investorupdate

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Terra Funds
Quarterly Update & Performance Report

We are pleased to present the March 31, 2018 quarterly update for the Terra 2017 Short-Term Flow-Through LP and Terra Mutual Funds.

Performance Overview

As of March 31, 2018, the unaudited net asset value of the Terra Small Cap Growth Fund was $9.93 per R class share, TerraTundra Dividend Growth Fund was $12.51 per R class share, and Terra 2017 Short-Term FTLP was $65.04 per A class and $69.18 per F class unit. The TerraTundra Money Market Fund was $10.00 per share. See pages 3 through 5 for the portfolio holdings of the Terra 2017 FTLP, Small Cap Growth Fund and TerraTundra Dividend Growth Fund.

For the quarter, R class shares for the Terra Small Cap Growth Fund decreased 6.14%, R class shares for the TerraTundra Dividend Growth Fund decreased 4.08% and A and F units for the Terra 2017 Short-Term FTLP declined 14.9% and 14.2% respectively. The TerraTundra Money Market Fund remained unchanged at $10.00 per share.

Portfolio Manager's Comments –1st Quarter 2018

World equity markets experienced renewed volatility in the first quarter of 2018, with most posting modestly negative returns following a stellar 2017. While the New Year started exceptionally strong over the first few weeks of January, investor concerns over rising inflation and interest rates drove an initial correction. After staging a modest market recovery, Trump's actions on the trade front heightened fears of trade wars, reigniting volatility and driving equity markets lower again. Developed markets were weak, with the S&P 500 in the U.S. down 0.8% (all numbers in US$ except Canadian markets in C$), Europe down 1.9% and Canada the laggard down 4.5%. Japan was the standout amongst the Developed Markets, managing to gain 1.0%. Emerging Markets were stronger, leading the way once again with a modest gain of 1.5%.

Taking a closer look at the Canadian equity markets, the S&P/TSX Composite's 4.5% loss was broad based with most sectors in negative territory. Health Care was the worst performing sector (down 14.2%) as many of the high-flying marijuana stocks lost some of their gains. However, the bulk of the negative performance was driven by the heavyweight Energy, Materials and Financials sectors, down 9.5%, 5.1% and 3.5% respectively. Information Technology was the one significant bright spot, up 10.2% as Shopify gained 26.1% over the quarter. Small-caps underperformed large-caps over the quarter, with the S&P/TSX SmallCap Index down 7.7% versus the Composite down 4.5%. Underperformance was broad-based given the volatile, risk-off environment, with most small-cap sectors underperforming their respective large-cap peers.

Looking beyond equity markets the Canadian economy remained resilient, with unemployment running at the lowest levels seen in over 40 years, ending the quarter at 5.8%. With the labour market tightening and slack in the economy disappearing, the Bank of Canada implemented another rate hike in mid-January, it's third of this tightening cycle. This follows rate hikes in July and September of 2017. Consumer spending has remained strong (buoyed by record household debt levels), the housing market steady (although some early cracks may be appearing) and business confidence appears surprisingly resilient. Concerns over NAFTA negotiations, which have posed a significant risk from both an economic and sentiment perspective, appear somewhat diminished as Trump has pivoted his trade focus towards China. The President appears to want a quick NAFTA resolution, although much remains to be done on very significant issues.

In the United States, the Federal Reserve hiked rates by another 25bps in March, making it four hikes over the past year and six overall this tightening cycle. We expect that the Fed will continue to hike, particularly in the face of Trump stimulus that could potentially overheat an economy already at full employment. Trump successfully passed his tax reform plan at the end of the 2017 and the unemployment rate has dropped to 4.1%, the lowest level since 2000, with expectations that it will continue to decline. Also important to note is the recent beginning of the gradual unwind of quantitative easing and most of the Federal Reserve's US$4.5 trillion balance sheet. These factors are expected to continue driving interest rates higher.

With most equity markets firing on all cylinders in 2017, many hitting new all-time highs, and an unusually extended time since a market pullback, the downside volatility that we anticipated became a reality in early 2018. However, the decline followed an exceptionally strong start to the year, leaving world equity markets down only marginally over the first quarter of 2018. Valuations remain somewhat elevated, and while we are not extremely concerned in the context of the low (although rising) interest rate environment, we would expect that any future equity market gains will be driven by earnings growth as opposed to further valuation expansion. On that front, earnings growth in most markets is expected to remain solid.

Nevertheless, the combination of elevated valuation levels, the pending unwind of the massive monetary stimulus that helped drive the recovery, and moderating worldwide

Portfolio Manager's Comments continued…

economic momentum has us taking a modestly cautious view on equity markets with expectations for more muted returns over the next year. And given the numerous risk factors including NAFTA negotiations, the potential for Trump-inspired trade wars and broader geopolitical risks, we would not be the least surprised to see continued volatility ahead for the Canadian and broad equity markets.

However, we maintain our preference for equities over bonds. Notably, we believe that stock picking will be increasingly important and provide opportunities as stock correlations have dropped significantly and volatility is expected to remain. In this environment, our overall strategy remains the same, with a focus on good companies with strong competitive positions, that trade at attractive valuations which we expect will perform well over the long-term even if there is short-term market volatility.

Terra 2017 Short-Term Flow-Through LP

The Terra 2017 Short-Term Flow-Through LP saw its final closing in Q4/17 and completed its deployment of capital raised. The final investment mix saw 64% deployed into the Energy sector and 36% into Metals and Mining. While the environment for junior resource companies was challenging over the course of the year and the market for flow-through was fairly limited, the portfolio's final sector allocations were in line with expectations.

Terra 2018 Short-Term Flow-Through LP

The Terra 2018 Short-Term Flow-Through LP has commenced marketing and is now available for purchase. The Flow-Through LP will invest in a portfolio of primarily oil & gas firms as well as mining resource companies which the Portfolio Manager believes offer good value and potential for capital appreciation.

Terra Small Cap Growth Mutual Fund

The Fund generated a -6.1% return for the first quarter, modestly outperforming the S&P/TSX SmallCap Index return of -7.7%. The outperformance was driven by both sector allocation and security selection. Security selection was particularly strong in Materials where large holdings CCL Industries and Winpak notably outperformed the sector down 9.6% and in Consumer Discretionary where notable holding Quebecor was up 4.0% versus the sector down 11.9%. An underweight position in Energy and an overweight position in Real Estate were the most significant contributors from a sector allocation perspective. Financials was the largest drag on relative performance, driven by security selection.

The Fund held companies across a number of sectors that generated strong returns this quarter. The top performer was Dream Unlimited up 19% as the stock trended closer to the street NAV estimate. Other top performers include Cargojet +17%, Constellation Software +15% and CCL Industries +12%. The Fund remains broadly diversified with quarter-end sector weights of 18% Materials, 14% Real Estate, 14% Industrials, 14% Energy, 11% Consumer Discretionary, 7% Information Technology, 6% Utilities, 5% Financials, 2% Consumer Staples, 1% Health Care, 4% U.S. Equities and 3% Cash.

TerraTundra Dividend Growth Fund

The Fund generated a return of -4.1% in the first quarter, slightly outperforming the S&P/TSX Composite Index which declined 4.5%. Sector allocation was the main contributor to outperformance, notably an underweight position in the poor-performing Energy and Materials sectors. Also contributing to outperformance were the Fund's positions in preferred shares and U.S. and International equities. Security selection was a modest drag on relative performance, driven by the Consumer Staples sector.

A number of the Fund's holdings posted strong returns for the quarter, featuring names from a variety of sectors. The top performer was Goldcorp +11%, followed by Microsoft +10%, Gilead Sciences +9%, seven different preferred share issues ranging from +4 to +9%, Quebecor +4% and Pure Multi-Family +3%. The preferred shares, U.S. equities and International equities were up 2%, 1% and 1% respectively.

The portfolio maintains a more diversified, relatively defensive positioning versus the S&P/TSX Composite. The Composite is heavily concentrated in three large sectors, with Financials at 35%, Energy at 19% and Materials at 12%. The Fund is underweight these three sectors at 18% Financials, 10% Energy and 3% Materials, and overweight more income-oriented sectors. Notably Real Estate is at 6% versus 3% for the Composite and Utilities are 5% versus 4% for the Composite. Other quarter-end sector weights were 6% Consumer Discretionary, 5% Consumer Staples, 4% Industrials and 2% Telecom and 5% Cash.

The Fund also holds 11% in Preferred Shares and 24% in U.S./International equities. The Fund continues to maintain exposure to U.S. and International equities, representing 16% and 8% of the portfolio respectively at quarter end. The portfolio manager believes these investments provide the benefit of diversification as well as the opportunity to capitalize on potentially stronger equity markets outside of Canada. These US$ denominated holdings may provide a further potential benefit, as they gain in value when the Canadian dollar declines.

TerraTundra Money Market Mutual Fund

The Fund currently holds a mix of bankers' acceptances and short duration government bonds. The bankers' acceptances now yield between 1.5% and 1.6%, benefitting from a rising rate environment. The government bonds are an Ontario issue, more liquid, and yield 1.3%.

Yours truly,

Cypress Capital Management Ltd.

Terra 2017 Short-Term Flow-Through LP

As of March 31, 2018 (unaudited)

Portfolio Investments - Top 10	Symbol	%
Kelt Exploration	KEL	21.76%
Falco Resources	FPC	9.54%
Cash	-	9.18%
Marathon Gold	MOZ	8.26%
Treasury Metals	TML	7.55%
Cardinal Energy	CJ	5.81%
InPlay Oil	IPO	4.99%
Point Loma Resources	PLX	4.24%
Parex Resources	PXT	3.23%
Whitecap Resources	WCP	2.81%
Total percentage of top 10 investments		**77.37%**
All Other Investments		22.63%

Share Price per $100 LP Unit	
A Class	$65.0374
F Class	$69.1810

Sector Allocation	
Energy	56.22%
Materials	34.60%
Cash	9.18%

Performance as of March 31, 2018

After-tax returns for Class A and Class F units per $1,000 investment.

			After-Tax Returns by Province					
Terra Flow-Through LPs	Class	NAV	BC	AB	SK	MB	ON	QC
Terra 2017 Short-Term FTLP	A	$650	3%	3%	3%	7%	14%	13%
Terra 2017 Short-Term FTLP	F	$692	9%	10%	10%	14%	21%	20%

Top ten equity holdings and sector allocations are a percentage of net asset value. Share values are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions and may experience a gain or loss. Net asset value and after-tax returns are based on a $1,000 investment. After-tax returns are estimates and assume the highest marginal tax rate for each province and are net of fees. Past performance does not guarantee future results. Returns are expressed as the after-tax gain or loss on the investor's projected after- tax cost or "money at risk." These returns are also referred to as "cash-on-cash" returns.

Terra Small Cap Growth Fund

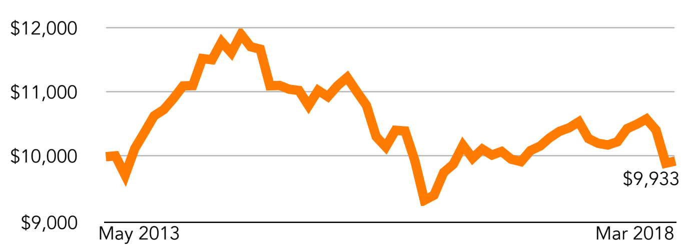
As of March 31, 2018 (unaudited)

Portfolio Investments - Top 10	Symbol	%
CCL Industries	CCL.B	3.34%
Tricon Capital	TCN	2.95%
DREAM Unlimited	DRM	2.77%
Winpak Ltd.	WPK	2.69%
Boyd Group	BYD.UN	2.67%
Algonquin Power	AQN	2.62%
Quebecor	QBR.B	2.53%
Descartes Systems Group	DSG	2.36%
Constellation Software	CSU	2.24%
Richelieu Hardware	RCH	2.06%
Total percentage of top 10 investments		**26.23%**
All Other Investments		73.77%

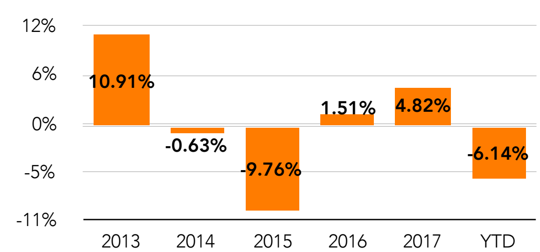
Share Price	
A Class	$9.9721
R Class	$9.9331
F Class	$10.3147

Sector Allocation	
Materials	17.80%
Industrials	14.40%
Energy	13.60%
Real Estate	13.60%
Consumer Discretionary	11.10%
Information Technology	7.40%
Utilities	6.10%
Financials	5.10%
Consumer Staple	2.20%
Health Care	1.00%
US Equities	4.50%
Cash	3.20%

Growth of $10,000 since Inception - Class R



Calendar year performance - Class R



Performance - %

						Annualized Returns		
Class	YTD	1M	3M	6M	1 YR	3 YR	5 YR	SI May 2013
A	-6.15	0.34	-6.15	-2.93	-4.45	-3.12	-	-0.06
R	-6.14	0.34	-6.14	-2.91	-4.41	-3.13	-	-0.14
F	-5.95	0.41	-5.95	-2.51	-3.36	-2.34	-	0.64

All returns are net of fees and annualized if the period is greater than one year. The inception date for the fund is May 2013. The performance table is used only to illustrate the effects of compound growth and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. Top ten equity holdings and sector allocations are a percentage of net asset value. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions, and may experience a gain or loss. Please read the offering memorandum before investing. Numbers may not add up due to rounding.

TerraTundra Dividend Growth Fund

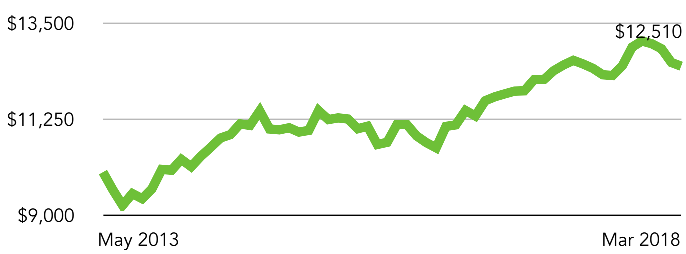
As of March 31, 2018 (unaudited)

Portfolio Investments - Top 10	Symbol	%
Brookfield Asset Mgmt	BAM.A	3.95%
Royal Bank of Canada	RY	3.91%
Toronto Dominion Bank	TD	3.83%
Bank of Nova Scotia	BNS	3.64%
Alimentation Couche-Tard	ATD.B	3.40%
Magna International	MG	3.33%
Manulife Financial	MFC	2.51%
Algonquin Power	AQN	2.34%
Tricon Capital	TCN	2.13%
Canadian Natural Resources	CNQ	2.12%
Total percentage of top 10 investments		**31.16%**
All Other Investments		68.84%

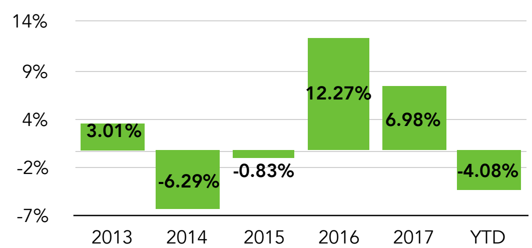
Share Price	
A Class	$12.5230
R Class	$12.5106
F Class	$12.6200

Sector Allocation	
Financials	18.40%
Energy	10.30%
Real Estate	6.20%
Consumer Discretionary	6.00%
Consumer Staples	5.00%
Utilities	4.50%
Industrials	3.90%
Materials	3.00%
Telecom Services	2.10%
US & Int'l	24.50%
Preferred Shares	11.40%
Cash	4.70%

Growth of $10,000 since inception - Class R



Calendar year performance - Class R



Performance - %

Class	YTD	1M	3M	6M	1 YR	3 YR	5 YR	SI May 2013
						Annualized Returns		
A	-4.07	-0.70	-4.07	-0.09	-0.13	3.63	-	4.72
R	-4.08	-0.70	-4.08	-0.09	-0.23	3.62	-	4.70
F	-3.94	-0.65	-3.94	0.04	0.10	3.85	-	3.85

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