

Inflection Performance: August 2018

Back to Normal

August was a return to normality for our funds. ISOF Series A USD returned +0.97% and ULTRA Series A USD returned +1.23%.

19 of our 21 managers were positive in August, with 5 managers contributing more than 0.10% to the portfolio and 2 detracting more than -0.10%.

Our unique approach to combining access and diversification into an ideal basket of international alternative managers continues to provide the benefits that Canadian investors need: a consistent source of return uncorrelated to the broader equity and credit markets that can effectively and efficiently diversify our clients' portfolios and reduce their overall risk.

Our largest contributor in August was AEV, a trend following CTA, who latched onto the weakness in emerging markets by shorting EM currencies and European banks with exposure to emerging markets. AEV finished the month up 4.48%, producing 0.40% net for the portfolio.

Our second largest contributor in August was BER, a merger arbitrage specialist, who was up 3.11% on the month, contributing 0.26% to the portfolio. Contributors included a higher bid for Web.com, CVS moving forward its projected timeline for its acquisition of Aetna, and Cigna shareholders approving the acquisition of Express Scripts.

Our third largest contributor was RID, a quantitative market-neutral equity specialist. They finished the month up 2.31%, producing 0.18% for the portfolio.

Our largest detractor in August was GAR, a merger arbitrage specialist, who was down -2.49% on the month, detracting -0.29% from returns. Expect more on this manager/position in future commentaries.

Our second largest detractor in August was CBH, a market-neutral regional banking specialist, who was down -0.58% on the month, detracting -0.13% from the portfolio.

Sincerely,

The Inflection Team

