



WARATAH

Second Quarter 2018 Waratah Investor Letter

Dear Investor,

Second Quarter Results

	Q2 2018	Year-to- Date Return	Average Annual Return	Annualized Volatility
Waratah One	-1.0%	1.0%	6.3%	3.5%
Waratah One X	-1.4%	1.1%	8.9%	4.9%
Waratah Performance	1.7%	5.4%	11.7%	7.5%
Waratah Income	1.2%	2.3%	7.0%	5.9%
Waratah Energy	-0.6%	-0.1%	6.8%	5.8%
Waratah Special Opportunities†	2.5%	-2.7%	10.8%	10.4%

† returns are based on Class A fee structure

Q2 2018 was a strong quarter for North American equities as earnings momentum and consumer confidence won out over global trade fears. The quarter also saw continued strength in technology stocks with the NASDAQ Composite up 6.6% compared to 5.1% for the 50/50 weighting of the S&P 500 and the S&P/TSX Composite index. After sharp sell offs in both February and March, the NASDAQ Composite is now up 9.4% year-to-date outperforming both the S&P 500 (+2.7%) and the S&P/TSX Composite (+2.0%). Market breadth continues to narrow giving us some pause on the market's ability to continue rising. As we've discussed in previous client communications we see significant speculative excess in the market. Making money "seems too easy" as all you have to do is buy Amazon, Netflix, Shopify. Overall, we are positioned defensively with tight factor exposures in our Waratah One and Waratah One X funds and put options to provide downside protection in Waratah One, Waratah One X and Waratah Performance.

To continue reading please [contact us](#). We look forward to sharing our client materials with you.