Durose Asset Management Inc.

www.DuroseAsset.com

May 11, 2015
Volume 1 Issue 2

Toronto, Ontario
Canada
mdurose@DuroseAsset.com
(647) 556-3885

Background

Michael Durose - Portfolio Manager

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Stock markets were volatile during the month of April. Outperformance came from energy stocks that benefited from rising oil. Moderate corrections occurred in Information Technology, Biotech and Consumer Staples. Mixed-signals for the growth outlook of the US economy are largely responsible for the market volatility. Harsh Q1/15 winter conditions in the US northeast and a major strike on West Coast Ports may explain the lower than expected Q1 US GDP number that averaged just 0.2%. In addition, a very weak March US non-farm payroll employment number of 85,000 new jobs – the lowest since May 2008, was offset by a stronger than expected April US non-farm payroll employment

"Mixed-signals for the growth outlook of the US economy are largely responsible for the market volatility."

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Durose Hard Asset Strategy

Our investment goal for ***the Durose Hard Asset strategy*** is to achieve superior, risk-adjusted returns for our clients and partners by identifying investment opportunities across the hard asset domain. Investment in hard assets is useful for portfolio diversification. Brookfield Infrastructure and Brookfield Asset Management raised a combined USD2.0 billion in April 2015, demonstrating the very strong interest in this asset class by institutional investors.

We have been researching a number of opportunities for the Durose Hard Asset strategy portfolio. We are focusing on publicly trading companies from seven Industry domains including: industrial real

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number of 223,000. Currency volatility is a consequence of these market cross winds. Our view is that the oil price rally is likely to lose steam and be capped by US Oil shale production that can easily come on stream at the margin. We anticipate a trading range of USD40-USD70 WTI for the foreseeable future. We think interest rates will eventually begin to gradually rise, but we are skeptical that the market regulators are in any rush. Modest US growth should drive equity markets to higher levels and therefore we have been adding to portfolio positions on market corrections.

"Our view is that the oil price rally is likely to lose steam."

Durose Opportunity Strategy

The Durose Opportunity Strategy

The Opportunity Strategy invests primarily in North American companies from any industry silo. The strategy strives to focus on investments that can generate above average ROCE, strong balance sheets, superior management, and positive growth outlooks.

Now in the second month of the Opportunity Strategy, we continue to deploy capital into our portfolio names on price pullbacks and are actively researching new ideas. Currently the strategy is 80% invested, with a 20% cash position. The strategy has 30 investments. The top performing investment was an industrial company. The worst performing company was an information technology stock. Since inception in mid-March, the Opportunity is down 0.88% versus the S&P TSX return that is up 0.50%. We are strategically adding to our portfolio names on price pullbacks as we believe the fundamentals of our investments remain solid.

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estate; commercial real estate, residential real estate, infrastructure, waste water treatment/environmental, agriculture and basic materials.

The Durose Hard Asset portfolio currently consists of nine investments including selections from basic materials (base and precious metals), industrial real estate, infrastructure, pipelines and renewable energy. The portfolio increased 10.75% during the month of April.

"Brookfield Infrastructure and Brookfield Asset Management raised a combined USD2.0 billion in April 2015."

Performance Summary

Durose Opportunity Strategy	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015				`									
Gross of Fees	-	-	0.78%	-1.66%	-	-	-	-	-	-	-	-	-0.88%
Net of Fees	-	-	0.77%	-1.68%	-	-	-	-	-	-	-	-	-0.92%
S&P/TSX Total Return	-	-	-1.88%	2.38%	-	-	-	-	-	-	-	-	0.50%
Hard Asset Strategy													
Gross of Fees	-	-	-	10.75%	-	-	-	-	-	-	-	-	10.75%
Net of Fees	-	-	-	10.59%	-	-	-	-	-	-	-	-	10.59%
S&P/TSX Total Return	-	-	-	2.38%	-	-	-	-	-	-	-	-	2.38%

**As of launch date March 16, 2015*

Durose Asset Management Inc.
Toronto, Ontario
Phone: (647)556-3885
E-mail: mdurose@DuroseAsset.com
Website: www.DuroseAsset.com

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