

# AMETHYST ARBITRAGE FUND (CANADA)

## MONTHLY REPORT - JULY 2019

INTEGRITY TRANSPARENCY EXPERTISE

### CURRENT MONTH

	Return	NAV/Unit	Dist.
Class C	-0.67%	\$ 4.5683	\$ -
Class I	-0.62%	\$ 4.6366	\$ -
Class F	-0.60%	\$ 10.2670	\$ -
Class A	-0.69%	\$ 10.1525	\$ -
Fund AUM (CAD \$M):		\$208.9	

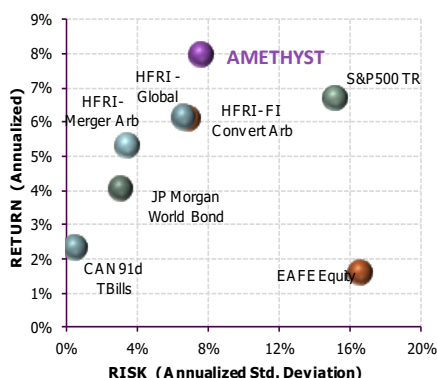
### INVESTMENT STRATEGY

The **Amethyst Arbitrage Fund** employs a multi-strategy arbitrage investment approach focused on event driven, convertible and fixed income opportunities across North America.

#### The Fund's Objectives are:

- **Returns:** 5 to 10% above 91d CAN T-Bills
- **Volatility:** 5 to 7%, annualized
- **Capital protection and near zero correlation** with traditional asset classes.

### AMETHYST - Relative Risk/Return, Since Inception (July '98)



### MONTHLY COMMENTS

#### M&A

- Added 6 new positions through a slow M&A activity summer month;
- Widening spreads on certain transactions including Air Transat.

#### CONVERTIBLE SECURITIES

- Performance was mixed and most credits performed as expected, however a drawdown in the healthcare sector took the strategy to negative territory for the month;
- Focus is still on rebalancing the portfolio to a higher delta as geopolitical and economic risks become more acute. We are therefore adding higher delta credits and reducing those that whose option value is approaching zero.

#### FIXED INCOME ARBITRAGE

- Positive performance, despite losses from credit curve arbitrage;
- Rise in risk assets and slight credit spread narrowing by central banks;
- Back to a slightly positive "credit Dv01". Maintaining our position for a steepening of the CAN & US yield curve and long CAN vs US bonds.

### HIGHLIGHTS & BENEFITS

- **20+ year track record**
- Has generated **absolute returns** in bull, bear and full market cycles
- Strategy can **benefit from market volatility**
- Strategy can act as a diversifier in credit and equity portfolios, potentially **reducing overall portfolio volatility and enhancing returns.**

### RETURN SERIES SINCE INCEPTION, Class C - net of all fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
1998	-	-	-	-	-	-	-0.32	2.69	2.60	1.79	0.44	1.45	8.92
1999	-1.22	0.84	1.25	-2.11	3.11	0.75	2.35	1.34	-1.00	-0.32	1.41	0.91	7.43
2000	0.98	0.21	3.01	2.81	3.06	1.95	-0.22	3.98	3.21	-0.45	-0.57	0.40	19.82
2001	3.27	-1.62	-0.80	1.82	4.36	0.35	0.12	-1.08	-0.97	0.04	1.16	0.70	7.42
2002	1.73	0.88	1.75	0.42	0.27	-2.44	-1.37	1.30	-0.38	0.20	0.39	1.39	4.12
2003	2.41	1.81	0.54	0.57	0.90	-0.16	0.61	2.88	1.34	0.91	1.29	1.32	15.35
2004	1.41	2.19	1.48	0.34	0.17	-0.15	0.44	-0.45	1.82	0.38	0.47	1.41	9.89
2005	0.91	1.36	-1.49	-0.37	0.23	1.91	0.72	1.75	0.24	0.28	2.28	-0.76	7.21
2006	1.49	3.03	3.96	2.50	0.47	0.98	0.29	0.98	-0.51	0.84	-2.71	2.43	14.49
2007	1.59	1.70	0.02	1.19	-0.28	0.38	0.74	0.54	1.57	0.91	-0.63	2.58	10.77
2008	-1.67	1.63	1.37	1.11	1.79	0.98	1.70	1.46	-3.51	-20.08	-13.25	-2.04	-28.81
2009	2.75	2.74	4.71	8.24	7.27	0.57	5.25	4.10	2.05	3.90	0.90	2.75	55.45
2010	0.95	0.75	0.96	1.32	-0.60	0.40	1.66	1.91	1.40	2.58	1.37	1.28	14.87
2011	2.39	-0.50	0.72	0.33	-0.32	0.40	0.63	-1.08	-1.04	0.90	1.42	1.31	5.24
2012	1.99	0.91	0.36	-0.16	-2.65	0.37	0.60	-0.36	-1.57	-2.68	1.29	1.92	-0.11
2013	-0.09	-0.48	-0.78	-0.69	-0.45	-2.12	0.76	0.86	0.72	0.98	-1.26	0.10	-2.46
2014	2.12	0.81	0.63	0.44	0.48	1.22	0.86	0.09	0.22	-0.74	1.24	-1.22	6.28
2015	1.80	1.56	0.19	1.06	2.01	0.03	-0.10	-0.19	-2.90	3.01	-0.40	1.03	7.20
2016	0.17	0.86	4.10	2.25	1.36	2.34	1.94	1.19	1.01	0.83	1.47	1.33	20.49
2017	0.23	0.40	0.54	0.74	0.25	0.36	-0.26	-0.11	1.26	-0.68	0.53	0.59	3.91
2018	-0.37	-1.08	-1.46	-0.66	0.93	1.08	-0.04	0.09	-0.22	-0.07	0.60	-0.95	-2.16
2019	1.04	1.47	-0.31	0.61	-0.91	1.14	-0.67						2.36



CANADIAN ALTERNATIVE FUND  
MANAGER, SINCE 1998

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FROM July 1998 TO July 2019	ANNUALIZED RETURNS (%) <i>Net of all fees</i>						Volatility	Correl.	% Mths > 0	Sharpe Ratio
	1 yr	3 yr	5 yr	10 yr	15 yr	Incep.				
<b>Amethyst Arbitrage Fund</b>	<b>1.8%</b>	<b>3.3%</b>	<b>6.0%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>8.0%</b>	<b>7.6%</b>	-	<b>74%</b>	<b>0.75</b>
HFRI - Global Fund Weighted	1.6%	4.5%	3.2%	4.5%	4.9%	6.1%	6.6%	0.42	67%	0.58
S&P/TSX Composite (TR)	3.0%	7.1%	4.4%	7.4%	7.5%	6.4%	14.5%	0.44	62%	0.29
EAFE World Equity (TR)	-5.4%	3.9%	-0.4%	2.9%	2.6%	1.6%	16.5%	0.41	55%	-0.04
FTSE CAN Long Term Bond	13.8%	3.9%	21.9%	10.9%	7.2%	7.0%	6.8%	0.03	61%	0.69

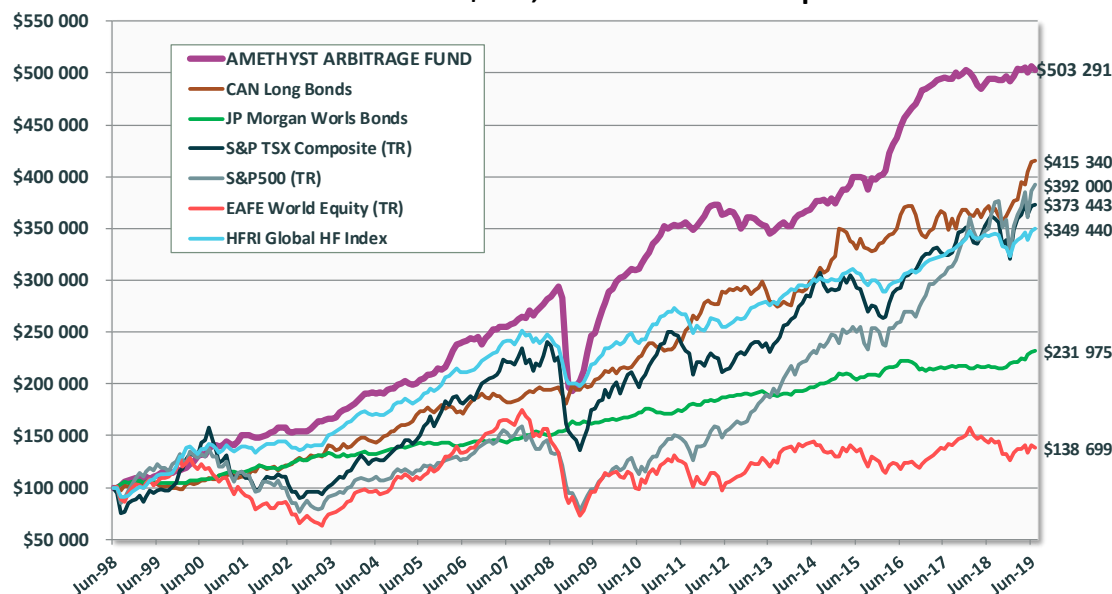
## ABOUT CRYSTALLINE

Founded in 1998 by Marc Amirault, Crystalline is a privately held asset management firm registered in Canada. Marc created/managed a portfolio of arbitrage strategies during 3½ years while at the Caisse de Dépôt et Placement du Québec, before launching the Company's flagship Amethyst Arbitrage Fund in 1998.

More than 80% of Crystalline's assets originates from pension plans, foundations, endowments, family offices and private corporations. In 20 years, Crystalline has grown to a team of 15.

## FUND RETURN SINCE INCEPTION

### Relative Growth of \$100,000 Since Fund Inception



## FUND INFORMATION

### LIQUIDITY:

- Minimum subscription: \$25K accredited (\$25M Cl. I)
- Registered Accounts: Yes - RRSP, TFSA, RRIF, etc.
- Dealing / Valuation : Monthly
- Subscription notice : 2 days
- Redemption notice : 30 days (No Lockup)

CLASS	CUSIP	FundSERV
• Class C	03111T106	CRY100
• Class I	03111T403	CRY101
• Class A	03111T205	CRY102
• Class F	03111T304	CRY103

### FUND STRUCTURE:

- Legal Structure: Unit Trust
- Trustee: Computershare Canada
- Underlying Portfolio: Amethyst Arbitrage International Master Fund

### DISTRIBUTIONS: Quarterly (cash or reinvested units)

### MANAGEMENT FEES:

<u>Amethyst Arbitrage Fund</u>	+	<u>Amethyst Arb. Int'l. Master Fund</u>
• Class C: 1.00%	}	<b>plus 1.0%</b>
• Class I: 0.50%		
• Class A: 1.25% (Incl. 1% trailer)		
• Class F: 0.25% (fee based adv.)		

### PERFORMANCE FEES:

- Amethyst Arb. Int'l Master Fund: 20% above 91d T-bill
- High Water Mark: Yes (perpetual)

### SERVICE PROVIDERS:

- Prime-Brokers: BMO Nesbitt Burns & Scotia Capital (Master Fund)
- Administrator: MUFG Investor Services
- Legal: McMillan LLC
- Auditor: PricewaterHouse Coopers LLC

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From inception to April 2019 the Fund directly held underlying portfolio securities in relation to its investment strategies. In May 2019, as part of a fund reorganization, the Fund began pursuing the same investment strategies primarily through an investment in shares of the Amethyst Arbitrage International Fund (the "International Fund"), which in turn provides exposure to the returns of Amethyst Arbitrage International Master Fund (the "Master Fund"). On June 1st, 2019 the Fund undertook a merger with the Topaz Multi Strategy Fund ("Topaz") in which Topaz unitholders had their units automatically exchanged for an equivalent value of new units in Amethyst and Topaz was terminated. In April 2018 the pre-existing Class F units of the Fund were renamed as Class C.

The Master Fund's strategies include: convertible securities arbitrage; event driven, principally merger arbitrage; and, fixed income arbitrage opportunities and the capital allocated to each strategy varies over time depending on the opportunity set of each. There is no single hedge fund index depicting this strategy mix, and the alternative strategy indices shown are comparable only to certain aspect of the Fund's strategies. Traditional market indices / asset classes are presented so that an investor may conduct additional analysis of their overall portfolio construction and not as a direct comparison to the Fund.