

April 29, 2016

Martin Lalonde, MBA, CFA

Introduction

Hello everyone,

Rarely has there been a quarter as volatile as this past one was. Nervous investors are probably still feeling its effects. After a historic drop of over 10% in the U.S. market at the beginning of the year, the tides turned and we saw the beginning of an impressive uptrend, recovering what had been lost. Unfortunately for Canadians (investors, at least), this increase was also accompanied by the marked decline of the U.S. dollar. U.S. stocks were flat but saw their real value in Canadian dollars decrease by nearly 15% due to the currency effect, which is not an ideal scenario. It is true, however, that the same currency effect worked greatly in our favor last year. On the Canadian side, resources returned in force to help the S&P/TSX post a very solid quarter. Our low exposure to resources and U.S. stocks meant that the past three months were very average for Rivemont Investments. This said, the month of April started very well for us thanks to new additions to our portfolios (Kinross Gold and TORC Oil, Canadian resource sector), each of which has moved in the desired direction from the start (i.e. upwards).

In other news, the beginning of 2016 also saw significant positive change for Rivemont. Indeed, a very talented individual became available. Rivemont is proud to announce the appointment of Mr. Jean Lamontagne as Vice President of Business Development and Customer Service. He will be responsible for expanding our "institutional" customer base. This brings us to our second positive development, which is the opening of our Montréal office. A section of this newsletter will be devoted to these exciting developments.

I will begin this letter by presenting the economic trends that have influenced our portfolios in the first quarter. Next, I will unveil details about our new metropolitan office and give Mr. Jean Lamontagne the opportunity to introduce himself.

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I will devote a few lines to talk about the management fees of certain mutual funds, a subject that never ceases to surprise me. As usual, I will conclude with our outlook on the markets and preferred securities in our portfolios.

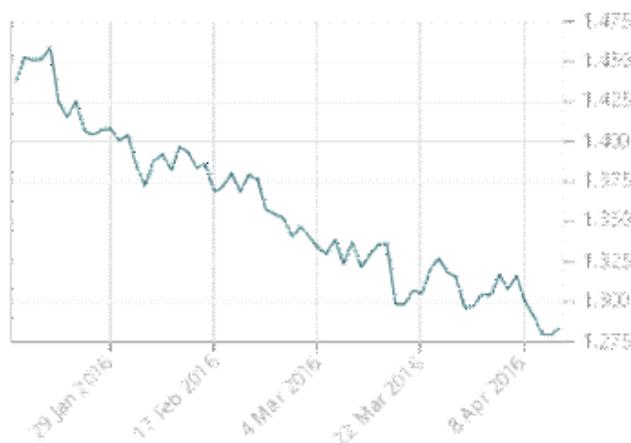
Above all, make sure to look at the last page of this newsletter where you can see for the first time our new logo and visual signature.

Happy reading!

« The loonie took flight for the first time in years. »

First Quarter of 2016

As I mentioned earlier, the first three months of 2016 saw the U.S. dollar plunge against the loonie, which "took flight" for the first time in years. And this isn't just a short flight to stretch its wings...



As shown in the Bank of Canada chart above, the U.S. dollar fell from over \$1.45 for every Canadian dollar to about \$1.28 in a very short time. Several factors explain this collapse. The main reason is simply gravity.



According to the chart above where the ratios are reversed compared to the previous chart, we see that the Canadian dollar had not been this low in more than 10 years. Technically, the rebound can be explained simply by the reversal of a trend that may have lasted a bit too long.

However, we must not forget the important role of the Bank of Canada in this reversal. The accelerated decline began at the last rate cut, which was unexpected. Because markets do not like uncertainty, the dollar collapsed. Conversely, while analysts thought another rate cut might be possible at the most recent meeting of the Bank of Canada, favorable employment figures and the stabilization of resource prices made it so that additional monetary support was no longer among the possible scenarios, which boosted our dollar.

« The best first quarter for gold in 30 years! »

In addition, in the resource sector, the recent performance of gold and oil is dramatically different than in previous years. While everyone knew that oil would eventually rise to a more respectable level, gold's rise surprised many.

The price of an ounce of gold rose from USD \$1,061 to more than USD \$1,280 before easing slightly. That's a jump of over 20%, making it the best first quarter for gold in 30 years! What is particularly interesting is that during the same period, gold sector stocks rose by more than 45%. While one might think that these stocks are overvalued, this is absolutely not the case, as the ratio between the price of gold and related stocks is still relatively low, as shown in the table below. It also shows the strong rebound recorded in 2016.



As a result, we added resources to our stock portfolios for the first time in at least three years. The trend is clearly no longer on the decline in the short- to medium-term, at least.

M. Jean Lamontagne

I asked Mr. Lamontagne to write a few lines to introduce himself.



« Your portfolio is monitored closely. »

I asked Mr. Lamontagne to write a few lines to introduce himself.

It is with great pleasure that I recently joined Rivemont Investments as Vice President, Business Development and Customer Service. Over the past few years, I had the opportunity to meet Martin several times at events organized by the financial community and on each occasion, it was clear to both of us that we had good chemistry. More importantly, however, I felt that Martin had an approach which set him apart from the competition. He had a clear vision and the growth potential of his firm was significant.

I am pleased to say that since I joined Rivemont, I now see that my impressions were accurate. Martin is very rigorous in the application of his methodology and has developed, over the years, a series of risk-related rules and measures that have allowed Rivemont strategies to succeed. If you are a customer of Rivemont, you can be assured that your portfolio is monitored closely.

My main role will be to promote Rivemont's strategies to private banking clients, advisors, brokers and financial planners. In concrete terms, I will oversee the updating of our website, the development of an advertising and social media strategy, the organization of events and the preparation of business development documents. With an office located in Montréal, I will also assist Martin with customers that are located outside of the Outaouais region.

Before I joined Rivemont, I was Vice President of Triasima Portfolio Management. Prior to that, I served as Senior Consultant at Towers Watson and Towers Perrin specializing in the areas of investment and retirement plans. I am a Chartered Financial Analyst (CFA) and a Fellow of the Canadian Institute of Actuaries (FCIA). I have a Bachelor's Degree in Actuarial Science from Laval University and am Chairman of the Board of the Fondation du Grand séminaire de Montréal.

I look forward to meeting you, valued Rivemont clients. And for those who are not yet customers, please feel free to contact me at our Montréal office to learn more about our strategies and how we can help you achieve your financial goals.

It goes without saying that a team of this caliber deserves first-class facilities. So we established our Montréal office in the historic building of the Montréal Board of Trade, at 300, rue du Saint-Sacrement, in Old Montréal, Suite 512.



« Historic Montreal Board of Trade. »

Some may be surprised to learn that it is no more expensive to rent an equivalent number of square feet in Montréal than in Gatineau, which confirms that our search for exceptional deals is not limited to financial markets.

Again with the fees...

Many of you are already well aware of my aversion to mutual funds' high fees. Well, a recent article by Yves Bourget in *Les Affaires* has raised my ire once again. The author presents the actual management fees and transaction costs of several Canadian funds. Here are some of the numbers:

Funds	Total Cost of Ownership
Sprott Canadian Equity Fund	3.43%
AGF Canadian Growth Equity	3.33%
IA Clarington Canadian Small Cap Fund	3.03%
Fidelity Canadian Opportunities Fund	2.97%
Brandes Global Equity Fund	2.90%
Dynamic Dividend Advantage	2.88%

This represents a sum of nearly 10% levied over a period of three years regardless of performance, which is incomprehensible and unjustifiable, in my opinion. It is true that the Rivemont Absolute Return Fund incentive fees could get high, but they are linked to performance. The better the performance, the higher the fees; it is mutually beneficial. It is also true that the performance of a fund is not always related to the fees charged (though it is often the case), but I maintain that cutting 3% off of the investment each year greatly limits the ability to outperform the market over the long-term.

Market Prospects

Rivemont Investments			
Subject	Question	Recommendation	Comments
Allocation between equities and fixed income securities.	Which are most interesting, stocks or bonds?	Neutral weighting.	We recommend adding alternative investments to portfolios.
Distribution between Canadian, U.S. and international.	Which markets are most interesting: Canadian, U.S. or international?	Overweight in Canadian assets	The American market has possibly begun a sideways trend.
Distribution between corporate bonds and government bonds.	Which are more interesting, corporate bonds or government bonds?	We recommend corporate and high yield bonds.	We recommend short and medium-term corporate bonds and US high yield bonds.
Investments in Canadian dollars or in foreign currency.	Do investments in other currencies increase or decrease the total yield?	The Canadian dollar's progress could get interesting.	A further decline of the US dollar is possible.

Favorite Securities

You will find below a list of the individual securities with the largest weight in our "growth" portfolio. These stocks were selected based on their respective potential to outperform the stock market. You will find a short description of their activities, the annual dividend, if any, and the total return since their first inclusion in our portfolio.

Dated : April 22, 2016.

1) Symbol: AGT

Name : **AGT Food and Ingredients**

Description : Lentil and pea splitting company.

Dividend Yield: 1.48 %

Total Return: 129.0 %

2) Symbol : KGC

Name : **Kinross Gold**

Description : Gold exploration and production.

Dividend Yield: N/A

Total Return: 28.0 %

3) Symbol : XRAY

Name: **Dentsply Sirona**

Description : Dental equipment.

Dividend Yield: 0.5 %

Total Return: 54.0 %

4) Symbol : EXE

Name : **Extendicare**

Description : Senior care services.

Dividend Yield: 5.2 %

Total Return: 0.7 %

5) Symbol: BCE

Name : **BCE**

Description : Telecommunication.

Dividend Yield: 4.7 %

Total Return: -3.1 %

6) Symbol : TOG

Name : **TORS Oil and Gas**

Description : Oil and gas.

Dividend Yield: 2.8 %

Total Return: 9.9 %

7) Symbol : SLF

Name : **Sun Life Financial**

Description : Insurances and investments.

Dividend Yield: 3.6 %

Total Return: 11.9 %

8) Symbol : PBCT

Name : **People's United Financial**

Description : Regional banks.

Dividend Yield: 4.2 %

Total Return: 8.9 %

Conclusion

Although we had announced the upcoming move of our Gatineau office, the other tenant on our floor recently moved, allowing us to expand our space while limiting our costs. This is a welcome break considering the many projects we are working on. One such project is the upgrade of our marketing signature. It is with great pleasure that I present our new logo:

RIVEMONT

I also invite you to take a look at the next page where I have attached to this financial newsletter our new presentation of the Rivemont Absolute Return Fund.

Thank you for your continued trust. The Rivemont team is growing stronger, which can only be beneficial to your portfolios.

Sincerely,

Martin Lalonde, MBA, CFA
President

Rivemont Investments

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Les investissements
Rivemont
Investments

As at March 31, 2016

Investment Objective

The Rivemont Absolute Return Fund's investment objective is to provide investors with positive returns in all market conditions, while maintaining a low level of correlation to traditional asset classes such as equities and bonds. In addition, the fund aims to preserve capital in declining markets and maintains a high return potential in up markets.

Description

The Rivemont Absolute Return Fund invests based on the premise that the price of an asset is not always equal to its intrinsic value, since this price is influenced by a number of factors, including several cognitive biases on the part of investors. Since these biases are known, and repeat themselves over time, it is possible to make investment decisions based on these recurring behaviors. The fund uses momentum based strategies including technical analysis,

trend monitoring and sectorial rotations to take long and short positions, on breakouts and breakdowns. The manager uses a top-down approach by establishing first which sectors have the highest/lowest growth potential to subsequently be able, within these specific sectors, to select specific securities. The fund will look to enter a position at the beginning of a new trend and exit when this trend is broken.

Overview

Inception date	January 1, 2013
Strategy	Long/Short Equity
Investment style	Technical and Trend
Fund assets	\$7 million
Firm assets	\$30 million

Fundserv Codes

Class A	MAJ700
Class B	MAJ704
Class F	MAJ701

Risk/Return Profile

Net annualized return (since inception)	18.5%
Annualized standard deviation	17.2%
Annualized Sharpe ratio	1.05
Correlation with S&P/TSX Index	-15.5%
Best monthly return	11.0%
Worst monthly return	-12.3%
Months with positive return	69.7%
Average return – up market	1.2%
Average return – down market	1.9%
Maximum drawdown	16.0%

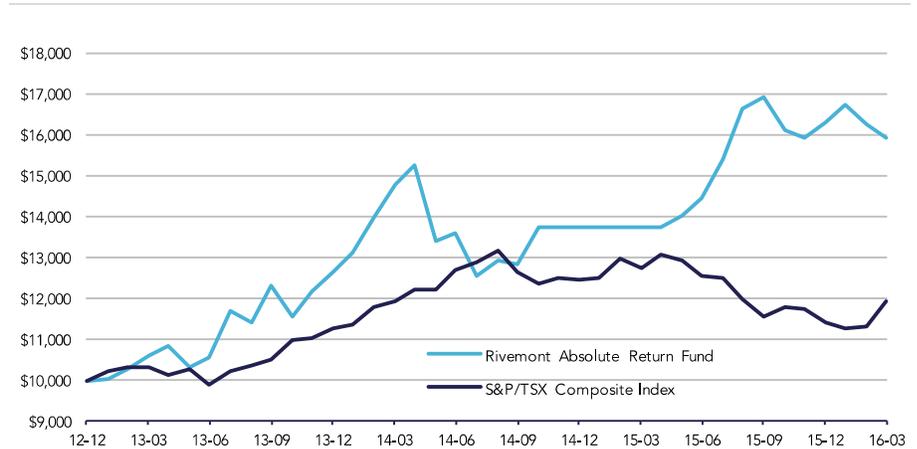
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Performance net of all fees (%)

	Annual/YTD												Rivemont	S&P/TSX
	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
2013	0.2	2.5	3.1	2.6	-4.8	2.1	11.0	-2.5	7.8	-6.3	5.5	3.9	26.3	12.7
2014	3.6	6.8	5.7	3.2	-12.3	1.7	-7.7	2.9	-0.8	7.0			8.6	10.4
2015					2.2	3.0	6.5	7.8	1.8	-4.9	-1.0	2.2	18.6	-8.3
2016	2.9	-3.9	-2.1										-3.2	4.2
Net annualized return since inception:													18.5	5.6

Explanatory notes: Returns are net of all fees (management, custody and commissions) and in Canadian dollars. Returns for the absolute return strategy are from a composite of identical mandates for the period January 2013 to October 2014 and are those of the Rivemont Absolute Return Fund Class F from May 2015 onward (from November 2014 to April 2015, the segregated mandates were liquidated and the fund established). Future investment results will differ from past results. Thus units of the Rivemont Absolute Return Fund are available under the National Instrument 45-106 Prospectus and Registration Exemptions and are therefore only available to accredited investors. This document does not constitute a recommendation nor an investment advice and is presented for information purposes only.

Portfolio Manager

Martin Lalonde, MBA, CFA, is the portfolio manager responsible for the investment decisions. He has many years of experience in the financial markets and was a senior investment, mergers and acquisitions analyst for a major Canadian organization.

About Rivemont

Founded in 2010, Rivemont is a portfolio management firm with more than \$30 million in assets under management. The firm offers performing investment strategies to a private wealth clientele, brokers, consultants and financial planners.