

August 7, 2021

Dear Investors:

We are excited to report that Crescat's newest hedge fund, the Crescat Precious Metals Fund just finished its first full year with exceptionally strong results.

The fund was up an estimated 235.4% net in its debut year compared to a 5.8% decline for the benchmark Philadelphia Gold and Silver Index. Spot gold was down 8.2% over the same time frame, while silver was up 4.5%. Thanks to our friendly-activist exploration focus, we were able to create significant value from a predominantly diversified long portfolio even in what turned out to be merely a consolidating precious metals market. Based on our macro analysis, as we have laid out in our recent [research letters](#), we think the macro backdrop is exceptionally bullish for precious metals for the next several years.

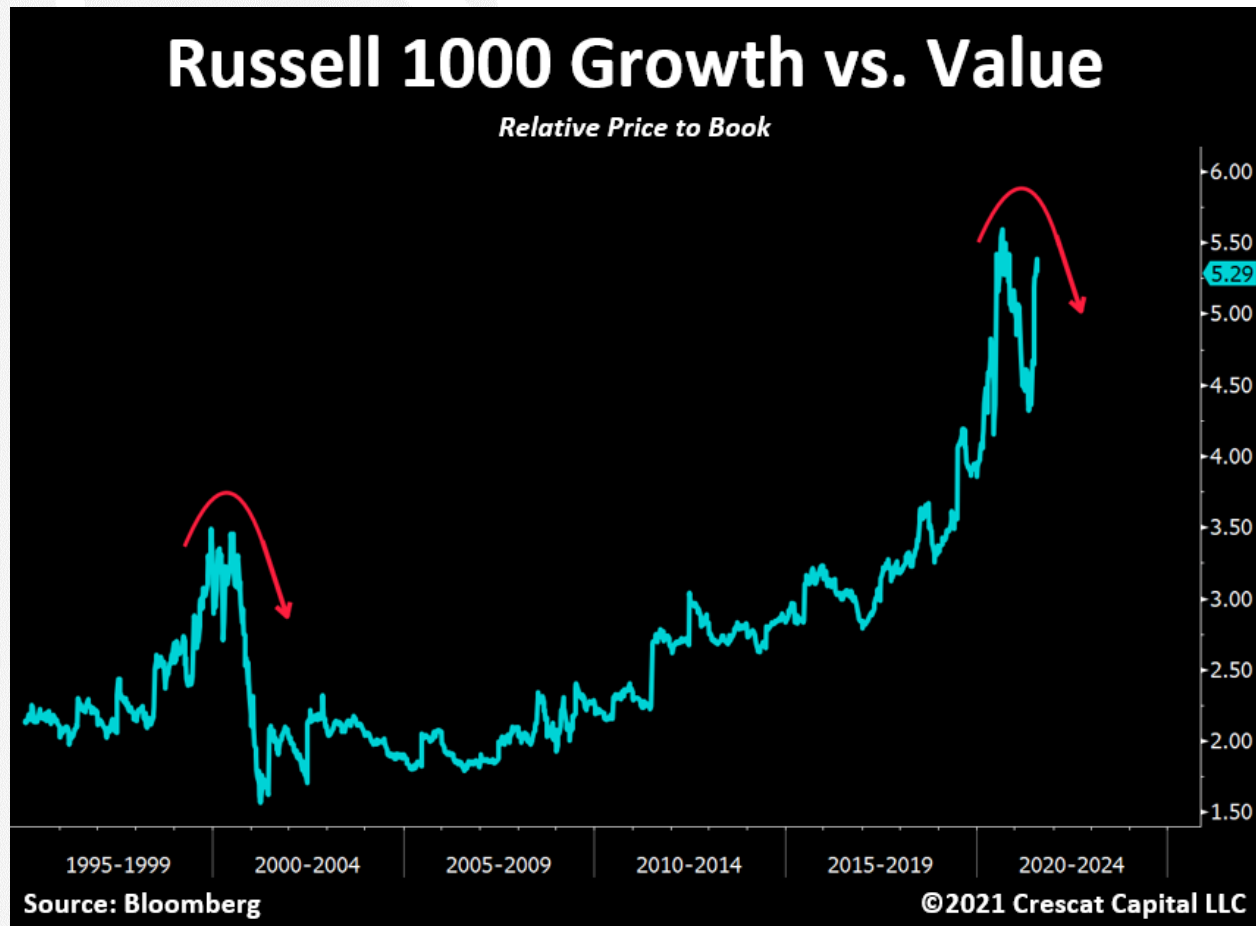
Crescat Strategies Net Return Estimates through July 31st, 2021

CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	July	YTD	Annualized Trailing 1-YEAR	CUMULATIVE SINCE INCEPTION
Global Macro Hedge Fund (Jan.1, 2006)	-1.9%	6.6%	26.4%	580.6%
Benchmark: HFRX Global Hedge Fund Index	-0.4%	3.3%	10.0%	22.1%
Long/Short Hedge Fund (May 1, 2000)	-1.0%	8.1%	35.0%	491.5%
Benchmark: HFRX Equity Hedge Index	0.5%	8.4%	20.0%	75.3%
Precious Metals Hedge Fund (August 1, 2020)	-1.2%	25.3%	235.4%	235.4%
Benchmark: Philadelphia Gold and Silver Index	1.9%	0.5%	-5.8%	-5.8%
Large Cap SMA (Jan. 1, 1999)	-1.6%	5.5%	5.8%	846.0%
Benchmark: S&P 500 Index	2.4%	18.0%	36.4%	447.6%
Precious Metals SMA (June 1, 2019)	-2.4%	25.9%	70.6%	252.0%
Benchmark: Philadelphia Gold and Silver Index	1.9%	0.5%	-5.8%	109.8%

Crescat's ability to create alpha today, across all our strategies, we think is based on the combination of our macro research, our valuation models, and the expert advice of our geologic and technical advisor, Quinton Hennigh, PhD. Based on our industry analysis, we believe that the exploration segment of the gold and silver mining industry is setting up for a major renaissance after a decade-long bear market. Crescat is determined to be the premier friendly-activist investment firm allocating exploration capital to the industry today. Our goal is

to help our portfolio companies make significant high-grade gold and silver discoveries to fill the supply void left by the major and mid-tier mining companies after a decade of underinvestment in exploration and development.

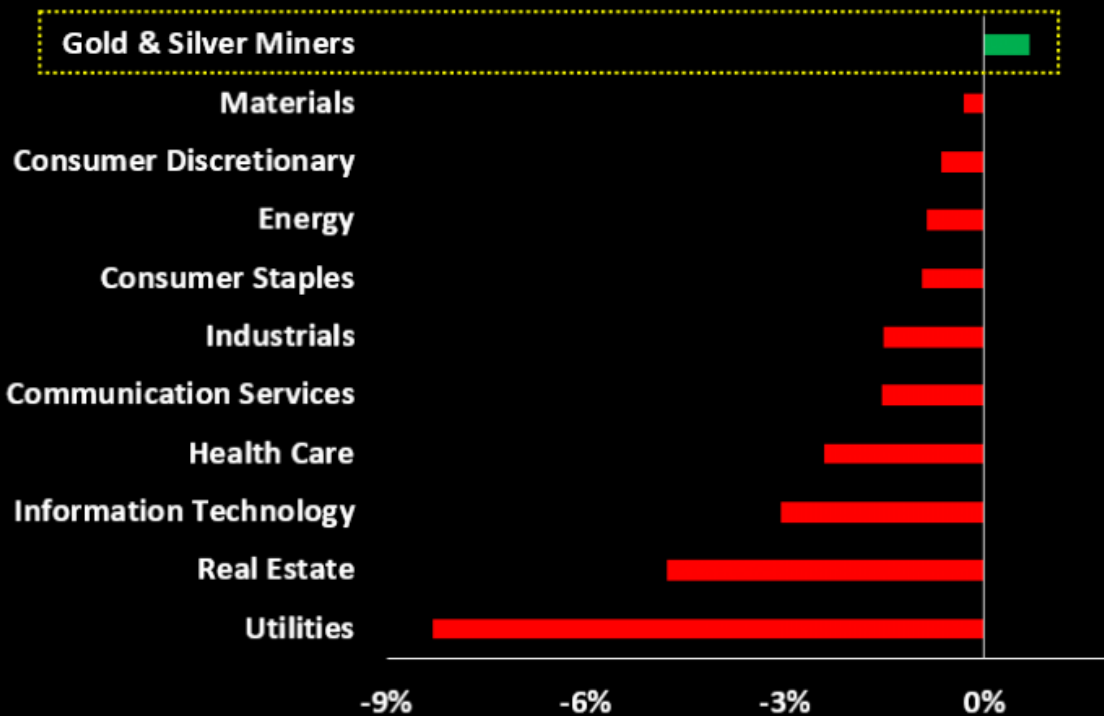
Moreover, from a macro investing standpoint, we think it is the dawn of the Great Rotation. Rising inflation is the catalyst for a rotation out of historically overvalued long-duration equity and fixed income assets, and into undervalued inflation hedge assets in high demand including scarce resource stocks in the materials and energy sectors. Our analysis shows that rising inflation is likely to be persistent, not a transitory problem. It is a consequence of years of reliance on ever greater monetary and fiscal stimulus as the primary policy tools in attempts to solve economic problems.



The other consequence of these policies is that we are faced with truly historic financial asset bubbles in equities and fixed income securities today which pose substantial economic and financial risks of their own. To illustrate the extent of the gulf today between the value opportunity in scarce resource stocks and the overvalued stock market at large, if gold and silver miners were considered a sector, it would be the only one that generates a higher free-cash-flow yield than inflation. This table illustrates the motivation behind the Great Rotation today.

Real Free-Cash-Flow Yield by Sector

Aggregate Free-Cash-Flow Yield Net of Consumer Prices Index YoY Change



Source: Bloomberg Universe: S&P 500 Sectors Excluding Financials ©2021 Crescat Capital LLC

With the major and mid-tier gold and silver producing companies gushing free cash flow today, our analysis shows that the real opportunity is on the exploration side of the industry.

We are leading the charge to fund exploration and discovery of the new, large, high grade precious metals deposits in the best mining jurisdictions around the globe. As we have shown in the last year, by helping to fund major new discoveries, we can create substantial value even in a tepid overall gold and silver market. But because the producers have not been replacing their reserves, they are facing a production cliff beginning in just four years. Permitting new mines takes several years. So, the industry leaders will also need to start allocating capital soon to the best projects out there in the hands of the junior mining segment if they want to continue their growth. We believe a new M&A cycle will be ramping up soon as the majors and mid-tiers will be looking to Crescat's portfolio companies as acquisition targets to capture future growth in the burgeoning secular bull market for precious metals. This is an exciting potential kicker to our portfolios that we haven't even seen yet but we believe is just around the corner.

Sincerely,

Kevin C. Smith, CFA
Member & Chief Investment Officer

Tavi Costa
Member & Portfolio Manager

For more information including how to invest, please contact:

Marek Iwahashi
Client Service Associate
miwahashi@crescat.net
303-271-9997

Cassie Fischer
Client Service Associate
cfischer@crescat.net
(303) 350-4000

Linda Carleu Smith, CPA
Member & COO
lsmith@crescat.net
(303) 228-7371

© 2021 Crescat Capital LLC

Important Disclosures

Performance data represents past performance, and past performance does not guarantee future results. An individual investor's results may vary due to the timing of capital transactions. Performance for all strategies is expressed in U.S. dollars. Cash returns are included in the total account and are not detailed separately. Investment results shown are for taxable and tax-exempt clients and include the reinvestment of dividends, interest, capital gains, and other earnings. Any possible tax liabilities incurred by the taxable accounts have not been reflected in the net performance. Performance is compared to an index, however, the volatility of an index varies greatly and investments cannot be made directly in an index. Market conditions vary from year to year and can result in a decline in market value due to material market or economic conditions. There should be no expectation that any strategy will be profitable or provide a specified return. 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.

Separately Managed Account (SMA) disclosures: The Crescat Large Cap Composite and Crescat Precious Metals Composite include all accounts that are managed according to those respective strategies over which the manager has full discretion. SMA composite performance results are time weighted net of all investment management fees and trading costs including commissions and non-recoverable withholding taxes. Investment management fees are described in Crescat's Form ADV 2A. The manager for the **Crescat Large Cap** strategy invests predominately in

equities of the top 1,000 U.S. listed stocks weighted by market capitalization. The manager for the **Crescat Precious Metals** strategy invests predominantly in a global all-cap universe of precious metals mining stocks.

Hedge Fund disclosures: Only accredited investors and qualified clients will be admitted as limited partners to a Crescat hedge fund. For natural persons, investors must meet SEC requirements including minimum annual income or net worth thresholds. Crescat's hedge 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 Crescat's hedge 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 hedge fund with the SEC. Limited partner interests in the Crescat hedge 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 Crescat's hedge funds are not subject to the protections of the Investment Company Act of 1940. 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 of Crescat's hedge funds may not be directly comparable to the performance of other private or registered funds. Hedge funds may involve complex tax strategies and there may be delays in distribution tax information to investors.

Investors may obtain the most current performance data, private offering memoranda for a Crescat's hedge funds, and information on Crescat's SMA strategies, including Form ADV Part II, 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 hedge fund for complete information and risk factors.