

Canadian ABCP Fund LP

AUGUST 2013



Strategy Description

Absolute return approach dedicated to investing solely in securities from the Master Asset Vehicles ("MAV") that were created after the restructuring of the non-bank sponsored Canadian ABCP market in 2008. The strategy aims to capitalize on the attractive risk/return potential of this unique, liquid, diversified, deep-value investment opportunity.

Portfolio Manager

Fiera Quantum Limited Partnership

Fund Details

	Trust ¹	LP
Fund Codes	FQL300	FQL200
Management Fee	1.50%	1.00%
RSP Eligibility	Yes	No
Distributions	Quarterly	
Assets under management ²	\$151 M	
Minimum Investment	\$25,000	
Performance Fee	10%	
Hurdle Rate	6%	
High Water Mark	Yes	
Trustee of Trust	Natcan Trust Company	
Administrator	Commonwealth Fund Services Ltd.	
Prime Broker	TD Securities Inc.	
Auditor	Deloitte & Touche LLP	
Liquidity	Monthly 60 day notice required	

¹ The Canadian ABCP Investment Fund is a feeder fund in the Canadian ABCP Fund LP.

² Assets Under Management is the sum of all Classes of the Fund as at previous month-end

Investment Highlights

- Appealing Internal Rate of Return over the life of the ABCP Fund.
- MAV notes trade at a discount to fair value.
- Tax advantaged returns, as they are expected to be mainly capital gains due to the discount to par.
- The floating rate coupon minimizes the risk of rising interest rates, which exists with fixed rate longer dated bonds.

Performance net of all fees (ABCP LP-Benchmark Series) (%)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year/ YTD
2010											1.88	2.61	4.54
2011	6.53	4.56	-0.36	3.16	2.32	-0.87	0.46	-3.82	-3.88	4.55	-2.23	-0.40	9.81
2012	2.60	3.01	4.93	0.62	-0.56	1.00	2.77	1.77	2.06	0.68	1.13	1.77	23.96
2013	2.94	0.60	0.50	0.20	2.66	-0.52	-0.57	-0.31 ³					5.56 ³
	1 Month	3 Months	6 Months		YTD		1 Year		2 Years ⁴		3 Years ⁴		5 Years ⁴
	-0.31	-1.40	1.93		5.56		11.63		13.16				15.44

³ Performance figure for the month of August is preliminary and is subject to further confirmation by the portfolio manager.

⁴ Returns for periods greater than one year are annualized.

Growth of \$10,000³



Risk/Return Analysis³

Net annualized return since inception	15.44
Annualized standard deviation	7.82
Annualized Sharpe ratio (1.00%)	1.85
Best monthly return	6.53
Worst monthly return	-3.88
Percentage of months with positive performance	70.59
Average return when market is up	2.12
Average return when market is down	-1.23
Worst drawdown	-7.93

Canadian ABCP Fund LP

Fund Commentary

For the month of August, the Canadian ABCP Fund LP (the "Fund") returned -0.31% (preliminary), net of fees and expenses. This brings the 2013 YTD return to 5.56% and since inception¹ to 50.20%. In context of the negative overall trend in the credit markets, which saw the high yield index slide approximately 0.70% in August, there was some downward price movement in Canadian ABCP during the month, albeit not to the same extent. We continue to believe that ABCP remains an exceptional risk-adjusted investment as the ABCP strip² is currently trading at a weighted price of 87.2 compared to a fair value of 94.68. This represents a discount to net asset value of 7.9%. In a conference call held on July 31, 2013, BlackRock Asset Management Canada Limited ("BlackRock Canada") as Administrator of Master Asset Vehicle II and III confirmed that the fair value is currently 95³. In addition, risk is continually rolling off the structure, with another \$5.7 billion or approximately 11% of the outstanding credits scheduled to mature on or prior to December 2013. Since inception, C\$22 billion has matured with no losses to the structure. Finally, based on our analysis, we anticipate that the structure will mature in December 2016 with no losses incurred to the ABCP strip. As advised previously, an "unwind" process has been approved that will allow for early redemptions with the first auction likely to take place later this summer. Accordingly, these auctions will create continuous liquidity events that should provide further stability to secondary market prices.

We remain active traders in the secondary market, a position that allows us to see most of the activity that occurs on both sides of the border. Trade volume in August was lighter than average given that the market continues to await the announcement of the first auction as part of the unwinding process. We understand that this is likely to occur at some point in September; however, we have been hearing that it is imminent for some time now.

1. November 2010.

2. The ABCP strip consists of 53% A-1 notes, 37% A-2 notes, 7% B notes and 3% C notes. Losses accrue to the C notes first and A-1 notes last. Accordingly, the C notes are the most risky in the structure and the A-1 notes the least risky.

3. The conference call can be replayed as follows: US Toll free: 1-888-286-8010, International direct: (617) 801-6888, Replay Passcode: 31662262.

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