ROUNDTABLE
CAPITAL PARTNERS INC.

PERFORMANCE AS OF OCTOBER 31, 2018

FUND	YTD	1 MONTH	3 MONTH	1 YEAR	INCEPTION
Lysander-Roundtable Low Volatility Equity Fund	-9.3%	-9.1%	-8.62%	-7.9%	2.1%

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, was trounced through October, falling a dramatic 6.3%. Smaller cap Canadian stocks fared even worse, as the S&P/TSX Small Cap Index and the S&P/TSX Venture Index dropped 7.6% and 9.5%, respectively. This risk-off tone carried far beyond Canadian borders as the S&P 500 fell 6.8% and the MSCI All-Country World Index tanked 7.5%. Stock markets around the globe plummeted, many having their worst monthly performances in nearly a decade. Our take is that this sell-off was more sentiment driven versus any serious deterioration in fundamentals. Fingers were pointed at rising interest rates, China trade fears and U.S. mid-term elections. Our sense is that markets, at least U.S. markets, had gone too long without a meaningful correction and this sort of a sell-off "happens" and often proves healthy over the long-run. Commodities were mixed during October with oil plunging 10.8% and copper declining 4.2%. There was a safety-trade in gold with the precious metal gaining 1.9% and natural gas also bucked the trend, rising 8.4%. The Canadian dollar lost significant ground against the U.S. Greenback, sinking 1.9%.

The Lysander-Roundtable Low Volatility Equity Fund (the "Fund") declined 9.1% in October. Gross of call options, the Fund declined 10.6%, and was aided by +1.5% of call option protection. In comparison, the covered call index (BXY) provided 40 basis points of call option protection to the S&P 500 index during the month (-6.8%/-6.4%). At the outset of October, volatility was trading at multi-year lows at 12% and then spiked to 25%, the most since February. While the Fund captured more volatility through active management of call options, the underlying investments declined more than the Index during the period. The relative performance of the Fund was driven primarily by an overweight position in the Energy sector, which declined over 14% during the month (XEG) and overweight positions in the communications and technology sectors, which declined 6% and 8% respectively. Looking at Q3 2018 earnings, Energy and Tech/Communication Services posted the highest revenue growth rates of 19% and 14%, respectively. The market reaction to higher interest rates and slower earnings growth in 2019 has tempered return expectations in the short-term, as seen in leading indicators (PMI's) that are rolling over. Margin compression in 2019 is coming as a result of higher interest rates, higher labour costs, higher raw material costs and tariffs related to trade wars. The fastest growing sectors (energy / communication services / technology) have little exposure to these underlying factors and so we see no reason to adjust our positioning. One important distinction between the current sell-off and historical market peaks has been the performance of the risk-free asset relative to the stock market. Historically, when the stock market peaked in 2007, the U.S. 10-year Treasury bond rallied as the stock market sold off (or the yield fell as the stock market fell). Currently, the U.S. 10-year Treasury has sold off (yield rising) through the market selloff, potentially indicating a longer tail to the cycle than most fragile stock market participants are factoring in.

Sincerely,
The Roundtable Portfolio Team

Jim | Ed | Amit

jim@rcpinc.ca | ed@rcpinc.ca | amit@rcpinc.ca

100 Adelaide Street West, Suite 2920
Toronto, ON M5H 1S3
Phone (416) 306-9953

100 Adelaide Street West, Suite 2920
Toronto, ON M5H 1S3
Phone (416) 306-9953