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# TeraZ fund



## July 2018 Performance Report

Fundserv code: 969

	<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>Monthly Return</b>	5.2%	-4.5%	1.0%	<b>Email:</b>	<a href="mailto:mzaret@spartanfunds.ca">mzaret@spartanfunds.ca</a>
<b>Year to Date</b>	-15.7%	-16.9%	1.4%	<b>Portfolio Manager:</b>	John Ackerl (416-601-5606)
<b>Since Inception</b>	63.4%	-52.4%	37.5%	<b>Email:</b>	<a href="mailto:jackerl@spartanfunds.ca">jackerl@spartanfunds.ca</a>
				<b>Trustee:</b>	Spartan Fund Management

### COMMENTARY

The recent market themes of trade wars and weak commodity prices continued in July. U.S. markets churned higher amidst strong earnings reports while Canada struggled along, maintaining its position as one of the worst in the world. And then there's the Venture.

Our portfolio will often "dance to its own drummer", being more affected by individual company developments rather than market trends. Such was the case in July, where we saw some positive news that produced a strong monthly return.

Our performance was driven by a 46% jump in price for Kneat.com (KSI.V). Kneat provides a software platform that manages systems and projects for big pharma and biotech companies as they make their way through the complex FDA drug approval process, hence the term validation software. They announced their fourth and fifth multinational customer wins during July. These top tier customers often restrict smaller companies from using their names in press releases, and such was the case here. While divulging those names would likely produce a higher share price in the short term, we are focussed on the long term, as we view their opportunity as being very large, and think we will see substantial growing revenues over the next few years. Kneat ticks all the boxes, as it is a very early stage opportunity in a massive industry with very little competition. As a relatively

thinly traded stock, no doubt there will be pricing bumps along the road, but we consider this company a core long term hold.

Shares of Jadestone Energy were halted during the month. The price was up only 5%, but the positive implications are very significant. They are closing on the acquisition of the Montara oil project, offshore Australia. Montara produces over 10,000 boe/day, thereby more than tripling Jadestone's production. We've spent considerable time assessing this acquisition and believe that it plays well into our thesis: this management team would build a large company, as they were the chief architects of the growth of the Southeast Asian arm of Talisman Energy before it was acquired. This is a big step for Jadestone, and it is being done in a shareholder-friendly manner. Very much like Kneat, we see Jadestone, as a very unknown name, but one with a growing following over the coming years. It is another core long term hold.

On the negative side we saw lower prices for several mineral exploration companies and oil services companies. As we have noted in the past, these are cyclical businesses and are very out of favor with investors for the time being. It is in our DNA that we consider that as our opportunity: to be buyers when no one cares.

Thank You for your ongoing patience and 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%	-8.5%	-6.5%	5.0%	-1.9%	5.2%e						-15.7%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%



Spartan Fund Management Inc.

The above returns are net of management and performance fees for the 'F' series of units, but do not take into account early redemption fees if investments are held less than 1 year. Please review the most recent offering memorandum for a detailed description of the Fund's strategy, objectives and risk factors. The above is provided for informational purposes only and is qualified in its entirety by way of the most recent offering memorandum, which is only available to qualified investors. Prospective investors should consult with a professional financial advisor before investing. Past performance cannot predict future results. Share value and yields will fluctuate. There can be no assurances that any of the Fund's objectives will be met. See Terms and Conditions of our website ([www.spartanfunds.ca](http://www.spartanfunds.ca)) for important information and qualifications regarding the use of benchmarking and indices. The index above was chosen as it is a widely used benchmark of the Canadian venture equity market. While the Fund uses this index for long-term performance comparisons, it is not