Investor Newsletter

May 2013

Table of Contents

Global Equity Strategy

Dear Investor,

The month of April was a time of transition at Desautels Capital Management (DCM). The winter semester has come to a close and we are pleased to welcome a new class of juniors to the fund. Along with the new class of juniors, we have also appointed incoming seniors to different management roles, including the equity strategist position. I am honored to have been elected to this position and am excited for what should be a great year ahead.

Speaking of great years, US equity indices recently set new record highs with the S&P 500 crossing the 1,600 level and the Dow Jones hitting 15,000. Canadian equities were not as fortunate. The TSX was down about 2% in April as gold slid over $200 per ounce mid-April, and as increased pessimism regarding the completion of Keystone XL weighed on the performance of energy stocks.

We are pleased to report significant outperformance this past month. For the month of April, DCM's equity fund returned 2.17% while our S&P 500/S&P TSX blended benchmark was down 0.44%. Recent investments in GM and Jazz Pharmaceuticals helped fuel the outperformance.

General Motors Company

This month, we sold our position in Bank of Montreal for a gain of about 7.8% (not including dividends) since the position was initiated in October, 2011. We used the majority of the proceeds from the sale to initiate a 4% position in General Motors Company, which is up 11% since the purchase.

We are very bullish on the North American auto market. Data shows that there is pent-up demand for both cars and trucks in a market that is recovering from a recent global recession. Our forecasting models, which are based on interest rates, the unemployment rate, home sales, and housing starts, suggest that annual car sales will be higher than what is expected by consensus. The greatest short-term risk to the bottom line is European operations. However, we believe that this risk is already baked into the stock price and that any positive catalyst from Europe only represents upside potential from here.

DESAUTELS | Capital Management
Gestion de capitaux

Figure 1: Equities April 2013 Sector Weighting

Sector	Benchmark	DCM	+/-
Technology	7.91%	11.39%	3.48%
Industrials	7.31%	10.01%	2.70%
Healthcare	5.79%	9.03%	3.24%
Financials	23.85%	14.87%	-8.98%
Energy & Utilities	22.81%	17.93%	-4.88%
Consumer Staples	6.14%	7.30%	1.16%
Consumer Discretionary	7.17%	9.60%	2.43%
Telecom	4.10%	3.99%	-0.11%
Materials	15.03%	7.91%	-7.13%
Cash	0.00%	7.98%	7.98%

Figure 2: Equities April 2013 Sector Performance

Sector	Benchmark	DCM	+/-
Industrials	1.15%	9.86%	8.71%
Energy & Utilities	-1.01%	2.79%	3.81%
Consumer Staples	3.76%	7.34%	3.58%
Technology	2.83%	3.48%	0.65%
Materials	-4.82%	-5.57%	-0.75%
Healthcare	3.81%	2.31%	-1.50%
Consumer Discretionary	3.92%	2.01%	-1.92%
Financials	2.62%	-0.05%	-2.66%
Telecom	6.66%	-0.57%	-7.23%

To optimize exposure to North America, we decided to go with an American manufacturer. American manufacturers, which also operate globally, had seen huge hits to their stock price following the 2008 crisis. GM and Chrysler both required bailouts, and Ford had to collateralize their timeless blue “Ford” oval in order to survive.

Years after the crisis, North America is seeing record auto and truck sales and losses in Europe are being limited. Manufacturers have closed factories in Europe in response to dwindling demand and are now reporting losses that are lower than market consensus. Given the recent adjustments made to European operations, we were comfortable initiating a position, and anticipate much more upside to come.

We chose GM, as opposed to Ford (Chrysler is owned by Fiat) because it has a cleaner balance sheet and because it offers better value based on various multiples. For example, GM was trading at 8.2x 2013 EPS while Ford traded at 9.5x 2013 EPS. GM’s cleaner balance sheet comes as a result of the bailout. GM’s debt to EBITDA stands at only 0.15x while Ford’s debt to EBITDA is at 7.46x. With the US government selling its remaining stake in early 2014, GM will have much more leeway and flexibility regarding capital structure. Finally, the possibility of getting relisted onto the major indices, and the accompanying stock purchases by ETFs, represents an attractive short-term catalyst.

Our 2013 price target for GM is $36.50, based on a 10x multiple applied to projected 2013 EPS of $3.65. We bought GM at $28.86. Stock price as of May 3, 2013 was $32.10, representing a return of about 11% since inception.

Jazz Pharmaceuticals

Jazz Pharmaceuticals is a specialty pharmaceutical company focused on acquiring products in niche therapeutic areas where limited alternative treatments are available. The company is registered in Dublin, Ireland, although most operations are conducted in the United States. Since acquiring the Orphan Drug Company in 2005 (developer of Xyrem), Jazz has displayed accretive acquisition activity and outstanding revenue growth. Xyrem is the company’s flagship product and is used for the treatment of both cataplexy (sudden loss of muscle tone) and excessive daytime sleepiness in patients with narcolepsy. In addition to an array of women's health products, the company also sells drugs for patients with schizophrenia, obsessive compulsive disorder, and severe chronic pain. The focus of our thesis is on Xyrem.

Xyrem currently commands a premium price in the market place. Jazz has enjoyed very high margins because of its focus on niche products that treat orphan diseases (diseases that affect less than 1 in 2000 people). We are also big fans of management. In an industry where mergers and acquisitions are often responsible for fueling the product pipeline, it is very important to have a management team that has a track record for not overpaying, and that understands which products will be most lucrative going forward. Instead of conducting proprietary research, Jazz focuses on identifying attractive products, acquiring those products, and marketing its drugs effectively to the U.S. medical system and beyond. We like the business model because it means Jazz is focusing on what it does best – acquisition and marketing.

We believe Jazz is undervalued due to the legal uncertainty surrounding Xyrem. Roxane, a competitor, is challenging Jazz's patent on Xyrem. Note, however, that a lost patent would be detrimental to both Jazz and Roxane, as this would imply that other generic manufacturers could enter the market, significantly reducing margins. Roxane is most likely looking to get a settlement. Past experiences in similar lawsuits also point to settlement being the most likely outcome. In short, we believe the market's fears of patent loss represent a good buying opportunity for a company with a sound business model.

In terms of valuation metrics, we note that despite having some of the highest EBITDA margins, and the lowest leverage ratios compared to its peers, Jazz is trading at significant EV/EBITDA and forward P/E discounts. We anticipate strong performance out of Jazz going forward, and believe trading multiples will at least revert back to industry average levels.

Our 2013 price target for Jazz is $67.00 based on a 9x multiple applied to 2013 EBITDA. Our DCF models yielded a valuation of $65-76. We bought Jazz on April 25 at $55.95. Stock price as of May 3, 2013 was $58.94, representing a gain of about 5.3%.

Outlook

As summer approaches, we continue to be bullish on U.S. equities. Bernanke continues to reiterate that the bond buying program will be maintained so long as U.S. unemployment remains above 6.5 percent and the outlook for inflation does not exceed 2.5 percent. Recently, there have even been talks about accelerating the asset purchase program, as the benefits of austerity have been questioned by economists worldwide. We are not as bullish on Canada. Employment may seem better in Canada than the U.S., but digging a little deeper reveals that this is because our labor market is shrinking. Furthermore, productivity is down, and a high Canadian dollar is hurting exports. Our current allocation to U.S. and Canadian equities is 39% and 44%, respectively (the rest of fund allocation is in global equities and ETFs). This compares to 40% and 60% in our benchmark. We are comfortable with the current allocation, and we feel that we have some flexibility in case we need to maneuver toward either side. For further details on DCM's macro outlook, please refer to the Fixed Income section that follows.

For the month of May, our focus will be to properly introduce the fund and its holdings to our incoming class of juniors. We have high expectations for what is clearly a very strong class.

Once again, I am very excited to be your equity strategist. Every year, it seems as though DCM makes clear improvements, as seniors pass on their knowledge to incoming juniors. This year was no exception. I speak for my class of analysts when I say that our seniors were instrumental in our development and learning. Their contributions to the fund were sizeable and significant and we owe them many thanks. As they depart, we now find ourselves in the senior position, with the immense responsibility of passing on what we have learned to our incoming juniors. The transition has been clean and swift, and I am hopeful that what has been a great start to the year will continue to be the observed trend.

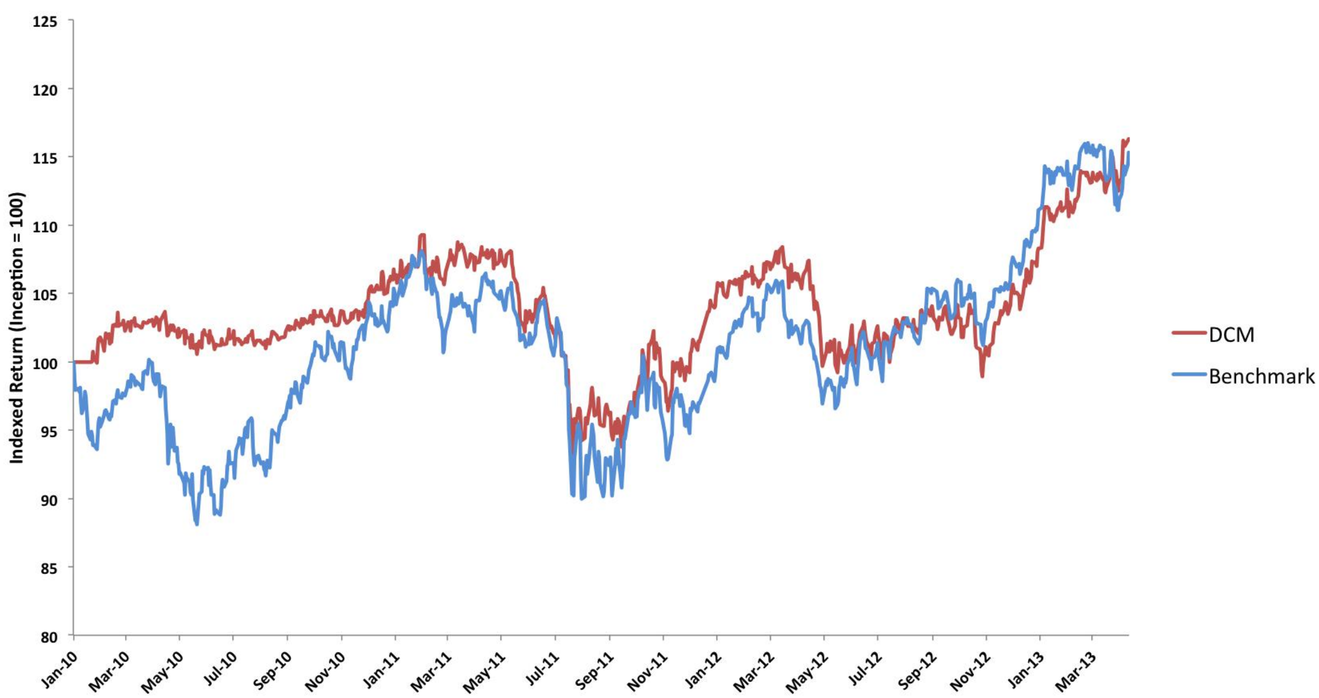
Sincerely,
Nicholas Di Giorgio

Figure 4: Equities Performance up to April 2013

Desautels Global Equity Fund			
Time Period	Fund (Gross Fees)	Fund (Net Fees)	Benchmark
1 month	**2.17%**	**2.05%**	**-0.44%**
3 month	**5.05%**	**4.70%**	**1.28%**
6 month	**12.64%**	**7.48%**	**9.86%**
1 year	**8.95%**	**12.47%**	**11.94%**
2 year	**7.87%**	**4.86%**	**8.63%**
YTD	**10.76%**	**10.27%**	**7.42%**
Since Inception	**16.30%**	**10.98%**	**15.32%**

Note: Performance is as of April 30, 2013. Benchmark is the MSCI World index from inception to February 28, 2013 and a 60% S&P TSX / 40% S&P 500 blended benchmark thereafter. Fund inception date is January 20, 2010.

Figure 3: Global Equity Fund Performance



Note: Performance is as of April 30, 2013, gross of fees. Benchmark is the MSCI World index from inception to February 28, 2013 and a 60% S&P TSX / 40% S&P 500 blended benchmark thereafter.

Fixed Income Strategy

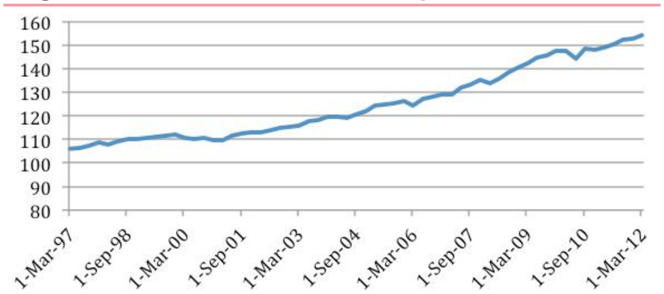
Dear Investor,

We are pleased to report that since our last newsletter, the fixed income fund has returned 2.36% and has outperformed the benchmark by 16 bps. Year to date, the fund has outperformed the benchmark by 79 bps. These results were primarily due to our long credit position.

As with the last few years, winter's promise of a strengthening global economy has succumbed to sluggish growth, evident by slowing inflation, soft commodity prices, and slow global GDP growth.

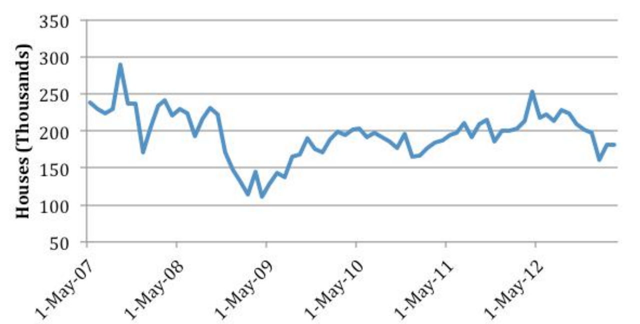
On the Canadian front, the primary threat to the Canadian economic outlook remains household debt and the housing market. Canadian household debt levels have reached a record 165% of disposable income, up slightly from 164.6% in the prior period (Figure 1). At these debt levels, the average Canadian family remains vulnerable to economic shocks and limits resilience in the wake of a slowdown.

Figure 1: Household Debt to Disposable Income



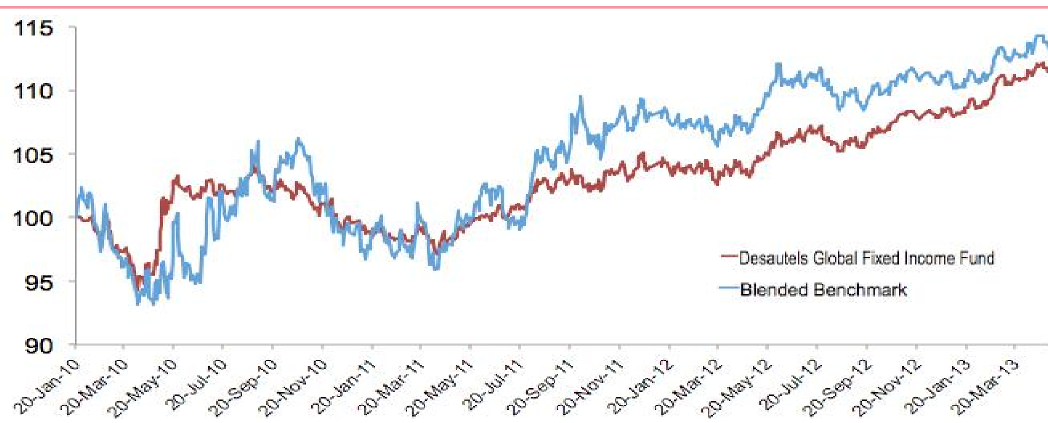
The trajectory of private debt in Canada has led us to believe that Mark Carney's warnings of inflated debt levels have fallen on deaf ears; the Canadian government has tightened mortgage lending rules four times in the last four years in an attempt to curb the amount of debt a home buyer can take on in the wake of persistent debt level increases. At the same time, the Bank of Canada's last few policy statements have displayed weakened language about a rate hike, as the "hot" housing markets of Toronto and Vancouver show signs of cooling and inflation remains low (Figure 2).

Figure 2: Canada New Housing Starts (Thousands)



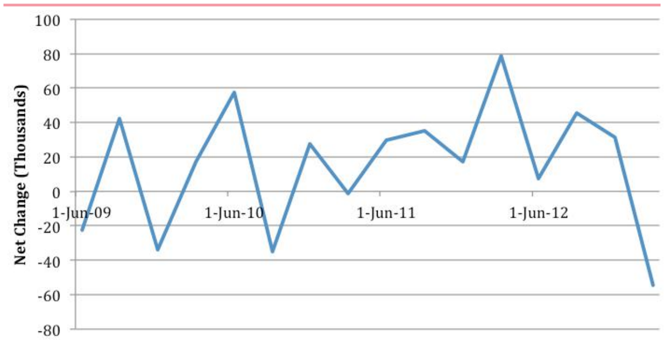
In terms of economic indicators, we have seen some weakness, most alarmingly in the job numbers. In March 2013, the Canadian economy shed 54,500 jobs as the jobless rate ticked higher to 7.2%. March 2013 was the worst month for Canadian employment since February 2009, and, when aggregated with the numbers so far this year, they show that the Canadian

Figure 3: Fixed Income Fund Performance



Note: Performance is as of April 30, 2013, net of fees. Benchmark is comprised of 45% Dex Universe, 45% Barclays Aggregate, and 10% Citigroup World Treasury Index Ex-US economy has lost 26,000 jobs in 2013. The growth engine that most policymakers keep an eye on, private sector hiring, fared even worse; there were 85,000 fewer private sector workers in March (Figure 4).

Figure 4: Net Change, CDN Labour Force Quarterly



Despite poor employment statistics, Canadian GDP expanded by 0.3% in February, and 0.3% in January, mainly driven by strength in the oil, gas and mining industries. This puts the economy on track to grow at a 2.3% annualized rate in the first quarter, the fastest pace of growth since early 2011, as per the Bank of Canada's forecast.

Similar to March, we continue to observe weakness in consumer spending and new home construction, both of which have contributed to a headline CPI at or below the low end of the Bank of Canada's 1% to 3% target (Figure 5). A catalyst for increased inflation would come with the approval and implementation of Keystone XL, which would resolve the bottleneck causing the discount in Canadian Western Crude, though approval will not come until at least the end of the year due to environmental and economic concerns.

Figure 5: CDN 30y Breakeven Inflation Expectations

On Thursday May 2nd, the Canadian government named Stephen Poloz as the successor to Mark Carney as governor of the BoC. Mr. Poloz is currently the president of Export Development Canada (EDC), the country's export credit agency. With a career focused on international trade and economics, Mr. Poloz spent 14 years at the Bank of Canada, and has a wealth of knowledge and experience to draw from. Like Carney, Mr. Poloz's experience lies mostly in international economic development, though the problems that Canada faces today are primarily domestic; high household debt, slowing growth and commodity weakness will see the perfect storm if met with rising interest rates. For this reason, we do not expect a significant departure from the BoC's current economic views or actions, especially in light of the government's tendency to get involved in mortgage lending policies.

As the Canadian consumer begins the deleveraging process and the Canadian government and the BoC carefully monitor the availability of credit and household debt levels, we believe that the economy may experience short-term pain on the path to a healthier and more sustainable future. On this note, interest rates are likely to remain range bound in the near to medium term.

In the United States, however, we continue to see a slow improvement in the economy, though recent indicators have proved to be a mixed bag. As we predicted in March, housing continues to be a bright spot for the American economy. New home sales were up 18.5% year on year in March, indicating that strength in the housing market has not wavered, though sales are being set back by a lack of supply of homes in some major markets across the US. As demand continues to be bolstered by a low interest rate environment, we are confident that housing demand and construction will represent a significant positive contribution to GDP in the medium to long term.

Fixed Income Strategy

Consumer confidence is supportive of a strengthening US economy as the consumer confidence index rose to 68.1 in April, a larger increase than expected on expectations for growth in hiring and higher pay in the coming months. The unemployment rate unexpectedly fell to a four-year low of 7.5% in May as US GDP expanded by 2.5% in Q1 2013 on increased consumer spending.

The US economy remains sensitive to federal budget trimming and any withdrawal of accommodative policy from the Fed, which has helped bolster the economy. In a statement very similar to the one in March, the Fed announced that it will continue with its $85 billion asset purchase program and it will also hold rates steady at 0-0.25%. The Fed maintains its inflation outlook at or below 2% for the near to medium term, but noted that budget cuts in Washington will continue to dampen the general economic outlook. The Fed also noted that it is committed to its accommodative stance and will increase or reduce the level of asset purchases should fiscal policy require it.

In the Eurozone, we saw the European Central Bank cut its benchmark rate for the first time in 10 months to 0.5% as the Eurozone experienced a marked decline in inflationary pressures. The meeting came amid numbers this week showing annual inflation in the euro zone at just 1.2%, and unemployment at 12.1%. The ECB also pledged to prime banks with as much liquidity as needed through July 2014 and look at ways to boost lending to smaller companies. Though Draghi believes economic recovery will begin later in the year, he did note some prominent downside risks.

Some of the most troubled countries in the Eurozone have shown improvement. Italy posted a primary budget surplus and Greece and Portugal have made immense strides. Spanish and Italian bond yields have come down significantly in the last year (Figure 6). Despite this, the social implications of austerity prove to be a significant issue, as proven by the recent election in Italy, in which pro-austerity parties were voted down, and the European backlash to IMF-favoured policies continues to grow. Additionally, consumer confidence in the Eurozone fell for a second straight month in April and by more than expected. Even Germany, thought to be the Eurozone's most robust economy, experienced a decline in economic sentiment (Figure 7).

Figure 6: Spanish and Italian Bond Yields (%)

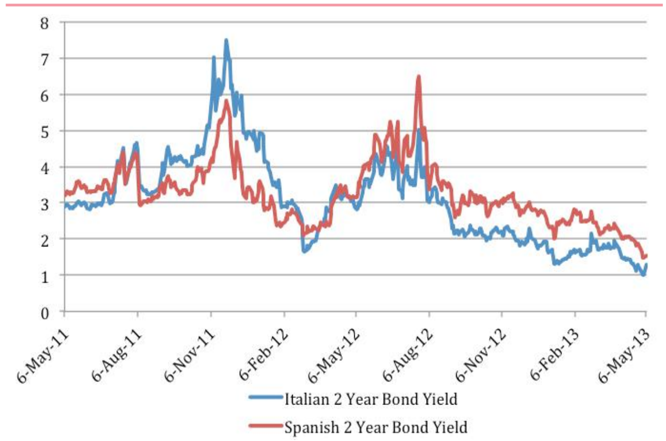
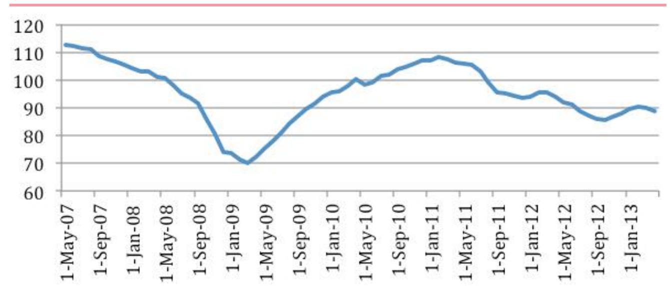


Figure 7: Eurozone Business Confidence



As the public dispute between growth and austerity continues, we believe that the ECB is in a solid position to use the full range of its policy toolkit. After months of holding rates steady and a significant decline in inflationary pressures, the ECB can employ "unconventional" policy measures, such as asset purchases, to bolster Eurozone growth. This small rate cut is not enough to spur the type of economic recovery that Europe needs, and will likely be the first move of many. As one commentator noted, "it's like opening the windows when the top's already down."

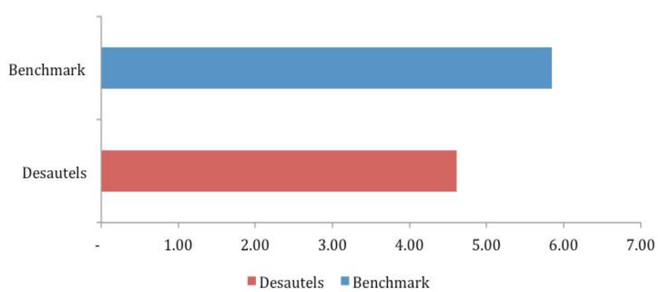
Fixed Income Strategy

Duration Views

In the United States, we remain short duration versus our benchmark. Given the slow improvement in both the US housing sector and consumer spending, we continue to be optimistic about the trajectory of the US economy. As such, our interest rate expectations are stable, with a slight skew to the upside given our positive views.

The Canadian economy, however, has displayed numerous weaknesses, and remains vulnerable as the consumer deleverages and the housing market heads for a soft landing. Given the underlying trends and recent economic data, we are more bullish on the US economy than on the Canadian economy, and will therefore continue to remain shorter duration in the US than in Canada. As our expectations for a rate hike in Canada get pushed farther down the line, we will look to add to the duration of our Canadian bond portfolio to match the benchmark.

Figure 8: DCM Fixed Income Fund Duration



Credit Views

Credit remains extremely resilient, with compressed spreads at pre-crisis levels and corporate credit swaps in the US falling to 3-year lows (Figure 9). To capture value and yield, the fixed income fund continues to seek bonds that are trading cheap in the high yield and lower quality investment grade space. One area of interest is Canada oil producers, as we look to a final resolution in the Keystone XL debate by the end of the year, which would effectively resolve bottleneck issues and push up Canadian Western Crude prices. As reported in the March newsletter, we purchased a bond from Aimia, a company that provides loyalty points and loyalty services to a multitude of global clients. As per our thesis, the bond has tightened by about 30 bps since the time of purchase. We expect 10-20 bps of tightening before we will look to possibly exit the position.

Figure 9: Fixed Income Credit Spread (bps)

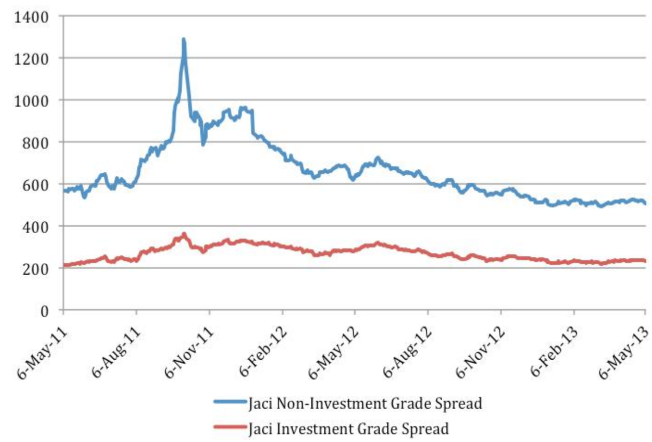
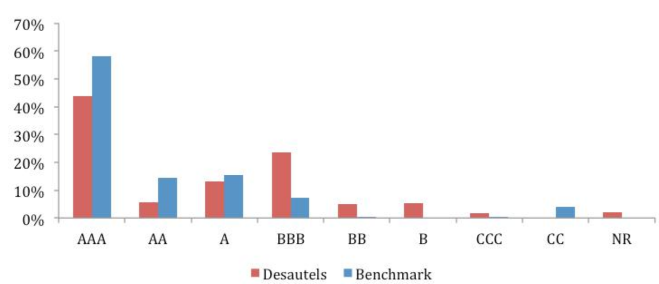


Figure 10: DCM Fixed Income Fund Credit Quality



Other Views

We hold a 3.3% position in the Brazilian real, and thus continue to monitor economic and monetary conditions in Brazil. Currently, we expect increasing inflation, which could lead to a rate hike, which would continue to strengthen the BRL (Figure 11). On April 17th, the Banco Central do Brasil raised its base interest rate by 0.25% to 7.5%, with many economists expecting rates to hit 8.5% by year's end. The Banco Central do Brasil has also set a new higher target range for the currency

Fixed Income Strategy

(1.95-2.00 BRL/USD), which also bolsters our position. The BCB has reversed its forward operations by going out into the foreign exchange market to purchase BRL rather than selling it, resulting in further appreciation (Figure 12). Lastly, the influx of high profile events, such as the Olympics and the World Cup have increased internal infrastructure spending and will bring an inflow of foreign funds over the next 3 years.

Figure 11: Brazil Inflation (%)

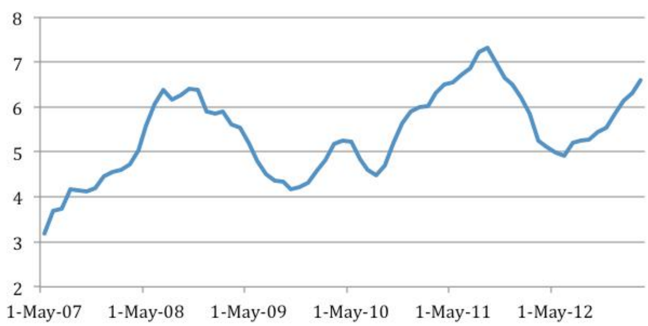


Figure 12: Brazil Real Spot

Fig. 13: Fixed Income Performance as of April 2013

Desautels Fixed Income Fund			
Time Period	Fund (Gross Fees)	Fund (Net Fees)	Benchmark
1 month	**0.58%**	**0.55%**	**0.71%**
3 month	**2.51%**	**2.36%**	**2.20%**
6 month	**3.47%**	**3.20%**	**2.04%**
1 year	**7.98%**	**7.50%**	**5.75%**
2 year	**14.36%**	**13.32%**	**15.18%**
YTD	**2.83%**	**2.68%**	**1.89%**
Since Inception	**13.18%**	**11.46%**	**13.49%**

Note: Performance is as of April 30, 2013. Benchmark is comprised of 45% Dex Universe, 45% Barclays Aggregate, and 10% Citigroup World Treasury Index Ex-US. Fund inception date is January 20, 2010.

We are pleased to welcome 12 new students to the program. Following a rigorous application and interview process, we are confident that the incoming class will build on the success of prior years and continue to improve the fund.

I am also looking forward to assuming the position of fixed income strategist. I would especially like to thank Michael Commisso for all of his hard work in the strategist role. As we transition from one year to the next, we note the contribution of our outgoing analysts and we thank them for their hard work and dedication.

Sincerely,
Michaela Hirsh

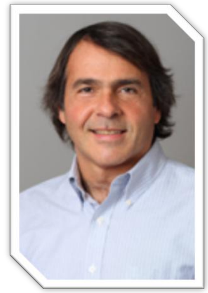
Current Holdings

Global Equity Fund Holdings	
METRO INC A	7.30%
ISHARES S+P GLOBAL CONSUMER DI	7.24%
PULSE SEISMIC INC	6.72%
CONRAD INDUSTRIES INC	6.57%
HOME CAPITAL GROUP INC	6.44%
WHITECAP RESOURCES INC	6.36%
US DOLLAR	6.13%
WELLS FARGO + CO	5.90%
BCE INC	3.99%
INTEL CORP	3.89%
JAZZ PHARMACEUTICALS PLC	3.86%
NVIDIA CORP	3.79%
TEVA PHARMACEUTICAL SP ADR	3.74%
TAKE TWO INTERACTIVE SOFTWRE	3.72%
GENERAL MOTORS CO	3.44%
ISHARES S+P GLOBAL MATERIALS S	3.05%
PAREX RESOURCES INC	2.94%
MERCER INTERNATIONAL INC	2.82%
ISHARES DOW JONES US FINANCIAL	2.53%
BAUER PERFORMANCE SPORTS LTD	2.36%
CAMECO CORP	2.04%
ISHARES S+P GLOBAL UTILITIES S	1.91%
CANADIAN DOLLAR	1.85%
TSO3 INC	1.44%

Fixed Income Fund Holdings	
Barclays MBS Bond Fund	14.1%
SPDR High Yield	9.9%
DEX Hybrid	9.6%
Alberta 2022	9.5%
3-7 Year US Treasury	8.8%
BANK OF AMERICA 2017	8.6%
MORGAN STANLEY 2017	7.6%
BMO PROVINCIAL SHORT TERM	5.1%
BMO FEDERAL LONG TERM	4.6%
Aimia 2017	4.2%
CI INVESTMENTS 2016	4.2%
GOLDMAN SACHS 2022	3.7%
CANADA HOUSING TRUST 2021	3.5%
WisdomTreeBRL	3.2%
USD	2.8%
CAD	0.4%

Investment Team

A Message from the Chief Investment Officer



This world-class program now attracts some of the brightest and most talented students from around the world. I would like to take this chance to thank the many contributors who help make all this possible. On behalf of the Desautels Capital Management, I would like to thank everyone for having confidence in us, and we look forward to another exciting new month!

Sincerely,

Kenneth Lester

Chief Investment Officer | Desautels Capital Management

Contact information for members of our investment team is available below:

Name	Email
Alan Ang	alan.ang@mail.mcgill.ca
Alan Vergel de Dios	alan.vergeldedios@mail.mcgill.ca
Alejandro Cardot Escobar	alejandro.cardot@mail.mcgill.ca
Alexis Lemieux-Cardinal	alexis.lemieux.cardinal@hotmail.com
Ali Abdullah	ali.abdullah@mail.mcgill.ca
Andrew MacDonald	andrew.macdonald3@mail.mcgill.ca
Anna Wright	anna.wright@mail.mcgill.ca
Antonino Piazza	antonino.piazza@mail.mcgill.ca
Cédric Garnier-Landurie	cedric.garnier-landurie@mail.mcgill.ca
Emily Ren	tianyu.ren@mail.mcgill.ca
Fei Qi	fei.qi@mail.mcgill.ca
Ivan Di	minghui.di@mail.mcgill.ca
Jesse Pearlstein	jesse.pearlstein@mail.mcgill.ca
Jimmy Xie	jimmy.xie@mail.mcgill.ca
Karolina Kosciolek	karolina.kosciolek@mail.mcgill.ca
Mak Doric	mak.doric@mail.mcgill.ca
Meghan Chen	ying.q.chen@mail.mcgill.ca
Michael Commisso	michael.commisso@mail.mcgill.ca
Michaela Hirsh	michaela.hirsh@mail.mcgill.ca
Mohammad Awada	mohammad.awada@mail.mcgill.ca
Naser Chowdhury	mohammad.chowdhury3@mail.mcgill.ca
Nicholas Bigelow	nicholas.bigelow@mail.mcgill.ca
Nicholas Di Giorgio	nicholas.digiorgio@hotmail.com
Noah Senecal-Junkeer	noah.senecal-junkeer@mail.mcgill.ca
Paul Younes	paul.younes@mail.mcgill.ca
Rafael Barroso	rafaelhb0@gmail.com
Rami Karabibar	rami.karabibar@mail.mcgill.ca
Rene Boissonnault	rene.boissonnault@mail.mcgill.ca
Samantha Fu	samantha.fu@mail.mcgill.ca
Sanja Vicentijevic	s.vicentijevic93@gmail.com
Shuang Yun	shuang.yun@mail.mcgill.ca
Simon Bibeau	simon.bibeau@mail.mcgill.ca
Simon Bouchard	simon.bouchard@mail.mcgill.ca
Tyler Maxey	tyler.maxey@mail.mcgill.ca
Zeeshan Maqsood	zeeshan_maq@hotmail.com

Disclaimer and Disclosure

The Desautels Global Equity Fund and the Desautels Fixed Income Fund (hereafter: the Desautels Funds), together with Desautels Capital Management Inc., have been established as a pedagogical venture in order to offer students in the Investment Management Program in the Desautels Faculty of Management at McGill University some meaningful and realistic experience of the investment management industry and of investment research and analysis by working for Desautels Capital Management Inc.

All outstanding shares of Desautels Capital Management Inc. are owned by McGill University. Desautels Capital Management Inc. has a separately constituted board of directors, all of whom are independent from McGill, and constitutes a separate legal entity having responsibility for its own affairs. The role of McGill University towards Desautels Capital Management Inc. is limited to the following activities: (i) appointing independent directors to Desautels Capital Management Inc.'s board of directors; and (ii) providing limited financial resources and support to Desautels Capital Management Inc., such as office space and allowing certain of its officers and employees to serve as officers of Desautels Capital Management Inc. or to carry out certain other functions.

Neither McGill University nor the Board of Governors of McGill University has the authority or power to act on behalf of Desautels Capital Management Inc. or the Desautels Funds, or to incur any expenditures on behalf of Desautels Capital Management Inc. or the Desautels Funds. Neither McGill University nor the Board of Governors of McGill University shall be liable for any debts or obligations of Desautels Capital Management Inc. or the Desautels Funds. McGill University is not involved in the daily activities of Desautels Capital Management Inc., including making investment decisions, and therefore does not take any responsibility for Desautels Capital Management Inc.'s activities. More specifically, McGill University has no liability under the Units, does not guarantee or otherwise stand behind the Units nor does it guarantee performance of the Desautels Funds. Any function or activity of Desautels Capital Management Inc. carried out by individuals who are also officers or employees of McGill University is carried out exclusively in the name of Desautels Capital Management Inc. and McGill University shall have no liability as a result thereof.

Neither the information nor any opinion expressed in this newsletter constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g. options, futures, warrants, and contracts for differences). This newsletter is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this newsletter and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this newsletter.

All opinions, projections and estimates constitute the judgment of the author as of the date of the newsletter and are subject to change without notice. Prices also are subject to change without notice. Desautels Capital Management Inc. is under no obligation to update this newsletter and readers should therefore assume that Desautels Capital Management Inc. will not update any fact, circumstance or opinion contained in this newsletter. Neither Desautels Capital Management Inc., nor any director, officer or employee of Desautels Capital Management Inc. accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this newsletter or its contents and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

Program Partners: