

FACTSHEET

Performance Returns

The Ronit Global Opportunities UCITS Fund returned 2.86% in the month of July (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

Although July was generally a good month for risk assets, it was the first time in a matter of months that certain established trends in asset prices were brought into question. An otherwise strong global earnings season was punctuated by disappointing releases, reigniting the debate as to whether momentum trends may be beginning to stall. While there is no question that particular securities traded in the second half of July as if some of these trends were indeed faltering, it remains to be seen if we are really in the middle of a general shift in style. These days one can see material and apparently significant moves, driven by flows and positioning, quickly and decisively reversed without any real drag on momentum.

July also demonstrated how global markets (excluding China) continue to digest trade fears with ease. The moderation of US/European tensions relieved pressure across a range of sectors, whilst US/Chinese trade-war rhetoric was waved away in US markets as preambles to a more serious and considered period of negotiation. Indeed, markets are showing greater tolerance than ever before for the kind of brinkmanship that President Trump enshrined in his magnum opus, The Art of the Deal. Interestingly, Chinese markets have not shared this optimism despite the fact that Trump's manifesto has been available in mandarin translation for years. In any case, a number of key Asian stocks are going down because of en masse regional outflows, which has opened interesting opportunities. Accordingly, we have added a few new names in the portfolio where attractive entry points have been created by these macro-driven flows. We will elaborate further on these portfolio holdings in future letters.

July also saw a relief rally in financials in developed countries as news flow from the US reinforced the view that the era of accommodative central bank policy is approaching its end, bringing higher rates that should bolster the net income statements for both US and European banks. Although such bouts of enthusiasm are normal, we struggle to see how banks - particularly in Europe - will escape what has been a profoundly depressed earnings environment where competition, financial dis-intermediation and the effects of QE on corporate credit spreads continue to impact profitability targets.

In Latin America, we were reminded of just how capricious market sentiment can be as concerns over Mexican presidential front-runner Lopez Obrador (AMLO) were immediately reversed with his election. Whether that reaction was due to excessively negative expectations and positioning or the more conciliatory tone AMLO has taken since his campaign concluded, is hard to know. Taking a long view, AMLO's agenda presents a more challenging outlook to the credit story in Mexico as well as for the profitability of many of its sectors. However, for the moment - and since he will not be installed until January 2019 - it still seems to be too early to predict how Mexico will fare under AMLO. All things considered, we are reluctant to join in with the market's new-found exuberance.

Overall, we are witnessing an environment that, as we have repeated on many occasions this year, continues to surmount obstacles with relative ease, propelled by strong economic performance and robust earnings. This has brought with it a tendency for market participants to ignore developing issues until they become critical and, even then, to fall back on growth and central bank looseness to restore a specious sense of confidence. From our point of view, the general outlook is far riskier than prices would suggest, and we are continuing to structure our positions defensively. During July many of these defensive trades (credit, volatility) did not perform especially well, but we continue to think that, just as the end of July saw sudden moves in certain darling stocks, once markets start repricing risk the effects could be drastic. We reiterate that it is important to be positioned appropriately.

Position Update

Many of our Brazilian stocks performed strongly during the month as the Brazilian market partially recovered from the recent sell-off. In particular, positive developments in the run-up to the elections - for example, the Centrao coalition's decision to spurn anti-reform candidate Ciro Gomes - restored some of the confidence that had been lost following the truckers strike and subsequent capital outflows. We are convinced that the correction seen over the last three months was driven by a fixation on selected negative news to the exclusion of more salutary developments. This being so, we remain very upbeat about our positions. We also had good news in Veon, where the company announced the sale of its Italian joint venture to Hutchinson, which will simplify the story behind the company and ameliorate pressures on the holding company balance sheet.

As we have mentioned before, we remain defensively positioned as we continue to look warily at markets that are enamored with earnings while ignoring escalating multiples. In our experience, market shifts can be sudden and drastic, so we believe it is important to structure the portfolio in such a way that is defensive but maintains sufficient flexibility to capitalize on the opportunities opened by any changes in the environment. We have added to our exposure among Chinese names as we are confident the sell-off in Asia Pacific is inordinate, being driven by flow considerations that we believe will abate soon.

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%	2.86%						0.76%
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	\$25m
Strategy AUM	\$172 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	8.07%	PETROBRAS	9.46%	Undisclosed – Financials (United States)	2.44%
TRANSMISSORA ALIANCA	6.32%	CEMIG GERACAO E TRANSM	8.59%	Undisclosed – Financials (Portugal)	2.34%
SIEMENS GAMESA RENEWABLE	5.08%	ITAU UNIBANCO HLDG	3.88%	Undisclosed – Financials (Germany)	1.72%
CIA ENERGETICA DE	4.79%			Undisclosed – Financials (Brazil)	1.09%
BB SEGURIDADE PARTICIPACOES	4.21%			Undisclosed – Financials (Poland)	0.92%

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

Positive			Negative		
Strategy	%		Strategy	%	
VEON LTD	Equity Long	1.06%	PLAY COMMUNICATIONS SA	Equity Long	-0.73%
CIA DE TRANSMISSAO DE ENE	Equity Long	0.70%	Undisclosed – Financials (Germany)	Equity Short	-0.31%
CIA ENERGETICA DE	Equity Long	0.69%	TENCENT HOLDINGS LTD	Equity Long	-0.13%
PETROBRAS GLOBAL FINANCE	Credit Long	0.68%	OHL MEXICO SAB DE CV	Equity Long	-0.12%
TRANSMISSORA ALIANCA DE	Equity Long	0.63%	Undisclosed – Financials (Argentina)	Equity Short	-0.12%

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	50.37%	-1.09%	49.29%	51.46%	Equity & Single Name Options	61.62%	-35.05%	26.57%	96.67%	Corporate Credit	22.37%	-2.71%	19.66%	25.07%
Germany	26.01%	-10.00%	16.01%	36.02%	Option & Index Hedges	2.84%	-31.91%	-29.07%	34.75%	Sovereign Credit	26.01%	-8.29%	17.72%	34.30%
Spain	5.08%	-0.74%	4.34%	5.82%	Total	64.46%	-66.96%	-2.50%	131.42%	Total	48.38%	-10.99%	37.39%	59.38%
Mexico	5.35%	0.00%	5.35%	5.35%	Option Premium (MTM)	9 Bps	-28 Bps	-19 Bps	37 Bps	Sovereign Credit DV01	€0.2k	€0	€0.2k	€0.2k
Russian Federation	5.30%	0.00%	5.30%	5.30%	By Sector					Corporate Credit DV01	€3.3k	€0	€3.3k	€3.3k
United States	2.21%	-2.44%	-0.23%	4.65%	Sovereign	26.01%	-8.29%	17.72%	34.30%	CDS PV	0.44%	-2.71%	-2.27%	3.15%
Poland	3.67%	-0.92%	2.75%	4.59%	Utilities	29.16%	-0.49%	28.67%	29.66%	By Market Cap (Equities only)				
Taiwan	3.74%	0.00%	3.74%	3.74%	Financials	17.62%	-10.23%	7.39%	27.86%	> 10 Billion \$	21.58%	-63.63%	-42.06%	85.21%
China	2.06%	-0.90%	1.17%	2.96%	Energy	14.53%	0.00%	14.53%	14.53%	5 - 10 Billion \$	13.30%	-2.83%	10.46%	16.13%
Portugal	0.00%	-2.84%	-2.84%	2.84%	Telecommunications	9.04%	0.00%	9.04%	9.04%	2 - 5 Billion \$	24.30%	-0.50%	23.81%	24.80%
South Africa	2.45%	0.00%	2.45%	2.45%	Tech & IT	5.95%	0.00%	5.95%	5.95%	< 2 Billion \$	5.29%	0.00%	5.29%	5.29%
Argentina	0.00%	-0.98%	-0.98%	0.98%	Consumer	2.45%	-2.59%	-0.15%	5.04%	Total	64.46%	-66.96%	-2.50%	131.42%
United Kingdom	0.00%	-0.88%	-0.88%	0.88%	Materials	0.00%	-1.62%	-1.62%	1.62%					
Switzerland	0.00%	-0.85%	-0.85%	0.85%	Industrial	1.47%	0.00%	1.47%	1.47%					
Hong Kong	0.00%	-0.74%	-0.74%	0.74%	Developed Market Overlays	6.60%	-54.73%	-48.12%	61.33%					
France	0.00%	-0.54%	-0.54%	0.54%	Total	112.84%	-77.96%	34.89%	190.80%					
Italy	0.00%	-0.30%	-0.30%	0.30%										
General Hedges	6.60%	-54.73%	-48.12%	61.33%										
Total	112.84%	-77.96%	34.89%	190.80%										

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