

KENSINGTON ALTERNATIVE STRATEGIES FUND
Overview
Objective

The Kensington Alternative Strategies Fund (KASF) seeks to provide capital appreciation with reduced volatility through investment in the Canadian Alternative Manager Universe.

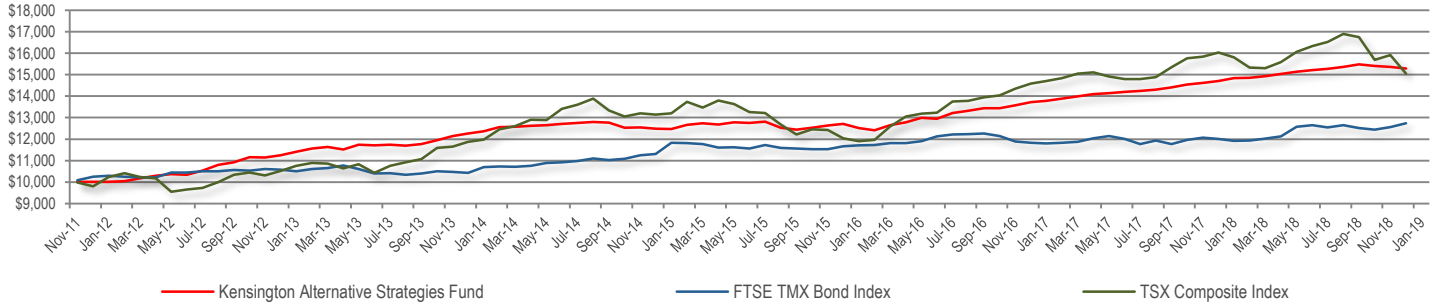
Strategy Overview

Kensington identifies emerging managers in the Canadian Alternative Manager Universe set to outperform their peers. By diversifying across multiple fund styles and identifying key managers Kensington seeks to provide superior risk adjusted returns with low correlation to the equity market.

Inception Date	November 1, 2011
Fund Assets	\$54 million
Firm Assets	\$1.3 billion
RRSP/RRIF/TFSA Eligibility	Yes
Sold By	Offering Memorandum
Subscription	Monthly
Minimum Investment	\$10,000 (Accredited Investors)
Liquidity	Monthly Redemptions

Manager Roster

- ▶ **Algonquin Capital**
Toronto – Credit and Rate Arbitrage
- ▶ **D&D Leasing**
Toronto – Alternative Lending
- ▶ **Ewing Morris & Co.**
Toronto – North American Equity L/S
- ▶ **HGC Investment Management**
Toronto – Merger Arbitrage
Toronto – Credit Arbitrage
- ▶ **JM Fund Management**
Toronto – North American Equity L/S
- ▶ **Lawrence Park Capital**
Toronto – Credit Value Trading/ Market Arbitrage
- ▶ **Lumen Asset Management**
Toronto – North American Equity L/S
- ▶ **NewGen Asset Management**
Toronto – North American Equity L/S
- ▶ **NorthStream Capital**
Toronto – High Yield
- ▶ **Orchard Global Asset Management**
Toronto – Credit Arbitrage
Toronto – Liquid Credit Fund
- ▶ **Oxygen Working Capital**
Toronto – Alternative Lending
- ▶ **Pivot Financial**
Toronto – Alternative Lending
- ▶ **Productivity Media**
Toronto – Alternative Lending

Growth of Capital

Monthly Performance (NET)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	KASF YTD	TSX composite YTD	FTSE TMX CDN Bond **
2018	0.93%	0.11%	0.47%	0.79%	0.70%	0.42%	0.45%	0.51%	0.82%	-0.42%	-0.30%	-0.49% ^E	4.05% ^E	-8.88%	1.28%
2017	0.43%	0.75%	0.79%	0.73%	0.34%	0.47%	0.27%	0.41%	0.68%	0.89%	0.53%	0.62%	7.13%	8.86%	2.33%
2016	-1.55%	-0.90%	1.96%	1.12%	1.60%	-0.33%	2.05%	0.82%	0.80%	0.10%	0.91%	1.16%	7.88%	21.09%	1.35%
2015	-0.16%	1.61%	0.63%	-0.53%	0.80%	-0.24%	0.50%	-2.19%	-0.73%	0.68%	0.90%	0.61%	1.84%	-8.32%	3.14%
2014	0.88%	1.54%	0.15%	0.36%	0.21%	0.42%	0.34%	0.37%	-0.21%	-1.90%	0.13%	-0.44%	1.83%	10.55%	8.46%
2013	1.45%	1.33%	0.70%	-1.04%	1.96%	-0.31%	0.32%	-0.45%	0.62%	1.61%	1.60%	0.96%	9.06%	12.99%	-1.50%
2012	0.08%	0.19%	1.39%	1.15%	0.69%	-0.18%	1.84%	2.54%	1.08%	2.26%	-0.26%	0.95%	12.33%	7.19%	3.26%
2011											0.06%	0.03%	0.09%	-1.91%	2.51%

As of December 30, 2018
Returns are calculated net of management fees, performance fees and other expenses. Total return net of all fees.

KENSINGTON ALTERNATIVE STRATEGIES FUND
Net Returns

	1 mth	3 mth	6 mth	1 yr	3yr ¹	5yr ¹	Since Inception ¹
KASF	-0.49% ^E	-1.21%	0.56%	4.05%	7.02%	5.20%	6.19%
TSX Comp	-5.40%	-10.10%	-10.60%	-8.88%	5.55%	4.88%	5.38%
FTSE TMX**	1.34%	1.73%	0.72%	1.28%	2.07%	3.40%	2.91%

Risk Statistics

	Standard Deviation ¹	Sharpe Ratio	Correlation to TSX
KASF	2.93%	1.77	0.51
TSX Comp	8.21%	0.53	1.00
FTSE TMX**	3.60%	0.53	0.01

Capture Ratio

	TSX	KASF
Upside Capture		41.40%
Downside Capture		0.49%

Fund inception date (11/01/2011) to current month end

Class	Pricing	Fund Code	Management Fee	Performance Fee	Redemption Fee	Trailer Fee
A	Trailer	KEN 920	2.40%	20%	Subject to 5% redemption fee if redeem in the first 5 months	40 bps
E	Trailer	KEN 926	2.80%	20%		100 bps
F	Fee Based	KEN 922	1.80%	20%		Advisor Determined

Fund Commentary and Activity | As of December 2018
Market Update

December was one of the worst months for global markets for many years. It was a hard finish to what has generally been a very difficult year. The S&P500 Index was down -9.20% (and over -6% for the year and worst December performance since 1931), the NASDAQ down -9.49% (and nearly -4% for the year) while the TSX Index was down -5.40% (and nearly -9% for the year). International markets were also declining for the most part as the NIKKEI was down -10.45% (and over -12% for the year), the EuroStoxx Index down -5.42% (while down nearly -15% for the year) while China related markets were negative as the Hang Seng was down -2.49% (and down over -14% for the year) and the Shanghai Index down -5.11% (and down over -25% for the year). Prices on 10 year US Treasuries were strongly up in the flight to safety as yields moved from 2.99% to 2.68% by month's end (2017 ended at a yield of 2.41%). The Volatility index (VIX) rose about 20% for the month to the 13.54 level throughout the month. Commodity price movement was also negative as Oil (WTi) pricing was down over -10.84% to \$45.41 (first time under \$50 level since 2017) and Gold was up over +5% to the \$1,282 level. The trading levels of the Canadian \$ were much weaker as oil declined \$1.3637, down about 3% for the month.

Fund Update

Against aggressively declining global markets, the Kensington Alternative Strategies Fund was marginally negative with estimated returns -0.49% (+4.05% YTD) for December. This is compared against the TSX Index in December which was down -5.40% (-8.88% YTD). The Fund's standard deviation of monthly returns remains low and correlation to the TSX also continue to be low.

Struggling against the extremely difficult market movement in the month of December; seven of our underlying managers (out of 15) had positive performances. Many of the managers continue to be nervous of stretched market valuations and are running fairly flat books. Caution would seem to be at the forefront of managers' activity as volatility in the global markets is frustrating.

We believe that the Fund continues to be well positioned for these uncertain times. The Fund has now been operating for 86 months generating over 60 basis points of per month on average with only 19 down months (about 80% positive monthly performance). The balanced approach to the portfolio composition should allow the Fund to weather most storms. We also continue to investigate new managers to try to improve the composition of the Fund.

^E = Estimate (Based on expected return generated from preliminary NAV estimates)

¹Annualized

**2011 numbers represent performance from the fund's inception date (11/01/2011) to 12/31/2011

**FTSE TMX Canadian Bond Index performance is being represented by the iShares Canadian Bond ETF (XBB). This document is summary only and is subject in its entirety to the Fund's formation documents and offering memorandum. The information contained herein will not form a part of the offering documents in any eventual offer and sale of securities of the Fund to an investor. Any investment decision should be made based solely upon appropriate due diligence by the prospective investor. The information contained in herein neither is nor should be construed as an offer or a solicitation of an offer to buy or sell securities. The securities described herein are only available to accredited investors in Canada through registered dealers on a private placement basis. Securities of the Fund can be acquired by contacting your advisor or dealer, or Kensington Capital Advisors Inc., in its capacity as a registered exempt market dealer. The Fund is a "related and connected" issuer to Kensington Capital Advisors Inc.

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