

# Teraz<sup>z</sup>fund



## February 2018 Performance Report

	<b>Teraz Fund</b>	<b>S&amp;P/TSX Venture</b>	<b>S&amp;P/TSX Composite</b>	<b>Chief Analyst &amp; Strategist:</b>	Mark Zaret (416-690-5411)
				<b>Email:</b>	<a href="mailto:mzaret@spartanfunds.ca">mzaret@spartanfunds.ca</a>
<b>Monthly Return</b>	-6.1%	-4.1%	-3.2%	<b>Portfolio Manager:</b>	John Ackerl (416-601-5606)
<b>Year to Date</b>	-8.9%	-2.5%	-4.7%	<b>Email:</b>	<a href="mailto:jackerl@spartanfunds.ca">jackerl@spartanfunds.ca</a>
<b>Since Inception</b>	76.5%	-44.2%	29.2%	<b>Trustee:</b>	Spartan Fund Management

### COMMENTARY

February was a very difficult month for most markets. We saw a huge spike in volatility with drops of 6 to 8% on both sides of the border before a half-hearted recovery set in. We don't see this as anything more than a long overdue pause and welcome the return of more balanced market conditions. A look at very long-term charts can be very instructive: it shows that even the big down moves of years like 1987 and 2008 proved to be nothing more than temporary pauses. From that standpoint, this time nothing is different, even if this extends for several months. Also, we have found, over many years of experience, that trying to exit the market before a correction with the intention of re-entering requires timing the market correctly twice, which is much more difficult to achieve than one might think.

As we look over the portfolio we are faced with the issue of saying, on one hand, that we feel fortunate to not be affected by the bad market, and yet fully understand that numbers don't lie, and we were down more than our benchmark. Herein lies one of the many challenges of a micro-cap portfolio: a stock that might have a bid/ask

spread of, say, \$.40 to \$.50 might not move at all over the month. However, if it trades at the ask at the end of one month and then the bid at the end of the next, it IS down 20%. We hesitate to point this out, as we consider this fact to largely be a "wash". Nonetheless, the point is that we had many such stocks this past month that were priced downward but really did not move in any meaningful way.

A standout on the positive side was our position in a medical software company called Kneat.com (KSI.V). Shares were up 36% as it reported a new contract with an industry "leader". Unfortunately they were not able to name the company, as is very common when large companies strike deals with a junior. We're fine with that, as the important thing is that we believe that they are on the cusp of being adopted by the "cream of the crop" biotech companies in the U.S. for their validation software. The stock is completely ignored for the time being, but we are confident that that will change over the coming months.

We thank you for your ongoing support.

**Disclaimer:** Small and micro-cap companies are risky. The material presented herein is for informational purposes only and should not be construed as providing investment advice. Please refer to the offering memorandum for further discussion of the risks of investing in the Fund.

MONTHLY RETURNS HISTORY													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2018</b>	-3.0%	-6.1%e											-8.9%e
<b>2017</b>	7.6%	21.3%	-0.2%	2.9%	-0.5%	-5.2%	1.6%	10.9%	2.7%	-5.9%	1.8%	1.6%	42.4%
<b>2016</b>	-2.5%	12.6%	11.1%	15.5%	0.2%	8.9%	11.6%	3.7%	4.5%	-0.8%	1.4%	-0.5%	85.9%
<b>2015</b>	1.1%	2.7%	2.5%	1.7%	-3.0%	-0.7%	-7.0%	-7.5%	5.0%	2.6%	-6.1%	-0.6%	-9.8%
<b>2014</b>	4.9%	12.4%	1.1%	2.9%	-4.5%	10.7%	-0.5%	-2.1%	-7.2%	-6.3%	-11.0%	-0.2%	-2.3%
<b>2013</b>	-1.2%	-6.6%	-1.2%	-3.4%	2.5%	-3.1%	3.6%	3.8%	-2.0%	-0.3%	-0.6%	0.8%	-8.0%
<b>2012</b>	3.7%	-0.8%	1.1%	-5.5%	-5.3%	-3.7%	3.4%	0.2%	5.1%	-2.9%	-3.7%	-0.9%	-9.7%

