



WARATAH

First Quarter 2019 Waratah Investor Letter

Dear Investor,

| | Q1 2019 | Average Annual Return | Annualized Volatility |
|----------------------------|---------|-----------------------|-----------------------|
| Waratah One | 2.5% | 6.0% | 3.4% |
| Waratah One X | 3.2% | 8.4% | 4.8% |
| Waratah Performance | 8.1% | 11.2% | 7.5% |
| Waratah Income | 9.0% | 7.0% | 6.3% |

Waratah One, Waratah One X and Performance Fund Commentary

The first quarter of 2019 saw a broad based recovery in equities. During the quarter, Waratah One, Waratah One X and Waratah Performance appreciated 2.5%, 3.2% and 8.1%, respectively. The S&P500 and S&P/TSX Composite appreciated 13.6% and 13.3%, respectively.

Despite a fairly consistent stream of negative economic data, equity markets have exhibited very strong upward trends. Most commentators attribute this strength to the capitulation of the Federal Reserve, under Jerome Powell. Powell's 180 degree turn effectively signaled to the equity markets that he stands ready to lower interest rates and expand quantitative easing to keep the US economic expansion going at all costs. Our concern is that no one knows what the costs of keeping interest rates at artificially low levels for so long will be in the long run. Investors remain hopeful that a trade deal with China will be reached and the favourable conclusion of the Mueller investigation also bolstered confidence.

During the quarter we continued to use put options to protect against the very real possibility of the markets re-testing the December lows. Fortunately this did not happen but we take comfort knowing that our portfolios were in an excellent