

# ROUNDTABLE

CAPITAL PARTNERS INC.

## PERFORMANCE AS OF JULY 31, 2018

FUND	YTD	1 MONTH	3 MONTH	1 YEAR	INCEPTION
Lysander-Roundtable Low Volatility Equity Fund	-0.7%	1.1%	1.9%	5.6%	6.0%

Performance is net of all fees and is shown for **Series F units**. For periods greater than 1 year, figures are shown as compound annual growth rates (CAGR). Date of inception: Dec. 31, 2015.

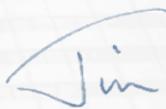
Canada's headline equity benchmark, the S&P/TSX Composite TR Index, advanced 1.2% in July. Smaller cap indices, however, moved in the opposite direction with the S&P/TSX Small Cap Index losing 1.1% and the S&P/TSX Venture Index declining 4.5%. South of the border, the S&P 500 Index advanced 3.7%. On a broader perspective, the MSCI All-Country World Index followed the U.S.'s path, gaining 3.0% during the month. The commodity complex was decidedly weak through July with the price of oil falling more than 7% as West Texas Intermediate (WTI) crude closed the month at \$68.76 per barrel. Natural gas dropped in similar fashion, losing 4.9%. Metals were also soft during July as gold declined 2.3% and copper prices dropping 4.9%. In contrast, the Canadian dollar gained against its U.S. counter-currency by 1%, likely due to anticipated federal banking policies differentials.

The *Lysander-Roundtable Low Volatility Fund* continues to be heavily weighted within the energy complex, skewed towards oil versus natural gas. While WTI is up almost 15% year-to-date, it would appear that market participants are now worried about OPEC production inching upward and a looming trade war that will derail the oil price rally. Well, Mike Rothman at *Cornerstone Analytics* (our favoured source for energy insights) is confident that bullish fundamentals will keep surprising the oil bears as inventories continue drawing sharply during the second half of 2018 (we just saw the largest inventory draw for the first six months of the year in at least three decades). It remains notable that inventory levels went from 340 million barrels above normal at the start of last year to almost 40 million below normal as of the end of June, according to *Cornerstone's* calculations.

And remember, last summer all the energy "pros" called for oil prices to be "lower for longer" – Mike Rothman was the lonely oil bull and he still doesn't feel the price rally is over yet.

The *Lysander Low Volatility Equity Fund* appreciated 1.1% in July, in-line with Canadian benchmarks. The outperformance into earnings season was seen in the defensive sectors; consumer staples, utilities, healthcare and technology. The top contributors were Transalta Corp., Pattern Energy, Walmart Inc., Allergan PLC, Google Inc. and Microsoft Corp. The defensive rotation in July was met with a sell down in cyclical sectors. Negative contributors for the Fund were led by energy and consumer discretionary holdings; Vermillion Energy Inc., Crescent Point Energy Corp. and Limited Brands Inc. Second quarter earnings season has been strong, led by energy, materials and technology sectors. In the first quarter, both technology and energy led all sectors in organic revenue growth and we are seeing this continue in the second quarter. However, what's noticeable is the investor reaction to these sectors is more negative than in the first quarter earnings season, reflecting the skepticism brewing in the market about what 2019 is going to look like and maybe even the potential 'neutering' of Donald Trump's majority in Congress. We have reduced exposure in the energy and technology sectors in favour of more defensive sectors and continue to look for defensive opportunities for any new ideas.

Sincerely,  
The Roundtable Portfolio Team



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