ROUNDTABLE
CAPITAL PARTNERS INC.

PERFORMANCE AS OF DECEMBER 31, 2018

FUND	YTD	1 MONTH	3 MONTH	1 YEAR	INCEPTION
Lysander-Roundtable Low Volatility Equity Fund	-17.4%	-7.9%	-17.2%	-17.4%	-1.2%

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.

December was a particularly trying month for equities. The S&P 500 dropped 9.0%, its worst December since the Great Depression! The S&P/TSX fared somewhat better, falling 5.4%. Global equities shared the pain, with the MSCI All-Country World Index plummeting 7.0%. Most every asset class was for sale; investors were in panic mode. Commodities were clobbered with oil falling 10.8% and natural gas cratering 36.3%. Copper also fell, although the 2.5% was mild by comparison. Gold was seen as a safe haven, rising 4.9% to finish the year at $1,282 per ounce. Not surprisingly, the Canadian dollar dropped by 2.5% to finish at 73.32 cents against its U.S. counter-currency.

The Lysander-Roundtable Low Volatility Equity Fund (the “Fund”) declined 7.9% in December, better than the 9.2% decline for the S&P 500, but shy of the 5.8% decline in the S&P TSX Composite. The downdraft was driven by indiscriminate selling into the year-end. Weakness in Communication Services (Discovery Inc), Healthcare (CVS & Allergan), Utilities (Transalta), Financials (Manulife, TD Bank, CIBC), and Energy (Occidental, Vermillion, Suncor) were downside leaders. Undoubtedly, the price movements were not driven by deteriorating fundamentals but indiscriminate sellers (machine selling) as we saw large pension fund buying at month-end. The downside to large quick down movements is the call options protecting the portfolio are only able to help ~2%, the upside is these movements are often indicators of the beginning of extended periods of volatility. Historically, it is during these periods that low volatility funds have been able to capture the most alpha and we are encouraged by the start of 2019. Option premium prices have tripled relative to September. Importantly, for the Energy weighting in the portfolio, benchmark Canadian oil prices (WCS) are up 15% YoY; a fact lost on almost every investor. The effect of Government curtailments has been a narrowing of differentials by $40 per barrel (yes that’s right). The overwhelming success of the curtailments is lost on an investor base downtrodden on the Canadian energy sector. By example, Cenovus at Canadian oil prices 10% below the current spot prices, is trading at a 17% free cash flow yield and 20%+ FCF if spot prices stay the same.

Sincerely,
The Roundtable Portfolio Team

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