

February 2019

Elixir News



CREATING INCOME FOR EVERYDAY PEOPLE BY USING TECHNOLOGY
TO HARVEST VOLATILITY.





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BURNABY, BC
ELIXIROFINCOME.COM

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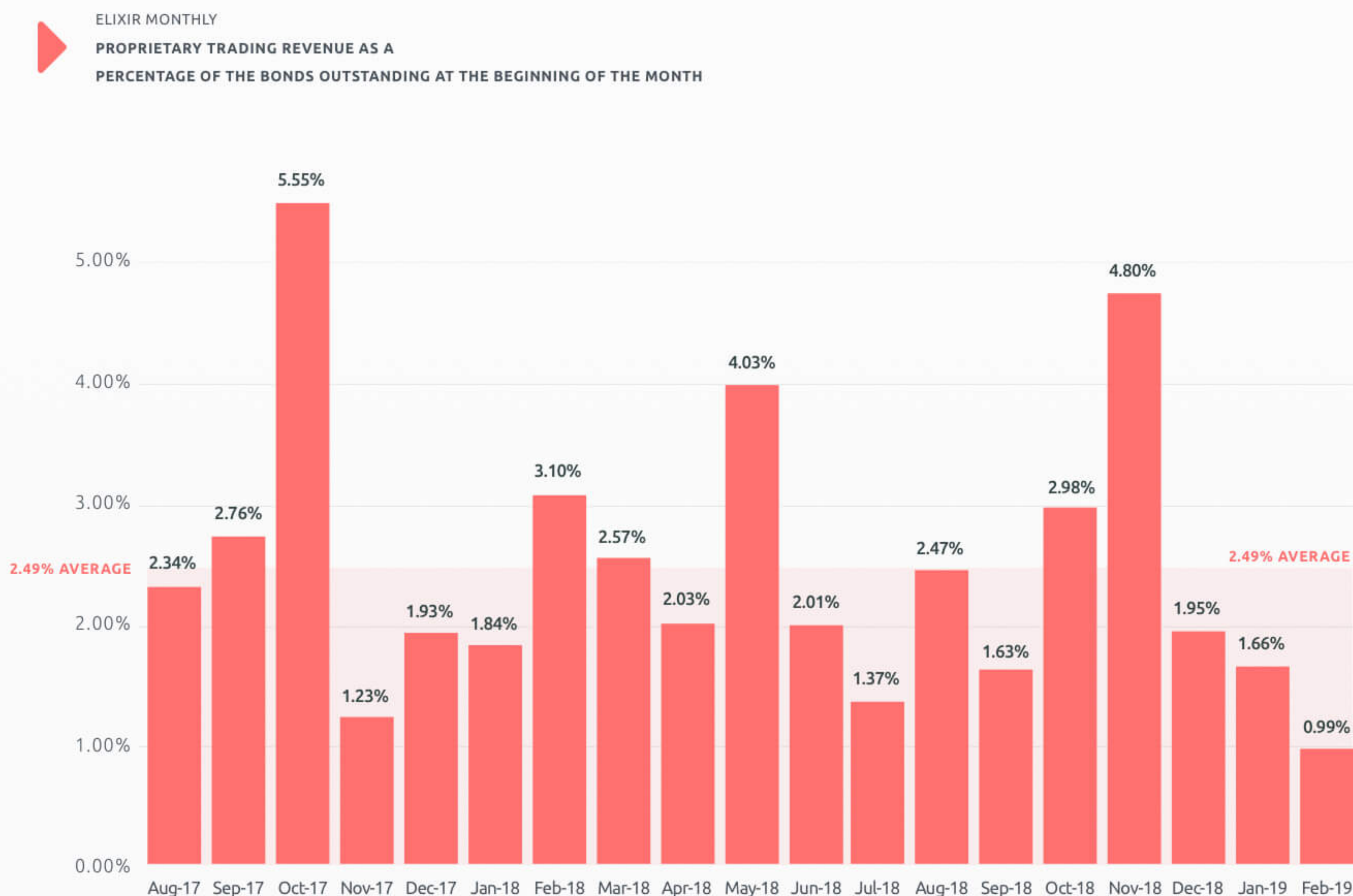
Hi, everyone,

I trust February was a good month for you.

In this issue of Elixir News, before I draw your attention to several exciting updates and announcements, I would like to provide some insight into our February trading performance. At Elixir, we experienced our worst performance since inception, earning a realized revenue return of only 0.99% in February.

I devote a large portion of my writing to this subject; I hope that you will find my explanation to be rational. In addition to the regular performance report, we will provide an update about our re-branding project, as well as a brief piece about our newest team member, Bayan Knight. Lastly, we will talk about our first shareholder's AGM on April 2 in Burnaby. An open AGM invitation will be issued to everyone on our email list; more information is available at the end of this newsletter.

Creating income for everyday people by using technology to harvest volatility.





February 2019 Market Observation & Elixir Trading Performance

The capital market has been extra crazy since the end of last year. In December 2018, market sentiment indicated tremendous fear in the capital market. However, since the start of the new year, investors have been more positive for no good reason. As a result of this strong bullish outlook, the market took an upward trend in January. While we expected volatility (some corrections) in February, we under-estimated the buying power of irrational bullish investors.

Consequently, in February, the currencies in which we consider investing (such as the Hungarian Forint, the Polish Złoty, the Mexican Peso and the South African Rand) have been too expensive to purchase. The Turkish Lira has even strengthened significantly in value. The situation is the same with all the commodities we trade.

Typically, when this happens, "safe assets" such as the Japanese yen and US bonds drop in value. However, that didn't occur in February. I believe that a number of sophisticated/rational investors share our concern about "market overconfidence" and have consequently been stocking up on these "safe assets". Their demand has caused these "safe assets" to maintain a high price level.

As a result, since February, few compelling low-priced assets have been available for Elixir. Most of the capital sat on cash and did not produce income.

Currently, we are using about 0.5 times leverage with net leverage close to zero. Net leverage means investments less Japanese yen and US bonds. Some may suggest raising leverage to increase revenue. However, we decided not to do this and to instead sit on cash for the following reason:

We are very concerned about an upcoming recession. We are in the second longest economic period in history and the world has more leverage now than it has had at any other point in the past. I am concerned that the next recession may be worse than the one in 2008.

From a risk management standpoint, it's better to be content with our modest gains than to put our principal at risk by using leverage. At Elixir, our priority is protecting our principal. With a recession coming, it makes even more sense to hold onto cash, not only to protect our principal but to also ensure that money is available to buy cheap assets when the market crashes.

In addition to high asset prices, we found that low market volatility affected our performance in February. Volatility in February was below historical norms, which reduced our income opportunities.

If we did not have our automated trading technology, our performance would have been close to zero. The only reason we were able to produce these modest returns in February was that our software was picking up pennies 24/7 in this relatively calm market.

I hope my rationale is clear and satisfactory. Given the "unknown" amount of leverage available in the market, it is difficult to predict when the irrational investors will run out of money. However, I am certain about one thing: Whether it takes a year, six months, or even a few weeks, the next "Big One" is coming. Even if it happens tomorrow, we are ready for it and will have plenty of opportunities to make money at that time. Elixir always does well when the market experiences turbulence, as we proved in February and November 2018.



Elixir Re-Branding Project

We are pleased to announce that the first phase of our re-branding project is complete! You may now register at www.elixirofincome.com to gain access to our web-based confidential deck and website. The interactive deck covers all aspects of Elixir in detail, including the company's financial positions. It also offers five short demo videos about each of our proprietary software products.

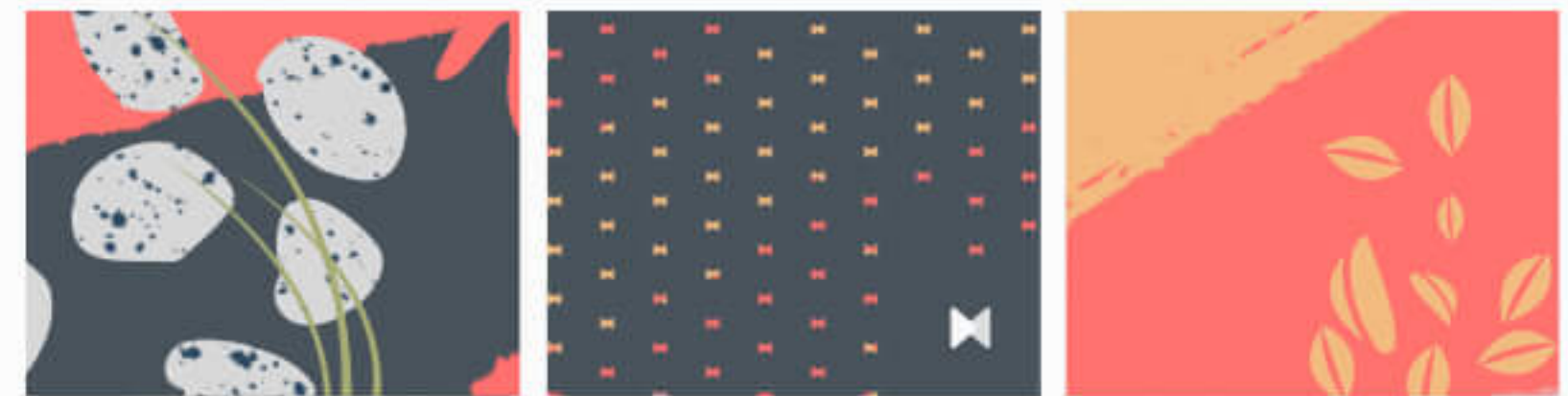
Jason Atakhanov, principal of Setsail (www.yousetsail.com), says, "We had a blast working on the Elixir project. To make it clear that Elixir stands for true value instead of speculative hype, we avoided the conceited look of traditional financial companies and the tech-heavy look of modern Fintech companies. The branding instead was inspired by the works of great expressionists such as Henri Matisse and Raoul Dufy.

Taking the length of deck content into consideration, it was clear to us at the beginning that an interactive approach is absolutely necessary to help the reader to follow along and understand easily."

We are very happy with Setsail's design work and believe that the new branding and marketing material has achieved our objective of offering "a clear and sophisticated reflection of Elixir's values and what we do as a company."

In addition to the new deck, today, as you read this newsletter, the Setsail team is shooting our corporate video. The short film is the "Manifesto of Elixir". We are very much looking forward to its completion and to its debut in front of our shareholders during the upcoming AGM.

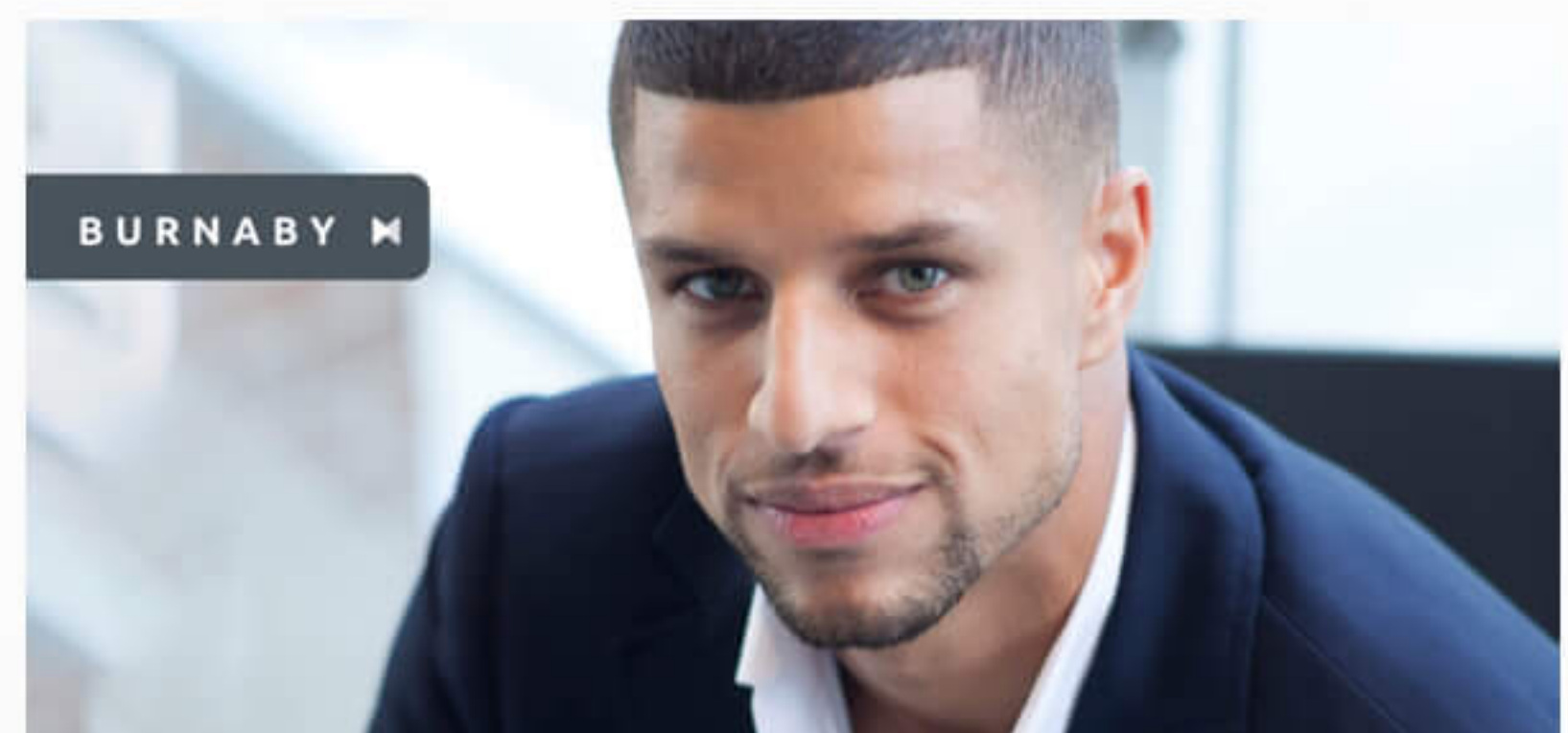
SETSAIL



New Member of Elixir Team, Bayan Knight

We would like to welcome Bayan Knight to the Elixir team as Senior Vice-President, Business Development. Bayan will be working full-time alongside me. He will focus on promoting Elixir's software as a service to institutional groups, family offices and portfolio managers globally.

Bayan is passionate about finance and sales. He has a Bachelor of Commerce degree in Finance from the University of Alberta and previously held multiple senior positions in private equity, capital markets and investment banking, focusing on corporate development, due diligence, mergers and acquisitions, and deal origination. He has also served as a transactional lead on a few restructuring projects.



Since 2007, Bayan has been a licensed expert in residential/commercial property investments in Alberta and British Columbia. As the principal of a leading real estate sales team, he has developed expertise in CRM management and sales, with an impressive track record. Bayan is fluent in English, French and Farsi.

Bayan was one of Elixir's earliest shareholders and promoters. We are thrilled that he is a member of the team!

2019 Shareholders AGM

Elixir's 2019 Shareholders AGM will take place on Tuesday, April 2, 2019 in Burnaby. All shareholders are invited. Additionally, we are extending invitations to everyone on our email list. This will be a great opportunity for people who are interested in Elixir to learn more about our company and meet our directors and staff members. If you are interested in joining us in person, please RSVP (by clicking on the following invitation) before March 20 to reserve your seat.



2019 Annual General Meeting and Special Meeting of Shareholders of Elixir Income Inc.

TUESDAY, APRIL 2, 2019 AT 1:00 P.M. PST

Horizons Restaurant

100 Centennial Way, Burnaby, BC V5A 2X9, Canada

Program

11:30 - 12:00 P.M.	Registration
12:00 – 1:00 P.M.	Pre-AGM plated lunch
1:00 – 2:30 P.M.	Annual General Meeting
2:30 – 3:00 P.M.	Q&A and general networking

Other ways to join

Telephone: 866-489-4205

Webinar at uberconference.com/elixirofincome

RSVP before March 20 to reserve your seat

bit.ly/elixirAGM2019

This concludes our February update. Please feel free to reach out at any time. If you are planning on attending the AGM, we look forward to seeing you on April 2nd!

Sincerely,

William McNarland, CFA

Elixir Income Inc.

Chairman of the Board & CEO