

**February 2019**

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Dear Investors,

February 2019 has been a stagnant month. The explosive growth we saw in the first month of 2019 has slowed to a sideways crawl maintaining the upwards trend slightly. This is a dangerous chart pattern moving forward as it indicates a loss of momentum and a potential move to safer assets. With this in mind our goal for this month was to structure the long-term investments to have little correlation with the S&P500 as we still believe we are reaching late business cycle. The geopolitical risks remain high, and we have maintained our hedged strategy as the next negative headline could send the markets into free fall. The Global GDP is also expected to slow which could also hurt short term returns.

**Metals supply chain and pricing:**

The supply for iron ore and copper remain uncertain, the demand for these metals has remained steady. This should indicate a price movement up. The Collapse of the Iron Ore Mine in Brazil, Vale, at the end of January was tragic and has altered the outlook of the Iron Ore supply chain for the foreseeable future. The Vale mine was producing 2% of the world's Iron Ore. Copper may be negatively affected by the slowing global GDP if projections fall below current estimates. Rare earth metals such as Cobalt are looking more attractive as supply has grown, and is expected to grow rapidly, as supply has slowed slightly with the possibility of China using cobalt as a bargaining chip, China controls up to 85% of the global supply of cobalt and has been manipulating the price for several years. This could affect the affordability of EV (electric vehicle) prices as cobalt is widely used in the energy storage process.

**Telecom:**

5G is here and is changing the way we do business. Spectrum and the availability of C-Band and Citizens Broadband Radio Service (CBRS) can support 5G and may already have the infrastructure to adapt 5G across other platforms. The bandwidth and efficiencies of 5G are much greater than the LTE network and can help improve battery life and bandwidth capabilities, this is something we are watching as this may effect the storage and data centers we have exposure to as well as cyber security as more and more data can be easily moved.

**Global Manufacturing:**

Global confidence and manufacturing data have reached a 30-month low. Caused much by the same story we have been hearing for the last several months, the US-China Trade war. The tariffs will influence many sectors, which will reduce profit or increase costs, most likely the latter which may not be beneficial to Trump's chances are reelection if the cost of goods increases. We believe there will be a long term solution in place by the end of this year. The sector we are most concerned with is the automotive supplier industry, specifically in Europe as the EU has finance problems and regulations which may hinder the outlook coupled with the US china trade war and the Brexit

**Oil and Gas:**

The oil and gas industry has evolved since the 2015 oil crash when the Price of oil dropped below 30 dollars a barrel. This put many companies out of business. The ones that survived all had one thing in common, they took action to reduce the production cost per -barrel. The ones who have thrived have done this through investment in innovation and infrastructure.

# Portfolio Performance

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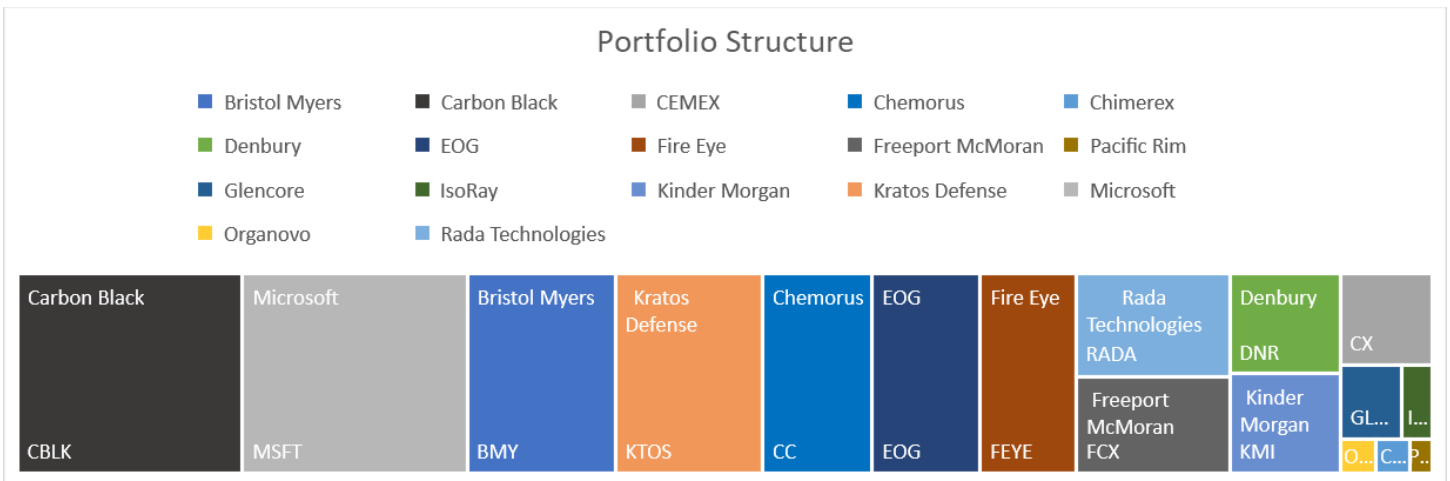
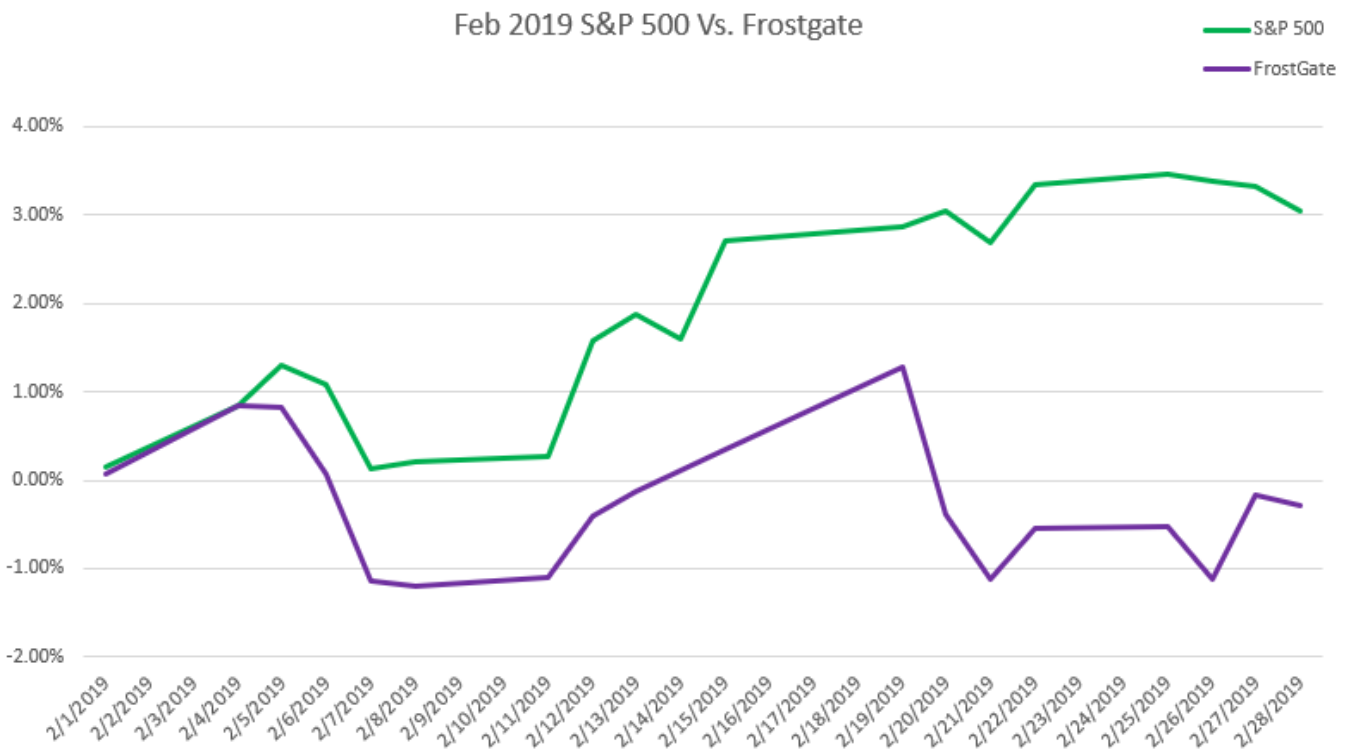


## FrostGate Capital:

Our Performance this month was (0.29%) with the lack of volatility our option strategy returned a net loss while our long portfolio gained. We saw all of our gains for the month wiped out when CBLK our largest position posted phenomenal earnings beating every estimate. However news of key management leaving sent the Stock down (18%) wiping out all of gains, we are still bullish on CBLK Despite the management shake up. Despite our largest position suffering this type of loss we managed to remain marginally flat.

## The Hedge Fund Index:

The hedge fund index for February was up 1.18%



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