benchmark
Q2 Return	0.9%	-4.5%
YTD	0.1%	-1.4%
1 Year Return	3.4%	8.1%
3 Year Return (Annualized)	-0.4%	-0.9%
5 Year Return (Annualized)	9.9%	6.2%
Return Since Inception (Annualized)	10.3%	7.1%
Standard Deviation (5 Yr Annualized)	10.0%	13.0%
Current Yield	1.7%	2.2%

NOTABLE HOLDINGS	
RICHELIEU HARDWARE	6.4%
WINPAK LTD	6.0%
CASCADES INC	5.2%
NEW FLYER INDUSTRIES	5.1%
STELLA JONES INC	4.6%
COGECO COMMUNICATION	3.8%
HEROUX-DEVTEK INC	3.6%
AECON GROUP	3.4%
COGECO INC	3.1%
CDN WESTERN BANK	3.0%

GROWTH OF \$1,000 VS. BENCHMARK



SECTOR ALLOCATION



ANNUAL PERFORMANCE (%)	YTD	2016	2015	2014	2013	2012	2011	2010	2009	2008	Inception
Portfolio	0.1%	13.6%	-0.9%	5.0%	22.2%	11.3%	-8.8%	22.2%	69.6%	-43.3%	10.3%
Benchmark	-1.4%	35.5%	-13.8%	-0.1%	7.8%	2.5%	-14.2%	38.5%	75.1%	-46.6%	7.1%

Toron AMI Canadian Opportunities Portfolio Fund

* Historic performance should not be interpreted as a guarantee of future results. Performance figures are based on total returns which are time-weighted and geometrically linked (meaning that performance is not influenced by the timing of portfolio additions or withdrawals and is calculated on a compounded basis). Toron AMI and Benchmark performance is gross of applicable management fees. For distribution only to accredited investors as defined by regulatory authorities in your resident jurisdiction. Benchmark depicted is the BMO Blended Small Cap Index. Toron Asset Management International and Cidel Financial Group are operating names of Cidel Asset Management Inc.