



# CRESCAT CAPITAL®

THE VALUE OF GLOBAL MACRO INVESTING

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June 5, 2021

Dear Investors:

We are pleased to report that Crescat had a strong May across all strategies:

## Crescat Strategies Net Return Estimates through May 31st, 2021

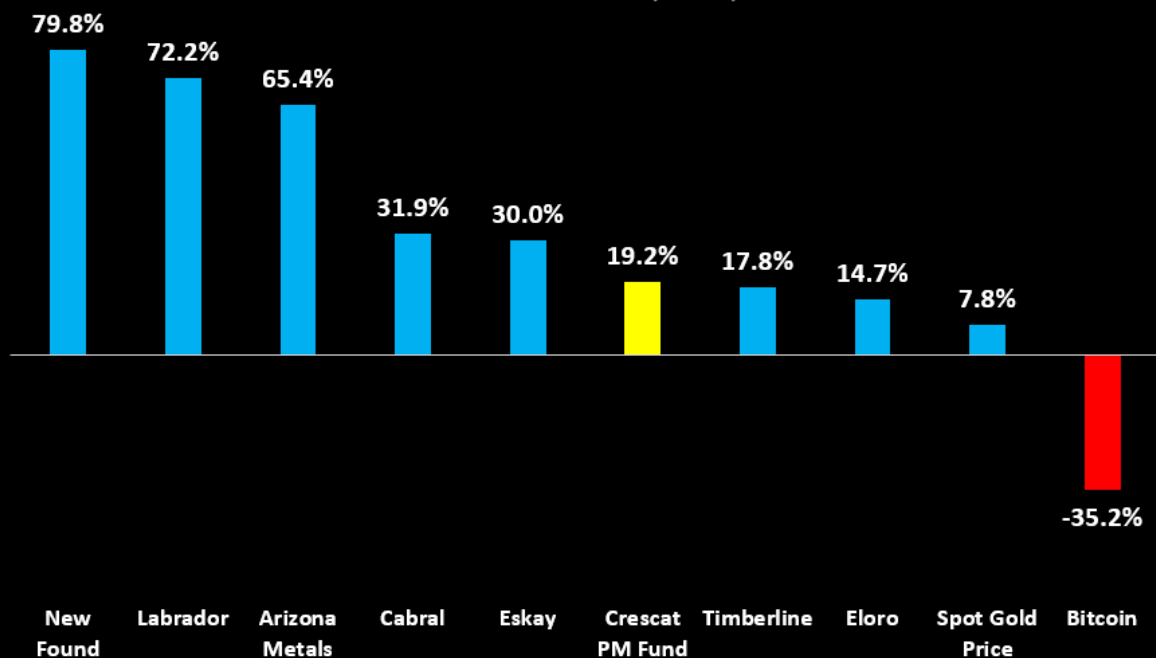
CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	MAY	YTD	ANNUALIZED TRAILING		SINCE INCEPTION	CUMULATIVE SINCE INCEPTION
			1-YEAR	3-YEAR		
<b>Global Macro Hedge Fund</b> (Jan. 1, 2006)	<b>18.6%</b>	<b>15.0%</b>	<b>79.7%</b>	<b>25.9%</b>	<b>13.8%</b>	<b>634.1%</b>
Benchmark: HFRX Global Hedge Fund Index	0.4%	3.3%	13.5%	4.0%	1.3%	22.2%
<b>Long/Short Hedge Fund</b> (May 1, 2000)	<b>19.1%</b>	<b>14.9%</b>	<b>86.5%</b>	<b>25.1%</b>	<b>9.1%</b>	<b>529.0%</b>
Benchmark: HFRX Equity Hedge Index	0.8%	6.6%	21.6%	3.5%	2.6%	72.5%
<b>Precious Metals Hedge Fund</b> (August 1, 2020)	<b>19.2%</b>	<b>31.0%</b>	-	-	-	<b>250.7%</b>
Benchmark: Philadelphia Gold and Silver Index	15.5%	14.4%	-	-	-	7.2%
<b>Large Cap SMA</b> (Jan. 1, 1999)	<b>12.6%</b>	<b>14.2%</b>	<b>17.6%</b>	<b>12.9%</b>	<b>10.9%</b>	<b>924.9%</b>
Benchmark: S&P 500 Index	0.7%	12.6%	40.3%	18.0%	7.7%	423.3%
<b>Precious Metals SMA</b> (June 1, 2019)	<b>22.0%</b>	<b>36.9%</b>	<b>125.1%</b>	-	<b>95.6%</b>	<b>282.7%</b>
Benchmark: Philadelphia Gold and Silver Index	15.5%	14.4%	38.1%	-	54.5%	138.9%

Performance was driven by our global fiat debasement macro theme which is the largest exposure across all Crescat strategies today. We express this theme through our activist precious metals' positions. Seven of these positions contributed outstanding gains in May across our hedge funds and precious metals SMA: Eskay Mining, New Found Gold, Arizona Metals, Eoro Resources, Labrador Gold and Cabral Gold.

Each of these stock's percentage gains for the month of May is shown in the chart below. While we share many of the concerns of the cryptocurrency crowd regarding fiat currency debasement and the need for inflation protection, it is important to note the divergence between precious metals and Bitcoin last month, which we also highlight in the below table. We believe this is just the beginning of a resurgence for gold and silver miners. Cryptocurrencies have no doubt become a popular trade, but perhaps they got a bit ahead of themselves. Meanwhile, they are coming under increased regulatory scrutiny which adds additional risk. May was a great month to illustrate the old-fashioned inflation hedge properties that precious metals can offer alongside the new fashion trend. We prefer to focus on an uncrowded macro opportunity today, which we believe to be the exploration segment of the precious metals mining industry.

# Gold - A Key Diversifier for Crypto

*May Performance: Crescat's Top Performing Activist Positions,  
Crescat Precious Metals Fund, Gold, and Bitcoin*



Source: Bloomberg

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Our equity short positions in the Global Macro and Long/Short funds held us back by only a marginal amount in May. We remain committed to shorting over-valued equity in our Global Macro and Long/Short hedge funds as part of our overriding Great Rotation theme. With inflationary pressures rising from all three major macro drivers in the economy today: demand, supply, and monetary dilution, we believe investors will be rotating out of over-valued long duration financial assets and into undervalued commodity cyclicals and inflation hedge assets, including scarce natural resource stocks. First and foremost, we see a coming renaissance in precious metals exploration stocks after a decade long bear market for this segment of the industry that only ended in March of last year.

Crescat has partnered with world-renowned exploration geologist, Quinton Hennigh, PhD, to identify a portfolio of companies with the most prospective gold and silver deposits on the planet that will feed the next generation of mines. We are leading the charge to fund exploration and discovery of the new, large, high grade deposits to fill the supply void left by the majors after ten years of underinvestment.

We think gold and silver are in the process of resuming a secular bull market after eight months of consolidation that began in August 2020. Silver looks to be forming a similar technical set up that it did prior to its explosive move last year. It is also important to note that we are now seeing unprecedented amounts of capital flowing into silver related ETFs. Our hunch is that precious metals are getting ready for another major move to the upside that is likely to be led by silver.





For more of our research and information on our strategies, please go to [Crescat's website](#) or directly to the following links:

- May Research Letter: [Three Pillars of Inflation](#)
- [YouTube channel](#)
  - o Crescat Gets Activist on Gold #33, ["Nevada Day"](#)
- [Macro Presentation Video](#)
  - o [Macro Presentation Slides](#)
- [Firm Presentation](#)
- [Activist Precious Metals Deck](#)

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. We encourage you to reach out to a Crescat representative to learn more about any of our five strategies, you can find both Marek Iwahashi and Cassie Fischer's contact information below.

Sincerely,

Kevin C. Smith, CFA  
Member & CIO

Tavi Costa  
Member & Portfolio Manager

For more information including how to invest, please contact:

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### **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](mailto:lsmith@crescat.net). See the private offering memorandum for each Crescat hedge fund for complete information and risk factors.