CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

MACRO PRESENTATION

Important Disclosures

This presentation is intended for Qualified Eligible Persons ("QEPs") as defined in CFTC Rule 4.7. 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. Commodity interests trading represents the potential risk of significant losses. 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/. 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. See the private offering memorandum for each Crescat fund for complete information and risk factors.

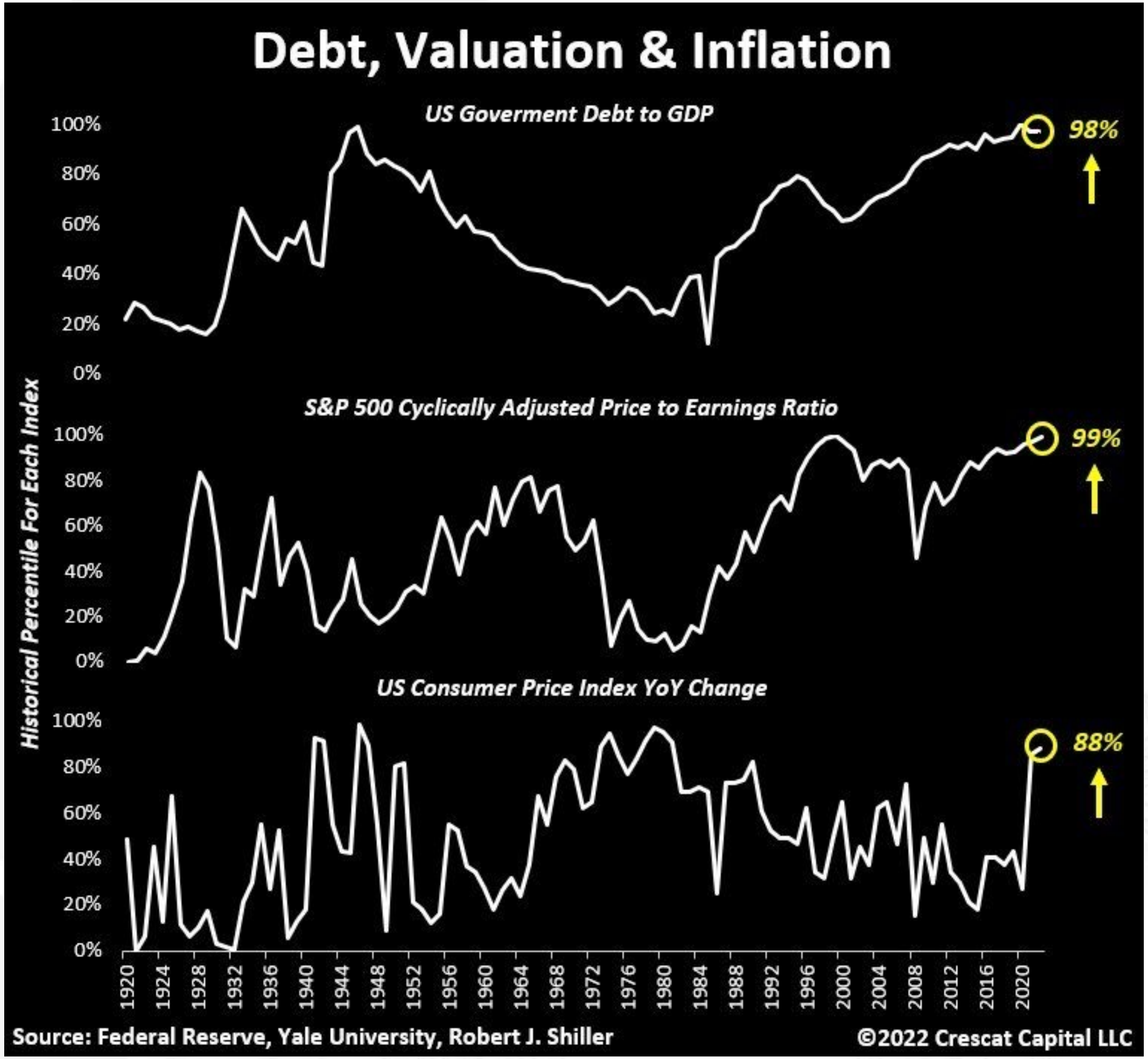
Inflation: Higher for Longer

In our view, this is a structural problem caused by secular forces:

- Reckless fiscal spending
- Deglobalization
- Commodity shortages
- Wage-price Spiral

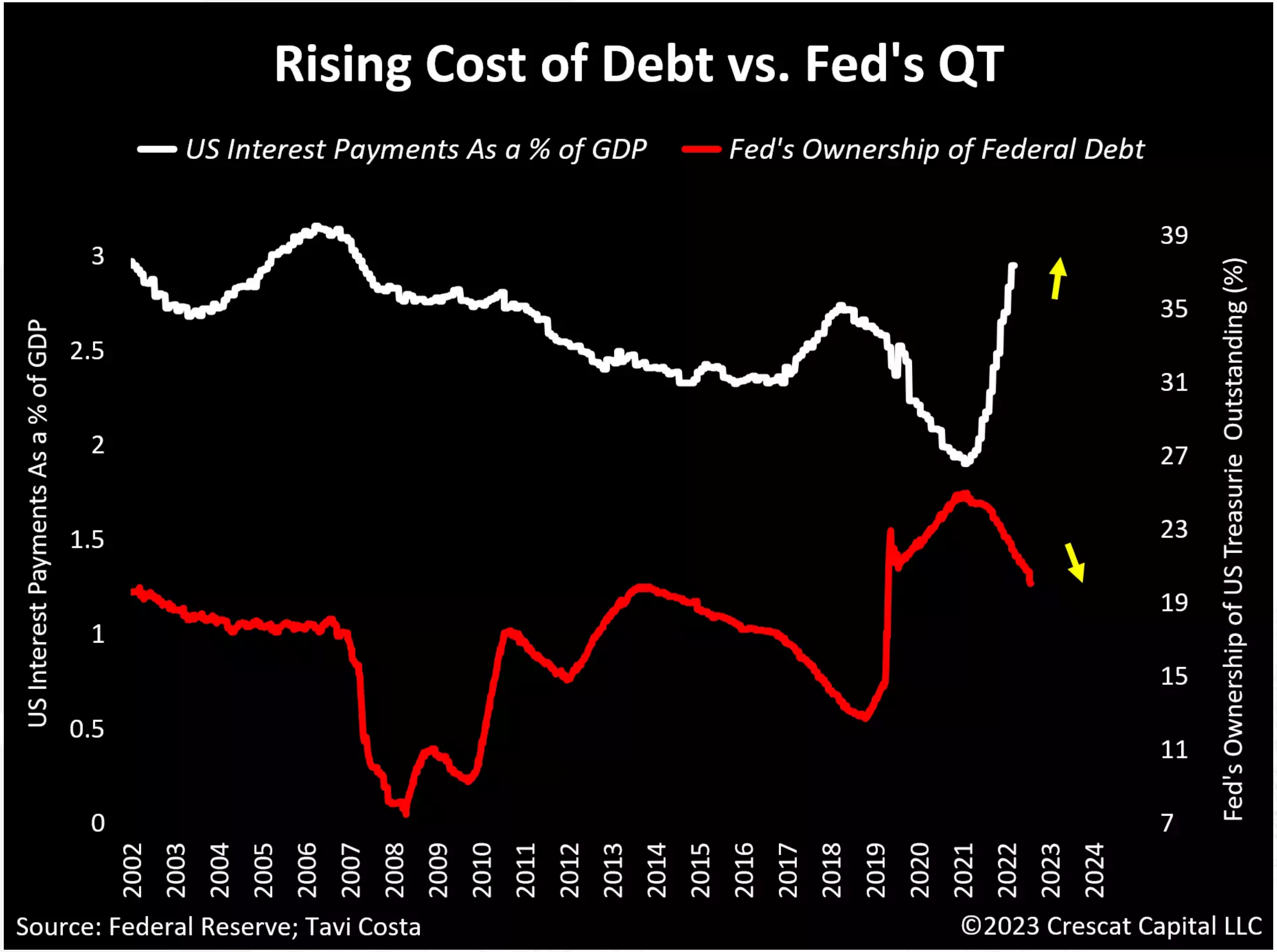
We believe the global economy is experiencing the early stages of an inflationary decade that is likely to unleash key macro trends on the long and short sides.

This macro deck provides charts/data to substantiate our macro views.

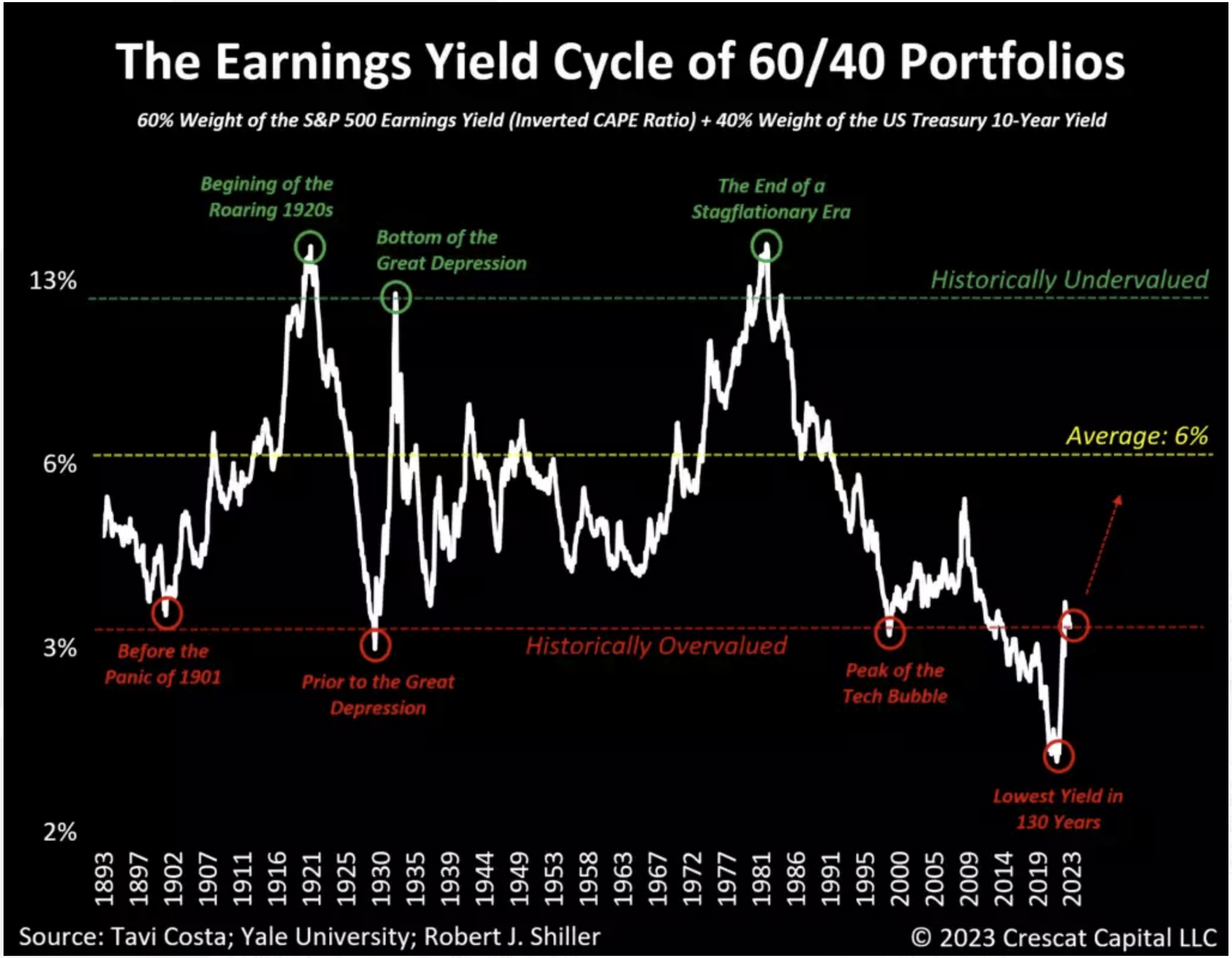


For the first time in history, the US is experiencing a confluence of three macro extremes all at once:

- High government debt to GDP like the post-war 1940s
- Excessive stock market valuation on par with 1929 & 2000 bubbles
- A resource-driven inflationary crisis environment comparable to the 1970s



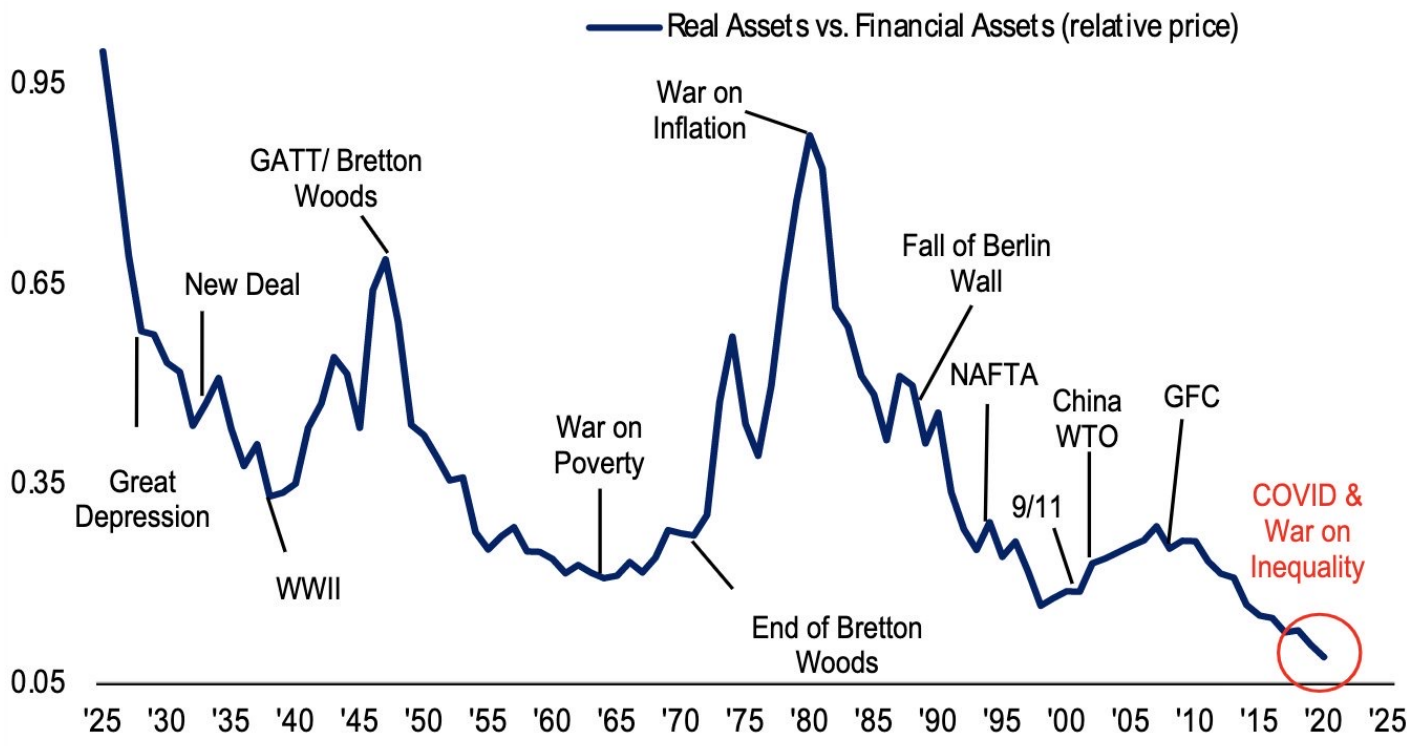
Monetary and fiscal authorities are currently running what we believe are unsustainably divergent policies.



The valuation history of 60/40 portfolios unfolds through extended cycles, and we are currently experiencing another critical juncture in this dynamic.

Exhibit 1: All-time lows...real assets relative to financial assets since 1925

Real assets (Commodities, Real Estate, Collectibles) vs. Financial Assets (Large Cap Stocks, Long-term Govt Bonds) since 1925

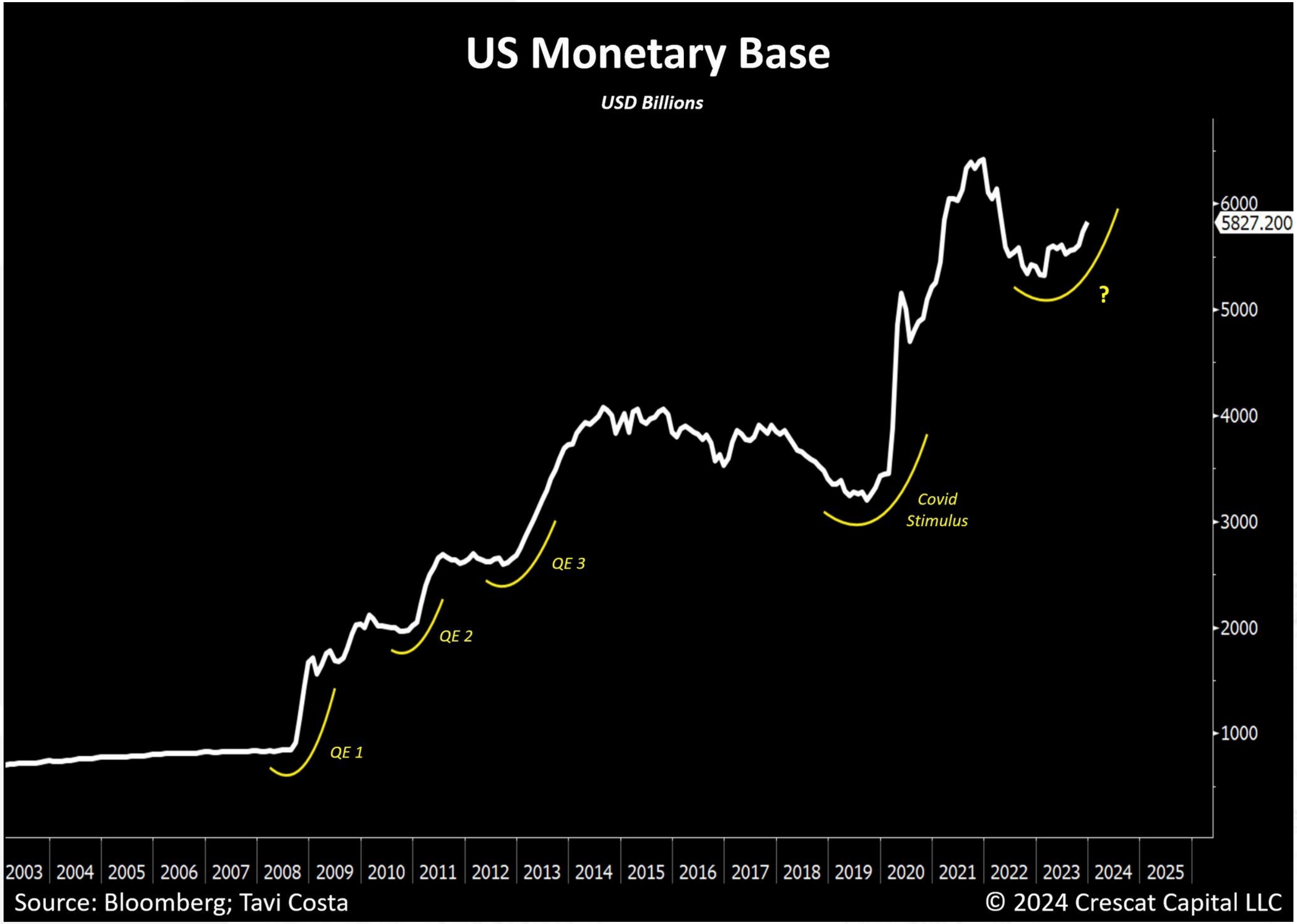


Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg, USDA, Savills, Shiller, ONS, Spaenjers, Historic Auto Group.

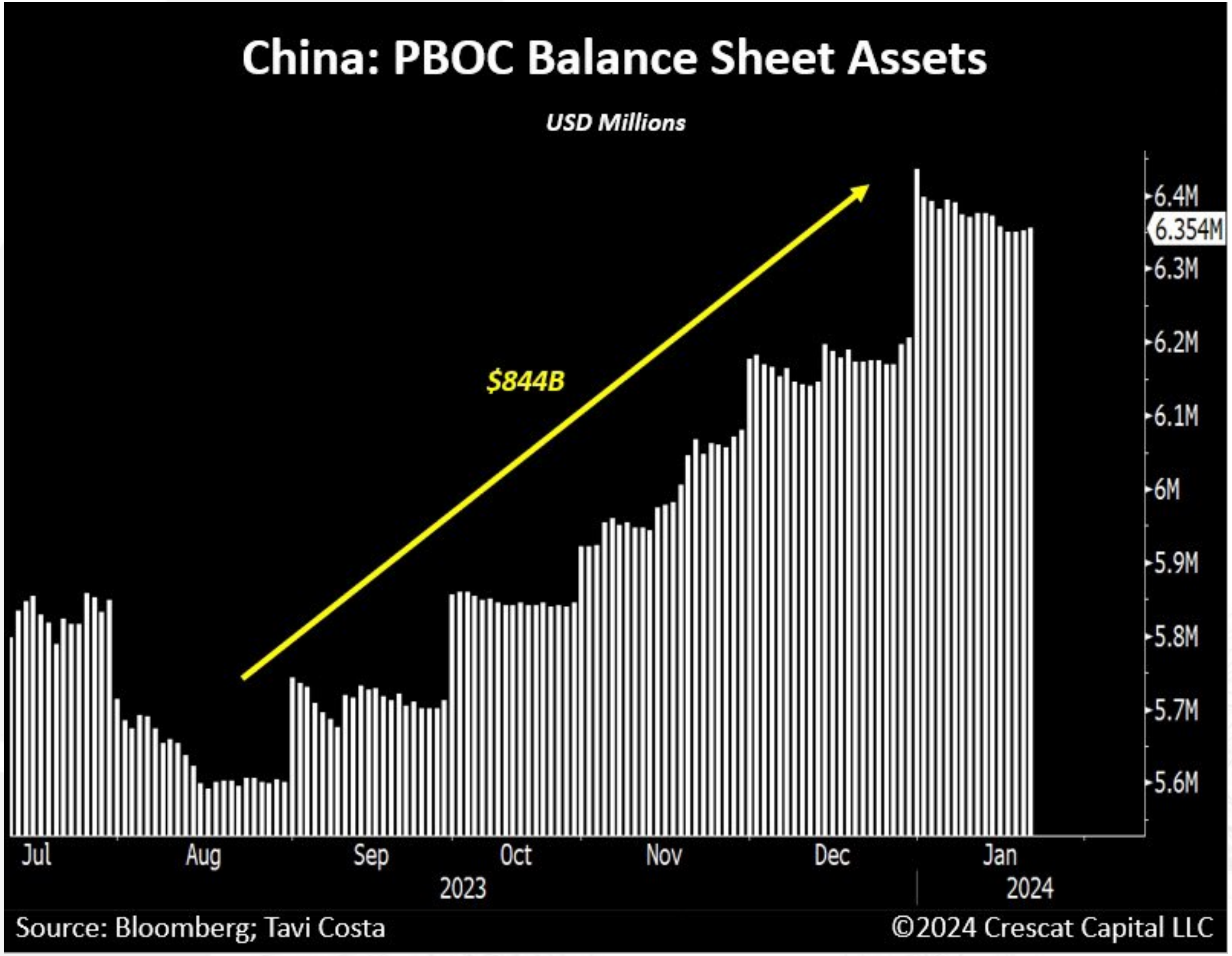
Note: Real Assets (Commodities, Real Estate, Collectibles) vs. Financial Assets (Large Cap Stocks, Long-term Govt. Bonds)

BofA GLOBAL RESEARCH

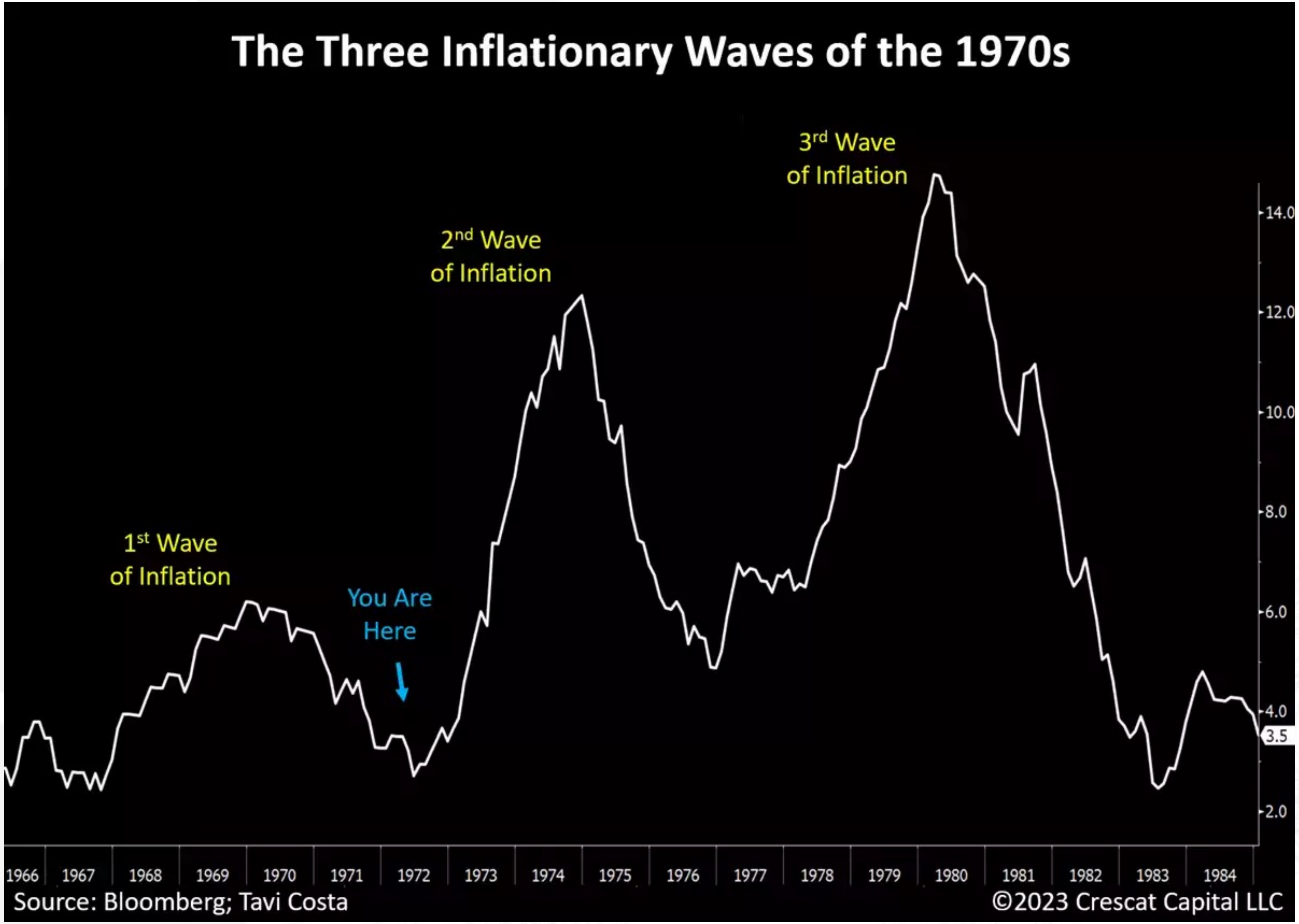
Real assets are currently at their most undervalued compared to financial assets in history.



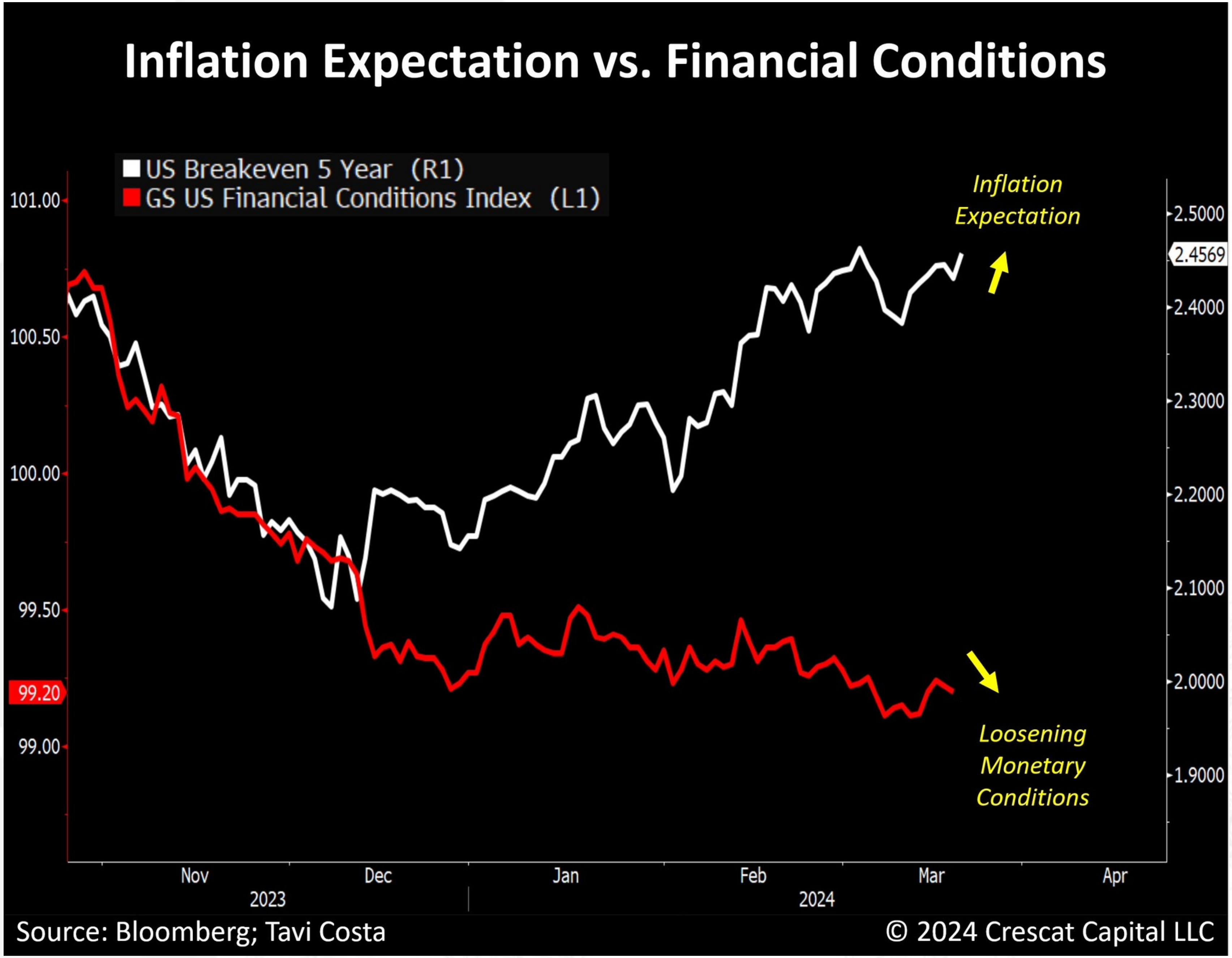
We are witnessing what might be described as the most undisciplined monetary and fiscal environment in history.



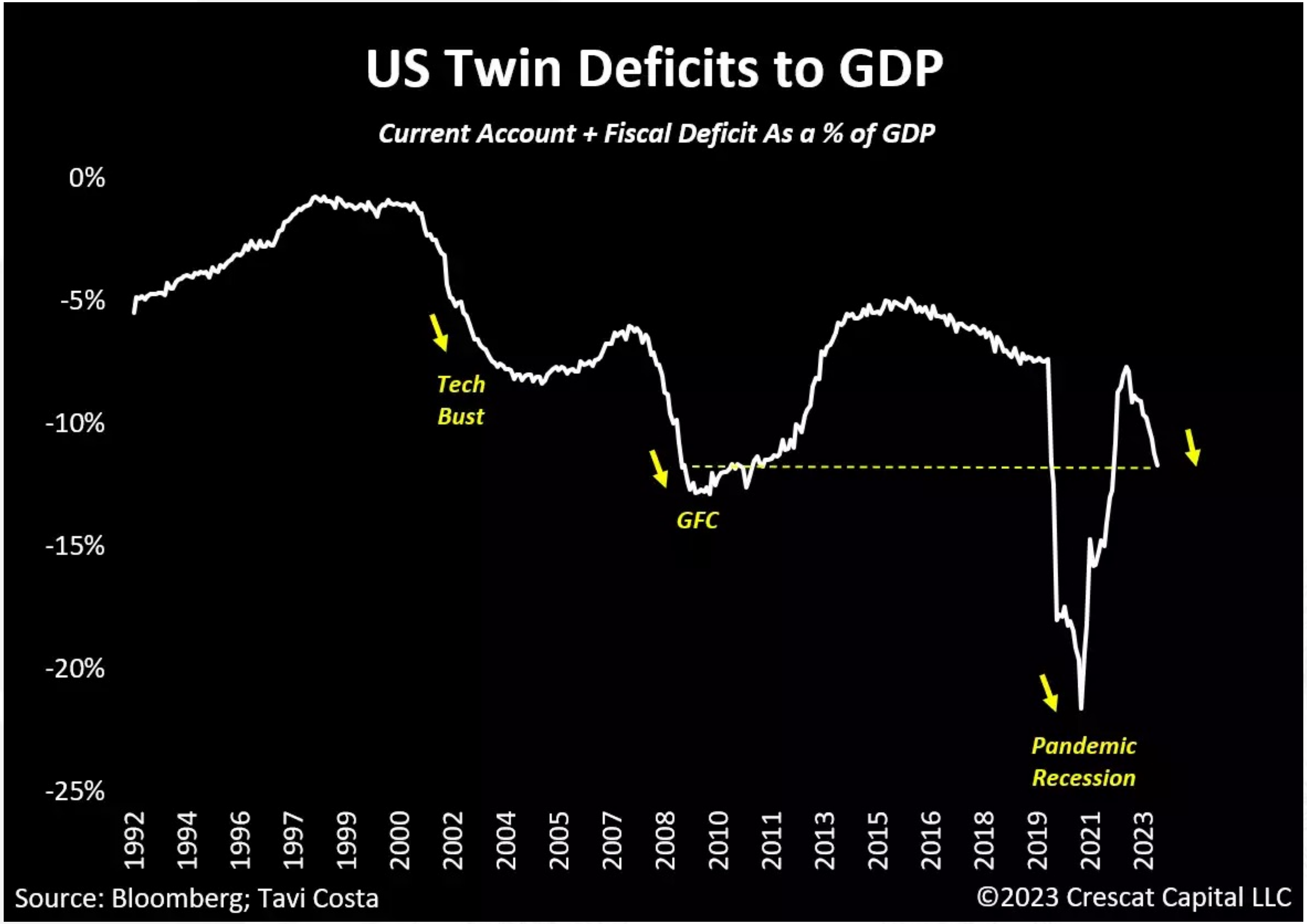
Having observed this pattern consistently over the past few decades, it is evident that whenever economic issues arise, central banks inevitably resort to additional liquidity injections.



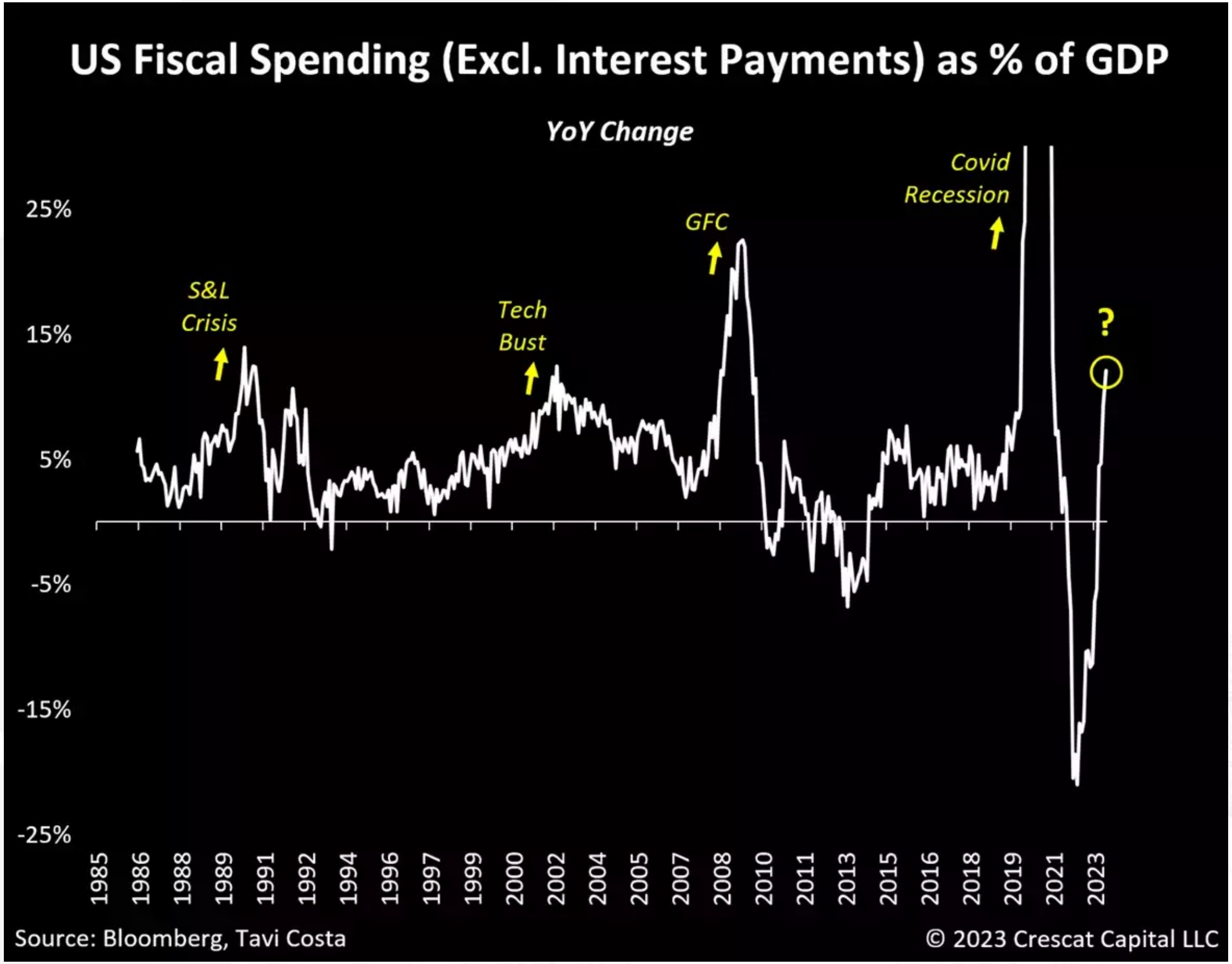
Inflation develops through waves, and we are likely experiencing the early stages of a re-acceleration of growth in consumer prices.



If easing monetary conditions with inflation re-accelerating is the next move, then this is probably the most compelling setup to own hard assets that we have seen.

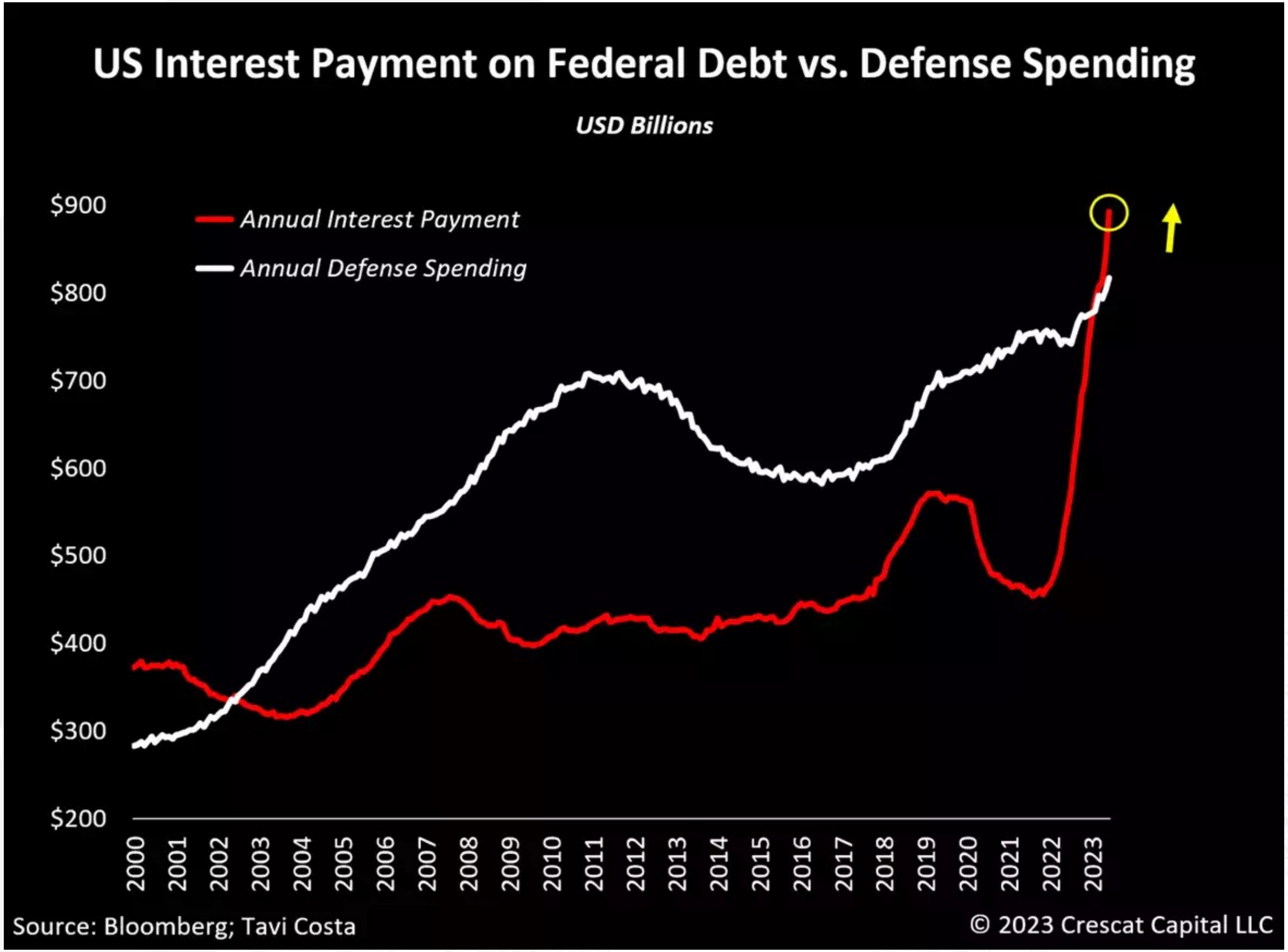


The US is now running twin deficits that are as severe as those experienced during the worst parts of the Global Financial Crisis.

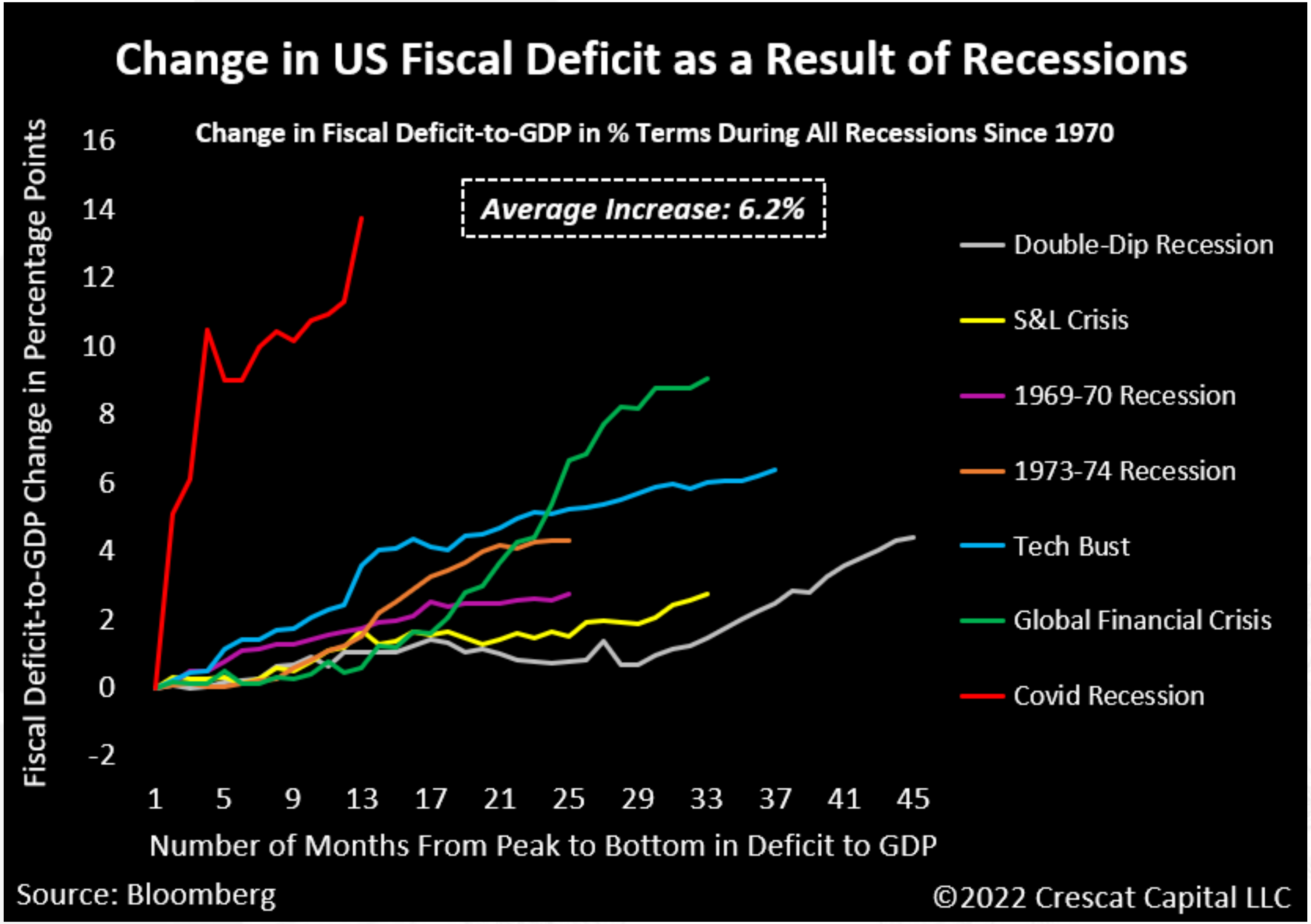


Even without factoring in the cost of servicing the debt, fiscal spending alone represents over 25% of GDP in the US.

Today's government expenditure has already surpassed the levels seen after the Global Financial Crisis. The notable distinction is that we haven't experienced an economic downturn yet.



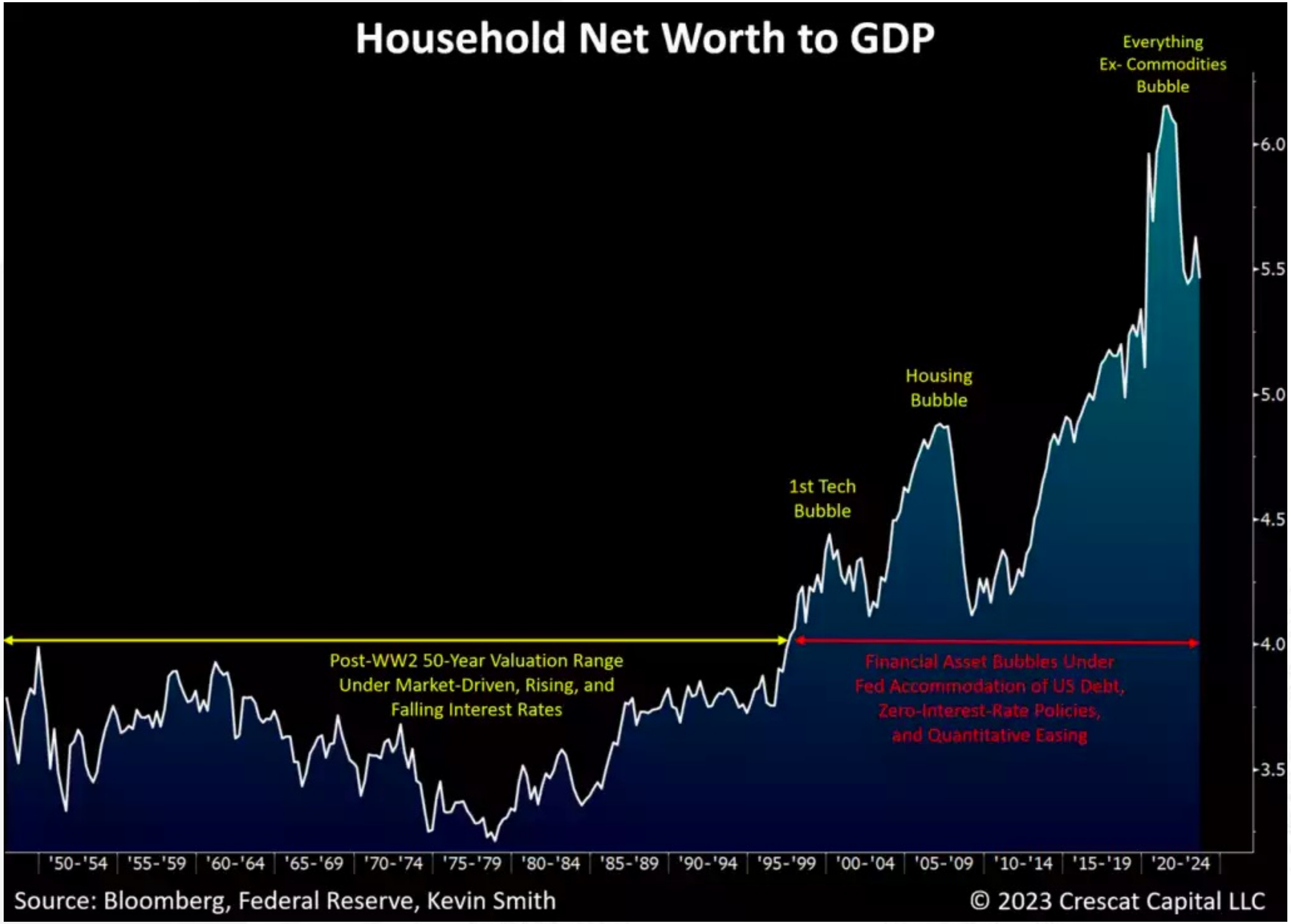
This is likely the initial stages of a trend, and if no solutions are implemented, other components of the fiscal agenda may soon be constrained by the escalating cost of debt.



Looking at all recessions since 1970, fiscal deficit-to-GDP worsened by an average of 6.2%.

We think the next downturn will be no different.

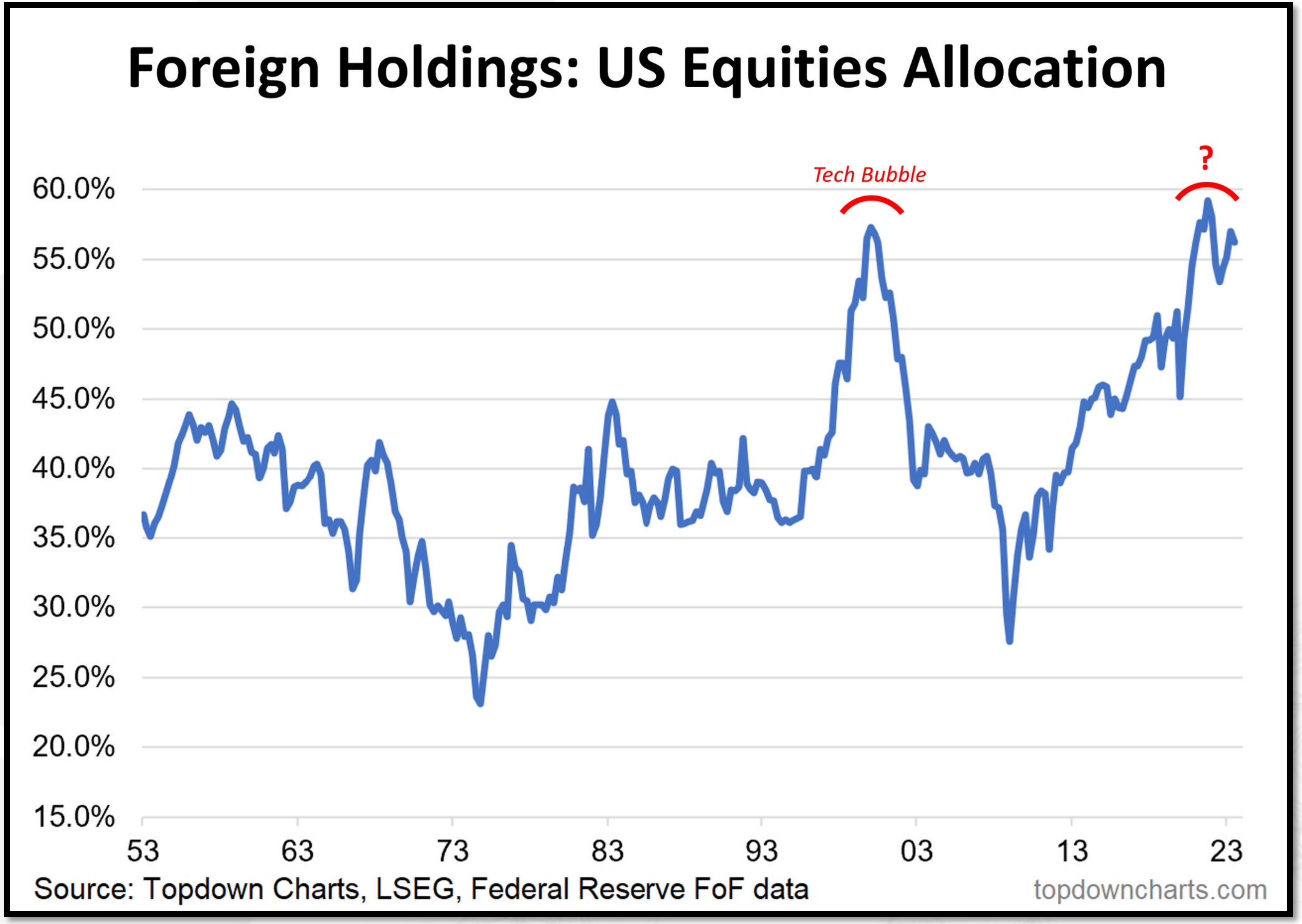
However, government spending will likely be increasing with inflation rates already historically elevated so nominal GDP may also be rising.



The Fed helped create many of these embedded inflation problems in the first place due to too many years of ultra-accommodative monetary policy which served primarily to create only bigger and bigger debt and financial asset bubbles. Now, we believe the Fed has little choice but to tolerate long-term rising consumer and wholesale prices as it attempts to manage the deflation of these bubbles.

CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

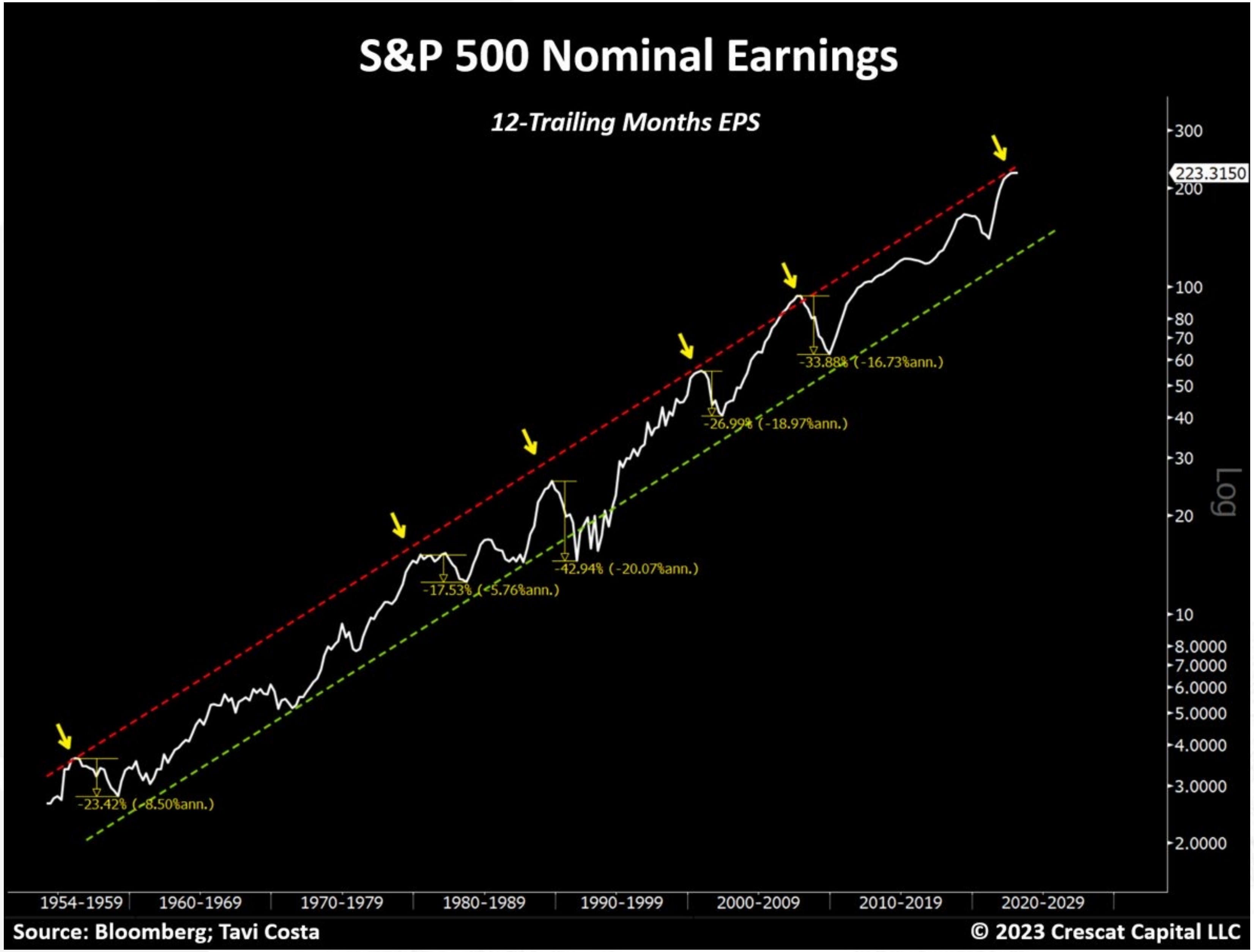
MISPRICED COST OF CAPITAL



Foreign investors' allocation in US equities is currently as extreme as they were at the very peak of the tech bubble.

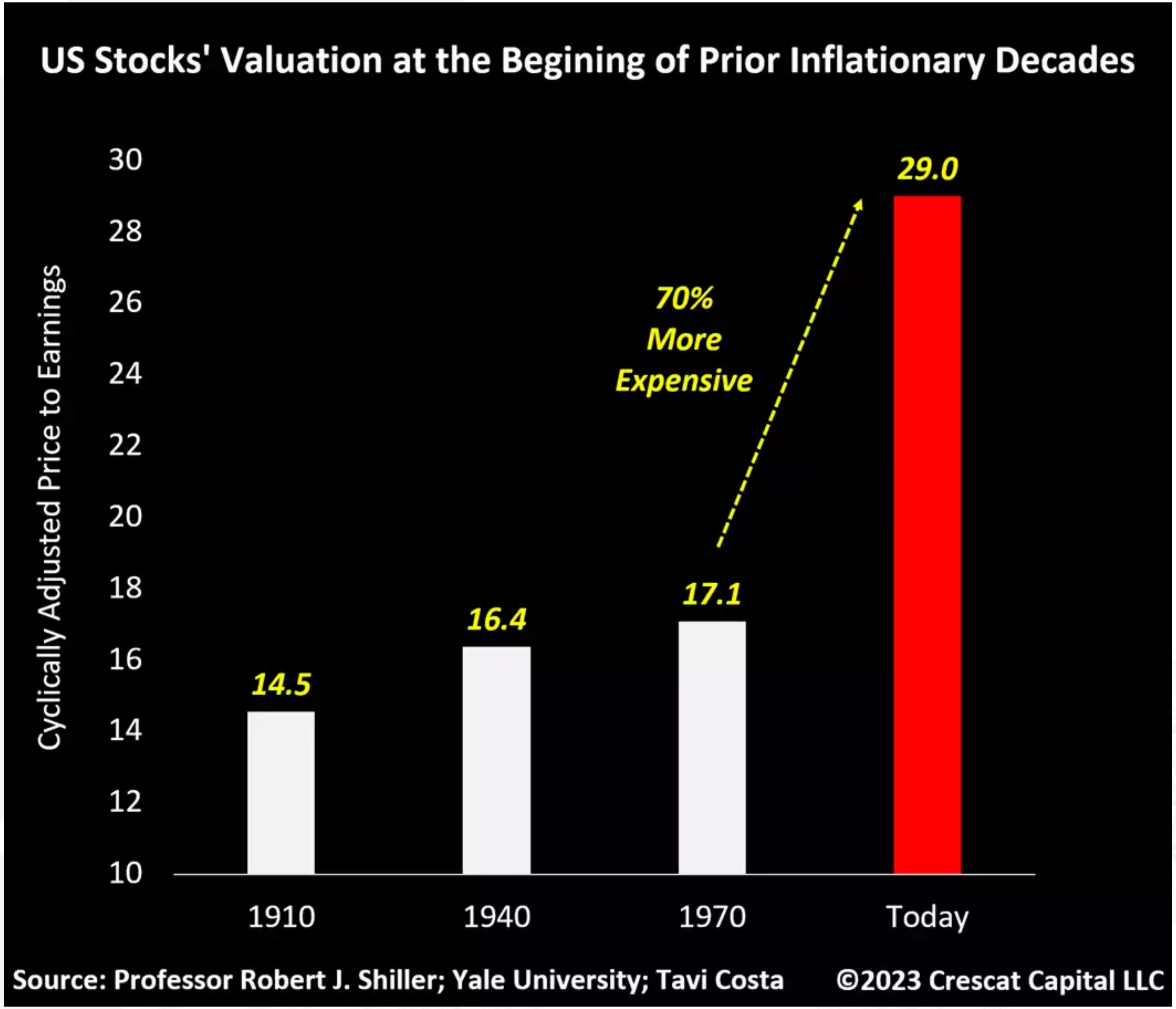
Similar to what we experienced back then, the gradual unwinding of crowded sectors like technology is set to unleash another major growth to value rotation in markets.

We believe that the recent front pages of Barron's and The Economist are particularly revealing, indicating a significant bullish sentiment among both market participants and the media.

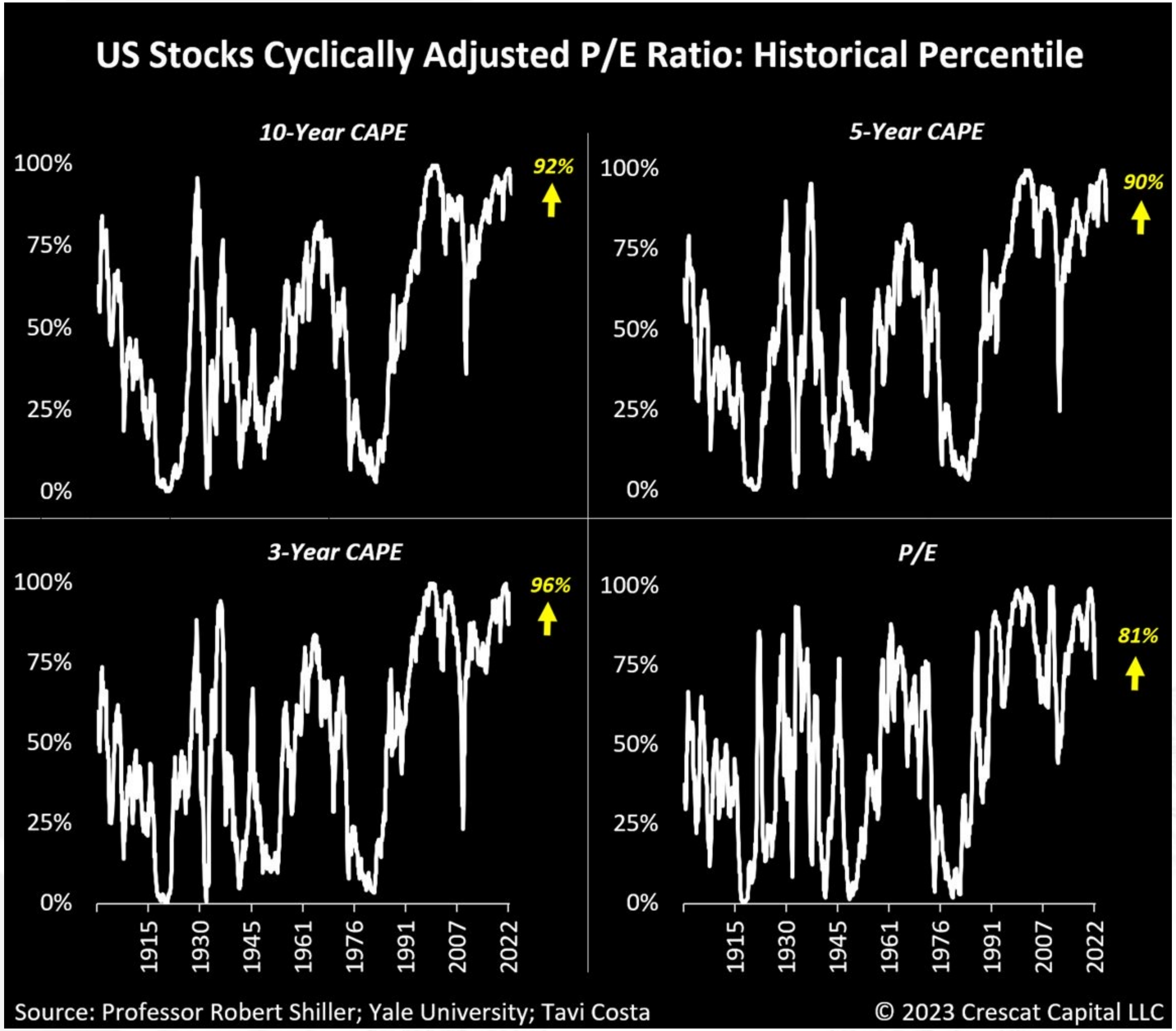


Every time profits reached the upper band of this range, an earnings recession followed.

We are at a similar peak-level juncture again today while analysts continue to be overly optimistic.

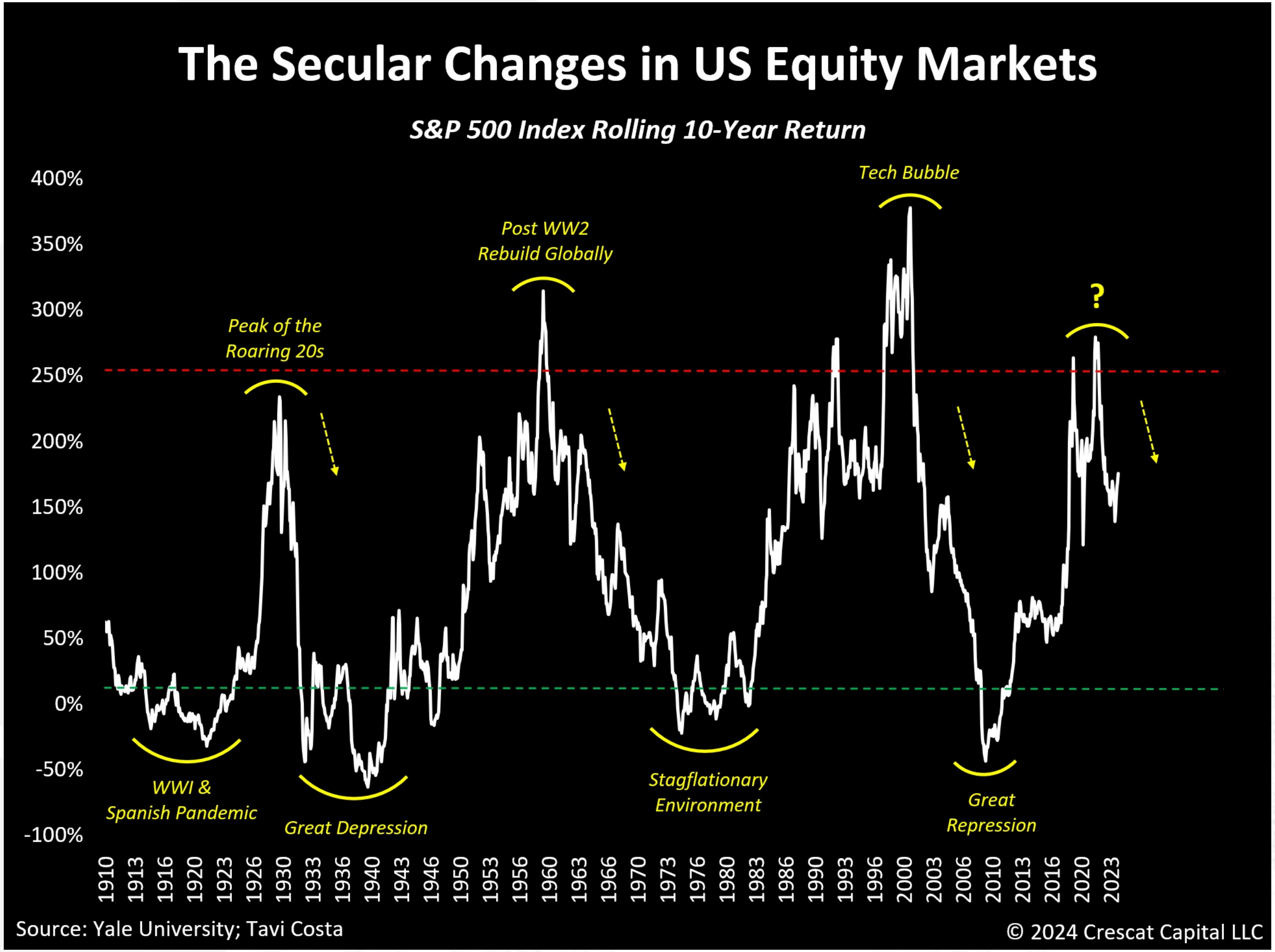


Today's valuations are over 70% more expensive than they were when each of those inflationary decades began.



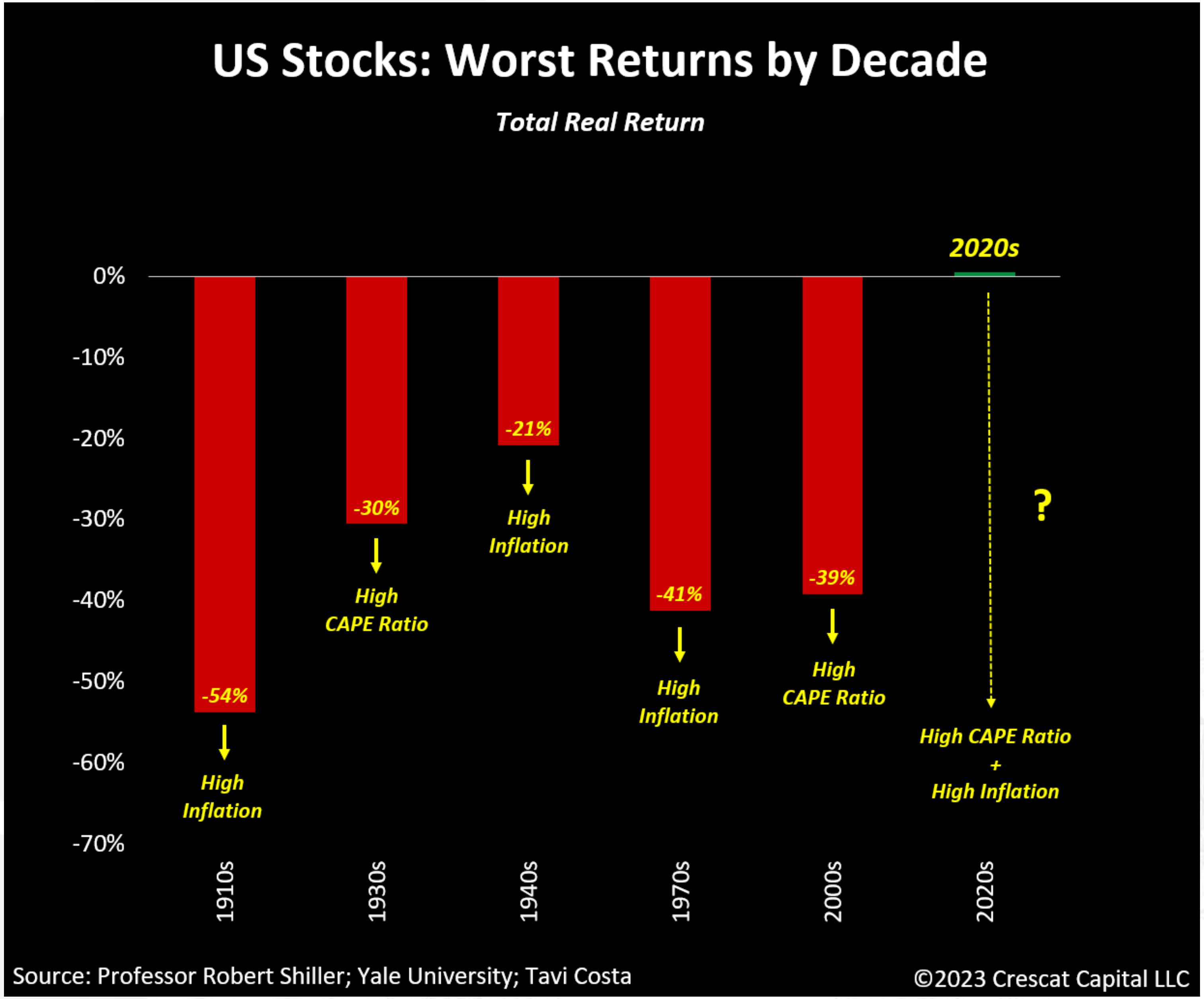
On a CAPE ratio basis, for instance, market prices are near record levels relative to 1, 3, 5, and 10-year cyclically adjusted earnings.

The only plausible way to justify the current multiples in equity markets would be if, for the first time in history, we were to experience a 50% increase in real earnings for back-to-back decades.

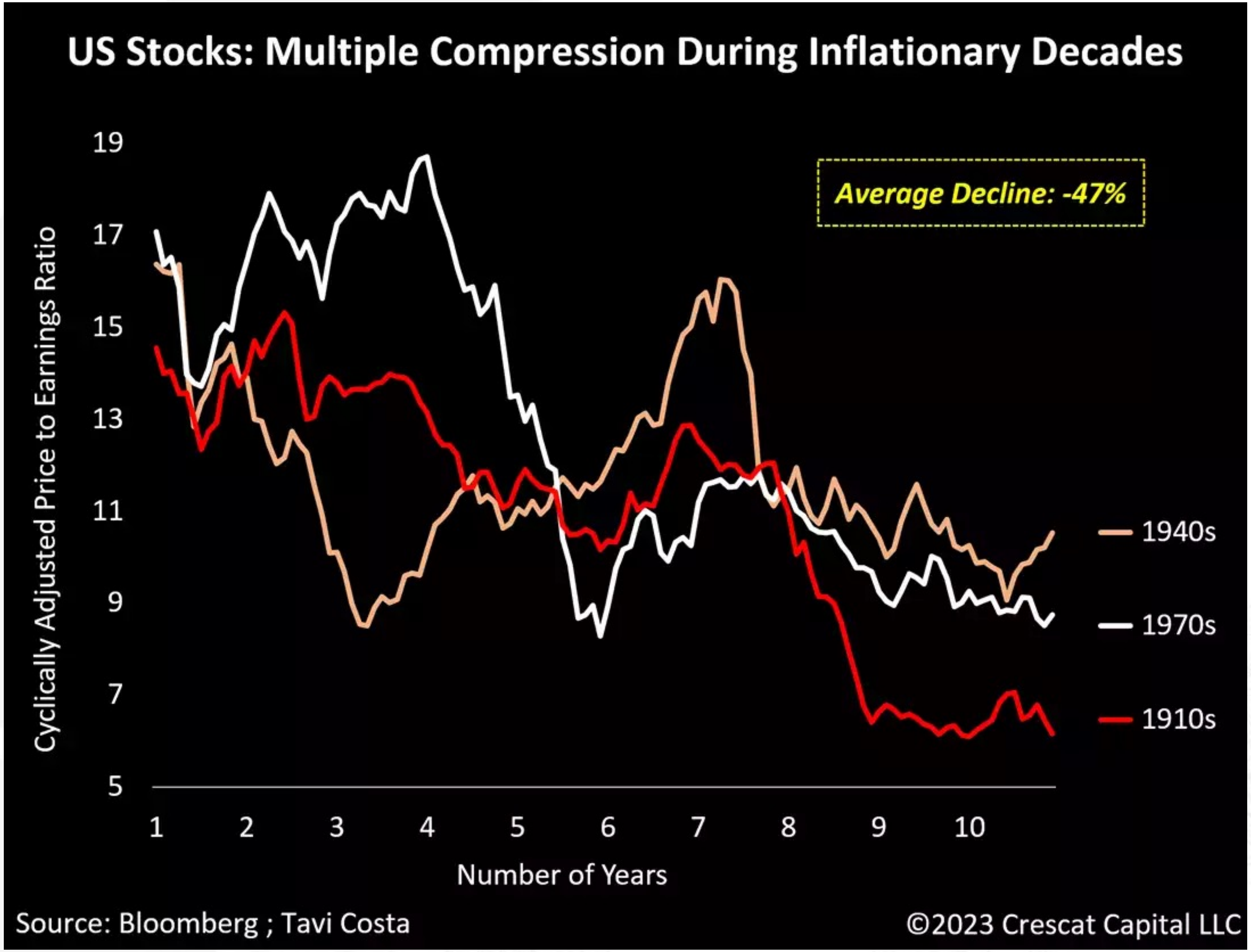


As the business cycle progresses, the long-term returns of US equity markets follow secular trends that experience pivotal turning points when valuations reach extremes.

From our perspective, the years of excessive performance in the overall US stock market are likely behind us.



Since 1900, there have been only five decades that the total real return for US stocks was negative. In fact, they were all deeply negative. Three of these periods happened during inflationary eras. The other two occurred at a time when valuations of US equity markets were at historical levels. Today, we have both setups at the same time.



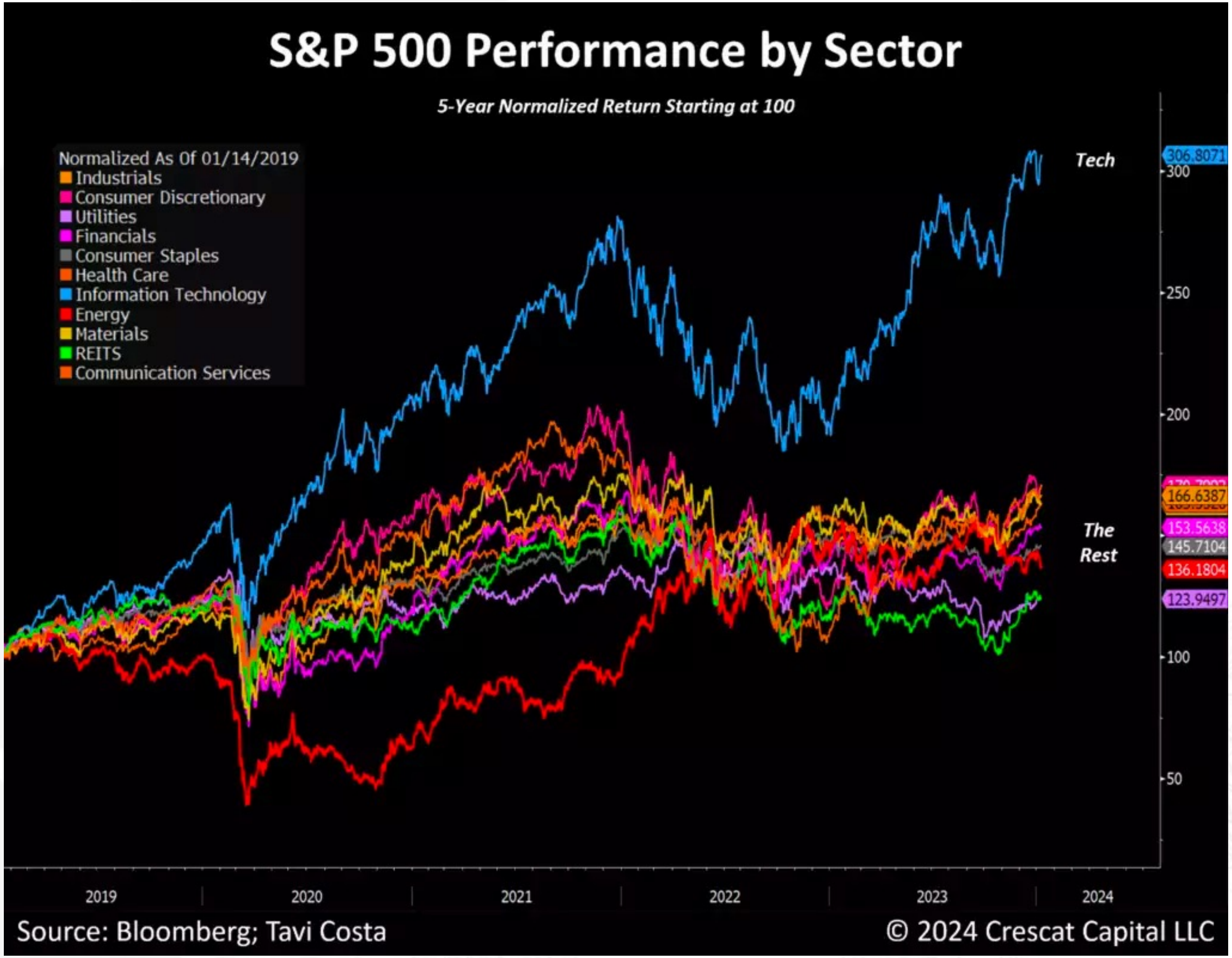
The last time we had a long period of higher-than-average cost of capital was in the 1910s, 1940s, and 1970s.

While each had its own unique circumstances, fundamental multiples for stocks significantly contracted over all those decades.

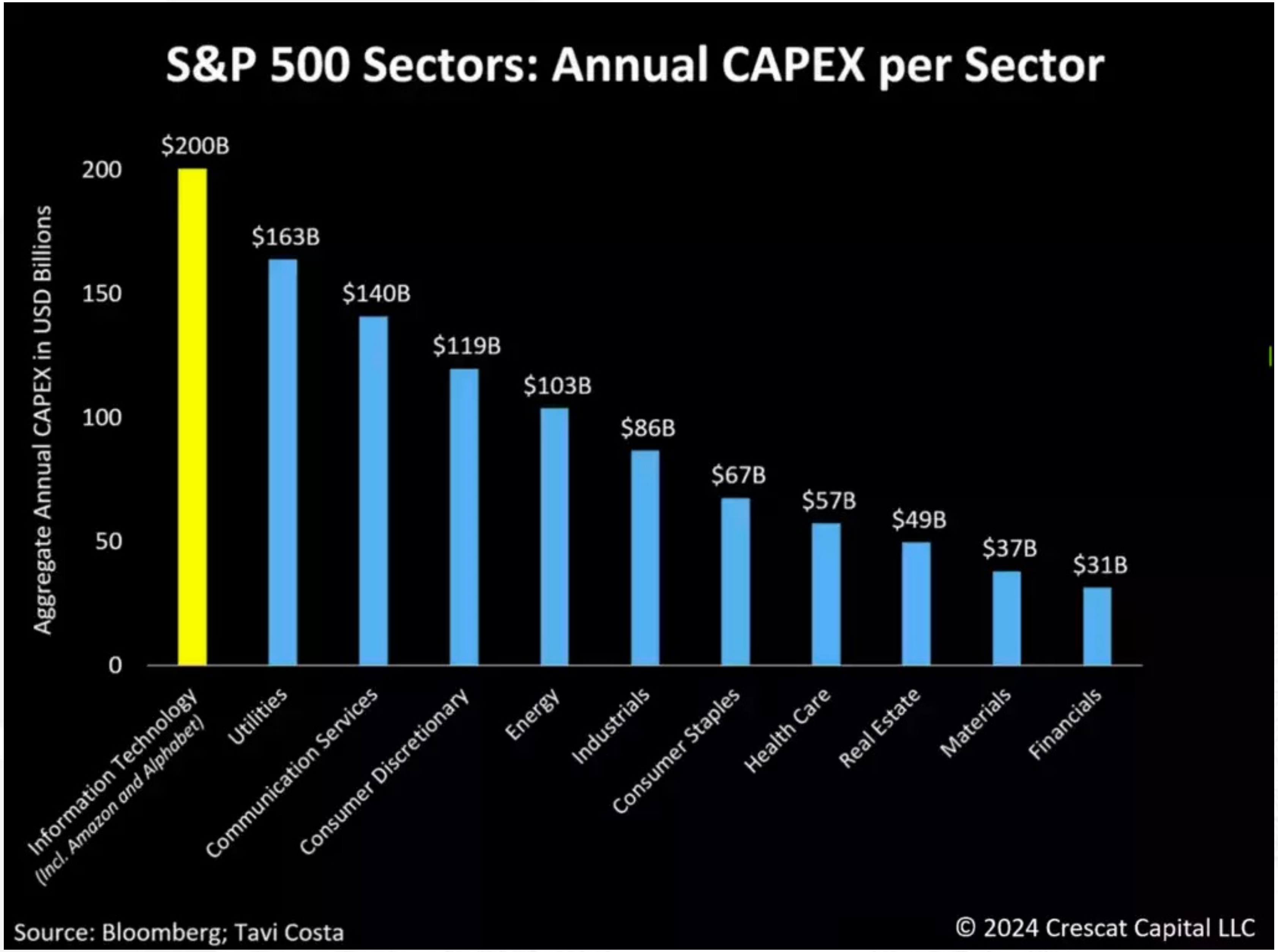
The average decline was nearly 50%.

More importantly, note that CAPE ratios shrunk to single digits at the end of two periods and to just 10.5x in the 1940s.

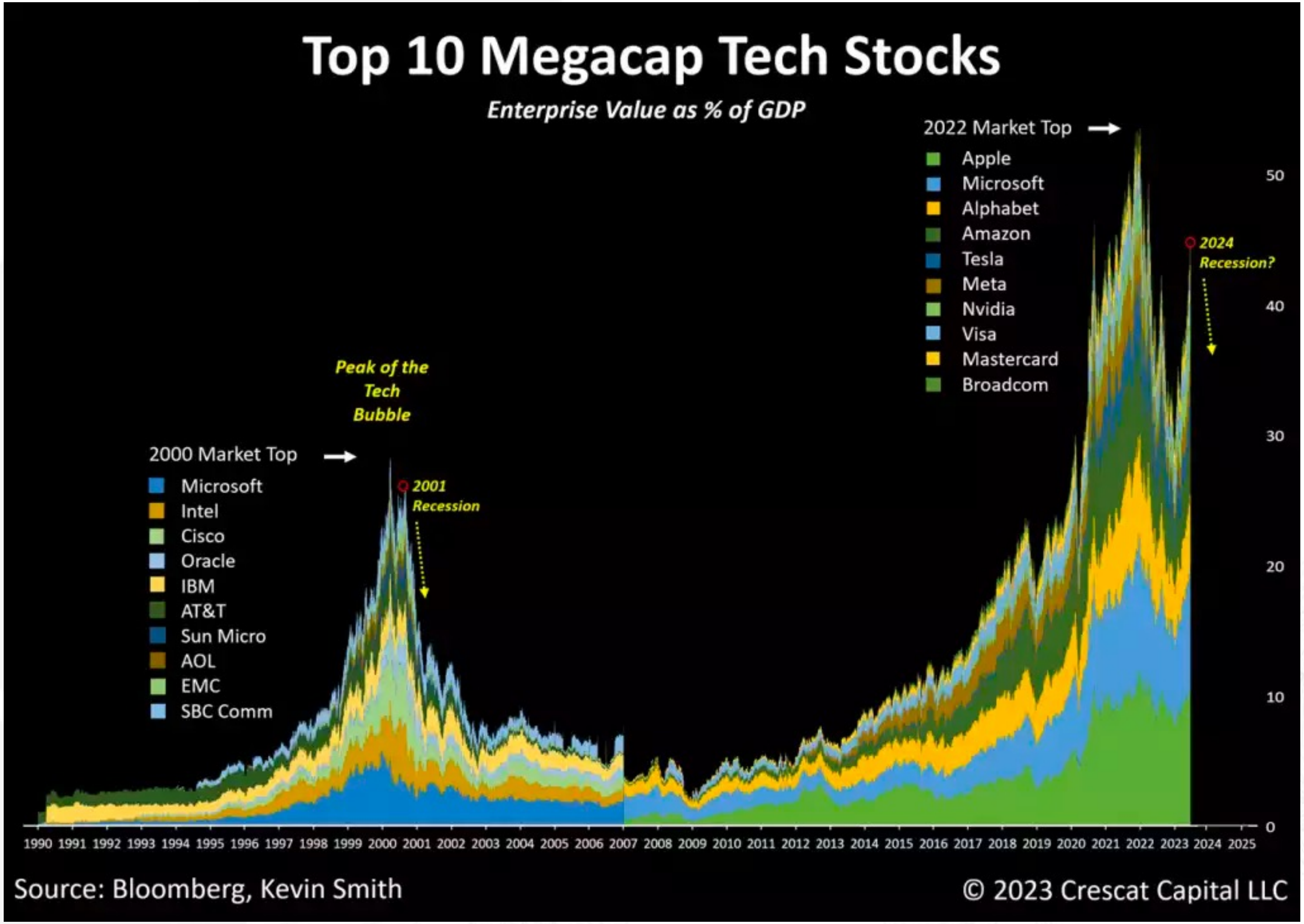
MEGACAP GROWTH CEILING



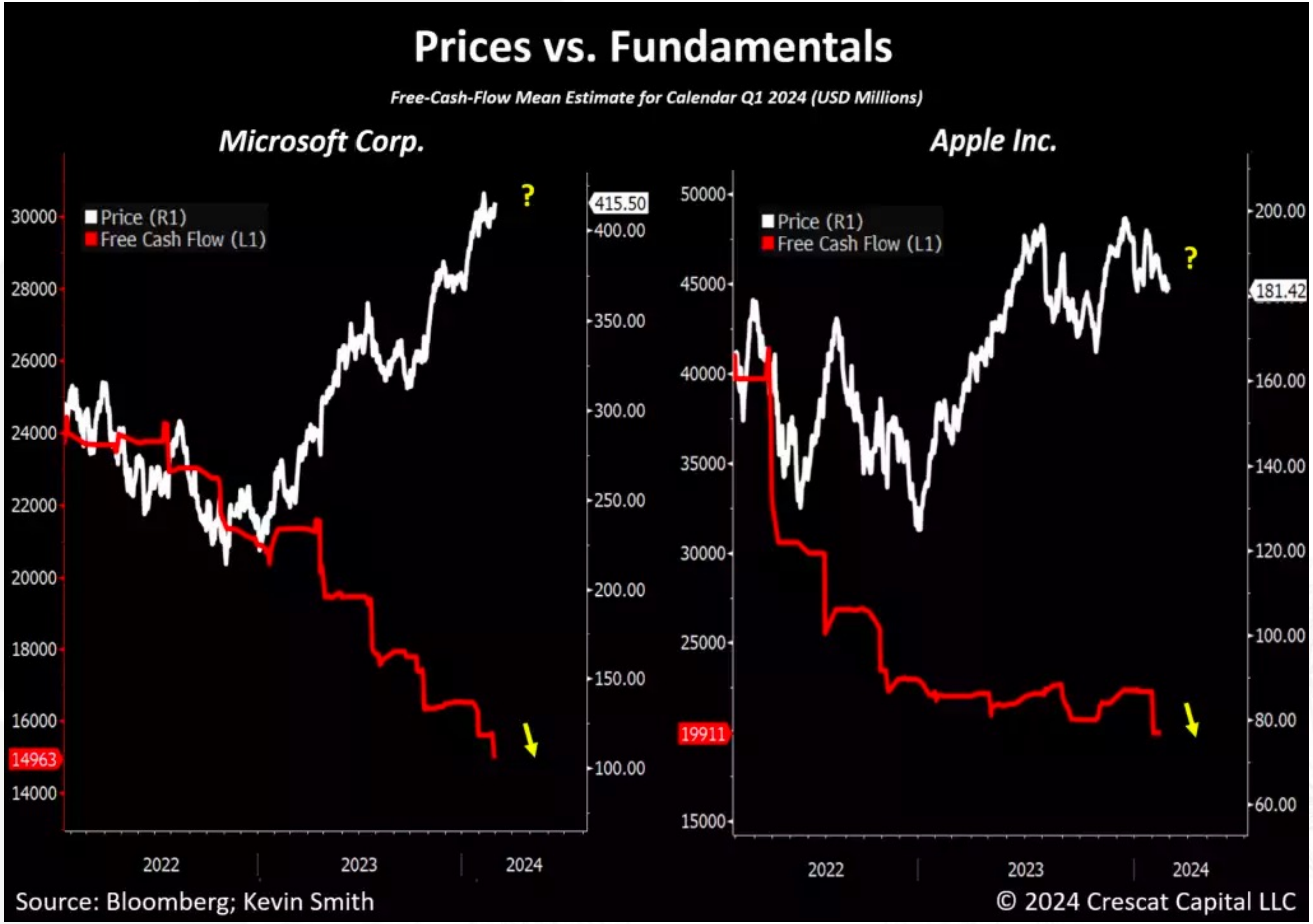
The current market structure reminds us of the final stages of the tech bubble. During that period, the S&P 500 reached its peak on March 24, 2000, subsequently retesting the same level on September 1, ultimately forming a double top that only concluded after a 50% decline in the overall market. Notably, tech companies experienced an 83% plunge from peak to trough.



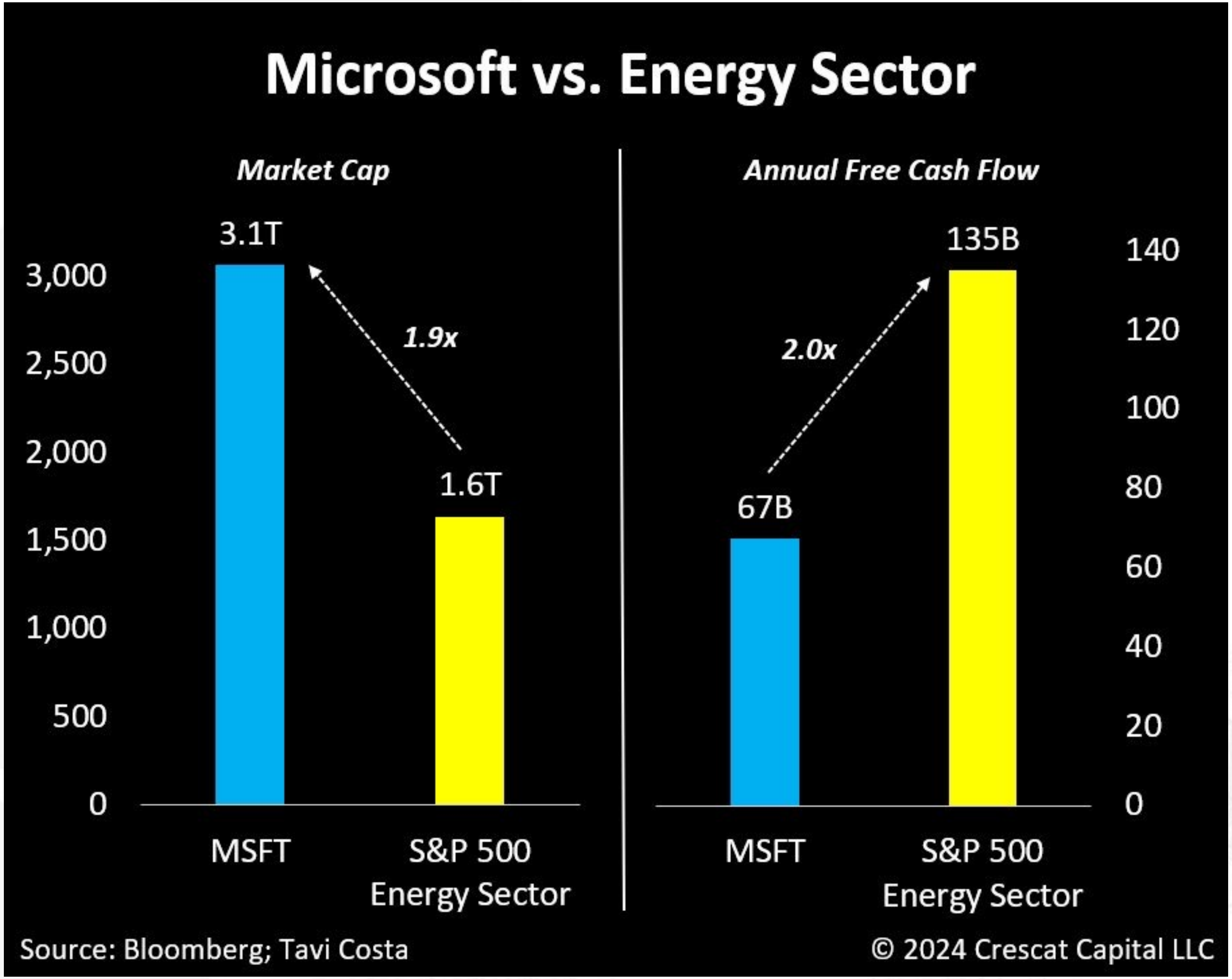
While it has been relatively unnoticed, US companies have recently engaged in one of the most extensive capital spending booms in history. Conventional wisdom would think that most of these corporate investments in the economy are currently being driven by highly capital-intensive businesses, but the truth is that technology businesses have been by far the biggest contributor to this investment expansion.



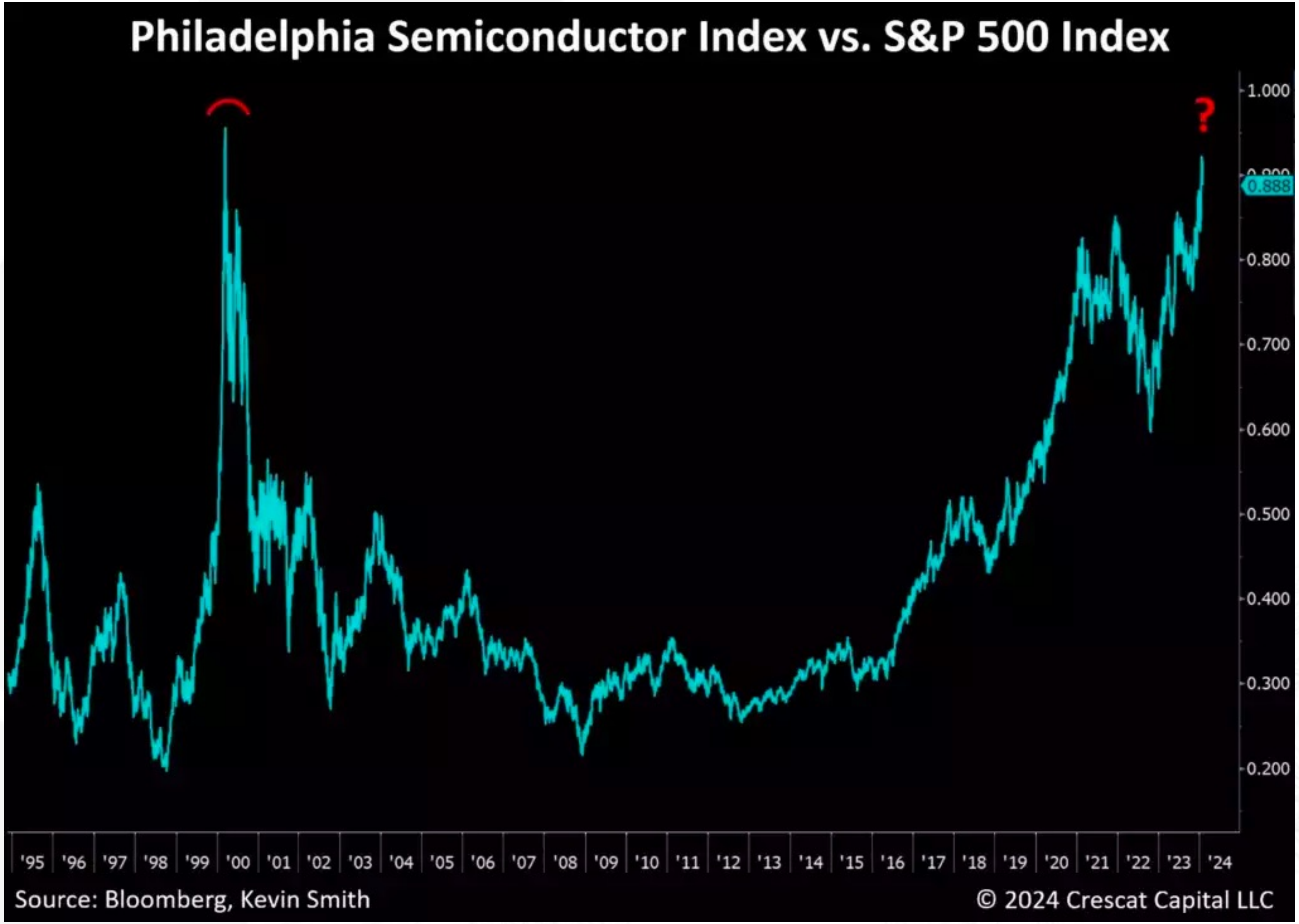
The Fed pivoted to help the banking sector, especially after giving recognition to likely broader credit losses in the system that have yet to be officially recognized.



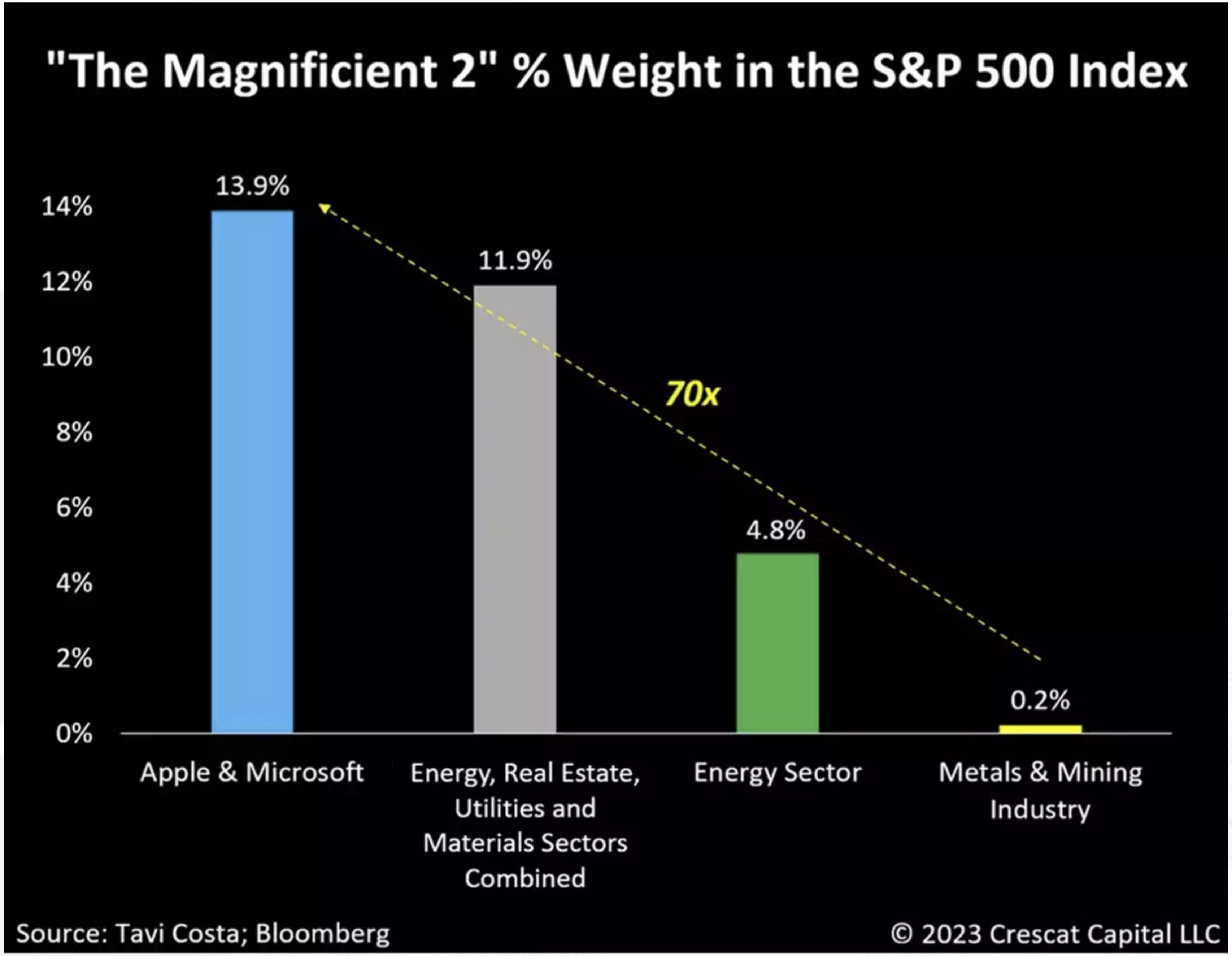
Artificial intelligence mania has caused stock prices to diverge from underlying fundamentals. Investors who have created much wealth in richly valued index funds and mega-cap tech stocks should consider preserving it now by significantly reducing that exposure.



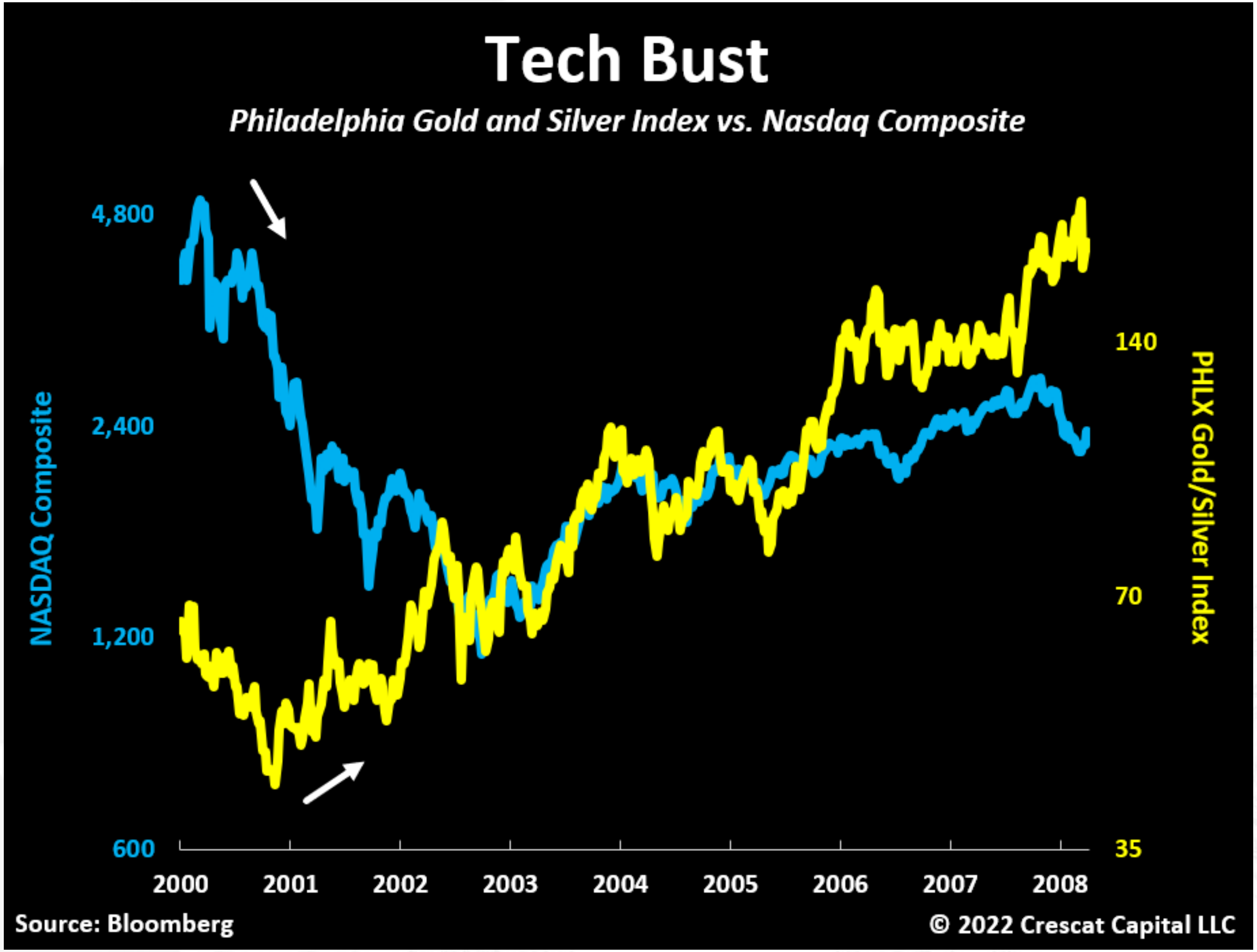
With a $3 trillion market cap, Microsoft is twice the size of the entire energy sector in the S&P 500, which generates double Microsoft's annual free cash flow.



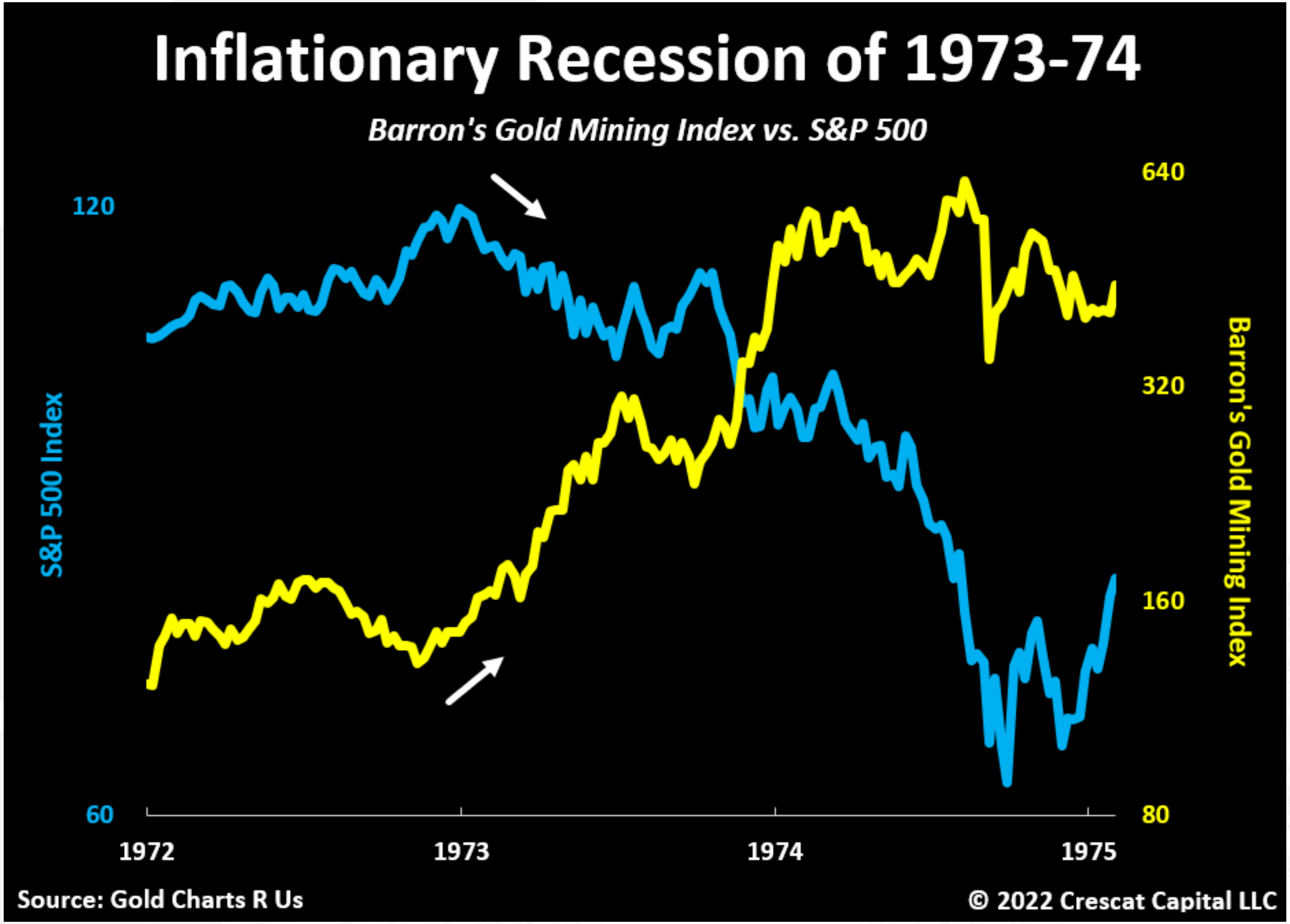
The hype over AI is just like the Internet frenzy in 2000. The innovation was real then, just like it is now, but the faith placed in tech companies via inflated valuations to be able to capitalize on it was, and is once again, overblown.



It's mind-boggling that Apple and Microsoft's weight alone in the S&P 500 is larger than four sectors combined, and, more importantly, both companies are 70x larger than the entire metals and mining industry.

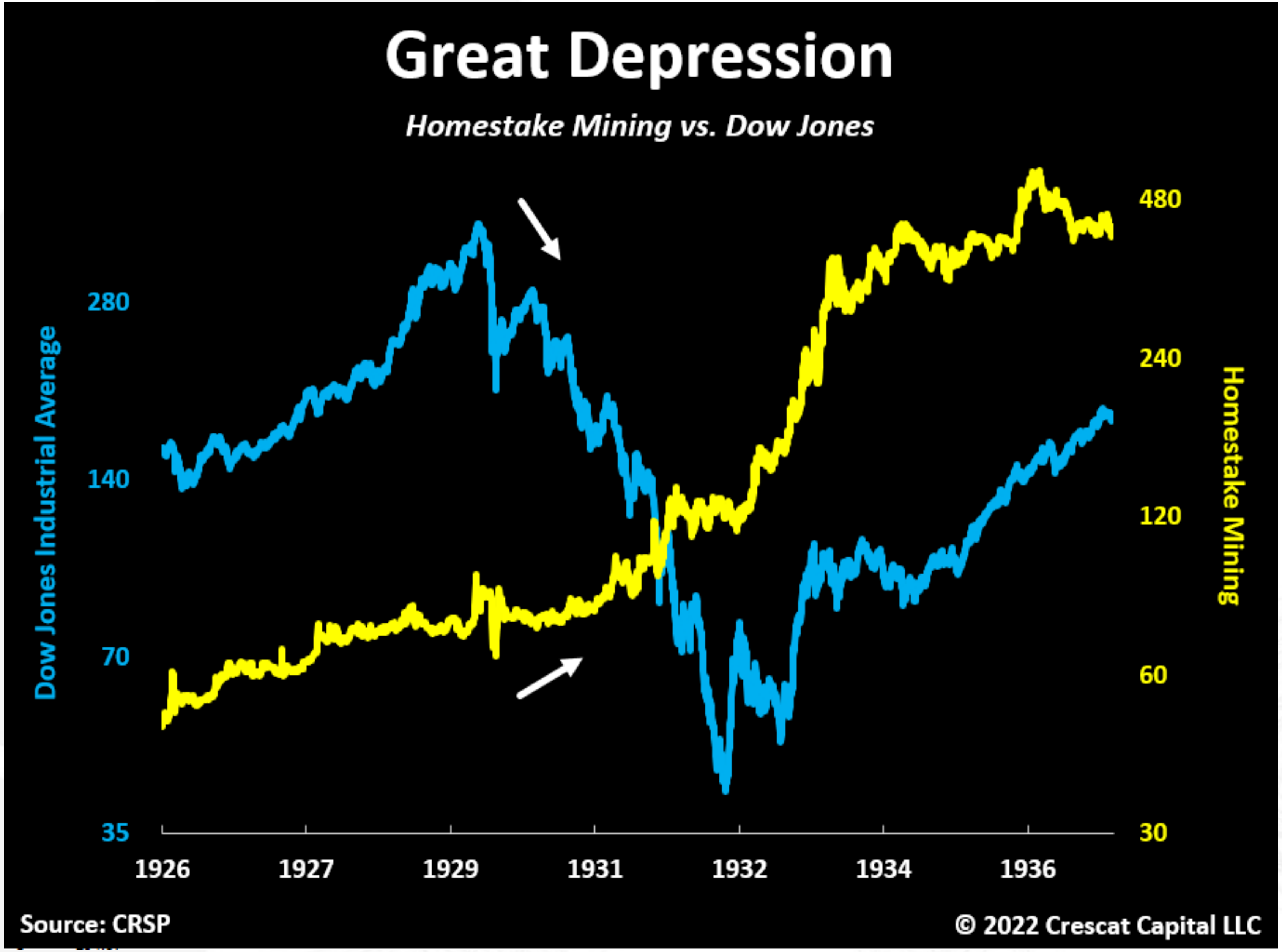


In the early 2000's tech bust, NASDAQ continued to fall all the way to October 2002, but the great buying opportunity for precious metals mining stocks started at the end of 2000.

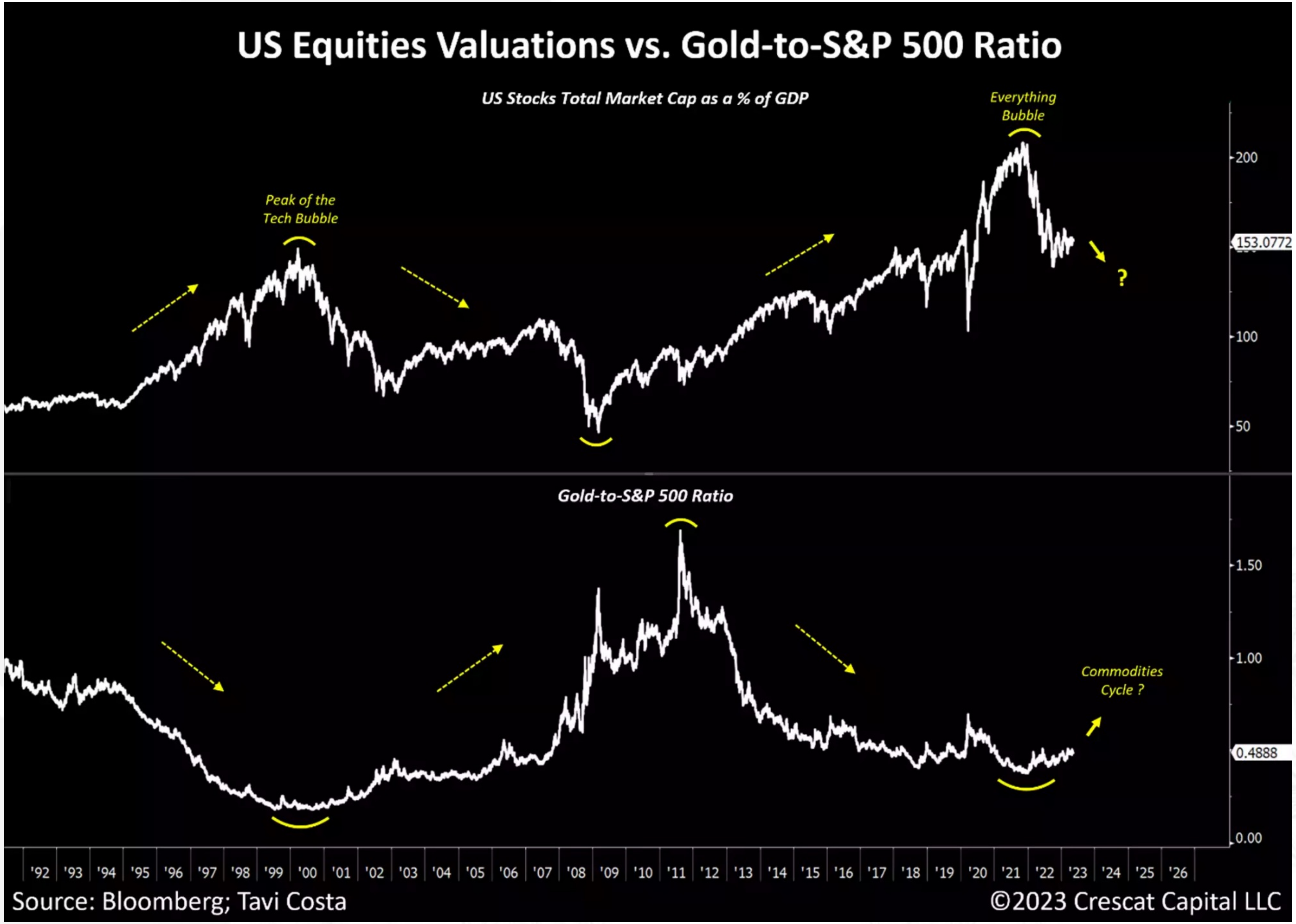


In 1973 to 1974, mining stocks went up 5-fold in just two years while the S&P 500 declined 50%

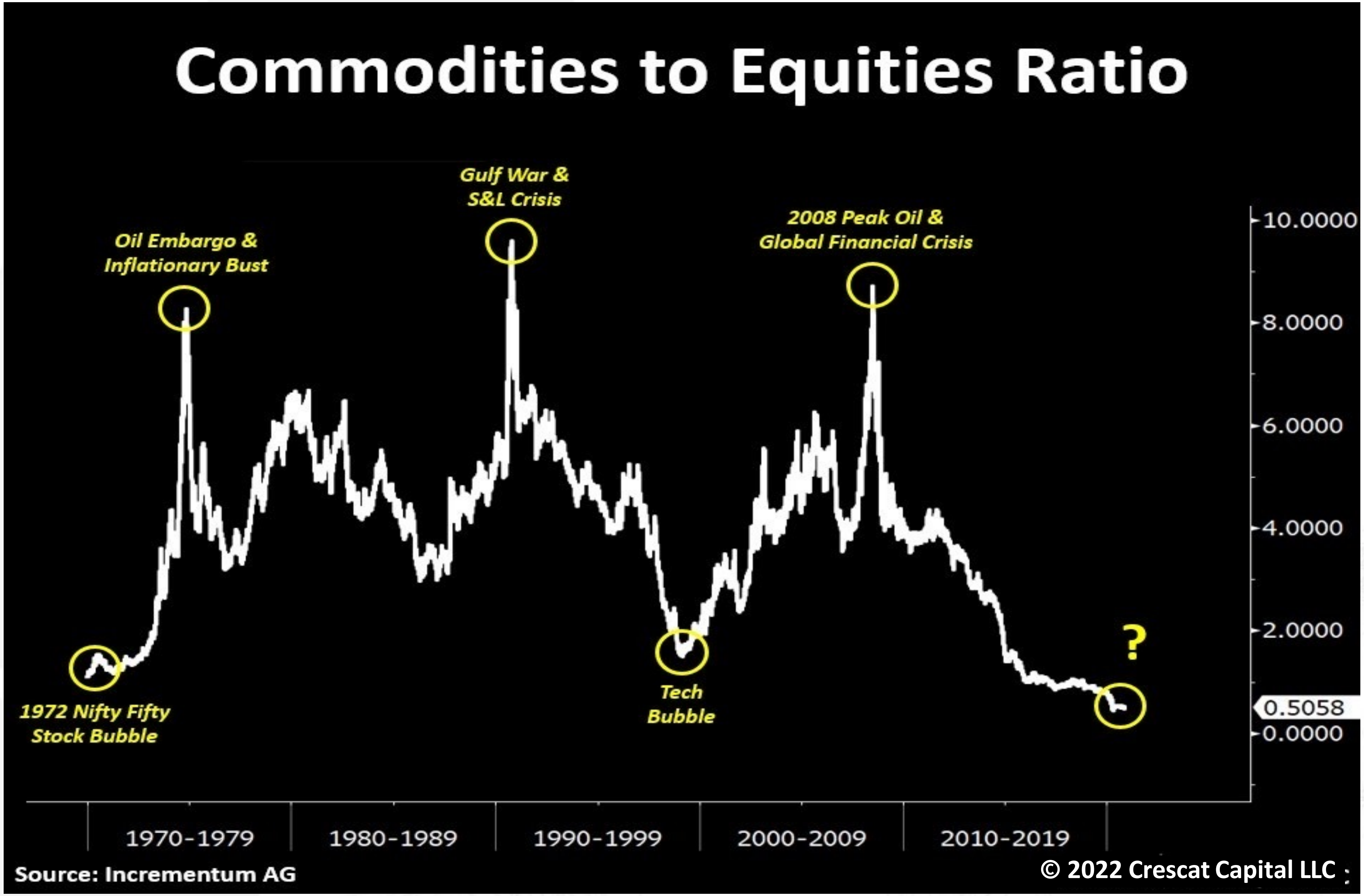
Large-cap growth stocks known as the Nifty Fifty at the time, the mega-caps of their day, went down substantially more.



Even in that deflationary era, the largest gold mining stock appreciated a whopping 7-fold in five years after the 1929 crash while the Dow Jones finished the same period lower.



Using one of the most traditional ways of assessing the state of the market, also Warren Buffet's favorite indicator, the total market cap of the overall stock market as a percentage of GDP is currently slightly above where it was at the peak of the Technology Bubble in 2000.

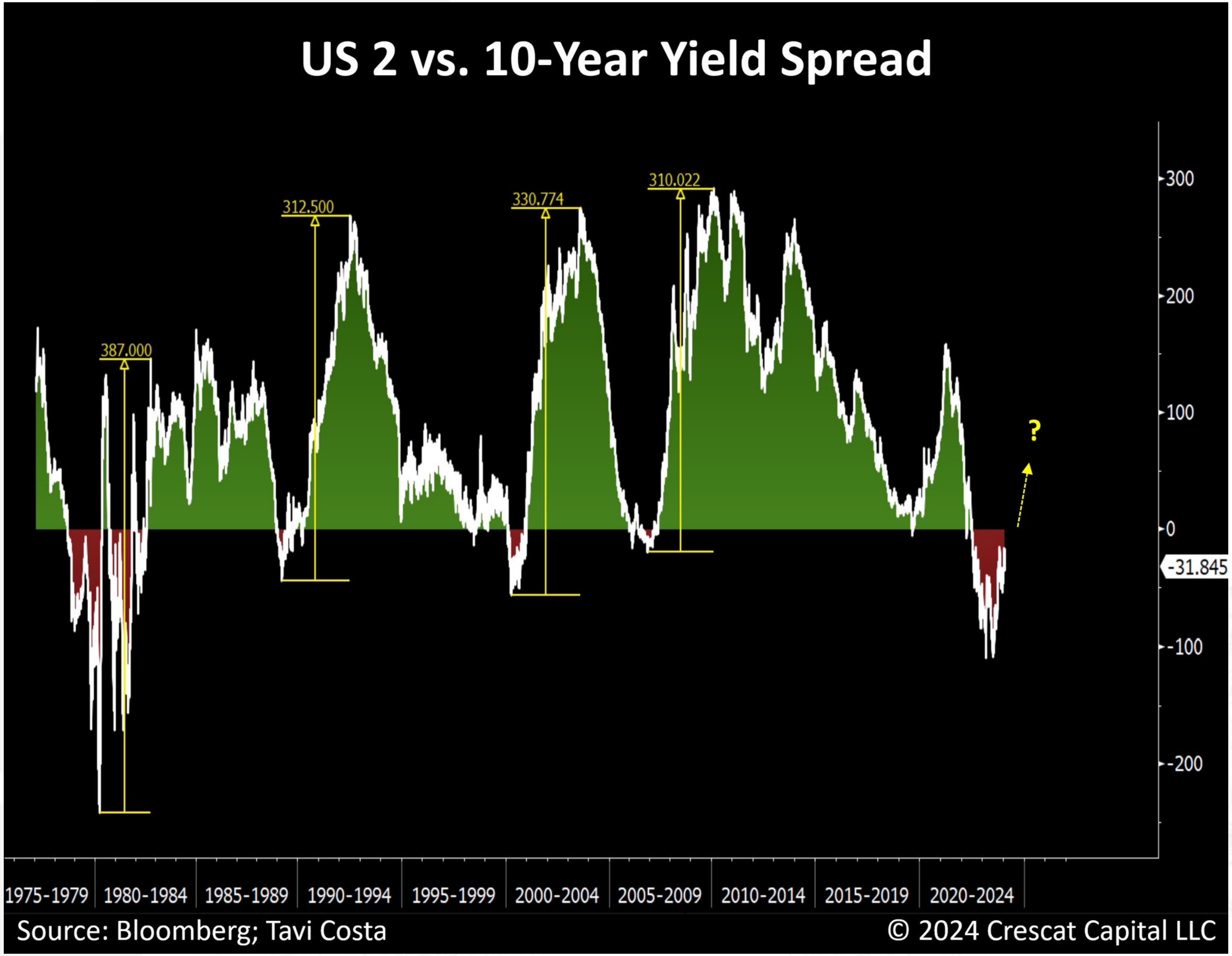


It is still very early, in our analysis, in the rotation cycle out of overvalued growth equities and low-yielding fixed-income securities and into commodities. It is just like early 1973 and early 2001 in our view.

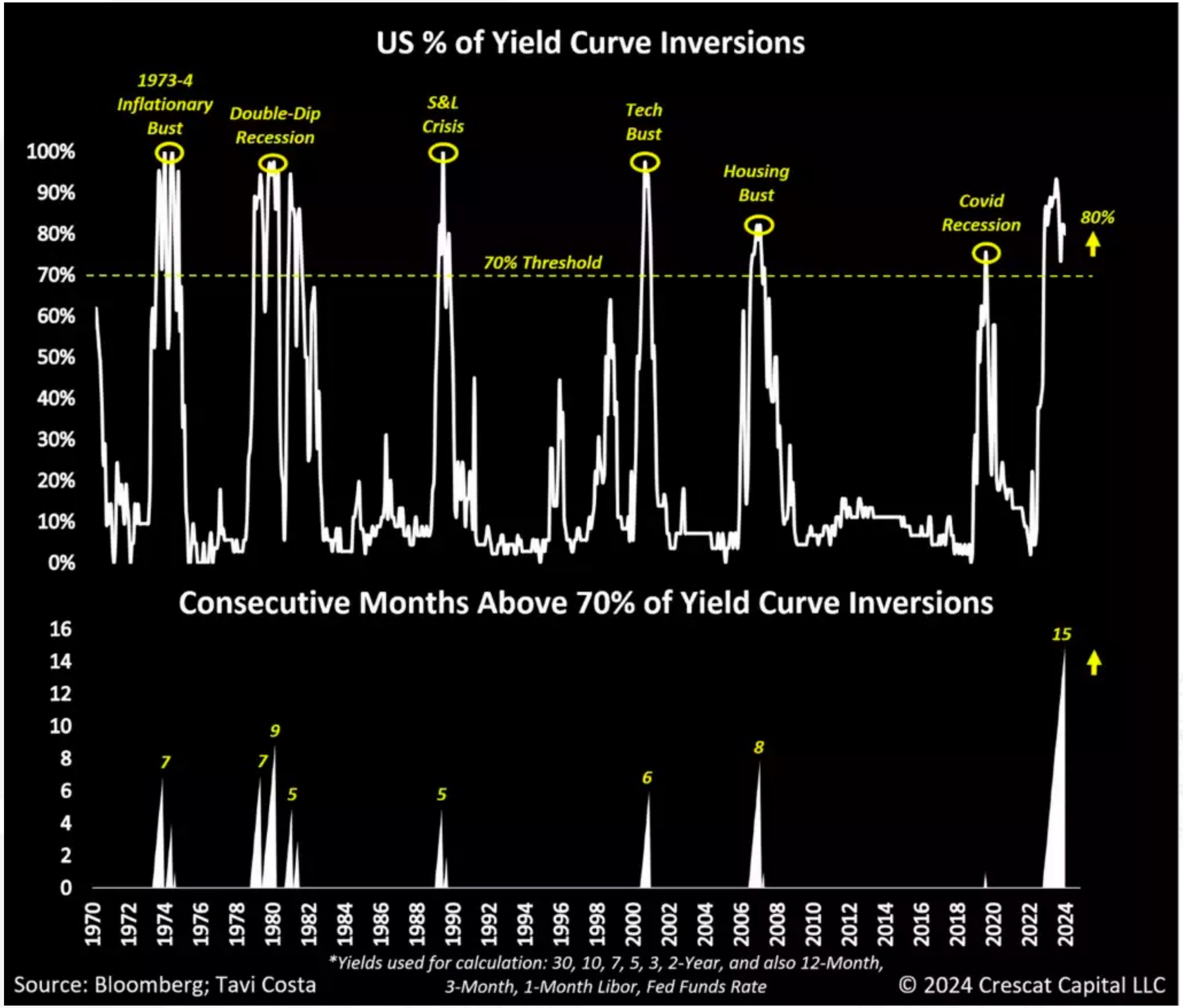
The commodities-to-equity ratio is at a 50-year low.

CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

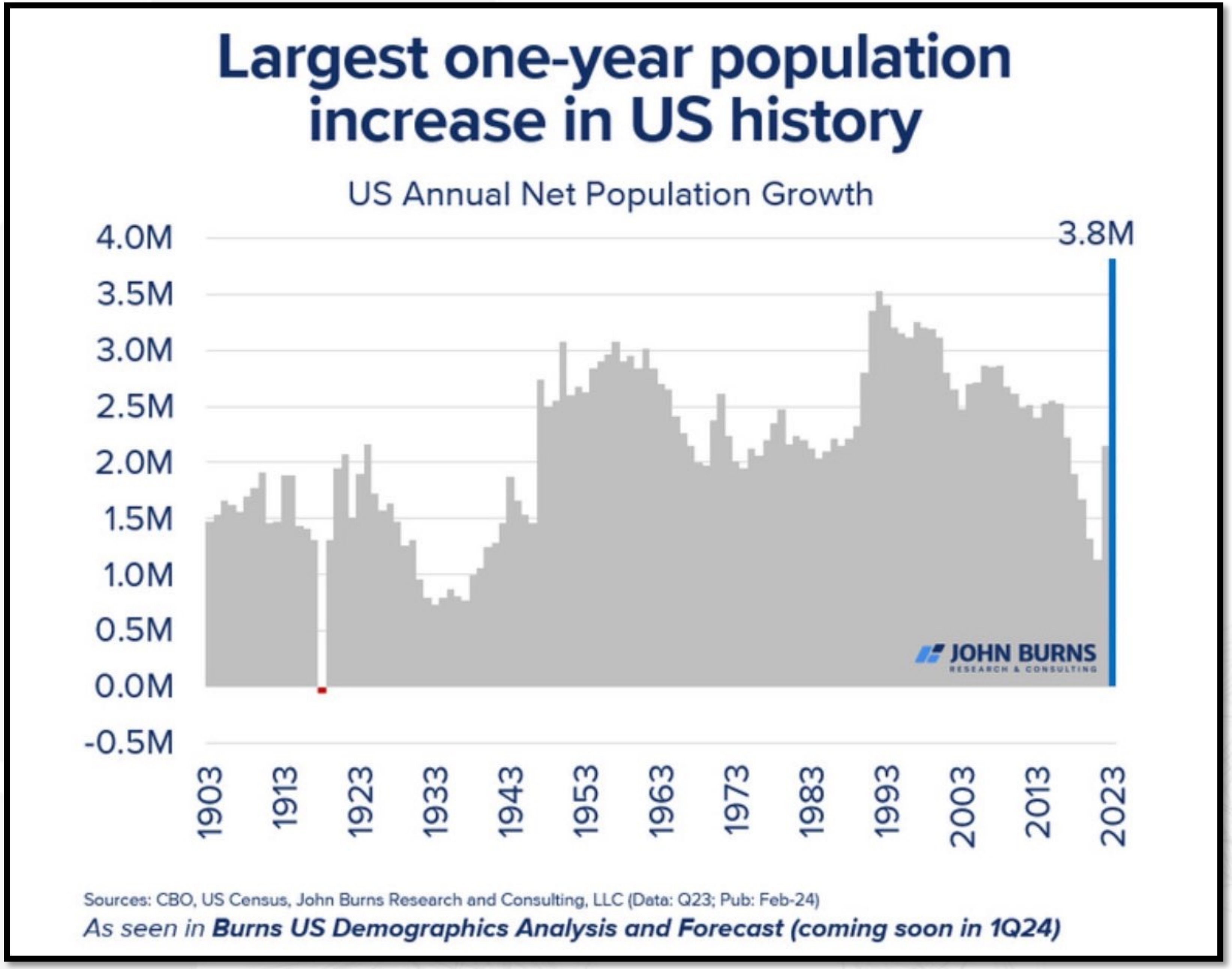
YIELD CURVE STEEPENER



After being deeply negative, the overall yield curve appears to be in the process of de-inverting. Using the 2 vs. 10-year yield spread as a proxy, past instances of yield curve steepening have witnessed abrupt changes exceeding 300 basis points from the bottom to the trough.

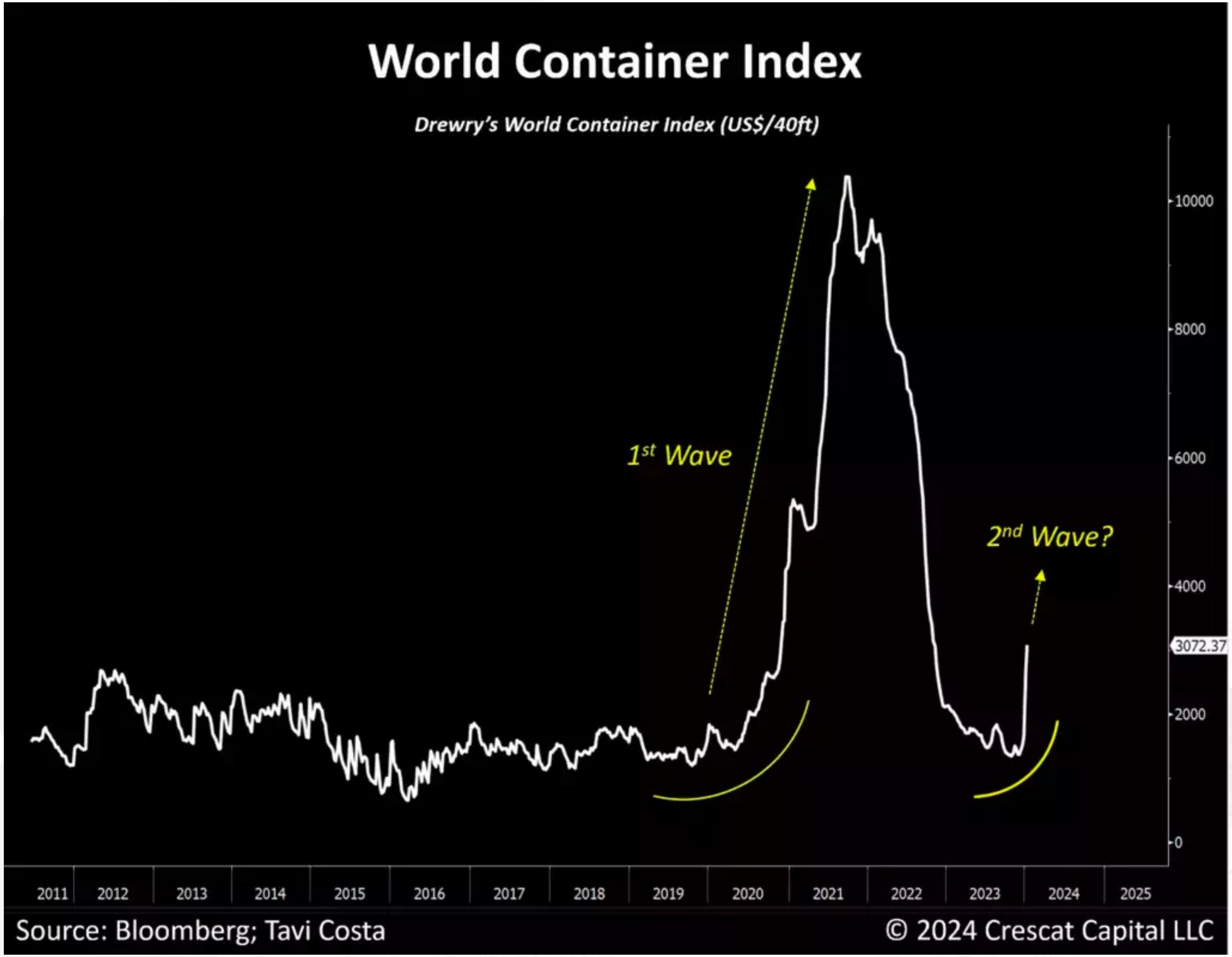


today, by far, is the longest period in history that the percentage of yield curve inversions in the US Treasury market has stayed above the recessionary threshold of 70% for 15 consecutive months based on our proprietary model



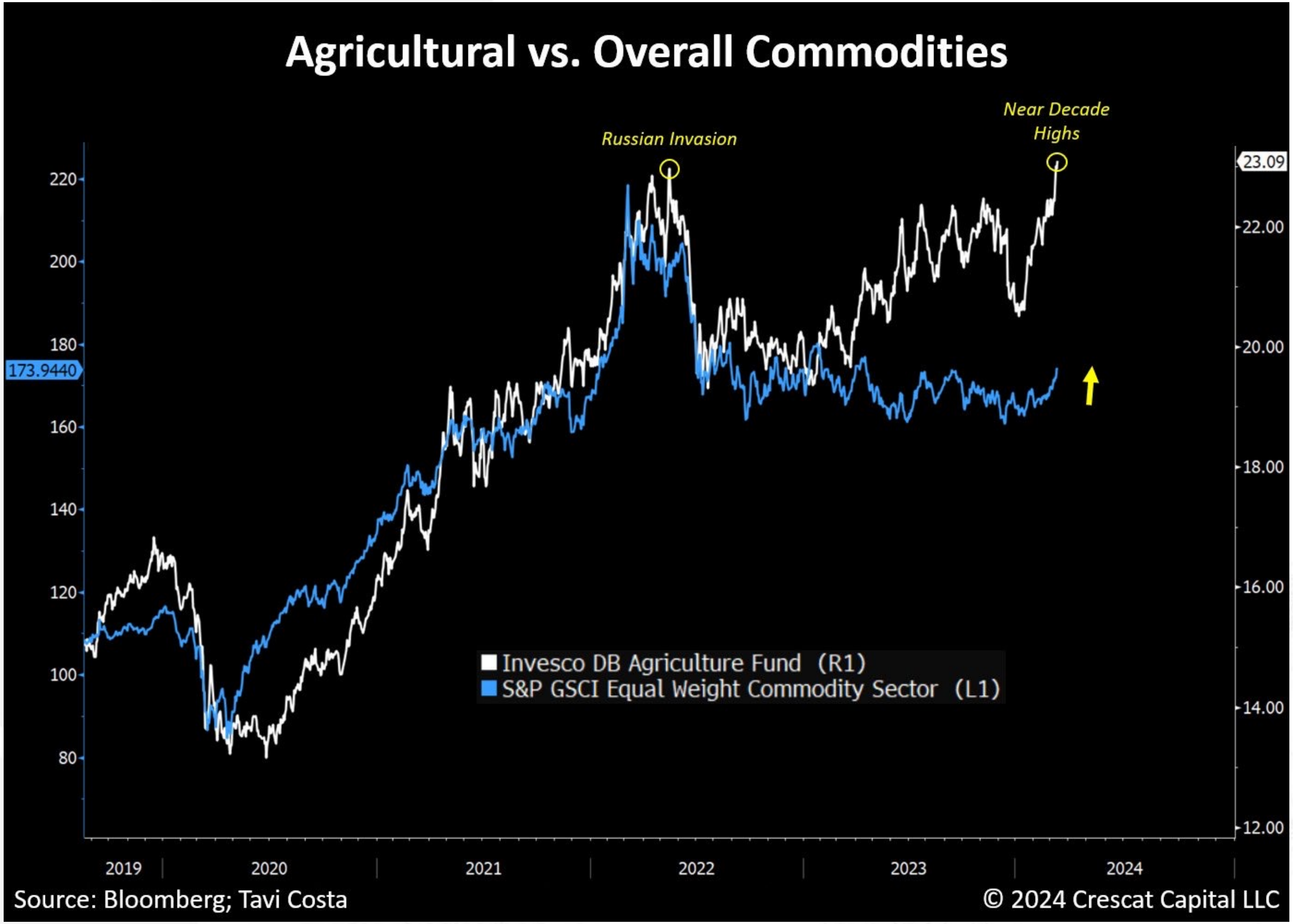
The recent uptick in the US population, largely driven by a surge in illegal immigration, is likely to become a new inflationary factor.

This is an important factor that is likely to exacerbate the already rising house and rent prices.



We've observed a substantial 61% surge in the global freight rate for containers over the past week.

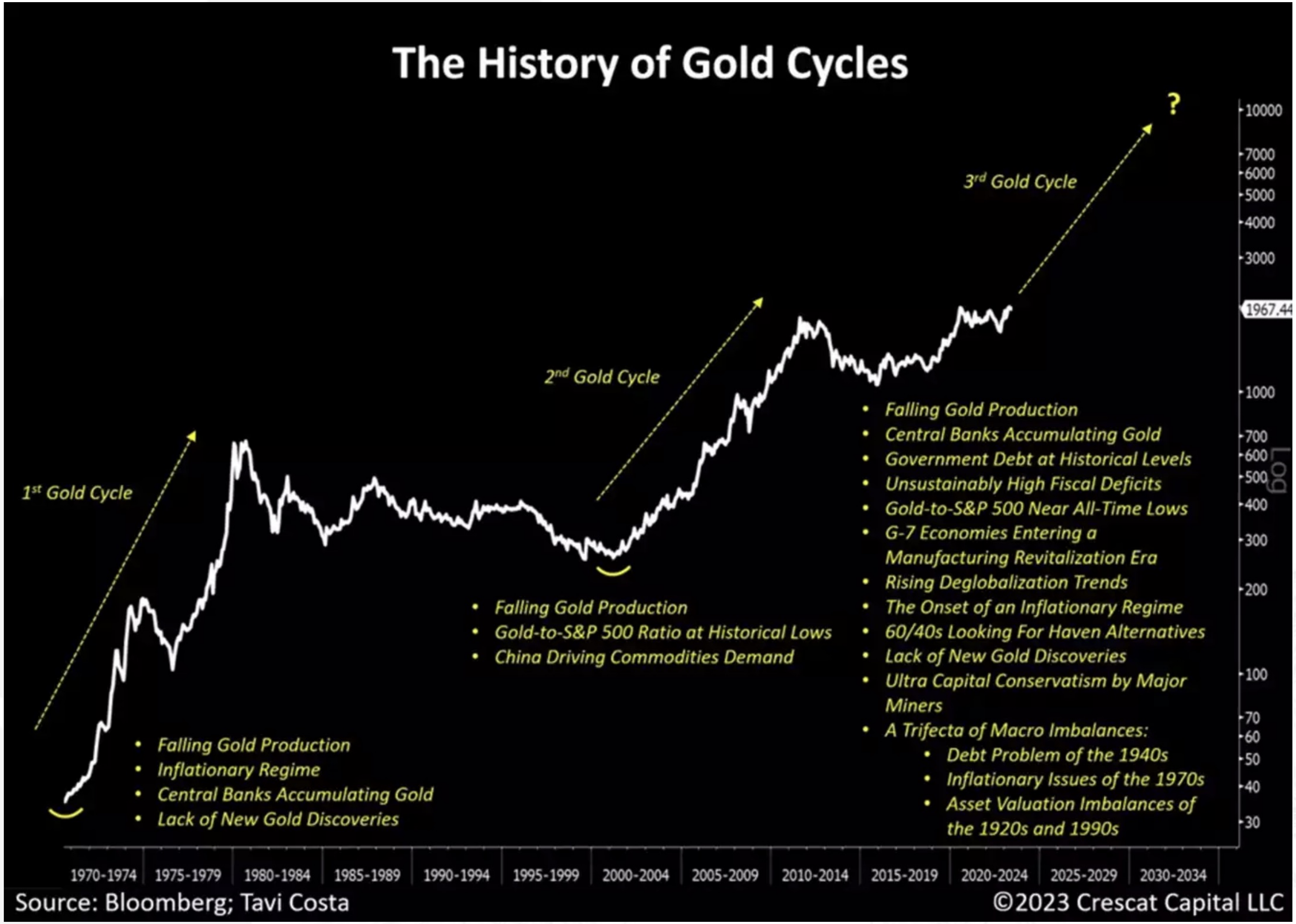
The primary catalyst behind this increase is attributed to geopolitical conflicts in the Red Sea region.



It's worth noting the strong link between agricultural commodities and the equal-weighted commodities index, indicating that other natural resource prices are likely to follow a similar upward trajectory.

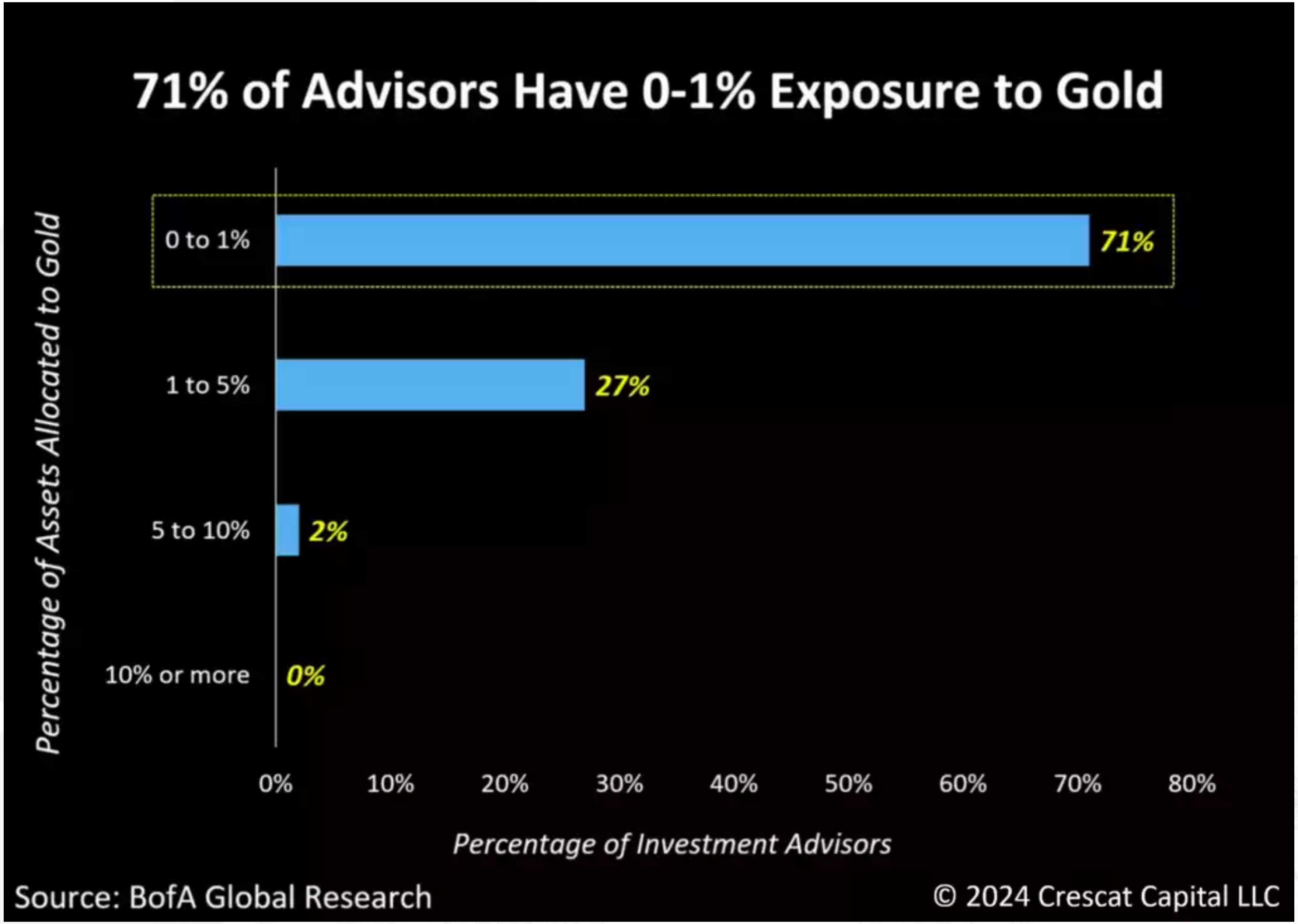
CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

GLOBAL FIAT CURRENCY DEBASEMENT

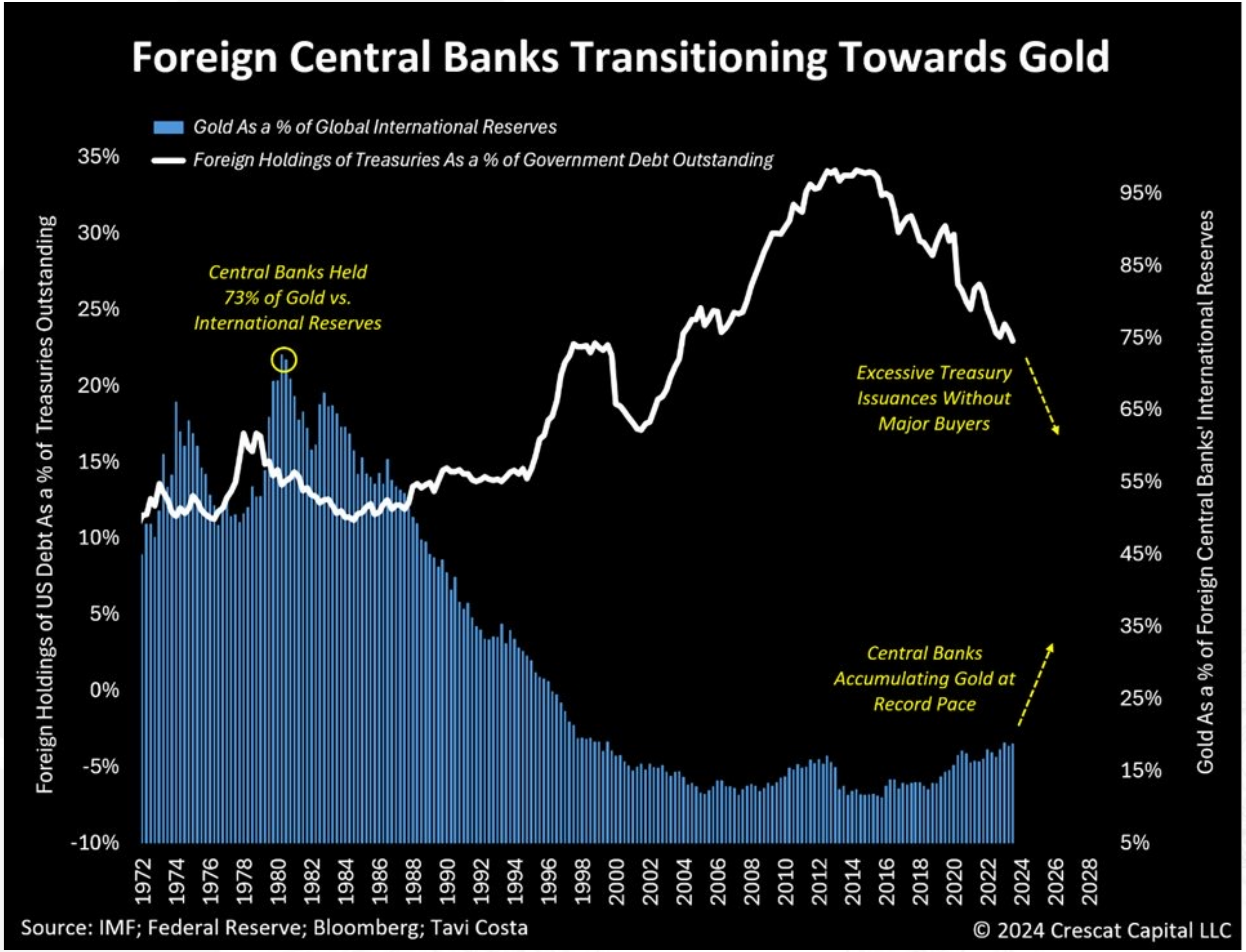


The multitude of macro drivers supporting the onset of another gold cycle is truly remarkable.

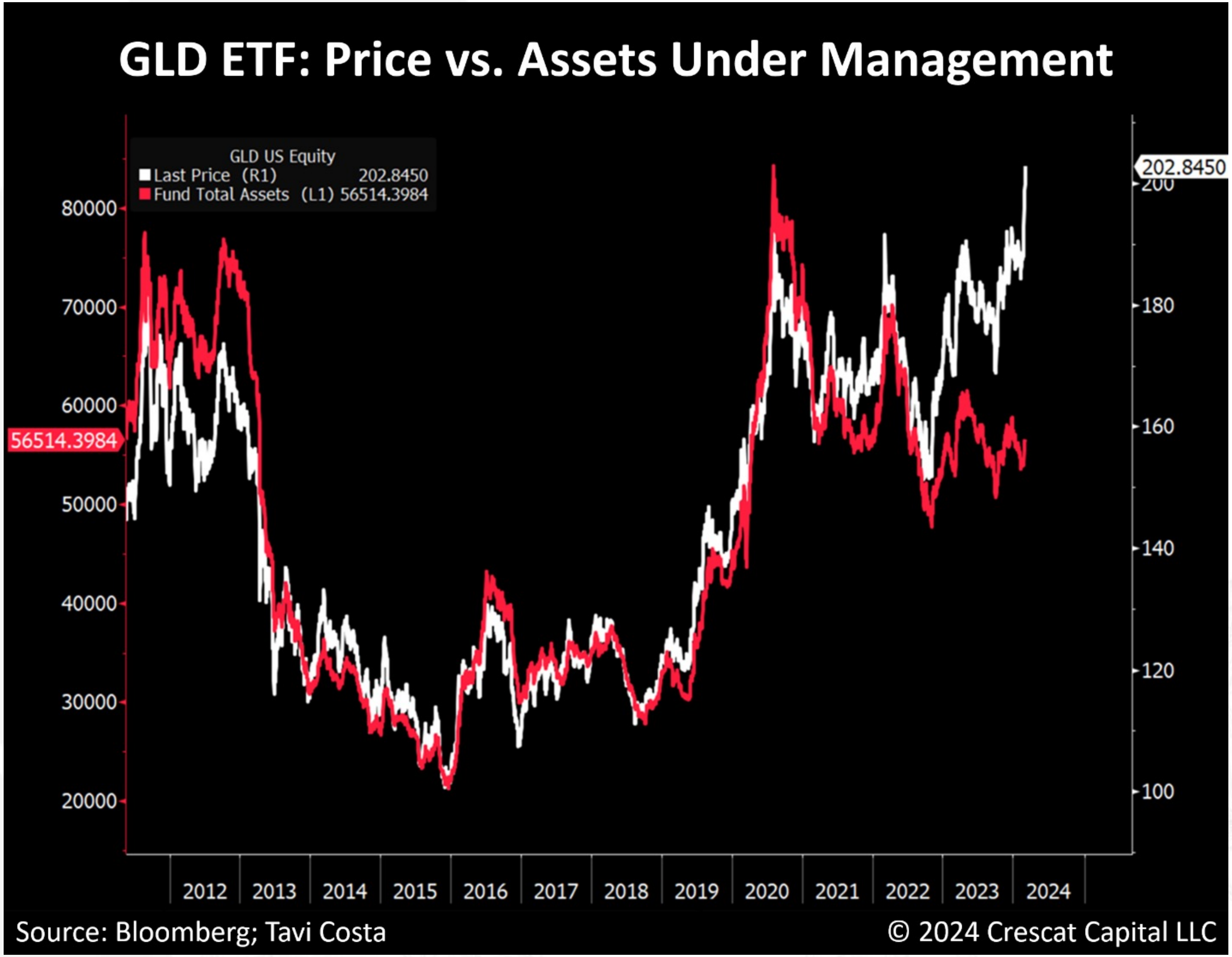
Amplified by the prevailing skepticism surrounding the metal, we are arguably experiencing the most important time in gold's history.



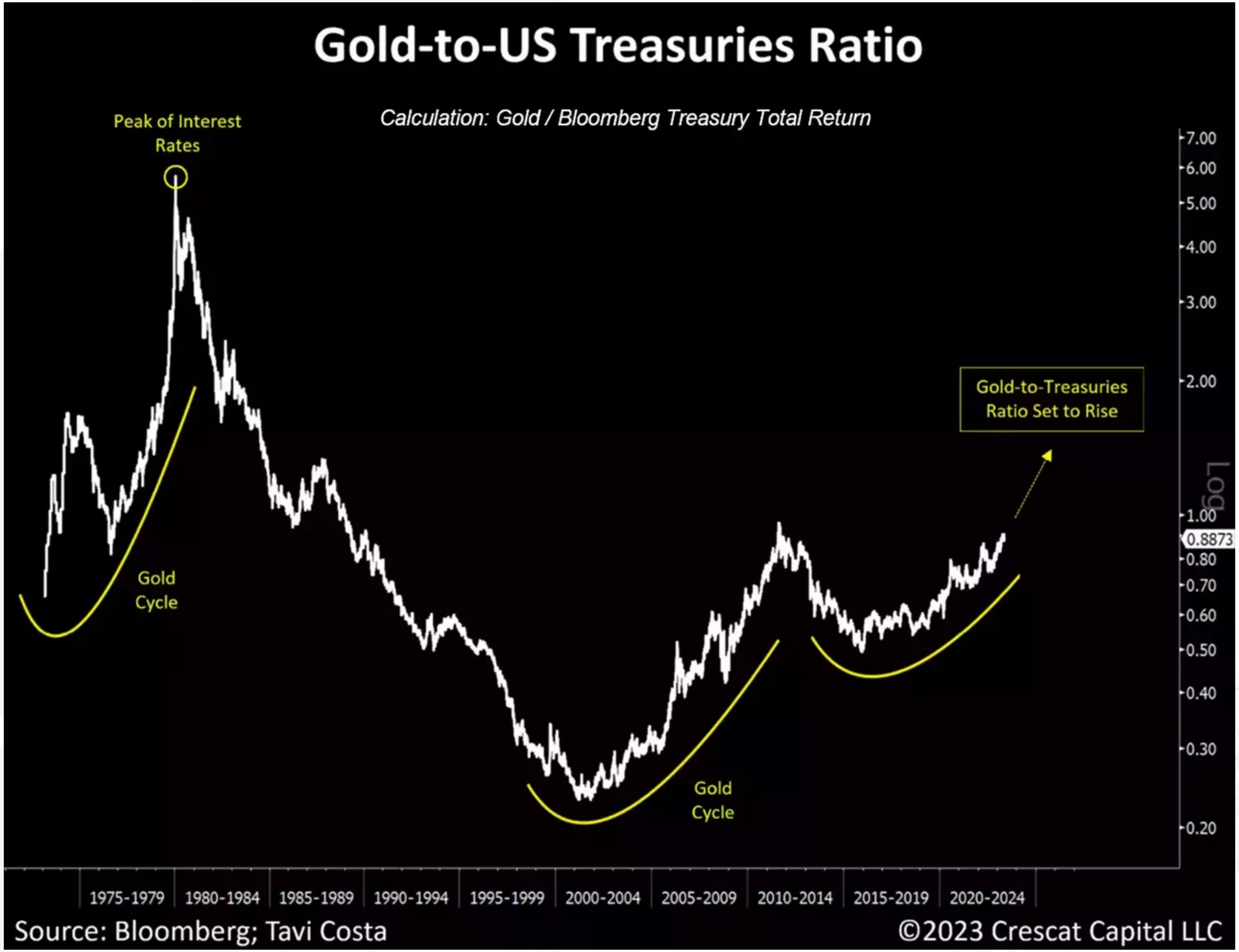
What stands out to us even more from the data below is the notable absence of any investors who own 10% or more of the metal—to say the least, a striking observation.



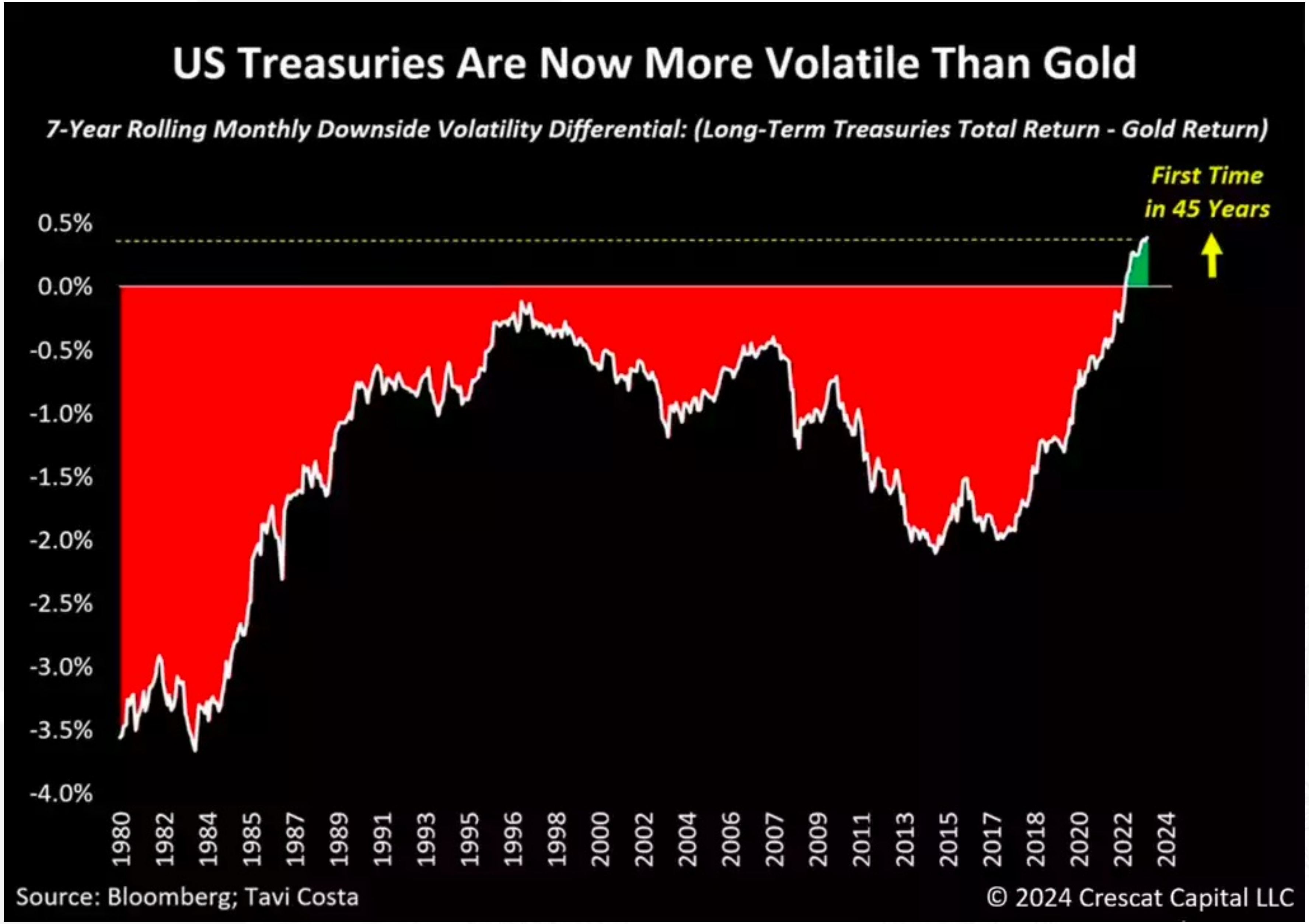
Gold's role as a neutral asset with millennia of history as money is experiencing a resurgence relative to US Treasuries for global central bank reserve accumulations.



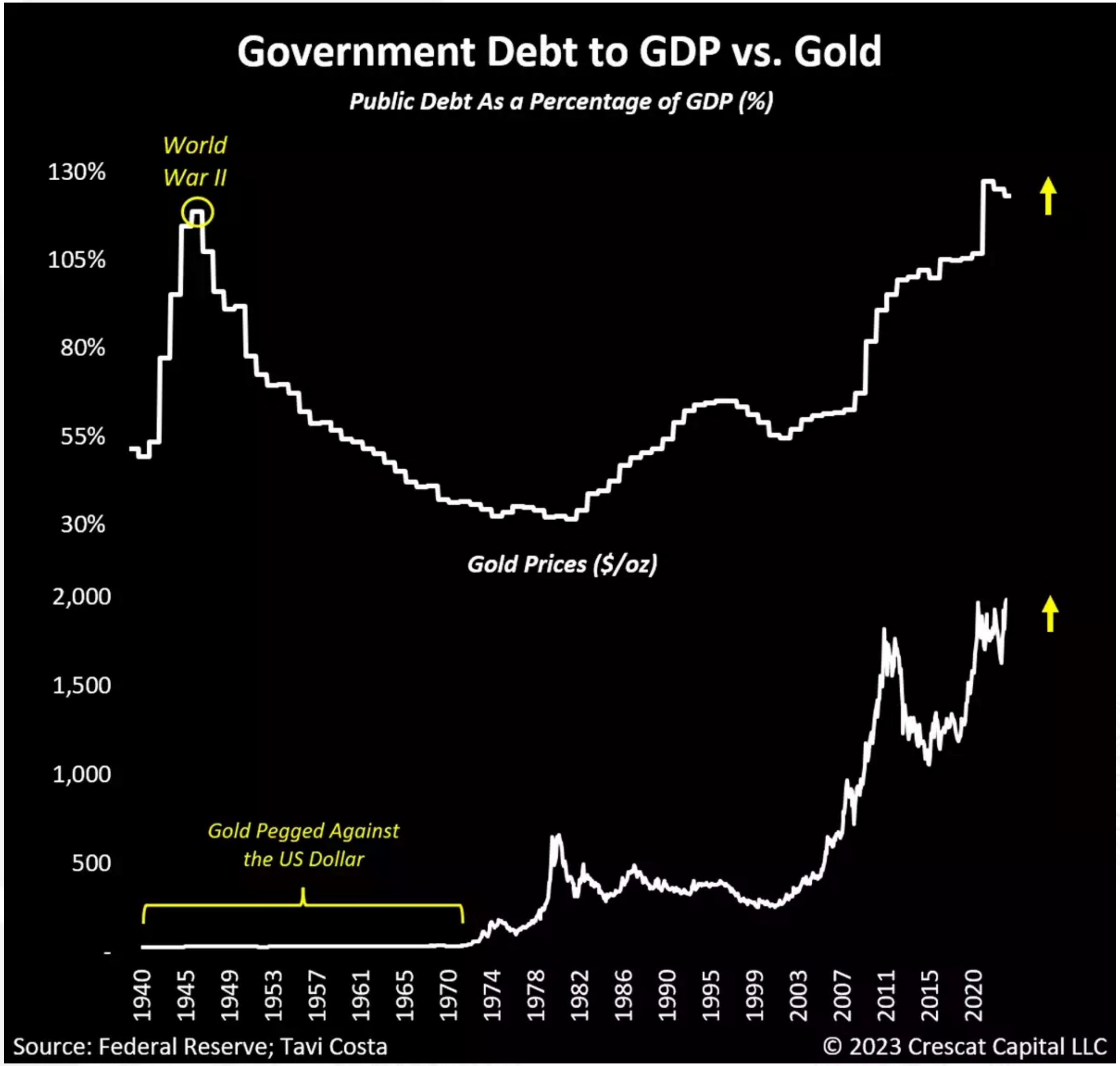
The recent surge in gold prices, despite a lack of corresponding growth in assets managed by related ETFs, suggests that central banks' purchases have likely been the primary catalyst for the rally.



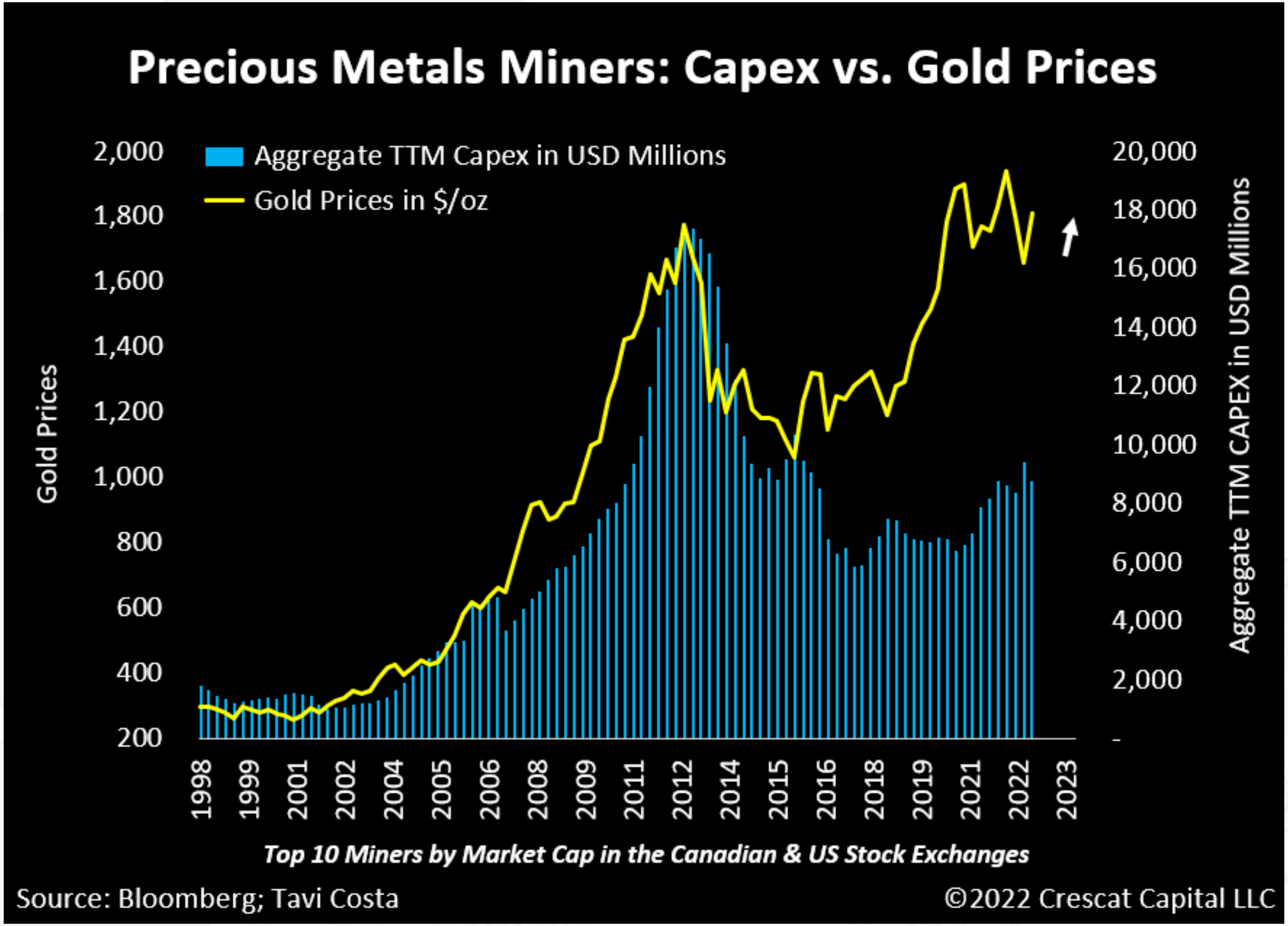
If the rationale for owning US Treasuries today is solely based on the premise that the system cannot endure substantially higher interest rates, then gold is a far superior choice. It's a neutral asset with no counterparty risk that also carries centuries of credible history as a haven and monetary alternative.



It is undeniably crucial to understand that Treasuries are no longer the safest alternative. In fact, for the first time in 45 years, US Treasuries now have higher downside volatility than gold.

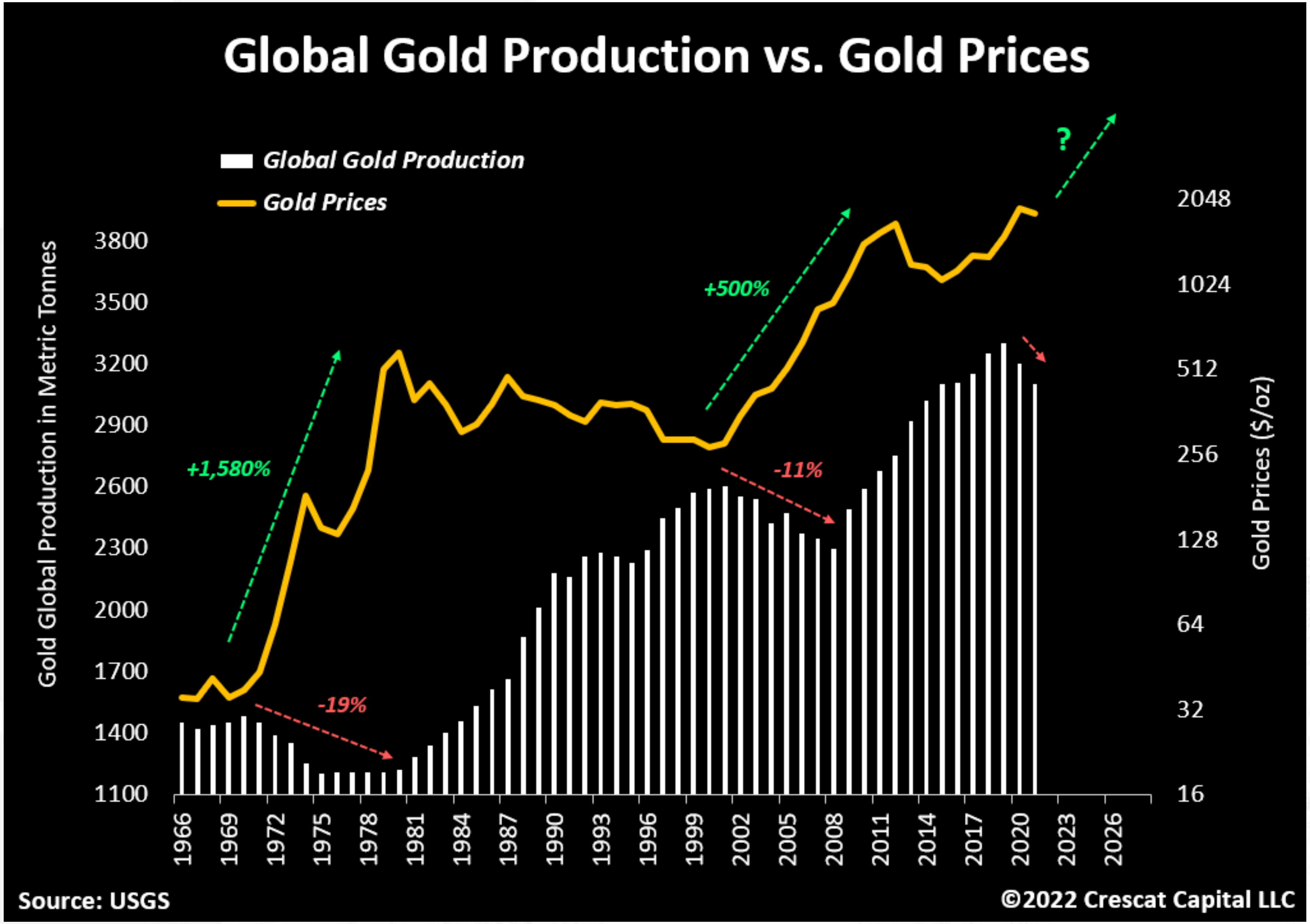


While the 1940s serve as an important historical parallel due to the seriousness of the current debt issue, there is a significant distinction: during that period, gold was effectively tied to the US dollar, rendering it an impractical investment alternative.

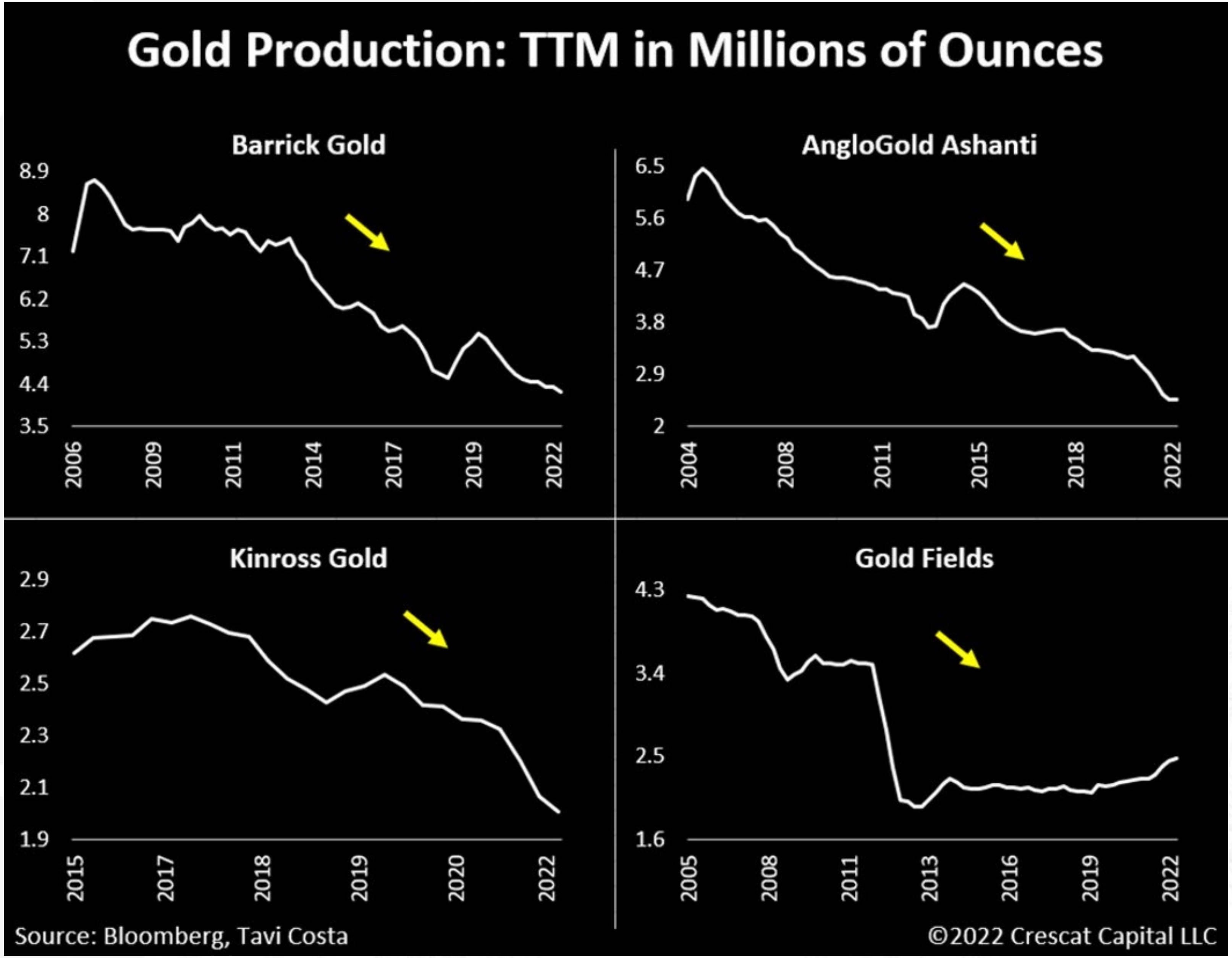


Today, while gold is currently near its 2011 highs, aggregate capital spending for the miners remains at historically depressed levels.

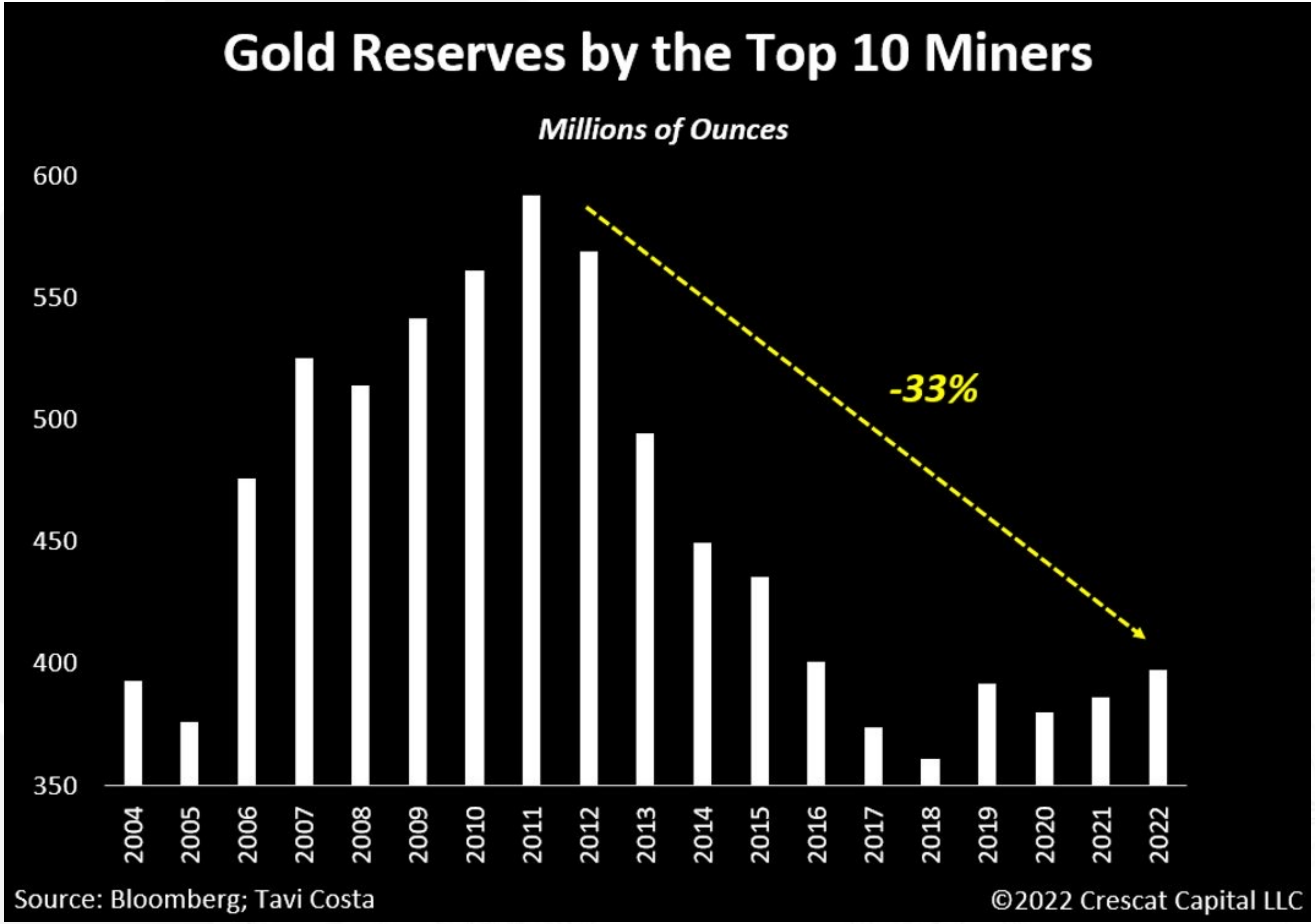
This goes to show again how management teams are excessively conservative despite a firming gold market.



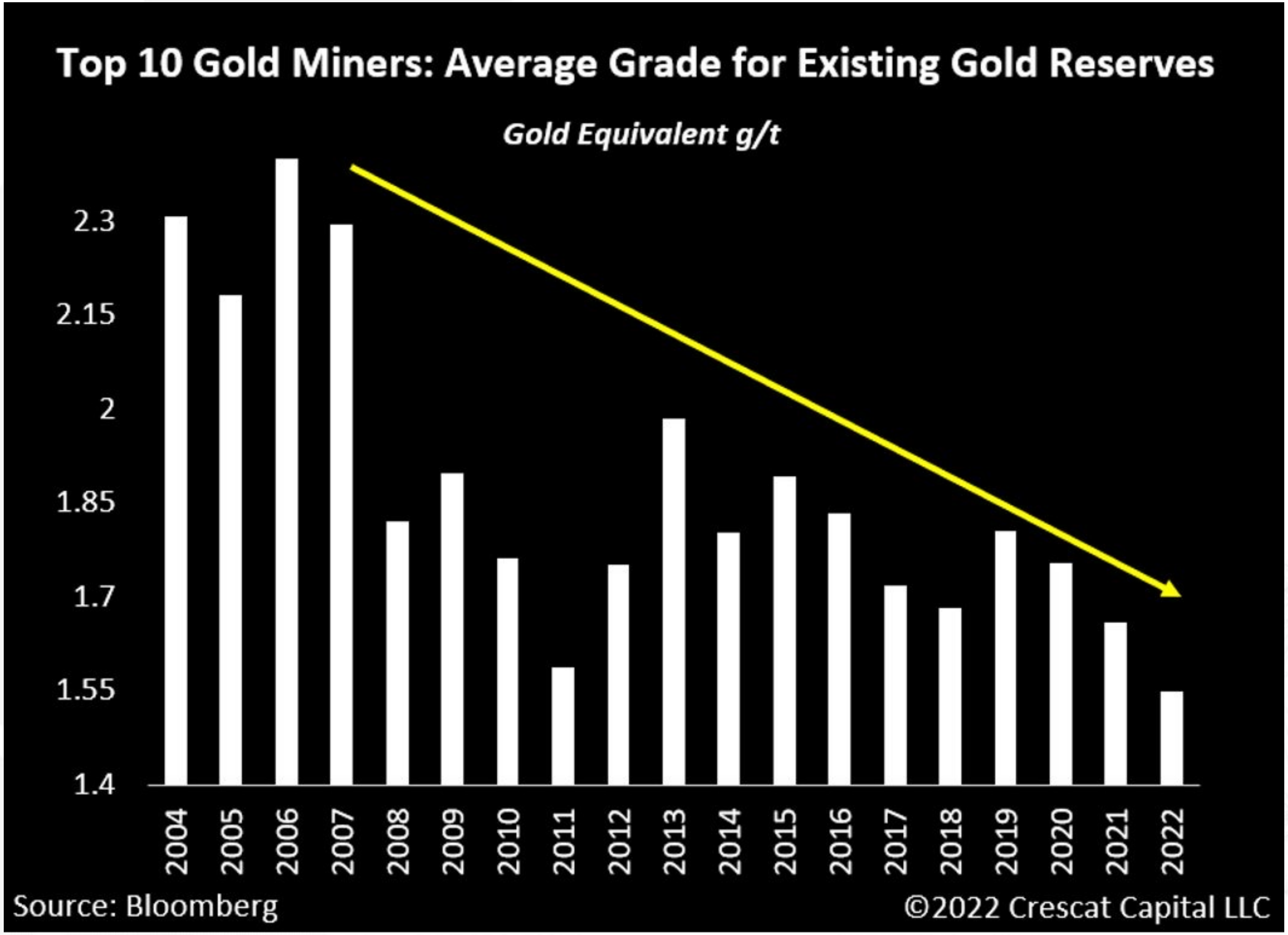
The scarce metal is supplanting US Treasuries as the preferred allocation among global central banks looking to improve the quality of their international reserves.



Many traditionally gold-focused miners have significantly shrunk their production while increasing investment in other metals.

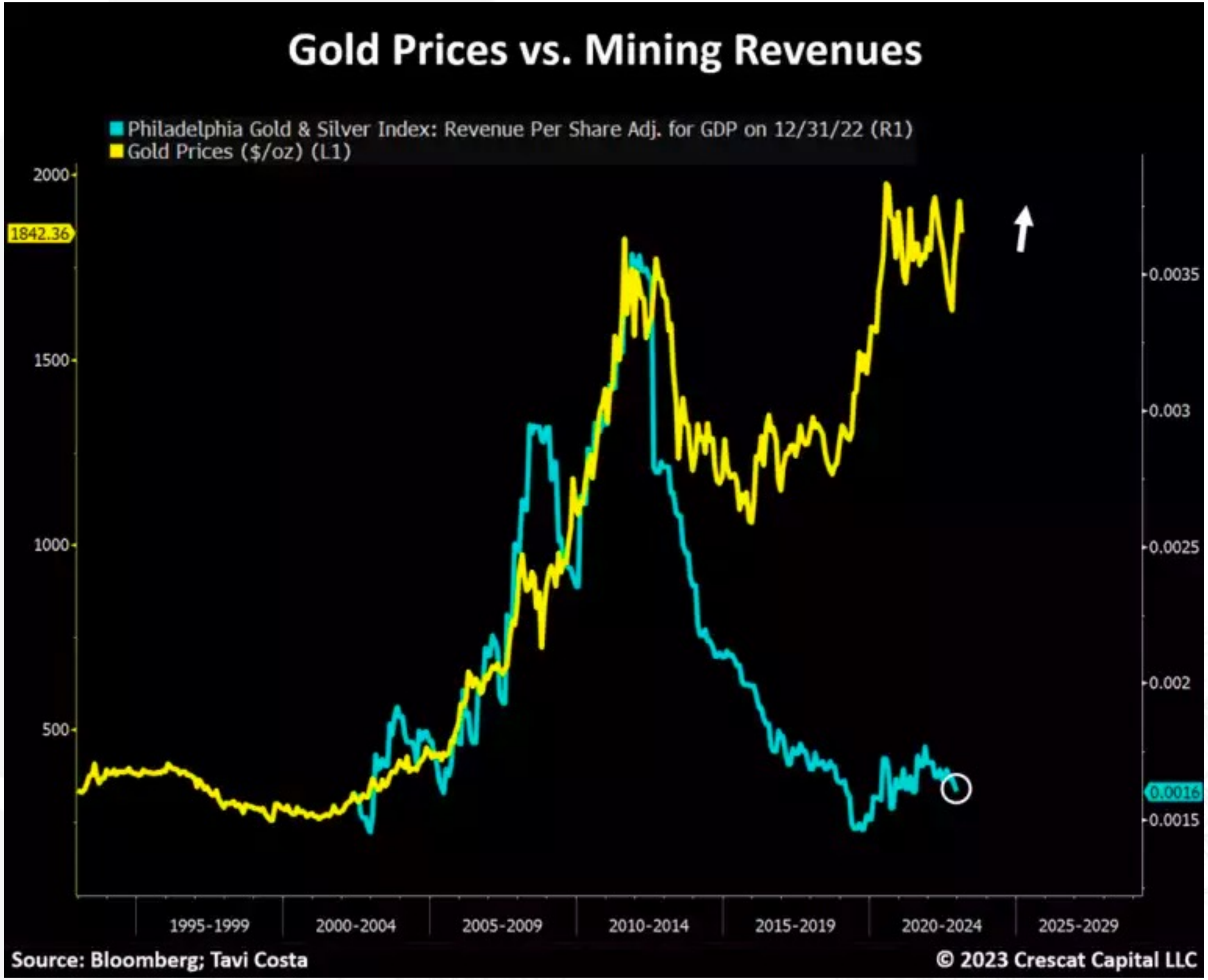


It is becoming increasingly challenging to find precious metals. As a result, the reserves of the top 10 mining companies are down 33% over the last 15 years.
We have not seen a new precious metals project become a significant producing mine in a very long time.

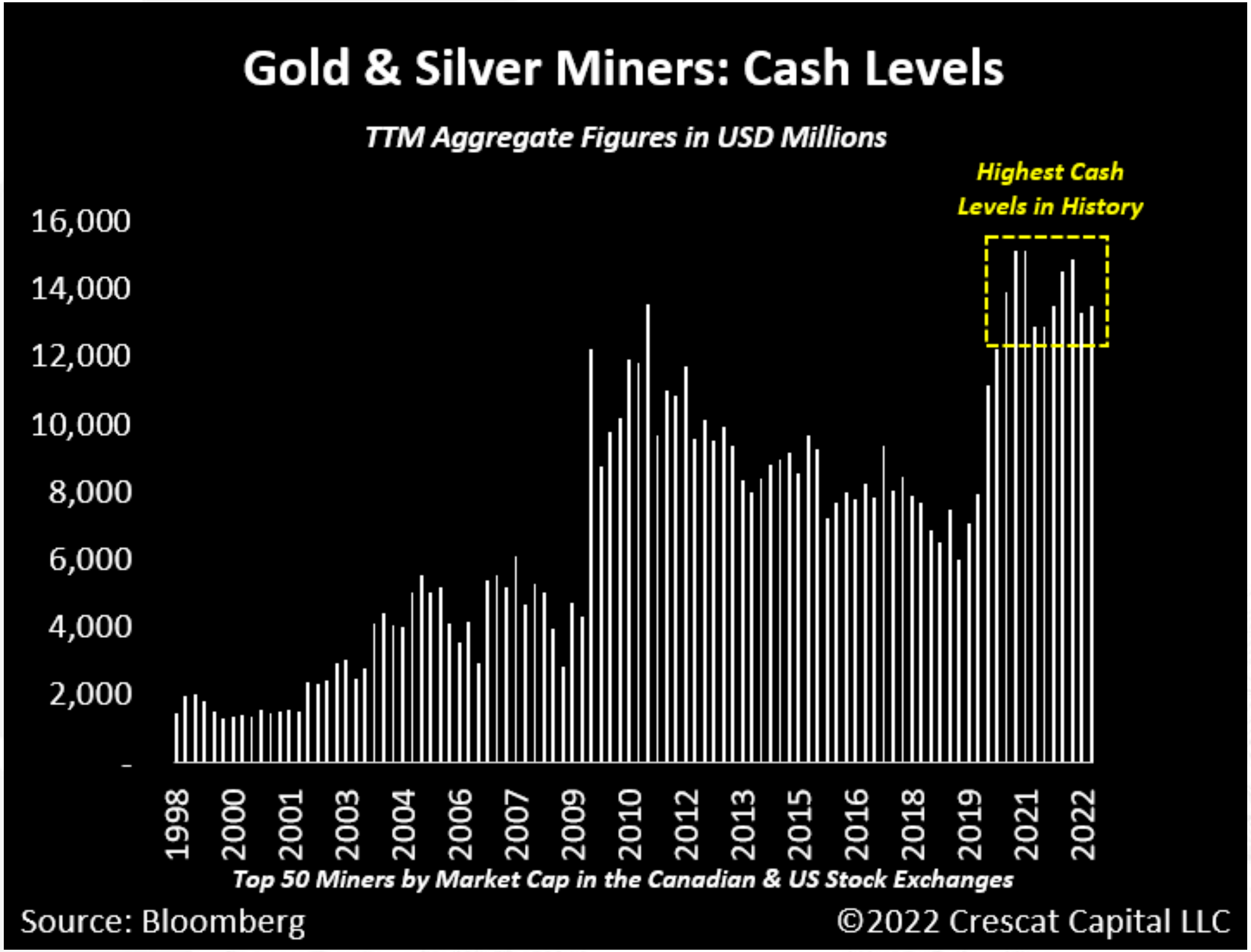


Not only do mining companies continue to deplete their existing reserves, but the quality of their remaining assets is drastically deteriorating.

The average grade for gold reserves by the top 10 miners in the world has been in a secular decline.



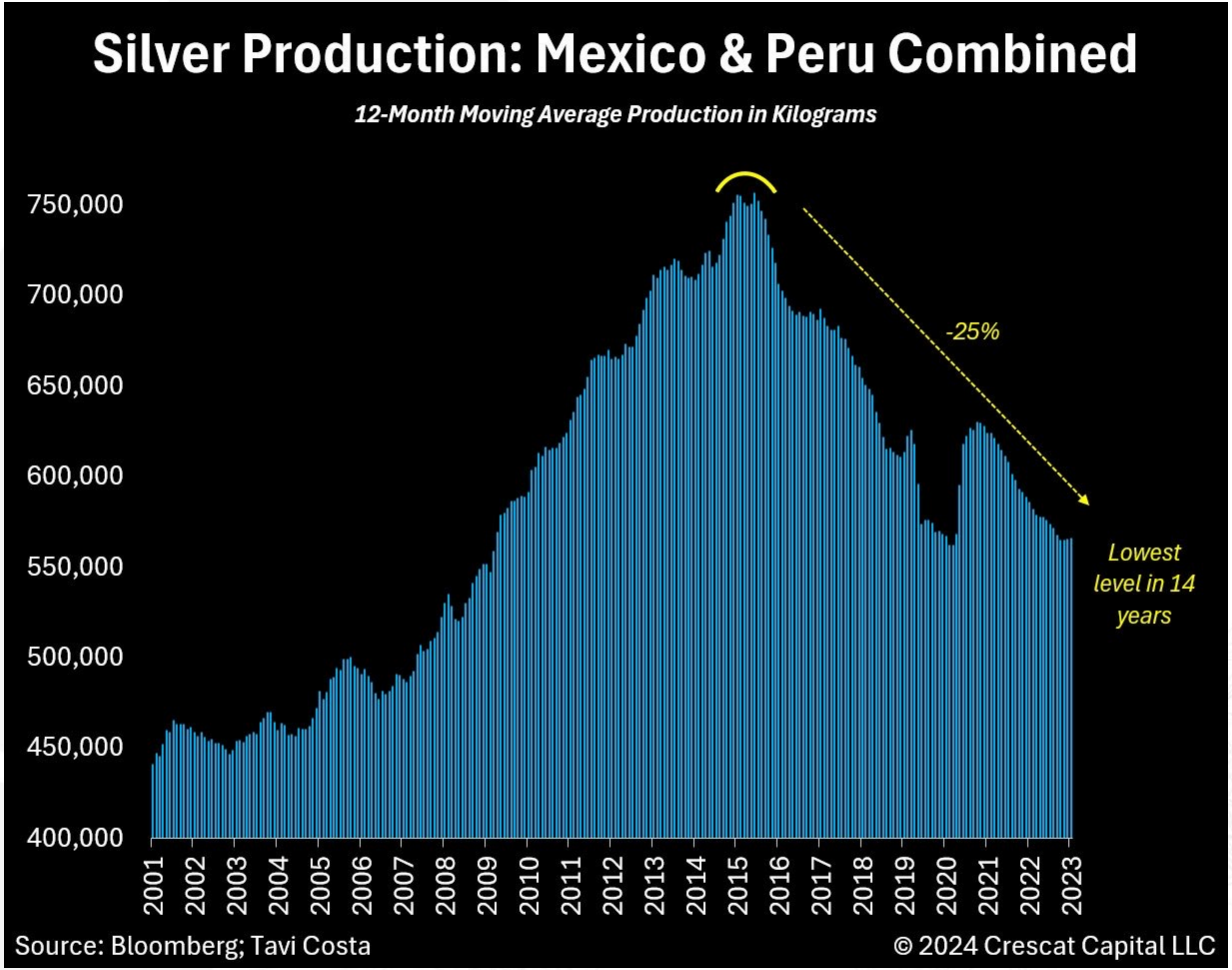
The large and mid-tier mining companies have underinvested in exploration as well as M&A, so both the quantity and quality of their reserves have deteriorated over the last decade.



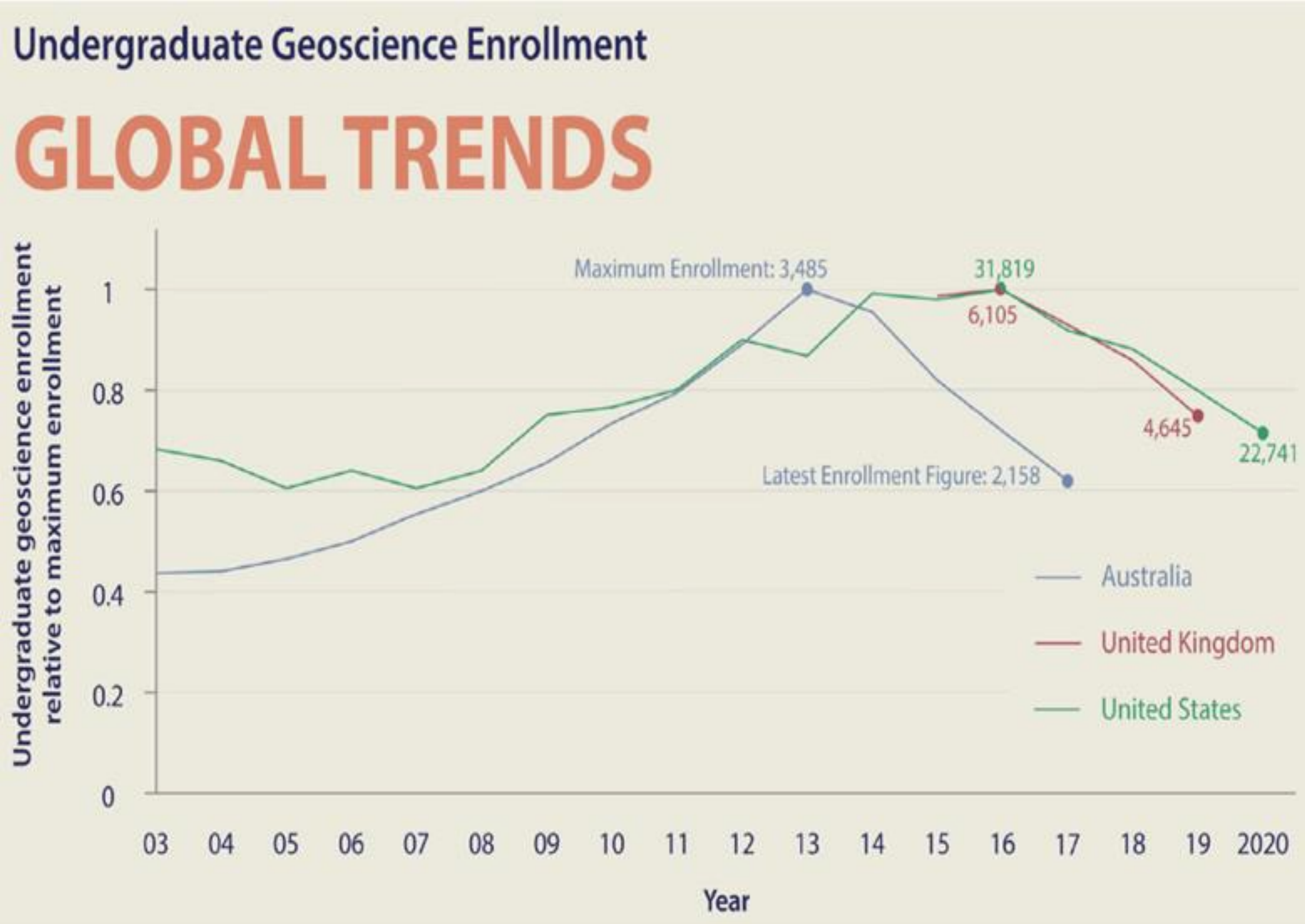
The strength of the balance sheets of mining companies is an important factor that tends to precede healthy M&A cycles. As shown in the chart below, the largest gold and silver companies have the highest cash levels that we have seen in decades.

Precious metals mining is one of the most fundamentally attractive industry groups in the market today. Interestingly, the gold price is almost back to its 2011 monthly highs.

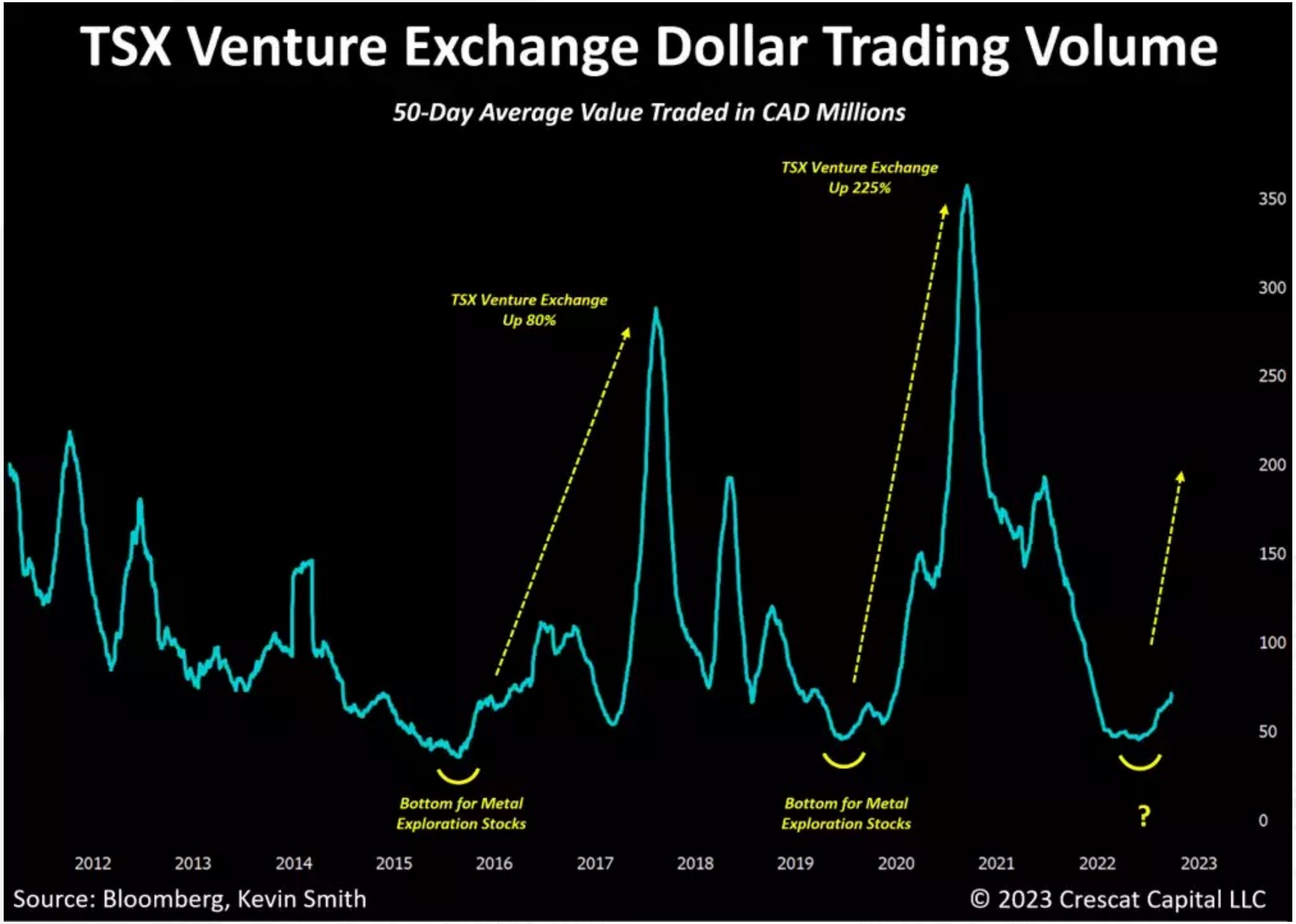
If that is the playbook for the miners, there is 85% upside from here.



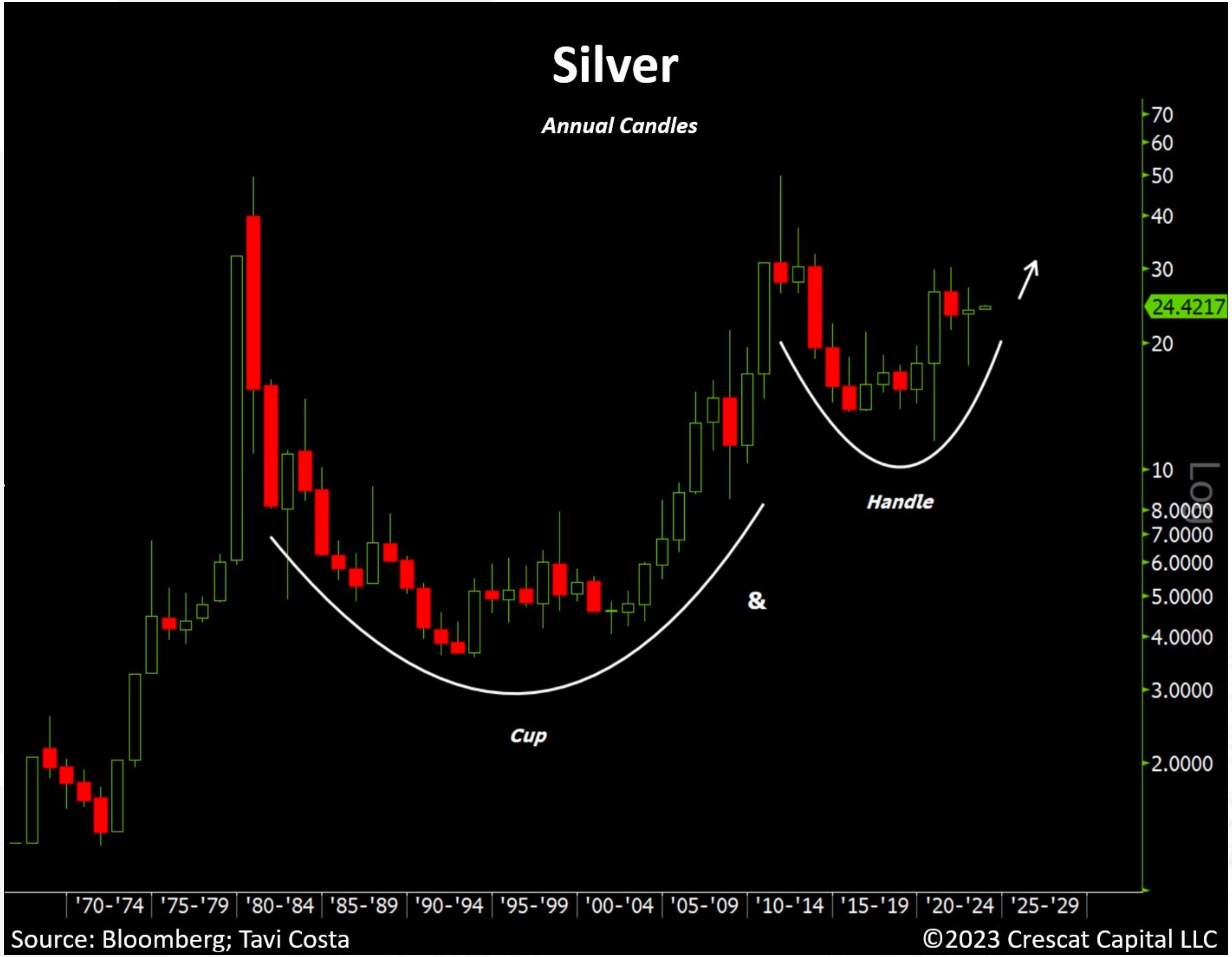
Silver production from Mexico and Peru, the world's two largest producers, is at its lowest point in 14 years. The combined output is now down 25% from its 2016 peak levels



While demand continues to increase for the raw materials produced by these industries, companies are having difficulty filling jobs with qualified management and technical professionals to produce them efficiently. A decade of declining college enrollment in geosciences worldwide is one of the long-term structural imbalances affecting the oil and gas and mining industries.

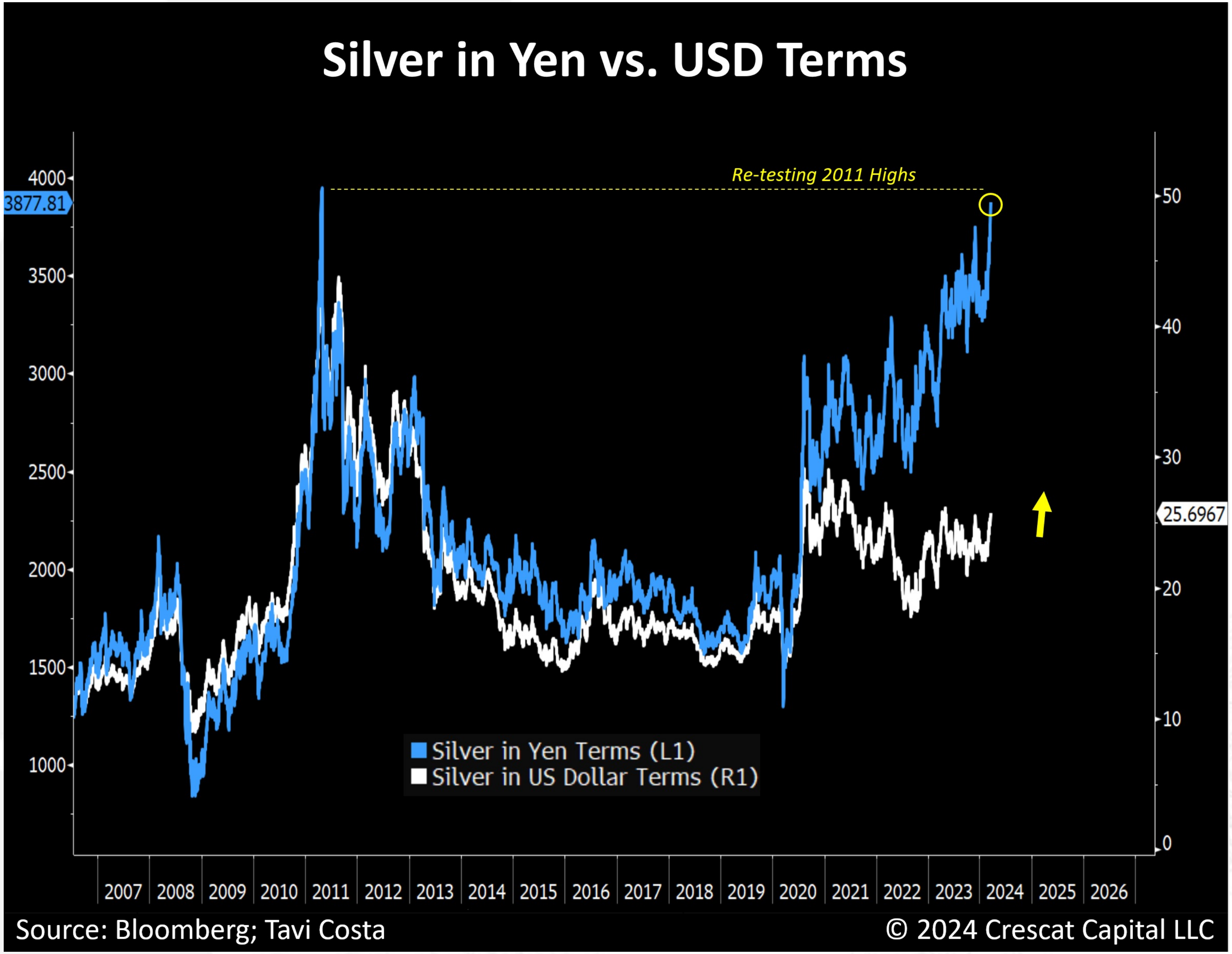


When big money flows into this tiny segment of the market comprised of small and micro market cap stocks, note how it tends to correspond with outsized price appreciation. We are confident that there is an enormous value-oriented and macro growth window that is wide open now.



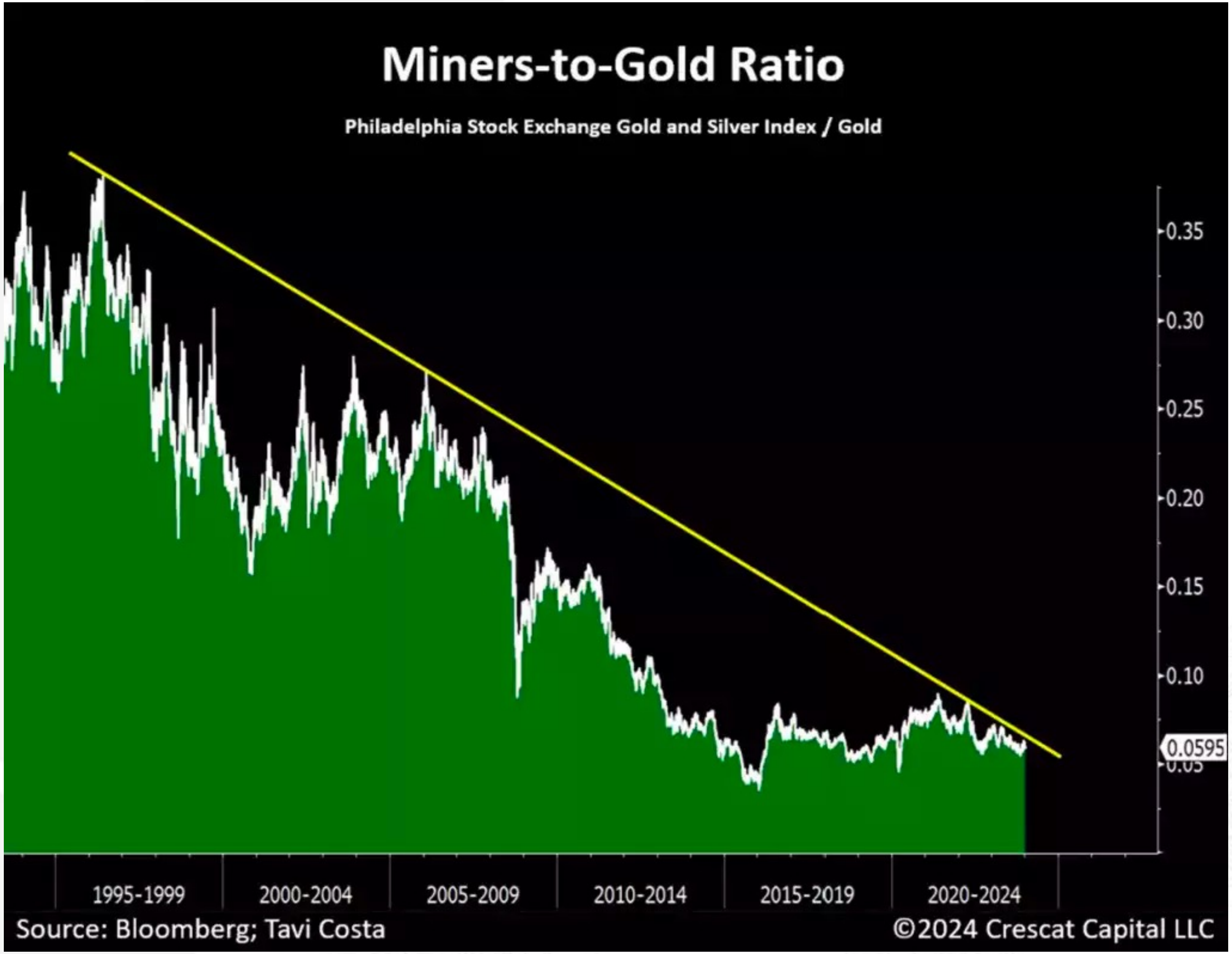
It's hard to find a better-looking chart than this one.

Time to get aggressive with gold, silver, and the miners.



Japan provides a valuable roadmap for where silver prices are likely headed.

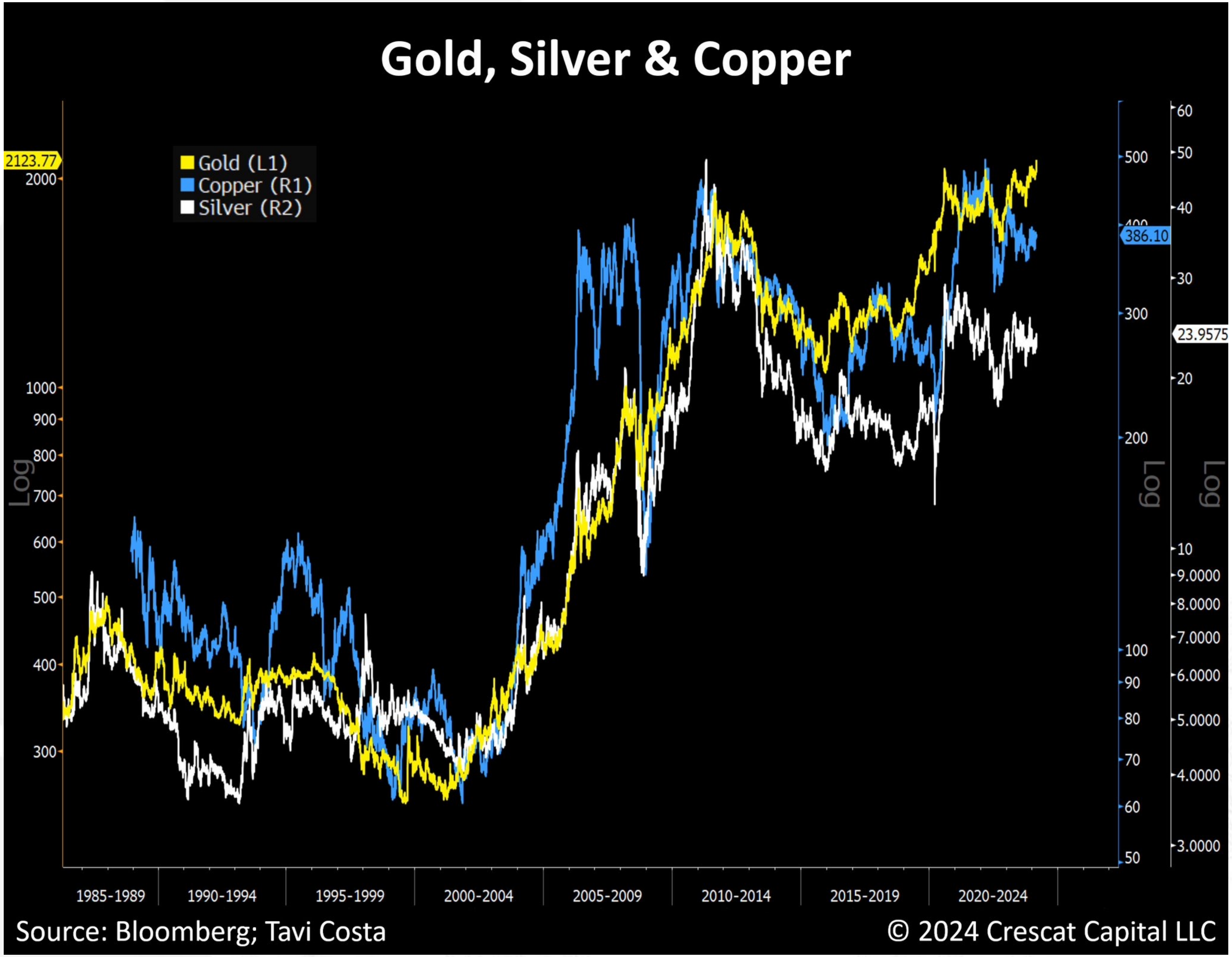
When looking at the silver relative to M2 money supply, it may have recently just reached a historic double-bottom after re-testing the early 2000s levels, which preceded a major upward move in silver prices.



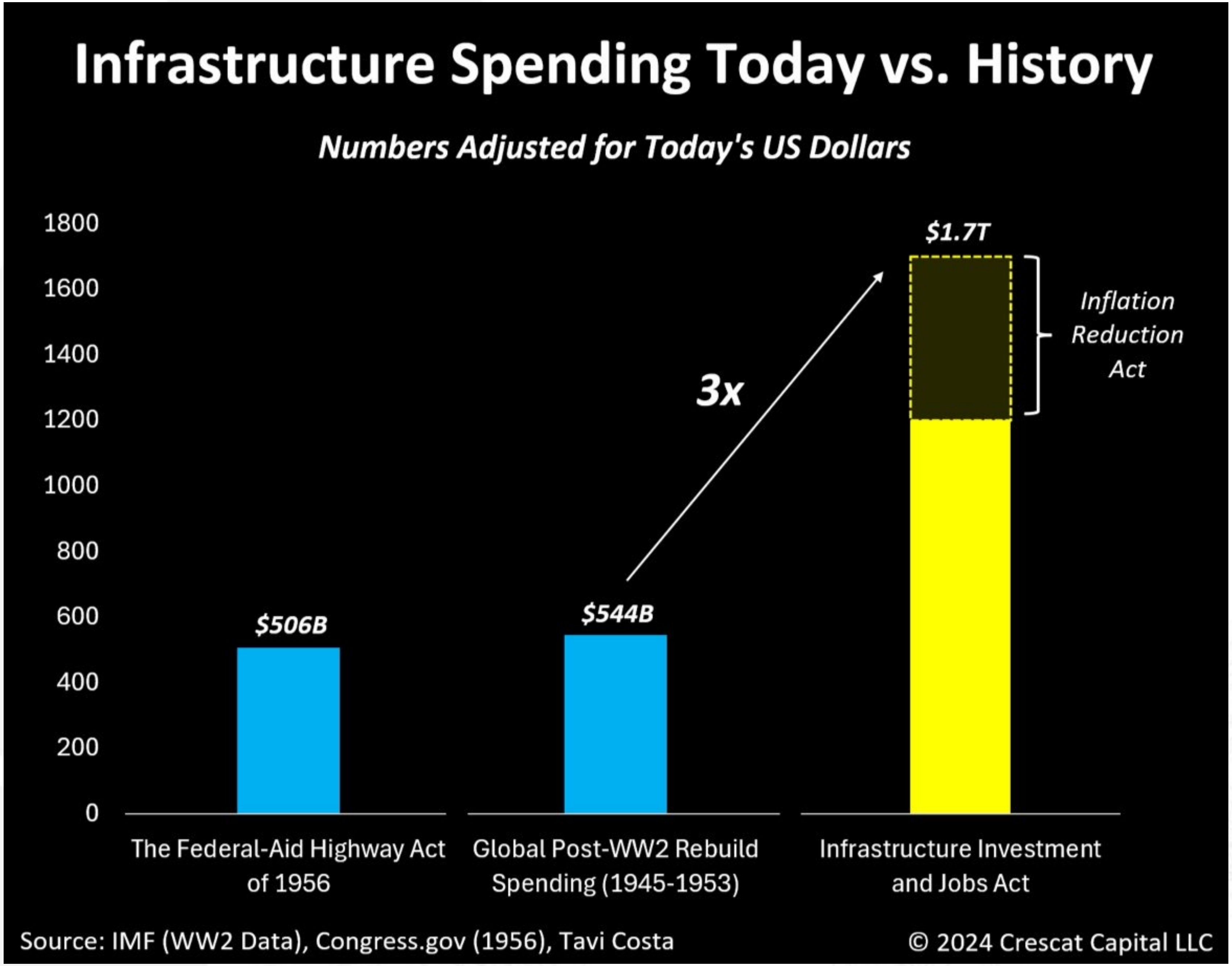
It's remarkable how mining stocks continue to be highly resilient despite the weakness in gold prices today. The valuations for these companies couldn't be more distressed, and we are likely near a major bottom.

CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

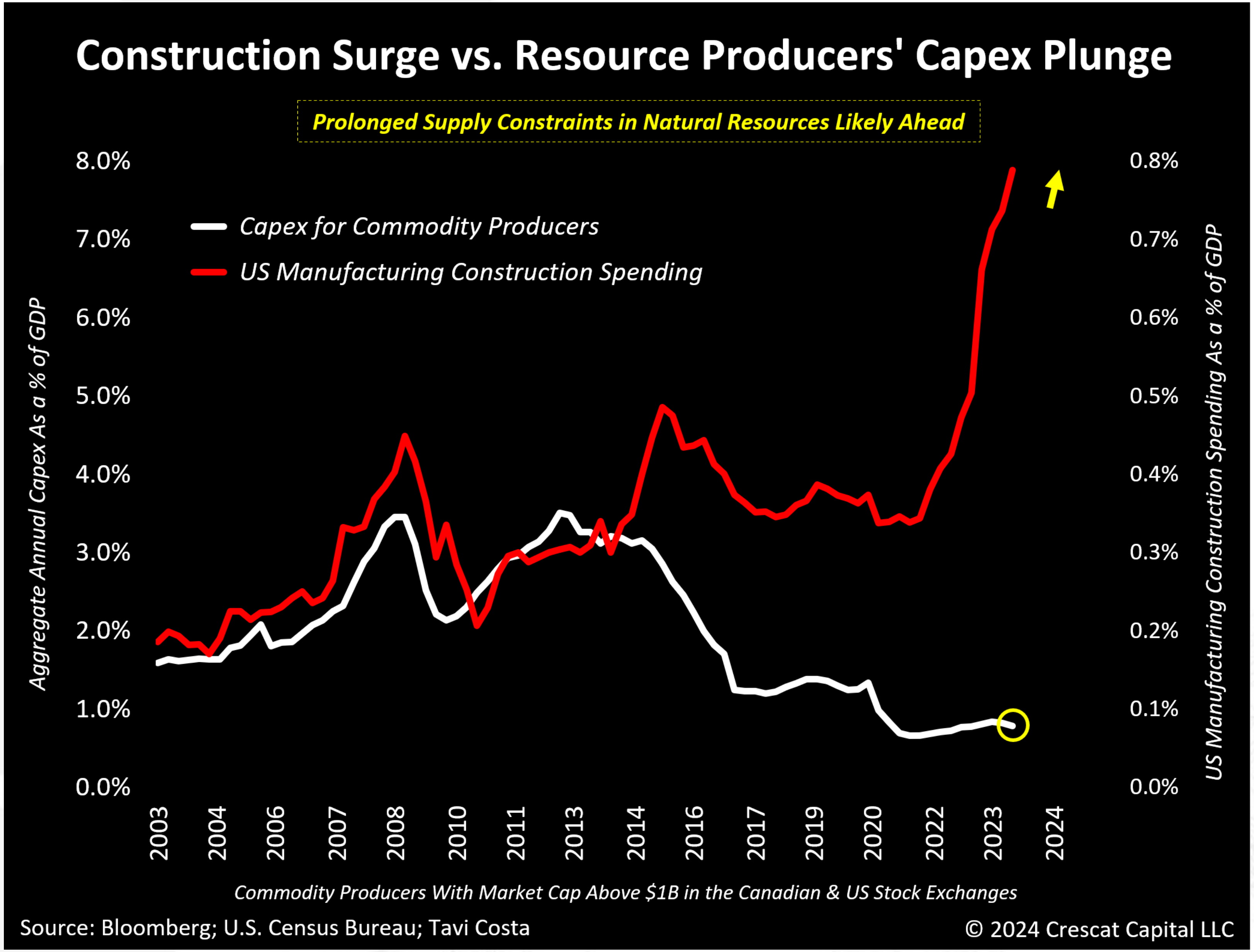
ELECTRIFICATION METALS



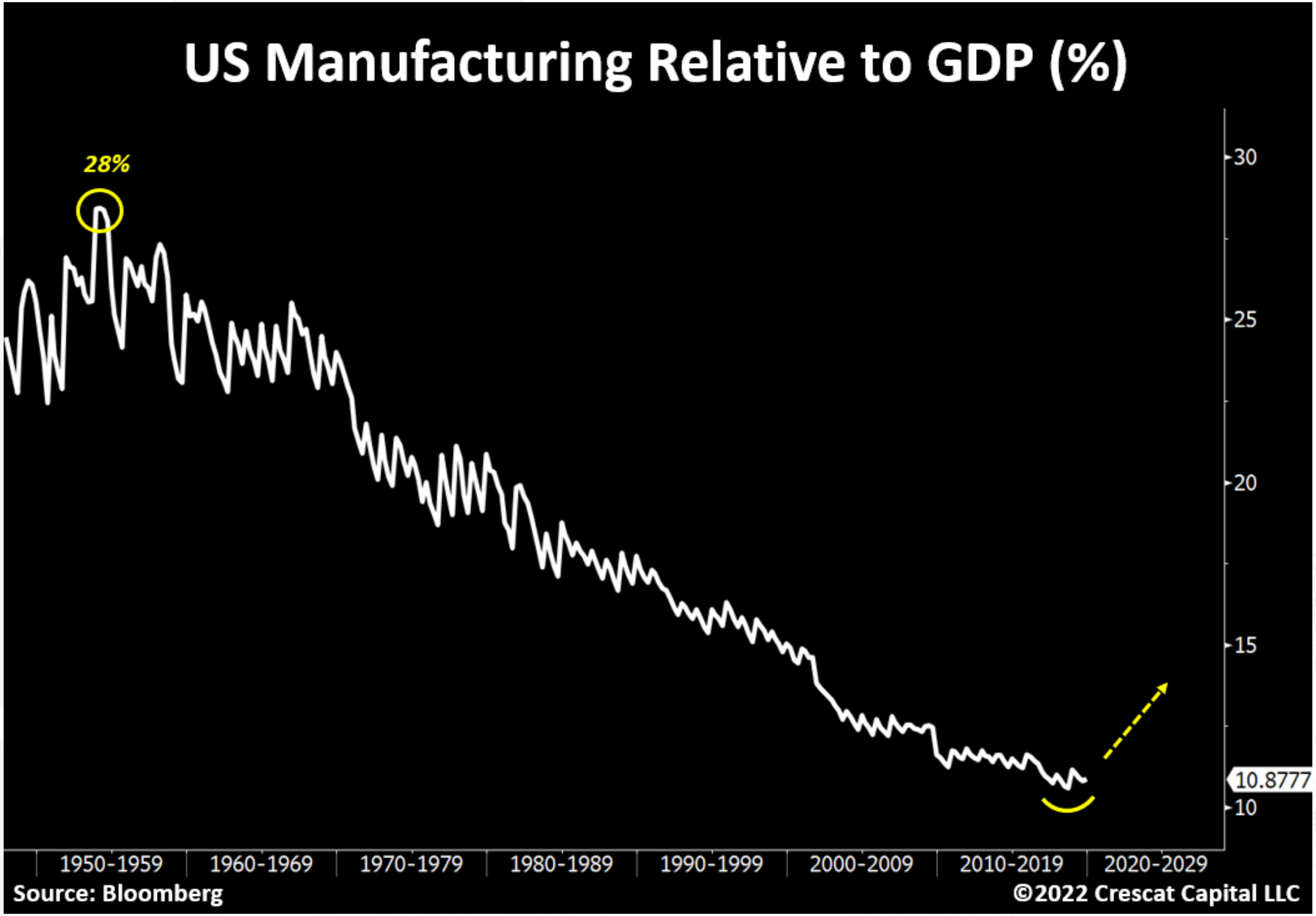
When gold enters a cycle, it lifts all boats among other metals. Despite the volatility inherent in each commodity, the macro-opportunity is remarkably similar.



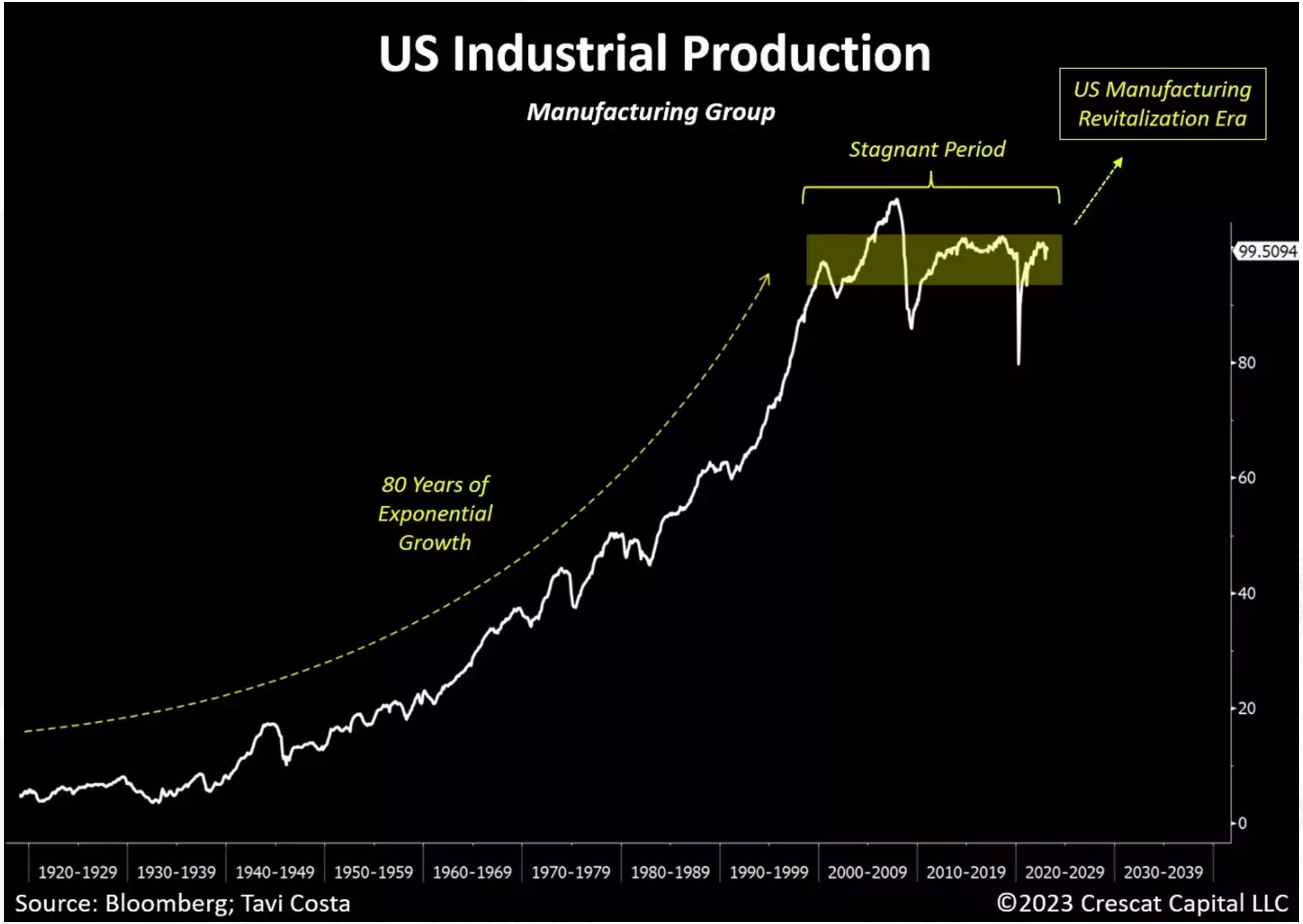
Today's infrastructure spending is likely to dwarf what we experienced during the rebuild period post-WWII by the US and the rest of the world.



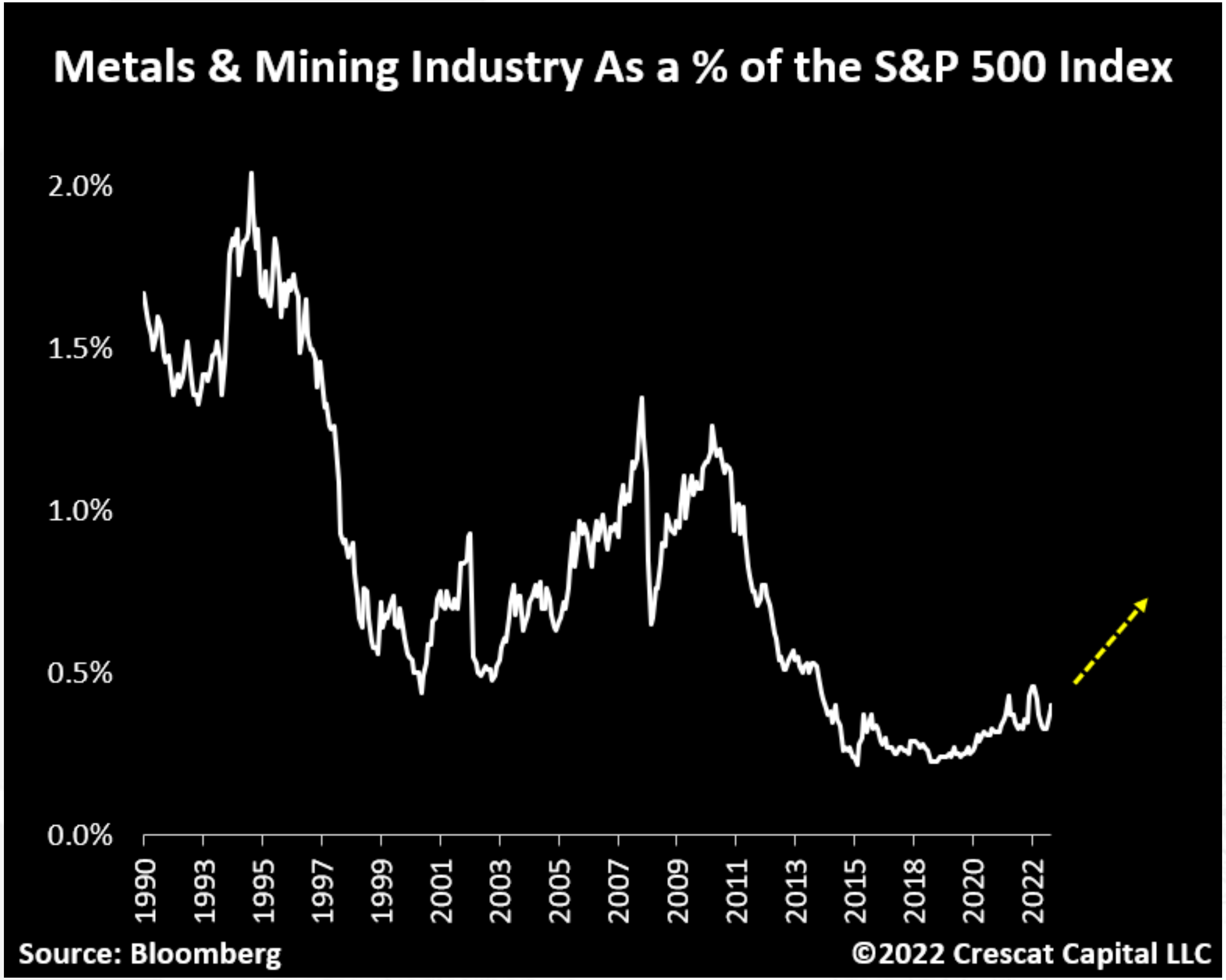
Today's predicament lies in the fact that despite the recent upsurge in construction spending, especially for manufacturing, commodity producers have evidently fallen short of matching this trend.



This white line is very likely headed higher and should be one of the main investment cases for the long-term commodities bull market that we have just entered.

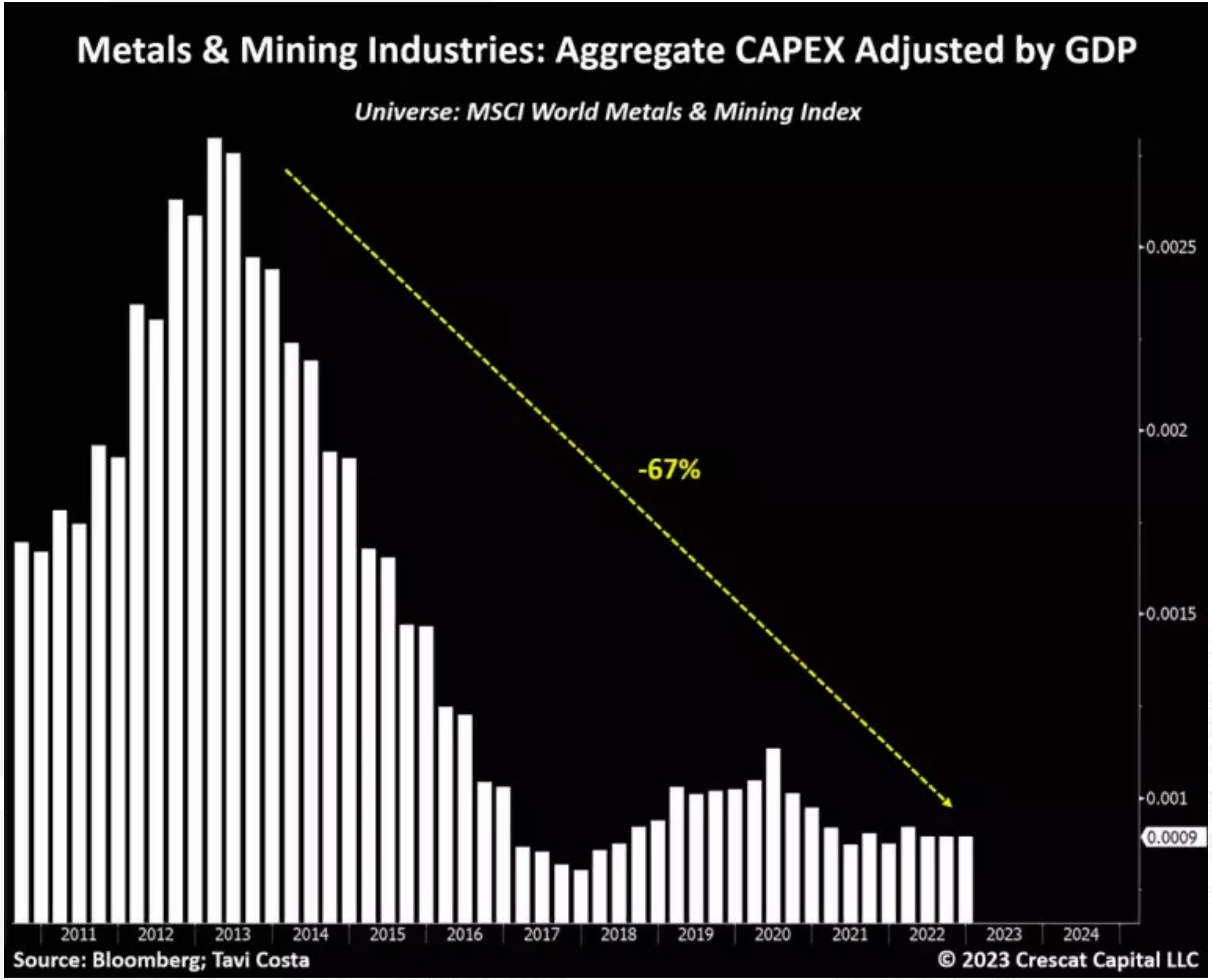


The current situation presents a unique opportunity for natural resource industries to perform exceptionally well, particularly at a time when these companies remain a fraction of the overall global equity market.

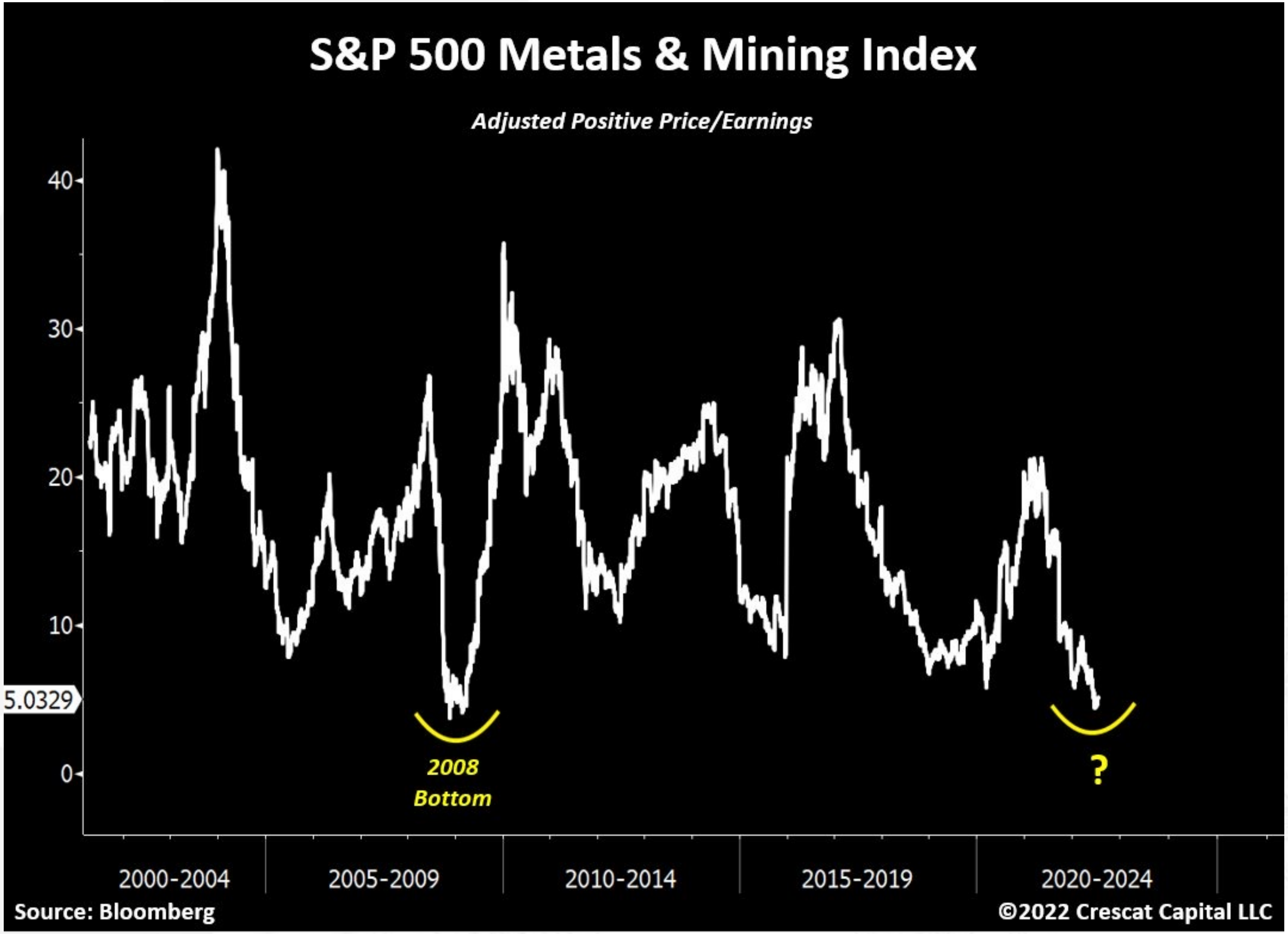


The metals and mining industry as part of the overall stock market is almost a rounding error.

We believe this chart will look completely different by the end of this decade.

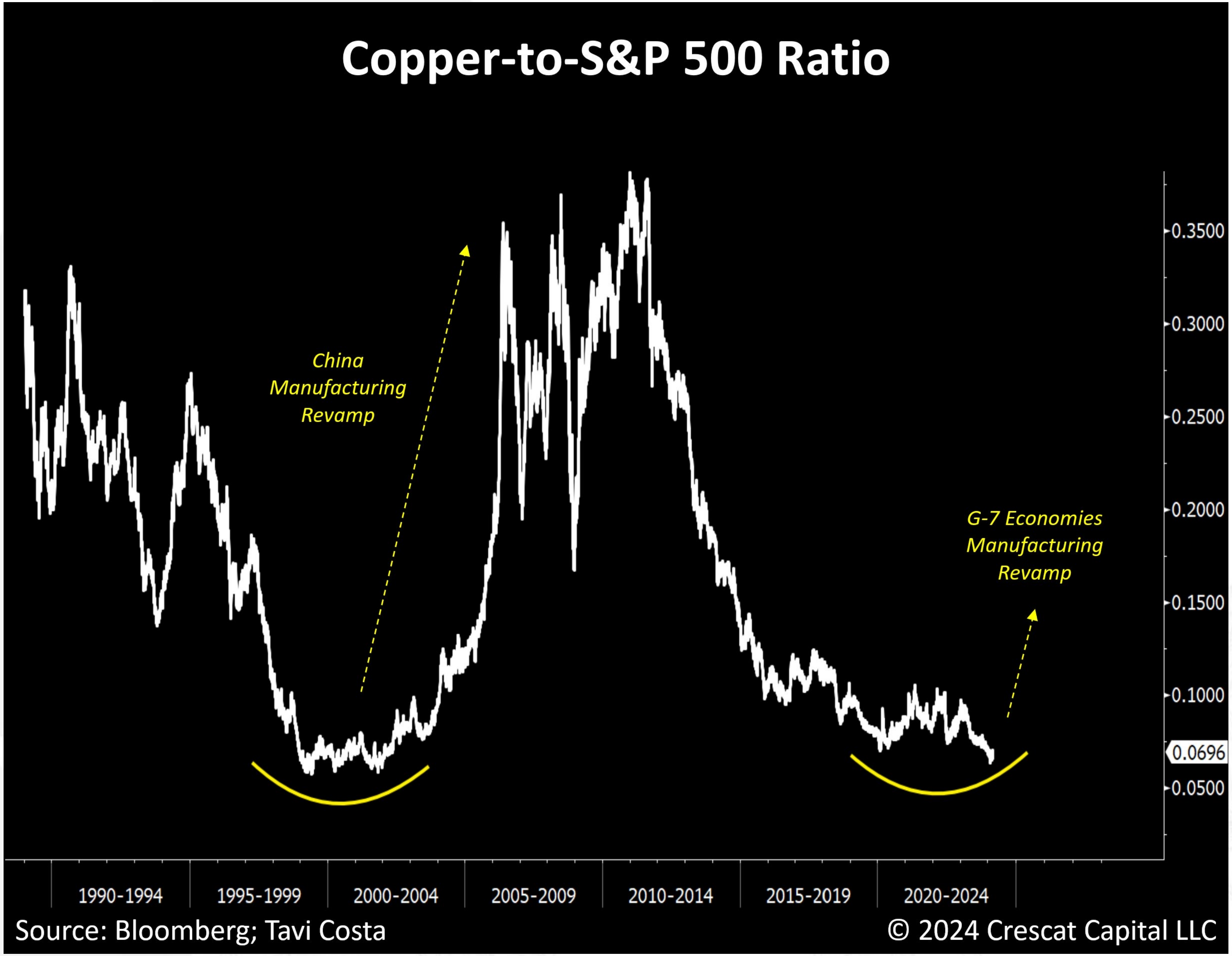


This worldwide index of metals and mining companies also shows a nearly 70% decline in capital spending from 2013 levels.

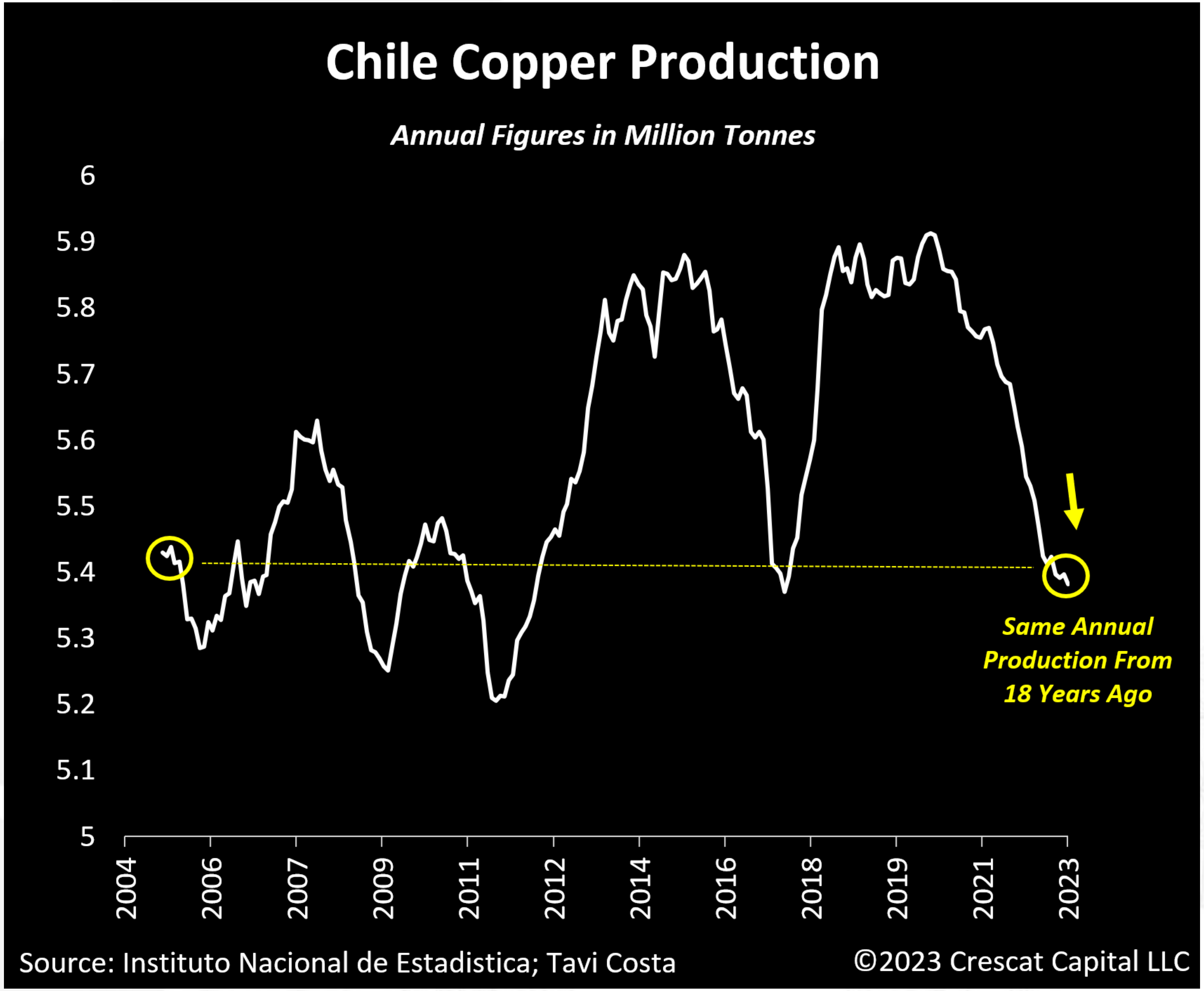


The case for owning mining companies has never been more compelling.

While we have seen general fundamental improvements across the industry, today's profitable mining companies are also trading at their lowest-ever P/E ratio, one that is currently matching their 2008 bottom.



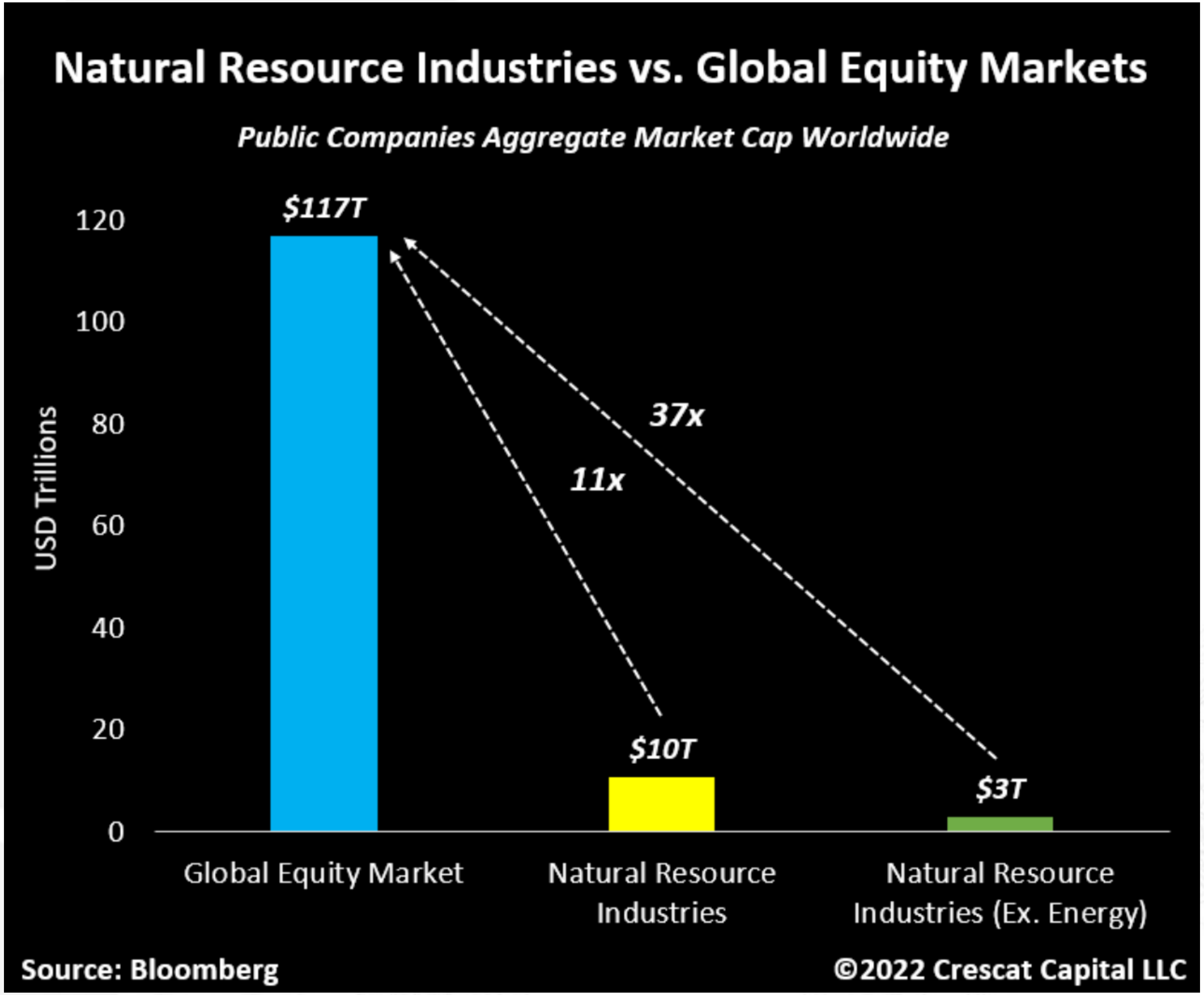
The copper-to-S&P 500 ratio undeniably stands out as one of the most intriguing potential double bottoms in markets today.



Chile's overall copper production is currently as low as it was 18 years ago, nearly down 10% from its recent peak.

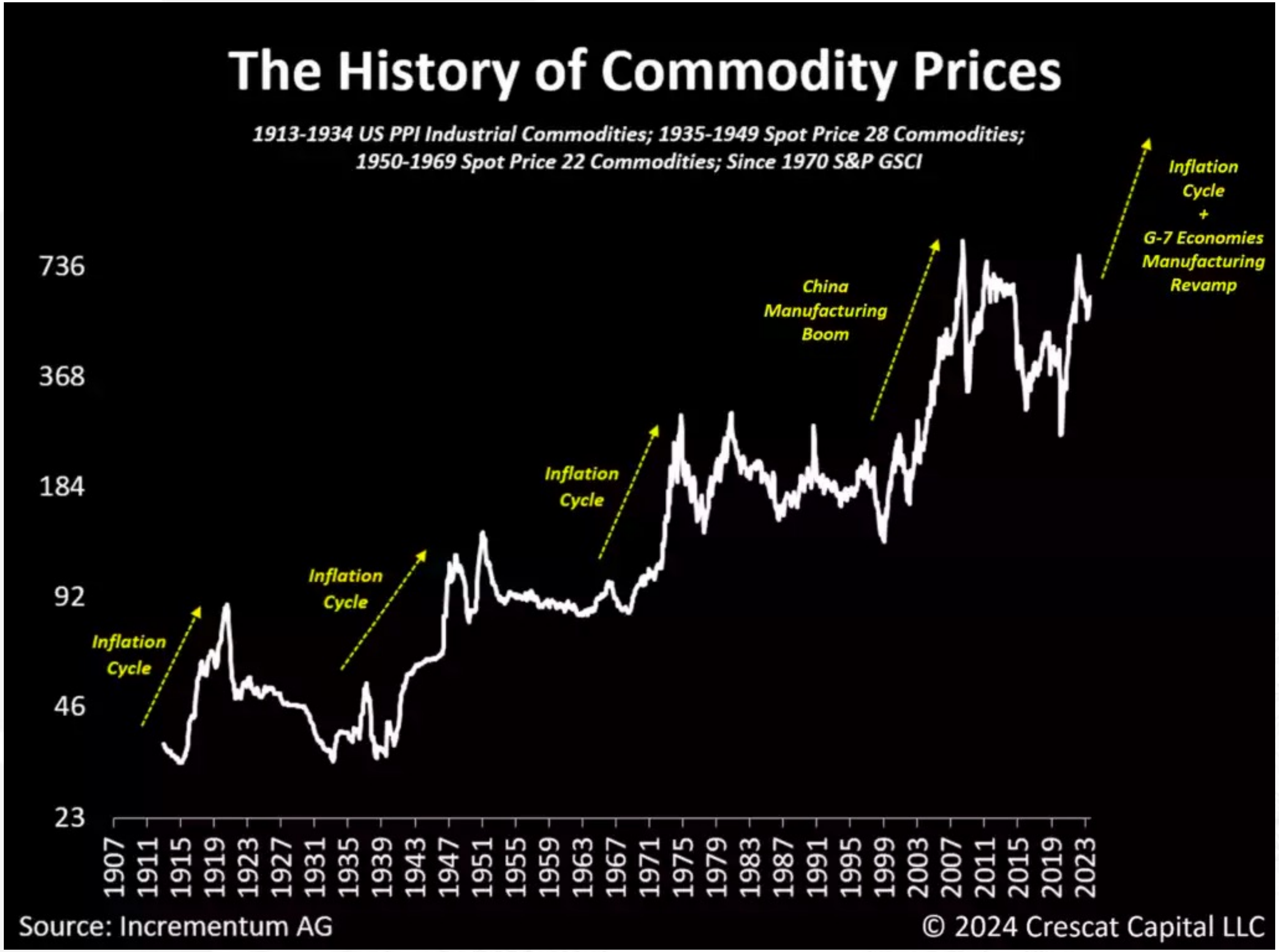
CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

RESOURCE UNDERINVESTMENT

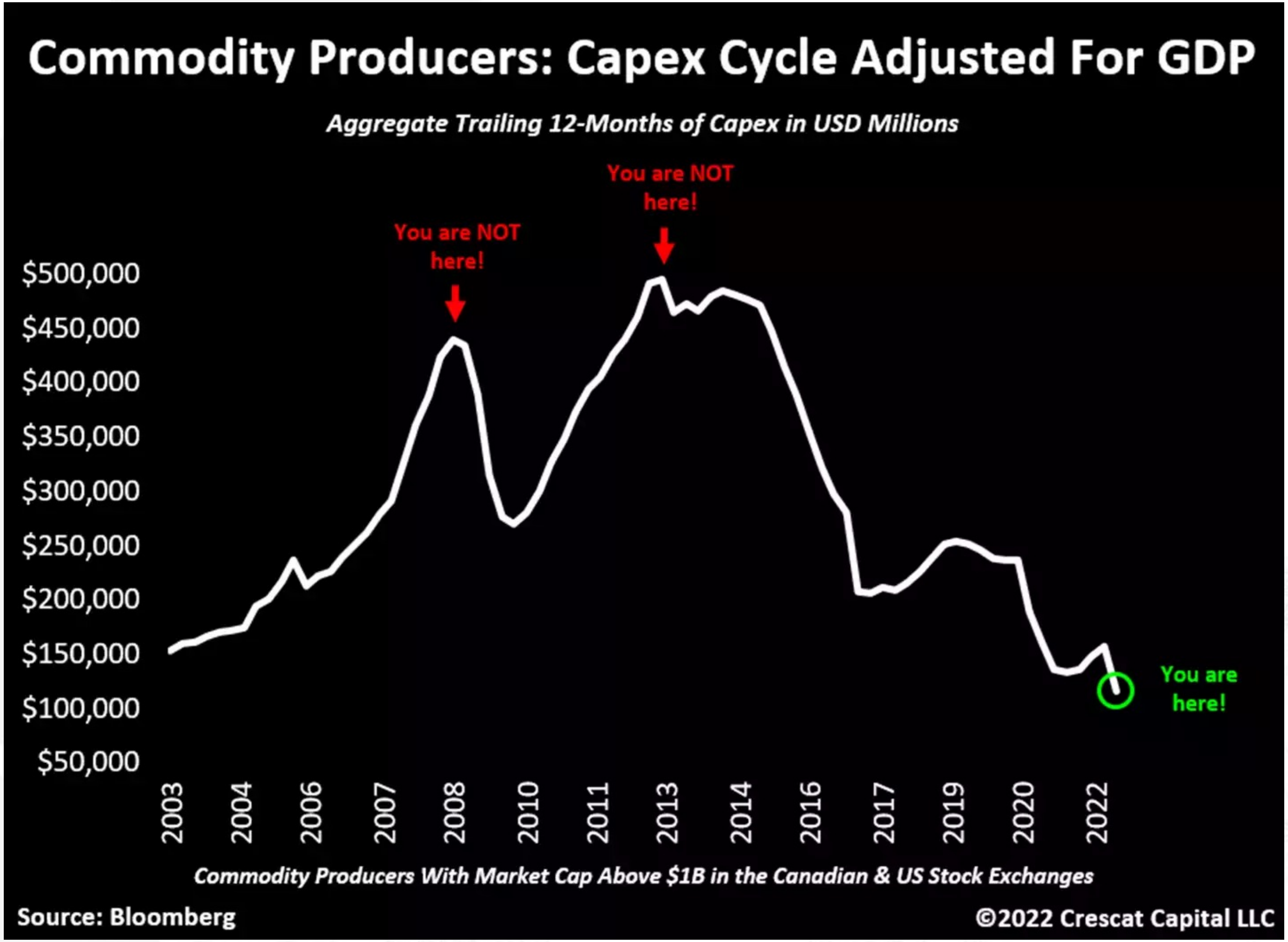


The aggregate market cap for global equity markets is 11x larger than the current size of natural resource industries.

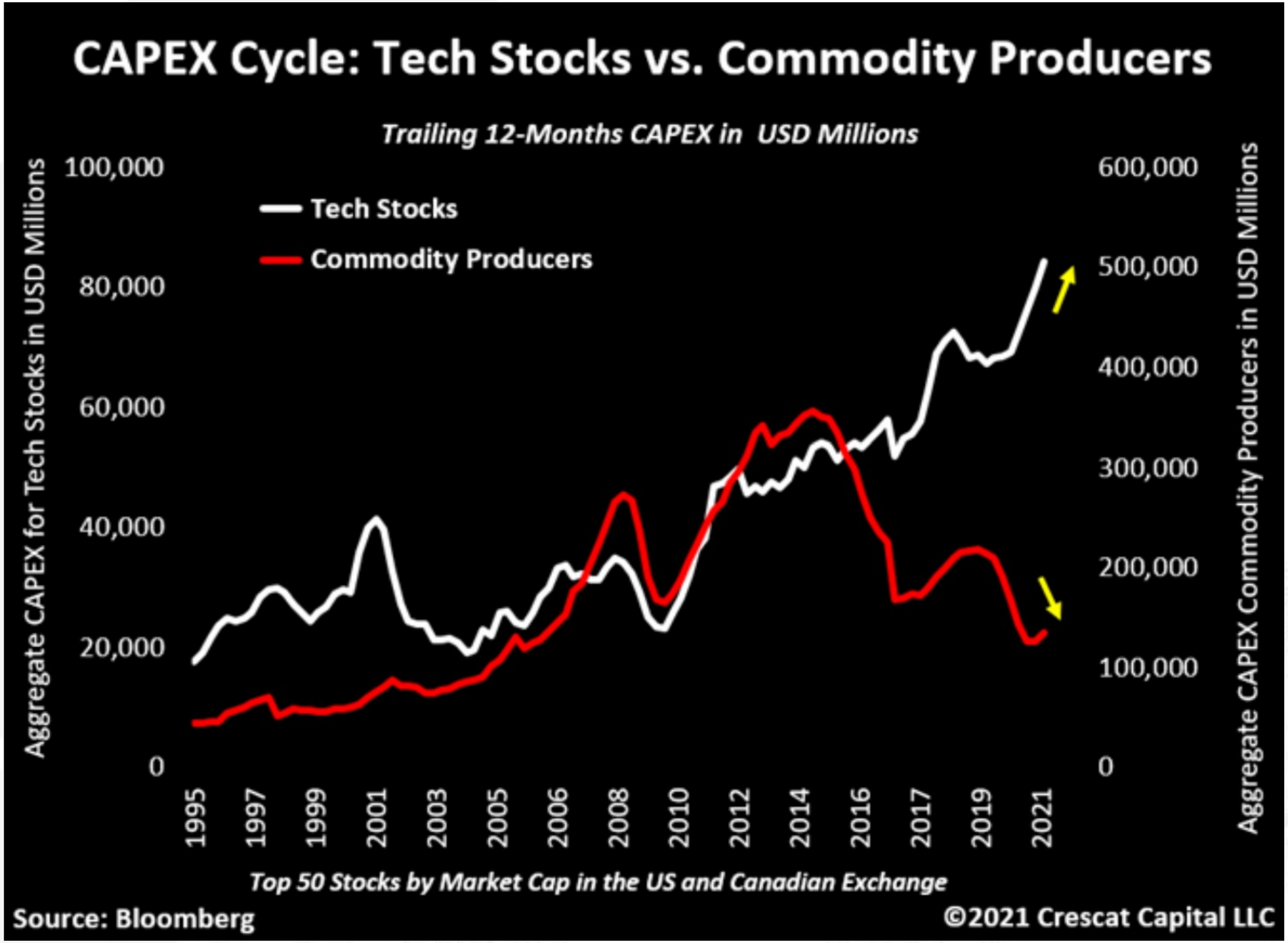
If we exclude the energy sector, it is close to 37x.



Since the 1900s, we have had four notable commodity cycles. Three of them occurred during inflationary periods: the 1910s, 1940s, and 1970s. The fourth cycle took place in the early 2000s, coinciding with China's entry into the World Trade Organization and its emergence as the manufacturing hub of the global economy, leading to one of the most extensive construction booms in history.



It's important to consider the cross-asset correlations during the stagflationary crisis of 1973-4. Back then, tangible assets and resource businesses rallied drastically despite the collapse in stocks and bonds.

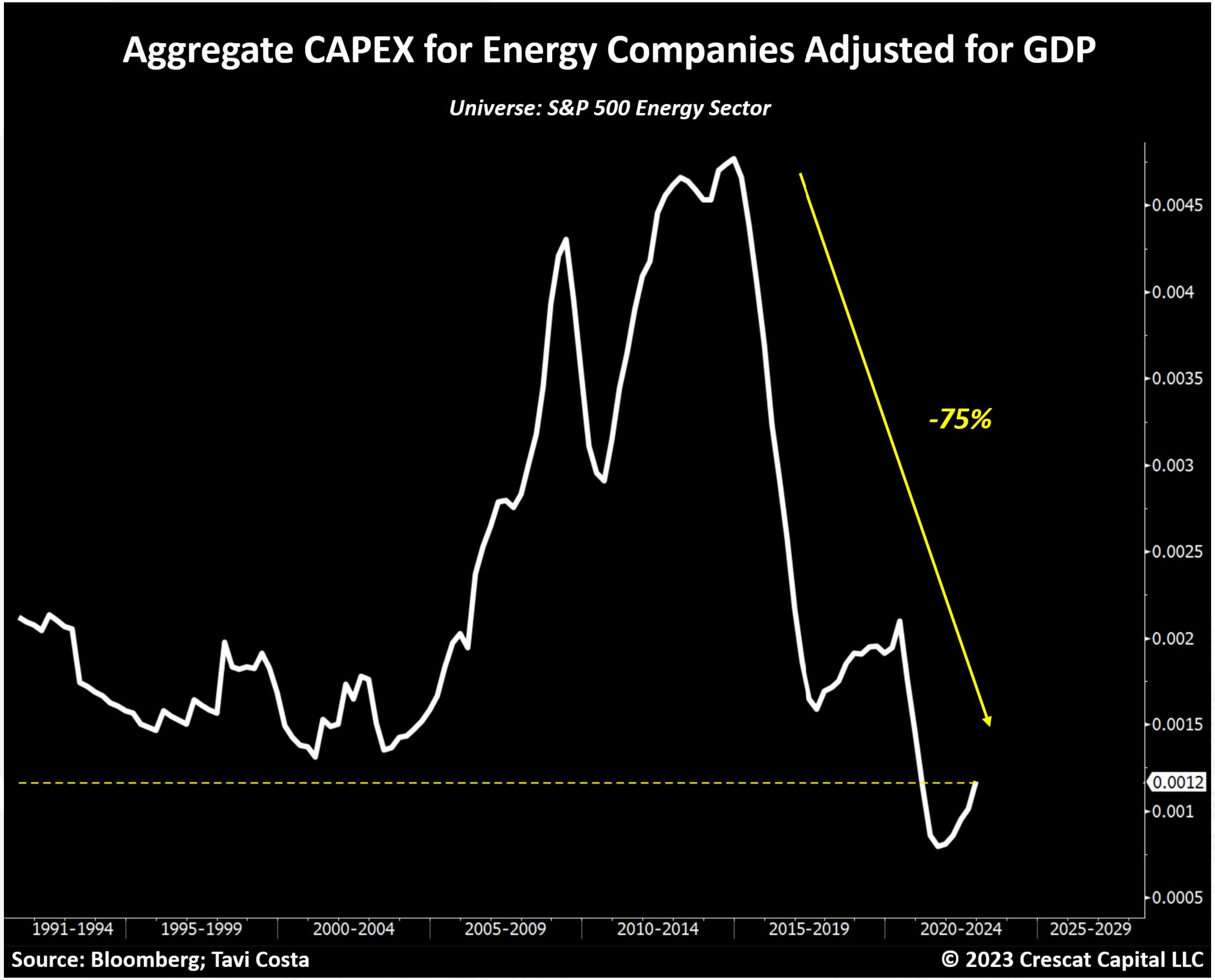


There has been a major divergence between the long-term capex of technology companies versus commodity producers.

This disconnection began in 2015, long before the Covid Recession.

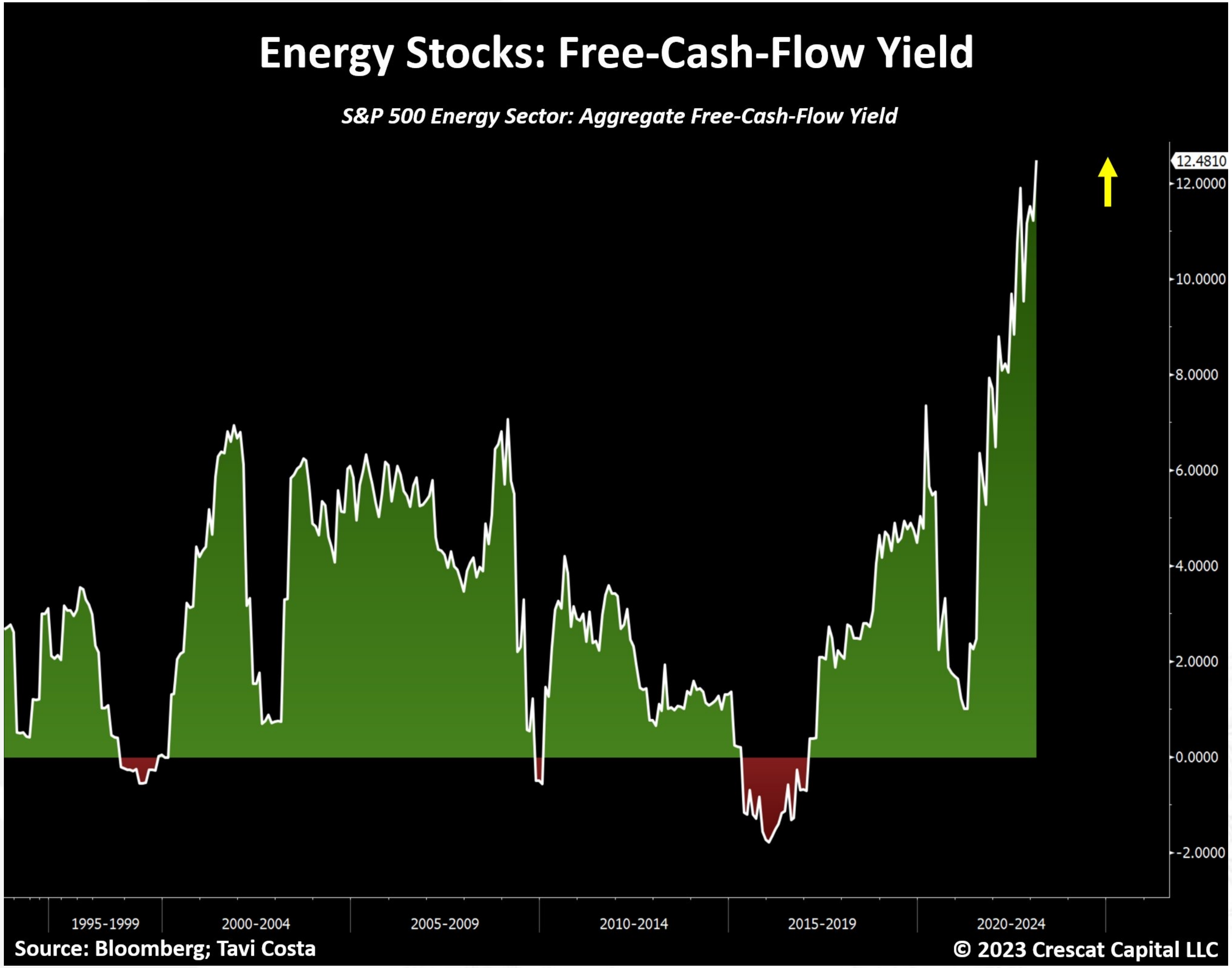
CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

ENERGY TRANSITION

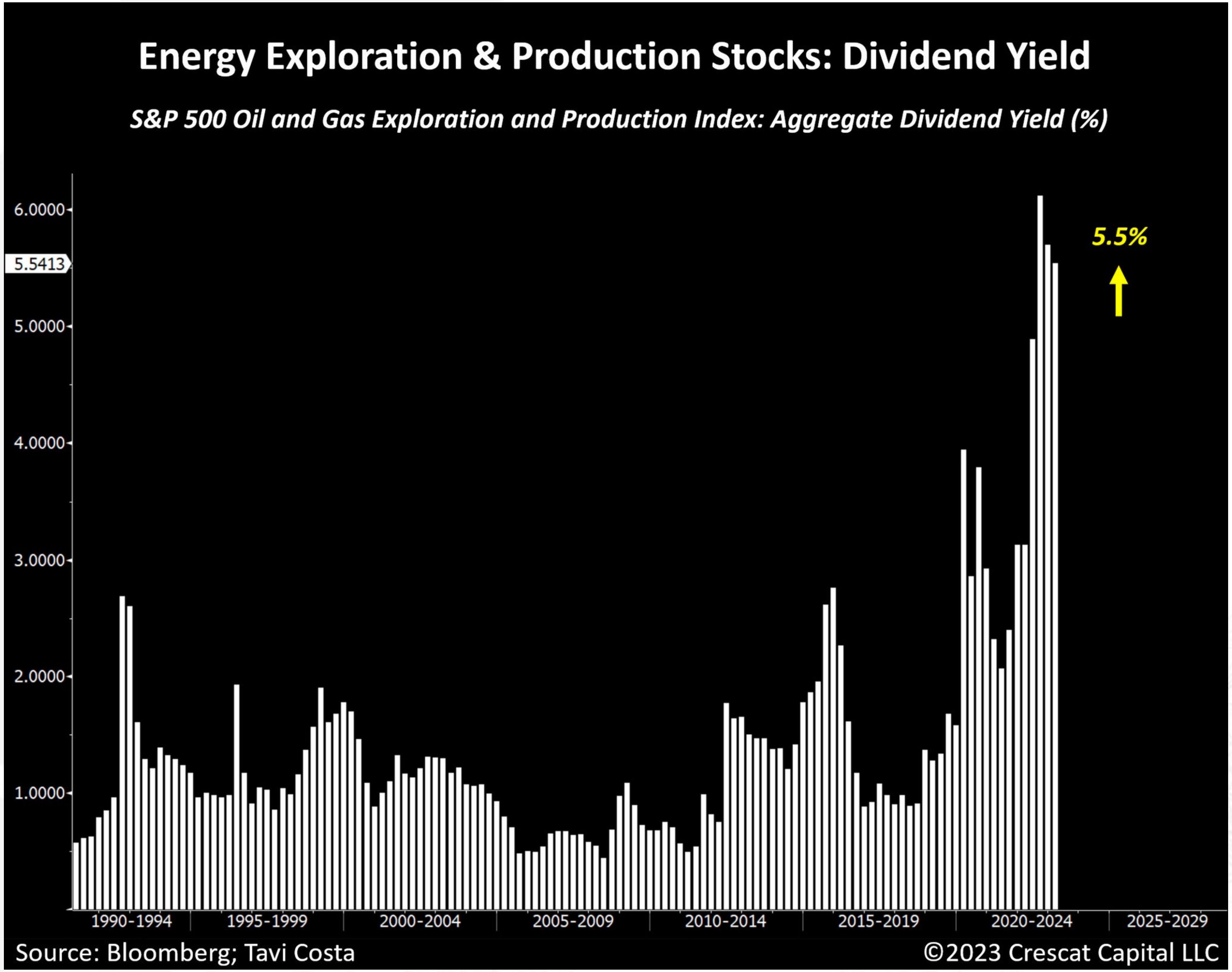


Aggregate CAPEX for energy companies adjusted for GDP levels is still below every other depressed level in the last 30-plus years.

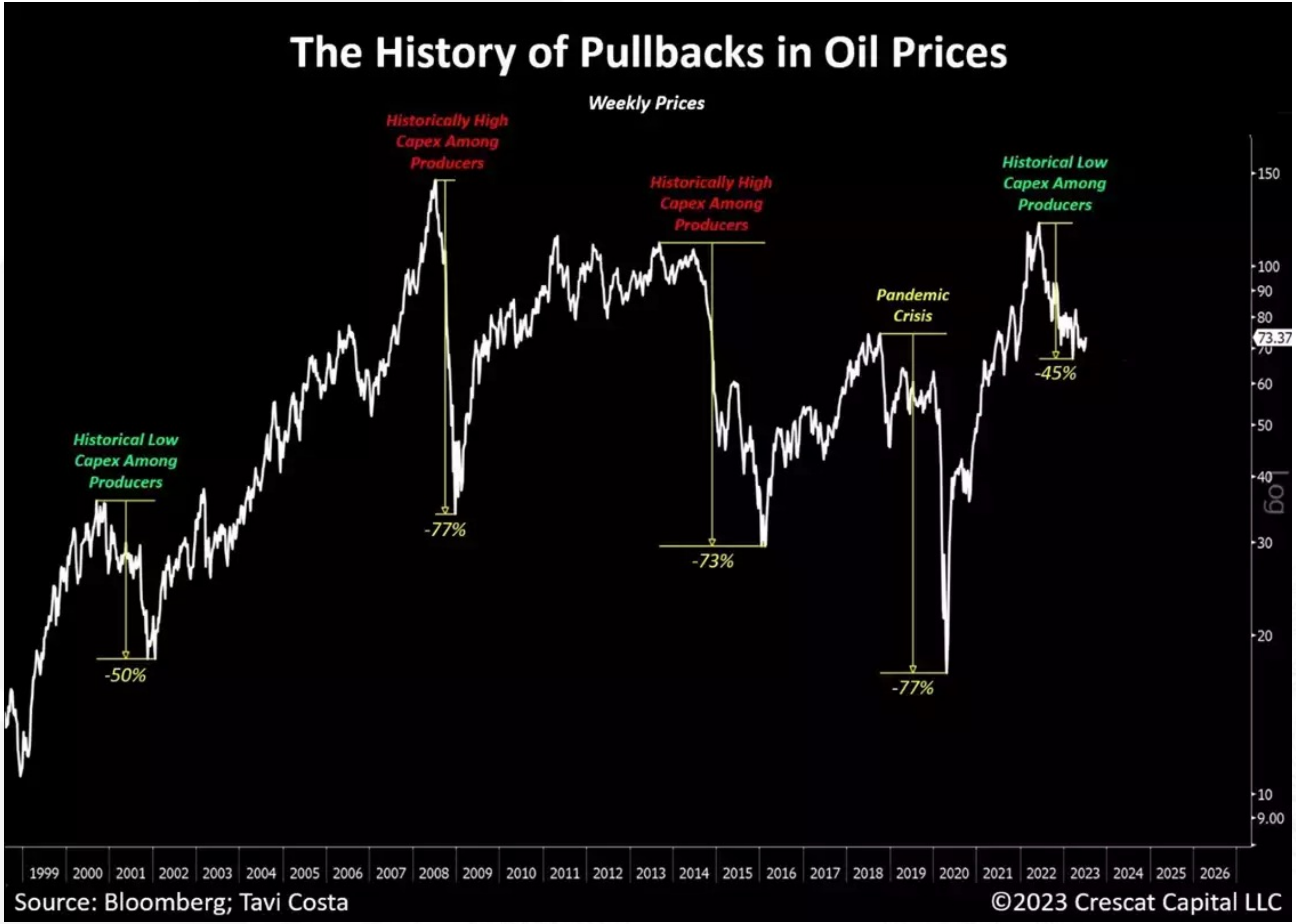
Current levels are over 75% lower than the prior peak.



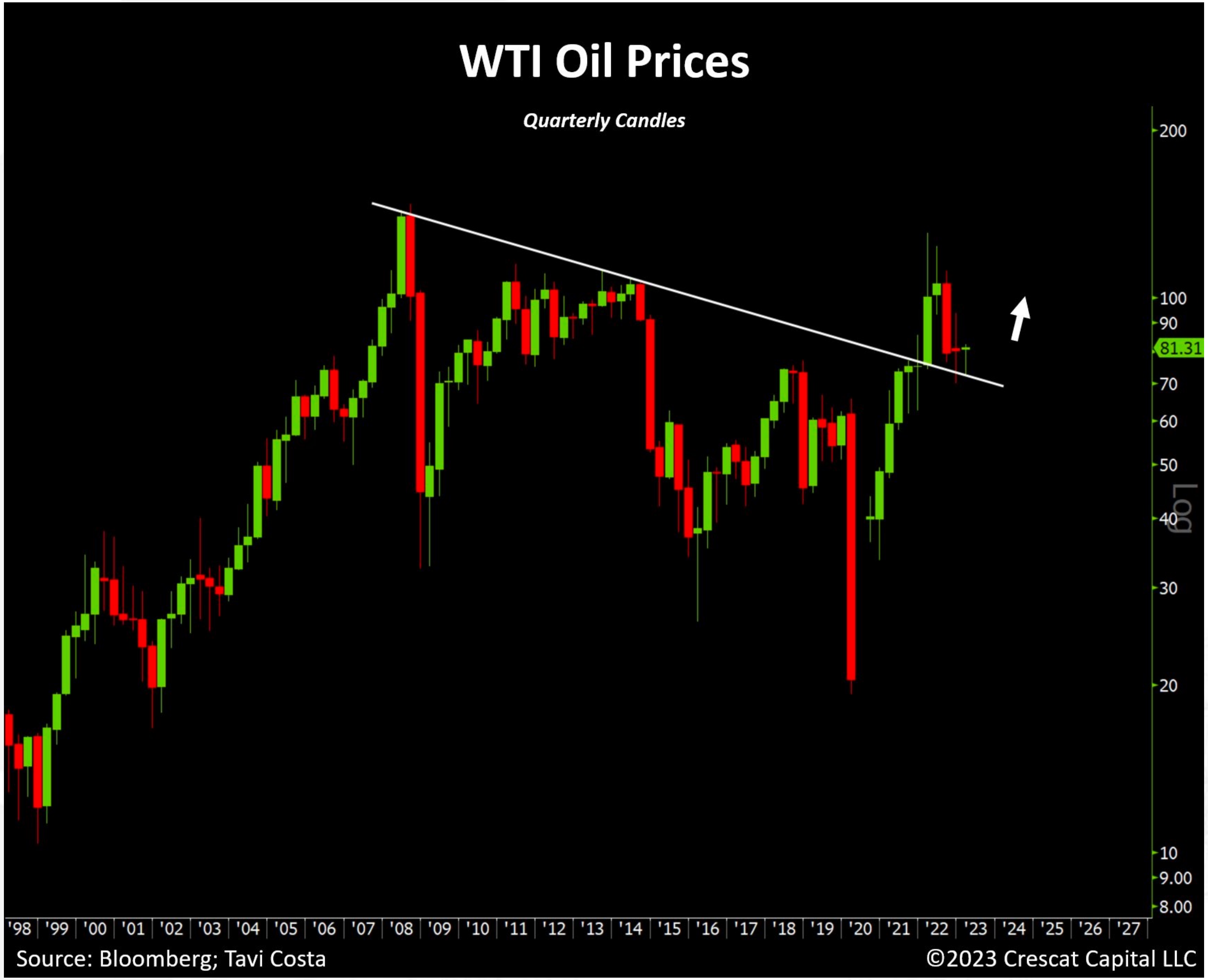
If energy prices strengthen, as we envision due to structural shortages and ongoing demand, these companies are even more of a bargain.



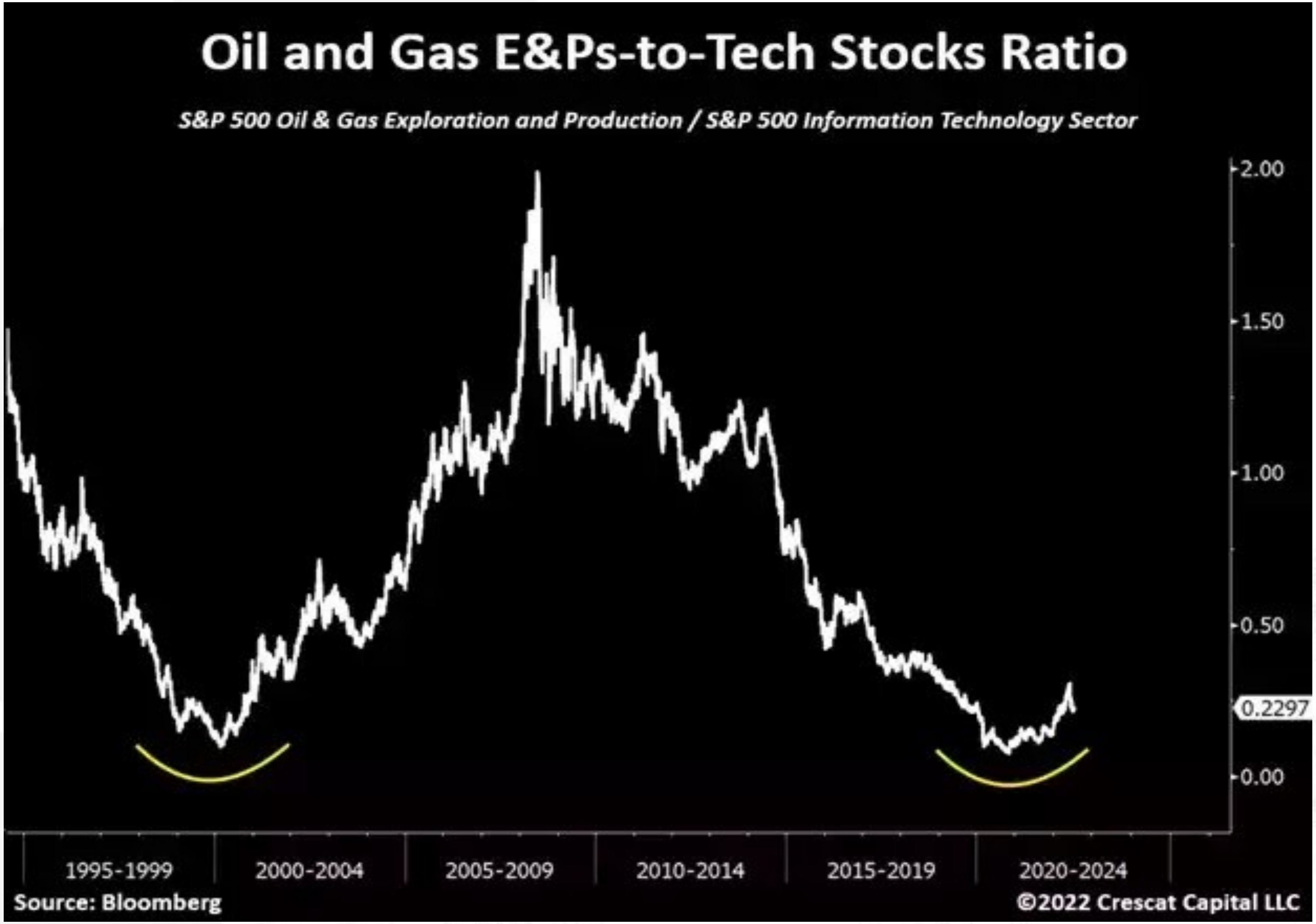
Oil and gas exploration & production companies are by far paying their highest dividend yield in history of the data.



In the current environment, we believe there are strong similarities to the early 2000s period, particularly in terms of historically depressed capital spending. Despite the risk of a demand shock, which is already largely reflected in the current prices, in our view, oil supply remains incredibly tight with production still below pre-pandemic levels.



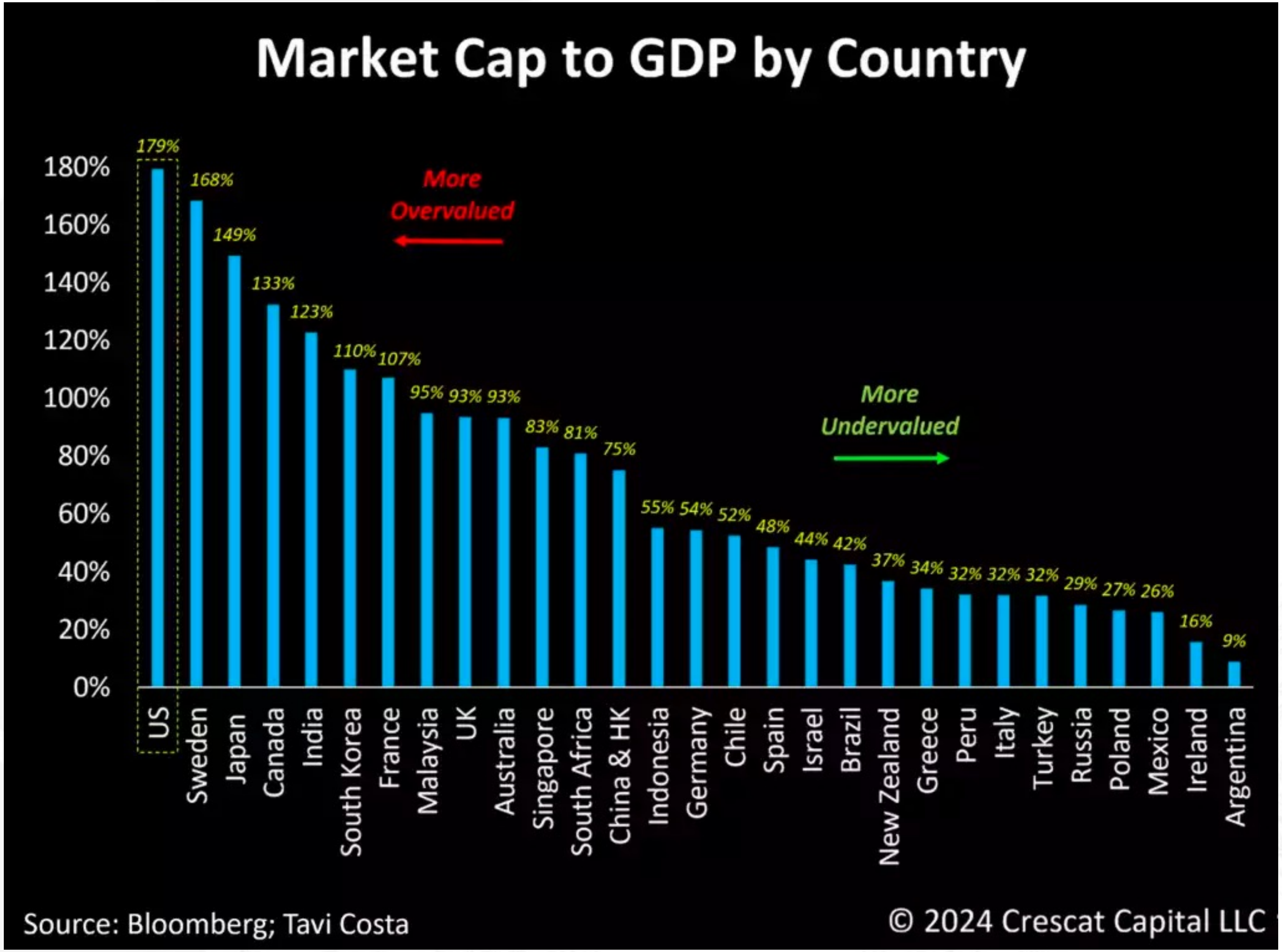
What if oil has another big move, inflation re-accelerates, and interest rates need to stay higher for longer? Equity markets would not appreciate this.



The energy-to-tech stock's ratio is as low as it was at the peak of the tech bubble.

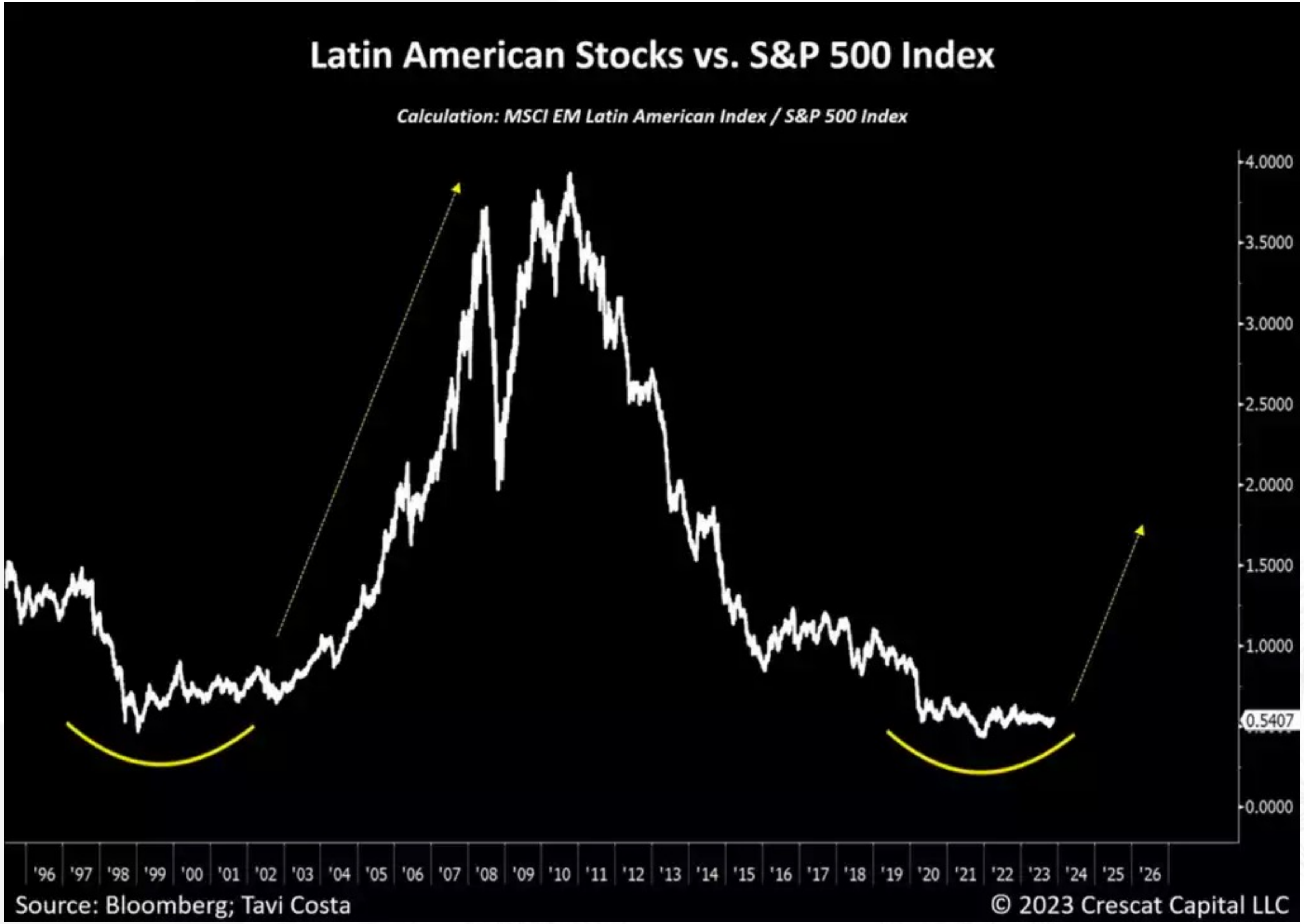
CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

BRAZIL LIFTOFF

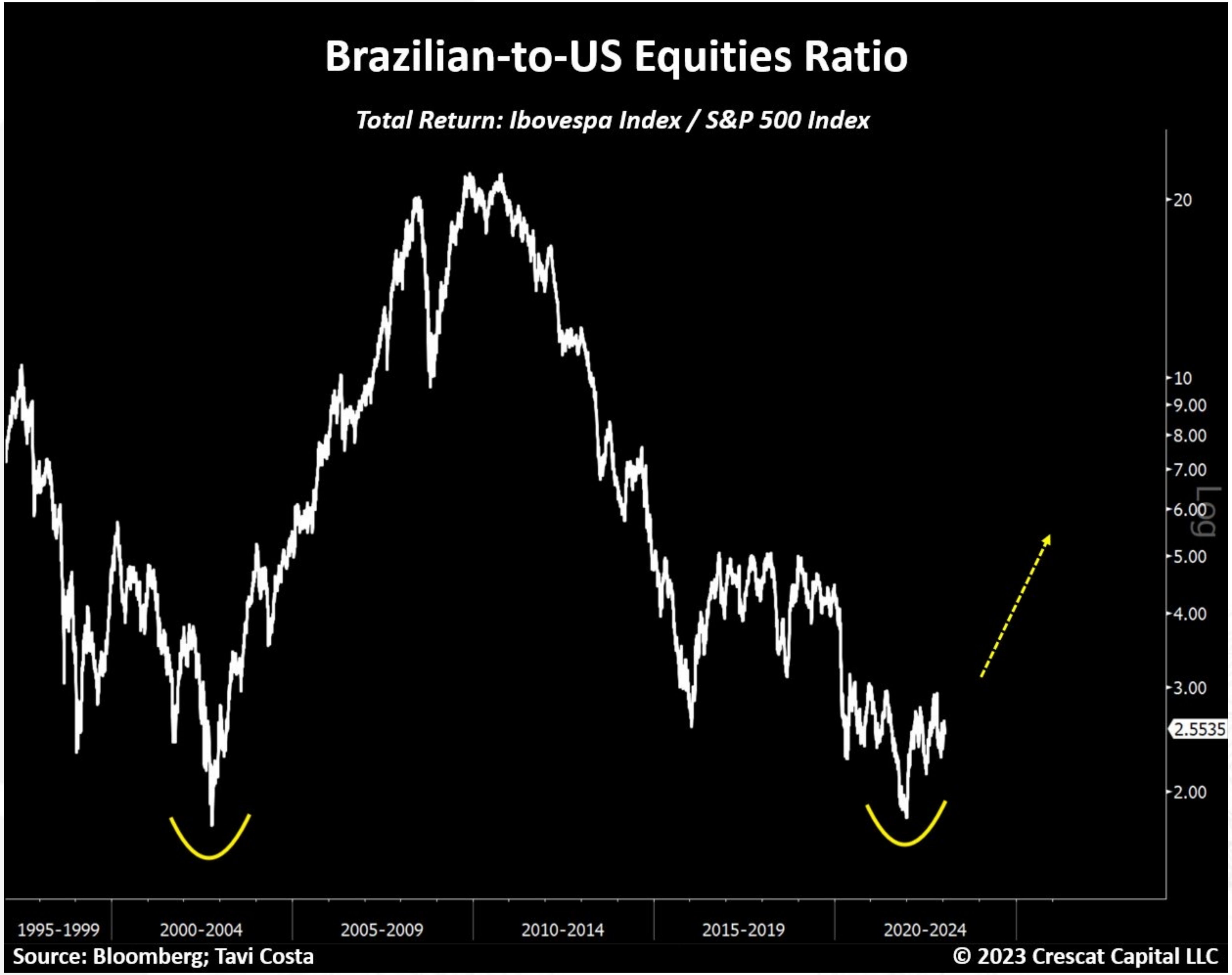


We would much rather own growing businesses at low single-digit P/E multiples than hyped-up US mega-cap technology stocks, such as the Magnificent 7, which at the mean are trading at an exuberant 48 times annual trailing profits with questionable potential to sustain their past growth rates.

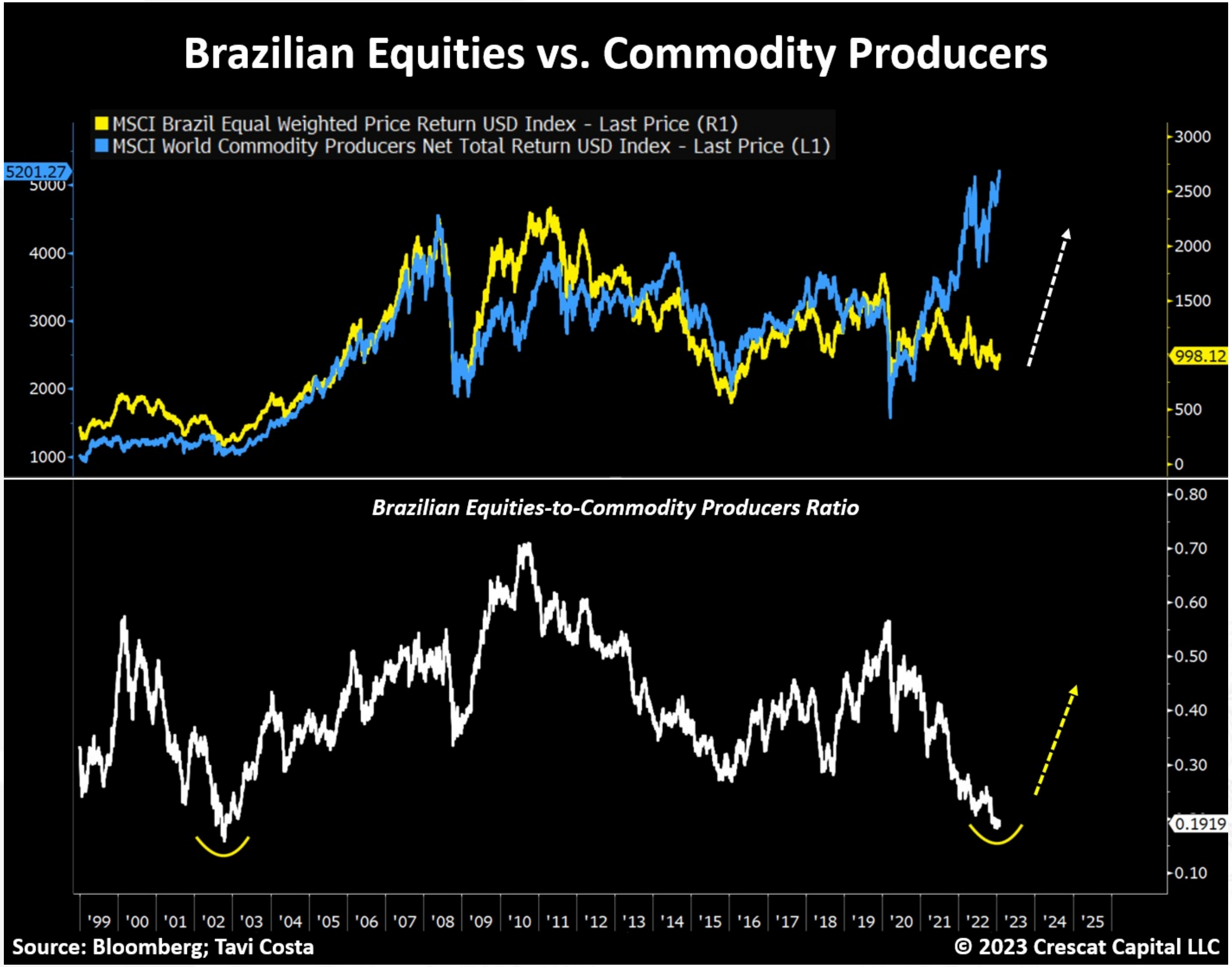
This chart vividly shows the pronounced overvaluation of US equities versus the rest of the world.



The recent advancements in artificial intelligence could paradoxically have highly positive implications for emerging markets that have long grappled with a low-quality labor force.

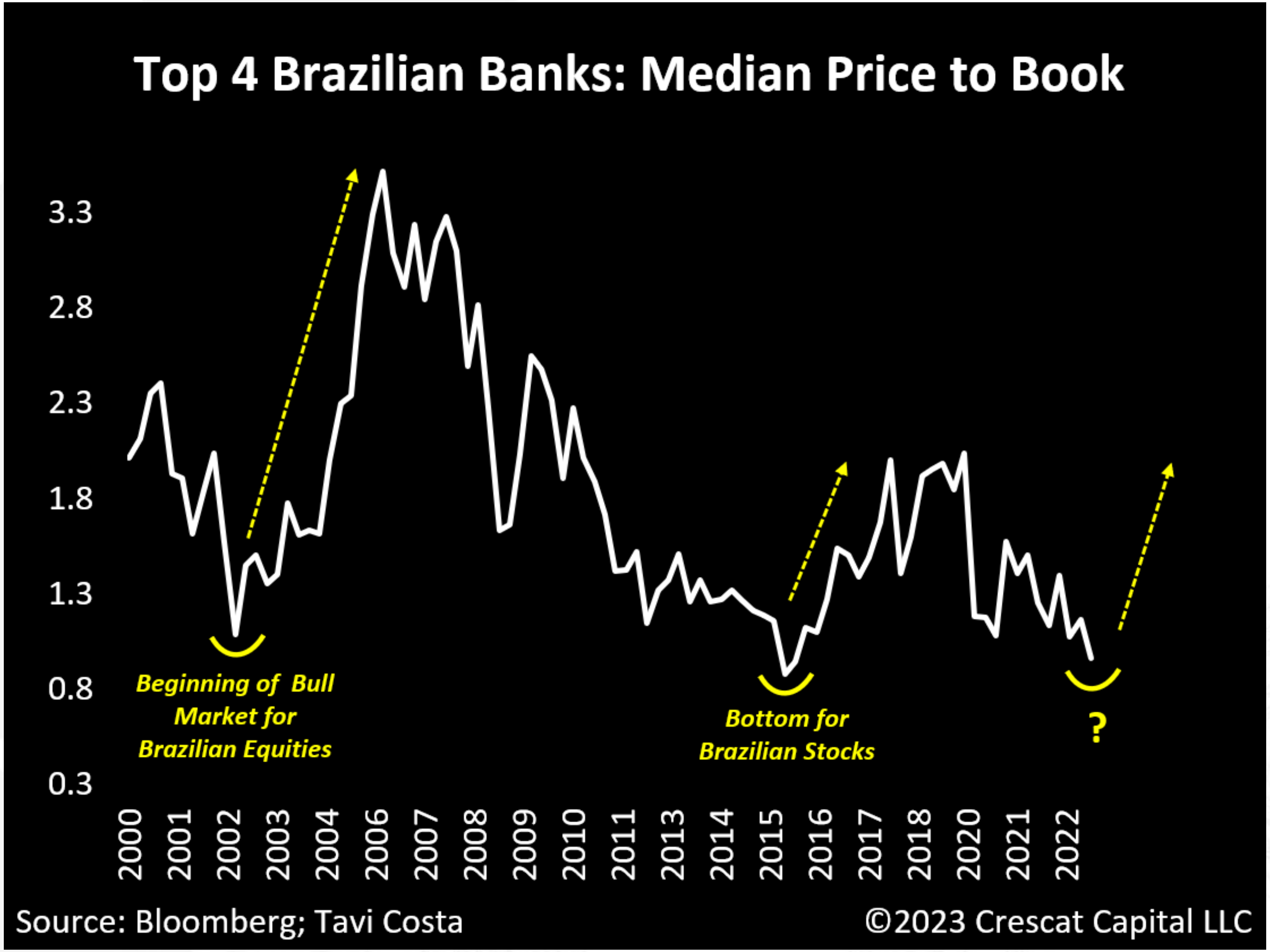


Brazilian equities are also historically undervalued relative to US stocks.



Brazilian equities are historically cheap even relative to global commodity producers.

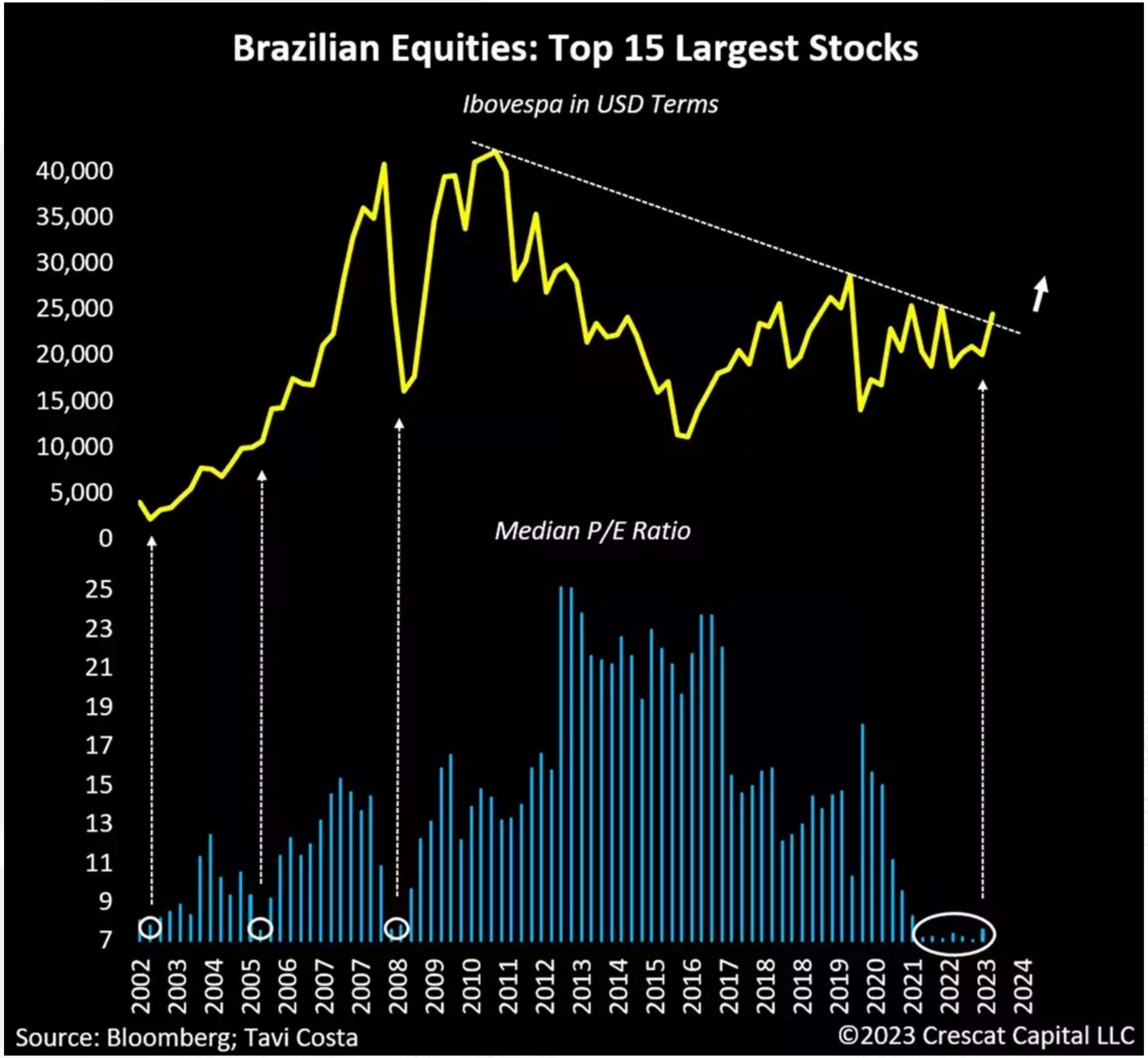
The last time we saw such undervalued prices was in the early 2000s, when Brazilian stocks entered a bull market.



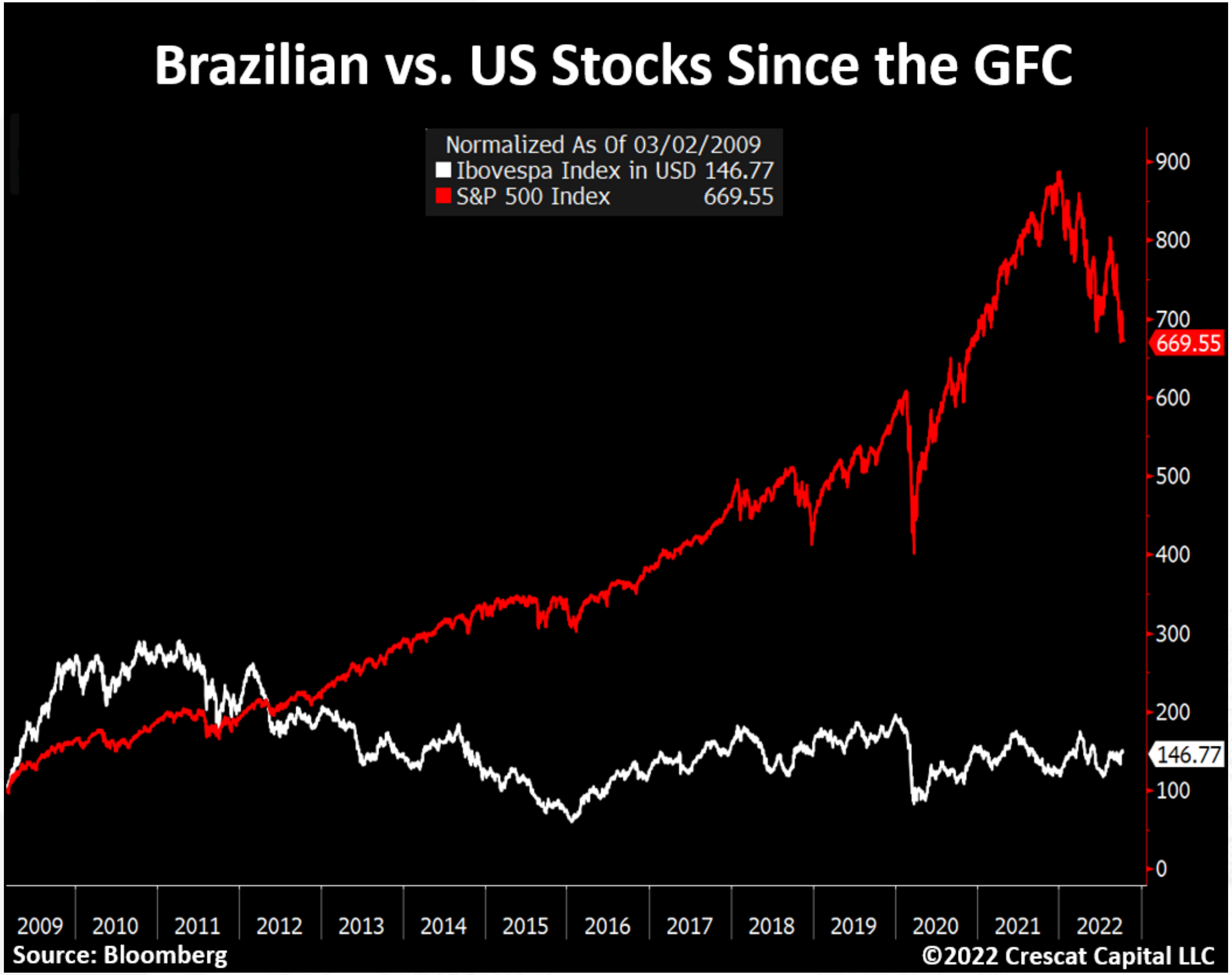
Brazilian banks are currently trading at one of lowest price-to-book levels in history.

Prior times when this industry was trading at such cheap multiples also marked great buying opportunities.

Brazilian equities are insanely cheap.
Here is one of the largest steel producers now on the brink of a major breakout.
The stock is currently trading at less than 4x earnings with a 24% FCF yield.
Not to mention, its dividend policy is at a 30% payout.



Rarely in history have Brazilian stocks been as cheap as they are today.



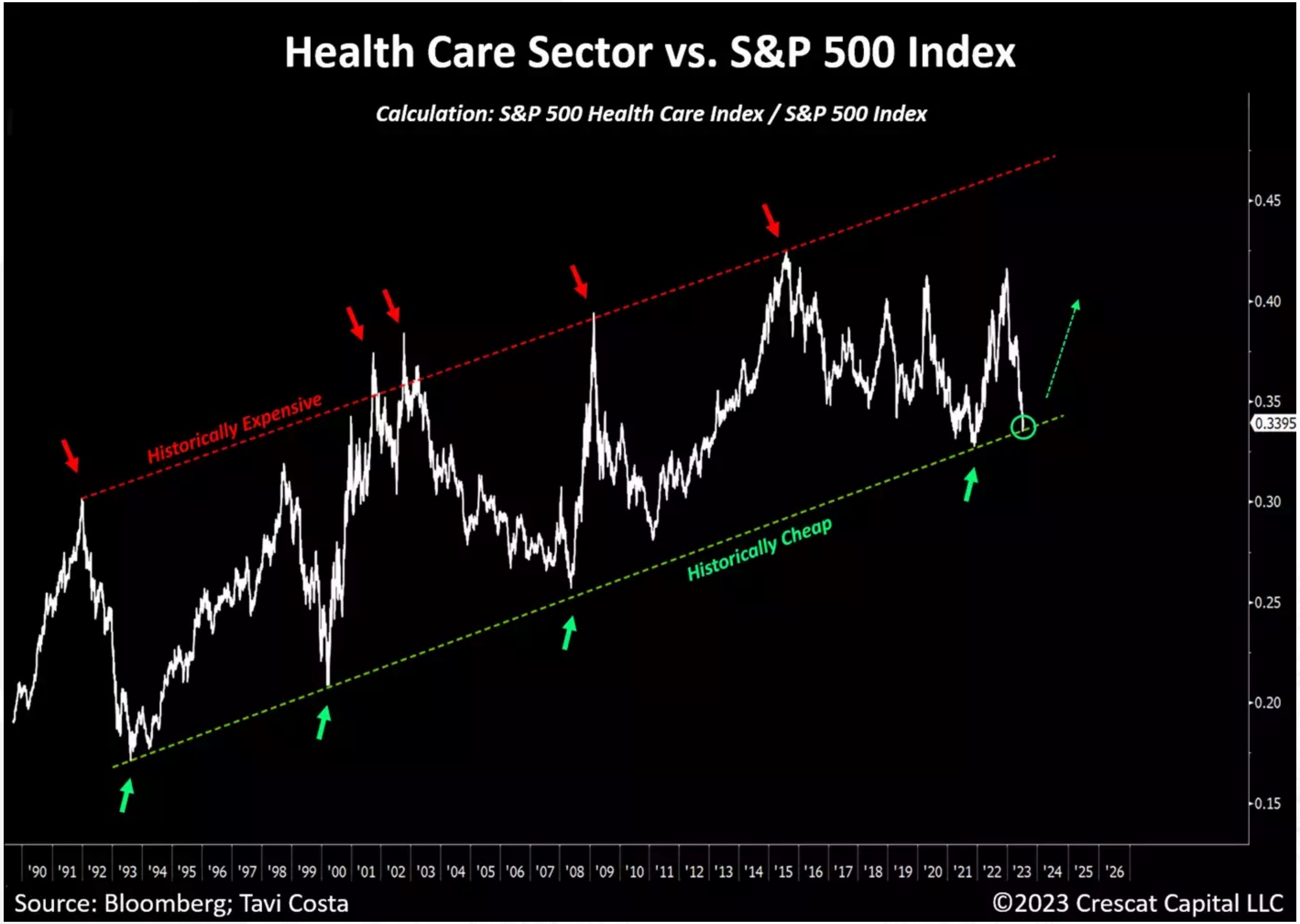
Note how Brazilian equities have massively underperformed US stocks since the Global Financial Crisis.

Note how Brazilian equities have massively underperformed US stocks since the Global Financial Crisis.

While we rather be long the Brazilian equities that offer even further asymmetry, the simplistic part of the thesis is to be buyers of natural resource-rich economies and sellers of net importers of commodities.

CRESCAT CAPITAL®
THE VALUE OF GLOBAL MACRO INVESTING

GEONOMIC REVOLUTION



The healthcare sector is one area of the market outside of natural resource industries where we have become highly constructive on the long side given the recent price dislocation and valuation proposition, particularly biotechnology businesses.

CRESCAT CAPITAL®

THE VALUE OF GLOBAL MACRO INVESTING

Contact Information

Marek Iwahashi
Head of Investor Relations
(303) 271-9997
miwahashi@crescat.net

Crescat Capital LLC
44 Cook Street, Suite 100 | Denver, CO 80206
www.crescat.net