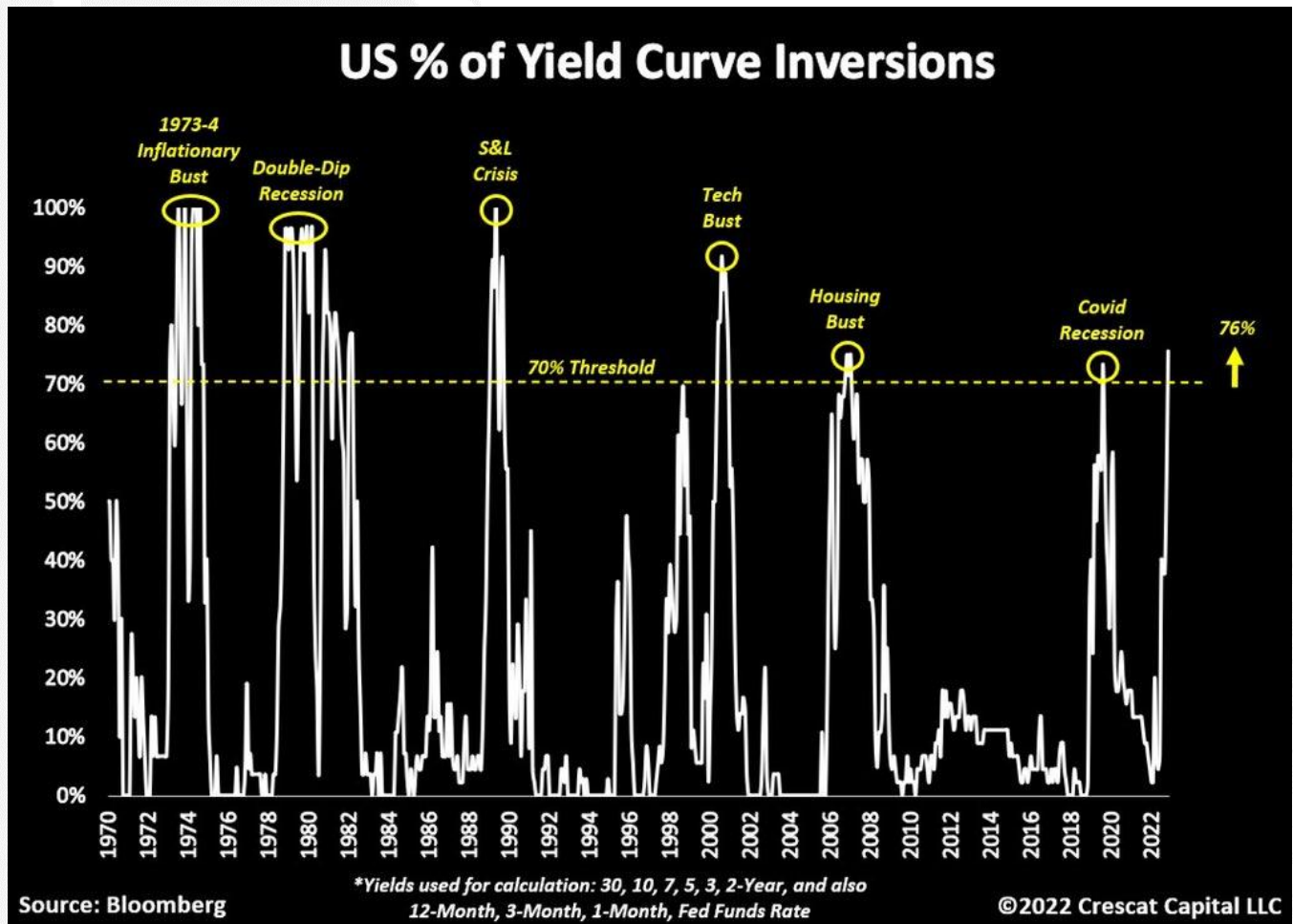




November 20, 2022

Recession Highly Probable

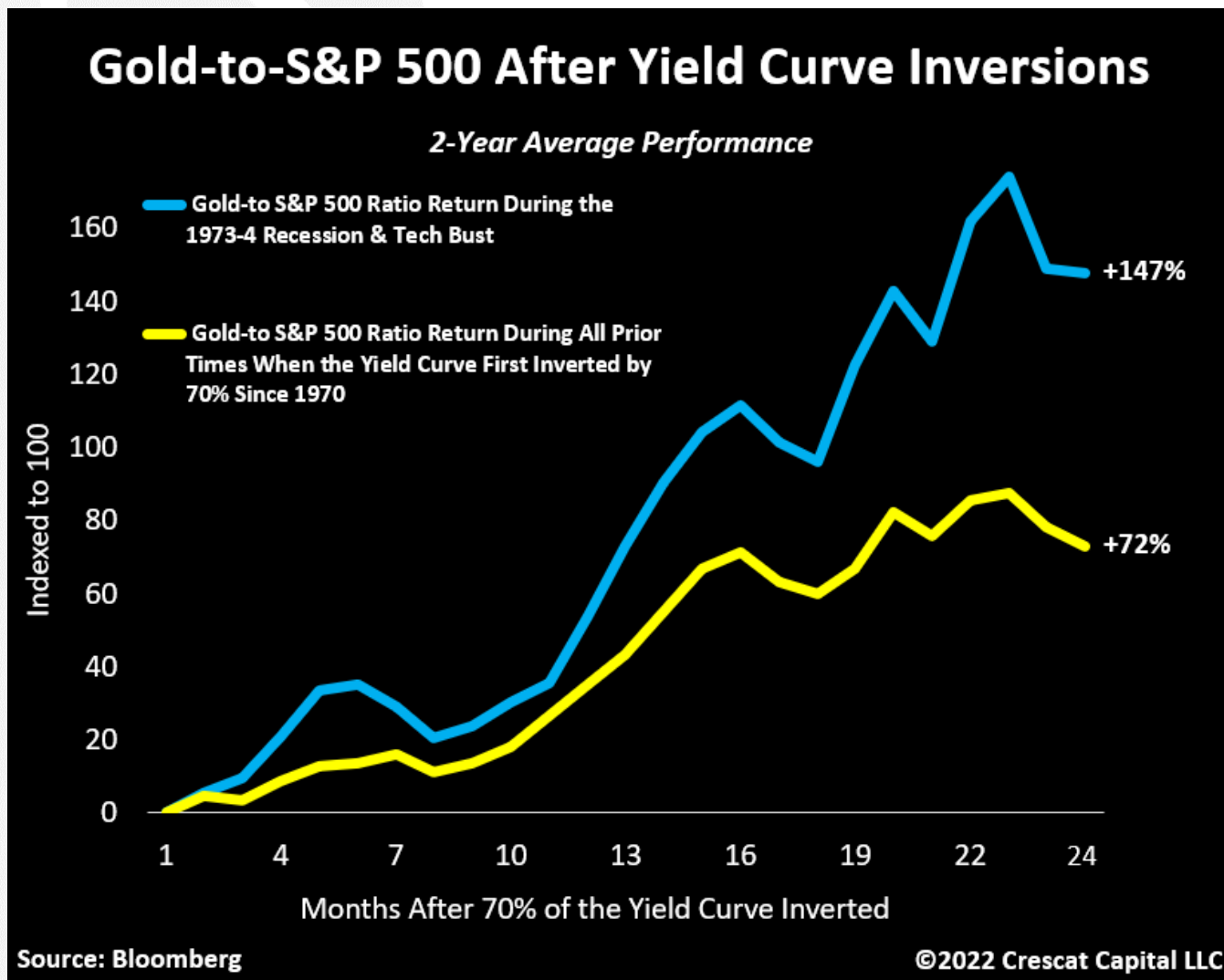
The percentage of inversions in the US Treasury yield curve just breached the critical 70% level last week. As Tavi Costa’s research at Crescat shows, every breach of this threshold in the history of the data back to 1970 has led to a near-term recession.



Buy Gold/Sell Short Stocks

Furthermore, Mr. Costa’s work has identified what was a highly profitable macro trade over the next two years following the triggering of this indicator. The macro trade was simply to buy gold and sell short the S&P 500 Index. In the 24 months after all seven prior instances of the signal, equal dollars invested on each side of this trade returned an average of 72% before dividends.

What is even more interesting is to look at how it performed in the two economic environments that are most comparable to the one we observe today. As we have discussed in prior letters, Crescat believes that the current macro climate most closely resembles the ones that preceded both the 1973-74 stagflationary recession and the early 2000's tech bust. Using these two periods as analogs, buying the traditional central bank reserve metal and selling short the most popular US equity benchmark averaged an even more impressive 147% over the next two years excluding dividends.

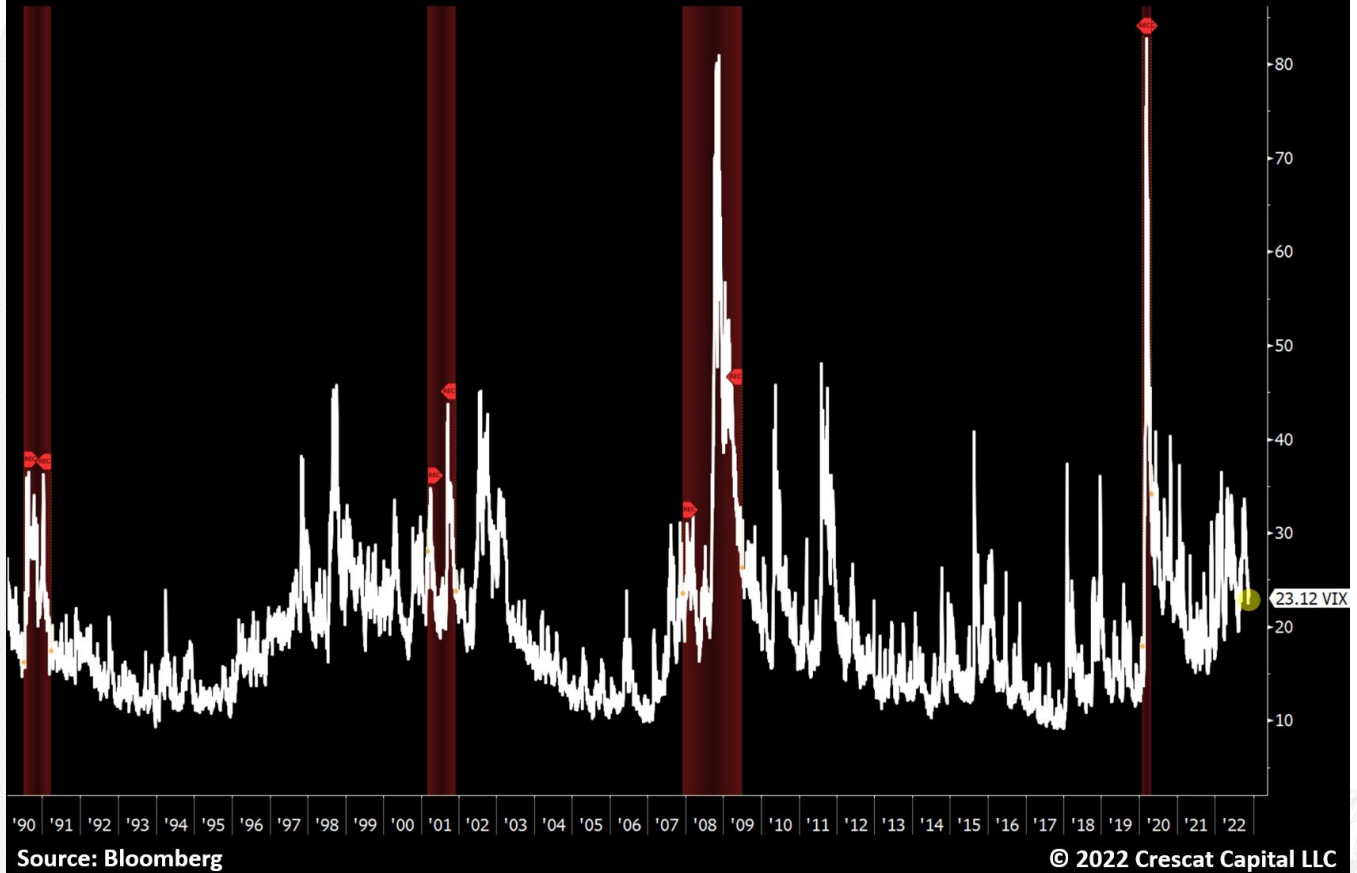


VIX Reveals Eerie Investor Complacency

As Tavi's indicator shows, we are very likely headed into a recession. Note how the CBOE Volatility Index has spiked much higher than where it stands today in all prior four recessions in the history of the VIX. Each recessionary spike corresponded with substantial broad equity market downside.

You Ain't Seen Nothing Yet

CBOE Volatility Index (Recessions Shaded)

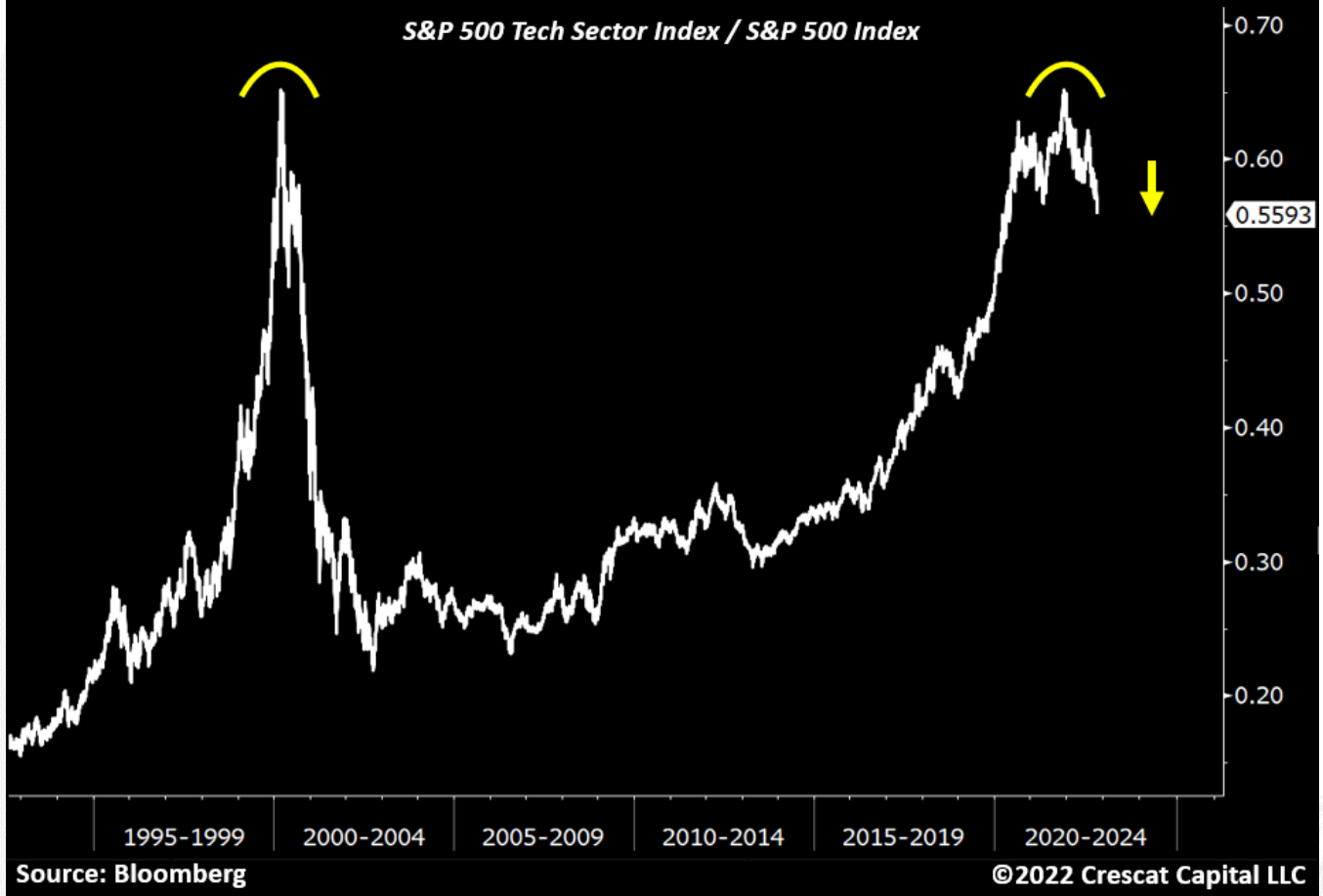


Broad Stock Market Outside of Scarce Commodities is Highly Vulnerable

As we have shown in prior letters, valuations are still higher than the peak of the tech bubble for the popular megacap tech stocks. The S&P 500 is down only 15.6% year to date. The year started with the highest fundamental valuations for US stocks in history. With the Fed still in tightening mode, there is substantial downside risk for the broad US stock market ahead. We have had what we believe is another mere bear market rally since early October. Meanwhile, a major and likely contagious crypto fraud and bankruptcy reminiscent of Enron and Madoff was just unveiled with the blowup of the FTX Cryptocurrency Exchange last week.

Tech Stocks-to-S&P 500 Index Ratio

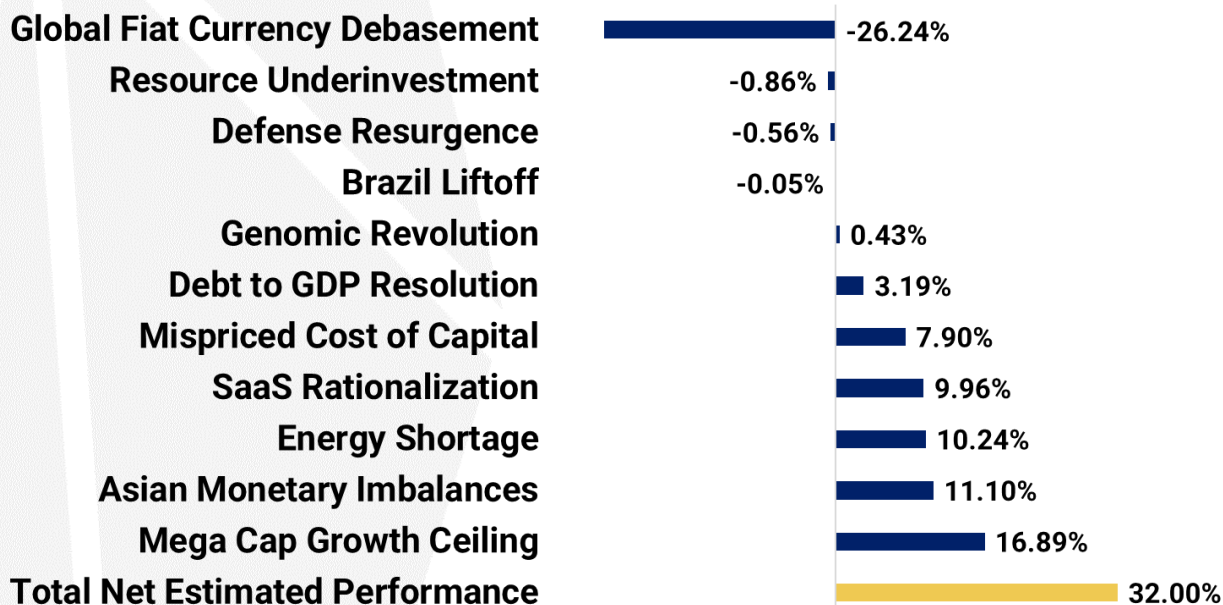
S&P 500 Tech Sector Index / S&P 500 Index



Crescat Uniquely Positioned for the Current Macro Environment

At Crescat, we have been taking advantage of the low valuations and unsustainable compression in mining stocks to buy large gold, silver, and copper deposits and exploration targets. These are the positions that comprise our Global Fiat Debasement macro theme which is expressed today across all Crescat strategies. While this theme has underperformed year to date, we believe our holdings therein are ripe to soar in the unfolding macro environment where inflation is likely to prove stubborn for years to come. Long-term inflationary forces are driven by historic structural supply shortages for critical commodities in the energy and materials sectors ahead of a desired global energy transition as well as impending wage-price spirals reminiscent of the 1970s. Furthermore, in our global macro and long/short hedge funds, we are using our equity fundamental model to sell short what we believe are some of the most overvalued stocks on the planet. The global macro fund is also short high-yield credit along with the long USD call options vs. short put options in the Chinese yuan and Hong Kong dollar.

Crescat Global Macro Fund Profit Attribution By Theme Year to Date Through October 31, 2022



Firmwide Net Performance Estimates through October 31, 2022

Crescat Strategies Net Return Estimates through October 31, 2022

CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	October	YTD	Annualized Trailing				SINCE INCEPTION	CUMULATIVE SINCE INCEPTION	YEARS SINCE INCEPTION
			1-YEAR	3-YEAR	5-YEAR				
Global Macro Hedge Fund (Jan. 1, 2006)	-1.2%	32.0%	37.1%	21.4%	14.0%	12.4%	612.6%	16.8	
Benchmark: HFRX Global Hedge Fund Index	0.1%	-4.5%	-5.3%	2.6%	1.5%	0.9%	17.0%		
Long/Short Hedge Fund (May 1, 2000)	-3.8%	4.8%	9.3%	15.3%	10.3%	7.4%	396.0%	22.5	
Benchmark: HFRX Equity Hedge Index	1.0%	-3.8%	-3.3%	4.8%	2.9%	2.5%	74.5%		
Precious Metals Hedge Fund (August 1, 2020)	-5.0%	-23.2%	-20.3%	-	-	42.1%	120.4%	2.2	
Benchmark: Philadelphia Gold and Silver Index	2.4%	-20.7%	-18.7%	-	-	-15.0%	-30.7%		
Large Cap SMA (Jan. 1, 1999)	8.7%	-3.1%	0.3%	5.7%	5.7%	9.8%	834.5%	23.8	
Benchmark: S&P 500 Index	8.1%	-17.7%	-14.6%	10.2%	10.4%	6.9%	391.3%		
Precious Metals SMA (June 1, 2019)	-5.3%	-33.0%	-33.6%	11.9%	-	18.9%	80.9%	3.4	
Benchmark: Philadelphia Gold and Silver Index	2.4%	-20.7%	-18.7%	4.1%	-	13.5%	54.4%		

Please contact Marek, Cassie, or Linda if you are interested in learning more about our strategies.

Sincerely,

Kevin C. Smith, CFA
Member & Chief Investment Officer

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 predominantly 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 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.