PALISADE

CAPITAL MANAGEMENT LTD.

THIRD QUARTER REPORT

QUARTER ENDING SEPTEMBER 30, 2015

THE PALISADE FUNDS

PALISADE CAPITAL FUND

PALISADE CAPITAL LIMITED PARTNERSHIP

PALISADE VANTAGE FUND

CONTENTS

Our Reporting

We put considerable effort into our client communications. In addition to reviewing our performance we believe it is important that you have access to our thoughts and direction. Our major publications come in the form of quarterly and annual reports. In addition, we provide a monthly unitholder update and fund fact sheets for each of our Funds.

All Fund performance figures are shown net of fees and expenses and include changes in security values and distributions paid. They do not assume the reinvestment of distributions. Income taxes would have reduced returns. The Funds are not guaranteed. Performance of the Funds will fluctuate and past performance may not be repeated.

We are trying to do our part to reduce our carbon footprint. Historically we have sent clients hard copies of our quarterly and annual reports. If you would prefer to receive our reports in electronic form rather than a paper copy, please let us know by emailing us at info@palisade.ca. Our most recent investor communications can also be found in the password protected client section on our website at www.palisade.ca.

FUND MANAGER'S LETTER

To our valued unitholders;

Enclosed please find our 2015 Third Quarter Report for the Palisade Funds:

- **Palisade Capital Fund** (the "Capital Fund");
- **Palisade Capital Limited Partnership** (the "Limited Partnership"); and
- **Palisade Vantage Fund** (the "Vantage Fund").

This report reviews our most recent quarterly performance as well as our historical results since inception for each of our Funds. It also includes commentary on our results to the end of October 2015. The supplement of this report is aptly titled "*Dealing with Adverse Market Conditions*"; it reviews the very challenging energy market environment of the past 15 months and details how our approach to it has been consistent with Palisade's time-tested portfolio management discipline. It also discusses how Palisade's current fund restructuring initiatives and management transition remain true to the principles that have guided our business since inception. The supplement can be found on page 28 of this report. We encourage you to read it.

The energy sector remained under siege in the third quarter of 2015 as commodity prices continued their relentless search for a cyclical bottom. The WTI near-month crude oil contract plummeted 24.2% from US$59.47 to US$45.09 per barrel between the end of the second and third quarters of 2015, while the NYMEX near-month natural gas contract dropped 10.2% from US$2.81 to US$2.52 per mcf over the same period. Energy equities reflected these price movements. The Capital Fund and Limited Partnership were down 15.1% and 15.0% respectively during the period, while the Vantage Fund declined 10.7% (all percentage changes factor in the distributions made from the respective funds during the third quarter). For comparative purposes, the S&P/TSX Composite Total Return Index ("TSX") and the S&P/TSX Capped Energy Index ("Energy Index") were down 7.9% and 19.1% respectively over this same period. These indices are provided for general reference purposes and should not be viewed as directly comparable in terms of content or risk to the Palisade Funds. Commodity prices have continued their decline since the end of the third quarter with the WTI near-month crude oil contract down approximately 10% and the NYMEX near-month natural gas contract down approximately 15% to November 20th.

Commodity prices have weighed heavily on energy sector share prices, with the sector now enduring its worst cyclical downturn in decades. Layoffs, G&A and capital expenditure reductions, dividend reductions / eliminations, and bank credit facility reductions have become commonplace. Numerous political elements have also contributed to the "wet blanket" currently enveloping the Canadian energy market:

- The Alberta NDP government's Climate Leadership Discussions have caused uncertainty in respect to prospective incremental costs related to carbon pricing and emission reduction initiatives. Although the Alberta Climate Leadership Panel's recommendations were released November 22nd, many specifics related to incremental costs remain unknown but should become more clear over the coming weeks and months;
- The Alberta NDP government's Royalty Review Panel is expected to release its recommendations around year-end, with market concerns focused on formulae changes that would result in increased royalties as commodity prices improve;
- The Liberal party victory in the October 19th Canadian federal election added the likelihood of incremental environmental costs and the potential for lost federal government support for oil pipelines to Canada's west coast (e.g. Enbridge's Northern Gateway pipeline proposal). Indeed, on November 13th, Canada's new Prime Minister instructed his incoming cabinet members to formalize a moratorium on crude oil tanker traffic on BC's north coast;

- In a widely-anticipated decision, on November 6th U.S. President Obama formally rejected TransCanada Pipeline's Keystone XL pipeline, which is certain to materially delay, if not kill, the incremental market access that such pipeline would provide (the oil will still move by railcar); and
- The 2015 United Nations Climate Change Conference will be held in Paris from November 30th to December 11th. With the conference's objective being a universal agreement on climate, the hydrocarbon industry is squarely in the sights of conference delegates. At the very least, rhetoric leading up to or during the conference could magnify the market's expectation of longer-term increases to the industry's cost structure.

Notwithstanding this seemingly "perfect storm" of negativity, we are seeing some indications that could point to at least the beginning of a cyclical upturn. Further, we believe that much of this negativity is priced into energy equities, as institutional investor weightings to the sector are at cyclical lows. Although the energy industry has become much more cost efficient over the past year, very few oil projects worldwide are economic at current oil prices. Hundreds of billions of dollars have been removed from global energy capex programs, which will certainly reduce future oil supply. U.S. oil production has rolled over to the tune of around 600,000 barrels per day from its April 2015 peak of 9.6 million barrels per day, with expectations for this decline to exceed one million barrels per day by mid-2016. Increased M&A activity by industry heavyweights, such as Suncor's current hostile attempt for Canadian Oil Sands, demonstrates their confidence in an ultimate cyclical upturn. Based on their social cost structures, it's clear that many of the member nations of OPEC cannot endure current oil prices for the longer-term.

Although we remain confident that a cyclical upturn will emerge for energy, which will significantly lift the value of our holdings, we've continued to manage the Palisade Funds with a defensive posture. We had withheld putting fresh capital to work as the federal election approached due to our perception of related risks, and we remain similarly cautious in respect to the upcoming UN Climate Change Conference in Paris. Current cash weightings in the Capital Fund and Limited Partnership are around 10%, approximately equivalent to their levels at the end of the third quarter following the special distributions from both Funds in August. Similarly, the current cash weighting in the Vantage Fund of 11% approximates its level at the end of the third quarter. Such cash weightings are higher than normal for the respective funds and reflect our focus on managing risk in the current environment. Although cash weightings have remained steady, we've continued to high-grade the Capital Fund and Limited Partnership portfolios with an emphasis on defensive holdings while maintaining exposure to upside potential from a cyclical upturn, all while considering relative valuations. Such strategy has also entailed some capital rotation among sub-sectors to re-balance their relative weightings to appropriately reflect the current environment. As always, our overriding focus is on high quality companies with manageable financial leverage. Portfolio management for the Vantage Fund has emphasized an increased weighting to strong, diversified companies with above average dividend growth potential, while reducing the Fund's exposure to energy over time.

Since inception, the Capital Fund and the Limited Partnership are up 311.0% and 314.5% respectively, or 8.5% and 8.6% on an annual compound basis. This compares to the TSX and Energy Index which are up 158.9% and 83.4% respectively, or 5.7% and 3.6% on an annual compound basis. The Vantage Fund is up 46.6% since inception or 5.4% on an annual compound basis, compared to the TSX which is up 12.5% or 1.6% on an annual compound basis.

		3-month	6-month	YTD	1 Year	3 Year	5 Year	Inception
Palisade Capital Fund		-15.1%	-18.0%	-20.1%	-33.7%	-5.7%	14.9%	311.0%
	Compound					-2.0%	2.8%	8.5%
Palisade Capital Limited Partnership		-15.0%	-17.9%	-19.5%	-33.0%	-4.8%	15.6%	314.5%
	Compound					-1.6%	2.9%	8.6%
Palisade Vantage Fund		-10.7%	-13.5%	-13.5%	-20.3%	6.8%	40.5%	46.6%
	Compound					2.2%	7.0%	5.4%
S&P/TSX Composite Total Return		-7.9%	-9.4%	-7.0%	-8.4%	18.1%	24.4%	158.9%
	Compound					5.7%	4.5%	5.7%
S&P/TSX Energy Index		-19.1%	-23.5%	-24.7%	-43.1%	-35.9%	-41.6%	83.4%
	Compound					-13.8%	-10.2%	3.6%

Notes: Inception is May 1998 for the Capital Fund and the Limited Partnership and May 2008 for the Vantage Fund.

Inception figures for the TSX and Energy Index reference the inception date of the Capital Fund and Limited Partnership.

The TSX and Energy Index data is provided for general reference purposes and should not be construed as directly comparable to the content of the Palisade Funds. The Palisade Funds carry individual investment positions in greater concentrations than those of the TSX and Energy Index and are less diversified than the referenced indices. Furthermore, the Palisade Funds are less liquid that the ETF securities that mimic the indices referenced. As a result, the Palisade Funds should be considered as carrying higher risk than the TSX and Energy Index.

Palisade Capital calculates its rates of returns differently than those of the indices referenced above. Palisade Capital does not assume the reinvestment of distributions in its calculations whereas the indices assume immediate reinvestment of all dividends paid by its component companies.

As a result of regulatory and securities legislation changes, in mid-August we sent a Know Your Client (“KYC”) update form and Relationship Disclosure Information (“RDI”) document to all Unitholders. Thank you to everyone who has already completed and returned them to us. For those who have not yet done so, we remind you to please do so as soon as practicable.

We invite investors to read the balance of this report for more details on the Palisade Funds. We thank you for being a partner with us in our business and look forward to reporting to you on our future progress.

November 23, 2015

THE PALISADE CAPITAL PORTFOLIO MANAGEMENT TEAM

PALISADE CAPITAL FUND

FUND MANDATE DESCRIPTION

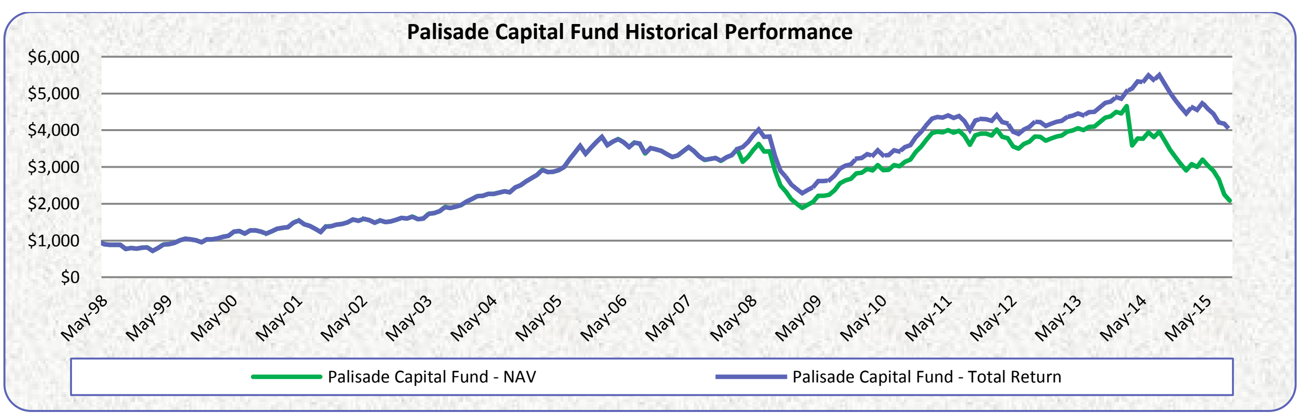
The Palisade Capital Fund (the "Capital Fund"), established in 1998, is an unincorporated pool comprised of RRSP-eligible securities and various levels of cash in which each Unitholder holds a pro-rata undivided interest in such securities and monies. The Capital Fund is an actively managed open-end, long only fund with a growth mandate. The Capital Fund is invested in a portfolio of Canadian and predominantly publicly-listed companies, with a strong emphasis on the energy exploration and production, energy infrastructure and oilfield services sectors, including a component of income-producing entities. The Capital Fund is also invested in a select number of non-energy dividend paying companies to provide portfolio diversification and smooth volatility. The Capital Fund does not employ the use of leverage.

PERFORMANCE

The Capital Fund ended the third quarter at $2,087 per unit. On a total return basis, after factoring in the $375 special distribution paid in mid-August, the Capital Fund was down 15.1% from $2,900 per unit at the end of the previous quarter. Factoring in the August 2015 special distribution, the Capital Fund was down 20.1% year-to-date and down 33.7% when measured over the twelve month period ending September 30, 2015. We have faced tremendous headwinds across all facets of the energy sector which has negatively impacted our results. We are obviously not happy with these results and will be working hard to ensure that our portfolios are appropriately positioned to recoup this lost ground.

Since inception, the Capital Fund was up 311.0%, representing a compound annual return of 8.5% over the seventeen and one quarter years that the Capital Fund has been in existence. These returns are inclusive of three capital distributions totaling $1,925 per unit; $400 per unit paid to unitholders in March 2008, $1,150 per unit paid to unitholders in March 2014, and $375 per unit paid to unitholders in August 2015.

All performance figures – unit values and percentage changes – are shown net of fees and expenses and include changes in security values and distributions paid. They do not assume the reinvestment of distributions. Income taxes would have reduced returns. The Capital Fund is not guaranteed, performance of the Capital Fund will fluctuate and past performance may not be repeated.



Note: The "Total Return" data includes $1,925 per unit of cumulative capital distributions that have been paid by the Capital Fund since inception.

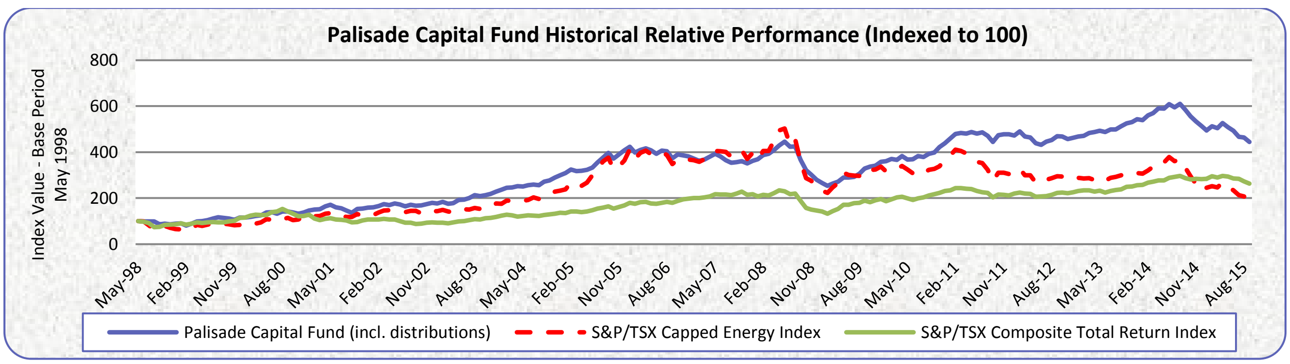
Short-term measures of performance can be somewhat misrepresentative in relation to Palisade Capital's main objective of delivering long-term compound rates of return. This is because:

1. When measured over short periods of time, general equity market volatility tends to distort the validity of investment strategies that are designed for longer term results.
2. The Capital Fund has a portion of its portfolio invested in counter-cyclical strategies where we see upside potential, but which may lag in a market in which bullish sentiment is focused elsewhere.

Absolute returns measure the pace of our progress in growing the unit value of our Funds and are the principal focus of our business. Over a longer term investment horizon, relative returns are also important because they illustrate how our returns compare to the broader stock market, indicating whether our efforts are delivering incremental value to our investors as compared to their many other available investment alternatives.

To establish relative performance yardsticks for the Capital Fund, we provide comparative references to the S&P/TSX Composite Total Return Index ("TSX") and the S&P/TSX Capped Energy Index ("Energy Index"), both of which are relevant to our portfolio content. The TSX and Energy Index data is provided for general reference purposes and should not be construed as directly comparable to the content of the Capital Fund. The Capital Fund carries individual investment positions in greater concentrations than those of the TSX and Energy Index and is less diversified than the referenced indices. Furthermore, the Capital Fund is less liquid than the ETF securities that mimic the indices referenced. As a result, the Capital Fund should be considered as carrying higher risk than the TSX and Energy Index.

In the third quarter of 2015, the TSX and Energy Index were down 7.9% and 19.1% respectively versus a 15.1% decrease in the Capital Fund. Over the first nine months of 2015, the TSX was down 7.0% and the Energy Index was down 24.7%, compared to a decrease of 20.1% for the Capital Fund. When measured over the twelve month period ending September 30, 2015, the TSX was down 8.4% and the Energy Index was down 43.1% compared to a 33.7% decrease in the Capital Fund. The TSX total return includes dividends earned on the stocks in the index.



Three-year, five-year and since inception returns are commonly used performance measurement periods in the financial industry. The table below illustrates how the Capital Fund has performed over these respective periods relative to the TSX and Energy Index. Palisade Capital returns do not assume the reinvestment of distributions while the total returns for the indices assume immediate reinvestment of all dividends back into the index, allowing for compounding of those dividends when overall returns are positive for the period.

		3-month	6-month	YTD	1 Year	3 Year	5 Year	Inception
Palisade Capital		-15.1%	-18.0%	-20.1%	-33.7%	-5.7%	14.9%	311.0%
Fund	Compound					-2.0%	2.8%	8.5%
S&P/TSX Composite		-7.9%	-9.4%	-7.0%	-8.4%	18.1%	24.4%	158.9%
Total Return	Compound					5.7%	4.5%	5.7%
S&P/TSX Energy		-19.1%	-23.5%	-24.7%	-43.1%	-35.9%	-41.6%	83.4%
Index	Compound					-13.8%	-10.2%	3.6%

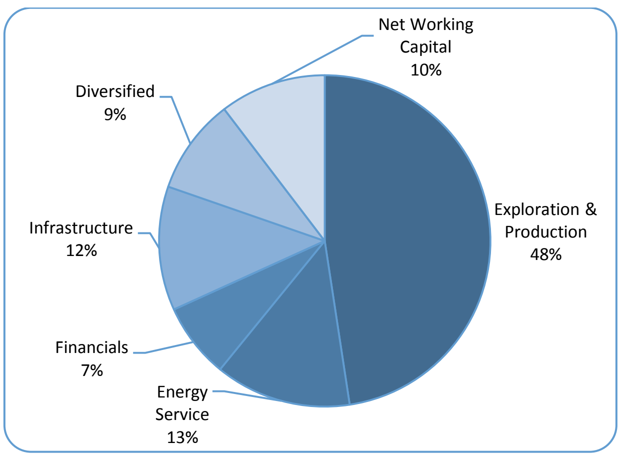
The variations in relative performance can be explained by numerous factors including but not limited to: (i) the Capital Fund's mandate being disproportionately weighted to fewer securities and in different weightings than that of the TSX and the Energy Index, (ii) active portfolio management decisions, and (iii) the Capital Fund carrying varying amounts of cash based on our view of market conditions. The indices used for comparative purposes always represent "fully-invested" portfolios. We constantly apply judgment to company selection and their weightings and to industry sub-sector weighting without regard to any "index-relative" considerations. We also actively manage our cash balances.

Portfolio Composition

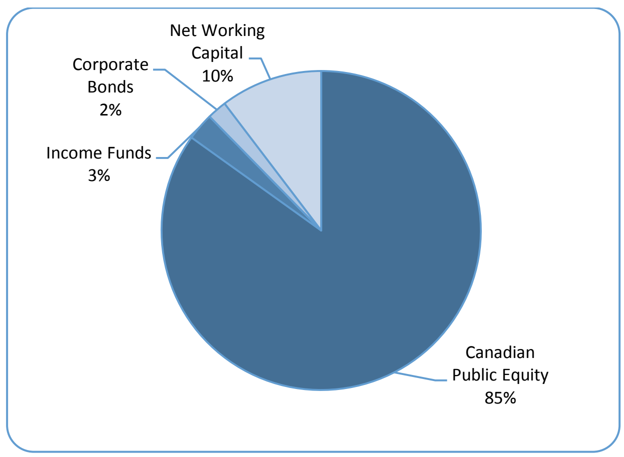
Palisade Capital uses an active investment strategy in managing the Capital Fund. Investment decisions are based on fundamental analysis, changes in market valuations and relative performance expectations for various companies and market sectors. The Capital Fund portfolio consists of large-cap, mid-cap and small-cap companies and is heavily weighted to the broader energy sector. At the present time all our investments are in publicly traded entities.

At quarter-end, after accounting for net subscriptions and the $375 per unit special distribution paid in August 2015, the Capital Fund had net cash and cash equivalents of approximately $5.2 million representing 10.4% of the value of the Fund. This compares to $12.0 million in net cash and cash equivalents held at the end of the second quarter which, at the time, represented 17.2% of the net asset value of the Capital Fund, and $8.2 million at the same time last year which, at the time, represented 9.3% of the net asset value of the Capital Fund.

Capital Fund Sector Allocation – September 30, 2015



Capital Fund Asset Mix – September 30, 2015



Capital Structure

During the third quarter there were 73 new units purchased and 43 units redeemed, resulting in $62,616 in net new capital. At the end of the third quarter there were 24,155 units outstanding compared to the total of 24,125 at the end of the previous quarter. Total assets under management ("AUM") were $50.4 million as of September 30, 2015 compared to $70.0 million at the end of the previous quarter and $87.6 million as at September 30, 2014. September 30, 2015 AUM is net of the August 2015 capital distribution of $9.0 million.

Capital Fund Capital Structure	1998 - Q2/15	Q3/15	Cumulative
Purchased Units	31,228	73	31,301
Redeemed Units	7,103	43	7,146
Net New Units	24,125	30	24,155
Net New Investment	$ 30,527,163	$ 62,616	$ 30,589,779

Fourth Quarter 2015 Performance To Date

As at October 31, 2015, the value of the Capital Fund was $2,102 per unit, up 0.7% from the end of the third quarter. For comparative purposes, over this same period, the TSX total return index was up 2.0% and the Energy Index was up 7.5%. Total AUM in the Capital Fund was $50.8 million and cash balances have decreased to $6.1 million or 12.0% of the value of the Fund.

Closing Remark

The broad mandate of the Capital Fund is to invest in, and actively manage, a portfolio of growth-oriented and income producing entities with an emphasis on energy exploration and production, energy infrastructure and oilfield service companies. Each subsector of the portfolio will contribute to the overall performance of the Capital Fund at different times during an investment cycle. We feel that actively managing our capital among the various subsectors of the energy space, combined with having a modest amount of non-energy diversified investments and varying cash weights positions us to weather the storms while at the same time maintaining good leverage to the upside for when sentiment and the markets turn positive.

Statement of Net Assets
As at September 30

		2015		2014
Assets:				
Investments at market value	**$**	**45,188,144**	$	79,443,435
Cash		**4,912,600**		10,054,708
Accounts receivable		**341,431**		304,553
Units issued receivable		**152,366**		-
Total assets	**$**	**50,594,541**	$	89,802,696
Liabilities:				
Accounts payable	**$**	**88,295**	$	403,613
Units redeemed payable		**89,750**		1,787,328
Total liabilities	**$**	**178,045**	$	2,190,941
Net assets representing unitholders' equity	**$**	**50,416,496**	$	87,611,755
Number of units outstanding		**24,155**		23,599
Net asset value per unit	**$**	**2,087**	$	3,713

Statement of Changes in Net Assets
For the Quarters ended September 30

		2015		2014
Net assets, beginning of quarter	**$**	**69,961,235**	$	93,729,080
Proceeds received on fund units issued		**152,367**		1,128,950
Payments on fund units redeemed		**(89,750)**		(1,782,010)
Distribution of cash to unitholders		**(9,046,875)**		-
Excess distribution over initial capital		**3,949,855**		-
Net decrease in assets resulting from operations		**(14,510,336)**		(5,464,265)
Net assets, end of quarter	**$**	**50,416,496**	$	87,611,755

Statement of Investment Operations
For the Quarters ended September 30

		2015		2014
Investment income:				
Dividends	**$**	**537,187**	$	601,452
Interest		**27,122**		26,765
Other income		**19,240**		60,630
		583,549		688,847
Expenses:				
Operational		**60,106**		73,108
Management fee		**86,878**		141,017
		146,984		214,125
Income before the undernoted	**$**	**436,565**	$	474,722
Realized and unrealized gain (loss) from investments:				
Proceeds from sale of investments	**$**	**4,326,155**	$	6,548,848
Cost of investments, beginning of quarter		**59,514,319**		50,891,695
Cost of investments purchased		**2,591,894**		11,148,444
Cost of investments, end of quarter		**(57,060,988)**		(58,001,200)
Cost of investments sold		**5,045,225**		4,038,939
Realized (loss) gain from investments	**$**	**(719,070)**	$	2,509,909
Unrealized loss in market value of investments		**(10,277,976)**		(8,448,896)
Net realized and unrealized loss from investments	**$**	**(10,997,046)**	$	(5,938,987)
Excess distribution over initial capital	**$**	**(3,949,855)**	$	-
Net decrease in assets resulting from operations	**$**	**(14,510,336)**	$	(5,464,265)

Statement of Changes in Investments
For the Quarters ended September 30

		2015		2014
Investments at market value, beginning of quarter	**$**	**57,920,087**	$	80,783,194
Add (deduct):				
Unrealized (decrease) increase in market value of investments, beginning of quarter		**1,594,232**		(29,891,499)
Investments at cost, beginning of quarter	**$**	**59,514,319**	$	50,891,695
Add cost of investments purchased		**2,591,894**		11,148,444
Deduct cost of investments sold		**(5,045,225)**		(4,038,939)
Investments at cost, end of quarter	**$**	**57,060,988**	$	58,001,200
(Deduct) add unrealized (decrease) increase in market value of investments		**(11,872,844)**		21,442,235
Investments at market value, end of quarter	**$**	**45,188,144**	$	79,443,435

Statement of Contributed Capital
As at September 30

		2015		2014
Contributed capital, beginning of quarter	**$**	**18,901,799**	$	15,390,042
Additional contributed capital		**152,367**		1,128,950
Redeemed contributed capital		**(16,374)**		(309,413)
Distribution of capital to unitholders		**(5,097,020)**		-
Contributed capital, end of quarter	**$**	**13,940,772**	$	16,209,579

Statement of Investment Portfolio
As at September 30, 2015

Security Description	Number of Shares	Weighted Average per Share*	Cost	Market Price*	Market Value*	Percentage of Total
BONDS						
Crew Energy Inc Sr Nts 8.375% 21Oct20	1,000,000	$ 0.97	$ 972,500	$ 98.19	$ 981,875	2.17%
LARGE CAP ENERGY						
Husky Energy Inc	110,000	32.20	3,541,930	20.81	2,289,100	5.07%
Crescent Point Energy Corp	104,515	47.40	4,953,714	15.27	1,595,944	3.53%
Suncor Energy Inc	35,000	33.62	1,176,863	35.69	1,249,150	2.77%
Canadian Natural Resources Limited	35,000	33.34	1,166,780	25.99	909,650	2.01%
INTERMEDIATE ENERGY						
Prairie Sky Royalty Ltd	100,000	30.94	3,093,841	25.36	2,536,000	5.61%
Peyto Exploration & Development Corp	70,000	21.30	1,491,163	27.75	1,942,500	4.30%
ARC Resources Ltd	110,000	22.10	2,431,267	17.64	1,940,400	4.29%
Vermilion Energy Inc	42,000	44.35	1,862,559	42.97	1,804,740	3.99%
Freehold Royalties Ltd	120,000	20.52	2,461,992	10.82	1,298,400	2.87%
Tourmaline Oil Corp	40,000	18.14	725,520	31.07	1,242,800	2.75%
Bonavista Energy Corp	210,000	11.28	2,367,819	3.07	644,700	1.43%
JUNIOR ENERGY						
Storm Resources Ltd	470,000	3.41	1,604,691	4.22	1,983,400	4.39%
Spartan Energy Corp	730,000	3.62	2,639,848	2.28	1,664,400	3.68%
Kelt Exploration Ltd	220,000	7.67	1,687,691	5.71	1,256,200	2.78%
Traverse Energy Ltd	1,013,000	0.84	846,797	0.48	486,240	1.08%
Yoho Resources Inc	477,400	1.98	943,276	0.35	167,090	0.37%
OILFIELD SERVICE						
Total Energy Services Ltd	105,000	13.06	1,371,034	14.61	1,534,050	3.40%
Mullen Group Ltd	85,000	16.93	1,439,096	17.85	1,517,250	3.36%
ShawCor Ltd	40,000	45.78	1,831,385	27.98	1,119,200	2.48%
Canyon Services Group Inc	210,000	8.40	1,763,778	4.60	966,000	2.14%
Secure Energy Services Inc	90,000	10.51	945,979	8.98	808,200	1.79%
PHX Energy Services Corp	200,000	11.00	2,199,745	2.85	570,000	1.26%
Trinidad Drilling Ltd	66,069	6.28	414,702	2.21	146,013	0.32%
INFRASTRUCTURE & UTILITIES						
Keyera Corp	60,000	14.34	860,153	36.75	2,205,000	4.88%
Gibson Energy Inc	115,000	22.92	2,635,526	16.73	1,923,950	4.26%
Inter Pipeline Ltd	55,000	26.34	1,448,737	24.62	1,354,100	3.00%
Pembina Pipeline Corp	20,000	20.65	412,909	32.11	642,200	1.42%
CANADIAN DIVERSIFIED						
Superior Plus Corp	195,800	7.57	1,481,378	10.99	2,151,842	4.76%
Royal Bank of Canada	25,000	50.22	1,255,551	73.79	1,844,750	4.08%
Toronto Dominion Bank	36,000	40.10	1,443,431	52.60	1,893,600	4.19%
Chemtrade Logistics Income Fund	80,000	21.30	1,704,000	17.42	1,393,600	3.08%
Capital Power Corp	35,000	26.41	924,263	18.88	660,800	1.46%
Transalta Corp	75,000	12.81	961,070	6.20	465,000	1.03%
TOTAL PORTFOLIO VALUE			**$ 57,060,988**		**$ 45,188,144**	100.00%

*Investments in private companies are valued at the lower of cost or market value as estimated by the Manager. Private company investments are carried at cost until such time as there is (1) a subsequent financing, at which time the security shall be adjusted to reflect the subscription price of the most recent financing, or (2) a liquidity event, at which time the security will be carried at the market price. In addition, if in the opinion of the Manager, the valuation method as described above cannot be applied or the application of the valuation method does not accurately reflect the fair market value of the private company investments, the Manager may select a method for private company valuations which the Manager deems to be appropriate. The private company investments were valued using the most appropriate of a number of methodologies including the price of any recent financing, public market comparables where applicable, internal net asset value calculations where applicable, net assets, cash flow multiples and reserve based valuation for oil and gas related investments.

Palisade Capital Limited Partnership

Fund Mandate Description

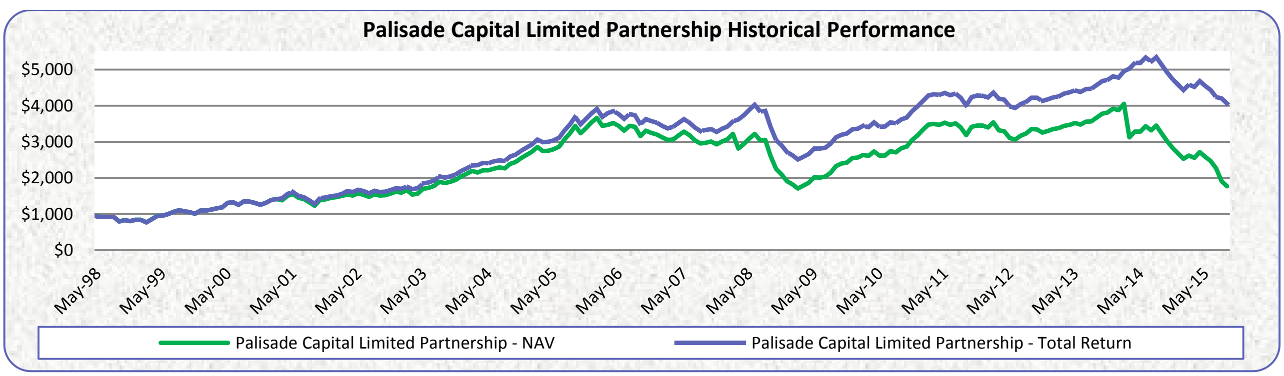
The Palisade Capital Limited Partnership (the "Limited Partnership"), established in 1998, is a limited partnership under the laws of the Province of Alberta. The Limited Partnership is an actively managed open-end, long only fund with a growth mandate. The Limited Partnership is invested in a portfolio of Canadian and predominantly publicly-listed companies, with a strong emphasis on the energy exploration and production, energy infrastructure and oilfield services sectors, including a component of income-producing entities. The Limited Partnership is also invested in a select number of non-energy dividend paying companies to provide portfolio diversification and smooth volatility. The Limited Partnership does not employ the use of leverage.

Performance

The Limited Partnership ended the third quarter at $1,771 per unit. On a total return basis, after factoring in the $325 special distribution paid in mid-August, the Capital Fund was down 15.0% from $2,467 per unit at the end of the previous quarter. Factoring in the August 2015 special distribution and the $65 annual distribution paid in February, the Limited Partnership was down 19.5% year-to-date and down 33.0% when measured over the twelve month period ending September 30, 2015. We have faced tremendous headwinds across all facets of the energy sector which has negatively impacted our results. We are obviously not happy with these results and will be working hard to ensure that our portfolios are appropriately positioned to recoup this lost ground.

Since inception, the Limited Partnership was up 314.5%, representing a compound annual return of 8.6% over the seventeen and one quarter years that the Limited Partnership has been in existence. These returns are inclusive of capital distributions totaling $2,290 per unit, comprised of $565 in cumulative annual distributions as well as three special capital distributions; $400 per unit paid to unitholders in March 2008, $1,000 per unit paid to unitholders in March 2014, and $325 per unit paid to unitholders in August 2015.

All performance figures – unit values and percentage changes – are shown net of fees and expenses and include changes in security values and distributions paid. They do not assume the reinvestment of distributions. Income taxes would have reduced returns. The Limited Partnership is not guaranteed, performance of the Limited Partnership will fluctuate and past performance may not be repeated.



Note: The "Total Return" data includes $2,290 per unit of cumulative capital distributions that have been paid by the Limited Partnership since inception.

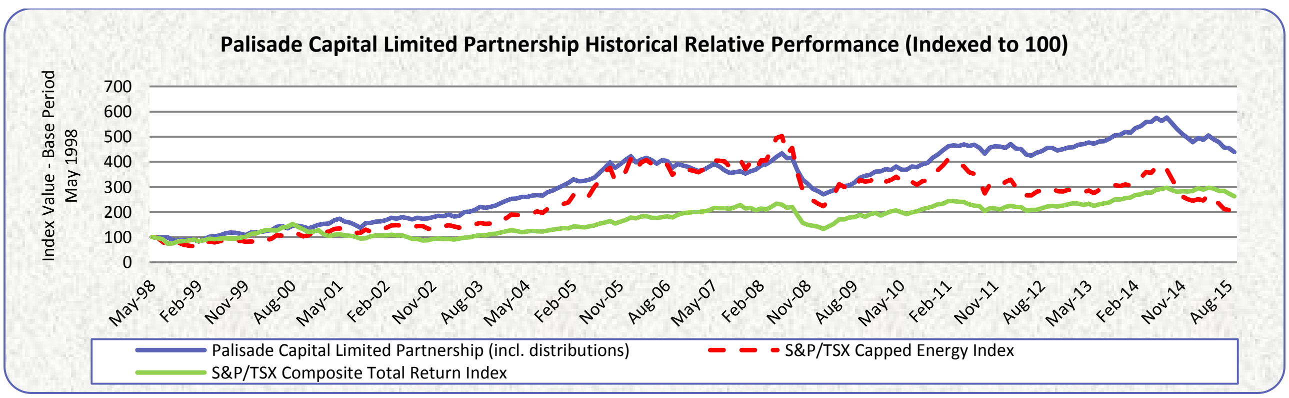
Short-term measures of performance can be somewhat misrepresentative in relation to Palisade Capital's main objective of delivering long-term compound rates of return. This is because:

1. When measured over short periods of time, general equity market volatility tends to distort the validity of investment strategies that are designed for longer term results.
2. The Limited Partnership has a portion of its portfolio invested in counter-cyclical strategies where we see upside potential, but which may lag in a market in which bullish sentiment is focused elsewhere.

Absolute returns measure the pace of our progress in growing the unit value of our Funds and are the principal focus of our business. Over a longer term investment horizon, relative returns are also important because they illustrate how our returns compare to the broader stock market, indicating whether our efforts are delivering incremental value to our investors as compared to their many other available investment alternatives.

To establish relative performance yardsticks for the Limited Partnership, we provide comparative references to the S&P/TSX Composite Total Return Index ("TSX") and the S&P/TSX Capped Energy Index ("Energy Index"), both of which are relevant to our portfolio content. The TSX and Energy Index data is provided for general reference purposes and should not be construed as directly comparable to the content of the Limited Partnership. The Limited Partnership carries individual investment positions in greater concentrations than those of the TSX and Energy Index and is less diversified than the referenced indices. Furthermore, the Limited Partnership is less liquid than the ETF securities that mimic the indices referenced. As a result, the Limited Partnership should be considered as carrying higher risk than the TSX and Energy Index.

In the third quarter of 2015, the TSX and Energy Index were down 7.9% and 19.1% respectively versus a 15.0% decrease in the Limited Partnership. Over the first nine months of 2015, the TSX was down 7.0% and the Energy Index was down 24.7%, compared to a decrease of 19.5% for the Limited Partnership. When measured over the twelve month period ending September 30, 2015, the TSX was down 8.4% and the Energy Index was down 43.1% compared to a 33.0% decrease in the Limited Partnership. The TSX total return includes dividends earned on the stocks in the index.



Three-year, five-year and since inception returns are commonly used performance measurement periods in the financial industry. The table below illustrates how the Limited Partnership has performed over these respective periods relative to the TSX and Energy Index. Palisade Capital returns do not assume the reinvestment of distributions while the total returns for the indices assume immediate reinvestment of all dividends back into the index, allowing for compounding of those dividends when overall returns are positive for the period.

		3-month	6-month	YTD	1 Year	3 Year	5 Year	Inception
Palisade Capital		-15.0%	-17.9%	-19.5%	-33.0%	-4.8%	15.6%	314.5%
Limited Partnership	Compound					-1.6%	2.9%	8.6%
S&P/TSX Composite		-7.9%	-9.4%	-7.0%	-8.4%	18.1%	24.4%	158.9%
Total Return	Compound					5.7%	4.5%	5.7%
S&P/TSX Energy		-19.1%	-23.5%	-24.7%	-43.1%	-35.9%	-41.6%	83.4%
Index	Compound					-13.8%	-10.2%	3.6%

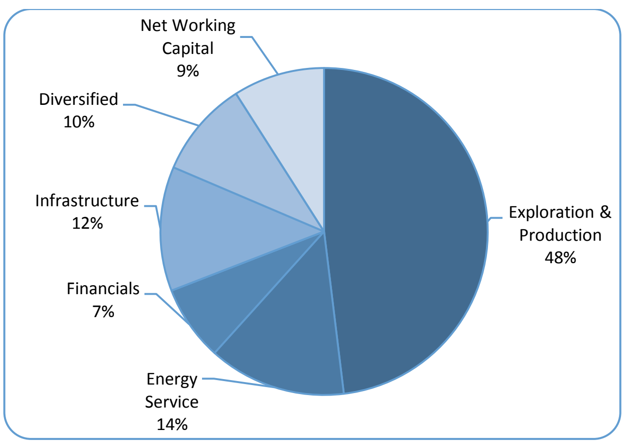
The variations in relative performance can be explained by numerous factors including but not limited to: (i) the Limited Partnership's mandate being disproportionately weighted to fewer securities and in different weightings than that of the TSX and the Energy Index, (ii) active portfolio management decisions, and (iii) the Limited Partnership carrying varying amounts of cash based on our view of market conditions. The indices used for comparative purposes always represent "fully-invested" portfolios. We constantly apply judgment to company selection and their weightings and to industry sub-sector weighting without regard to any "index-relative" considerations. We also actively manage our cash balances.

PORTFOLIO COMPOSITION

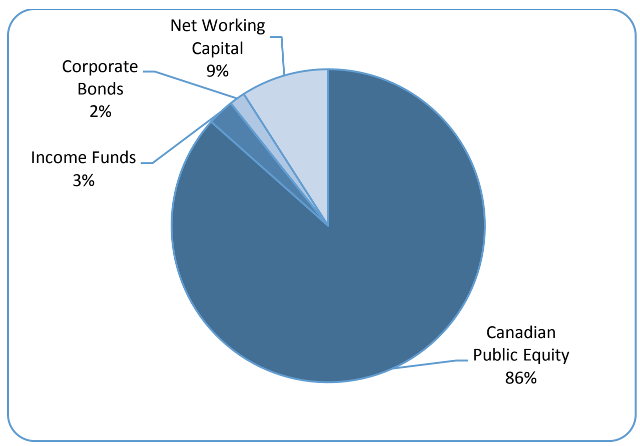
Palisade Capital uses an active investment strategy in managing the Limited Partnership. Investment decisions are based on fundamental analysis, changes in market valuations and relative performance expectations for various companies and market sectors. The Limited Partnership portfolio consists of large-cap, mid-cap and small-cap companies and is heavily weighted to the broader energy sector. At the present time all our investments are in publicly traded entities.

At quarter-end, after accounting for net subscriptions and the $325 per unit special distribution paid in August 2015 the Limited Partnership had net cash and cash equivalents of approximately $5.6 million representing 9.0% of the value of the Limited Partnership. This compares to $15.5 million in net cash and cash equivalents held at the end of the second quarter which, at the time, represented 17.7% of the net asset value of the Limited Partnership, and $11.7 million at the same time last year which, at the time, represented 10.5% of the net asset value of the Limited Partnership.

Limited Partnership Sector Allocation – September 30, 2015



Limited Partnership Asset Mix – September 30, 2015



CAPITAL STRUCTURE

During the third quarter there were 1,170 new units purchased and 1,802 units redeemed, resulting in a net reduction in capital of $1,119,417. At the end of the third quarter there were 34,860 units outstanding compared to the total of 35,492 at the end of the previous quarter. Total assets under management ("AUM") were $61.7 million as of September 30, 2015 compared to $87.6 million at the end of the previous quarter and $111.4 million as at September 30, 2014. September 30, 2015 AUM is net of the August 2015 capital distribution of $11.5 million.

Limited Partnership Capital Structure	1998 - Q2/15	Q3/15	Cumulative
Purchased Units	45,150	1,170	46,320
Redeemed Units	9,658	1,802	11,460
Net New Units	35,492	(632)	34,860
Net New Investment	$ 69,523,188	$ (1,119,417)	$ 68,403,770

FOURTH QUARTER 2015 PERFORMANCE TO DATE

As at October 31, 2015, the value of the Limited Partnership was $1,785 per unit, up 0.8% from the end of the third quarter. For comparative purposes, over this same period, the TSX total return index was up 2.0% and the Energy Index was up 7.5%. Total AUM in the Limited Partnership was $62.2 million and cash balances have decreased to $7.0 million or 11.2% of the value of the Limited Partnership.

CLOSING REMARKS

The broad mandate of the Limited Partnership is to invest in, and actively manage, a portfolio of growth-oriented and income producing entities with an emphasis on energy exploration and production, energy infrastructure and oilfield service companies. Each subsector of the portfolio will contribute to the overall performance of the Limited Partnership at different times during an investment cycle. We feel that actively managing our capital among the various subsectors of the energy space, combined with having a modest amount of non-energy diversified investments and varying cash weights positions us to weather the storms while at the same time maintaining good leverage to the upside for when sentiment and the markets turn positive.

Statement of Net Assets
As at September 30

		2015		2014
Assets:				
Investments at market value	$	56,162,329	$	99,652,425
Cash		6,478,973		11,919,621
Accounts receivable		333,657		310,875
Units issued receivable		2,072,339		-
Total assets	$	65,047,298	$	111,882,921
Liabilities:				
Accounts payable	$	110,435	$	503,944
Units redeemed payable		3,191,757		-
Total liabilities	$	3,302,192	$	503,944
Net assets representing unitholders' equity	$	61,745,106	$	111,378,977
Number of units outstanding		34,860		34,509
Net asset value per unit	$	1,771	$	3,228

Statement of Changes in Net Assets
For the Quarters ended September 30

		2015		2014
Net assets, beginning of quarter	$	87,569,881	$	118,062,012
Proceeds received on fund units issued		2,072,339		272,041
Payments on fund units redeemed		(3,191,756)		-
Distribution of cash to unitholders		(11,534,900)		-
Excess distribution over initial capital		3,184,073		-
Net decrease in assets resulting from operations		(16,354,531)		(6,955,076)
Net assets, end of quarter	$	61,745,106	$	111,378,977

Statement of Investment Operations
For the Quarters ended September 30

		2015		2014
Investment income:				
Dividends	**$**	**672,225**	$	763,639
Interest		**29,152**		33,545
Other income		**24,050**		72,850
		725,427		870,034
Expenses:				
Operational		**76,754**		91,373
Management fee		**108,662**		175,699
		185,416		267,072
Income before the undernoted	**$**	**540,011**	$	602,962
Realized and unrealized gain (loss) from investments:				
Proceeds from sale of investments	**$**	**5,113,372**	$	8,233,829
Cost of investments, beginning of quarter		**72,135,185**		62,279,704
Cost of investments purchased		**2,951,424**		14,295,062
Cost of investments, end of quarter		**(69,078,056)**		(71,795,878)
Cost of investments sold		**6,008,553**		4,778,888
Realized (loss) gain from investments	**$**	**(895,181)**	$	3,454,941
Unrealized loss in market value of investments		**(12,815,288)**		(11,012,979)
Net realized and unrealized loss from investments	**$**	**(13,710,469)**	$	(7,558,038)
Excess distribution over initial capital	**$**	**(3,184,073)**	$	-
Net decrease in assets resulting from operations	**$**	**(16,354,531)**	$	(6,955,076)

Statement of Changes in Investments
For the Quarters ended September 30

		2015		2014
Investments at market value, beginning of quarter	**$**	**72,035,382**	$	101,149,598
Add (deduct):				
Unrealized (decrease) increase in market value of investments, beginning of quarter		**99,803**		(38,869,894)
Investments at cost, beginning of quarter	**$**	**72,135,185**	$	62,279,704
Add cost of investments purchased		**2,951,424**		14,295,062
Deduct cost of investments sold		**(6,008,553)**		(4,778,888)
Investments at cost, end of quarter	**$**	**69,078,056**	$	71,795,878
(Deduct) add unrealized (decrease) increase in market value of investments		**(12,915,727)**		27,856,547
Investments at market value, end of quarter	**$**	**56,162,329**	$	99,652,425

Statement of Contributed Capital
As at September 30

		2015		2014
Contributed capital, beginning of quarter	**$**	**41,230,294**	$	39,595,386
Additional contributed capital		**2,072,339**		272,041
Redeemed contributed capital		**(1,293,603)**		-
Distribution of capital to unitholders		**(8,350,827)**		-
Contributed capital, end of quarter	**$**	**33,658,203**	$	39,867,427

Statement of Investment Portfolio
As at September 30, 2015

Security Description	Number of Shares	Weighted Average per Share*	Cost	Market Price*	Market Value*	Percentage of Total
BONDS						
Crew Energy Inc Sr Nts 8.375% 21Oct20	1,000,000	$ 0.97	$ 972,500	$ 98.19	$ 981,875	1.75%
LARGE CAP ENERGY						
Husky Energy Inc	135,000	32.17	4,342,642	20.81	2,809,350	5.00%
Crescent Point Energy Corp	129,544	46.20	5,985,316	15.27	1,978,137	3.52%
Suncor Energy Inc	45,000	33.39	1,502,623	35.69	1,606,050	2.86%
Canadian Natural Resources Limited	45,000	33.15	1,491,714	25.99	1,169,550	2.08%
INTERMEDIATE ENERGY						
Prairie Sky Royalty Ltd	130,000	30.93	4,020,705	25.36	3,296,800	5.87%
Peyto Exploration & Development Corp	90,000	21.63	1,947,059	27.75	2,497,500	4.45%
ARC Resources Ltd	135,000	14.26	1,924,632	17.64	2,381,400	4.24%
Vermilion Energy Inc	52,000	44.06	2,291,253	42.97	2,234,440	3.98%
Freehold Royalties Ltd	150,000	20.68	3,102,434	10.82	1,623,000	2.89%
Tourmaline Oil Corp	50,000	19.77	988,599	31.07	1,553,500	2.77%
Bonavista Energy Corp	260,000	11.24	2,922,932	3.07	798,200	1.42%
JUNIOR ENERGY						
Storm Resources Ltd	600,000	3.36	2,018,385	4.22	2,532,000	4.51%
Spartan Energy Corp	900,000	3.62	3,257,370	2.28	2,052,000	3.65%
Kelt Exploration Ltd	270,000	7.67	2,071,878	5.71	1,541,700	2.75%
Traverse Energy Ltd	1,012,200	0.75	758,279	0.48	485,856	0.87%
Yoho Resources Inc	555,000	1.93	1,071,414	0.35	194,250	0.35%
OILFIELD SERVICE						
Mullen Group Ltd	110,000	18.12	1,993,186	17.85	1,963,500	3.50%
Total Energy Services Ltd	130,000	10.72	1,393,791	14.61	1,899,300	3.38%
ShawCor Ltd	50,000	45.89	2,294,677	27.98	1,399,000	2.49%
Canyon Services Group Inc	260,000	9.04	2,349,810	4.60	1,196,000	2.13%
Secure Energy Services Inc	110,000	10.51	1,156,192	8.98	987,800	1.76%
PHX Energy Services Corp	255,000	11.23	2,864,136	2.85	726,750	1.29%
Trinidad Drilling Ltd	81,670	6.31	515,628	2.21	180,491	0.32%
INFRASTRUCTURE & UTILITIES						
Keyera Corp	74,000	17.60	1,302,698	36.75	2,719,500	4.84%
Gibson Energy Inc	140,000	23.41	3,277,835	16.73	2,342,200	4.17%
Inter Pipeline Fund	70,000	14.19	993,255	24.62	1,723,400	3.07%
Pembina Pipeline Corp	25,000	19.58	489,610	32.11	802,750	1.43%
CANADIAN DIVERSIFIED						
Superior Plus Corp	246,000	7.73	1,902,645	10.99	2,703,540	4.81%
Toronto Dominion Bank	44,000	40.06	1,762,576	52.60	2,314,400	4.12%
Royal Bank of Canada	31,000	50.80	1,574,814	73.79	2,287,490	4.07%
Chemtrade Logistics Income Fund	100,000	21.30	2,130,000	17.42	1,742,000	3.10%
Capital Power Corp	45,000	26.41	1,188,338	18.88	849,600	1.51%
Transalta Corp	95,000	12.83	1,219,130	6.20	589,000	1.05%
TOTAL PORTFOLIO VALUE			**$ 69,078,056**		**$ 56,162,329**	100.00%

*Investments in private companies are valued at the lower of cost or market value as estimated by the Manager. Private company investments are carried at cost until such time as there is (1) a subsequent financing, at which time the security shall be adjusted to reflect the subscription price of the most recent financing, or (2) a liquidity event, at which time the security will be carried at the market price. In addition, if in the opinion of the Manager, the valuation method as described above cannot be applied or the application of the valuation method does not accurately reflect the fair market value of the private company investments, the Manager may select a method for private company valuations which the Manager deems to be appropriate. The private company investments were valued using the most appropriate of a number of methodologies including the price of any recent financing, public market comparables where applicable, internal net asset value calculations where applicable, net assets, cash flow multiples and reserve based valuation for oil and gas related investments.

PALISADE VANTAGE FUND

FUND MANDATE DESCRIPTION

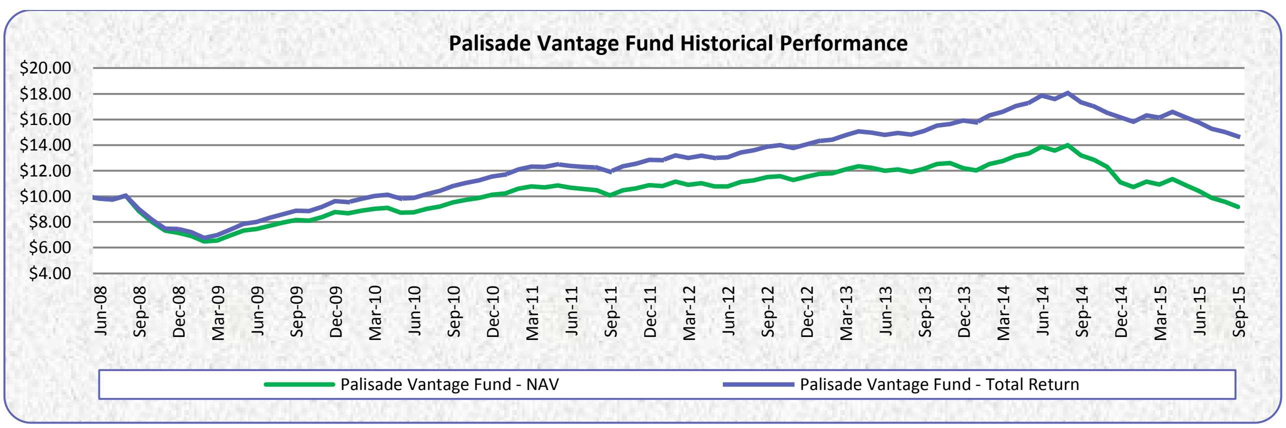
The Palisade Vantage Fund (the "Vantage Fund"), established in 2008, was formed as an RRSP-eligible mutual fund trust under the laws of the Province of Alberta. The Vantage Fund is an actively managed, open-end and long only fund with a diversified "total return" mandate. The Vantage Fund was created to complement Palisade Capital's growth-oriented funds and to provide investors with a diversified income-oriented investment vehicle. The Vantage Fund is designed to provide investors with regular cash income combined with modest long-term capital appreciation. The Vantage Fund is invested in a portfolio of securities which pay regular dividends, distributions or interest to investors. The Vantage Fund currently pays a regular quarterly distribution of $0.14 per unit per quarter or $0.56 per unit annually.

PERFORMANCE

The Vantage Fund ended the quarter at $9.17 per unit. On a total return basis, after factoring in the $0.14 per unit of distributions, the Vantage Fund was down 10.7% for the quarter. In the first nine months of 2015, the Vantage Fund was down 13.5%, inclusive of $0.42 per unit of cumulative distributions. When measured over the twelve month period ending September 30, 2015, the Vantage Fund was down 20.3%, inclusive of the $0.56 per unit of cumulative regular distributions paid and a $0.80 per unit special capital distribution paid in December 2014.

Since inception in May 2008, the total return of the Vantage Fund, including $5.49 per unit in cumulative regular and special distributions, was 46.6% or 5.4% on a compound annual basis.

All performance figures – unit values and percentage changes – are shown net of fees and expenses and include changes in security values and distributions paid. They do not assume the reinvestment of distributions. Income taxes would have reduced returns. The Vantage Fund is not guaranteed, performance of the Vantage Fund will fluctuate and past performance may not be repeated.



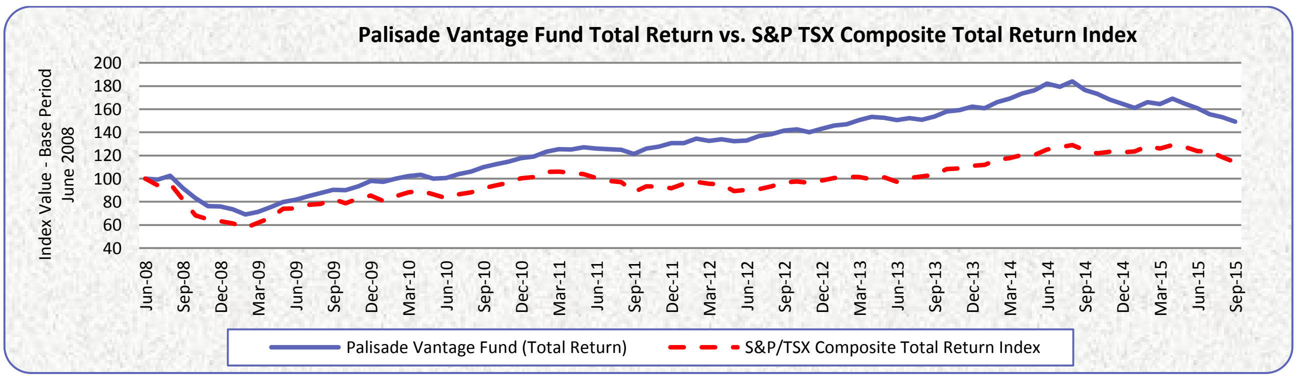
Short-term measures of performance can be somewhat misleading and as such we prefer to focus on long-term compound rates of return for the following reasons:

1. When measured over short periods of time, general equity market volatility tends to distort the validity of investment strategies that are designed for longer term results.
2. The Vantage Fund has a portion of its portfolio invested in counter-cyclical strategies where we see upside potential, but which may lag in a market in which bullish sentiment is focused elsewhere.

Absolute returns measure the pace of our progress in growing the unit value of our Funds and are the principal focus of our business. Over a longer term investment horizon, relative returns are also important because they illustrate how our returns compare to the broader stock market, indicating whether our efforts are delivering incremental value to our investors as compared to their many other available investment alternatives.

To establish relative performance yardsticks for the Vantage Fund, we provide comparative references to the S&P/TSX Composite Total Return Index ("TSX"). The TSX data is provided for general reference purposes and should not be construed as directly comparable to the content of the Vantage Fund. The Vantage Fund carries individual investment positions in greater concentrations than those of the TSX and is less diversified than the referenced index. Furthermore, the Vantage Fund is less liquid than the ETF securities that mimic the TSX. As a result, the Vantage Fund should be considered as carrying higher risk than the TSX.

In the third quarter the TSX was down 7.9% compared to the negative 10.7% total return for the Vantage Fund. Over the first three quarters of 2015, the TSX total return was a negative 7.0% compared to the negative 13.5% total return for the Vantage Fund. For the twelve month period ending September 30, 2015, the TSX total return was negative 8.4% compared to the negative 20.3% total return for the Vantage Fund. The index's total return includes dividends earned on the stocks in the index. The current yield on the TSX is 3.2%.



Three-year, five-year and since inception returns are commonly used performance measurement periods in the financial industry. The table below illustrates how the Vantage Fund has performed over these respective periods relative to the TSX. Vantage Fund returns do not assume the reinvestment of distributions while the total returns for the index assumes immediate reinvestment of all dividends back in to the index, allowing for compounding of those dividends when overall returns are positive for the period.

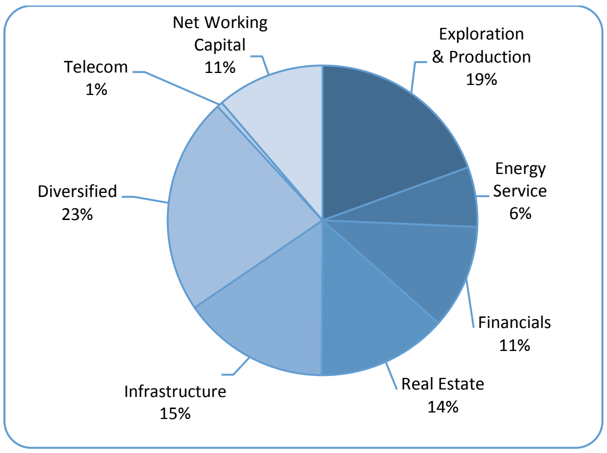
		3-month	6-month	YTD	1 Year	3 Year	5 Year	Inception
Palisade Vantage Fund		-10.7%	-13.5%	-13.5%	-20.3%	6.8%	40.5%	46.6%
	Compound					2.2%	7.0%	5.4%
S&P/TSX Composite Total Return		-7.9%	-9.4%	-7.0%	-8.4%	18.1%	24.4%	12.5%
	Compound					5.7%	4.5%	1.6%

The variations in relative performance can be explained by numerous factors including but not limited to: (i) the Vantage Fund's mandate being disproportionately weighted to fewer securities and in different weightings than that of the TSX Index, and (ii) active portfolio management decisions. We make no attempt to try to mimic the composition or the performance of any particular index, and there is no particular index which is directly comparable to the Vantage Fund's portfolio. We constantly apply judgment to overweight or underweight companies, industries and industry sub-sectors that we believe will outperform or underperform within varying investment timeframes, without regard to any "index-relative" considerations.

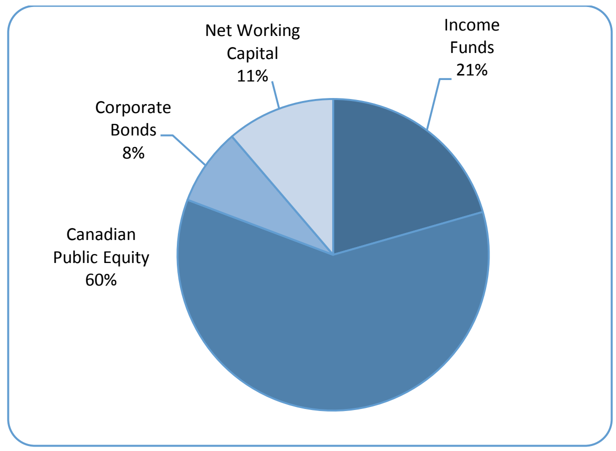
PORTFOLIO COMPOSITION

At quarter-end, after accounting for net subscriptions, the Vantage Fund had net cash and cash equivalents of approximately $8.0 million, representing 11.3% of the value of the Fund. This compares to the $4.3 million in net cash and cash equivalents held at the end of the second quarter, which at the time represented 5.3% of the net asset value of the Vantage Fund, and $2.1 million in net cash and cash equivalents held at the same time last year, which at the time represented 2.2% of the net asset value of the Vantage Fund. It is our intention to manage the Vantage Fund such that cash balances are only carried for short periods of time.

Vantage Fund Sector Allocation – September 30, 2015



Vantage Fund Asset Mix – September 30, 2015



CAPITAL STRUCTURE

During the quarter there were 171,238 new units purchased and 179,255 units redeemed for net redemptions of $73,516. At the end of the third quarter there were 7,741,932 units outstanding in the Vantage Fund compared to a total of 7,749,949 at the end of the previous quarter and 7,120,413 a year prior. Total assets under management ("AUM") in the Vantage Fund were $71.0 million at September 30, 2015, down from $80.8 million at the end of the previous quarter and down from $94.0 million as at September 30, 2014.

Vantage Fund Capital Structure	2008 - Q2/15	Q3/15	Cumulative
Purchased Units	8,087,398	171,238	8,258,636
Redeemed Units	337,449	179,255	516,704
Net New Units	7,749,949	(8,017)	7,741,932
Net New Investment	$79,353,693	($73,516)	$ 79,280,177

FOURTH QUARTER 2015 PERFORMANCE TO DATE

As at October 31, 2015, the Vantage Fund unit value was $9.35 up 2.4% from the end of the previous quarter, after factoring in the accrued distribution. For comparison purposes, over this same period, the TSX total return was up 2.0%. Total AUM in the Vantage Fund was $72.4 million and cash balances were $9.2 million or 12.7% of the value of the Fund.

Closing Remarks

The mandate of the Palisade Vantage Fund is to provide investors with a means of diversification with a focus on income, capital preservation and modest long-term growth. The Palisade Vantage Fund is a total return fund intended to complement the growth-oriented Palisade Capital Fund and Palisade Capital Limited Partnership. The Palisade Vantage Fund is invested in a portfolio of securities that pay regular dividends, interest or other forms of income to investors.

For the better part of the past few years, the Vantage Fund has been focusing on investment opportunities where the prospects of increased dividends are likely. This approach has meant that we are currently weighting the longer term capital appreciation component of the total return equation more heavily – we are more partial to investing in higher quality companies with lower initial yields and payout ratios knowing that the prospect for dividend growth and commensurate share price appreciation are more probable.

Throughout 2015, many of our diversified holdings have increased their dividends. However this incremental income has unfortunately been more than offset by the handful of large dividend cuts from our energy investments. Combined with our dividend growth strategy, this has meant that the Fund's 'payout ratio' (cash out versus cash in) has climbed to the point where we may have to adjust the Fund's distribution policy in the future. A change in our distribution policy does not alter our objectives in terms of the total return we look to deliver to investors over time.

PALISADE VANTAGE FUND
FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

Statement of Net Assets
As at September 30, 2015

		2015		2014
Assets:				
Investments at market value	**$**	**62,990,023**	$	91,981,374
Cash		**8,614,120**		3,132,122
Accounts receivable		**658,709**		413,939
Units issued receivable		**1,570,252**		-
Total assets	**$**	**73,833,104**	$	95,527,435
Liabilities:				
Accounts payable	**$**	**115,499**	$	171,795
Distribution payable		**1,081,932**		996,336
Units redeemed payable		**1,643,768**		326,287
Total liabilities	**$**	**2,841,199**	$	1,494,418
Net assets representing unitholders' equity	**$**	**70,991,905**	$	94,033,017
Number of units outstanding		**7,741,932**		7,120,413
Net asset value per unit	**$**	**9.17**	$	13.21

Statement of Changes in Net Assets
For the Quarters ended September 30

		2015		2014
Net assets, beginning of quarter	**$**	**80,841,458**	$	98,547,956
Proceeds received on fund units issued		**1,570,252**		599,997
Payments on fund units redeemed		**(1,643,768)**		(326,287)
Distribution of cash to unitholders		**(1,081,932)**		(996,336)
Net decrease in assets resulting from operations		**(8,694,105)**		(3,792,313)
Net assets, end of quarter	**$**	**70,991,905**	$	94,033,017

Statement of Investment Operations
For the Quarters ended September 30

		2015		2014
Investment income:				
Dividend	**$**	**660,350**	$	839,733
Interest		**124,658**		92,157
Other income		**224,575**		248,888
		1,009,583		1,180,778
Expenses:				
Operational		**71,574**		72,201
Management fee		**113,811**		150,422
		185,385		222,623
Income before the undernoted	**$**	**824,198**	$	958,155
Realized and unrealized gain (loss) from investments:				
Proceeds from sale of investments	**$**	**4,264,618**	$	5,974,288
Cost of investments, beginning of quarter		**70,027,718**		67,441,456
Cost of investments purchased		**234,290**		6,885,952
Cost of investments, end of quarter		**(65,782,106)**		(70,676,554)
Cost of investments sold		**4,479,902**		3,650,854
Realized (loss) gain from investments	**$**	**(215,284)**	$	2,323,434
Unrealized loss in market value of investments		**(9,303,019)**		(7,073,902)
Net realized and unrealized loss from investments	**$**	**(9,518,303)**	$	(4,750,468)
Net decrease in assets resulting from operations	**$**	**(8,694,105)**	$	(3,792,313)

Statement of Changes in Investments
For the Quarters ended September 30

	2015	2014
Investments at market value, beginning of quarter	**$ 76,538,654**	$ 95,820,178
Deduct:		
Unrealized increase in market value of investments, beginning of quarter	**(6,510,936)**	(28,378,722)
Investments at cost, beginning of quarter	**$ 70,027,718**	$ 67,441,456
Add cost of investments purchased	**234,290**	6,885,952
Deduct cost of investments sold	**(4,479,902)**	(3,650,854)
Investments at cost, end of quarter	**$ 65,782,106**	$ 70,676,554
(Deduct) add unrealized (decrease) increase in market value of investments	**(2,792,083)**	21,304,820
Investments at market value, end of quarter	**$ 62,990,023**	$ 91,981,374

Statement of Contributed Capital
As at September 30

	2015	2014
Contributed capital, beginning of quarter	**$ 77,065,155**	$ 69,950,946
Additional contributed capital	**1,570,252**	599,998
Redeemed contributed capital	**(1,697,085)**	(217,410)
Distribution of capital to unitholders	**(257,733)**	(38,182)
Contributed capital, end of quarter	**$ 76,680,589**	$ 70,295,352

Statement of Investment Portfolio
As at September 30, 2015

Security Description	Number of Shares	Weighted Average per Share*	Cost	Market Price*	Market Value*	Percentage of Total
BONDS						
Crew Energy Inc Sr Nts 8.375% 21Oct20	1,550,000	$ 97.00	$ 1,508,500	$ 98.19	$ 1,521,906	2.42%
Western Energy Svs Corp Sr Nts 7.875% 01Jan19	1,550,000	97.00	1,499,500	97.40	1,509,635	2.40%
Perpetual Energy Inc Sr Unsec Call	1,750,000	99.00	1,740,000	83.44	1,460,156	2.32%
Vermilion Energy Inc Sr Nts 6.5%	500,000	100.00	500,000	100.50	502,500	0.80%
Rogers Comm Inc 5.8% Sr Nts	400,000	100.00	399,068	102.80	411,200	0.65%
Savanna Energy Services Sr Unsec Notes	300,000	100.00	300,000	87.92	263,750	0.42%
ENERGY						
Prairie Sky Royalty Ltd	115,000	30.26	3,479,457	25.36	2,916,400	4.63%
ARC Resources Ltd	115,000	22.77	2,619,107	17.64	2,028,600	3.22%
Vermilion Energy Inc	45,000	42.81	1,926,302	42.97	1,933,650	3.07%
Mullen Group Ltd	100,000	19.52	1,951,938	17.85	1,785,000	2.83%
Freehold Royalties Ltd	140,000	19.73	2,762,622	10.82	1,514,800	2.40%
Crescent Point Energy Corp	90,000	36.58	3,292,161	15.27	1,374,300	2.18%
PHX Energy Services Corp	200,000	11.30	2,259,812	2.85	570,000	0.91%
Bonavista Energy Corp	180,000	11.21	2,018,165	3.07	552,600	0.88%
Canyon Services Group Inc	65,000	10.85	705,426	4.60	299,000	0.47%
INFRASTRUCTURE & UTILITIES						
Brookfield Infrastructure Partners LP	48,800	42.12	2,055,501	49.17	2,399,496	3.81%
Pembina Pipeline Corp	70,000	26.72	1,870,562	32.11	2,247,700	3.57%
Keyera Corp	60,000	19.33	1,159,778	36.75	2,205,000	3.50%
Gibson Energy Inc	125,000	23.45	2,931,590	16.73	2,091,250	3.32%
Inter Pipeline Fund	80,000	16.13	1,290,017	24.62	1,969,600	3.13%
REAL ESTATE						
Smart Real Estate Investment Trust	100,000	$ 21.39	$ 2,138,568	$ 30.58	$ 3,058,000	4.85%
Canadian Real Estate Investment Trust	60,000	45.46	2,727,465	40.97	2,458,200	3.90%
First Capital Realty Inc	125,000	15.86	1,982,160	18.70	2,337,500	3.71%
Northern Property REIT	90,000	25.55	2,299,535	19.73	1,775,700	2.82%
CANADIAN DIVERSIFIED						
Brookfield Renewable Energy Partnership LP	80,000	24.50	1,960,125	36.71	2,936,800	4.66%
Cineplex Inc	60,000	19.26	1,155,549	47.43	2,845,800	4.52%
Superior Plus Corp	258,000	8.83	2,277,908	10.99	2,835,420	4.50%
Royal Bank of Canada	37,000	53.96	1,996,416	73.79	2,730,230	4.33%
Alaris Royalty Corp	96,200	29.14	2,803,407	26.96	2,593,552	4.12%
Toronto Dominion Bank	49,000	41.55	2,036,141	52.60	2,577,400	4.09%
Chemtrade Logistics Income Fund	140,000	19.91	2,787,703	17.42	2,438,800	3.87%
Canadian Imperial Bank Of Commerce	25,000	93.26	2,331,512	95.88	2,397,000	3.81%
Capital Power Corp	55,000	26.04	1,432,147	18.88	1,038,400	1.65%
Parkland Fuel Corp	37,300	11.69	436,073	22.86	852,678	1.35%
Transalta Corp	90,000	12.75	1,147,891	6.20	558,000	0.89%
TOTAL PORTFOLIO VALUE			**$ 65,782,106**		**$ 62,990,023**	100.00%

*Investments in private companies are valued at the lower of cost or market value as estimated by the Manager. Private company investments are carried at cost until such time as there is (1) a subsequent financing, at which time the security shall be adjusted to reflect the subscription price of the most recent financing, or (2) a liquidity event, at which time the security will be carried at the market price. In addition, if in the opinion of the Manager, the valuation method as described above cannot be applied or the application of the valuation method does not accurately reflect the fair market value of the private company investments, the Manager may select a method for private company valuations which the Manager deems to be appropriate. The private company investments were valued using the most appropriate of a number of methodologies including the price of any recent financing, public market comparables where applicable, internal net asset value calculations where applicable, net assets, cash flow multiples and reserve based valuation for oil and gas related investments.

SUPPLEMENT: DEALING WITH ADVERSE MARKET CONDITIONS

2015 has been a challenging year for our Funds, largely driven by the underperformance of energy. This supplement explains some of the key factors that have made this year difficult, discusses how we have managed through this challenging period, and states how we will behave as we transition our business in the years ahead.

A CHALLENGING YEAR FOR ENERGY

A number of events have taken place over the past year that combined resulted in the perfect storm for energy investors:

1. Crude oil began a precipitous fall in early Q3 2014 and the decline accelerated as the market began to fret over slowing global demand (led by China) and growing supply largely due to the explosive growth of North American tight/shale oil. OPEC's decision to leave production levels unchanged at their November meeting further rattled the oil markets. The lingering supply/demand imbalance and record inventory levels have continued to weigh on oil prices, resulting in a sharply lower share prices for energy companies.
2. There has been an overarching "short Canada" trade on for some time. Initially it was largely related to the weak outlook for the commodity-backed Canadian dollar but it has extended to concern over the health of the Canadian housing market as well as consumer debt levels.
3. The unexpected NDP victory in the May 2015 Alberta elections added further uncertainty to the energy landscape in Alberta which led to a net capital outflow from the Canadian energy sector. The issue of a change in the royalty regime has created additional uncertainty in the market.
4. The global 'green' movement has gained momentum. In certain facets of the energy business this may be impacting the flow of capital. We believe that Canada is and will continue to be a leader when it comes to balancing the extraction of hydrocarbons and the environment, but it will come with an added cost.

In order to understand the specifics of today's situation and the impact to Palisade it is worth reviewing each of the Palisade Fund offerings. Currently, Palisade offers clients exposure to two fund mandates: (1) a diversified energy mandate (the Palisade Capital Limited Partnership and Palisade Capital Fund); and (2) a diversified total return fund (the Palisade Vantage Fund).

The diversified energy portfolios consist of six major components: (1) large capitalization, exploration and production ("E&P") and integrated companies; (2) intermediate size energy E&P companies; (3) energy infrastructure companies; (4) small capitalization E&P companies; (5) oilfield services companies, and (6) diversified investments, primarily in blue chip companies in a host of different industries.

Our diversified total return fund, the Palisade Vantage Fund, is invested in a broader spectrum of industries with energy making up a smaller – but not insignificant – component of the overall portfolio. The portfolio today consists of companies in a wide range of industries (some of which are also represented in the Palisade Capital Limited Partnership and Palisade Capital Fund); including financial services, real estate, utilities, energy infrastructure, E&P and oilfield services, renewable energy, power and other diversified businesses. Each of the investments in the fund pays a dividend, interest or distribution which the fund in turn passes through to investors.

Throughout the history of Palisade, different components of the portfolios have been emphasized or de-emphasized depending on our outlook for and the risks in the individual sub-sectors. In addition, the funds carry varying amounts of cash balances which today sit at the higher end of historic ranges.

At the end of Q3 2015 the unit values for our two energy funds, the Palisade Capital Limited Partnership ("PCLP") and Palisade Capital Fund ("PCF") were down 19.5% and 20.1% respectively for the year. The broad energy market as represented by the S&P/TSX Capped Energy Index was down 24.7% over this same period while the broader markets as represented by the S&P/TSX Composite Total Return Index (including dividends and the reinvestment of such dividends) was down 7.0%. At the end of the third quarter, the Palisade Vantage Fund ("PVF") was down 13.5%[1]. Energy was the primary drag on performance across all our Funds.

In Palisade Capital's seventeen and a half years we have experienced a number of difficult periods, each one unique in the cause, effects, magnitude and duration. For a variety of reasons, the current downturn in energy has been one of the deepest and most complex that we have experienced in our careers. We have lived through challenging periods; in previous periods they all reversed and in many cases there were large share price increases off the bottom. We believe that we are in the bottoming phase, the length of which we cannot know for certain. Patience is important as this bear market runs its course.

OUR APPROACH AND ACTIONS

In the context of our portfolios, we take comfort from a number of elements in particular: (1) our core holdings are entities that have been screened to meet all of the criteria we feel are essential for survivability through down cycles; (2) we believe that these companies will be the 'go-to' names when sentiment and capital return to the sector; (3) we are not overly exposed to any one investment; (4) our energy portfolios are invested across a broad spectrum of the energy sector; and (5) we maintain an element of diversifying investments and cash to help smooth volatility.

So, how do we deal with such market uncertainty at Palisade?

1. We take a long term view – when putting capital to work we think of the decision as a long term investment in a company with premium assets, a team we believe will deliver in a segment of the industry we feel has attractive upside;
2. We exercise patience and take comfort that our core investments are resilient;
3. We manage our cash balances and the various component weightings of the portfolios in the context of the market and the risks – we tend to use periods of weakness to strengthen our hand and periods of strength to harvest gains;
4. We remain nimble and consistent with our approach – we use a disciplined set of investment criteria for each investment which we believe improves the odds of success in the long term; and
5. We don't put our business at risk with aggressive investment practices or being too concentrated in any single investment.

With these tenets in mind, here is a summary of the major actions we have taken in the portfolios in 2014 and so far in 2015:

1. After strong results in 2013 and the first quarter of 2014, we elected to take some profits in our portfolios, raising our cash balances in the process. Consistent with our guiding principle to be responsible and respectful to our clients, we elected to make special distributions of $1,000 per unit from the PCLP and $1,150 per unit from the PCF. At the time, these distributions represented approximately 25% of the capital in each fund. This approach is unconventional in the fund management business but we think it is important to do from time to time as it affords each investor the opportunity to review their asset allocation in a tax efficient manner. Some investors reinvested their distribution, some put their distribution into our PVF, while others decided not to reinvest their distribution.
2. As a result of new subscriptions as well as some further selling into strength, we entered the third quarter of 2014 with approximately 14% cash in the PCLP and PCF; high by our historical standards and levels we would consider to be defensive. Due to its mandate, the PVF was more fully invested, albeit in a more diversified

[1] We provide comparative references to the above indices to establish relative performance yardsticks for each of the Palisade Funds. The data is provided for general reference purposes and should not be construed as directly comparable to the content of each Fund.

portfolio with less energy concentration. As the energy market began to roll over we remained patient and began trickling some capital back into a few of our top ideas in the fall, leaving the PCLP and PCF with cash balances of approximately 10% at year-end. With the benefit of hindsight we were too early in redeploying this capital.

3. We entered 2015 with a view to moving towards a more "fully invested" position over a six month timeframe believing that the energy sector was bottoming; our cash balances in the PCLP and PCF bottomed at 6% to 7%. However, we altered course in May when the NDP were voted into power in the Alberta elections and crude oil surpluses remained more resilient than we anticipated. We reduced our exposure to certain Alberta-based companies that we thought were most at risk to potential changes in government policies. These sales proved to be the right decision and by mid-year 2015 we had raised our cash balances back to 18% and 17% in the PCLP and PCF respectively. To a lesser degree we took similar actions in the Vantage Fund. This strategy mitigated some losses, as the energy sector softened considerably from the end of June, with the TSX Capped Energy Index sliding 15% between then and November 20th.
4. In August, facing the uncertainty and risks related to the federal election and global energy markets; we decided to make another special distribution of approximately 15% of the capital of each fund in the PCLP and PCF ($325 per unit and $375 per unit respectively). Although we believed then that the energy markets were in a long-term bottoming process this distribution was designed to further provide our clients with a tax efficient way to manage their energy weightings. We felt the distribution would allow investors the ability to withstand a protracted downturn with their remaining investment, an ability that we think is important during this part of the cycle.
5. Throughout this period, we have been actively focused on high-grading the portfolios by doing some capital rotations, making certain that we own what we consider to be the best quality companies in their respective sub-sectors and that the individual sub-sector weights are appropriate given industry fundamentals. Until fundamentals start to shift and the risks come back in line with the commensurate potential reward, we anticipate maintaining slightly higher than normal cash balances across our funds.

We have acted and will continue to act as conditions change through this very challenging period for energy.

LOOKING FORWARD

Our belief is that most of the damage from this commodity price downturn is behind us. However, we also have to be prepared for a longer and more volatile troughing period, one lasting perhaps another few quarters. The recent downturn has been almost a year and a half in duration, a long period by historical standards. As with all downturns, there are self-correcting factors that take hold in energy markets: capital spending cuts lead to tighter supply/demand fundamentals, mergers and acquisition activity pick up often eliminating barrels and spending from the system, and investors begin to fear missing the turn and want back in when liquidity is at its lowest. All of these factors ultimately exert upward pressure on stock prices.

Capital has been withdrawn from the energy system in record amounts and ultimately this will bring the supply/demand equation back in balance. According to one industry source, 2016 capital expenditures from the sixty largest U.S. companies will be down over 20% from 2015 levels and down 50% from 2014 levels, from $144 billion to $70 billion.

If history is any guide, the bounce off the bottom could be dramatic. However, a catalyst of sorts will be required to generate renewed enthusiasm for the sector. This could take the form of (1) accelerating North American production declines; (2) an event – weather or otherwise – that causes crude oil and/or natural gas inventories to drop faster than expected; (3) a positive final investment decision ("FID") on one or more west coast LNG projects; (4) geopolitically-triggered supply disruptions; (5) a change in policy from key OPEC producers; or (6) any number of other reasons or events that cannot be accurately predicted by anyone.

As we have stated previously, due to our long-term focus tough periods don't deter us, if anything they make us work harder. Our experience tells us that the only way to generate significant returns in an investment portfolio through the cycles is to own high-quality investments that are allowed appropriate time frames within which to appreciate.

The Future for Palisade

In order to be successful at what we do, we are required to run our business in a way that best suits our skills and investment outlook. To quote Warren Buffett: "Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years". As with Buffett, we take a long-term approach with the companies we choose to invest in. We will occasionally trade around peaks and troughs through cycles but we are not interested in dramatically turning over our portfolios. We know there will be periods when the market will not look at certain investments favourably. We also know that at times our investee companies are going to face challenging industry conditions. In aggregate though we believe we have chosen our investments carefully. We are prepared to ride through periods of negative market sentiment because overall we believe we own good companies run by aligned and experienced teams.

As we look to the future, the purpose of our business remains to responsibly grow the per unit values of our Funds. Our objective is to deliver long-term compounded growth rates that will lead to acceptable increases in our clients' wealth over time. What we care most about is creating value for our clients in a responsible manner.

As we have communicated in recent supplements and at our AGM in the spring, Palisade has been going through a transition in terms of its key people. Importantly, while individual roles and leadership are changing, our cornerstone and guiding principles are not. We will continue to adhere to our steadfast core principles: (1) our clients' interests will always come first; (2) we will maintain our strong "partnership" relationship (alignment of interests) with our clients; and (3) we will continue to provide our clients with choice. The transition steps we are undertaking are entirely guided by such principles.

For personal reasons, certain members of Palisade's senior management have indicated that they plan to dial back their work time commitment. Day-to-day management responsibility has been transitioning over the past several years and is now largely complete. Continuity of top-tier investment professionals has always been a management priority and the April 2015 addition of John McAleer (as a sub-advisor initially for regulatory reasons, and ultimately as a partner in our business) is another example of this priority. Considerable attention has been dedicated to "get it right" with client interests at the forefront. We are extremely pleased by the quality of the individuals that have been attracted to Palisade and this gives us strong confidence in our future. All the pieces are now in place for a seamless transition.

With such transition in mind, we thought it would be useful to refer back to our Q3 2005 supplement entitled "The Plan for Palisade", written 10 years ago to the quarter. While the industry fundamentals were different then, what is important is that the key elements of our business have not changed over that entire timeframe. ***We assure you that they will remain the same for the next decade.***

In that report we stated that "clarity of purpose is of paramount importance to us and that we think there is tremendous merit in simplicity". This, among other reasons, is a driver for the restructuring of the PCLP and PCF. In that report we also highlighted four key strategic imperatives for our business that are as relevant today as they were then. What we have accomplished to date and intend to do in the future can be captured in those strategic imperatives, which are outlined below:

1. Develop and manage funds that we are interested in owning ourselves – serving our investors' needs really means running a business that makes sense for our own capital and then asking outside investors whether our Funds suit their specific needs (the goal is to remain large and aligned investors in each of our Funds);

2. Run a business that we can be proud of and that offers unique advantages to our clients;
3. Make the best investment decisions possible in our Funds in order to deliver on our primary purpose which is to responsibly grow the per unit values of our Funds; and
4. Strengthen our company, for the benefit of our unitholders, by continually addressing our challenges and opportunities.

ACTION PLAN

We conclude with some specific action items that, while different today than they were 10 years ago, are derived from the above imperatives.

1. Restructure the PCLP and PCF – this move will result in one fund instead of two, it will allow us to be more efficient from an operations perspective, its units will be more widely accepted among investment dealers, and it will reduce costs associated with running two pools;
2. Outsource fund administration for this new fund – this will improve client reporting capabilities, streamline our closing procedures, and will allow for an automatic Dividend Reinvestment Plan ("DRIP"); our plan is to migrate the PVF to this model later in 2016;
3. Visit with every Palisade client in the coming months to review our fund restructuring and management succession plans;
4. Work daily on our investment capabilities with a focus on our funds – reviewing existing investments, monitoring portfolio risk and looking for new opportunities;
5. Continue to work on effective communication – keeping our clients well-informed on developments in their investment holdings is of paramount importance; and
6. Stay focused on what has made us successful over 17 years – keeping our Funds manageable, emphasizing personal relationships with our clients, preserving our office chemistry, investing with discipline, and always operating our business prudently through the recognition and mitigation of relevant risks.

Specifics with respect to our fund restructuring will be forthcoming in the next few weeks and we intend to follow up with each investor personally thereafter. We look forward to reporting to you in the future.

APPENDICES

APPENDIX A

Business Tenets

1. Palisade Capital views its activities as "enterprising". This term is taken from the investment classic "*The Intelligent Investor*" and is intended to stand in contrast to the term "conservative". We put our time and effort into attempting to identify opportunities that will: (i) provide us with above average long-term rates of return and, (ii) reduce the risk of loss of capital. We take measured steps toward risk, recognizing that our funds are not risk-free.

2. Simplicity and focus are achieved by managing the investment capital using pools rather than on a segregated account basis for each client. This allows us to focus the majority of our efforts on the investment management process.

3. Our focus is on absolute returns and our compensation is largely tied to the growth in the "per unit" value of the individual portfolios.

   (i) In the Palisade Capital Fund and Palisade Capital Limited Partnership, we use a "high-water mark" in calculating our performance fees meaning that any profit incentive is only calculated from a unit value above that level at which a previous profit incentive was paid.

   (ii) In the Palisade Vantage Fund, we do not charge a performance fee as the primary objectives of this fund are regular and stable income, capital preservation, and modest long-term capital appreciation.

4. Due to the nature of our business, we cannot manage our Funds for consistent and predictable results. We feel that short-term performance measures have little meaning in assessing the value of Palisade Capital's efforts. The Palisade Funds are most appropriate for investors with a long-term investment horizon because time smooths near-term market volatility. We believe our approach best suits our skills and give us the best opportunity for longer-term above average results.

5. We do not in any way try to duplicate market indices. As a result our performance may vary, at times substantially, from market indices. Our goal in our growth funds is to outperform the broad markets in the longer-term. In our diversified income fund, the primary goal is to preserve - and modestly grow - the capital base while generating a regular income stream.

Investment Tenets

1. We approach each investment opportunity with a disciplined set of investment criteria, which have been established over years of experience and study and have their root in fundamental analysis.

2. The stock market is often an efficient handicapper of talent. One of our investment parameters is to own companies with the best management teams. Assessing management strength involves some subjectivity and risk of error, but we believe it is essential to our investment success. Many of our best investments carry a justified premium for the quality of their management, opportunity base, and track record.

3. In our Palisade Capital Fund and Palisade Capital Limited Partnership, the portfolios consist of a combination of growth companies and more stable dividend paying companies. Each component of the portfolio will contribute to the performance of the portfolios at different times during an investment cycle. Investor sentiment for risk impacts the value of the holdings in different ways. Our approach diversifies both our opportunity base and our risk profile.

4. Our Palisade Vantage Fund was established to complement the growth-oriented Palisade Capital Fund and Palisade Capital Limited Partnership. In the Palisade Vantage Fund, the assets are invested in a diversified portfolio of mid- and large-cap companies, income trusts, and other securities with a focus on income, capital preservation, and modest long-term growth.

5. Some degree of good fortune will determine the overall success of each of our fund offerings. To quote Warren Buffett, investment results are a function of work, intellect and “the amplitudes of stock market folly” that prevail during an investment time horizon. The job of equity investing is one of assessing probabilities and taking a measured amount of risk. Certainty is not realistic and acknowledging this dictates the investment strategy followed.

6. We are sensitive to extremes in public sentiment. We view extreme investor emotion as a tool to time, in a contrarian fashion, our investment moves.

7. Market volatility is a necessary element of our success. We need down periods in which to strengthen our hand and up periods in which to harvest gains. Often time, difficult markets are where our best opportunities are found and we position the portfolios with this in mind.

Appendix B

Corporate Profile

Palisade Capital Management Ltd. ("Palisade Capital"), established in 1998, is an independent investment firm focused on meeting the investment management needs of our clients.

Palisade Capital is fully independent and is wholly owned by its management. Alignment of interests with those of our clients is a cornerstone of our business model. Management and employees are collectively the largest investors across the Palisade Funds. Thorough communication with our investors is an important component of our business and we consider our investors and investee companies as partners in our business.

Palisade Capital is by design a small, personal, focused and enterprising investment management company. This structure allows us to pursue investment strategies that set us apart and enables us to act in an efficient and timely manner when making investment decisions. We believe that superior long-term investment performance is grounded in disciplined security selection.

Through the Palisade Funds we offer investors access to actively managed and diversified portfolios with exposure to the full spectrum of the Canadian energy exploration and production, oilfield services and energy infrastructure sectors as well as to non-energy total return oriented investments.

What sets us apart is our firm belief that integrity, alignment of interests, long-term investment performance, effective communication and independence are the foundation of a successful asset management firm.

Investment Policy

Palisade Capital's investment policy is built around identifying, evaluating and investing in a diversified portfolio of companies that will provide investors with a combination of long-term capital appreciation as well as predictable and regular dividends and distributions. We apply to each investment opportunity a disciplined set of investment criteria that have their root in fundamental analysis.

Our growth funds, the Palisade Capital Fund and Palisade Capital Limited Partnership, are weighted in certain industry groups, most notably Canadian energy exploration and development, oilfield service and infrastructure, with modest diversification used for risk management purposes.

Our diversified total return fund, the Palisade Vantage Fund, is invested across a broader spectrum of industries and asset classes, and only in securities that pay a regular dividend, interest or distribution.

We do not use any leverage in our Funds and hold varying levels of cash balances to take advantage of investment opportunities that present themselves.

Investment decisions are made by the portfolio managers. Palisade Capital also has a diverse and experienced advisory board whose function is to provide broad fiduciary and strategic direction.

Mission Statement and Objective

Our mission, with all of our product offerings is to identify, evaluate and invest in those opportunities that will provide our investors with attractive returns over the long-term while focusing on the specific fund objectives and the four pillars of investment management: risk, return, time value of money, and cost.

With our growth funds, the *Palisade Capital Fund* and the *Palisade Capital Limited Partnership*, the objective is to build and protect the capital of our investors with a focus on generating attractive absolute returns over the long-term while managing risk appropriately.

With our diversified income fund, the *Palisade Vantage Fund*, the objective is to provide investors with a means of diversification – with a focus on capital preservation, income, and modest long-term growth.

Corporate Information

Contact Details

Head Office	Suite 3420, 400 – 3rd Avenue SW	Tel:	(403) 531-2671
	Calgary, Alberta, Canada	Fax:	(403) 508-4945
	T2P 4H2	Email:	info@palisade.ca
		Website:	www.palisade.ca

Investment Team

Matt R. Aufricht	Direct:	(403) 531-2670
	Email:	matt@palisade.ca
Bruce A. Fiell	Direct:	(403) 531-2677
	Email:	bruce@palisade.ca
Matthew D. Joss, CFA	Direct:	(403) 531-2675
	Email:	matthew@palisade.ca
Carli C. Tyson, CFA	Direct:	(403) 531-2674
	Email:	carli@palisade.ca

Sub-Advisor

Andylan Capital Strategies Ltd.	Direct:	(403) 215-0857
(John H. McAleer)	Email:	jmcaleer@andylan.ca

Consultants

Andrew V. Boland	Direct:	(403) 531-2676
	Email:	andrew@palisade.ca
Robert (Bob) M. Wilkinson	Direct:	(403) 531-2672
	Email:	bob@palisade.ca

Operations & Administration

Marni A. Friesen	Direct:	(403) 531-2673
	Email:	marni@palisade.ca
Denise D. MacINNES	Direct:	(403) 531-2671
	Email:	denise@palisade.ca

Advisory Board

Donald F. Archibald	Kevin J. Hewitt	Martin P. Molyneaux
Thomas W. Ebbern	Jeffrey A. Hotchkiss	Robert J. Murdoch
Gregory S. Fletcher	H. Douglas Hunter	Kenneth J. Warren

Fund Manager

Palisade Capital Management Ltd.

Palisade Capital Fund
Palisade Vantage Fund

General Partners

Palisade Capital Holdings Ltd.

Palisade Capital Limited Partnership

Trustee

Alliance Trust Company, Calgary

Palisade Vantage Fund

Auditors

Deloitte LLP, Calgary

Legal Counsel

Norton Rose Fulbright Canada LLP, Calgary

Custodian

RBC Investor & Treasury Services, Toronto

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Palisade Capital is a member of the Ombudsman for Banking Services and Investments ("OBSI")
https://www.obsi.ca/