



November 2015 Portfolio Summary

Volanti was launched on November 2nd with \$150,000 USD in the account. During the month of November, we initiated one long and one short position.

On November 6, we purchased 15 contracts of the Wal-Mart (WMT) January 2017 calls with a strike price of \$50. We paid \$9.90 per contract. At the time of the trade, WMT shares were oversold on both a long-term and a short-term basis and we felt this was an opportune time to gain exposure to a high-quality name. Over the years Wal-Mart has consistently delivered returns to shareholders and we have no reason to believe this will be changing any time soon. Our one year price-target is \$70 and our three year price target is \$85. On November 10, we sold 10 contracts of Wal-Mart March 2016 options with a strike price of \$65. This trade effectively lowers our cost base on the long position and while we are giving away a little bit of upside, we stand to return approximately 50% on the combined position in less than five months if the short position is called away from us.

Between November 11th and November 24, we sold short 300 shares of Sealed Air Corp (SEE) for average proceeds of \$45.64 per share. This is a company with very limited growth prospects trading at a valuation more than two standard deviations above the top end of their historical trading range. The near-term catalyst affecting this stock is currency headwinds as more than 60% of sales this year will be repatriated to the US at unfavourable exchange rates. From a technical analysis standpoint, the chart was showing us a 'dead cross' with the 50 day moving average crossing below the 200 day moving average which gave us more conviction on the timing of the trade. We have a \$35 price target for the current year and feel the long term fair value for this company is closer to \$25.

At the end of November, our account balance was \$151,075.27 YTD Return: 0.72%



December 2015 Portfolio Summary

Volanti started the month of December with \$151,075 in the account. During the month of December, we initiated one short position.

On December 10, we sold short 600 shares of Weight Watchers International Inc. (WTW) for proceeds of \$24.61. This is a company that over the course of the past several years has faced a serious threat to its business model in the form of dozens of calorie counting mobile apps available essentially for free in online stores. Competitive pressures have resulted in substantial subscriber losses for WTW and reduced pricing power. Shares sold off heavily as the business deteriorated however a new opportunity to short the company presented itself after the announcement of a strategic partnership with Oprah in October. When we placed the trade, shares had already rallied 270% since the announcement and we felt that while Oprah's involvement may provide a short-term boost to membership numbers this is a business model that is already broken with limited upside potential.

The stock proceeded to fall over 25% since the initiation of the position at which time we placed a stop buy order on the stock to protect our gains in the event of an adverse move. Our stop buy instruction was executed on December 30th, locking in a gain of over 13% in just under three weeks. We will continue to monitor the charts with a plan to re-enter the position if the underlying fundamental story is still intact.

At the end of December our account balance is \$154,908 Since Inception Two Month Return: 3.27%



January 2016 Portfolio Summary

Volanti started the month of January with \$154,908 in the account. During the month of January, we initiated one long position.

On January 5, we bought 1,000 shares of Yellow Pages Ltd (Y.TO) at a purchase price of \$15.20 per share. While Yellow Pages' legacy print business has certainly come under pressure in recent years, at a 3.2x trailing P/E multiple we felt this was an attractive price to purchase Yellow Pages' growing digital business. If management is successful in executing the transition from the legacy print business to an online digital model, we are confident shares will trade for significantly more than their current

price. From a technical standpoint, shares exhibit strong support in the \$15 dollar range. With a stop loss placed just below support, we have put ourselves in a position to earn a large profit if our forecast is accurate while mitigating the risk on the downside; a risk return trade-off that we are comfortable with.

At the end of January our account balance is \$160,516 Since Inception Three Month Return: 7.01%



February 2016 Portfolio Summary

Volanti started the month of February with \$160,516 in the account. During the month of February, we initiated two long positions.

On February 12th, we bought 1,100 shares of Gentex Corp. (GNTX) at a purchase price of \$14.00. GNTX has demonstrated a track record of sustainable and consistent revenue and EPS growth averaging greater than 10% each year, which are both well above the averages of the broader market. Despite the pricing pressure from buyers, considering its dominant market position, increasing market penetration and technological advantage, we feel that GNTX deserves to trade at a premium multiple to the broad market. Our investment thesis and valuation therefore is based off continued outperformance of the company in combination with an improvement in investment sentiment. Additionally, the chart pattern was supportive to our thesis at the time of purchase with shares sitting firmly on support at \$13.50 – support which dates back to 2011.

On February 16, we bought 190 shares of Polaris Industries Inc. (PII) at a purchase price of \$83.25. While a cyclical stock, Polaris has an outstanding track record of delivering returns throughout the different stages of the business cycle. The company is currently challenged with various industry headwinds, however we felt that much of this news is already priced into the stock and believe management will be able to weather this storm as they have demonstrated in the past. From a technical analysis standpoint, shares had retraced approximately 60% of their gains after an extended bull rally which is consistent with Fibonacci support levels; we were deliberate in waiting for the previous downtrend to complete and a new uptrend to present itself before initiating our position.

At the end of February our account balance is \$164,017 Since Inception Four Month Return: 9.34%



March 2016 Portfolio Summary

Volanti started the month of March with \$164,017 in the account.

March was a busy month for the fund. We entered two new long positions and a short position, closed an open short position and rolled over our bull spread that was initiated in November.

Between March 2nd and March 9, we purchased 1600 shares of ICICI Bank Ltd. (IBN) at an average price of \$6.38. We feel IBN is well positioned as the largest private bank in India which is now the world's fastest growing economy. The company was priced attractively in terms of its current valuation multiples against historical averages while also have demonstrated considerable growth in its loan and deposit books in recent years, which we expect to continue. From a technical analysis standpoint, the stock demonstrated support against its long-term trend line which gave us greater conviction on the timing of our trade.

On March 7, we purchased 1400 shares of Opko Health Inc. (OPK) at an average price of \$10.52. OPK is an up and coming biopharma and diagnostics company. Here we took advantage of weak sentiment in the biotech space as a whole, taking a long position in a stock with a high level of short interest.

Aggressive purchasing from CEO Phillip Frost helped support not only the chart but our conviction in this company's likely success as well. OPK has numerous innovative products beginning to produce significant revenue leaving the company poised to potentially become a major player in the biopharma and diagnostics space in the years to come.

On March 9, the 65 strike WMT March calls that we sold as the short leg of our bull-call spread strategy in November were assigned to us, requiring us to sell WMT 1,000 shares at \$65. Despite losing money on the short position, at the time of assignment, we were up 67% on the overall bull spread strategy as our long position in 15 contracts of the 50 strike January 2017 calls more than offset this loss. In continuation of the strategy, we sold 10 more contracts of WMT June 2017 calls with a strike price of

\$70, netting proceeds of \$1.17 per share and further reducing our cost base.

On March 14, we sold short 200 shares of Sinclair Broadcasting Group, Inc. (SBGI) for proceeds of \$32.70 per share. We are bearish on the outlook for traditional broadcast media and after reviewing the space, felt SBGI was the best way to play this angle. SBGI has masked declines in revenues in recent years via a growth by acquisition strategy. This acquisition strategy was fuelled by increasingly higher levels of debt and we feel the strategy is no longer sustainable given what is now an extremely leveraged capital structure. We entered only a half position in the company as while we are confident in our outlook of the fundamental story, we would prefer to enter the second half of the position near \$36 at the high end of its trading range in recent years.

On March 22, we bought to cover 300 shares in Sealed Air Corp (SEE) at a purchase price of \$48.49 for a loss of 6.24% on the trade. Our thesis that the company would experience headwinds from FX was accurate as sales were down over 9% as reported at year-end. However, we failed to appreciate that new company management



would do as well as it has in executing on its plan to improve profitability within the company as margins have been improving more than we expected as we held the position open.

While we are still confident that the shares are overvalued and would not buy the company at this price, we are happy to walk away from the position with a small loss and look for better avenues to deploy our capital.

At the end of March our account balance is \$172,985

Since Inception Five Month Return: 15.32%



April 2016 Portfolio Summary

Volanti started the month of April with \$172,985 in the account. During the month of April, we initiated one long position.

On April 18, we bought 1400 shares of Micron Technology (MU) at a purchase price of \$10.94. Our

investment thesis with MU is that this company is currently being priced at a cyclical trough while at the same time the market is ignoring the valuation this company will receive once the industry cycle normalizes.

Essentially, we are letting the markets short term irrational pessimism create an investing opportunity for us as patient investors. From a technical analysis standpoint, we felt MU's stock chart was very appealing at the time our purchase was made. The stock was oversold over a long-time frame. Secondly, the chart had stabilized on top of resistance that was formed twice in 2010 and 2011.

Per the polarity principle, this old resistance now forming support was a second piece of evidence that gave us greater comfort. Finally, in the days leading up to our purchase the stock had broken out of its down trendline, which was the final piece of evidence we needed to see before executing the trade.

At the end of April our account balance is \$171,442 Since Inception Six Month Return: 14.3%



May/June 2016 Portfolio Summary

In May, we were challenged with an unforeseen medical emergency. As stewards of capital, it became necessary to liquidate our positions and move the portfolio to cash. Specifically, all positions were closed on May 13th. The portfolio had a cash value of USD 161,554.51 following liquidation.

On June 13th and with health issues in the rear-view mirror, we made the decision to re-activate the portfolio. During the remainder of June, we initiated four new long positions.

On June 15, we repurchased 2,000 shares of ICICI Bank Ltd. (IBN) at a cost of \$7.34 per share. We had previously initiated a long position in IBN in March and felt that at current prices, the story was still very much intact. We feel that fair value of IBN shares is somewhere in the neighbourhood of \$12 per share. The decision to enter the trade was primarily based on our firm belief in this company's fundamentals rather than technical analysis. That being said, at the time of our trade, the stock was experiencing a convergence between the 10, 50 and 200 day moving averages which combined with our predisposed outlook for the company, indicated to us the share price could move significantly higher in the near future.

On June 21, we repurchased 1,600 shares of Opko Health Inc. (OPKO) at a cost of \$9.68 per share. On the day we initiated the trade, it was announced that the FDA had approved OPKO's

new drug Rayaldee, which is a secondary hyperparathyroidism treatment associated with kidney disease. It will be the first drug in the U.S. to address secondary hyperparathyroidism arising from vitamin D insufficiency. While this announcement was largely anticipated, and expected by the market, the news does provide added stability to the company's near term outlook. Recall from our March commentary that a company like OPKO with a limited track record to point to would not normally fall within our purview were it not for the aggressive insider buying of this

company's CEO, Philip Frost. The nature of Frost's buying gives us a further degree of confidence that the future prospects of this company are currently being undervalued by the market.

On June 22, we initiated a long position in DHX Media Ltd. (DHX/B.TO) with the purchase of 3,000 shares at an average cost of \$6.29 per share. We are compelled by the way DHX has strategically assembled a large and very valuable library of children's content available for video distribution. Not only is this content made available by way of the company's ownership in The Family Channel but DHX has embraced the emergence of alternative channels including YouTube. We believe that, as the story of "cord cutting" continues to play itself out, DHX will continue to explore other avenues of reaching their target audience including video on demand and other over the top video channels. Our decision to initiate this trade was based primarily on our fundamental outlook for the company however in recent weeks shares had begun to build support in the low \$6 range which provided added comfort to the timing of our trade.

On June 30, we repurchased 200 shares of Polaris Industries Inc. (PII) at a cost of \$81.80 per share. We had previously entered a long position in PII in February only to see shares rise 20% in a few months



before later falling back down to their original level. From our standpoint, the story that was in place at the time of our original purchase was still intact and perhaps had improved somewhat as there was no longer a widely held fear in the market that we would see crude oil at \$30 per barrel – such a scenario would have a negative impact on PII’s customer base. From a technical analysis standpoint, shares appeared to have found support in the low \$80 range which gave us some added comfort with the timing of our trade.

At the end of June our account balance is \$161,474.34 Since Inception Eight Month Return: 7.65%



July 2016 Portfolio Summary

Volanti started the month of July with \$ 161,474.34 in the account.

During the month of July, we initiated one long position and closed one long position.

On July 1, we purchased 1,200 contracts of American Express (AXP) January 2017, 50 strike calls for an average cost per contract of \$12.30. American Express has been under pressure in recent months not only having their relationship with Costco terminated but also facing competitive pressures from other card companies and merchants, which has resulted in an accelerating decline in the company's discount rate, the rate AXP makes on each billed transaction. However, we felt the market had overreacted to this unfortunate sequence of events and that the shares presented a buying opportunity. In the big picture, AXP generates revenues based on the number of cards issued to customers, the number of merchants who accept AXP cards as well as the dollar value of billed transactions. We feel that there is strong underlying growth behind these three forces which in the long term will outweigh both the loss of the Costco relationship but also sustained lower discount rates. Additionally, AXP traded at 12x

forward earnings at the time of our purchase which is well below the company's historical average. From a technical analysis standpoint, shares were showing higher lows at the time of our trade which gave us encouragement that sentiment was starting to turn in our favour.

On July 15, we closed out our long position in DHX Media (DHX/B.TO) by selling 3,000 shares for proceeds of \$7.13 per share and a gain of 13.3% in a little over three weeks. We still like DHX as an investment and feel that fair value is still considerably above the current share price however we felt it necessary to lock in our gains given that shares had appreciated so quickly. We will continue to watch DHX closely in case the opportunity presents itself to re-enter a position.

At the end of July our account balance is \$171,416.92 Since Inception Nine Month Return: 14.2%



August 2016 Portfolio Summary

Volanti started the month of August with \$ 171,416.92 in the account.

During the month of August, we initiated one long position and re-entered a second long position. On August 1, we purchased 800 shares of Western Refining Inc. (WNR) at a cost of \$20.93 per share.

While prices for refinery outputs have been depressed in recent months, we made the decision to look past short term headwinds and focus on a longer-term view. We feel that a valuation of WNR based on mid-cycle earnings yields a target price of \$30 while if conditions revert to previous highs, fair value could reach as high as \$40 or even \$50. At the time of our purchase, shares were oversold as measured by the RSI Monthly 14 indicator. This told us that most of the negative sentiment had already been priced into the stock and that it would only be a matter of time before the bulls took hold of the shares once again.

On August 11, we purchased 3,000 shares of DHX Media Ltd. (DHX/B.TO) for an average cost of \$7.50 CAD per share. We had originally entered a position in DHX in June only to see shares rise by 13% in a little over three weeks after which we made the decision to realize those gains. In August, the chart of DHX broke out of its previous downtrend and resumed a bullish stance. This development, along with the view which we have always maintained that this is a \$10 stock was the reason for re-entering our position.

At the end of August our account balance is \$171,030.59 Since Inception Ten Month Return: 14.0%



September 2016 Portfolio Summary

Volanti started the month of September with \$171,030.59 in the account.

During the month of September, we initiated two long positions and a short position.

On September 6, we purchased 3,300 shares of Tsakos Energy Navigation (TNP) at a cost of \$5.19 per share. We became aware of this investment opportunity through Michael Hlinka's annual research report writing competition and felt, along with Michael, that TNP was the best prospective investment in this year's contest. While we acknowledge that the profile of the marine tanker industry that TNP operates in presents a considerable amount of risk, we feel that at close to \$5 per share, a great deal of this risk is already priced in. At the time of this writing, the stock yields a dividend of 5.75% which we view as being relatively safe and furthermore shares are trading at a 3.3x Forward P/E multiple. From a technical analysis standpoint, we view a solid base of buyers being built at the \$5 level going back to early July which only served to give us more confidence in the trade.

On September 14, we purchased 1,100 shares of Potash Corporation of Saskatchewan (POT) at a cost of \$16.10 per share. We entered this position not with a particularly bullish view on pricing in the potash market necessarily, but rather with a longer-term view that we are likely towards the trough of the current cycle and felt that it is more a matter of when, not if, that potash prices recover. In deciding on this purchase, we also recognized that POT has already announced two dividend cuts, the second being quite aggressive, and shares did not fall further on that news. From a technical analysis standpoint, shares of POT are oversold as measured by the Monthly RSI (14) indicator which only adds to the evidence that bearish sentiment may have already run its course.

On September 29, we sold short 2,800 shares of Clear Channel Outdoor Holdings (CCO) for proceeds of \$5.94 per share. CCO has been saddled with a vast amount of debt thanks to a leveraged buyout gone wrong and we feel it will be very difficult if not next to impossible for CCO to turn a profit going forward given its current capital structure and the industry in which it operates, which we are not particularly fond of. CCO stock is extremely volatile producing wild price swings that we intend to take advantage of given that the stock is near recent highs and the Forward P/E is 196x. Furthermore, this company has the bulk of its debt coming due in 2020 and we feel that it may just be a matter of time before the market realizes that it may have a difficult time refinancing these loans.

At the end of September our account balance is \$167,581.69 Since Inception Eleven Month Return: 11.7%



October 2016 Portfolio Summary

Volanti started the month of October with \$167,581.69 in the account.

During the month, we made one transaction which was to roll over our long position in American Express (AXP) call options.

On October 12, we made the decision to close out our long position in 12 contracts of AXP 50 strike January 2017 call options and roll the proceeds over into another 12 contracts of AXP 50 strike call options, this time with an expiry date of January 2018. Rolling over the position cost us an incremental

\$2,303 or \$1.92 per contract. By rolling over the position we sought to avoid the risk that our options would expire at a loss amidst any short-term volatility associated with Q3 earnings and forward guidance. Additionally, this move allows ourselves more time for our investment thesis to play out, a thesis which we still believe is firmly in tact.

At the end of October our account balance is \$171,058.40 Since Inception One Year Return: 14.0%