

Inflection Performance: September 2017

IBID

Very little has changed in the basic dynamics of our markets since last month. Therefore, rather than repeat ourselves, please click the link below to read last month's commentary or read on for our portfolio update.

[ISOF August 2017 Commentary](#)

Contribution

ISOF was up 0.87% in September for Series A investors (0.96% Series B). FJ, one of our regional banking specialists, was our best performer on the month, up 5.07% and contributing 0.69% to the portfolio. Our largest detractor was RID, a market neutral equity manager that we added for Sept 1, down -2.64% on the month and detracting -0.18% from performance.

Strategy	# of Managers	Ending Weight	September	YTD
Arbitrage	5	27.10%	0.26%	1.29%
Relative Value	8	41.31%	-0.09%	2.29%
Macro	3	21.52%	0.76%	-0.01%
Volatility	2	8.38%	-0.06%	-2.34%
CASH	-	1.68%	-0.01%	-0.20%

Portfolio Changes

In September we added RID a very large quantitative equity manager to the portfolio. Many of our portfolio strategies take advantage of our size to access small, highly profitable, niche strategies that are un-investible for larger funds. RID is not one of those. Its parent company deploys 48 billion USD across a number of strategies, employs 90 PhDs, and has developed state-of-the-art infrastructure critical to maintaining an edge in the quantitative arena. It is however an example of how our portfolio approach (and 20+ years of developing manager relationships), can provide our investors with the opportunity to access a top fund with a 5 million USD minimum (among many other barriers).

The fund to which we deployed takes a market neutral approach to trading equities across most of the developed markets. Its low correlation to the broader markets and to the other strategies that we employ make it a good fit for the portfolio and should improve our overall risk and return metrics over time. This fund is a prime example of how one can still achieve equity or better returns without taking equity-like risks.

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The current environment of extremely high equity valuations, low inflation, and steady growth is similar to the late '90s. Are we reliving 1997-1999? We're not certain, but finding ways to produce equity or better returns without depending on rising equity markets ultimately means less risk (and less worrying) for our investors.

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

ISOF performance presented are USD net returns after investment management and performance fees and is not an estimate of any specific investor's actual performance, which may be materially different from such performance depending on numerous factors. ISOF returns represent historical returns adjusted for the June 2015 performance fee structure change to the current fee structure. Information presented is believed to be correct and accurate at the time of production but may change due to circumstances beyond our control. Returns may be amended after these numbers have been reported due to repricing adjustments or receipt of more recent data, among other things, and will be reflected in the most recent document. Comparative returns selected are for informational purposes only and may or may not accurately represent the composition or potential performance of Inflection Strategic Opportunities Fund and may not be useful for comparison purposes. The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager hedge funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollars and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds. The S&P/TSX Composite Index (Net TR) is the Net Total Return version of the S&P/TSX Composite Index and is presented in Canadian Dollars. The Net Total Return Index Value is based on the aggregate, float quoted market value of the index constituents (Stock Price Index Value) plus their paid net dividends/distributions after applying a withholding tax at the national level. The Barclays Global Aggregate Bond Index is a market capitalization-weighted index denominated in US Dollars representing the universe of investment grade bonds available for purchase in the United States, securities underlying the index include Treasuries, Agencies, Mortgages, and Corporate Bonds. ISOF is an exempt market fund available to Canadian resident accredited investors in British Columbia, Alberta, Ontario, and Quebec and to a limited investor base in certain provinces under the Minimum Amount exemption. Investing involves risk. Please seek professional advice before making any investment. This is not an offer to purchase or sell securities. It is for information only. Please refer to the Confidential Information Memorandum for more detailed information