



BRIDGEHOUSE

Independent Platform

Brandes Greystone Lazard Sionna Morningstar

2017 Annual Management Report
of Fund Performance

Sionna Opportunities Fund



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SIONNA OPPORTUNITIES FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements are in a separate booklet. You may obtain a copy of the annual financial statements at your request, and at no cost, by calling toll-free 1.888.861.9998, by writing to us at Bridgehouse Asset Managers, 33 Yonge Street, Suite 300, Toronto, ON, M5E 1G4, or by visiting our website: www.bridgehousecanada.com or the SEDAR website: www.sedar.com.

You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

Our objective for this Fund is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian issuers. The Fund may also invest in foreign equity securities. The Fund may invest up to approximately 49% of the Fund's total assets in foreign equity securities across the full market capitalization spectrum but will tend to focus more on medium to larger companies.

Sionna Investment Managers Inc. ("Sionna") is the portfolio sub-advisor responsible for the Fund. Sionna applies a "relative-value" Graham & Dodd, bottom-up approach to stock selection.

Risk

As an investor in this Fund, you should be prepared for short-term performance fluctuations, and be a patient, long-term holder.

There were no significant changes to the level or type of risk you would expect from the Fund over the course of the year. It continues to have a medium risk level. Refer to the Fund's simplified prospectus for a complete list of all risks.

Results of Operations from January 1, 2017 to December 31, 2017

Markets & Effect

The S&P/TSX Composite was up 4.5% in the fourth quarter, generating a total return of 9.1% for the year. The housing market finally took a breather after the Ontario government introduced measures to cool the imbalances. Mortgage lender Home Capital Group experienced missteps and a fall in value that kept real estate concerns at the forefront. Price of oil erased some of the previous year's gains to dip to the low \$40s before closing the year stronger than where it started. The U.S Federal Reserve raised the benchmark interest three times this year which is highly notable since they were only increased five times in the past decade. Consumer confidence continued to trend upwards, while unemployment continued to trend downwards. The Republicans passed the first major tax bill in 30 years that

will lower the corporate tax rate from 35% to 21%. This change was what the market hoped for, but seemed to be reflected in equity prices already and unlikely to create further gains. Sionna continues to focus on their bottom-up analysis, buying stocks below their estimate of intrinsic value and properly diversifying the portfolio. This should protect and grow capital over the long term even as macroeconomic events unfold in the backdrop.

Performance

The Fund's Series A Units outperformed its benchmark, gaining 13.3% versus a gain of 11.2% for the Sionna Opportunities Benchmark (the "Index"). (Please see the Benchmark Indices section for a full description).

The Fund returns are after the deduction of fees and expenses while the benchmark returns do not include any costs of investing. See the "Past Performance" section for the returns of the other series, which may vary because of differences in management fees and expenses or timing of series introduction.

Holdings in food & staples retailing made positive contributions to overall performance, while holdings in specialty retail detracted from performance for the period.

Asset Mix

At December 31, 2017, equities made up 91.3%, and approximately 8.7% was in cash and other net assets.

The Fund's exposure to various industries shifted due to stock-specific buying and selling as well as to changes in the prices of holdings. The most significant industry exposure change was a decrease in holdings in diversified telecommunication services to 0.0% from 8.6% at December 31, 2016.

Flows & Fees

The Fund's Net Asset Value increased to \$38.3 million at December 31, 2017, from \$38.1 million at December 31, 2016. Of this change, an increase of \$4.9 million was due to positive performance (net of investment income) while a decrease of \$4.7 million was due to outflows.

For Series A units, the annualized management expense ratio (“MER”) at December 31, 2017 is 2.64%, unchanged from December 31, 2016.

Recent Developments

There are no known changes at this time to the strategic positioning of the Fund, the manager, or portfolio sub-advisor.

On July 7, 2017, Bridgehouse re-designated current investors in Series K to Series A, Series L to Series A, Series M to Series F and eliminated Series K, Series L and Series M. In anticipation of the Series re-designations, Series K, Series L and Series M were closed to new purchases as of July 4, 2017.

International Financial Reporting Standards

IFRS 9, “Financial Instruments” (“IFRS 9”)—The International Accounting Standards Board (IASB) issued IFRS 9 to replace IAS 39, “Financial Instruments—Recognition and Measurement”. IFRS 9 introduces a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss.

The new standard is effective for the Fund's for its fiscal year beginning January 1, 2018. On adoption of IFRS 9 the Fund’s investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund’s financial statements."

Related Party Transactions

Manager and Portfolio Advisor

The Fund is managed and advised by Brandes Investment Partners & Co., operating as Bridgehouse Asset Managers (“Bridgehouse”) which provides (or arranges for) investment management, distribution, marketing and promotion of the Fund. Bridgehouse receives a monthly management fee based on the daily average net assets of each class of the Fund. In addition, Bridgehouse is entitled to be reimbursed by the Fund for certain operating expenses.

Sionna Investment Managers Inc. (“Sionna”) continues as the Fund’s portfolio sub-advisor. Bridgehouse pays Sionna an investment management fee to provide the Fund with investment management services.

Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “should”, “could”, “expect”, “anticipate”, “intend”, “plan”, “believe”, or “estimate” or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund’s simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

Benchmark Indices

Sionna Opportunities Benchmark: This blended benchmark is weighted 50% S&P/TSX Composite Index and 50% S&P 500 Index.

S&P/TSX Composite Index: This index tracks the performance of some of the largest and most widely held Canadian stocks listed on the Toronto Stock Exchange.

S&P 500 Index: The Standard & Poor’s 500 Index consists of 500 large-capitalization stocks and is designed to be a representative sample of the U.S. stock market.

FINANCIAL HIGHLIGHTS

FOR PERIODS ENDED DECEMBER 31, 2013 TO 2017

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five periods ended December 31 or, if shorter, the period since the inception of the Fund. In the year a fund or series is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31. Inception date for Series A, F and I is May 13, 2014.

The Fund's Net Assets per Unit (\$) (note 1)

		Increase (decrease) from operations						Distributions					Net assets, end of period (\$)
		Net assets, beginning of period (\$)	Total revenue (\$)	Total expenses (\$)	Realized gains (losses) for the period (\$)	Unrealized gains (losses) for the period (\$)	Total increase (decrease) from operations (\$) (note 2)	From net investment income excluding dividends (\$)	From dividends (\$)	From capital gains (\$)	Return of capital (\$)	Total annual distribution (\$) (note 3)	
Series A	2017	11.32	0.20	(0.31)	0.81	0.91	1.61	-	-	(0.14)	-	(0.14)	12.69
	2016	10.17	0.16	(0.27)	0.03	1.14	1.06	-	-	-	-	-	11.32
	2015	10.92	0.17	(0.28)	(0.04)	(1.13)	(1.28)	-	-	-	-	-	10.17
	2014	10.00	0.10	(0.17)	0.14	0.85	0.92	-	-	-	-	-	10.92
Series F	2017	11.66	0.23	(0.19)	0.85	1.34	2.23	-	-	(0.40)	-	(0.40)	12.96
	2016	10.35	0.19	(0.16)	0.03	1.18	1.24	-	-	-	-	-	11.66
	2015	11.00	0.20	(0.17)	(0.08)	(1.27)	(1.32)	-	-	-	-	-	10.35
	2014	10.00	0.12	(0.10)	0.15	0.86	1.03	-	-	-	-	-	11.00
Series I	2017	12.12	0.21	-	0.88	0.88	1.97	-	-	(0.81)	-	(0.81)	13.29
	2016	10.60	0.18	-	0.03	1.31	1.52	-	-	-	-	-	12.12
	2015	11.10	0.18	-	0.10	(0.78)	(0.50)	-	-	-	-	-	10.60
	2014	10.00	0.10	-	0.11	0.89	1.10	-	-	-	-	-	11.10

1. The financial information presented in the Net Assets per Unit table is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. The 2013 numbers have been restated for comparative purposes to comply with IFRS 13, which came into effect January 1, 2014.

2. Net Assets and distributions are per Unit of a series are based on the actual number of units outstanding for that series at the relevant time. The Increase (Decrease) from Operations per Unit of a series is based on the weighted average number of units outstanding for that series during the financial period.

3. Distributions per Unit of a series are based on the number of units outstanding for the series on the record dates for the distributions. Distributions were paid in cash/reinvested in additional units of the Fund or both.

Ratios and Supplemental Data

		Total net asset value (\$000) (note 4)	Number of units outstanding (000) (note 4)	Management expense ratio (MER) (%) (note 5)	MER before waivers or absorption (%) (note 5)	Portfolio turnover rate (%) (note 6)	Trading expense ratio (%) (note 7)	Net asset value per unit (\$)
Series A	2017	19,164	1,510	2.64	2.72	36.69	0.09	12.69
	2016	16,570	1,464	2.64	2.82	37.81	0.07	11.32
	2015	17,822	1,753	2.61	2.80	14.30	0.08	10.17
	2014	8,080	740	2.61	2.98	19.90	0.17	10.92
Series F	2017	18,939	1,462	1.50	1.60	-	-	12.96
	2016	7,805	670	1.51	1.71	-	-	11.66
	2015	7,393	714	1.52	1.72	-	-	10.35
	2014	2,784	253	1.51	1.89	-	-	11.00
Series I	2017	209	16	0.00	0.00	-	-	13.29
	2016	180	15	0.00	0.00	-	-	12.12
	2015	158	15	0.00	0.00	-	-	10.60
	2014	165	15	0.00	0.00	-	-	11.10

- The financial information presented in the Ratios and Supplemental Data table is derived from the Fund's Net Asset Value and is provided as at December 31 of the previous years shown.
- The management expense ratio ("MER") is calculated as the total management fees and operating expenses paid by each series of the Fund, including GST/HST and interest and excluding commissions and other portfolio transaction costs, and is expressed as a percentage of the average daily Net Asset Value of each series of the Fund on an annualized basis. Any management fee distributions paid by a series of the fund that effectively reduced management fees payable by some unitholders are not deducted from expenses to determine the overall MER of that series. The Manager, at its sole discretion, waives management fees or absorbs expenses. Such waivers and absorptions can be terminated at any time. The MERs of the Fund are shown both with and without the waiver and absorptions.
- Portfolio turnover rate is calculated at the Fund level based on the lesser of purchases or proceeds of sales of securities for the period, excluding cash, short term notes and bonds having maturity dates at acquisition of one year or less, divided by the average value of the portfolio securities for the period. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund. The trading expense ratio is calculated at the Fund level and applies to all series of the Fund.

MANAGEMENT FEES

Bridgehouse Asset Managers, the Manager, provides or arranges for investment management, distribution, marketing and promotion of the Fund. In consideration for the services provided, Bridgehouse Asset Managers receives a monthly management fee based on the daily average Net Asset Value of Series A and Series F. Management fees for Series I are negotiated and paid directly by the unitholders of Series I, not by the Fund.

For the year ended December 31, 2017, the Fund paid Bridgehouse Asset Managers management fees of \$655,835. Bridgehouse uses these management fees to pay for commission payments to registered brokers and dealers and general investment management expenses. The breakdown (commission payments / investment management, administration and other) as a proportion of the management fee for each Series are:

- Series A (39% / 61%)
- Series F (0% / 100%)
- Series I (0% / 100%)

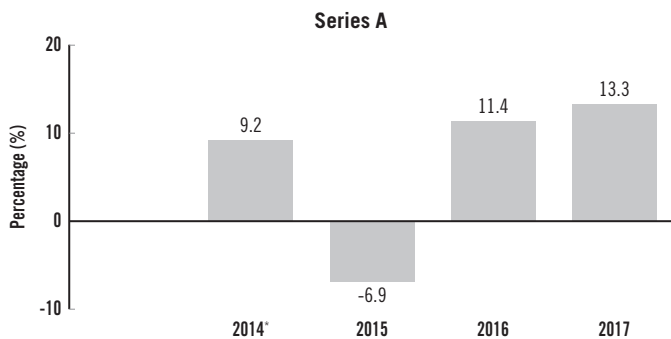
Commission payments represent cash commissions paid by Bridgehouse Asset Managers to registered brokers and dealers during the period and includes upfront deferred sales charge and trailing commissions. This amount may, in certain circumstances, exceed 100% of the fees earned by the Bridgehouse Asset Managers during the period. For new Funds or Series the amount presented may not be indicative of longer term operating periods.

PAST PERFORMANCE

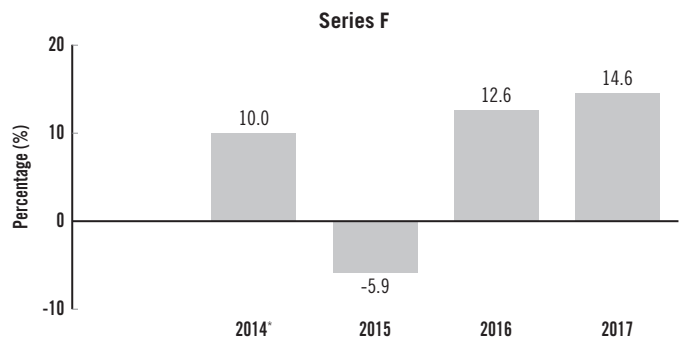
This section shows the historical performance for each series of the Fund for the periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance, except in the case of Series I units where the management fee is calculated outside of the Fund. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns (%)

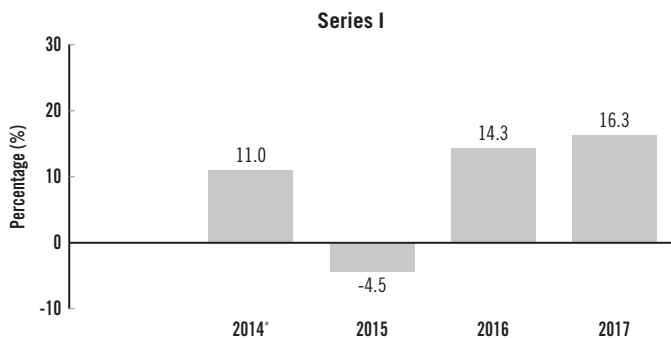
The bar chart shows the Fund's annual performance for each of the years shown. The bar chart shows how the performance of each series of the Fund has changed from year to year. It illustrates in percentage terms how much an investment in each series of the Fund made on January 1 of each year, or on the inception dates, would have grown or decreased by the last day of each financial year.



*2014 Series A returns are from May 12, 2014



*2014 Series F returns are from May 12, 2014



*2014 Series I returns are from May 12, 2014

Annual Compound Returns (%)

The table shows the historical annual compound total return for each series of the Fund as compared to the benchmarks listed below. The returns are for periods ended December 31, 2017. For a discussion of the relative performance of the Fund as compared to the index, please refer to the “Results of Operations” section in the “Management Discussion of Fund Performance”.

	1 year	3 years	Since Inception
Series A	13.28	5.50	7.08
Series F	14.58	6.68	8.28
Series I	16.31	8.30	9.90
Sionna Opportunities Fund Benchmark ¹	11.21	10.24	10.99

¹“Since inception” corresponds to inception date for Series A, F and I of May 13, 2014

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2017

Top 25 Positions

The portfolio does not contain any short positions. The investment portfolio may change due to ongoing portfolio transactions of the investment fund. An updated listing is available on a quarterly basis.

Security	Fund (%)
1. Cash & Cash Equivalents	8.6
2. Brookfield Infrastructure Partners LP	5.0
3. Brookfield Asset Management Inc. Cl. A Limited Voting	4.7
4. Diageo PLC ADR	4.5
5. Berkshire Hathaway Inc. Cl. B	4.3
6. Great Canadian Gaming Corporation	4.3
7. Tractor Supply Company	4.2
8. PrairieSky Royalty Ltd.	3.9
9. Fairfax Financial Holdings Limited	3.9
10. Empire Company Limited Cl. A	3.7
11. Finning International Inc.	3.5
12. AMBEV SA ADR	3.4
13. TWC Enterprises Limited	3.0
14. The Howard Hughes Corporation	3.0
15. Dream Unlimited Corp. Cl. A Sub Voting	3.0
16. Winpak Ltd.	2.9
17. AirBoss of America Corp.	2.9
18. Moodys Corporation	2.8
19. CarMax, Inc.	2.7
20. Morguard Corporation	2.6
21. Imperial Oil Ltd.	2.6
22. Pulse Seismic Inc.	2.4
23. National-Oilwell Varco Inc.	2.4
24. Computer Modelling Group Ltd.	2.3
25. Bank of America Corporation	2.3
% of Fund	88.9
Total Number of Companies	30
Total Net Asset Value (\$MM)	\$38

Asset Mix

Asset Class	Fund (%)
Canadian Equity	52.1
Global Equity	39.2
Cash & Cash Equivalent	8.6
Other Net Assets	0.1
% of Total	100.0

Industry Exposure

Industry	Fund (%)
Diversified Financial Services	14.1
Real Estate Management & Development	8.6
Beverages	7.9
Specialty Retail	7.7
Hotels, Restaurants & Leisure	7.3
Energy Equipment & Services	6.3
Oil, Gas & Consumable Fuels	5.0
Multi-utilities	5.0
Insurance	3.9
Food & Staples Retailing	3.7
Machinery	3.5
Containers & Packaging	2.9
Chemicals	2.9
Automobiles	2.7
Software	2.3
Commercial Banks	2.1
Semiconductors & Semiconductor Equipment	2.0
Equity Real Estate Investment Trusts (REITs)	2.0
Road & Rail	1.4
Cash & Cash Equivalent	8.6
Other Net Assets	0.1
% of Total	100.0
Total Number of Industries	19

Country Exposure

Country	Fund (%)
Canada	52.1
United States	29.3
United Kingdom	4.5
Brazil	3.4
Taiwan	2.0
Cash & Cash Equivalent	8.6
Other Net Assets	0.1
% of Total	100.0
Total Number of Countries	5

Note: Rounding to one decimal place may result in individual figures totalling more or less than 100%



Bridgehouse Funds are managed by Bridgehouse Asset Managers® and are available through registered dealers.

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