

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned -1.56% in the month of June (USD Institutional A Founder Class).

Investment Objective & Strategy

The Ronit Global Opportunities UCITS Fund seeks long term absolute returns in global opportunities by trading a fundamental, bottom-up strategy with macro overlays, to capitalize on Global Opportunities (long-short strategy) with a focus on Emerging Markets and the European periphery. The investment strategy will only invest across a liquid capital structure and is expected to have an equity bias over time. The team believe that fundamental research coupled with a sensible understanding of the risk/reward and idiosyncratic risks can generate attractive returns over time and across market cycles.

Monthly Commentary

The month of June was shaped by the continuation of similar trends seen in May, as Emerging Market assets suffered from the combination of increased trade tension between the US and China and the liquidity impact of a stronger dollar environment. Investor funds' flows into international funds have turned quickly into material outflows. This reversal across asset classes explains the extent of the sell-off, which was more material than any fundamental deterioration would otherwise have warranted.

The performance divergence across regions that we highlighted recently continued, as has the market's tendency to be more sensitive to noisy daily news (both economic and political) than trends that unfold over the medium-term. We believe this divergence – coupled with that same unwillingness to observe slower moving but material trends – creates inviting opportunities, though with a higher short term volatility that can often be frustrating.

A few months ago, we noted that the stability of the Chinese currency presented an interesting anomaly which we believed would be adjusted at some point this year. The month of June saw the beginning of what for the moment appears to be a gradual but deliberate weakening of the currency by the Chinese authorities. It is possible that this is a just a catch up to the general Emerging Markets currency trends, or a discreet attempt to sway trade negotiations with the US. Either way, we view this as a pertinent development that should guide the way we think about risk in China, as well as for the global economy and asset prices. The move might still be modest compared to the other currencies, but it was certainly noticeable.

More specifically the weakness in assets across Emerging Markets was broad-based and for the first time also started to impact the Asian region. The weakness which had previously been focused in Latin America, is now evident in Asia, driven by trade disputes and the weakness of the Chinese currency.

As is usually the case, poor performance across asset classes and the debate as to the impact of the new dollar regime translated into an urgent retraction of capital, with outflows hitting cycle highs in absolute terms by the end of the month. Emerging Market equity and fixed income funds saw outflows each week of the month of June as international funds were recirculated back into the US.

Position Update

Among our largest losers were some of our core positions in Brazil, including our transmission utility positions and an insurance company. As we mentioned in the first part of the letter, apart from certain macro developments, there was limited name-specific news. Siemens Gamesa, one of the leading Emerging Markets wind turbine manufacturer, was also weak as investors worried about the potential impact of Emerging Market turbulence on their pipeline of projects and cost structure. We remain confident of our thesis and believe the market reaction was inordinate.

On the positive side, our short positions in the two major banks in Argentina were successful as the country was forced to hike twice and go to the IMF to stabilise their currency. We have believed for some time that Argentine assets were being supported by an anticipated change in economic outlook that was all but impossible to achieve even before the global liquidity environment got more challenging. The sell-off has corrected some of the over-valuation in these securities but we still believe they remain expensive and have retained our shorts.

On the credit side our two core positions, Petrobras and Cemig Generation bonds, were weak during the month as a combination of lingering concerns from May about the profitability of Petrobras in particular and more general anxiety over outflows in Emerging Market bond funds led to a general widening across these credits.

Portfolio-wide we have continued to take our gross down and have modestly increased concentration of our core conviction positions across the equity and credit space. We retain significant optionality in the portfolio and believe we are very well positioned to take advantage of the changing environment over the next few months. In particular the position of being long credits in Emerging Markets that have already materially repriced against the excessively tightened credits in the European periphery where credit curves are still being shaped by ECB policy represents one of the best risk-rewards we have seen in some time. We will be sharing some additional thoughts on that thesis with you very soon in a different communication.

Ronit Global Opportunities UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2018	4.39%	1.71%	-0.17%	-3.28%	-2.92%	-1.56%							-2.04%
2017	0.82%	0.03%	0.00%	-0.19%	0.04%	-6.05%	3.88%	2.08%	0.52%	-1.52%	-3.08%	0.94%	-2.84%
2016												0.04%	0.04%

The performance figures quoted above represent the performance of the USD Institutional Founder A Share Class in the Ronit Global Opportunities UCITS Fund since launch on 5th December 2016. These performance figures refer to the past and past performance is not a reliable guide to future performance.

Ronit Global Opportunities Master Fund LTD Performance (Non-UCITS)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2016	1.06%	-3.30%	7.90%	2.08%	-4.31%	1.70%	3.53%	1.02%	-1.62%	2.29%	-2.34%		7.67%
2015	-3.81%	4.35%	-4.67%	4.68%	-2.74%	-4.60%	-1.65%	5.55%	1.17%	0.46%	2.91%	-2.25%	-1.36%
2014	-1.87%	1.17%	3.98%	2.65%	-1.22%	3.46%	4.82%	-0.97%	-0.49%	-3.39%	-0.30%	0.36%	8.13%
2013						0.2%	1.4%	-1.1%	2.1%	4.2%	-0.1%	-0.08%	6.67%

The performance figures quoted above represent the performance of the Ronit Global Opportunities Master Fund LTD since launch on 1st June 2013 and not the Ronit Global Opportunities UCITS Fund. UCITS Funds have to abide by investment restrictions and consequently the performance of the Ronit Global Opportunities UCITS Fund may not be similar to that presented above. These performance figures refer to the past and past performance is not a reliable guide to future performance.

THE MANAGER

RONIT | CAPITAL

Edward Misrahi (Founding Partner and CIO)

Prior to starting Ronit, Edward was a founding partner of Eton Park in 2004 and subsequently managed public and private Emerging Market and European investments for the firm over the next eight years.

Edward worked for Goldman Sachs & Co., becoming a partner in 2000, where his role included Financial Analyst in Structured Finance, Member of Equities Arbitrage Group, Member of Global Emerging Markets Committee and Co-Head of Latin America for the Firm.

Luis Arenzana (Founding Partner)

Luis was Founding Partner and Portfolio Manager of Shelter Island Capital Management (2003-2013). Here he managed a European Event-Driven Strategy. From 2010 he also managed the Shelter Island Total Return Fund (a Long-Short Equity & Credit Mandate).

From 2008 onwards he also offered advisory services to institutional clients investing in Spain. Prior to founding Shelter Island, Luis was an Executive Director at Orchard Capital Advisors (2001-2003) – here he worked as a Senior Analyst for the European Long-Short Equity Strategy.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Weekly
Fund AUM	\$24m
Strategy AUM	\$182 million
Inception	5 th December 2016
Share Class	Institutional/Institutional Founder
Currency	EUR/USD/GBP
Mgt. Fee	1.75%/1.5%
Perf. Fee	17.50%/15%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BD87RV38/IE00BD87S431 USD: IE00BD87RX51/IE00BD87S654 GBP: IE00BD87RW45/IE00BD87S548
Share Class	Institutional A Founder/Retail Pooled
Currency	EUR/USD/GBP
Mgt. Fee	1.2%/2%
Perf. Fee	15%/20%
Min Init. Sub.	10,000,000/10,000
ISIN Codes	EUR: IE00BD8BVG80/IE00BD87SM12 USD: IE00BD87RT16/IE00BD87S878 GBP: IE00BD8BVH97/IE00BD87S761

Top 5 Positions (Exposure as % of NAV)

Top 5 Equity Long		Top Corporate Credit Long		Top 5 Equity Short	
CIA DE TRANSMISSAO	7.95%	PETROBRAS	9.09%	Undisclosed – Financials (United States)	2.53%
TRANSMISSORA ALIANCA	5.85%	CEMIG GERACAO E TRANSM	6.55%	Undisclosed – Financials (Portugal)	2.30%
SIEMENS GAMESA RENEWABLE	4.95%	ITAU UNIBANCO HLDG	3.89%	Undisclosed – Financials (Spain)	2.20%
CIA ENERGETICA DE	4.80%			Undisclosed – Financials (Germany)	1.45%
BOLSA MEXICANA DE VALORES SA	4.60%			Undisclosed – Financials (Argentina)	1.16%

Top P&L Contributors (Ex-Hedges and CDS)

Positive			Negative		
	Strategy	%		Strategy	%
Undisclosed – Financials (Argentina)	Equity Short	0.36%	CIA DE TRANSMISSAO DE ENE	Equity Long	-0.66%
Undisclosed – Financials (Argentina)	Equity Short	0.30%	SIEMENS GAMESA RENEWABLE	Equity Long	-0.56%
INDUSTRIA DE DISENO TEXTIL	Equity Long	0.23%	BB SEGURIDADE PARTICIPACOES	Equity Long	-0.55%
EMBRAER SA	Equity Long	0.19%	58.COM INC	Equity Long	-0.44%
Undisclosed – Financials (United States)	Equity Short	0.19%	BANCO DO BRASIL S.A.	Equity Long	-0.42%

Exposures (% of NAV)

By Country					Equity Exposures By Instrument (Delta Adjusted)					Credit Exposures				
	Long	Short	Net	Gross		Long	Short	Net	Gross		Long	Short	Net	Gross
Brazil	46.95%	0.00%	46.95%	46.95%	Equity & Single Name Options	50.85%	-22.78%	28.07%	73.63%	Corporate Credit	23.00%	-2.54%	20.46%	25.54%
Germany	26.67%	-1.45%	25.22%	28.12%	Option & Index Hedges	0.46%	-33.20%	-32.74%	33.66%	Sovereign Credit	26.67%	0.00%	26.67%	26.67%
Mexico	8.93%	0.00%	8.93%	8.93%	Total	51.31%	-55.98%	-4.66%	107.29%	Total	49.67%	-2.54%	47.13%	52.21%
Spain	4.95%	-2.20%	2.75%	7.15%	Option Premium (MTM)	1 Bps	-9 Bps	-8 Bps	10 Bps	Sovereign Credit DV01	€0.2k	€0	€0.2k	€0.2k
Russian Federation	5.50%	0.00%	5.50%	5.50%	By Sector					Corporate Credit DV01	€3.6k	€0	€3.6k	€3.6k
Poland	4.12%	-0.82%	3.30%	4.94%		Long	Short	Net	Gross	CDS PV	0.68%	-2.54%	-1.86%	3.22%
China	2.73%	-1.18%	1.55%	3.91%	Financials	20.37%	-11.19%	9.18%	31.57%	By Market Cap (Equities only)				
Portugal	0.00%	-2.80%	-2.80%	2.80%	Utilities	26.37%	-0.49%	25.87%	26.86%		Long	Short	Net	Gross
United States	0.00%	-2.53%	-2.53%	2.53%	Sovereign	26.67%	0.00%	26.67%	26.67%	> 10 Billion \$	9.56%	-51.78%	-42.22%	61.34%
Argentina	0.00%	-1.89%	-1.89%	1.89%	Energy	14.04%	0.00%	14.04%	14.04%	5 - 10 Billion \$	11.68%	-3.46%	8.22%	15.15%
Switzerland	0.00%	-0.84%	-0.84%	0.84%	Telecommunications	10.85%	0.00%	10.85%	10.85%	2 - 5 Billion \$	24.26%	-0.73%	23.53%	25.00%
France	0.00%	-0.83%	-0.83%	0.83%	Consumer	0.00%	-3.18%	-3.18%	3.18%	< 2 Billion \$	5.81%	0.00%	5.81%	5.81%
Italy	0.00%	-0.33%	-0.33%	0.33%	Industrial	1.54%	0.00%	1.54%	1.54%	Total	51.31%	-55.98%	-4.66%	107.29%
General Hedges	1.14%	-43.65%	-42.51%	44.80%	Developed Market Overlays	1.14%	-43.65%	-42.51%	44.80%					
Total	100.98%	-58.52%	42.47%	159.50%	Total	100.98%	-58.52%	42.47%	159.50%					

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