



WARATAH

2018 First Quarter Letter

	Q1 2018	Year-to- Date Return	Average Annual Return	Annualized Volatility
Waratah One	1.9%	1.9%	6.7%	3.5%
Waratah One X	2.5%	2.5%	9.4%	4.9%
Waratah Performance	3.6%	3.6%	11.8%	7.5%
Waratah Income	1.1%	1.1%	7.1%	6.0%
Waratah Energy	0.5%	0.5%	7.2%	5.9%
Waratah Special Opportunities†	-5.1%	-5.1%	10.8%	10.6%

† returns are based on A class data

What's the Waratah edge? Risk management.

We consider it a great responsibility to manage your money. You pay fees to Waratah for accepting this responsibility and we do so diligently, with focus and to the best of our abilities. It's important for you and us to have an alignment of expectations. We have expressed to many clients and prospective clients that if you care solely about investment returns then you should consider investing in the Waratah Special Opportunities Fund or with another manager. Very few people have ever invested in the Waratah Special Opportunities Fund (total AUM of only \$16 million). The fund which has existed since 2013, has delivered a compound annual net return of 10.8%, and it was up 27.5% last year. The fund has not yet experienced a negative calendar year and it has the lowest base management fee of all Waratah funds at only 50 basis points. Despite the low fees and high returns, hardly anyone has been attracted to it. Why is this? Well, Waratah clients are not a random sample of investors. It is fair to say that this group of sophisticated clients skews more to the conservative side and we don't have many high return chasers knocking on our doors. Although returns are always important, our clients care about risk-adjusted returns. They also consider how their Waratah investments fit in with their entire portfolio and have a tendency to take higher risks with other managers.

To continue reading please [contact us](#). We look forward to sharing our client materials with you.