

# PALOS

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## Palos Weekly Commentary

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## Palos Funds

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### InterRent's Interesting Growth

On Monday night InterRent REIT (TSX: IIP-U) announced its fourth quarter results and they were impressive. The company's operating revenue for Q4, increased by 15% and the net operating Income (NOI) increased by 16.2%. The larger than expected NOI growth came from better revenue and operating expenses. This is bringing IIP-U 2018 organic growth to 14.7%. This does not compare to any other multi-residential REIT, they are in league of their own. IIP-U continues to execute on its business model. IIP-U has one of the best management teams in the business with significant tailwinds in its market. Its market continues to benefit from immigration and the housing affordability crisis.

IIP-U is also working on a few projects, one being on Albert street, Ottawa. Other projects include a land development parcel near a GO Station in Grimsby. The company is getting ready to execute on its next leg of growth. The stock is also trading at a premium to NAV, which makes it ripe for acquisitions. Palos funds hold a position in IIP-U.

Chart 1: Palos Domestic Funds versus Benchmarks (Total Returns) <sup>1</sup>	FundServ	NAVPS	YTD Returns
Palos Income Fund L.P.	PAL100	\$8.79	11.30%
Palos Equity Income Fund - RRSP	PAL101	\$5.87	9.76%
Palos Merchant Fund L.P. (Dec 31, 2018) <sup>2</sup>	PAL500	\$1.82	6.59%
Palos WP Growth Fund - RRSP	PAL210	\$7.88	11.35%
Palos-Mitchell Alpha Fund (Fund Initiated on Jan 29, 2019)	PAL300	\$10.34	3.38%
S&P TSX Composite (Total Return with dividends reinvested)			12.65%
S&P 500 (Total Return with dividends reinvested)			11.76%
S&P TSX Venture (Total Return with dividends reinvested)			11.39%
Chart 2: Market Data <sup>1</sup>			Value
US Government 10-Year			2.64%
Canadian Government 10-Year			1.90%
Crude Oil Spot			US \$56.92
Gold Spot			US \$1,343.30
US Gov't 10-Year/Moody BAA Corp. Spread			230 bps
USD/CAD Exchange Rate Spot			US \$0.7590

<sup>1</sup> Period ending Feb 27, 2019. Data extracted from Bloomberg

<sup>2</sup> Fund is priced annually

<sup>3</sup> Fund is priced weekly on Tuesdays

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