

Inflection Performance: January 2016

By contrast ISOF was down -0.92%, with most of the losses coming from European equity trading, Community Banking, and Event Driven (Activist) positions, all themes that we believe in long term but are reducing now because there are better opportunities at this point in the cycle. Some of our multi-strategy managers are also going through a difficult period as various markets are struggling to understand how recent macro-economic data affects prospects. Strategies that performed well in January were short credit, volatility managers, including the manager mentioned above, and our new energy trading strategy.

As has been the case for the past several months, our merger arbitrage managers posted solid returns, as deal activity continues and in some areas (like China-US deals) is actually increasing. We continue to appreciate the strategy's reliable return profile, low volatility, and low correlation to market moves.

Since inception in October 2010 ISOF has produced a net US dollar return of 32.42% outperforming the HFRI Fund Weighted Composite Index by 16.32%, the TSX Index by 12.61%, and the S&P TSX Index by 12.16%. Over that period ISOF's Sharpe ratio is 0.85 and its correlation to the S&P TSX Index is 0.66.

[Note to readers: As we crossed our 5-year anniversary back in October, we have update the look and information provided in our factsheet. We hope you find it useful.]

Inflection In the News

With all the focus on risk management and sources of alpha, Ari Shiff, ISOF's President and Chief Strategist, was quoted in the Financial Times' Fundfire article "Performance Stalwarts Still Struggle for Consultant Attention" By Rachael Levy on March 16th, 2016.

Ari Shiff and Jamison McAuley, Inflection's VP Investments, were also the subject of Jonathan Ratner's article in the Financial Post on Friday March 18th, "When you can't trust markets, bet on volatility".

To view the article please click on the link:

[FP - When you can't trust the markets, bet on volatility](#)

Sincerely,

The Inflection Team

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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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Disclaimers

ISOF performance numbers presented are blended net returns after investment management and performance fees which vary by class of unit. 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 we have reported these numbers. These amendments may be due to repricing adjustments or receipt of more accurate data, among other things, and are reflected in the next document. Benchmarks selected are for informational purposes only and may or may not accurately represent the composition or potential performance of Inflection Strategic Opportunities Fund. All comparative returns are provided for informational purposes only and may or may not be useful for performance comparison purposes. USD returns source: The HedgefundNet Fund of Fund Multi-Strategy (HFN FOF Multi Strategy) index, a USD denominated index comprised of funds of hedge funds. CAD returns source: ISOF USD returns converted into CAD returns based on the last monthly closing USD/CAD exchange rate as posted on the Bank of Canada website. The S&P TSX Total Return index measures the total return of a basket of stocks traded on the TSX index in Canada. The ScotiaMcLeod Equal Weighted Hedge Fund Index is comprised of Canadian-based hedge funds whose returns are equally weighted within the index. Inflection Strategic Opportunities Fund is an exempt market fund available to Canadian resident accredited investors in British Columbia, Alberta, Saskatchewan, 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 detailed information.