



July 3, 2018

Dear Investors,

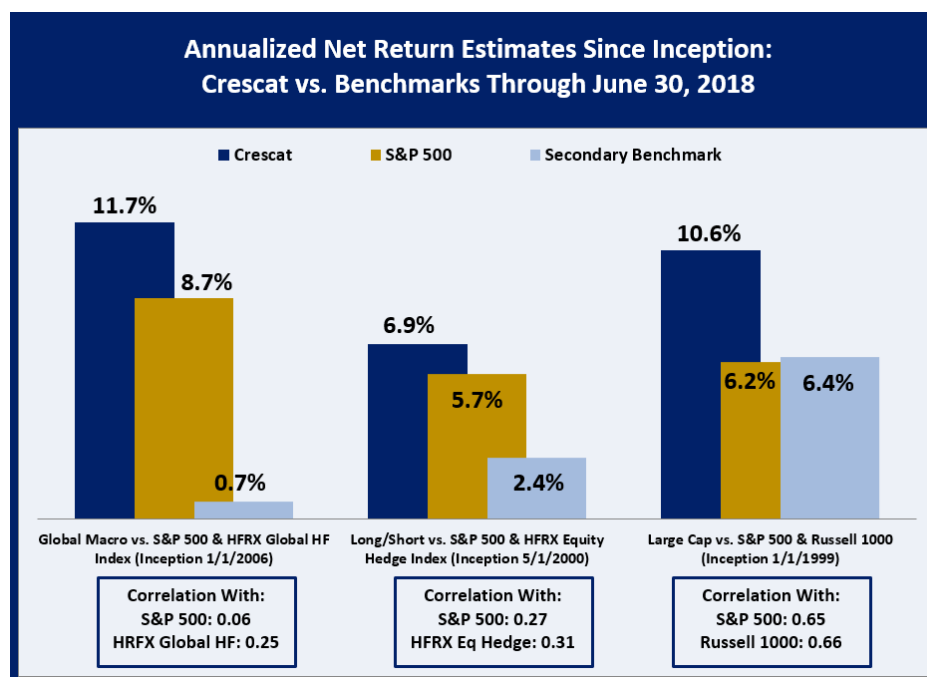
In our last quarterly letter, we showed five macro imbalances that were setting the Chinese yuan up for a substantial and imminent devaluation. Since then, our yuan devaluation theme has indeed started to play out again, like what began in 2015. Crescat's hedge funds profited nicely in June, particularly from our two China themes. See the profit attribution table below for Crescat Global Macro Fund for June.

Crescat Global Macro Fund Net Performance Estimates by Theme June 2018 (Basis Points)	
Asian Contagion	133
Aussie Debt Crisis	-36
Canadian Housing Bubble	10
China Credit Bust	300
European Disunion	-3
Genomic Revolution	10
Global Fiat Currency Debasement	-62
Maturing Expansion	-51
New Oil and Gas Resources	-6
Opportunistic	-57
Peak Deflation	-93
Security and Defense	21
Yuan Devaluation	623
<b>Total (Net Estimate)</b>	<b>790</b>

We strongly believe there is much more to play out with respect to China and all of our themes. Since 2008, China has contributed to over 50% of global GDP growth while its on-balance-sheet banking assets have quadrupled to over USD 38 trillion dollars, near 300% of its nominal GDP. This makes China arguably the biggest global credit bubble of all time. The bubble started to unwind in 2015; it has now resumed. Our extensive analysis of warning signs on the history of credit and currency crises makes us believe that a Minsky moment for China and its implications for the global economy are now upon us.

Over the long term, Crescat has delivered strong absolute and risk-adjusted net performance with low correlation compared to both passive benchmarks and other active managers. We have delivered this across all Crescat strategies. Macro themes are market inefficiencies that Crescat has proven its ability to exploit over multiple business cycles. Capitalizing on global macro themes is Crescat's niche, and the results can be seen in the chart and table of our net performance below.

Net Return Estimates through 6/30/2018					
Crescat Strategy/Benchmark (Inception Date)	June 2018	Q2 2018	2018 YTD	Annualized Since Inception	Cumulative Since Inception
<b>Global Macro Hedge Fund</b> (1/2006)	<b>7.9%</b>	<b>9.7%</b>	<b>13.4%</b>	<b>11.7%</b>	<b>296.6%</b>
-Benchmark: HFRX Global Hedge Fund Index	-0.2%	0.2%	0.8%	0.7%	8.4%
<b>Long/Short Hedge Fund</b> (5/2000)	<b>3.7%</b>	<b>3.3%</b>	<b>9.7%</b>	<b>6.9%</b>	<b>233.5%</b>
-Benchmark: HFRX Equity Hedge Index	-0.7%	-0.9%	0.2%	2.4%	55.0%
<b>Large Cap SMA</b> (1/1999)	<b>0.5%</b>	<b>2.0%</b>	<b>3.6%</b>	<b>10.6%</b>	<b>615.3%</b>
-Benchmark: S&P 500 Index	0.6%	3.4%	2.6%	6.2%	220.4%



We have many bearish themes in the portfolios today given where we believe we are in the overriding global macroeconomic cycle and with US equity valuations at truly record levels. It's all happening at a time when the Federal Reserve, the arbiter of the global reserve currency, is tightening credit late in an extended US business cycle.

At Crescat, we apply value and quant investing principles to develop and express macro themes across all of our strategies. We believe there is substantial value to be extracted from our investment process in the years to come.

Sincerely,

Kevin C. Smith, CFA  
Chief Investment Officer

**Tavi Costa**  
**Emerging Markets Analyst**

**Nils Jenson**  
**Energy and Materials Analyst**

**© 2018 Crescat Capital LLC**

Case studies are included for informational purposes only and are provided as a general overview of our general investment process, and not as indicative of any investment experience. There is no guarantee that the case studies discussed here are completely representative of our strategies or of the entirety of our investments, and we reserve the right to use or modify some or all of the methodologies mentioned herein. Only accredited investors and qualified clients will be admitted as limited partners to a Crescat fund. For natural persons, investors must meet SEC requirements including minimum annual income or net worth thresholds. Crescat funds are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933 and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act. The SEC has not passed upon the merits of or given its approval to the Crescat funds, the terms of the offering, or the accuracy or completeness of any offering materials. A registration statement has not been filed for any Crescat fund with the SEC. Limited partner interests in the Crescat funds are subject to legal restrictions on transfer and resale. Investors should not assume they will be able to resell their securities. Investing in securities involves risk. Investors should be able to bear the loss of their investment. Investments in the Crescat funds are not subject to the protections of the Investment Company Act of 1940. Performance data represents past performance, and past performance does not guarantee future results. Performance data is subject to revision following each monthly reconciliation and annual audit. Current performance may be lower or higher than the performance data presented. Crescat is not required by law to follow any standard methodology when calculating and representing performance data. The performance of Crescat funds may not be directly comparable to the performance of other private or registered funds. Investors may obtain the most current performance data and private offering memorandum for a Crescat fund by contacting Linda Smith at (303) 271-9997 or by sending a request via email to [lsmith@crescat.net](mailto:lsmith@crescat.net). See the private offering memorandum for each Crescat fund for complete information and risk factors.