



WARATAH

### Third Quarter 2019 Waratah Investor Letter

Dear Investor,

	Q3 2019	YTD 2019	Average Annual	Annualized Volatility
Waratah One	-0.6%	2.9%	5.3%	3.5%
Waratah One X	-0.8%	3.7%	7.5%	4.9%
Waratah Performance	-0.3%	9.6%	10.3%	7.4%
Waratah Income	4.4%	15.1%	7.2%	6.2%
Waratah AESG	4.4%	14.6%	14.3%*	n/a <sup>1</sup>
Waratah Special Opportunities	-1.5%	13.3%	8.1%	10.6%

\*since inception return

<sup>1</sup>target volatility lower than the S&P500/TSX Composite

#### Waratah One, One X and Performance Fund

Commentary by Brad Dunkley

Equity markets have been volatile while trading in a tight range over the last quarter. This has been unsatisfying to say the least, for both bulls and bears. Our use of put options throughout the quarter was a meaningful detractor from our returns as markets quickly bounced after every drawdown. The resilience of this eleven year equity bull market is astonishing. This market reminds me of the analogy of the frog in a pot of boiling water. Even though the frog has the ability to jump out of the pot at any time, it fails to do so because it doesn't notice the temperature rising in such small increments. The long list of things being ignored by the markets keeps getting longer. We can include the ongoing impeachment investigation of the U.S. President, the U.S. withdrawal from Syria and the subsequent Turkish offensive against the Kurds. Oil tankers keep getting shot at in the Persian Gulf and 5% of the world's entire oil supply was temporarily removed when the largest oil production facility in the world was attacked by a swarm of cruise missiles. Economic indicators, such as the closely

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