

Macro Positioning Presentation



CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

Kevin Smith, CFA – Chief Investment Officer
Tavi Costa – Macro Strategist

November 15, 2023

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Key Objectives

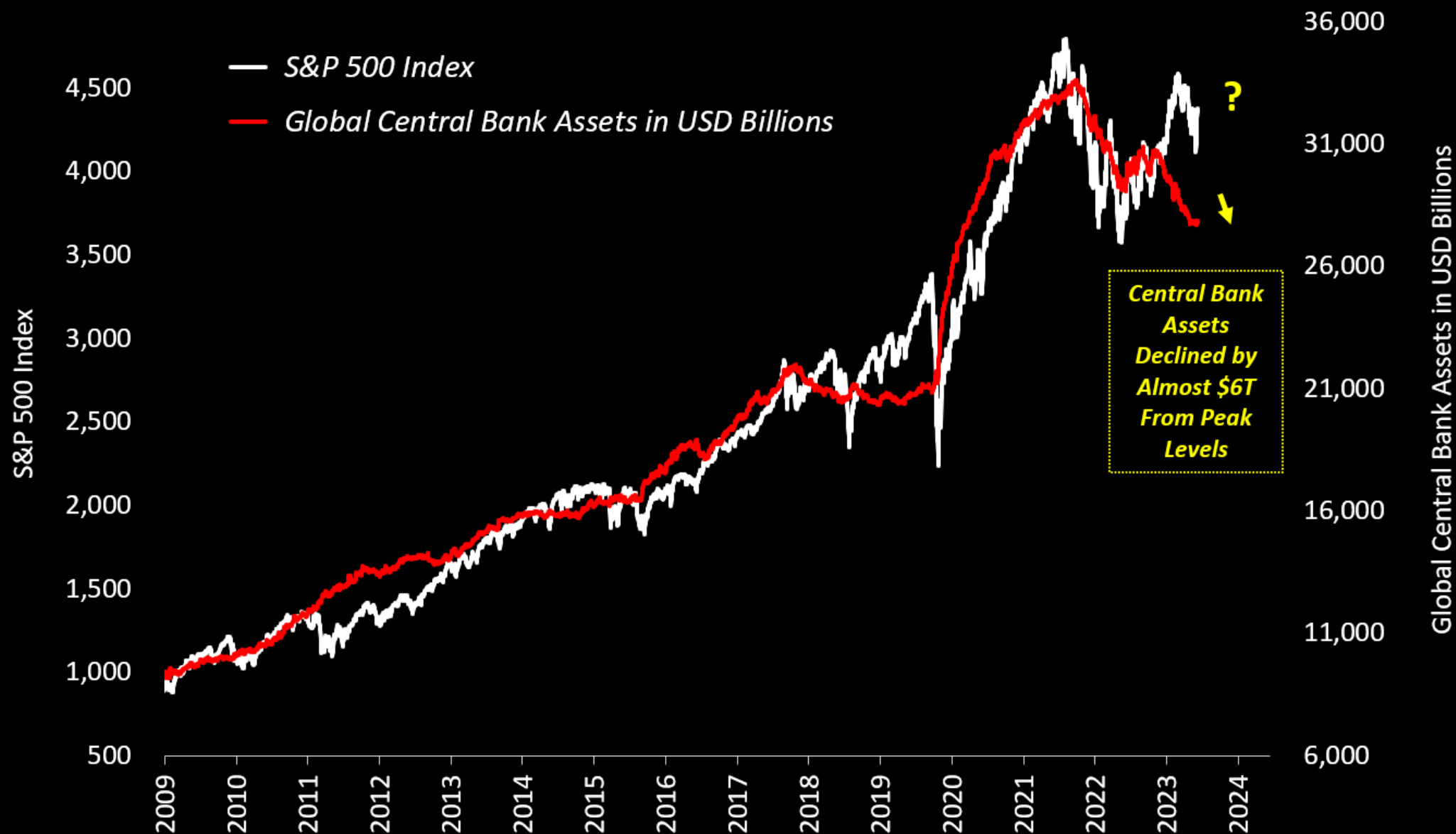
- ▶ Share Critical Macro Views
- ▶ Describe Portfolio Positioning
- ▶ Highlight Anticipated Inflection Point





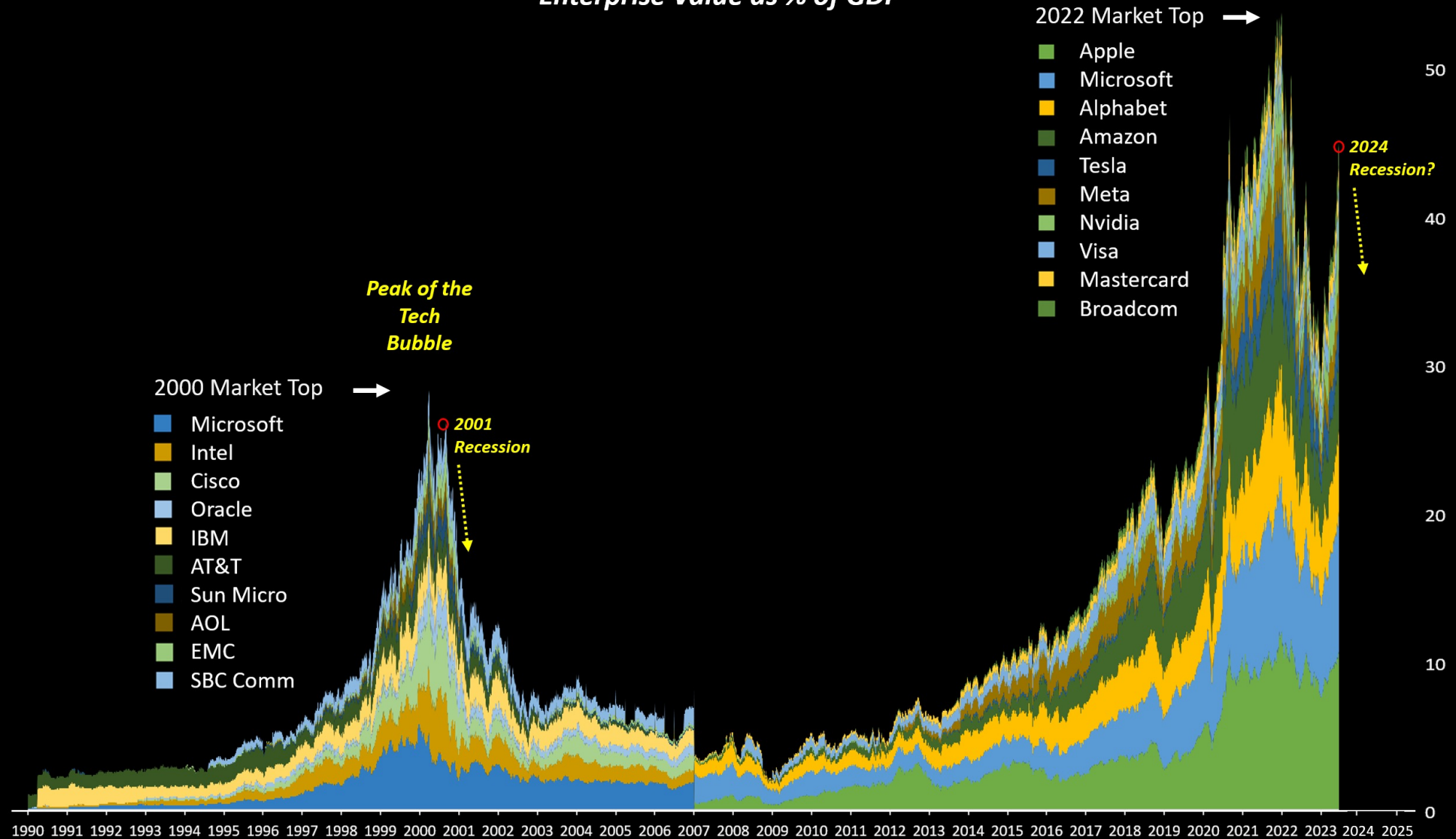
Crescat's Macro Views

Global Central Banks' Assets vs. S&P 500



Top 10 Megacap Tech Stocks

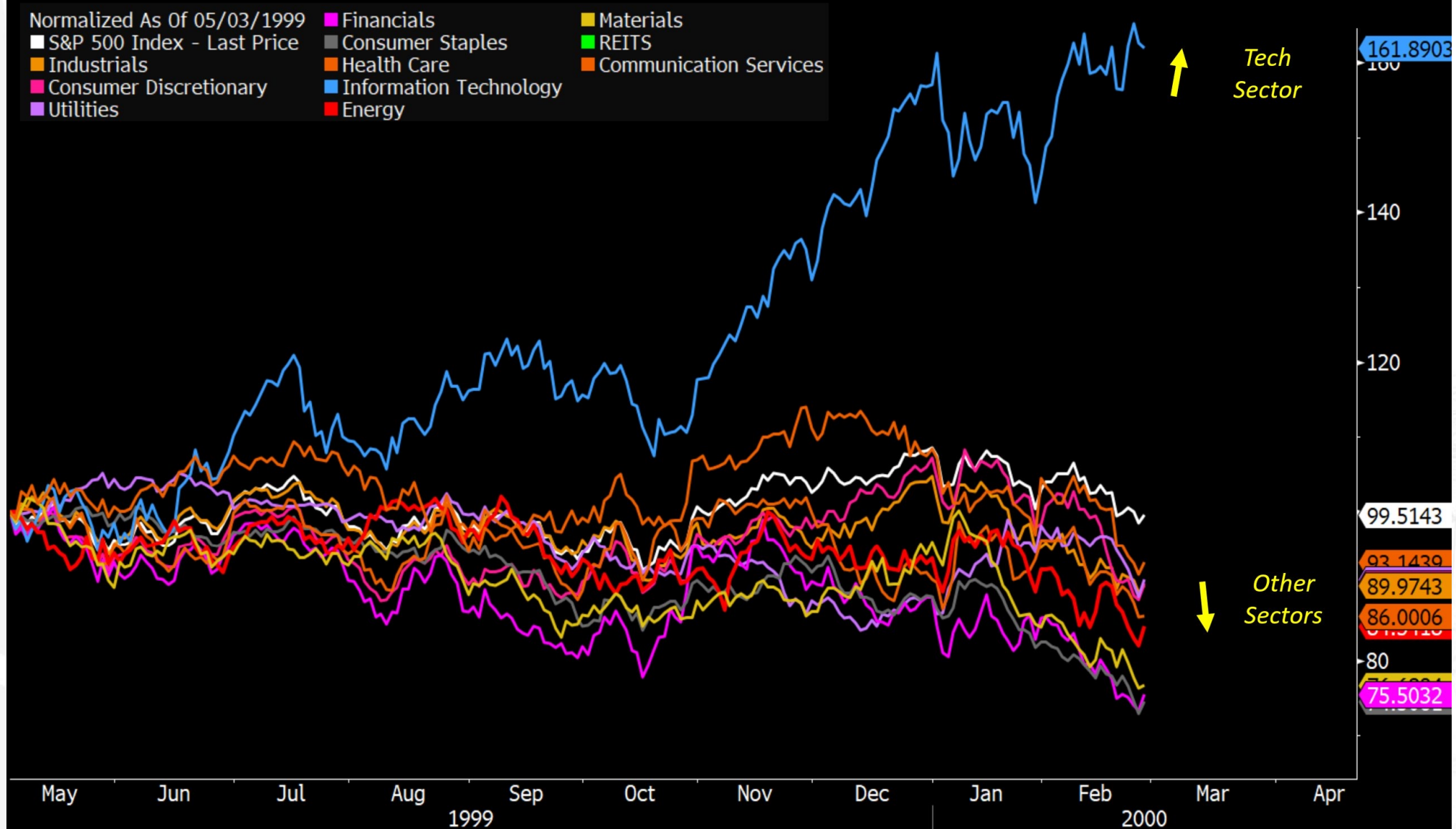
Enterprise Value as % of GDP



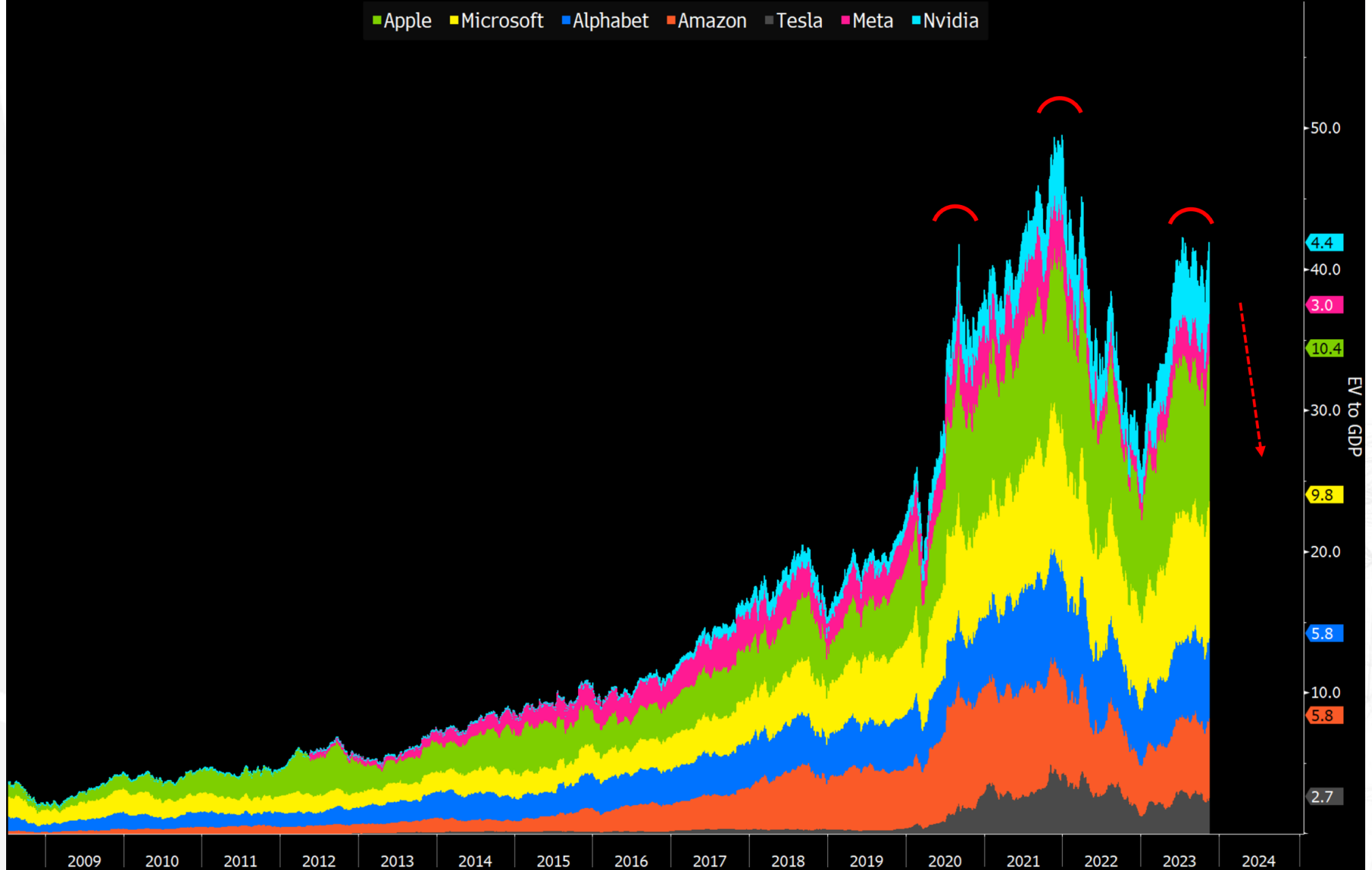
Source: Bloomberg, Kevin Smith

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Performance by Sector in the S&P 500 During 1999 & 2000



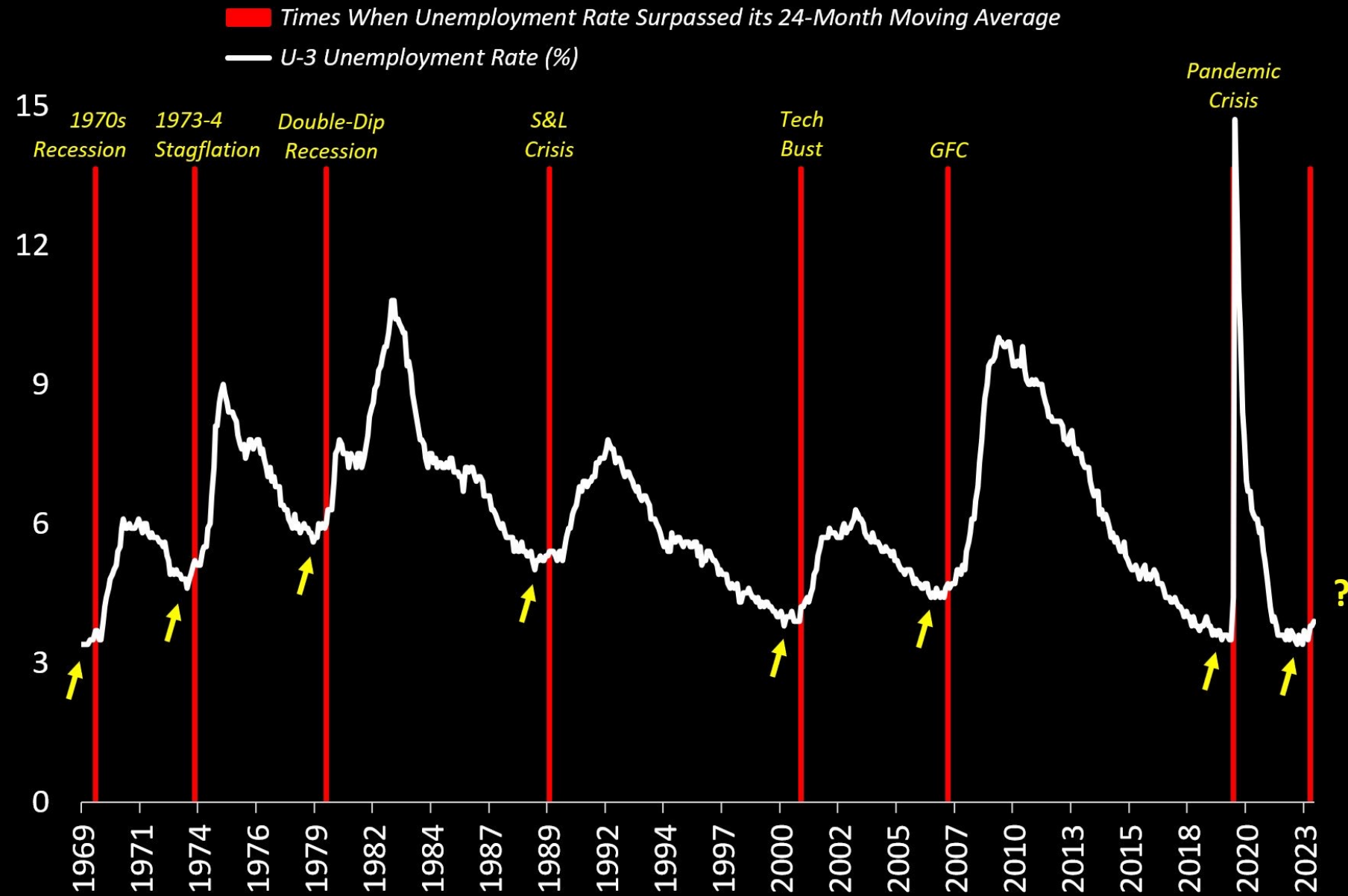
The Magnificent 7: Enterprise Value as % of GDP



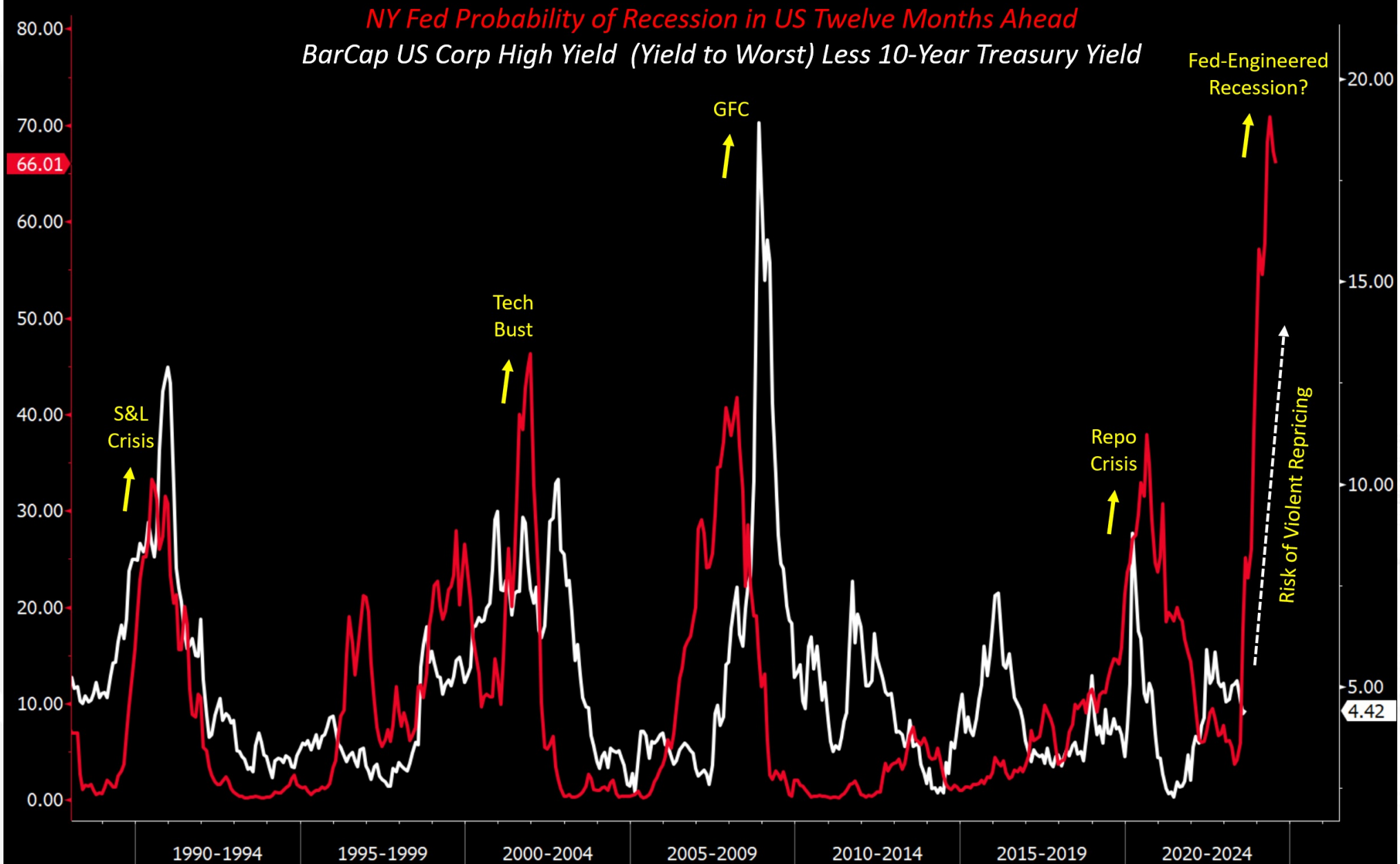
Source: Bloomberg, Kevin Smith

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Times When Unemployment Rate Crossed Above its 24-Month Moving Average



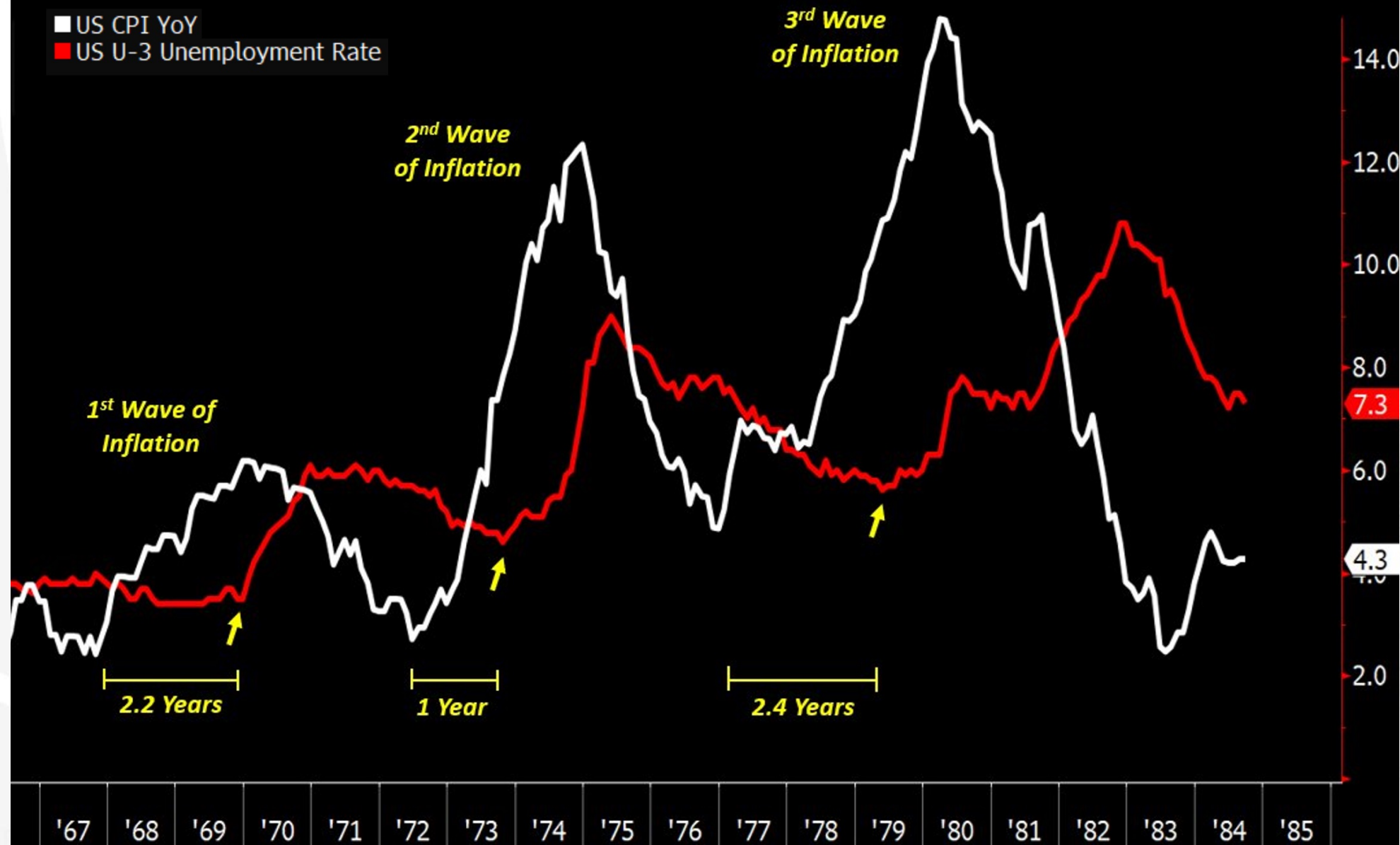
Probability of Recession vs. Junk Bond Credit Spreads



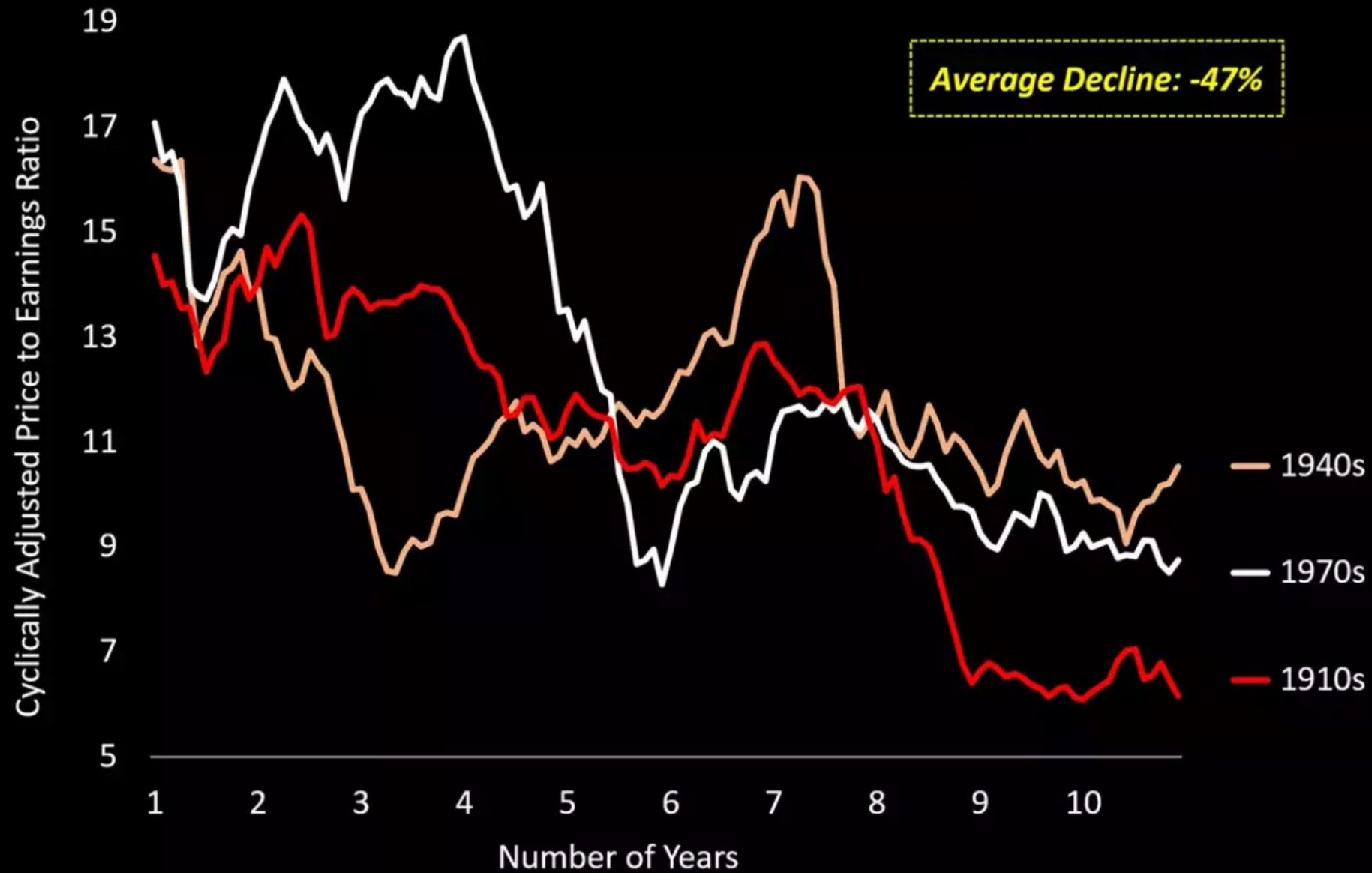
Source: Bloomberg, NY Fed, Barclays, Kevin Smith

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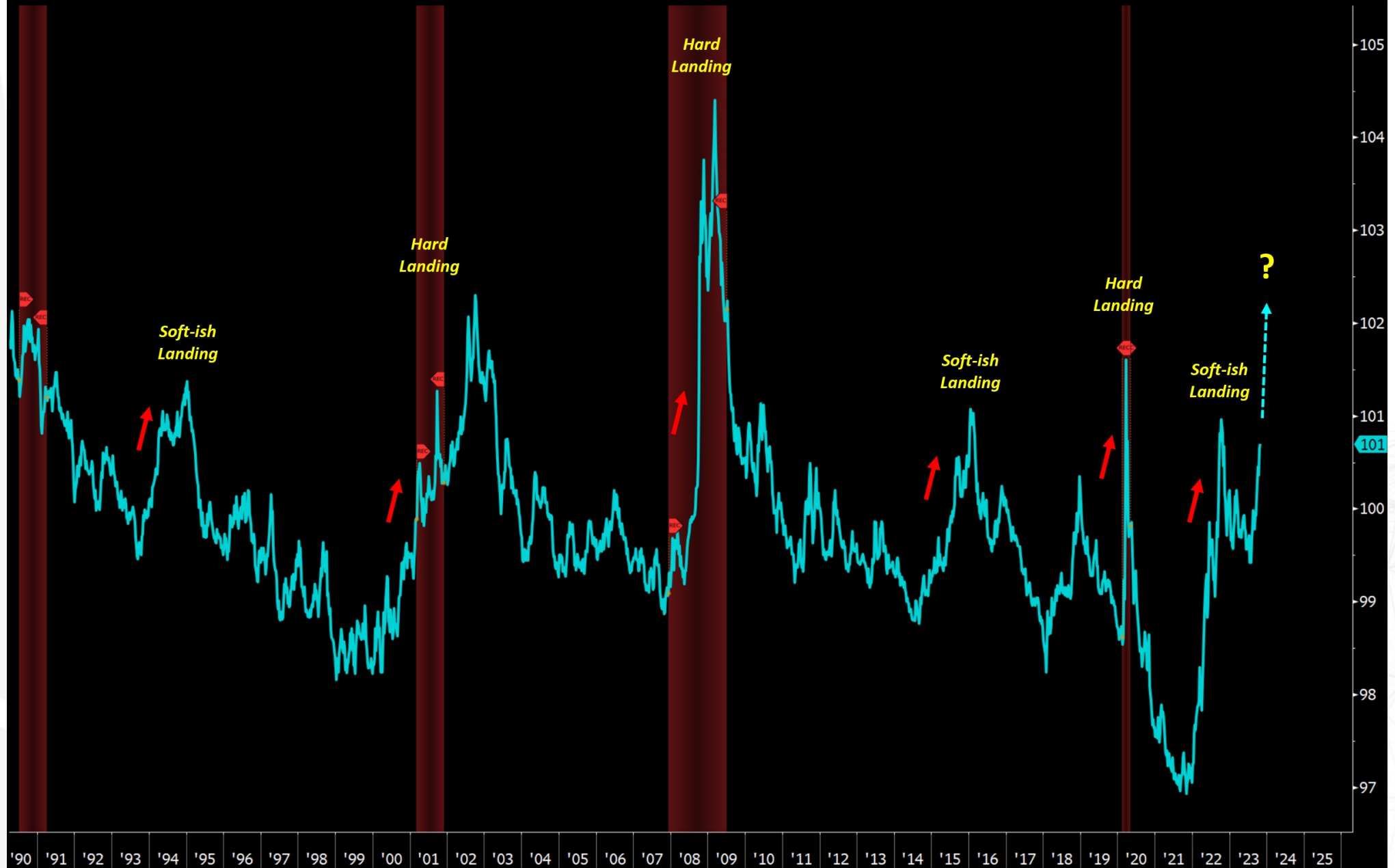
1960-70s: Inflation Led to Higher Unemployment Rates



US Stocks: Multiple Compression During Inflationary Decades



Goldman Sachs Financial Conditions Index

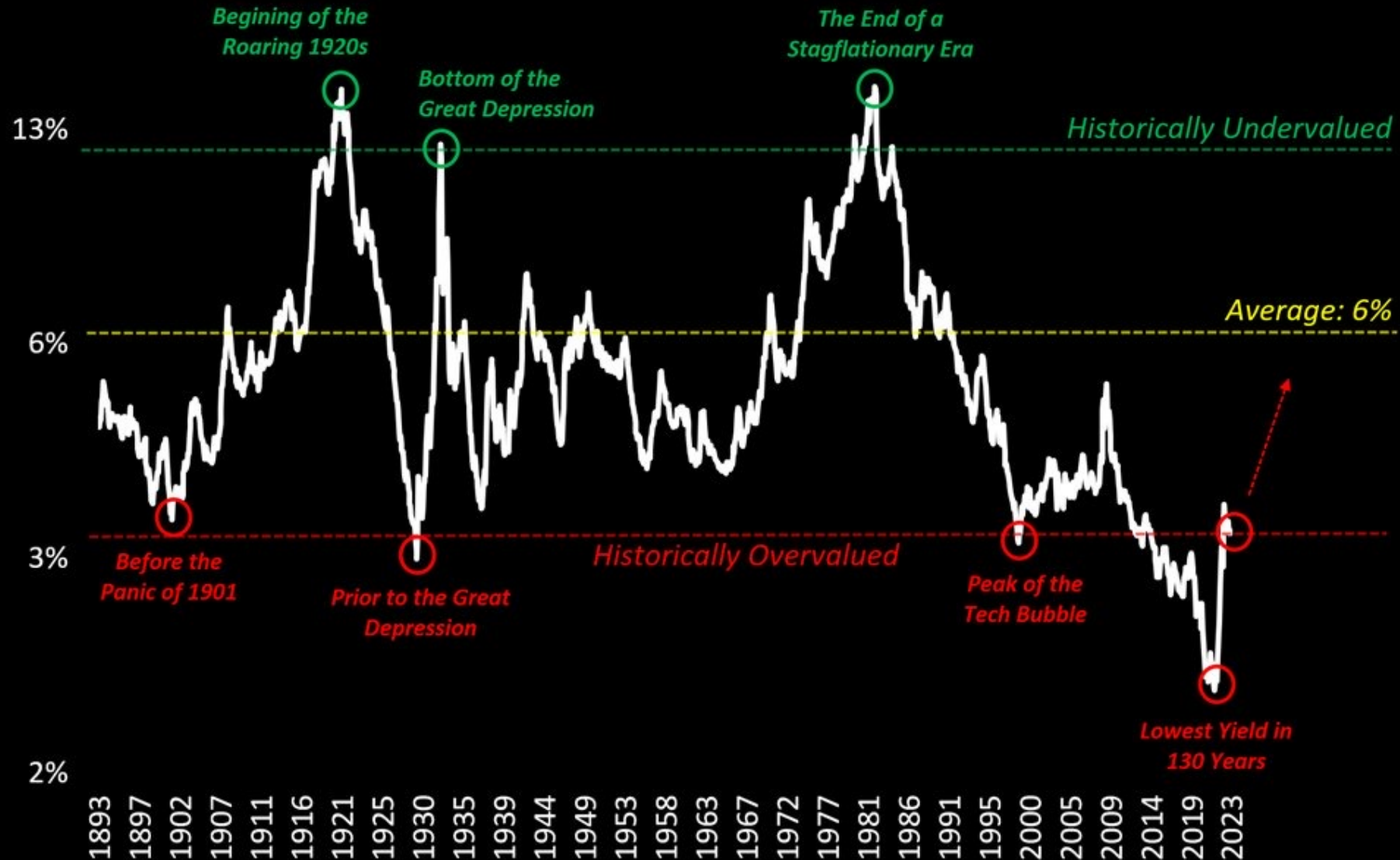


Source: Bloomberg, Goldman Sachs, Kevin Smith

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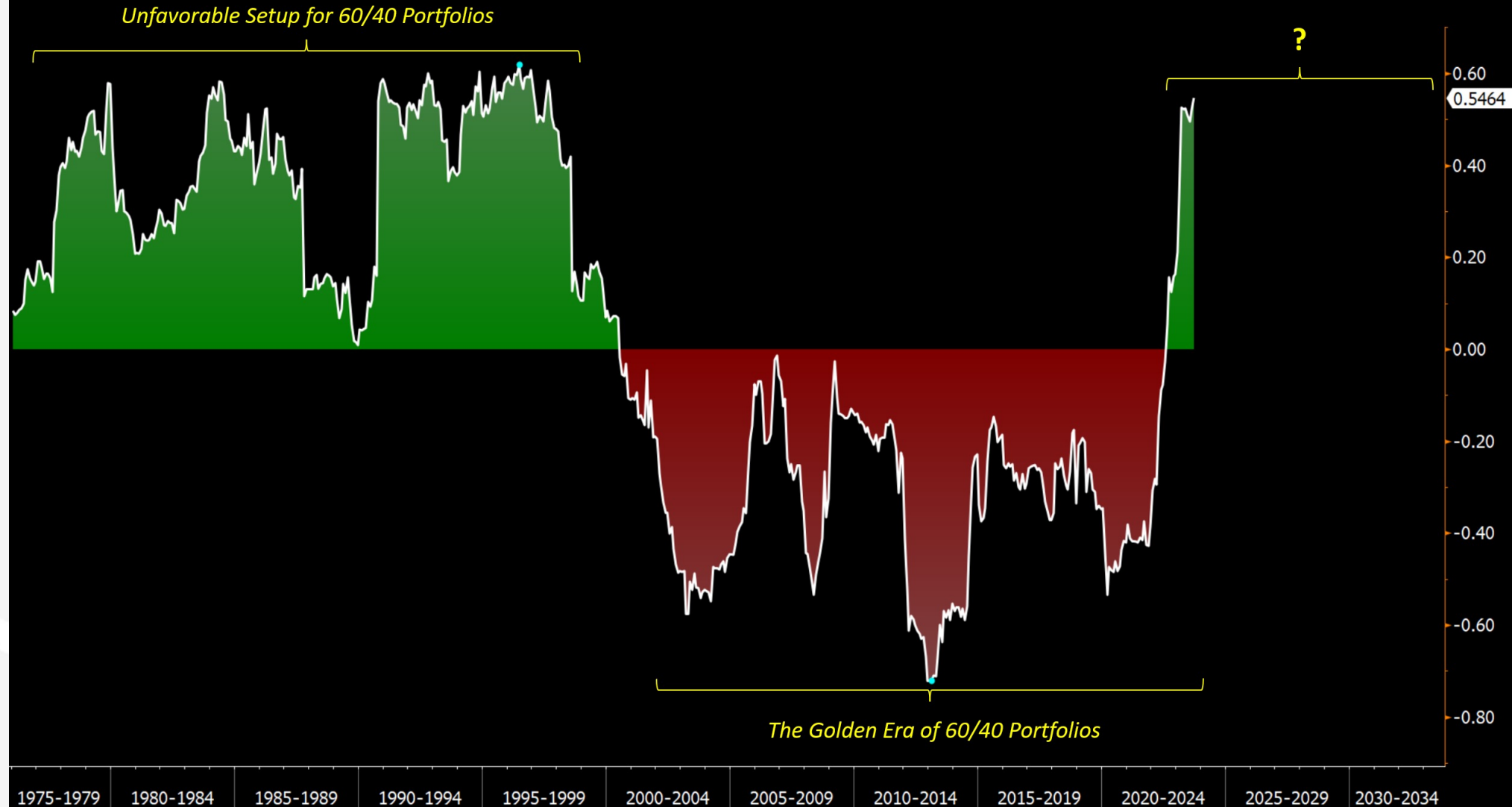
The Earnings Yield Cycle of 60/40 Portfolios

60% Weight of the S&P 500 Earnings Yield (Inverted CAPE Ratio) + 40% Weight of the US Treasury 10-Year Yield



Correlation: S&P 500 Index vs. US Treasuries

3-Year Rolling Correlation Monthly: S&P 500 Index vs. Bloomberg US Treasury Index Total Return

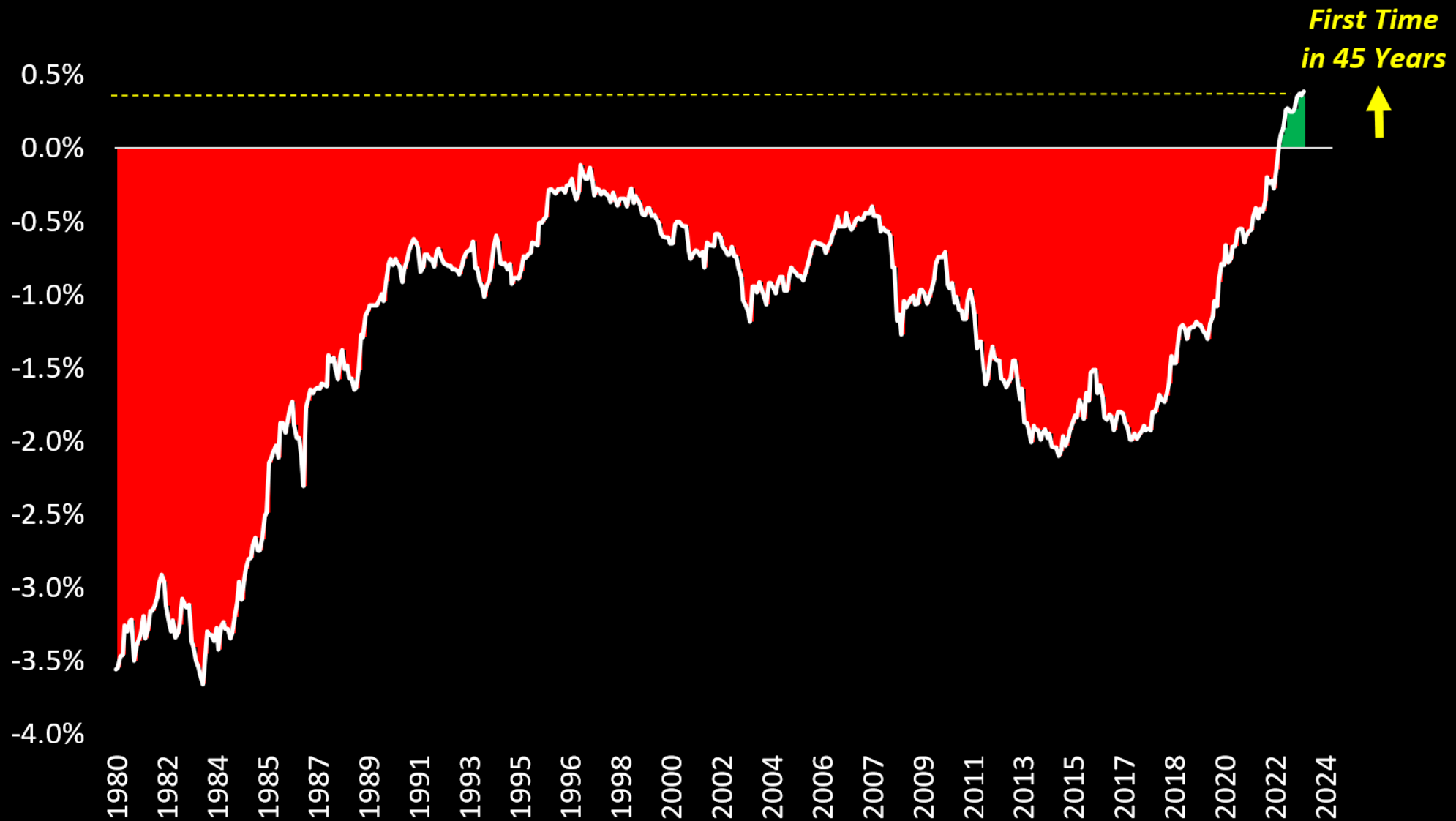


Source: Bloomberg; Tavi Costa

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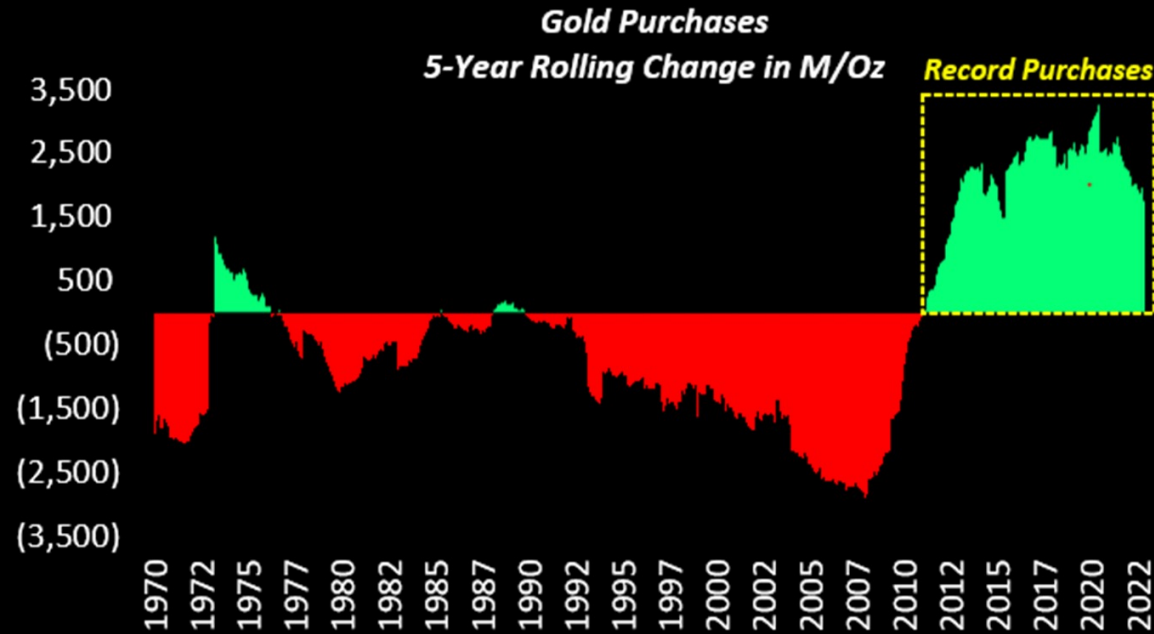
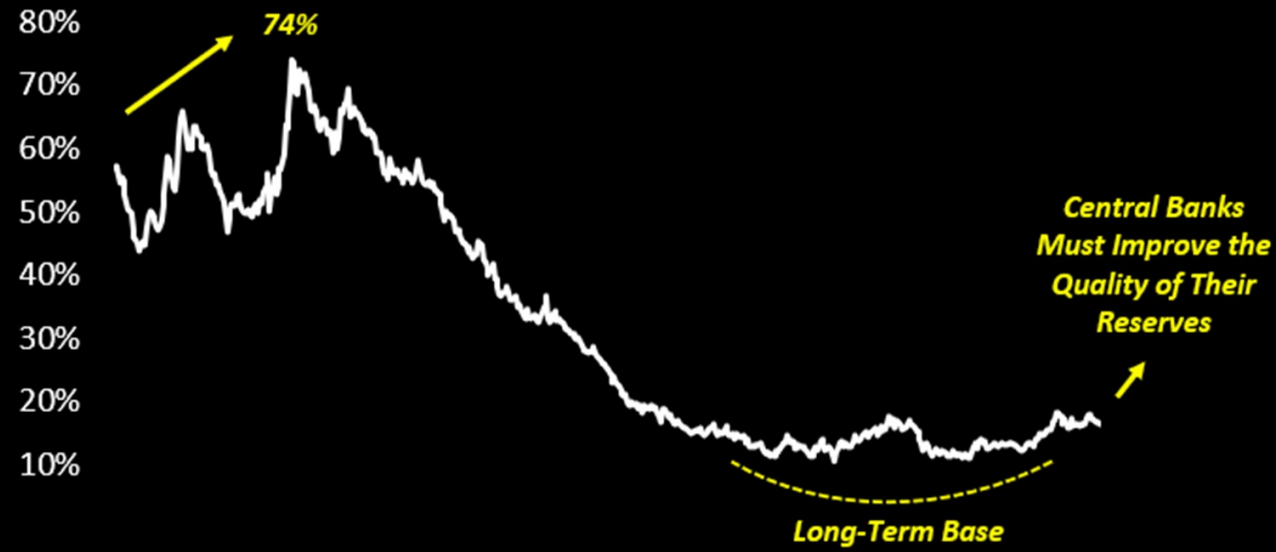
US Treasuries Are Now More Volatile Than Gold

7-Year Rolling Monthly Downside Volatility Differential: (Long-Term Treasuries Total Return - Gold Return)

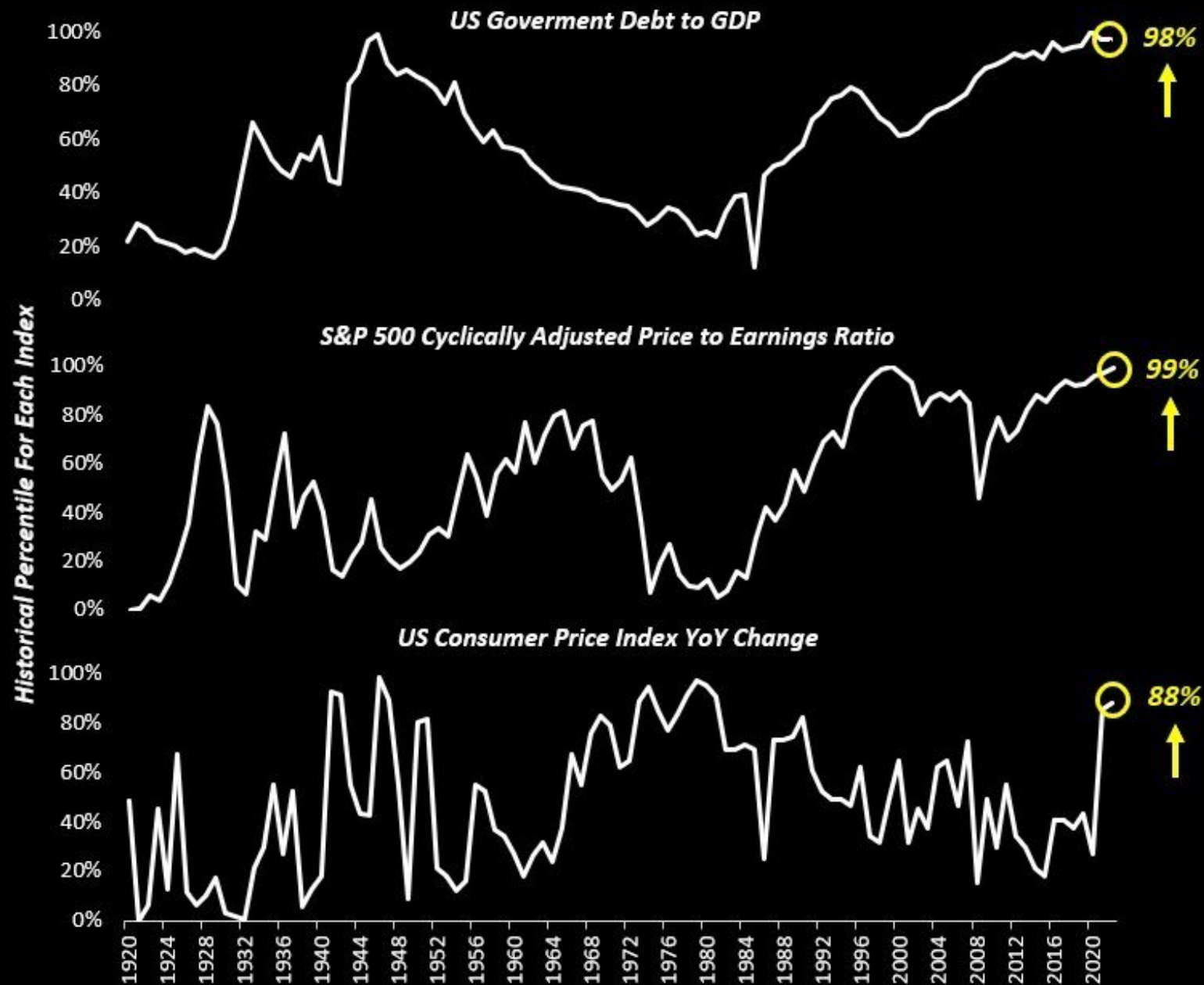


Global Central Banks

Gold Holdings as a % of Foreign Reserves



Debt, Valuation & Inflation



Source: Federal Reserve, Yale University, Robert J. Shiller

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The Impossible Trilemma

The problem today is that the US Treasury Department and Federal Reserve are navigating an impossible trilemma:

- Structural inflationary pressures
- Lingering financial asset bubbles brought about by a 13-year era of unprecedented zero-interest rate policies (ZIRP)
- Falling demand for US Treasuries in an economy dependent on fiscal expansion and deficit spending

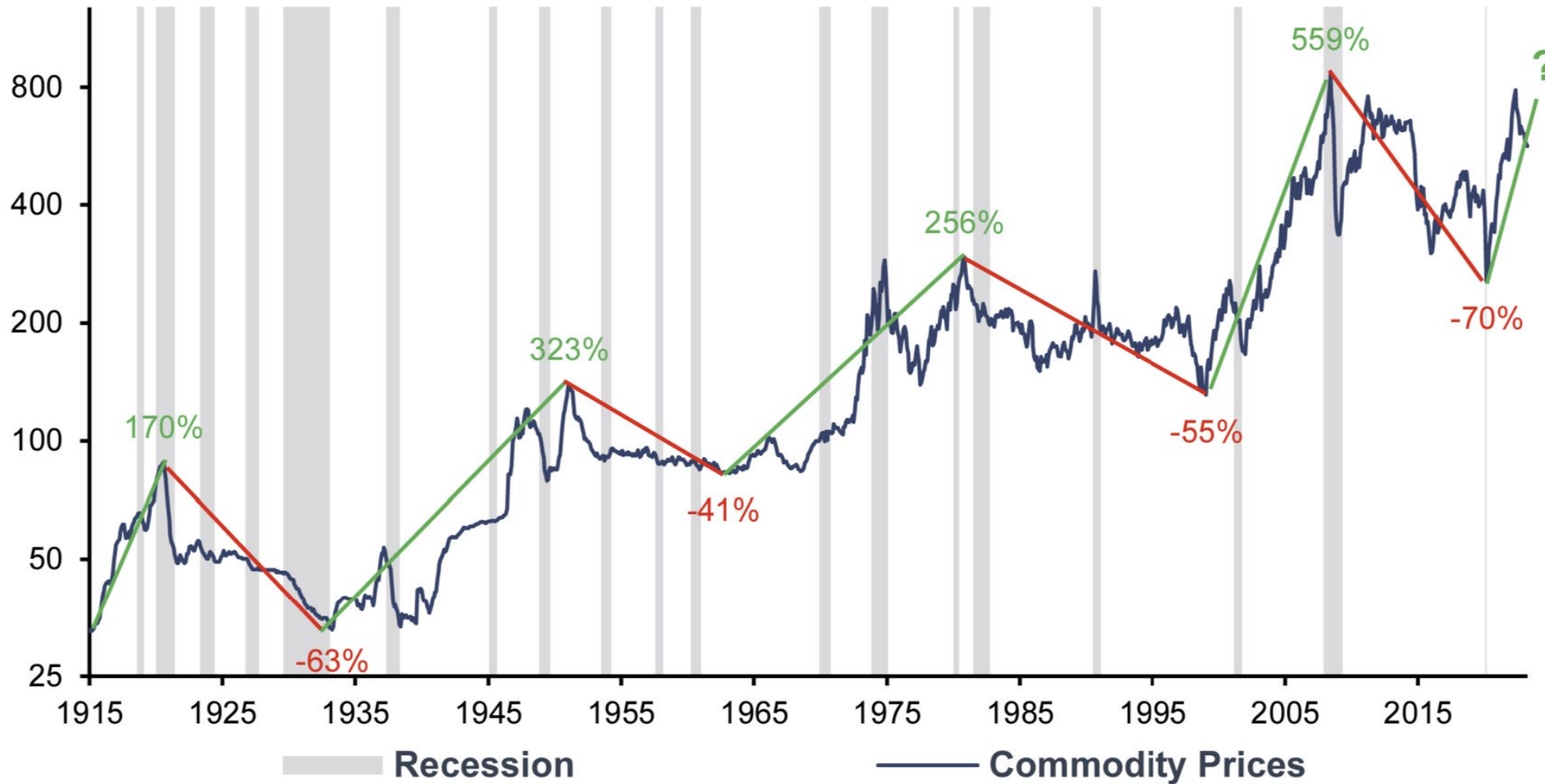
The History of Gold Cycles



Source: Bloomberg; Tavi Costa

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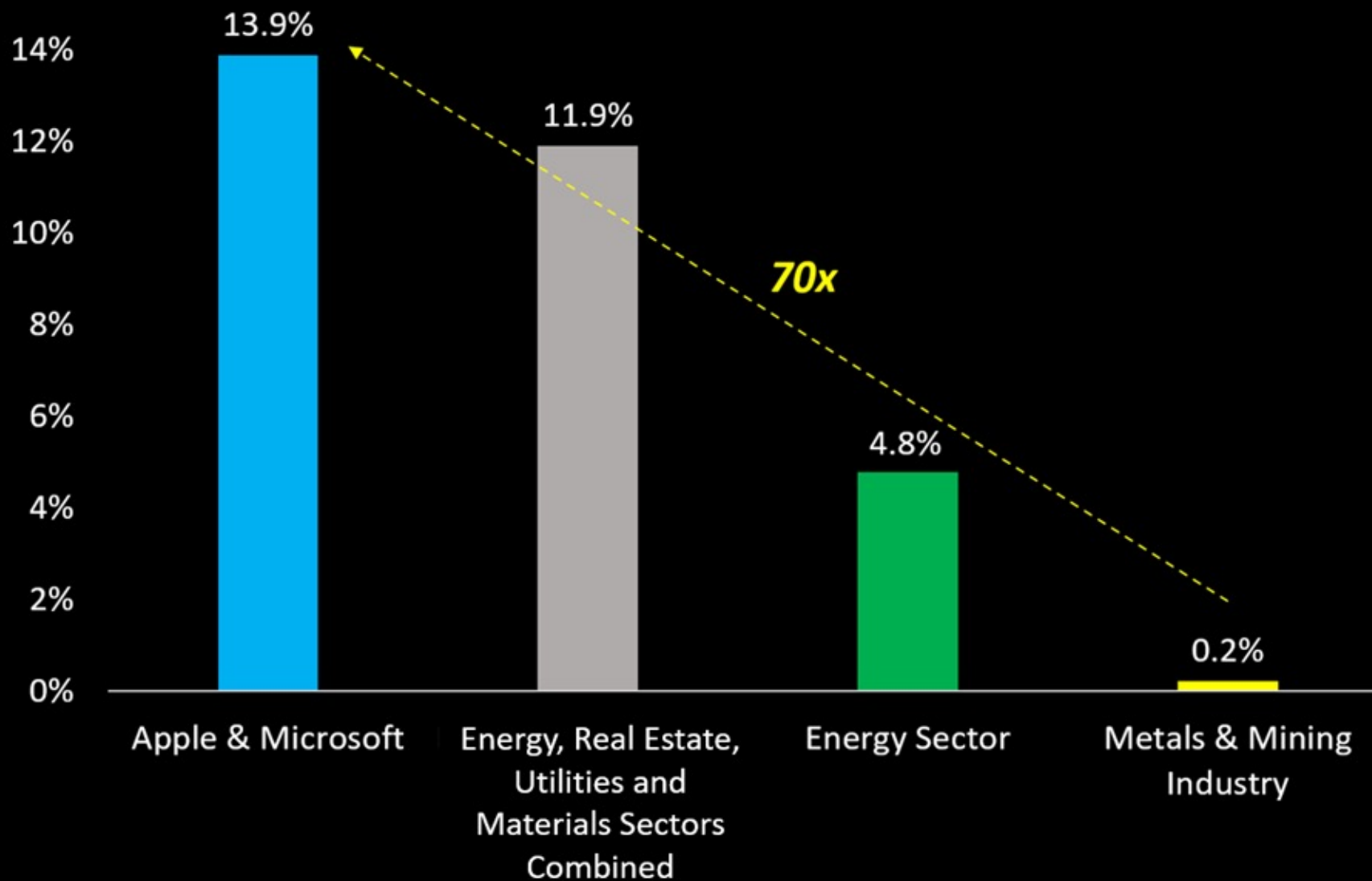
Commodity Prices*, 01/1915-04/2023



Source: Alpine Macro, Federal Reserve St. Louis, Reuters Eikon, Incrementum AG

*1913-1934 US PPI Industrial Commodities, 1935-1949 Spot Price 28 Commodities, 1950-1969 Spot Price 22 Commodities, since 1970 S&P GSCI

"The Magnificent 2" % Weight in the S&P 500 Index





Portfolio Positioning

Crescat Macro Themes

Short Positions

▶ Mega Cap Growth Ceiling ★

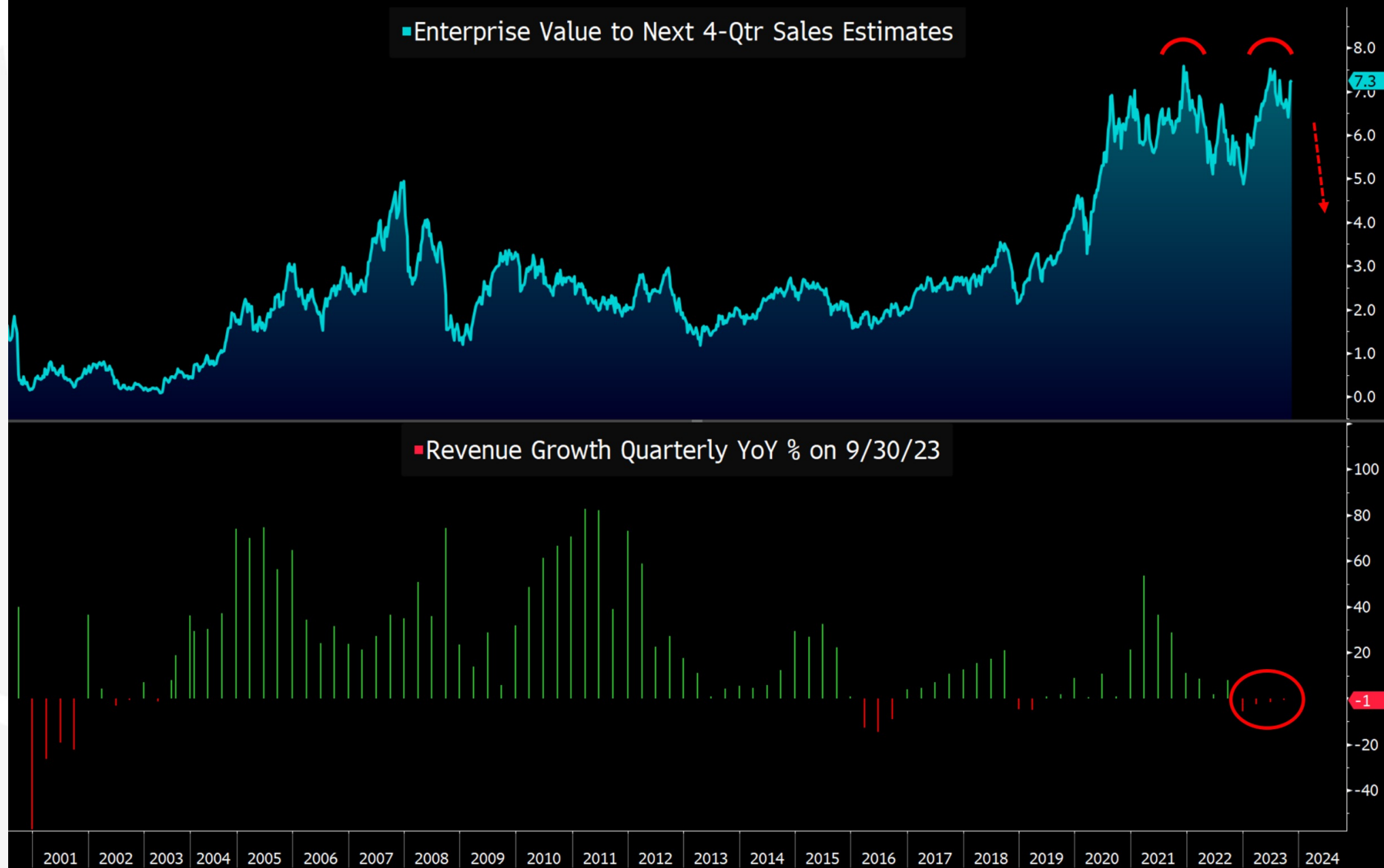
▶ Debt-to-GDP Resolution ★

▶ Private Equity Mismatch

▶ Mispriced Cost of Capital

▶ ESG Rethink

Apple: EV to Sales vs. Revenue Growth



Crescat Macro Themes

Long Positions

▶ Global Fiat Debasement ★

▶ Electrification Metals ★

▶ Energy Shortage

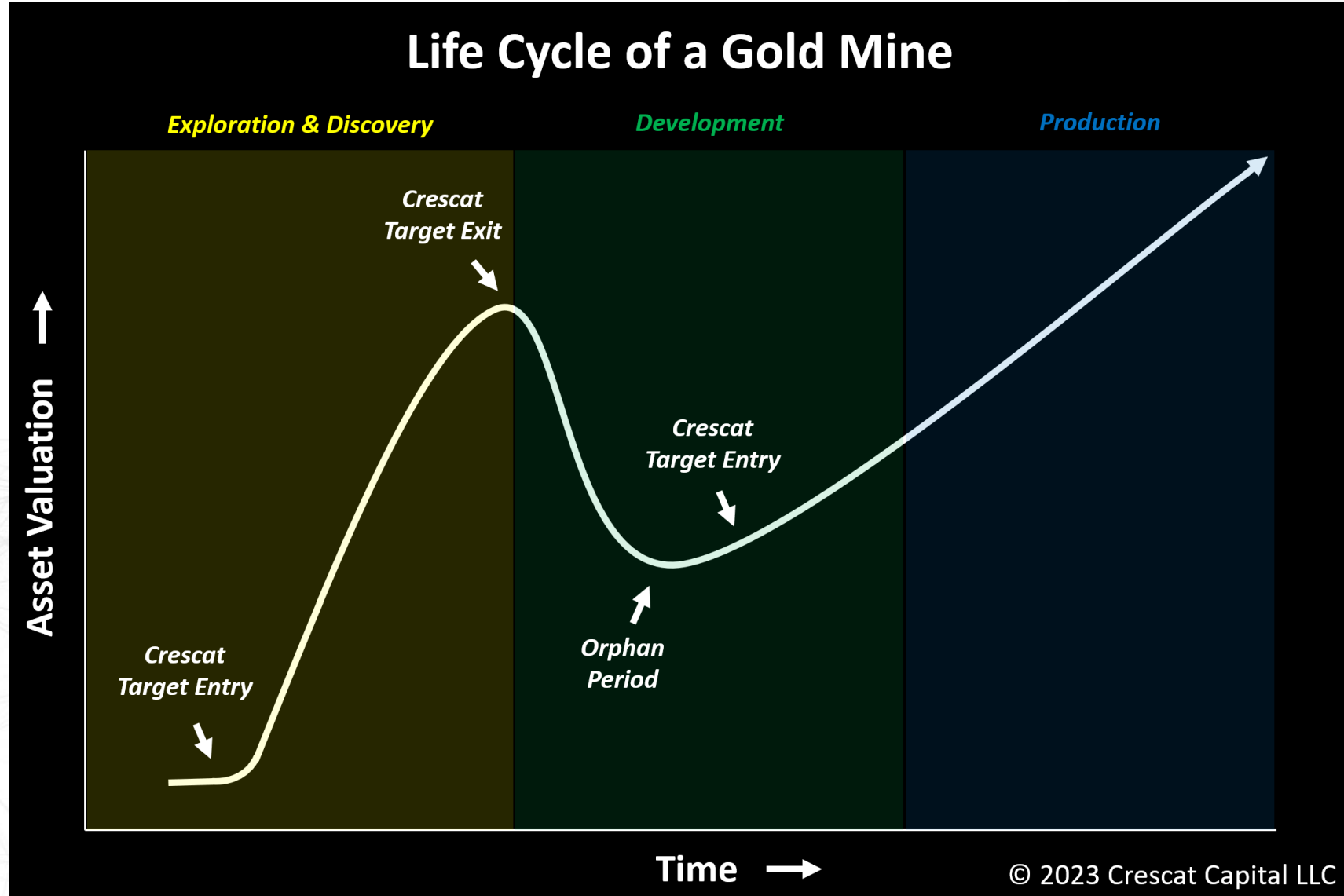
▶ Resource Underinvestments

▶ Brazil Liftoff

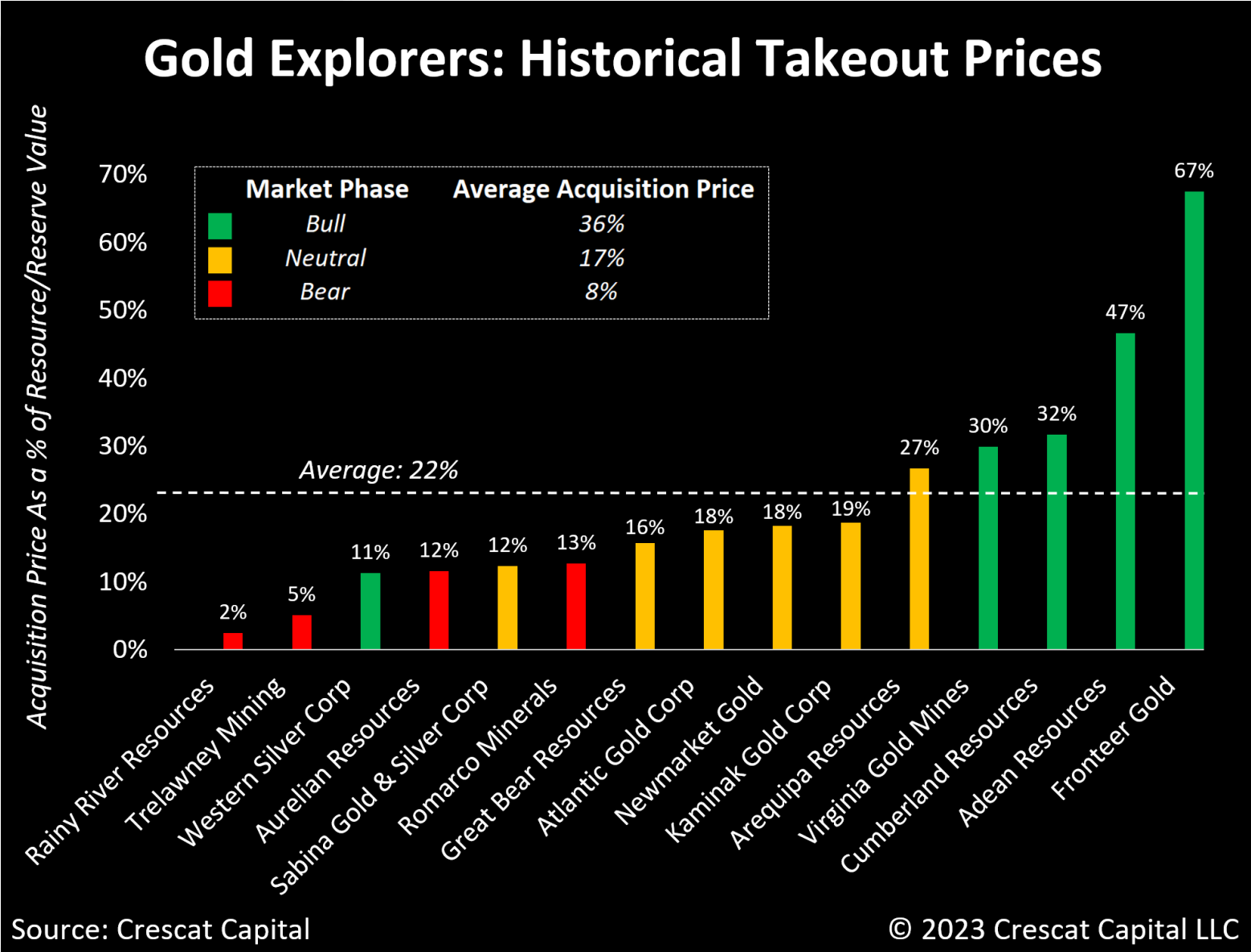
▶ Genomic Revolution

▶ Rise of the Machines

The Lifecycle of a Gold Mine



Precious Metals Comparables





Activist Metals NAV Across Crescat Funds:

\$210,546,171

Gold Spot Price:

\$1,964

Silver Spot Price:

\$23.09

Number of Total Positions:

73

Median Firm Wide Partially Diluted Ownership

14.09%

Company Total Gross Au Eq. Target Ozs (Millions)

587

Net Probability Adjusted Au Eq. Target Ozs (Millions)

276

Combined Company Net Target Au Eq. Value in Ground

\$542B

Peak Crescat Curve Combined Company Total Valuation

\$108.5B

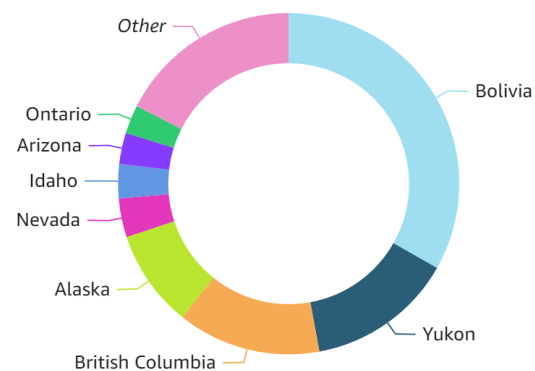
Peak Crescat Curve NAV Potential (CPMF)

\$5.99B

Peak Crescat Curve Appreciation Potential (CPMF)

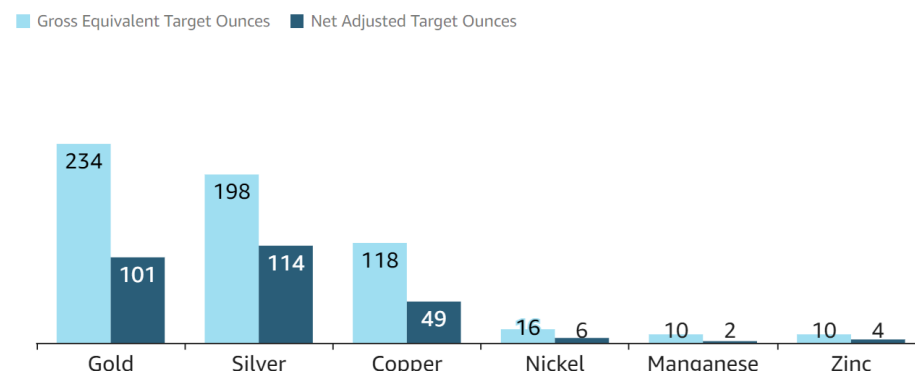
5,804%

% NAV Exposure By Fraser Jurisdiction of Lead Project

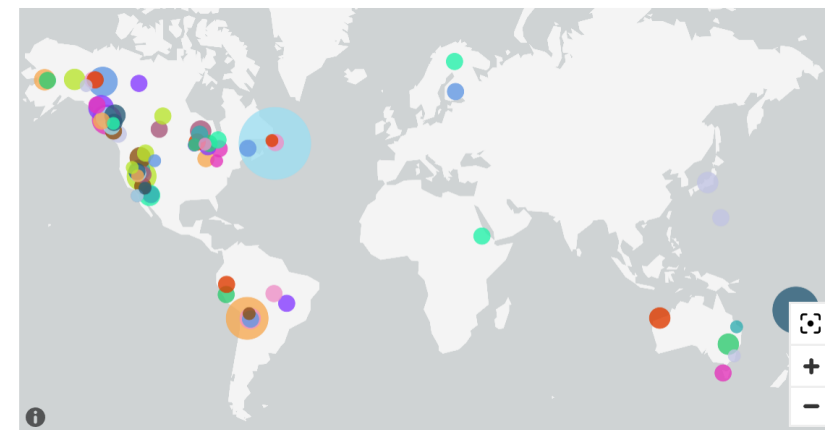


Gross vs. Net Gold Equivalent Target Ounces (Millions) By Primary Metal

Net targets include bona fide & incipient discoveries

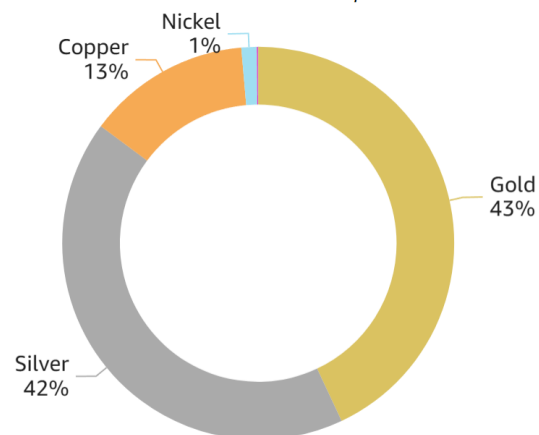


106 Drills Turning Over Next 12 Months



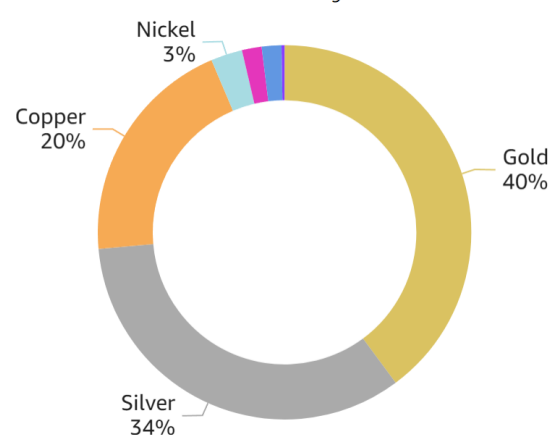
Percent of Net Asset Value

Based on Crescat's Current Ownership & Valuation



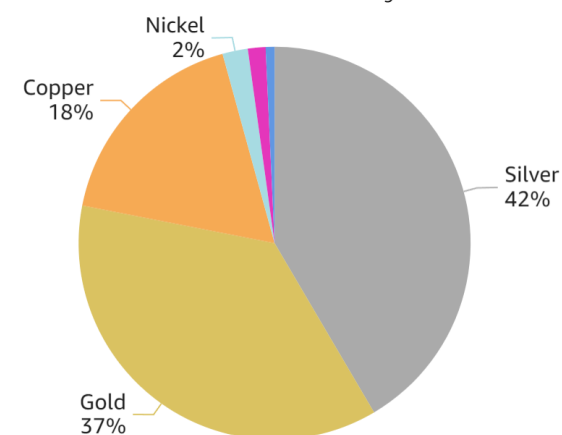
Gross Target Ounces

Based on Crescat's Geologic Estimates



Net Discovery-Adjusted Target Ounces

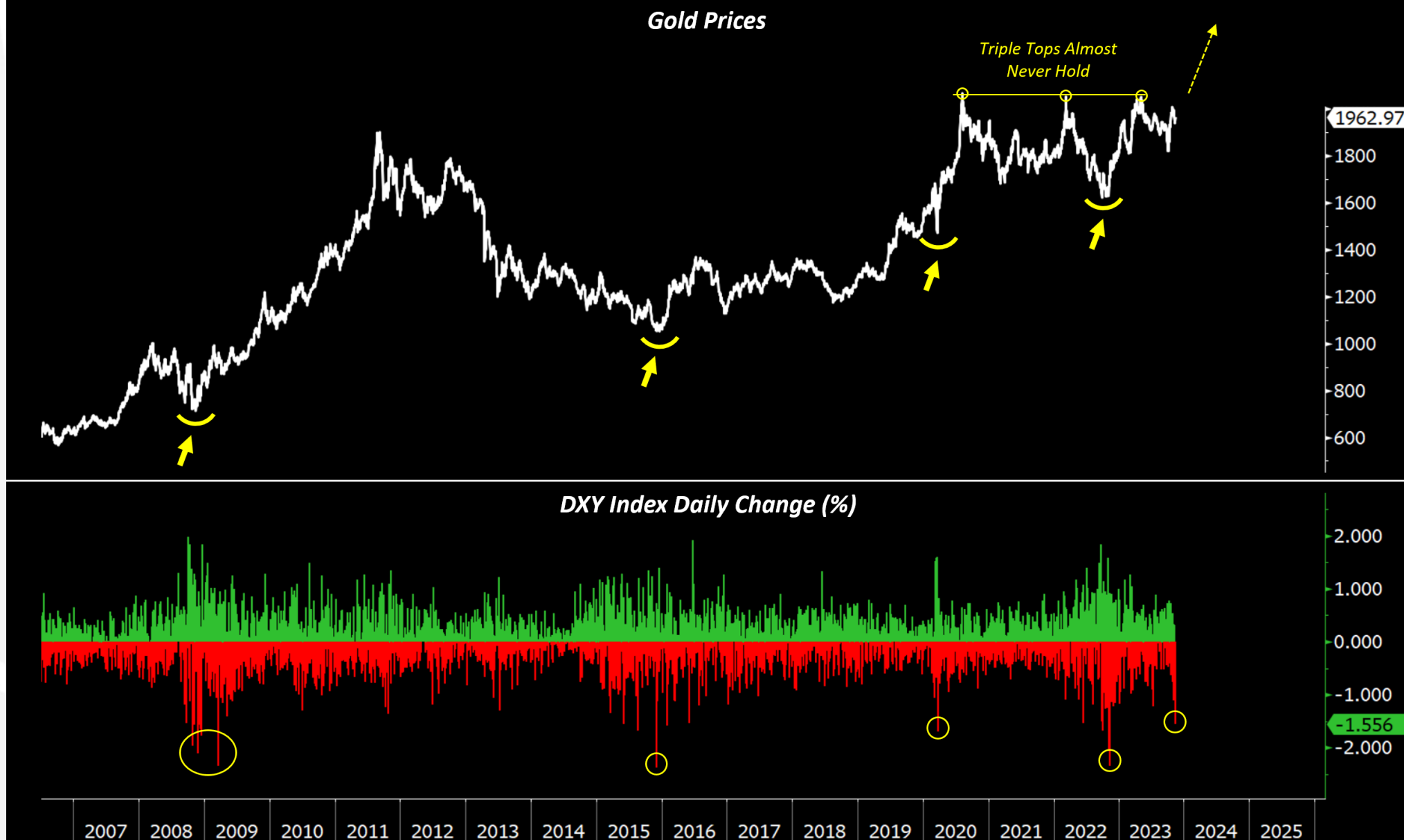
Based on Drill Results & Crescat's Geologic Estimates





A Likely Inflection Point

Gold Prices After Significant Declines in the Dollar



Source: Bloomberg; Tavi Costa

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Metals & Mining Exploration Stocks: Monthly Seasonality

S&P/TSX Venture Composite Index: Return % by Month with 21-Year Average

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
21 Yr Avg	2.10	2.16	-1.13	-.16	-.51	-2.44	.39	-.29	-1.85	-.79	-.29	3.66
2023	9.80	.69	.59	-3.28	-2.86	4.28	1.00	-6.52	-4.73	-7.66	.17	
2022	-8.52	-1.11	5.04	-8.74	-11.47	-14.39	4.66	-1.18	-6.94	.20	-.73	-3.51
2021	5.33	10.46	-6.48	.28	1.40	-.82	-3.65	-3.14	-4.20	10.66	-1.16	-.03
2020	-.41	-13.49	-21.54	20.84	17.39	11.98	16.30	4.14	-5.94	-3.22	9.75	16.65
2019	11.76	.13	.54	-2.48	-1.60	-2.67	1.06	-.39	-5.21	-3.64	-1.22	8.60
2018	1.60	-4.08	-3.91	-1.64	-2.62	-3.03	-4.47	2.52	-2.15	-9.56	-8.08	-5.48
2017	5.90	1.22	-.18	-1.10	-.85	-4.15	.47	.84	.56	.44	.53	7.84
2016	-4.97	8.45	7.26	16.14	.48	7.72	9.00	-1.31	1.84	-3.43	-4.63	3.45
2015	-2.69	4.42	-3.77	2.34	-.51	-3.03	-11.49	-5.91	-6.18	3.33	-3.42	.42
2014	2.08	7.78	-3.00	.70	-1.75	4.51	-2.61	2.24	-11.20	-15.36	-3.60	-6.25
2013	.03	-7.23	-3.03	-12.12	-.35	-8.42	4.08	2.39	.20	1.88	-2.50	-.31
2012	9.91	2.44	-6.29	-9.09	-9.43	-7.66	-.66	4.87	7.56	-1.50	-7.12	.03
2011	-.58	5.14	-4.00	-1.91	-7.00	-9.09	3.93	-8.50	-18.98	10.07	-4.11	-4.12
2010	-1.88	2.62	2.96	6.17	-9.54	-6.48	.81	5.06	13.91	14.17	6.26	10.39
2009	10.74	-2.38	11.04	5.45	11.41	-2.86	8.02	-.37	8.68	1.11	9.57	7.47
2008	-9.68	8.48	-9.51	-2.48	8.23	-.80	-15.62	-10.81	-28.67	-35.31	-16.27	4.00
2007	-1.57	7.87	.48	2.48	-.74	-2.08	.58	-17.07	8.90	8.74	-12.71	3.75
2006	14.28	-.94	15.06	6.53	-8.64	-7.05	-.81	4.25	-9.00	3.92	9.89	5.50
2005	-1.63	11.14	-5.48	-9.75	-3.07	4.63	4.45	6.55	12.34	-7.67	2.83	9.10
2004	2.40	5.35	-.83	-11.24	-3.19	-2.46	-3.98	1.12	6.86	.04	7.63	4.05
2003	4.01	-.95	-4.33	-1.36	4.42	1.24	10.01	8.44	5.79	12.34	8.02	3.60
2002	7.90	-.05	6.13	-2.37	6.82	-6.35	-11.85	.07	-6.94	-3.85	5.04	11.79

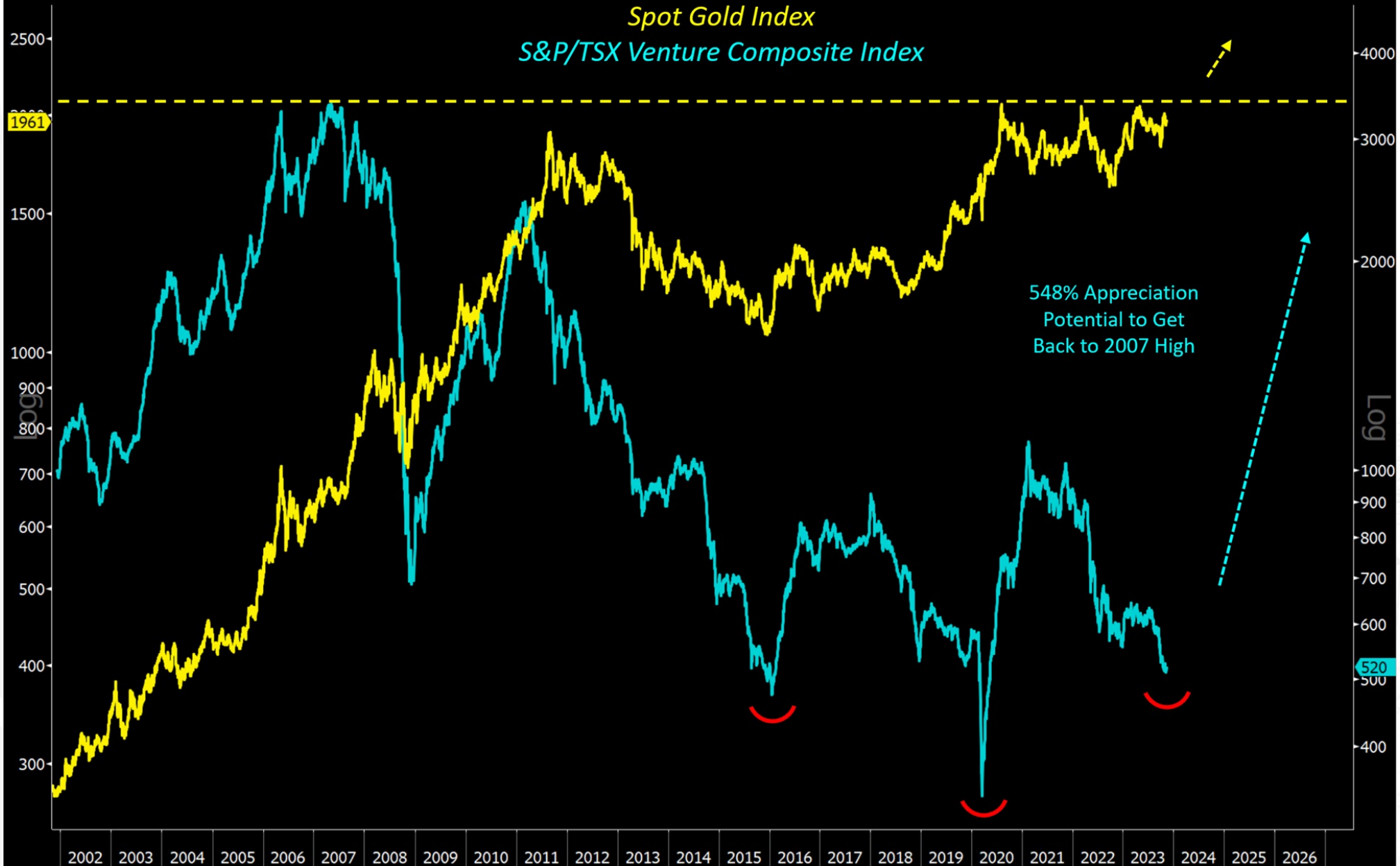
Metals & Mining Industry As a % of the S&P 500 Index



Source: Bloomberg

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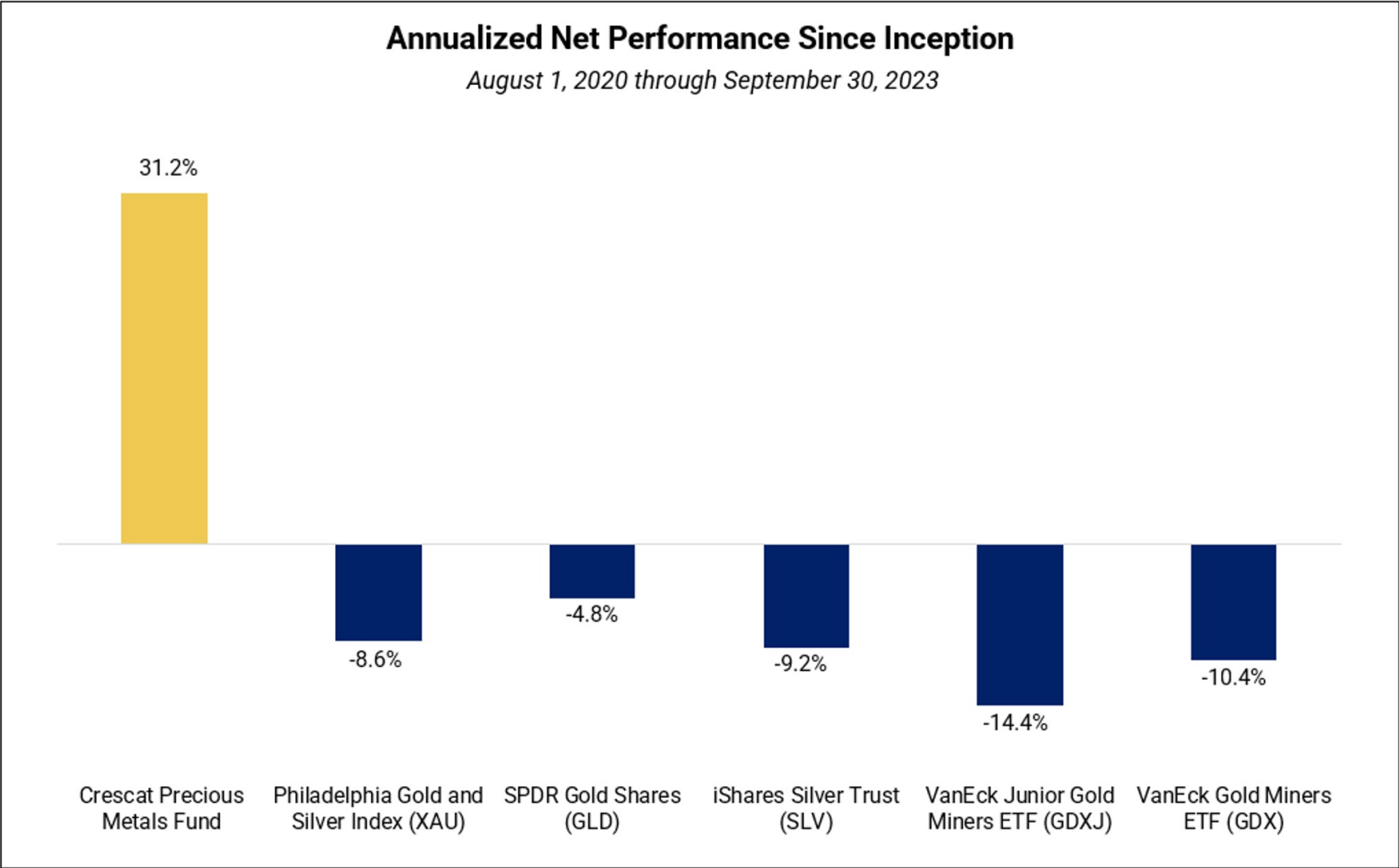
Explorers Extremely Undervalued to Gold



Source: Bloomberg, Kevin Smith

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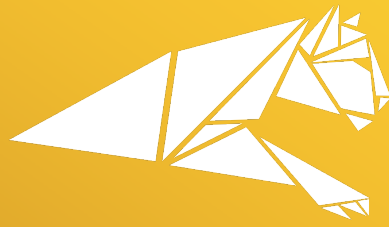
Crescat Precious Metals Fund vs. Benchmarks



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Crescat's Value Investor Mantras

- As value investors, we are comfortable accepting a moderate amount of calculated risk to realize the strong returns that are possible from our macro themes and equity valuation models over complete business cycles.
- Value investment principles combined with dynamic data-driven fundamental and macro models allow us to constantly re-evaluate our theses while giving us confidence that the intrinsic value of our portfolios is substantially greater than the current market price at any given time.
- We view market volatility as our friend, embracing a battle-tested mindset that pullbacks in our portfolios are never a permanent loss but offer great opportunities to deploy capital and stay the long-term course.



CRESCAT CAPITAL®

The Value of Global Macro Investing

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