The Osprey Program produced a 10.3 percent gain in the opening quarter of 2022, propelled by informed trading across a variety of edges in several sectors. The attribution commentary below offers a breakdown of returns per sector as well as highlights from individual markets and feature families.

**Figure 1. Q1 Return Attribution**

Source: ReSolve Asset Management. Results may differ due to rounding. Performance is expressed in USD. Strategy attribution is a best efforts approximation, net of all applicable borrowing costs, fees and fund accruals for the period. Indicated returns of one year or more are annualized. Past performance is not indicative of future performance.

**Bonds** emerged as the primary source of positive returns, almost exclusively from short exposures, primarily across the US Treasury curve. Shorts in 2-, 5-, 10- and 30-year Treasuries were motivated by negative signals in Carry, Trend and Seasonality, producing more than half of total returns for the sector. Relative Value, Seasonality and Trend also produced a profitable short in the German Buxl, while active trading in German Bunds (Carry and Seasonality) generated profitable long and short exposures throughout the quarter. Longs in Japanese Government Bonds (Carry and Trend) and German Bobl (Carry and Relative Value) detracted.

**Energies** were the second most profitable sector, led by long exposures in crude oil, gasoil, RBOB and heating oil. While in aggregate signals from most feature families (excepting Seasonality) leaned long for most of the quarter, exposures were heavily traded amidst tumultuous activity. Long positioning in carbon emission (nudged by Carry and Trend signals) produced a small loss.

**Grains** also contributed meaningfully to P&L, with the bulk of returns coming from longs in palm oil (Relative Value and Trend), corn and soybeans (both driven by Carry, Relative Value and Seasonality signals). Relative Value and Seasonality led to an unprofitable short in milling wheat.

**Rates** also benefitted from short positions, mostly in the Eurodollar (Carry and Trend) and Canadian BAX (Trend and Seasonality).

**Metals** produced positive returns from longs in platinum (Seasonality), gold (Carry) and copper (Relative Value and Seasonality). Active trading in palladium driven by Relative Value led to small losses.

**Softs** accrued losses, with the lion's share stemming from active long and short trading in London cocoa (driven Carry and Relative Value features). Losses from long exposures were led by the Italian MIB, Dutch AEX and French CAC40, informed by strong Carry and Relative Value signals.

Longs in **Currencies** and **Volatility** produced marginal gains.
**GENERAL MARKET REVIEW**

The first quarter was colored by the regrettable invasion of Ukraine by Russian forces in the final week of February, marking the start of the largest conflict on European soil in decades. As the war entered its second month, the swift Russian victory many believed certain had not yet materialized, faced with fierce and heroic opposition by Ukrainian military and civilian forces. While western countries have imposed the largest sanctions in history on the Russian regime – including the freezing of approximately two-thirds of Russia’s central bank assets; cutting banks’ access to the international SWIFT system; and stepping-up delivery of military aid to Ukraine, the US and NATO allies have stopped short of sending fighter jets or declaring a no-fly zone over Ukrainian airspace.

Despite the loss of territory to the east and the capitulation of cities like Mariupol, Ukrainian forces have managed to push the Russian army back and away from Kiev, suggesting the conflict might transition into a longer lasting war of attrition. This has profound implications for energy and especially agricultural markets. Much of the fighting has and continues to take place in the Ukrainian countryside, a region that, combined with Russian farmland, is essentially Europe’s breadbasket, supplying approximately a quarter of global wheat exports and up to 12 percent of all food calories traded internationally. Even more consequential, the conflict is threatening the availability of fertilizers on a global scale, which could have profound consequences for food security across the planet, not to mention further geopolitical implications.

Russia accounts for approximately 10 percent of the world’s crude oil exports and 45 percent of Europe’s natural gas supplies. Combined with Ukraine, they represent roughly a third of wheat and a fifth of corn global exports. Unsurprisingly, energies continued their 18-month rally, with crude oil and RBOB prices appreciating between 35 and 43 percent, while the rise in natural gas and other distillates was in the 57 to 79 percent range. Grains also experienced double-digit gains, led by wheat, palm oil, corn and soybeans. Metals also appreciated broadly, led by industrials and base, while the rise in precious metals was strangely muted.

US GDP, inflation and labor market figures remained strong and ahead of expectations, leading to losses in financial assets and challenging the negative correlation between equities and bonds, which has endured for much of the last four decades and created an aura of invincibility to the so-called 60-40 portfolio. There was tremendous turbulence in sovereign bond markets, including a bear flattening in the US Treasury curve throughout March (as measured by the 10-year / 2-year differential), all the way into inversion territory at the turn of the quarter. A sharp acceleration in jobs growth was followed by a 7.9 percent CPI print, the largest 12-month increase since January 1982 (and an even more impressive 6.4 percent rise in the core measure), leading Fed chairman Powell to deliver further hawkish remarks days after the Fed’s first rate-hike in over 3 years. 10-year and 30-year yields rose by 51 and 29 basis-points, respectively, while the rise in 2-year (+91bps) and 5-year (+74bps) yields was even larger, leading to a record-setting rout in Treasuries. Global equities sustained large losses in January and February, but recovered some lost ground in March. European and Chinese shares, along with the Nasdaq and other firms with long-duration cash-flows, saw the steepest declines. Investors appear to be signaling a return to the era of “good news (for the economy) is bad news (for markets)”.

**A New World Order?**

The unfolding Ukrainian crisis and the response by western democracies seem to be crystallizing a trend that began with ‘trade wars’ and later deepened with the pandemic: de-globalization. Heavily reliant on international trade and interconnectivity, the period that began with the collapse of the Soviet Union shaped what was perhaps the most prosperous period in modern history. The signs that we have entered a new cold-war era grow all too palpable, with a still small but real risk of escalation into a broader conflict, as exemplified by the Kremlin’s decision to move their nuclear arsenal into high alert.

While it is hard to debate the morality of sanctions, they are likely to lead to unintended consequences. Weaponizing the US dollar pushes countries to seek alternatives, chipping away at its global reserve status. Sanctions also nudge Russian and other belligerent nations towards the Chinese Communist Party’s sphere of influence.

As recently posed by The Economist: how will the world economy weather the supply shock of energy and other raw materials (including base, precious and rare-earth metals, and grains) from Russia’s gigantic commodity reserves? Though the US government is considering the release of approximately 180 million barrels of oil from the Strategic Petroleum Reserve (SPR) over the next six months, the additional million barrels a day are dwarfed by the possible 5 million barrel-a-day shortfall from Russian crude exports. Further, swing producers like Saudi Arabia and the United Arab Emirates are estimated to have no more than 3 million barrels a day in spare capacity, with some estimates placing that capacity closer to 2 million.

---

Meanwhile, China’s pursuit of a zero-Covid policy could have profound implications for the global economy. The latest round of restrictions has included lockdowns in major manufacturing regions and even its largest city, Shanghai. For all the recent tough rhetoric and incipient tightening by the Fed and ECB, it’s not hard to imagine a scenario in the coming months where they would be forced to once again pivot monetary policy in the wake of another slowdown in activity.

Sincerely,

Your Re Resolve Team
DISCLAIMER

Confidential and proprietary information. The contents hereof may not be reproduced or disseminated without the express written permission of ReSolve Asset Management Inc. (“ReResolve”). These materials do not purport to be exhaustive and although the particulars contained herein were obtained from sources ReResolve believes are reliable, ReResolve does not guarantee their accuracy or completeness.

This document is intended exclusively for accredited investors (as defined in National Instrument 45-106 – Prospectus Exemptions) and is being delivered to prospective investors on a confidential basis so that they may consider an investment in the ReResolve Osprey Fund. This document does not purport to be exhaustive or to contain all the information that a prospective investor may desire in investigating any investment opportunity. These materials are for preliminary discussion only and may not be relied upon for making any investment decision. Rather, prospective investors should review the Offering Memorandum (OM) and rely on their own independent investigation of the fund. In the event that any of the terms of this presentation are inconsistent with or contrary to the fund’s OM, the OM and account opening documents shall prevail.

ReResolve is registered as an Investment Fund Manager in Ontario, Quebec and Newfoundland and Labrador, and as a Portfolio Manager and Exempt Market Dealer in Ontario, Alberta, British Columbia and Newfoundland and Labrador. ReResolve is also registered as a Commodity Trading Manager in Ontario and Derivatives Portfolio Manager in Quebec. Additionally, ReResolve is a Registered Investment Adviser with the SEC. ReResolve is also registered with the Commodity Futures Trading Commission as a Commodity Trading Advisor. This registration is administered through the National Futures Association (“NFA”). Certain of ReResolve’s employees are registered with the NFA as Principals and/or Associated Persons of ReResolve if necessary or appropriate to perform their responsibilities. ReResolve has claimed an exemption under CFTC Rule 4.7 which exempts ReResolve from certain part 4 requirements with respect to offerings to qualified eligible persons in the U.S.

ReResolve Asset Management SEZC (Cayman) (“ReResolve Global”). ReResolve Global is registered with the Commodity Futures Trading Commission as a Commodity Trading Advisor and a Commodity Pool Operator. This registration is administered through the National Futures Association (“NFA”). Further, ReResolve Global is a registered person with the Cayman Islands Monetary Authority. ReResolve Global is a sub-advisor to the strategy. ReResolve Global has claimed an exemption under CFTC Rule 4.7 which exempts ReResolve from certain part 4 requirements with respect to offerings to qualified eligible persons in the U.S.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

Any fund units will be issued under exemptions from the prospectus requirements of applicable securities laws and will be subject to certain resale restrictions. Neither the Securities and Exchange Commission nor the National Futures Association nor the Ontario Securities Commission nor any other securities regulatory authority of any jurisdiction has passed upon the accuracy or adequacy of this presentation, and any representation to the contrary is unlawful. This presentation does not constitute an offer to sell or a solicitation of interest to purchase any securities or investment advisory services in any jurisdiction in which such offer or solicitation is not authorized.

Forward-Looking Information. This presentation may contain forward-looking information. Because such forward-looking information involves risks and uncertainties, actual results of the funds or accounts may differ materially from any expectations, projections or predictions made or implicated in such forward-looking information. Prospective investors are therefore cautioned not to place undue reliance on such forward-looking statements. In addition, in considering any prior performance information contained in this presentation, prospective investors should bear in mind that past results are not necessarily indicative of future results, and there can be no assurance that the funds or any account will achieve results comparable to those discussed in this presentation. This presentation speaks as of the date hereof and neither ReResolve nor any affiliate or representative thereof assumes any obligation to provide any recipient of this presentation with subsequent revisions or updates to any historical or forward-looking information contained in this presentation to reflect the occurrence of events and/or changes in circumstances after the date hereof.

General information regarding hypothetical performance and simulated results. Past results are not necessarily indicative of future results. It is expected that the simulated performance will periodically change as a function of both refinements to our simulation methodology and the underlying market data. These results are based on simulated or hypothetical performance results that have certain inherent limitations. Unlike the results in an actual performance record, these results do not represent actual trading. Also, because these trades have not actually been executed, these results may have under- or over-compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated or hypothetical trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account or fund will or is likely to achieve profits or losses similar to those being shown. The results do not include other costs of managing a portfolio (such as custodial fees, legal, auditing, administrative or other professional fees). The information in this presentation has not been reviewed or audited by an independent accountant or other independent testing firm. More detailed information regarding the manner in which the charts were calculated is available on request. Any actual fund or account that ReResolve manages will invest in different economic conditions, during periods with different volatility and in different securities than those incorporated in the hypothetical performance charts shown. There is no representation that any fund or account will perform as the hypothetical or other performance charts indicate.