

# CRESCAT CAPITAL®

THE VALUE OF GLOBAL MACRO INVESTING

# Mission

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Crescat Capital is a global macro asset management firm. Our mission is to grow and protect wealth over the long term. Our goal is industry leading absolute and risk-adjusted returns over complete business cycles with low correlation to common benchmarks.





# Investment Philosophy

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Crescat's edge is our ability to develop and profit from the themes that arise from our proprietary, value-driven equity and macro models. By discerning the richer macro narratives behind the securities recommended by our models, we believe we have an advantage over pure quant managers. At the same time, by deploying models, we believe we have a leg up on traditional value managers.



# History of Successful Themes

Crescat's investment process has led us to successfully capitalize on many major economic themes

## 2006-2008

The U.S. Housing & Mortgage Bust

## 2007-2008

Oil Bull Market (Peak Oil)

## 2007-2008

Global Financial Crisis

## 2006-2010

Precious Metals Bull Market

## 2014

Oil Price Collapse

## 2014-2015

Biotech Run-up & Bust

## 2014-2017

Rise of Artificial Intelligence

## 2014-2019

Yuan Devaluation

## 2015

China Credit Bust

## 2016-2018

Demand for Cybersecurity

## 2018

Equity & Credit Market Downturn

Emerging Market Contagion

## 2020

Global Economic Recession

March Equity Dislocation

New Precious Metals Bull Market

Genomic Revolution

US Treasury vs. Bund Spread



# Crescat's Top Three Global Macro Themes

Our three highest-conviction macro positions today are all expressed in our Global Macro Fund. We consider the combination of the three to be the Macro Trade of the Century.

## Early Cycle Precious Metals Bull Market

The forgotten asset class of the last economic cycle, precious metals face supply/demand imbalances that present strong growth catalysts for gold and silver mining. Climbing out of a global recession with record debt necessitates deficit spending, fiat money printing, negative and declining real interest rates, the perfect macro setup. Crescat is making activist investments in exploration focused firms with high probability large, high-grade gold and silver discoveries. We have identified select opportunities to deploy capital and unlock value seeking to transform the premier global small explorers into mid and large cap miners.

## Record Overvalued US Equity Market

Short positions in select hyper-overvalued US equities remain key tactical holdings in Crescat's Global Macro and Long/Short funds. A US equity bear market is poised to reignite from historic high valuations with rising permanent unemployment, declining real GDP, and abysmal US profit growth outlook. Crescat's hedge funds have a substantial gross short position of US and global equities identified by our models and associated with our themes. Crescat's long-only SMA strategies are countercyclically and defensively positioned.

## China Currency Bust

China economic rise has been achieved via an epic state-sponsored credit bubble. The country's banking system purports to own 46 trillion USD equivalent of assets, more than 4x the bank asset to GDP ratio in the US at the peak of the housing bubble that preceded the 2008 Global Financial Crisis. US trade disengagement will likely catalyze China's massive domestic non-performing loan problem leading to fiat debt monetization, hyperinflation, and currency crisis, the fate of centrally planned economies throughout history. Crescat Global Macro Fund is long USD call options relative to RMB and HKD.

# Performance

NET RETURN ESTIMATES THROUGH 12/31/2020

Crescat's team and investment process has delivered strong long-term outperformance over multiple business cycles. We apply our investment process across a mix of asset classes and strategies to assist with each client's unique needs and objectives.

CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	DECEMBER	2020	ANNUALIZED SINCE INCEPTION	CUMULATIVE SINCE INCEPTION
<b>Global Macro Hedge Fund</b> (Jan. 1, 2006)	<b>24.5%</b>	<b>63.7%</b>	<b>13.1%</b>	<b>530.8%</b>
Benchmark: HFRX Global Hedge Fund Index	2.4%	6.8%	1.1%	18.2%
<b>Long/Short Hedge Fund</b> (May 1, 2000)	<b>24.6%</b>	<b>64.8%</b>	<b>8.5%</b>	<b>439.4%</b>
Benchmark: HFRX Equity Hedge Index	3.6%	4.6%	2.4%	61.8%
<b>Precious Metals Hedge Fund</b> (August 1, 2020)	<b>34.9%</b>	<b>155.9%</b>	<b>-</b>	<b>155.9%</b>
Benchmark: Philadelphia Gold and Silver Index*	7.2%	-6.3%	-	-6.3%
<b>Large Cap SMA</b> (Jan. 1, 1999)	<b>2.8%</b>	<b>11.7%</b>	<b>10.5%</b>	<b>797.2%</b>
Benchmark: S&P 500 Index	3.8%	18.4%	7.2%	364.6%
<b>Precious Metals SMA</b> (June 1, 2019)	<b>19.7%</b>	<b>73.7%</b>	<b>91.5%</b>	<b>179.6%</b>
Benchmark: Philadelphia Gold and Silver Index	7.2%	36.0%	59.1%	108.7%

\*Benchmark performance since August 1, 2020 to coincide with strategy inception date.



# Term Sheet

## Global Macro and Precious Metals Funds

Investor Class	Minimum Investment	Annual Management Fee	Annual Incentive Allocation w/ High Water Mark
Main Class	\$250,000	2%	20%
Institutional Class 2	\$1,000,000	1.5%	15%
Institutional Class 1	\$5,000,000	1.25%	12.5%

A 3-Year partial lock up applies to all classes of Crescat's Global Macro and Precious Metals funds.  
With 30-day notice, LPs may redeem up to 25% of capital account any month after year 1, up to another 25% after year 2, and all after year 3.

## Long/Short Fund

Main Class	\$100,000	1.5%	20%
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A 1-Year Soft Lock Up applies to the Crescat Long/Short Fund.  
LPs have monthly liquidity with a 30-day notice but a 2% redemption fee in the 1st year.



# Crescat's Competitive Advantage

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## Proven Track Record

Crescat has generated high alpha and absolute return over multiple business cycles with its Global Macro, Long/Short, and Large Cap strategies. Crescat's hedge funds have delivered strong performance in bear markets. Crescat's newest strategies, the Precious Metals SMA and Precious Metals Fund have also been beating their benchmarks substantially.



# Crescat's Competitive Advantage

## Strength of Investment Team

Kevin Smith, CFA, has 28 years of money management experience and has been the lead portfolio manager of the firm's strategies since inception. Tavi Costa, co-portfolio manager across all strategies, has been with the firm for seven years and has been instrumental in building the firm's macro models. Quinton Hennigh, PhD, brings over 30 years of precious metals industry experience to the investment team. Rich Johnson, CFA, brings quant expertise and 28 years of institutional asset management experience.





# Crescat's Competitive Advantage

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## Culture of Independent Thinking

Crescat has always maintained a culture of independent thinking and investment theme development. Our distance from Wall Street has helped us steer clear of, and sometimes take positions counter to, over-crowded trades providing our clients with truly unique portfolios that have low correlation to other managers and strategies.



# Crescat's Competitive Advantage

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## Repeatable Investment Process

Three key elements:

- Development and expression of tactical macroeconomic themes;
- Use of proprietary, systematic, value-driven equity and macro models to develop themes and select securities; and
- Prudent risk management that embraces moderate volatility through value investing principles with the goal of achieving rewarding long-term risk-adjusted returns.





# Crescat's Competitive Advantage

## Capacity & Scalability

Crescat has built long term track records of outperformance based on diversified portfolios of highly liquid, mid and large cap equities across all sectors of the economy. We trade highly liquid currencies, commodities, and fixed income securities, in addition to equities, in our cross asset Global Macro Fund. Today, we are also making activist investments in exploration focused global mining firms with high probability large, high-grade gold and silver deposits. These investments offer substantial capital deployment and growth opportunity as we work with management to transform these small cap companies into mid and large cap stocks.



# Crescat's History

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1992

After earning MBAs from the University of Chicago, where they met, Kevin Smith and Linda Carleu Smith begin investment careers as a wealth advisory team in the Los Angeles office of Kidder Peabody, an exclusive 130-year-old Wall Street firm.

1994

The team raises assets by helping high net worth prospects build equity portfolios, Kevin's passion. Kidder, the largest mortgage-backed securities underwriter on Wall Street, is rocked during the bond bear market of 1994 and sold to PaineWebber.

1995

Staying with PaineWebber, the team moves to Colorado for its fast-growing economy, attractive real estate values, and healthy outdoor activity lifestyle. After repeated disappointment with traditional Wall Street research, Kevin builds his own fundamental equity quant model to better position client assets.

1997

The two move their practice to Blake Street, a boutique brokerage firm in Denver where Kevin is given the green light to publish his own equity research. Linda becomes the firm's controller. Kevin's published monthly "Strong Buy" portfolios go on to beat the market substantially over the next five years.



# Crescat's History

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1999

Kevin launches an asset management division for Blake Street and is the portfolio manager of its first strategy, now **Crescat Large Cap SMA**. Large Cap continues today and has beaten the S&P 500 substantially net of fees over multiple business cycles.

2000

At the peak of the tech bubble, Kevin launches his first hedge fund strategy, now **Crescat Long/Short Fund**, which delivers strong outperformance during the tech bust thanks to its short positions. The strategy performs even better in the next two recessions.

2002

Blake Street's brokerage and investment banking divisions struggle during the recession splintering the firm. Kevin and Linda leave Blake Street to start their own 100% owned firm, Smith Portfolio Management, to continue their asset management business.

2006

The team invites several of their former MBA classmates to join the firm and launches a new hedge fund that can trade any market or asset class, the **Crescat Global Macro Fund**. Rich Johnson, CFA joins Kevin as a co-portfolio manager of the global macro fund in 2006 and early 2007. The team derives the name "Crescat" which means *to let grow* from the University of Chicago's Latin motto.

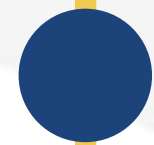




# Crescat's History

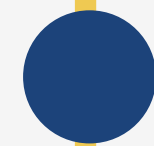
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2007



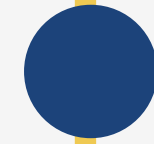
The firm merges its entities under one new parent company, Crescat Capital LLC. The hedge funds deliver outstanding performance by capitalizing on peak oil and housing & financial sector bubble themes.

2008



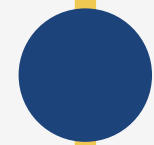
The hedge funds continue stellar performance in the first half of the year during the GFC. Market turmoil in the second half leads to partner impasse. The firm buys out its two non managing partners.

2010



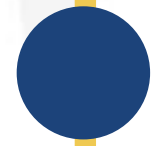
Crescat's global macro fund perseveres to make #4 on Bloomberg's top 10 performing global macro hedge fund list for the five years ended in 2010, a period encompassing the GFC in 2008.

2012



Kevin and Linda buy out their remaining business school partner to regain 100% ownership. Linda becomes Chief Operating Officer.

2013

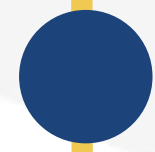


Tavi Costa joins Crescat as an aspiring analyst from São Paulo, Brazil via an NCAA Division I tennis scholarship at Liberty University and business degree from Lindenwood University.



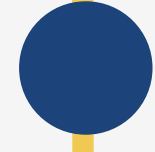
# Crescat's History

2015



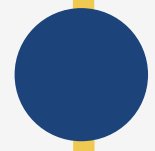
Crescat's hedge funds do extremely well in 2014 and 2015 capitalizing on many of the firm's macro themes, including the oil and gas bubble, emerging market equity shorts, and the China yuan devaluation.

2017



Tavi builds a 16-factor Crescat Macro Model which gives the investment team extra conviction to stick with its equity net short position in its hedge funds amid record valuations.

2018



Global Macro and Long/Short are **two of the three top performing hedge funds in the world** per Bloomberg.

2019



Tavi Costa is promoted from analyst to partner and portfolio manager; Crescat turns the Global Macro Fund into a master feeder structure with a US domestic and offshore fund. The firm launches the **Crescat Precious Metals SMA** strategy.

2020



Crescat's hedge funds deliver outstanding performance in the market crash in March. Crescat's precious metals long positions drive strong performance in subsequent quarters. The firm launches the activist-oriented, **Crescat Precious Metals Fund** with Quinton Hennigh, PhD as geologic & technical advisor. Rich Johnson, CFA returns to Crescat to join the investment team as a data scientist.







## Kevin C. Smith, CFA

### Partner & Chief Investment Officer

Kevin is the founder and CIO of Crescat Capital. He has been managing investment portfolios since 1992, a career spanning multiple business cycles. Kevin has been the lead portfolio manager of Crescat's five investment strategies since their respective inceptions. He is the creator of Crescat's firmwide global macro investment process and systematic equity valuation model. Prior to founding Crescat, he worked as a wealth advisor with Kidder Peabody. He earned an MBA from the University of Chicago Booth School of Business with a specialization in finance and a concentration in statistics. Born and raised in the San Francisco Bay Area, he received a bachelor's degree in economics and German studies from Stanford University. He holds the Chartered Financial Analyst designation.



## Linda Carleu Smith, CPA

### Partner & Chief Operating Officer

Linda is a co-founder of Crescat Capital. As chief operating officer, she manages Crescat's business operations, including finance, regulatory compliance, and client service. In prior roles at Crescat and its predecessor companies, she has served as controller from 1997-2012 and the in dual position of chief financial officer & chief compliance officer from 2012-2015. She became COO in 2015. Linda came to Crescat with significant investment industry and public accounting experience from prior employment at Kidder Peabody and EKS&H (now Plante Moran) and corporate experience as controller of Pharmajet, a biotech company. Born and raised in New Jersey, Linda earned an MBA from the University of Chicago, Booth School of Business and a BA in English Language and Literature from Tufts University. She is a certified public accountant.



## Otavio "Tavi" Costa

### Partner & Portfolio Manager

Tavi is a partner and portfolio manager at Crescat Capital and has been with the firm since 2013. He built Crescat's macro model that identifies the current stage of the US economic cycle through a combination of 16 factors. His research has been featured in financial publications such as Bloomberg, The Wall Street Journal, CCN, Financial Post, The Globe and Mail, Real Vision, Reuters. Tavi is a native of São Paulo, Brazil and is fluent in Portuguese, Spanish, and English. Before joining Crescat, he worked with the underwriting of financial products and in international business at Braservice, a large logistics company in Brazil. Tavi graduated cum laude from Lindenwood University in St. Louis with a B.A. degree in Business Administration with an emphasis in finance and a minor in Spanish. Tavi played NCAA Division 1 tennis for Liberty University.







## Quinton Hennigh, PhD

### Geologic & Technical Advisor

Quinton is a globally renowned exploration geologist with 30+ years of precious metals mining experience. Dr. Hennigh obtained his PhD in Geology & Geochemistry from the Colorado School of Mines. Early in his career he worked for major gold mining companies including Homestake Mining (now Barrick Gold Corp.), Newcrest Mining, and Newmont Corp. Later, he founded Novo Resources Corp (TSX-V: NVO), and currently serves as Chairman. He has played a key role in major gold discoveries such as Novo's Pilbara assets in Western Australia, First Mining Gold's Springpole gold deposit in Ontario, Kirkland Lake Gold's Fosterville gold mine in Australia, the Rattlesnake Hills gold deposit in Wyoming, and Lion One's Tuvatu gold project in Fiji, among many others. Quinton advises Crescat's on its activist gold and silver exploration investment strategy and portfolio.



## Richard Johnson, CFA

### Data Scientist

Richard is a Data Scientist at Crescat Capital where he is responsible for quantitative research and risk management. Prior to joining Crescat, Richard was a portfolio manager at institutional asset managers and hedge funds including Russell Investments, Menta Capital, Crescat Partners, Morgan & Company, and Barclays Global Investors where he has managed both quantitative and fundamental investment strategies. Richard was part of the leadership team that launched the Crescat Global Macro Fund LP in 2006. Richard has an MBA in Finance and Marketing from the University of Chicago Booth School of Business and a BBA in Finance (cum laude) from Pacific Lutheran University. Richard is a member of the Chicago Quantitative Alliance, CFA Institute and holds the Chartered Financial Analyst designation.



## Ryan Wardell

### Trading & Operations Analyst

Ryan is responsible for the firm's investment management operations and trading, including trade staging and execution. He is also responsible for maintaining the firm's portfolio track records and internal systems, including the automation and production of its equity and macro models. Ryan came to Crescat with more than 10 years of industry experience as specialized services trader at Scottrade and Fidelity Investments. He earned a Bachelor of Science in Business Administration from Old Dominion University in Norfolk, Virginia. Ryan is currently working towards the Chartered Financial Analyst designation and has passed the CFA Level 1 Exam.







## Nicolas Ricciardi

### **Head of Business Development & Investor Relations**

Nicolas Ricciardi has more than 15 years of global institutional sales experience. Prior to joining Crescat, Nicolas was Director of Business Development within the commodities division at S&P Global, where he covered clients in North and Latin America. He was previously a VP of Investor Relations with Petaquilla Minerals, a Canadian gold producer, where he liaised with the investment and banking communities in North America and Europe. He formerly helped to establish the institutional sales desk of MLV & Co., a Wall Street boutique investment bank, serving generalist and resource-oriented investors. Nicolas started his career in New York City with O&M Partners, a third-party marketing firm, connecting junior mining executives with asset managers. He holds a BA in Political Science and International Relations from Universidad Catolica Argentina and is fluent in five languages.



## Marek Iwahashi

### **Client Service & Operations Associate**

Marek is Crescat's point person for existing and prospective investors. With a strong background in finance, he works with clients to understand their needs, explain the firm's strategies, open new accounts, and respond to inquiries. Marek also handles various operations, including performing daily trade reconciliation and settlement. He helps produce firm marketing materials, updates consultant databases, and assists the investment team. Marek stood out versus his peers by making strong grades in an accelerated degree program at the University of Colorado, Denver where he earned a bachelor of science degree in accounting and finance and an MBA with a specialization in finance in 2019 while working full time. Prior to joining Crescat, he worked as a mutual fund analyst at Broadridge Financial Solutions and assistant branch manager at TCF National Bank.



## Cassie Fischer

### **Marketing & Client Services Associate**

With a background in both finance and marketing, Cassie strives to perfect the Crescat client journey. She is focused on transparent and engaging communication of Crescat's investment themes and strategies to distinguish the Crescat brand. Cassie has a lead role in crafting the firm's marketing materials from strategy presentations to client reports, email communications, website, and social media content. She also works as a client services specialist to help existing and prospective investors refine their investment goals and better understand Crescat's offerings while answering any questions that may arise throughout the process. Additionally, Cassie is the point person for investment consultants and their databases. Cassie graduated cum laude from Virginia Polytechnic State University with her B.S in Finance. Prior to joining Crescat, she worked as a marketing strategist for DISH Network in Englewood, CO.



## Max Fischer

### **Assistant to Chief Investment Officer**

Max joined Crescat in 2020 after earning his undergrad in finance from Colorado State University. As a student, he served as Treasurer of CSU's finance club and as an equity analyst for the school's student managed mutual fund. He traded his own accounts through school and gained real world experience trading equities, options, futures, and forex before joining the team. Max currently assists the Chief Investment Officer with day-to-day tasks including handling incoming inquiries and supporting research and trading. Max is a CFA Level I Exam Candidate.

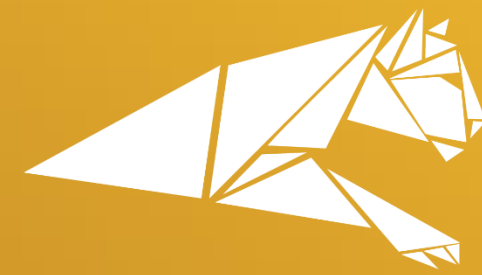




# Risk Management Process

- As value investors, we are comfortable accepting a moderate amount of risk in order to realize the strong returns that are possible from our macro themes and valuation models over complete business cycles.
- Our investment principles and models give us the confidence that the intrinsic value of our portfolios is substantially greater than the current market price at any given time. As such, we believe pullbacks in Crescat's strategies offer great opportunities for both new and existing investors to deploy capital.
- Crescat believes in portfolio diversification across securities and among independent, non-correlated macroeconomic themes which can be accomplished by various combinations across the firm's investment strategies to tailor to individual client needs, objectives, and risk tolerance.
- Individual position sizing is a function of investment team conviction, security-specific volatility, correlation with other securities in the existing portfolio, and contribution to theme-level and overall portfolio risk.
- Crescat uses Bloomberg's Monte Carlo Conditional Value at Risk (CVaR) model to monitor risks and exposures by theme and portfolio across its hedge fund strategies. Crescat periodically performs stress tests using scenario analyses in Bloomberg.
- We view market volatility as our friend to help us initiate long positions cheaply and short positions dearly and ultimately deliver strong appreciation.
- Clients desiring less volatility can make a lesser relative allocation to Crescat's strategies and can combine Crescat's strategies with cash and short-term fixed income investments to reduce risk.
- Clients need to be able to embrace a mindset that short-term pullbacks in Crescat's strategies are not a permanent loss of capital or our strategies will not likely be suitable for them.





# CRESCAT CAPITAL®

THE VALUE OF GLOBAL MACRO INVESTING

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# Important Disclosures

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Only accredited investors and qualified clients will be admitted as limited partners to a Crescat fund. Investors do not have to be accredited to invest in a Crescat separately managed account. 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. The performance includes the reinvestment of dividends and other earnings. Crescat is not required by law to follow any standard methodology when calculating and representing performance data. Crescat Portfolio Management claims compliance with Global Investment Performance Standards (GIPS®). Prospective clients can obtain a compliance presentation and the firm's list of composite descriptions by visiting our website at [www.crescat.net/resources/due-diligence/](http://www.crescat.net/resources/due-diligence/). Returns are presented net of management fees and performance fees, except where otherwise indicated. The currency used to express performance is U.S. dollars. 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 sending a request via email to [info@crescat.net](mailto:info@crescat.net). See the private offering memorandum for each Crescat fund for complete information and risk factors.