



Accredited Investors Only

Pendragon: Blockchain

September 2017

Blockchain is a digital decentralized system and a transparent distributed ledger, which everyone in a network can see. It facilitates the implementation and recording of transactions significantly reducing transaction costs. Blockchain has been responsible for disrupting what economists refer to as “rents that traditional middlemen get from facilitating traditional analogue transactions” and has contributed to a reduction of both time and money of transaction costs.

Simply put, any transaction in the old economy that requires an intermediary (to complete the transaction) has the potential of disruption. Industries that contain a high number of intermediaries are ripe for upheaval. As more decentralized networks become marketplaces the global economy will be transformed and will create a massive shift in wealth.

In a Blockchain network, it is the network that establishes trust, verifies identity, clears transactions and records transactions in a distributed public ledger that is transparent and secure. It is the notion of a shared digital public ledger that is rewiring the global economy, from analogue (opaque) to digital (transparent) and reducing the time and capital needed to complete basic transactions.

Blockchain enables what we refer to as the “Internet of Value”. What if value could be exchanged as quickly and as cheaply as information? Information moves around the world instantly with a very low transaction cost. The problem for decades has been “How do you transfer value in a digital world?” Early

in the internet’s evolution, researchers could not solve what they referred to as the “double payment problem”. Blockchain finally solves this problem. The “double payment problem” solution lies in cryptography, the art of writing or solving mathematical codes for secure communication in the presence of a third party referred to as an adversary.

Through a process referred to as mining, Blockchain ensures that property rights are transferable. When a transfer is made everyone in the network knows about it - including who now owns the property right. The verification process is key, participants in the network are motivated to solve a mathematical problem, the first one to solve the problem is compensated with a portion of cryptocurrency (e.g. Bitcoin).

This is an over simplification of the process, but for our purposes it illustrates that the process of our global economy is slowly beginning to evolve from an analogue world to a digital world. It took farmers over 40 years to replace the horse with the tractor in our economy. With Blockchain we are entering a regime that is substantially larger than the mania we experienced when just the internet of information was upon us.

Dr. James E. Thorne
Chief Capital Market Strategist
& Senior Portfolio Manager

Pendragon Fund

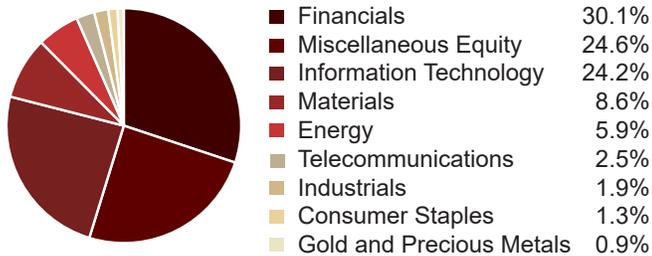
As at September 30, 2017

Top Ten Holdings

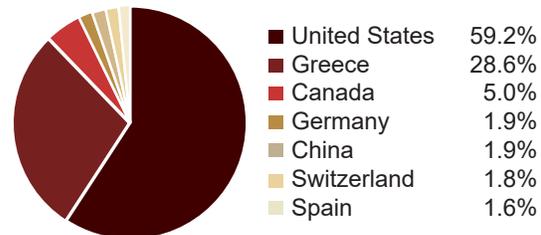
FANNIE MAE
FANNIE MAE PREFERRED SHARES
FREDDIE MAC
GLOBAL X MSCI GREECE ETF
CITIGROUP

NVIDIA CORP.
BROADCOM LTD.
NATIONAL BANK OF GREECE
ALPHA BANK
AMAZON

Sector Weights



Geographic Weights



Please contact us if you would like an updated holdings sheet.

Pendragon FundSERV Codes: CWF1400 | CWF1401

Inception Date	September 15, 2016	Manager	Caldwell Investment Management Ltd.
Subscriptions	Monthly	Eligibility	RRSP, RRIF, DPSP, DSP, RESP, TFSA
Liquidity	Monthly Redemption (5 business days notice)	Auditors	Deloitte LLP
Currency	CAD	Custodian	Caldwell Securities Ltd.
Minimum Investment	\$10,000 (Builders Class) \$25,000 (Investors Class)	Legal	McCarthy Tetrault LLP
		Administrator	SGGG Financial Services Inc.

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