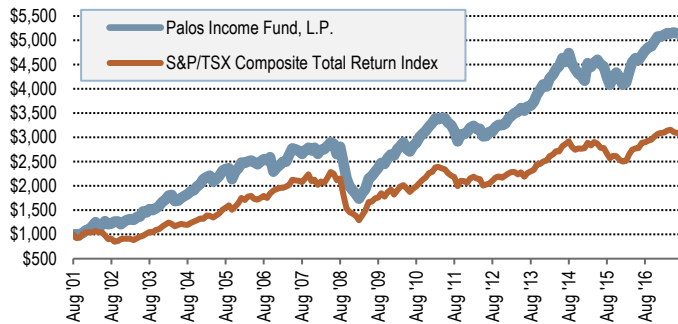


Fund: Palos Income Fund, L.P.

Unit price: \$9.48

Fund Performance - Cumulative Growth of 1,000



Fund Palos Income Fund, L.P.
Benchmark S&P/TSX Composite Total Return Index

Return Analysis Since Inception	Fund	Benchmark
Compounded annual return	10.84%	7.34%
Average monthly return	0.93%	0.66%
Largest monthly return	11.44%	11.46%
Largest monthly loss	-13.85%	-16.67%
Percentage of positive months	68.59%	62.30%
Percentage of negative months	31.41%	37.70%
Average monthly positive return	2.81%	2.82%
Average monthly negative return	-3.18%	-2.90%
Cumulative ROR	414.41%	208.67%
Growth of \$1,000	\$5,144	\$3,087

Risk Analysis Since Inception	Fund	Benchmark
Sharpe Ratio	0.72	0.44
Annualized Standard Deviation	12.57%	12.71%
Downside Deviation	10.56%	10.55%

Top Holdings Within The Underlying Fund

BANK OF NOVA SCOTIA	LUNDIN MINING CORP
TORONTO-DOMINION BANK	NATIONAL BANK OF CANADA
ROYAL BANK OF CANADA	ALTAGAS LTD - SUB RPT
KEYERA CORP	CRUIER ENERGY TRUST
VERESEN INC	FRANCO-NEVADA CORP

Trailing Compounded Returns - Net of All Fees

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	10 Year	Inception
Fund	-0.14%	-0.06%	1.21%	9.47%	4.10%	10.60%	6.56%	10.84%
Benchmark	-0.06%	-2.13%	-0.17%	6.81%	2.58%	8.56%	3.90%	7.34%

Monthly Performance - Returns Are Net of All Fees

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD	Benchmark
2017	0.02%	0.67%	0.72%	-0.12%	0.39%	-0.31%	-0.14%						1.23%	0.68%
2016	-3.49%	1.08%	5.42%	4.60%	1.84%	-0.95%	2.25%	1.92%	1.50%	0.36%	1.99%	2.13%	19.98%	21.08%
2015	-2.48%	8.72%	-1.73%	1.91%	1.28%	-1.91%	-1.04%	-4.81%	-3.75%	3.71%	2.27%	-2.41%	-1.00%	-8.32%
2014	-1.02%	3.97%	1.93%	2.55%	1.46%	3.65%	-1.53%	3.86%	-4.58%	-2.57%	-2.02%	-0.93%	4.41%	10.55%
2013	3.52%	1.59%	1.67%	0.67%	2.22%	-1.56%	2.34%	0.52%	2.14%	4.02%	2.86%	2.63%	24.99%	12.99%
2012	2.97%	1.16%	-1.83%	0.04%	-4.78%	0.20%	2.60%	0.28%	3.20%	1.30%	-0.38%	0.85%	5.47%	7.19%
2011	2.13%	3.02%	-0.41%	0.70%	-0.20%	-2.50%	-1.82%	-3.54%	-6.86%	4.82%	0.33%	1.18%	-3.63%	-8.71%
2010	-0.90%	5.00%	2.32%	2.71%	-4.62%	-1.80%	4.22%	2.13%	4.31%	2.11%	1.90%	2.93%	21.79%	17.61%
2009	-3.83%	-5.15%	6.82%	4.35%	11.44%	2.20%	4.11%	3.29%	4.56%	-0.77%	4.57%	3.14%	39.35%	35.05%
2008	-4.31%	3.04%	0.44%	2.43%	2.51%	-0.94%	-7.33%	5.57%	-10.81%	-13.85%	-7.74%	-4.39%	-31.70%	-33.00%
2007	2.47%	2.56%	0.40%	5.88%	4.70%	-0.87%	-0.91%	-2.46%	2.60%	2.20%	-2.13%	1.99%	17.30%	9.83%
2006	5.09%	-0.27%	1.04%	0.76%	-1.18%	-1.90%	2.43%	1.78%	-0.73%	2.52%	-11.46%	3.36%	0.44%	17.26%
2005	4.68%	1.97%	1.18%	-5.07%	2.22%	2.93%	5.01%	1.51%	0.74%	-9.52%	7.41%	2.72%	15.64%	24.13%
2004	2.99%	4.95%	0.59%	-6.66%	0.24%	3.12%	2.58%	1.83%	3.57%	1.04%	3.86%	2.83%	22.47%	14.48%
2003	3.04%	0.90%	-0.98%	4.16%	1.32%	7.43%	-1.52%	4.80%	-1.37%	2.45%	3.35%	4.97%	32.05%	26.72%
2002	2.07%	5.40%	7.65%	-7.93%	3.63%	6.06%	-4.90%	1.51%	3.37%	-0.37%	-4.12%	4.28%	16.50%	-12.44%
2001									0.24%	0.21%	2.31%	5.50%	8.42%	4.57%

Investment Objectives

The Fund's primary objectives are:
 - To preserve capital
 - To provide a steady stream of income
 - To deliver trading-enhancing returns

Fund Details

Margin/equity ratio 10%-15%
 Max. margin/equity ratio 25%
 Inception Date Sep. 2001

Top Sector Mix

Consumer Discretionary	10.1%
Consumer Staples	2.8%
Energy	20.2%
Financials	22.5%
Health Care	1.6%
Industrials	13.8%
Technology	6.3%
Basic Materials	15.2%
Telecommunications	0.0%
Utilities	6.7%
Real Estate	3.3%
Total	102.5%

Asset Allocation

Common Equity	101.4%
Preferred Equity	0.0%
Fixed Income	1.1%
Cash	0.0%

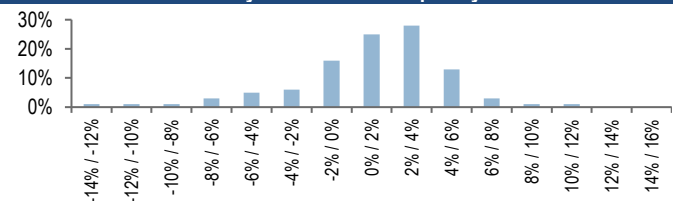
Market Exposure

Long	105.0%
Short	2.5%
Gross	107.5%
Net	102.5%

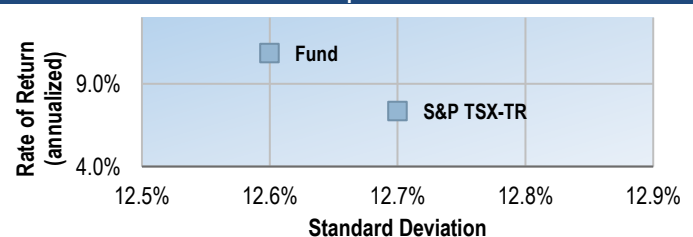
Geographic Allocation

Canada	100.0%
USA	0.0%

Fund Performance - Monthly Total Return Frequency



Plot of Risk versus Return Since Inception



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Note to the Reader regarding Benchmarks: This performance sheet uses a benchmark, the S&P/TSX Composite Total Return Index, as a comparison to the fund. Generally, there are two primarily Canadian indices that are widely known and followed: the S&P/TSX Composite Total Return Index and the S&P/TSX Venture Composite Index. Of the two, Palos has selected the S&P/TSX Composite Total Return Index as a benchmark because Palos believes that it is more comparable to the fund's investment strategy. However, there are certain differences between the index and the fund's investment strategy that investors and potential investors should understand in order for the comparison to be meaningful.

The primary investment strategy employed by the Fund is to apply qualitative, quantitative and comparative research in order to build and manage a portfolio of select high-grade and undervalued dividend-paying equity securities and income-paying debt securities. As a result, there are certain sectors that the fund is typically less exposed to than the benchmark, such as the highly volatile materials sector, because companies in this sector generally do not pay income at a level that is sufficient for the fund's strategy, and being less exposed lowers the fund's volatility. In addition, the fund typically chooses not to be exposed to certain sectors at all. Furthermore, the benchmark is composed purely of common stocks, while the fund includes preferred shares (approximately 5% of its total composition) and bonds (approximately 15%), although these allocations fluctuate. The fund is also partially exposed to the US market (approximately 8%, although this may fluctuate). The fund also uses short-term tactical trading strategies in addition to its primary investment strategy, and uses derivatives, such as covered call options, on a regular basis. The fund may also employ a limited amount of leverage and short selling, while the benchmark index is unleveraged and long only. As a result of the sector weighting, diversified asset allocation, geographical allocation, short term trading, short selling strategies, and covered call options, the fund usually has lower volatility than the benchmark, and different returns than the benchmark.

Finally, it is important to note that the fund is fundamentally different from the index. An index, in general, is a passive basket of securities, while the fund is actively managed. The fund and the manager incur expenses which are deducted from the assets of the fund (however, the returns presented on this performance sheet are net of expenses).

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