

**Inflection Performance: March 2017**

**Market Review**

Some air came out of the Trump/reflation trade in March with the delay in delivering on the frequently touted campaign promise to repeal and replace Obamacare, as well as other challenges in implementing the new president’s agenda, cast doubt over the administration’s plans for fiscal stimulus. White House attention has now shifted towards the potential re-working of international trade deals and tax reform in the coming months.

The larger economic picture remains much the same as in February, with the global economy growing above trend in a self-reinforcing, synchronous upswing. As the business cycle continues favourably, central banks are moving in a more hawkish direction. The timing and severity of potential future interest rate rises (and balance sheet unwinding) should influence market direction and will indicate the central banks’ read on the strength of the global recovery.

Political risks loomed large with French elections at the end of April but the outside chance of electing either a far left or far right candidate was essentially eliminated in the first round, easing fears of a French exit from the EU and lifting the ‘tail risk’ hanging over the budding economic recovery in Europe. Pro-European Unionists are hoping that the populist threat is behind them, but there are other, hopefully less important state and regional political contests yet to come later this year.

**Contribution**

ISOF was up 0.03% net in March. Ten of our fifteen managers were positive on the month with our Arbitrage and Relative Value buckets up 0.34% and 0.41% respectively. Macro and Volatility detracted -0.58% and -0.14%.

<b>Strategy</b>	<b># of Managers</b>	<b>Contribution</b>
Arbitrage	4	0.34%
Relative Value	6	0.41%
Macro	3	-0.58%
Volatility	2	-0.14%



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**Portfolio Activity**

ISOF said goodbye to a long-time holding in March with the redemption of our investment in our market neutral equity technology specialist. The investment performed very well over the last few years, but given the robustness of our portfolio today we believe the capital can better be deployed in higher returning niche opportunities.

Sincerely,

The Inflection Team

The Inflection Strategic Opportunities Fund (ISOF) invests in a broad array of carefully selected hedge fund strategies in order to capitalize on dislocations and market opportunities. The Fund has a global mandate and focuses primarily on the Americas, Europe and Asia, providing access to the expertise of hedge fund managers in identifying what we believe are exceptional investment opportunities throughout the world. Some taxable investors may find that the Fund's option structure has significant tax benefits. Please refer to the attached Factsheet for additional information.

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Disclosure

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