

# Palos IOU High Yield Currency Neutral Fund

For the period ending April 28, 2017



## Reasons To Own The Fund

- High yield loans with short term duration (under 1 year)
- Expected return of 10-12% annually
- Access to small US business loans in diverse industries throughout the US
- Quarterly distributions of 75% of net income
- Aims to hedge US dollar currency exposure back to Canadian dollars

## Investment Objectives

The Fund's primary objectives are:

- Preserve capital
- Provide a steady stream of income

## Return Analysis Since Inception

	Fund
Compounded annual return	1.91%
Average monthly return	0.16%
Largest monthly return	1.62%
Largest monthly loss	-2.24%
Percentage of positive months	58.33%
Percentage of negative months	41.67%
Average monthly positive return	0.74%
Average monthly negative return	-0.63%
Cumulative ROR	4.01%
Growth of \$1,000	\$1,040

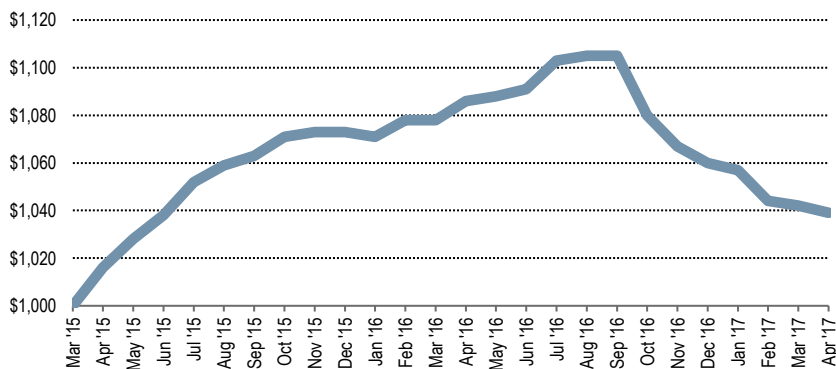
## Risk Analysis Since Inception

	Fund
Sharpe Ratio	---
Annualized Standard Deviation	---

## Geographic Allocation

USA	100.00%
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## Fund Performance (Series A) - Cumulative Growth of \$1,000



## Compounded Returns (Series A)

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	Inception
Series A	-0.28%	-1.70%	-3.80%	---	---	---	---	1.91%

## Monthly Performance (Series A) - Returns Are Net of All Fees

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2017	-0.27%	-1.25%	-0.18%	-0.28%									-1.97%
2016	-0.16%	0.66%	-0.01%	0.76%	0.20%	0.31%	1.13%	0.18%	0.51%	-2.24%	-1.24%	-0.64%	-0.59%
2015				1.62%	1.19%	1.00%	1.32%	0.68%	0.41%	0.73%	0.15%	-0.04%	7.27%

## Fund Details

Fund Type	Trust
Registered Account (RRSP)	Eligible
Distribution Frequency	Quarterly
Base Currency	CAD
Minimum Investment	\$25,000
Additional Investment	\$500
Accredited Investors only	Yes

## Series A

Management Fee	2.00%
Series Inception Date	Apr 1, 2015
FundSERV Code	PAL703
Load Structure	Front End
Unit Price	\$7.82
NAV Currency	CAD

## Series F

Management Fee	1.00%
Series Inception Date	April 1, 2015
FundSERV Code	PAL704
Load Structure	No Load
Unit Price	\$7.68
NAV Currency	CAD

## Portfolio Management Team

The portfolio management team at Palos has specialized expertise managing Canadian income funds.

### Charles Marleau, CIM

President and Senior Portfolio Manager

### Bechara Haddad

Portfolio Manager

### Joany Paqé

Financial Analyst



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**Related Parties:** The Marleau Capital Corporation ("Marleau Capital") controls Palos Capital Corporation ("Palos Capital") which in turn owns 100% of the equity securities of Palos. Palos is the General Partner of the Palos Merchant Fund L.P (the "Palos Fund"). The Palos Fund and Marleau Capital own directly or indirectly a significant stake of voting securities of IOU Financial. Philippe Marleau, CEO of IOU Financial acts as a director for Marleau Capital, IOU Financial and Palos Capital. The decision to distribute the Loans, including the amount to be distributed, the determination of the price of the Loans and the debt servicing terms, will be made by IOU Central through negotiations with the Manager and the Fund. The selection of the Loans to be sold to the Fund will be based on a random loan selector. The proceeds from the distribution of the Loans to the Fund will not be applied for the benefit of Palos, Palos Capital, Palos Fund or Marleau Capital. The terms of the compensation arrangement between Palos and the Fund will be set forth in a management agreement, which will be available for review.

**About the Issuer and Loans:** IOU is a leading online lender that provides small businesses throughout the U.S. with access to capital to seize growth opportunities quickly. Based in metro Atlanta, Georgia, IOU is a privately held subsidiary of IOU Financial (TSX/V: IOU). Typical customers include medical and dental practices, grocery and retail stores, restaurant and hotel franchisees and e-commerce companies. IOU's advanced, automated loan application and approval system assesses applicants' financial realities, with an emphasis on day-to-day cash flow trends, allowing IOU to makes loans to qualified applicants within days.

**Offering Memorandum:** To request a copy of the Offering Memorandum and Trust Agreement, please contact [info@palosmanagement.com](mailto:info@palosmanagement.com) or call us at (514) 397-0188 or toll free within Canada at (855) 725-6788.

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