

August 4, 2018

Dear Investors,

China equity and yuan shorts worked well for Crescat's hedge funds in July although US equity shorts and the gold longs held back the performance. We expect US equity shorts and gold longs to be changing soon in our favor. The S&P 500 is re-testing its January 26 high, but there are many bearish divergences that indicate it will fail soon. Since the Chinese economy, currency, and stock market are crashing, it is doubtful the S&P 500 can break out to new highs now. With record valuations of US equities, peak earnings growth, peak margins, and peak US economic growth all hitting in the first half of 2018, what is left to drive the S&P 500 higher going forward? Nothing. We think China and our own looming deficits will drag it all down.

Collapse of China Yuan Foreshadowing Coming Collapse of S&P 500



S&P 500 Index Re-test Looks Set Up to Fail



July estimates:

Crescat Net Performance Estimates		
As of 7/31/2018	MTD	YTD
Global Macro	-0.9%	12.9%
Long/Short	-4.7%	4.8%
Large Cap	-1.4%	2.1%
S&P 500	3.7%	6.5%

August estimates, off to a good start:

Crescat Net Performance Estimates		
As of 8/3/2018	MTD	YTD
Global Macro	2.6%	15.8%
Long/Short	2.7%	7.6%
Large Cap	0.8%	3.0%
S&P 500	0.9%	7.4%

Sincerely,

Kevin C. Smith, CFA
Chief Investment Officer

Tavi Costa
Global Macro Analyst

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. See the private offering memorandum for each Crescat fund for complete information and risk factors.