NORTH SQUARE
INVESTMENTS

January 2025

2025 Hedge Fund Outlook

As we begin 2025, our Subadvisor Evanston Capital Management is excited about the opportunity set for hedge funds and are confident that strong performance can persist in what promises to be a dynamic and volatile market environment. With U.S. markets at or near historic highs, the potential for substantial change under a new Presidential administration, and evolving monetary policies globally, we believe hedge funds are poised to play a key role in investor portfolios, offering both valuable returns and essential downside risk mitigation. The detailed views that follow represent our opinions on recent industry trends as well as the prospects for hedge fund strategies in 2025.

Industry-Wide

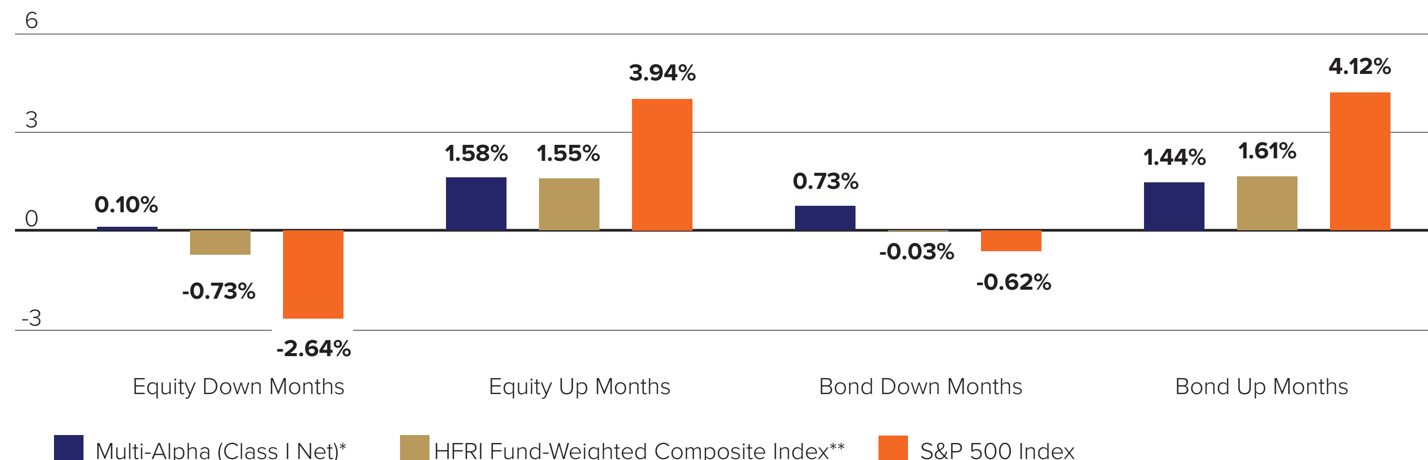
Relatively high valuations underscore the need for diversification. Following a strong rally over the past year, valuations in U.S. equities are high relative to history on almost every metric,[1] and U.S. high yield credit spreads have reached lows not seen since 2007, before the Global Financial Crisis ("GFC").[2] These relatively rich starting points temper our forward-looking return expectations for passive beta* exposure, and we believe alpha from active management will be an (even more) essential component to overall performance results in the years ahead. In our opinion, hedge funds, specifically, have a bright outlook with continued tailwinds from higher interest rates and

	North Square Evanston Multi-Alpha Fund (Class I Net)**	HFRI Fund-Weighted Composite Index***	S&P 500 Index	Bloomberg U.S. Aggregate Bond Index
Annualized Return	13.8%	9.6%	22.2%	3.1%
Annualized Volatility	4.2%	4.9%	13.0%	7.3%
Sharpe Ratio	1.8	0.8	1.2	-0.3

Data from July 2023 through December 2024.

*Beta: is measured versus the relevant index.
North Square Evanston Multi-Alpha Fund's ("Multi-Alpha" or the "Fund") performance data quoted represents past performance (as described on pages 9-10) and is presented net of the Fund's fees and expenses. All performance data is unaudited. The Fund's 2025 audited financials will be delivered to Fund investors no later than 60 days after the Fund's 3/31 fiscal year-end. **An investment's return and principal value will fluctuate so that a Fund shareholder's shares, if and when repurchased in a tender offer, may be worth more or less than their original cost. Current performance may be lower or higher than quoted. Where applicable, all returns shown reflect the reinvestment of all distributions of income and capital gains. Please see pages 9-10 for important additional performance notes and disclosures. **PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.**
***HFRI Fund-Weighted Composite Index returns are estimates based on preliminary data and subject to revision, which may be material.
1. https://www.marketwatch.com/story/yes-stocks-are-crazy-expensive-right-now-these-5-charts-show-just-how-extreme-valuations-have-become-9b51857f
2. Ice Data Indices, LLC, ICE BofA US High Yield Index Option-Adjusted Spread [BAMLH0A0HYM2], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/BAMLH0A0HYM2

AVERAGE MONTHLY RETURNS IN UP/DOWN MONTHS FOR EQUITIES OR BONDS
(7/2023 – 12/2024)



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**HFRI Fund-Weighted Composite Index returns are estimates based on preliminary data and subject to revision, which may be material.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

with their flexible mandates, including the crucial ability to sell short securities that have unjustifiably high prices and poor fundamental prospects. Indeed, since the Federal Reserve's final rate hike in July 2023, hedge funds have delivered attractive "cash plus" returns while also living up to their diversification potential, protecting capital well when equities or bonds have sold off, as shown above.

The hedge fund industry seems to have reached "peak pod." Numerous data points suggest that we may have reached an apex in the growth of multi-portfolio manager ("multi-PM") platforms or "pod shops." First, data from Goldman Sachs show that multi-PM firms are allocating significantly more capital to external portfolio managers (i.e., single-manager hedge funds) today than they have in prior years.[3] At recent industry conferences, we have noted multiple pod shops in attendance as allocators, looking for external hedge funds with which to invest as opposed to marketing their firm to hedge fund investors. In our view, this suggests the pod shops likely have exceeded their optimal capacity and are either struggling to manage their existing asset base with internal PMs alone or are struggling to attract and retain incremental talent. In addition, asset growth has leveled off recently,[4] and numerous surveys have shown allocator demand for multi-PM firms has waned compared to 2023.[5] We believe a stabilization in the growth of pod shops is healthy for the hedge fund industry, though their presence remains palpable. We continue to see exaggerated short-term moves in individual securities, given the sheer amount of total capital managed in these highly leveraged strategies with similar risk models and drawdown limits. While this creates additional mark-to-market volatility, we believe that skilled managers with longer-term investment horizons can take advantage of these dislocations.

We have seen a robust new launch environment. Perhaps related to the peaking interest in pod shops, as noted above, the new launch environment was strong last year,[6] in both quantity and quality, including a notable pick-up in launches outside of the U.S. As a firm, we invested in three new launches in 2024 and are in active due diligence with two more. We continue to believe that many of the most talented and driven PMs ultimately strive to launch their own fund, not just manage a sleeve or portfolio within a larger firm. In addition, we believe there are alpha sources accessible through single-PM funds that are less commonly or effectively captured by the pod shops, particularly strategies that may be less liquid or more directional in nature.

3. Goldman Sachs Prime Services—Hedge Fund Insights & Analytics Team, The Evolution of the Multi-Manager Landscape, September 2024
4. https://www.bloomberg.com/news/articles/2024-11-19/citadel-s-ken-griffin-says-multistrategy-hedge-fund-boom-is-over
5. https://www.institutionalinvestor.com/article/2doixx00a4crrqa811kow/corner-office/multistrats-are-no-longer-the-hottest-thing-in-hedge-funds
6. https://www.hfr.com/media/market-commentary/hedge-fund-launches-surge-to-begin-2024-as-industry-assets-rise-to-record/

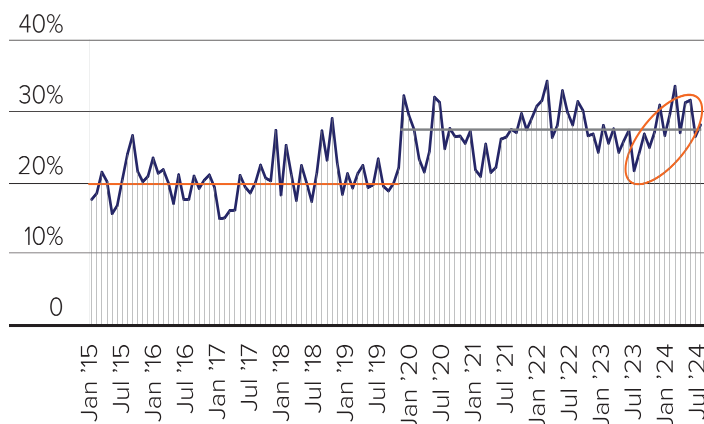
Alignment is improving in hedge fund fee structures. Last year, we wrote that we believe a fair incentive fee structure for many hedge funds includes a performance-fee hurdle* that is tied to the risk-free rate, and if short-term rates remained meaningfully higher than zero for an extended period, hurdles would become more topical across the hedge fund industry. We have seen that start to play out, with more institutional investors advocating for cash-based hurdles,[7] and we are pleased with the progress we have made on that front as well. Today, the weighted average incentive fee that Multi-Alpha would pay its underlying managers for returns between 0% and the risk-free rate is approximately 25% lower than it was five years ago. This has been achieved through incorporating cash-based hurdles, fixed 5% hurdles, or market index-based hurdles, depending upon the individual manager's strategy.

Long/Short Equity

A higher cost of capital is driving better stock selection opportunities in long/short equity. When borrowing costs are near zero, as they were for many years post-GFC, companies with low returns on invested capital ("ROIC")** and/or heavy debt loads can survive or even thrive, leading to less meaningful differentiation between companies of varying fundamental quality. However, when there is a meaningful cost of capital, as there is today, companies with low ROIC or capital structures that are not sustainable at higher levels of interest rates are more heavily scrutinized. We believe this leads to more notable winners and losers, driving increased dispersion between stocks, which is precisely what long/short equity strategies thrive upon. One measure of dispersion, the CBOE S&P 500 Dispersion Index, shows that dispersion, on average, materially increased following the onset of the pandemic in 2020, compared to the prior five years, and it has been trending higher since 2023, when policy rates peaked.

A higher cost of capital is driving better stock selection opportunities in long/short equity... and long/short equity alpha has been strongly positive.

CBOE S&P 500 DISPERSION INDEX
(1/30/2015 – 12/12/2024)



Source: Bloomberg. Monthly closing price data from 1/30/2015 to 12/12/2024.

... and long/short equity alpha has been strongly positive. According to data from Morgan Stanley through November 2024, last year was one of the strongest years for long/short equity alpha since 2010. Furthermore, aggregate long and short alpha were both positive, contributing about equally to total alpha for the year through November.[8] We also saw meaningfully positive alpha from Multi-Alpha's overall long/short equity allocation during 2024.

A lack of competition, higher short rebates, and the potential for meaningful change keep us bullish on long/short equity's prospects. We expect this favorable backdrop for fundamental long/short equity to continue in 2025. First, policy rates, while beginning to decline, seem likely to remain structurally higher compared to recent history, enabling the tailwind from meaningfully positive short rebates to persist.[9] Second, we believe there is high potential for fundamental change in many industries due to ongoing innovation and the rapid adoption of AI, which could lead to both new revenue and cost-cutting opportunities. Plus, the new Presidential administration seems intent on shaking up established policies. Such changes could be complex, challenging to analyze, and have profound implications for different economic sectors and individual companies. Thus, in our opinion, dispersion is likely to remain higher, with many fundamental winners and losers. Despite this favorable set-up and long/short equity's good recent results, we have not seen any data suggestive of meaningful changes in investor allocations.

* A performance fee hurdle rate is a predetermined level of return a fund must meet before a performance fee is charged.

** Return on Invested Capital ("ROIC") is a financial metric that measures how effectively a company utilizes its capital to generate profits, essentially showing the rate of return a company earns on the money invested in its operations, including both debt and equity; it is calculated by dividing the company's Net Operating Profit After Tax (NOPAT) by its total invested capital.

7. https://www.wsj.com/finance/investing/investors-in-hedge-funds-extract-lower-fees-for-subpar-returns-df29cf49

8. Morgan Stanley Prime Brokerage—Strategic Content Group, November 2024 Hedge Fund Recap, December 4, 2024.

9. Refer to this piece for more on how higher risk-free rates impact the total return expectations for hedge funds: https://www.evanstoncap.com/uploads/downloads/Evanston-Capital-Modeling-the-Expected-Return-for-Hedge-Funds-Should-It-Be-Higher-Today.pdf

Within equities, the trend toward passive, long-only strategies continues, and within active management, a lot of capital remains in short-term, trading-oriented strategies, such as quantitative approaches and the multi-PM platforms. To us, competition for traditional long/short equity with a medium- to long-term investment horizon feels the lowest it has been in 20 years. We believe this should pave the way to greater alpha potential for the most skilled fundamental stock-pickers.

A power(ful) theme has emerged within the AI story. The growth in AI is driving a rapid rise in demand for data centers and the electricity that fuels them. McKinsey forecasts that global demand for data center capacity could more than triple by 2030, primarily driven by AI workload needs, and "to avoid a [supply] deficit, at least twice the data center capacity built since 2000 would have to be built in less than a quarter of the time."[10] Hyperscalers, such as Google, Amazon, and Microsoft, are in a race to secure data-center and power capacity that can support the substantial investments they have already made in AI semiconductors and technology.[11] These trends led to a sharp rally in certain power utilities in 2024, which several of our managers successfully captured. Even with that strong performance, this remains a theme among hedge fund equity portfolios as many believe current stock prices are more than justified by future growth potential. In addition, there are other potential beneficiaries of a build-out in data center capacity, such as industrial and telecom companies involved in the construction and improvement of electrical infrastructure, as well as green energy companies that are developing sustainable power sources. The new administration's quest for reduced regulation and other pro-cyclical domestic economic policies may supercharge this trend.

Investors would be wise to look beyond U.S. large-cap, growth stocks for alpha opportunities. As referenced above, equity valuations are high relative to history, especially within the U.S. large-cap, growth stocks that increasingly dominate market cap-weighted indices. While the Magnificent 7 certainly may continue to perform well, we think there is a limit to how much further their valuation multiples can expand. We like the idea of hunting for stock-selection opportunities in corners of the market where valuations are less demanding, such as domestic small-cap and value stocks as well as equities listed in Europe and Asia. These market segments often have sparser research coverage, too, increasing the chance that managers can develop meaningfully differentiated views through deep fundamental research. For example, investor sentiment in Europe remains low, and its equity markets have continued to starkly underperform the U.S. Yet, in speaking with bottom-up long/short equity managers, many see attractive opportunities to buy individual European-listed stocks of what they believe to be high-quality companies, some with global businesses, at attractive valuations. We also continue to see a dynamic backdrop in Asia with varying macro themes in individual countries. Our managers continue to be excited about stock selection opportunities in Japan given improved economic conditions, rising interest rates, and a renewed focus on corporate governance and shareholder returns. In India, our managers are cautiously optimistic: a compelling growth case with favorable demographics and a generally constructive policy approach is tempered by relatively rich valuations and softer near-term data points. China, meanwhile, remains complex. A second Trump presidency and the potential for punitive tariffs must be considered alongside a Chinese government that has signaled it will pursue stronger stimulus measures in 2025.

Investors would be wise to look beyond U.S. large-cap, growth stocks for alpha opportunities.

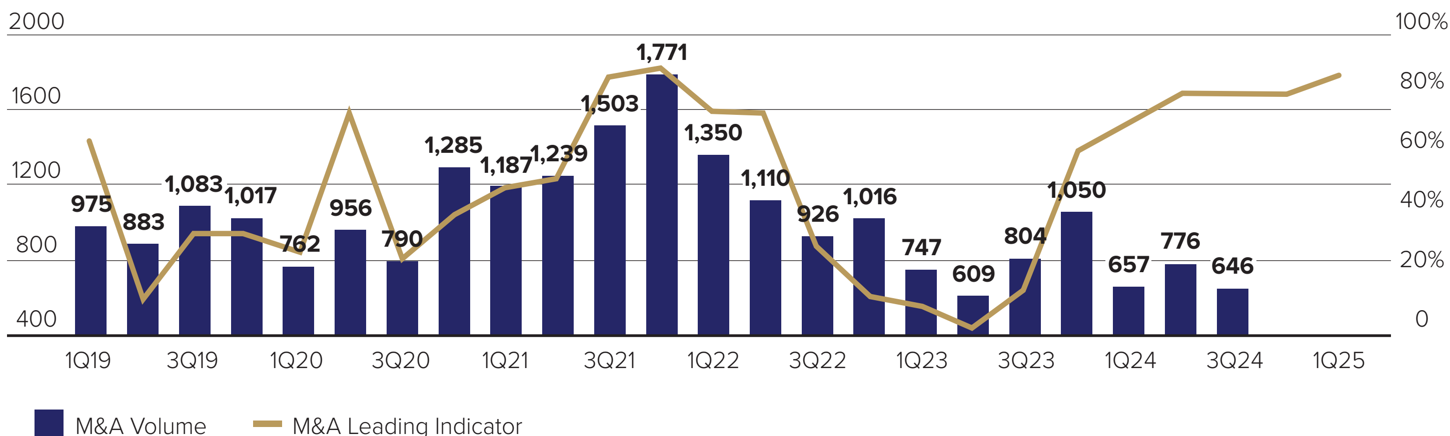
Event-Driven

Corporate event activity seems likely to rise. Several factors point to increased mergers and acquisitions ("M&A") this year. Financing costs have stabilized, and the U.S. economy has remained resilient, increasing confidence in the broader macro backdrop, a necessary ingredient for a healthy deal-making environment. In addition, election uncertainty is now behind us, potentially relieving one logjam, and the new administration seems intent on reducing regulatory and antitrust constraints that could have thwarted some deals previously. Beyond strategic buyers, private equity also continues to have substantial dry powder, some of which has been committed and awaiting deployment for years. Indeed, Morgan Stanley's M&A leading indicator suggests deal activity could pick up materially in 2025.

10. https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand

11. https://www.cnbc.com/2024/10/14/google-inks-deal-with-nuclear-company-as-data-center-power-demand-surges.html

QUARTERLY M&A VOLUME ($5BN)
(1Q2019 – 3Q2024)



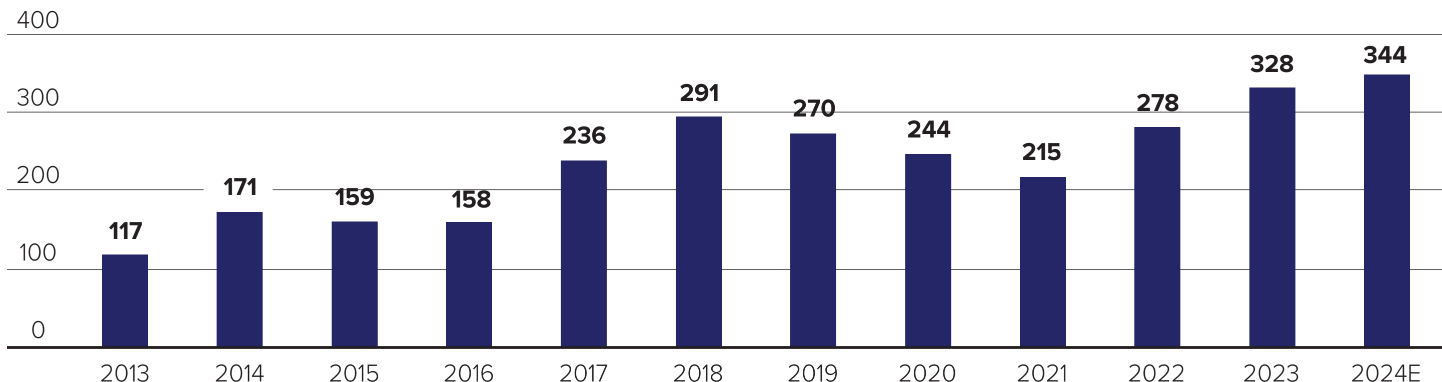
Source: Tribune Investment Group and Morgan Stanley. M&A Volume data is for the period 1Q 2019 – 3Q 2024. The M&A Leading Indicator is a proprietary Morgan Stanley Index advanced two quarters which considers 32 different variables that measure how conducive the financial environment is for future M&A. Variables include CEO confidence, equity market performance, volatility across different asset classes, level of interest rates, credit conditions and spreads, as well as liquidity conditions across banks and corporates.

More M&A would translate into a greater number of corporate catalysts and the kind of transformational change that event-driven hedge funds can exploit, whether by anticipating such events, taking advantage of mispriced implied probabilities that announced deals close, or developing differentiated views of companies' post-transaction fundamental prospects (e.g., the extent of realized synergies). In addition, distributions from private equity and venture capital funds have slowed in recent years as interest rates rose, valuations corrected, and the market for initial public offerings ("IPOs") stalled. We could begin to see exit activity and IPOs pick up in 2025 if market-friendly conditions persist.

Heightened shareholder activism also contributes to a rich event-driven opportunity set. According to data compiled by Tribune Investment Group, the number of activist campaigns rose substantially over the last couple of years and, as of the end of September, was on track to set a record in 2024.

A greater number of recent campaigns have focused on operational or strategic initiatives versus advocating for a sale of the business.[12] In particular, with today's higher cost of capital, activism has increasingly emphasized improving capital allocation discipline and streamlining companies with multiple business lines or geographic footprints—for

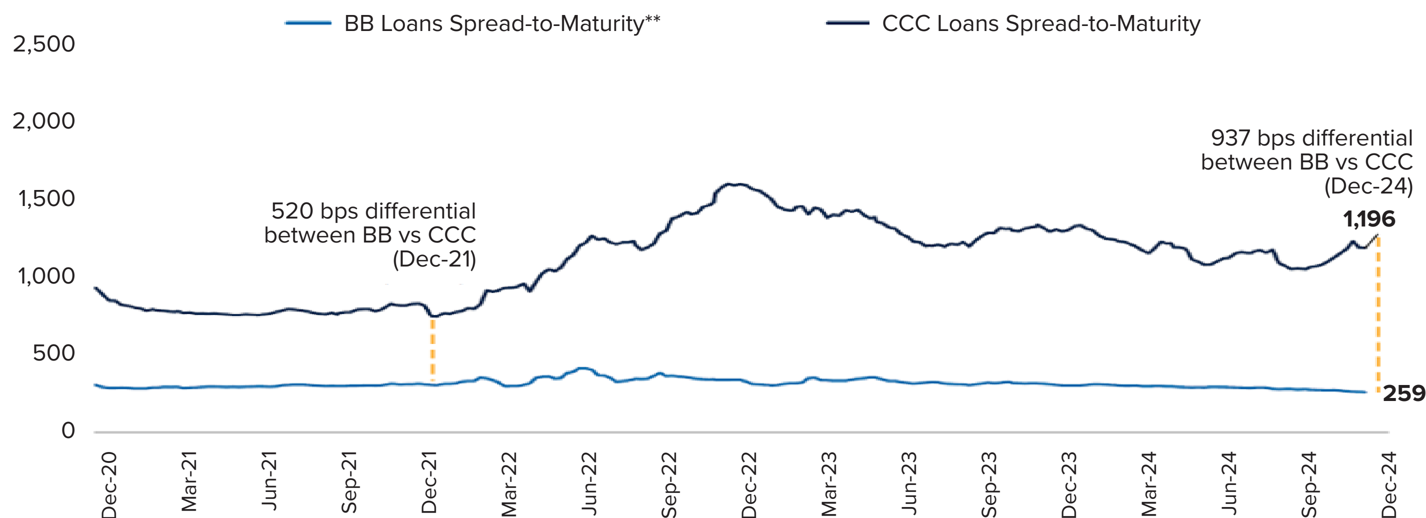
ACTIVIST CAMPAIGNS LAUNCHED BY YEAR
(1/1/2013 – 12/31/2024)



Source: Tribune Investment Group and Bloomberg. Data is for the period 1/1/2013 – 12/31/2024 (estimated). 2024E is annualized based on results through 3Q 2024.

12. https://www.ib.barclays/our-insights/shareholder-activists-record-pace.html#link4

HISTORICAL LEVERAGED LOANS SPREAD-TO-MATURITY (BPS*) BY RATING
(1Q2019 – 3Q2024)



Source: Silver Point Capital and Leveraged Commentary & Data (LCD) as of 12/6/2024.

example, via divesting or spinning off non-core assets. However, we may see future campaigns shift back toward M&A objectives, assuming the macro backdrop is as conducive for M&A as we expect. Not all these campaigns will be successful, of course, but they do advocate for catalysts that have the potential to unlock meaningful shareholder value, creating opportunities not only for the activists leading the charge but for other event-driven investors, too. And, after a banner year for stocks, laggards may feel more pressure to bend to activist demands.

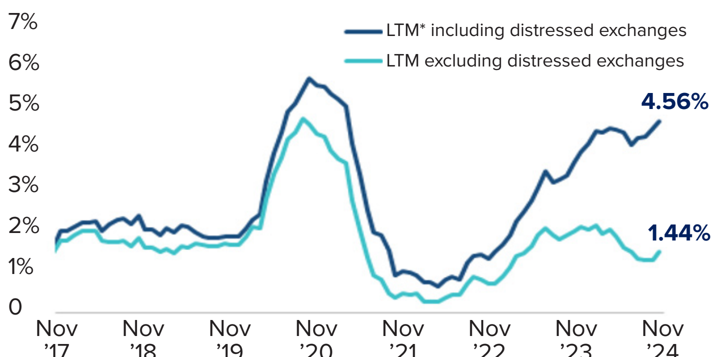
Although overall credit spreads are tight, we still see plenty of stressed/distressed situations, particularly within leveraged loans. Resilient economic growth and corporate earnings as well as supportive supply/demand dynamics have buoyed credit markets, and credit spreads now sit near historic tights. Still, overall yields remain relatively healthy, and there is ample dispersion by credit rating and sector, enabling credit managers to hunt for individual names that offer attractive risk-adjusted return prospects. In particular, the lower-rated segment of the leveraged loan market offers a wide spread differential.

Falling interest coverage ratios, impending maturities, liquidity needs, and related downgrades have plagued some borrowers in the (floating rate) loan market, leading to numerous stressed and distressed opportunities, and we expect this to continue. A relatively high proportion of the leveraged loan universe is lower rated, and according to a report by S&P Global Ratings***, refinancing needs remain high for this cohort with approximately $53 billion of CCC-rated loans maturing in 2025 or 2026.[13] The structural characteristics of the loan market also can lead to significant mispricings. Specifically, the loan market is dominated by collateralized loan obligations ("CLOs"), which have a 7.5% cap on the amount of CCC-rated loans they can hold. This can lead to non-economic trading in the lower-rated segment of this market as loans are downgraded and/or CLOs begin to bump up against this threshold. In addition, we have seen increased selling pressure tied to fears of "creditor-on-creditor violence," which has become more commonplace. Hedge funds can take advantage of these sources of forced selling, building positions in the secondary market at potentially attractive discounts.

*BPS stands for basis points, which is a unit of measurement used to describe percentage changes in financial instruments. One basis point is equal to 0.01%, or 1/100th of 1%.
**Spread-to-maturity measures the difference between a bond's yield compared to the yield of a benchmark risk-free rate, such as U.S. Treasury bonds, over the bond's remaining life until maturity. Spread-to-maturity represents the premium, or additional return, a bond holder potentially collects for taking on more risk.

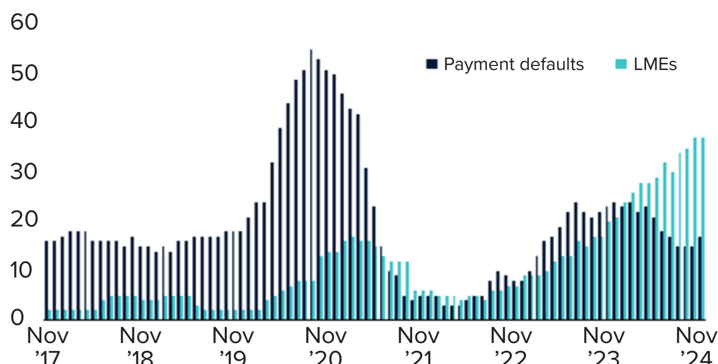
***S&P Global Ratings' long-term issue credit ratings range from AAA (best) to D (worst). According to S&P Global Ratings' website, "an obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. An obligation rated 'CCC' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation."
Sourcing: https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352
13. S&P Global Ratings, U.S. BSL CLO And Leveraged Finance Quarterly: Cautious Optimism, But Still a Credit Picker's Market, November 7, 2024.

DUAL-TRACK U.S. LOAN DEFAULT RATE: ISSUER COUNT



Sources: PitchBook | LCD; Morningstar LSTA US Leveraged Loan Index. Data through Nov. 30, 2024.

U.S. LEVERAGED LOAN DEFAULTS: TRAILING 12-MONTH COUNT



Sources: PitchBook | LCD; Morningstar LSTA US Leveraged Loan Index**. Data through Nov. 30, 2024.

The prevalence of distressed exchanges and liability management exercises ("LMEs") reinforce the need for restructuring expertise. The troubles at the bottom end of the leveraged loan market, combined with weak credit documentation, have led to a record-setting volume of distressed exchanges and LMEs over the past year.[14] Though loan payment defaults have been declining recently, LMEs have continued apace, painting a very different picture of overall defaults in U.S. leveraged loans.[15]

LMEs are out-of-court restructurings that can be contentious and potentially result in varying treatment of the company's lenders, even if they are involved in the same loan—thus earning the label of "creditor-on-creditor violence." From discussions with our managers, this dynamic is expected to continue in 2025, and we believe it favors hedge fund managers with scale and deep restructuring experience as well as relationships across the investor, financial sponsor, and advisor communities. Forming ad-hoc creditor groups or signing a more inclusive cooperation agreement can be the best defense in these situations, strengthening negotiation power with the company and its shareholders, and creditors left out of the majority group are at higher risk of a negative outcome.

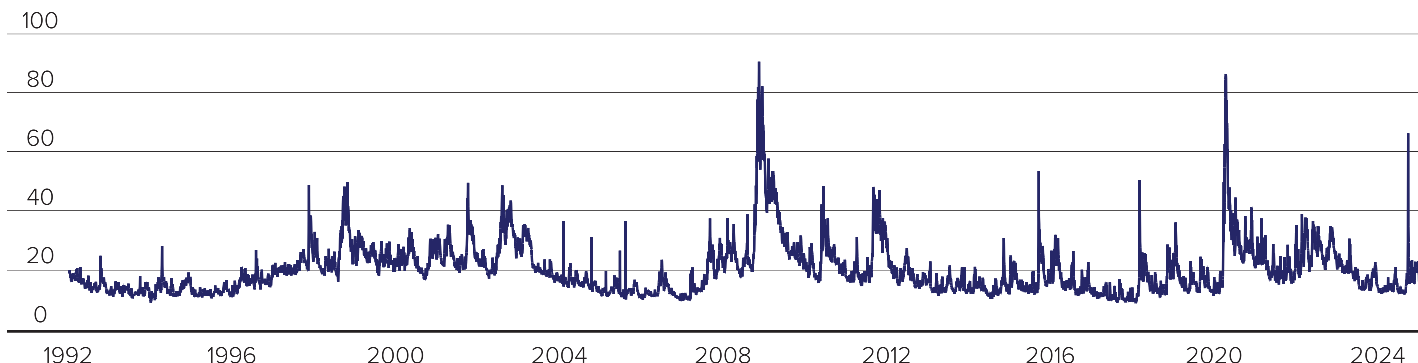
Global Macro

A less interconnected world leads to increased dispersion. Trends toward deglobalization and trade protectionism seem to be driving us toward a less interconnected world with a higher chance for meaningful divergence between individual countries and regions. We have already started to see this with more varied economic conditions and central bank actions across the U.S., UK, Europe, Japan, and China in the past year. We believe this will extend a stretch of more diverse trading opportunities for global macro managers compared to the years of more globally coordinated monetary policy that saw rates almost universally pinned near zero. The flexibility to look across different geographies and asset classes, including their derivatives, to find the best risk/reward way to express macroeconomic views will be an increasingly important source of alpha, in our opinion.

Managers may find more opportunities in currency trading. With the heightened probability of tariffs and trade wars in 2025, currencies could become more important shock absorbers. For example, China or other exporting nations subject to tariffs could consider devaluing their currencies to help offset the tariffs' impact on export prices, and multinational businesses may need to hedge currency exposures more carefully amid evolving trade policies. These types of tactics and flows could lead to larger moves in exchange rates and a more dynamic currency trading environment for macro managers. In addition, the new U.S. administration seems likely to promote a more favorable regulatory environment for digital currencies, and crypto markets already responded with a dramatic run-up into year-end. While our managers generally remain skeptical that we will see the creation of a U.S. strategic bitcoin reserve in the near future, some see the potential for a continued renaissance in digital currencies given a more crypto-friendly stance among policymakers and the prospect of broader investor participation in these assets—for instance, BlackRock recently recommended interested investors consider allocating up to 2% of their portfolio to bitcoin.[16]

* Last twelve months ("LTM") refers to the time frame of the immediately preceding 12 months. LTM is often used in reference to a financial metric used to evaluate a company's performance.
** The Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.
14. https://www.reuters.com/markets/us/ignoring-risk-investors-still-buying-us-junk-debt-with-weak-protections-2024-09-17/
15. https://pitchbook.com/news/articles/us-leveraged-loan-default-rate-rises-after-three-november-bankruptcy-filings
16. https://www.reuters.com/markets/us/blackrock-recommends-bitcoin-portfolio-weighting-up-2-interested-investors-2024-12-12/

CBOE VOLATILITY INDEX (VIX) DAILY HIGHS
(1/2/1992 – 12/9/2024)



Source: CBOE Global Markets. Data from 1/2/1992 to 12/9/2024.

New governments and a greater probability for policy change portend higher volatility and fatter tail risks. After the "super year" of elections, which saw incumbent political parties commonly defeated, it seems that change may be the one thing we can count on in 2025. The proposed policies of the new U.S. administration alone could have significant implications for trade, inflation, monetary policy, and economic growth in the U.S. and globally. Indeed, our macro-oriented managers all agree that the world is decidedly more "macro" under a second Trump Presidency, and the potential for disruptive policies likely leads to higher market volatility as well as an increased probability of tail events in the year ahead. We view this as a source of both opportunity and risk for macro managers. We believe macro managers should place a premium on identifying mispriced optionality and building positive convexity into their portfolios to guard against, or potentially even benefit from, seemingly low-probability scenarios. For the same reason, we also believe managers need to approach crowded trades with caution, as sudden trend reversals and deleveraging activity could exacerbate short-term price moves. For example, one may be surprised to see in the chart below that the CBOE Volatility Index (VIX) reached highs in August 2024 that approached levels seen in 2008 and 2020, yet there was no exogenous event on par with the GFC or COVID at that time. Rather, the spike in volatility in August 2024 was positioning-induced, driven in part by a sharp unwinding in Japanese yen-funded carry trades. And, it's worth noting that the S&P 500 Index ended that month *up* 2.4%!

Relative Value

Heightened volatility and dispersion generally benefit relative value strategies, too, but beware highly leveraged strategies that overly rely upon historical relationships.

Relative value ("RV") strategies seek to exploit pricing inefficiencies between related securities or some second order aspect of the market, such as implied volatility. In general, the return potential of these strategies rises when the spread or dispersion between correlated securities is higher, and they can capture that spread as prices revert toward their historical mean. Heightened market volatility can lead to bigger dislocations triggered by unusual volume in particular securities, option exercises, or stop-losses. Relative value strategies can capitalize upon those situations if they enter such events from a position of strength. However, historical risk models and correlations may break down in an environment that seems unusually ripe for change. We believe that presuming predictable or static risk in the year ahead could be dangerous, especially for highly leveraged RV strategies.

We are constructive on the opportunity set for convertible bond arbitrage. Convertible bond arbitrage is a good example of an RV strategy that often benefits from higher volatility, as it provides more opportunity to generate returns from delta hedging (i.e., adjusting the size of equity short positions relative to long positions in convertible bonds as stock prices rise/fall). In addition, two central themes aided returns in convertible bond arbitrage in 2024, and we expect both to continue this year. First, new convertible bond issuance has been robust via both refinancings as well as new entrants attracted to convertibles' generally lower coupon rates relative to straight debt. When setting aside the anomalous COVID period (2020-2021), convertible bond issuance last year was the largest since 2007,[17] and from conversations with our managers, issuance is expected to remain healthy in 2025 so long as market conditions remain benign. Second, we have seen a rise in corporate actions, such as bond buybacks and exchanges, as the large swath of convertible bonds issued in 2020-2021

17. Source: Barclays Bank PLC

begins to approach maturity. According to data compiled by Bloomberg as of September 2024, approximately 40% of dollar-denominated convertible bonds are coming due by the end of 2026.[18] Convertible bond managers can benefit from this refinancing activity as outstanding bonds are often repurchased at a premium, and existing bondholders may receive favorable allocations to any associated new issues.

We continue to search for alpha sources in smaller RV managers or more niche strategies. RV strategies sometimes risk commoditization as capital piles in and arbitrage opportunities dissipate. For this reason, we try to identify RV managers that can differentiate by trafficking in more niche areas of the market. We also believe smaller managers in RV strategies such as volatility arbitrage, mortgage trading, and systematic strategies may have an advantage if they can trade more quickly with less market impact, if they can invest with greater tolerance for mark-to-market volatility, or if they can correctly anticipate the flows of larger peers. In particular, we believe that AI may help level the playing field for smaller quantitative managers, as it can dramatically reduce the time and labor involved in coding and software development, and if trained correctly, generative AI can augment or replace certain research resources. Both should enable smaller teams to do more R&D than ever before.

Important fund Information and Disclosures

North Square Evanston Multi-Alpha Fund ("Multi-Alpha" or the "Fund") was formerly known as the "Evanston Alternative Opportunities Fund." Prior to May 6, 2024 Evanston Capital Management, LLC ("EC" or " Evanston Capital") was the Fund's investment adviser. Effective as of May 6, 2024, North Square Investments, LLC ("North Square") became the Fund's investment adviser and retained EC to become the Fund's sub-adviser and continue managing the Fund's portfolio.

The Fund is a continuously-offered, non-diversified, registered closed-end fund with limited liquidity. The Fund's shares are subject to legal restrictions on transfer and resale and you should not assume you will be able to resell your shares. **No assurance can be given that the Fund will achieve its objectives**. This report does not constitute an offer to sell or a solicitation of an offer to purchase the Fund's securities. Any such offer will be made only by means of the Fund's Prospectus.

The contents of this report are solely for informational purposes, are current as of the date set forth, and are subject to change from time to time. None of the Fund, North Square, nor EC is obligated to notify you of changes to this information.

The Fund does not hold any of the publicly traded securities mentioned herein as of 12/31/2024.

Certain statements made herein constitute forward-looking statements. These statements reflect EC's current views about, among other things, future events and financial performance, and results may differ, possibly materially, from these statements. Neither North Square nor the Fund is obligated to update or revise the statements made or information presented herein.

Fund Liquidity/Tenders: The Fund intends to conduct quarterly tender offers. Each repurchase offer is expected to be limited to the repurchase of approximately 5-25% of the outstanding shares, in the Board of Trustees' discretion. No Fund investor can require the Fund to redeem shares, regardless of how the Fund performs.

Early Withdrawal Fee: Shareholders who seek to sell their shares back to the Fund less than one year after purchasing the shares will be subject to a 3% early withdrawal fee payable to the Fund.

Fund Fees and Expenses:

Portfolio Fund Fees and Expenses: The Fund is a "fund of funds" that invests in Portfolio Funds managed by underlying portfolio managers ("Portfolio Managers") unaffiliated with EC. Portfolio Funds' management fees range from approximately 1% to 3% per annum, and incentive fees that a Portfolio Fund may charge range from approximately 15% to 35% of profits per annum.[19] Portfolio Fund fees and expenses may be substantially higher or lower as a result of the Fund's investments in new or different Portfolio Funds. The Fund anticipates that its total annual expenses, taking into account the Expense Limitation Agreement and the Portfolio Fund fees and expenses, but excluding any sales load that may be assessed, will be approximately 5.62% with respect to Class I and 6.37% with respect to Class A, as described in detail in the Fund's Prospectus. Actual expenses may be higher or lower than estimates provided due to the Portfolio Funds' fees and expenses.

Distribution and Service Fee: The Fund pays Foreside Fund Services, LLC (the "Distributor") a distribution and/or service fee equal to 0.75% per annum of the aggregate value of the Class A shares outstanding, determined as of the last calendar day of each month (prior to any repurchases of shares and prior to the Fund's management fee ("Management Fee") being calculated) ("Distribution and Service Fee") in accordance with a plan adopted by the Fund in compliance with the provisions of Rule 12b-1 under the Investment Company Act of 1940, as amended (the "1940 Act"). The Distribution and Service Fee is payable quarterly, and the Distributor pays all or a portion of the Distribution and Service Fee to certain financial intermediaries. North Square also pays a fee out of its own resources to financial intermediaries. Please see the Fund's Prospectus for more detailed information.

Management Fee and Management Fee Waiver: EC contractually agreed to waive a portion of the Management Fee from July 1, 2014 through June 30, 2015, such that it equaled 0.90% per annum (the "Management Fee Waiver") for such period. Class I's performance data through June 30, 2015 is shown net of the reduced 0.90% Management Fee. From July 1, 2015 through December 31, 2018, the Management Fee Waiver was terminated, and performance for Class I is shown net of a 1.2% Management Fee during such period. Effective January 1, 2019, Class I's Management Fee is 1.0% per annum.

Performance shown prior to Class A's inception date (06/01/2015) is based on the performance of Class I Shares, adjusted to reflect Class A's fees and expenses. Performance shown through December 31, 2018 for Class A reflects a Management Fee of 1.20% per annum. Effective January 1, 2019, Class A's Management Fee is 1.0% per annum with a distribution and service fee of 0.75% per annum.

Expense Reimbursement: Up to and including December 31, 2025, North Square has contractually agreed to limit the Fund's total annualized expenses (excluding any borrowing and investment-related costs and fees, taxes, extraordinary expenses, and the Portfolio Fund Fees and Expenses) to 1.5% with respect to Class I and 2.25% with respect to Class A (the "Expense Limitation Agreement"). Prior to January 1, 2019, EC had contractually agreed to limit the Fund's total annualized expenses to 1.7% with respect to Class I and 2.45% with respect to Class A. North Square and the Fund may continue to renew the Expense Limitation Agreement for one-year terms thereafter, and may terminate it with 30 days' prior written notice to the other party. North Square and/or EC will be permitted to recover from the Fund expenses it has borne in later periods, if Class I and Class A's expenses fall below the annual rate of 1.5% and 2.25%, respectively. The Fund is not obligated to pay any such amount more than 3 years after the fiscal year-end in which the relevant party deferred a fee or reimbursed an expense.

The maximum amount of any sales load, or any other nonrecurring fee:

Class A: 3% Maximum sales load and early repurchase fee. Class I: 3% Early repurchase fee

The total annual expenses without any fee waiver or expense reimbursement arrangement, based on the methods of computation prescribed by SEC Form N-2:

Class A: 6.80%. Class I: 6.05%

Please review the Fund's Prospectus for information about other fees, including the Fund's operating expenses.

18. https://www.bnnbloomberg.ca/investing/2024/09/13/hedge-fund-arb-trade-surfs-140-billion-wave-of-debt-coming-due/
19. The Portfolio Fund Fees and Expenses are estimated to be approximately 4.12%.

STRATEGY DEFINITIONS

Alpha: Measures a manager's value added relative to a passive strategy, independent of the market movement.

Event Driven: Seek to invest in opportunities that are created by significant transaction events, such as spin-offs, mergers and acquisitions, and reorganizations.

Global Asset Allocation/Macro: Seek to exploit opportunities in various global markets. Portfolio Funds employing these strategies have a broad mandate to invest in markets and instruments they believe provide the best opportunity.

Long/Short Equity: Seek to profit by taking positions in equities and generally involve fundamental analysis in the investment decision process. Long/short equity strategies may aim to have a net long directional bias, a net short directional bias, or be neutral to general movements in the stock market. Long/short equity Portfolio Managers tend to be "stock pickers" and typically shift allocations between long and short investments based on market conditions and outlook.

The **Morningstar LSTA US Leveraged Loan Index** is a market-value weighted index designed to measure the performance of the US leveraged loan market.

Relative Value: Seek to profit by exploiting pricing inefficiencies between related instruments, while remaining long-term neutral to directional price movements in any one market. Short selling is an integral part of this strategy.

Sharpe Ratio: is a measure of risk-adjusted returns and is defined as the excess return over cash per unit of volatility.

INDEX AND OTHER DEFINITIONS

Bloomberg U.S. Aggregate Bond Index: is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. It is not possible to invest directly in an index. The indices are shown for comparative purposes only.

CBOE S&P 500 Dispersion Index: measures the expected dispersion in the S&P 500 over the next 30 calendar days, as calculated from the prices of S&P 500 index options and the prices of single stock options of selected S&P 500 constituents, using a modified version of the VIX methodology.

CBOE Volatility Index (VIX Index): is considered by many to be the world's premier barometer of equity market volatility. The VIX Index is based on real-time prices of options on the S&P 500 Index (SPX) and is designed to reflect investors' consensus view of future (30-day) expected stock market volatility.

HFRI Fund-Weighted Composite Index: is a global, equal-weighted index of single-manager funds that report to HFR Database.

S&P 500 Index: is composed of 500 publicly traded stocks representing all major U.S. industries.

IMPORTANT RISK FACTORS CONCERNING THE FUND

As described in the Fund's Prospectus and Statement of Additional Information, **an investment in the Fund is speculative, involves a substantial degree of risk, and an investor could lose all or substantially all of his or her investment. There can be no assurance the Fund will achieve its investment objectives or avoid significant losses.** The Fund is only available to "eligible investors" who can bear significant risk and do not require a liquid investment. Please see the Fund's Prospectus for important information about the Fund's terms, risks, and other disclosures.

The Fund's Portfolio Managers may, in some cases, be recently organized or may manage Portfolio Funds that are recently organized and have no or a very limited operating and performance history. The Fund is sub-advised by EC, and its success will depend, in large part, on EC's skill and expertise. Although EC has over 20 years managing privately offered fund of hedge fund products, EC's experience managing registered investment companies is limited to the Fund, which launched in 2014.

The Fund's shares are subject to restrictions on transfer and have limited liquidity. The Fund does not list its shares for trading on any national securities exchange; there is no secondary market for the shares, and none is expected to develop. An investment in the Fund's shares is not suitable for investors that require liquidity, other than liquidity provided through the Fund's repurchase policy. There can be no guarantee that an investor will be able to sell any of its shares when it desires to do so. The Fund's repurchase offer policy may decrease its size over time absent significant new investments in the Fund. It could force the Fund to maintain more liquid investments, sell assets prematurely, substantially increase the Fund's ratio of illiquid to liquid securities for non-redeeming investors, and/or reduce the investment opportunities available to the Fund and cause its expense ratio to increase.

The Portfolio Funds are not registered under the 1940 Act, and therefore are not subject to the 1940 Act's restrictions and protections, such as fee limitations, asset coverage requirements, and reporting requirements. The Portfolio Managers may use investment strategies and techniques that are not generally permissible for registered investment companies, and Portfolio Funds may be less transparent in providing portfolio holding and valuation information.

North Square relies on the valuation of the Portfolio Funds to value the Fund's shares. Fair value estimates may prove to be inaccurate and may be subject to later adjustments from time to time. Similarly, inaccurate or delayed information that a Portfolio Manager may provide could adversely affect North Square's ability to accurately value the Fund's shares.

The net asset values received by North Square or the Fund's administrator from Portfolio Funds may be estimates only, and, unless materially different from the actual valuations, generally will not be subject to revision. North Square relies on these estimates in calculating the Fund's net asset value for, among other things, reporting the performance data reflected herein. Portfolio Funds are typically audited on an annual basis.

The Fund may borrow money for portfolio management and other purposes, and may have to pledge assets when borrowing, which could affect the Fund's operations in the event of an uncured default. The Portfolio Funds may use leverage to purchase instruments, sell securities short, and/or other means, which would increase any loss incurred. Consequently, the Portfolio Funds may be subject to major losses if market disruptions destroy any hedged positions, which would negatively impact the Fund's performance.

The Fund intends to meet the requirements necessary to qualify for favorable tax treatment as a "regulated investment company," or "RIC" under Subchapter M of the Internal Revenue Code. If the Fund fails to satisfy the applicable requirements, it may lose its status as a RIC, and in such case, all of its taxable income would be subject to U.S. federal income tax at regular corporate rates without any deduction for distributions to shareholders. Disqualification as a RIC would have a material adverse effect on the value of the Fund's shares and the Fund's distribution amounts.

You should consult with your own legal, tax, financial, and other professional or advisers before investing in the Fund.

Before investing, you should consider carefully the Fund's investment objectives, limited liquidity, risks, charges, and expenses. The Prospectus contains this and other information about this investment company. You can obtain a copy of the Prospectus by contacting North Square at investorrelations@northsquareinvest.com or calling 312-857-2160 or by requesting a copy from your financial professional. Please read the Prospectus carefully before you invest.

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