

December 2018

Elixir News



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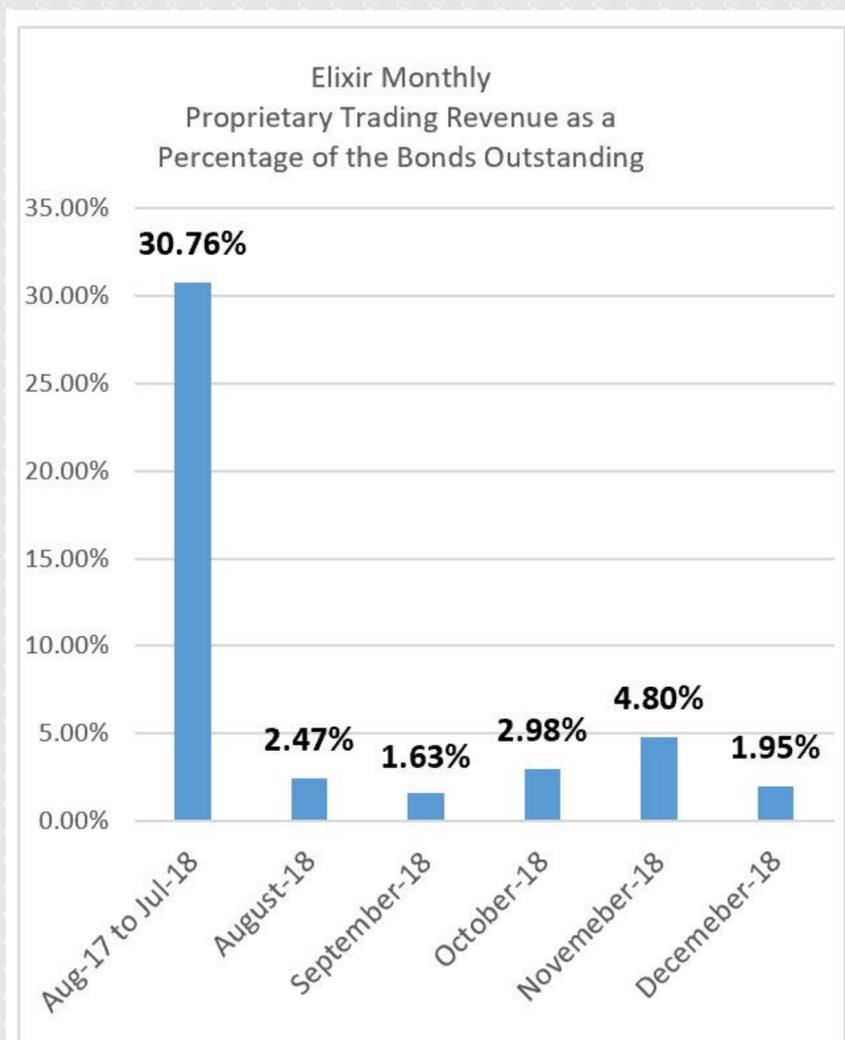


Hi, everyone,

I trust you are doing well. The month of December and the crossover to 2019 were somewhat quiet for Eve and me. We stayed in Vancouver and worked every day to make sure Elixir started off on a high note for the new year.

For me, one of the highlights for December was the fact that I entered the draw for the “Knee Knacking North Shore Trail Run”. This year’s competition will be held on July 13th, 2019. The “Knee Knacker Run” is a 48-kilometer foot race along the Baden-Powell Centennial Trail from Horseshoe Bay to Deep Cove. As of today, 438 people have registered but only 270 will be accepted. While I wait to become one of the “lucky 270”, I’ve started training. If you’re interested in joining my training hikes and other physical activities (i.e., swimming and cycling) from time to time, please reach out. I’d be happy to put you on my invite list.

Elixir December 2018 Performance Update



Elixir’s December 2018 realized proprietary trading revenue as a percentage of bond outstanding ended at 1.95%. The total December revenue, including revenue from SAAS (software as a service), was 1.99% of bond outstanding. As of market close on January 11th, 2019, 6.4% of Elixir’s balance sheet was in an unrealized drawdown position.

Trading revenue was slightly lower than our target of 2% per month. Two main factors caused this. First, December had shorter trading days due to holiday-related market closures and the mourning of President Bush Senior. Second, non-safe-haven assets dropped in value during the second half of the month, with hardly any counter-movements. As a result, our software was mostly buying and hardly taking any quick counter-profits.

The situation quickly reversed. At the beginning of January, the capital markets (including all currencies and commodities except the USD) have been a one-way street up. We have taken profit from almost all our at-risk assets. At the time this update was written on January 11th, 2019, we were sitting on the largest cash balance in Elixir’s history, which explained our lower-than-usual unrealized drawdown on the same date. For an in-depth explanation of our “unrealized drawdown,” also known as “unrealized loss” on financial statements, please see page 5 of the November issue of Elixir News. (<http://elixirofincome.com/docs/Elixir-November-2018-Newsletter.pdf>)

On a separate topic, a year ago, in our December 2017 issue of Elixir News, we published a Bitcoin article that predicted the fall of this cryptocurrency. Since then, Bitcoin has lost 85% of its value and was priced at \$3,606 at the close of market on January 11th, 2019. Those who are interested can view the article through this link: <http://elixirofincome.com/docs/Elixir-Dec-2017-Newsletter.pdf> (Page 5)



Company Update

In December 2018, we were busy making progress in three main areas:

1. We recruited two new full-time staff members. Our programmer consultant, Pouya Sarang, has accepted the offer to join Elixir as a full-time staff member. Under my lead, Pouya will continue focusing on our technology development. In addition, Andrea Li came on board as an executive assistant. She will assist Eve in the operations department. Both Pouya and Andrea are now fully integrated and working full-time at our campus in Burnaby.

2. We finished compiling all the information necessary to produce our 2018 year-end financial statements. Materials were handed off to our independent CPA during the first week of January. The 2018 Financial Statement should be ready before the end of January. Preparation for RRSP eligibility status is on track. We will create separate press releases when RRSP eligible status is granted as well as when our 2018 Financial Statement is ready.

3. We have fully automated our Elixir Risk Algorithms through the use of ElixirTech 3.0. The software is an automated research analysis tool programmed to calculate the material risks of every major foreign exchange pair and commodity at the end of each trading day. During the next phase of development, we will adapt the software to calculate the risks in US bonds and the stock market.

Our plan was to start publishing, in this company update, the results of our Elixir Risk Algorithms. However, one material event is delaying our launch: the ongoing US government shutdown. A large portion of our global data relies on economic and financial reporting statistics we receive from the US government. With the current shutdown, the weekly "Commitment of Traders Report" has been suspended.

In the next update, we look forward to providing this full report to our readers for the first time.

Elixir's goal is to create the best-in-class, machine-driven research in the area of commodities and global currencies. Currently, not much research is available in this particular space. Therefore, while we are using our research results internally as a guidepost for our trading, once we work out a clear delivery path, we would consider selling those results so that Elixir will have an additional income stream. Elixir shareholders will always have access to this research at no cost.

In addition to the data-driven research, we have plans to produce ground research reports on five new countries. I will be travelling to Europe twice this year to assess the economic situations in Sweden, Norway, Hungary, Poland and the Czech Republic. These five countries could be added to our trading portfolio, creating more revenue opportunities and diversification.

Important Announcement

Elixir's share price had increased to \$50 per share as of January 8th, 2019. We currently have 55 shareholders.

Since the beginning of 2019, I have been posting one short market commentary on LinkedIn every day. We are in the process of rebranding and reconstructing our website, on which these daily commentaries will eventually be made available. For now, I encourage you to connect with me on LinkedIn ([linkedin.com/in/mcnarland](https://www.linkedin.com/in/mcnarland)) to view these posts.

Sincerely,

William McNarland,
Elixir Income Inc.
CEO & Chairman of the Board