MontLake Ibex Capital Macro UCITS Fund

Macro

January 2018

FACTSHEET

Performance Returns

The MontLake Ibex Capital Macro UCITS Fund returned -0.62% for the month of January in the USD Institutional Class A share class giving a net return since launch of -1.70%.

Investment Objective & Strategy

The investment objective of the MontLake Ibex Capital Macro UCITS Fund is to provide investors with a positive absolute return in all market conditions. The Fund's returns should not be correlated to major indices and other macro hedge funds with the focus instead on the breadth of the global FX markets.

The Fund will seek to provide an absolute return by identifying and exploiting investment opportunities across currency markets while controlling overall portfolio risk using a highly disciplined investment process.

The investment manager will utilise a diverse set of factors to determine the relative attractiveness of individual currencies and actively take long and short positions in these currencies to achieve the Fund's investment objective. Positions will be extremely liquid and highly transparent.

Monthly Commentary

In January, it became apparent that several, some unexpected, crosswinds were impacting the FX markets. Our experience tells us that these crosswinds are unlikely to stay in balance for long. Therefore we believe this framework means that currencies will be coming into a period of transition that will provide uncorrelated, asymmetric trading opportunities for Ibex Capital to exploit.

One example of these crosswinds has been that an increasingly hawkish FED, expected dollar buying for US Tax driven repatriation, and the start of US "Quantitative Tightening" was not enough to trigger the Dec/Jan dollar rally that we expected. Why? Those drivers were swamped by what we now understand was extremely significant Chinese stealth Quantitative Easing, which was unexpectedly the same size as the ongoing ECB operation. That Chinese QE, which was only apparent upon release and study of the PBOC balance sheet in mid-Jan, had been driving positive sentiment for risky assets and the dollar selling that accompanied the resulting global equity and emerging market rallies. Chart #1 shows the significance of the expansion of PBOC balance sheet that we do not believe is yet fully appreciated by the market. Furthermore, Fed QT has also been running behind schedule (Chart #2).

The bad news is that we were wrong on our positive view of the $. The good news is that despite targeting fund returns of 3.0%-3.5% in Jan on the long $ trade, we lost less than 50bps on our incorrect view. Controlling our risk to control losses and protect gains is a hallmark of the Ibex Capital investment process.

What is a theme to watch? We remain concerned about both Equity and Emerging market buoyancy, but we respect the excess liquidity available from the global central banking community and the dry powder available. We are concerned when we see reports that current, broad EM risk is more than 3 standard deviations from the norm. This is positioning that should occur only 1/6th of 1% of the time. To say the least the EM positioning is extreme, but we await confirmation in our Ibex Capital Matrix for indications of the cessation of inflows before positioning for an EMFX sell-off. We do not want to get in the way of a wall of money, but, should the inflows cease or outflows begin, we are poised at that time to sell those EM currencies with deteriorating fundamental metrics.

UCITS Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2017	-	-	-	-	-	-	-	-	-	-	-	-1.08%	**-1.08%**
2018	-0.62%	-	-	-	-	-	-	-	-	-	-	-	**-0.62%**

The performance figures quoted above represent the performance of the MontLake Ibex Capital Macro UCITS Fund since launch on the 1 December 2017. These performance figures refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance.

THE MANAGER

IBEX CAPITAL

Kevin Connors
CEO
Kevin Connors has over 25 years of financial services experience and is the Chief Executive Officer of Ibex Capital. Prior to co-founding Ibex Capital, Mr. Connors was the Global Head of FX Sales at BoA Merrill Lynch and a Partner at Goldman Sachs as co-Global Head FX Sales. Before this, he was Global Head of Commodity Trading at UBS Corp., Global Head of Metals Trading at Swiss Bank and an FX options trader at O'Connor & Associate.

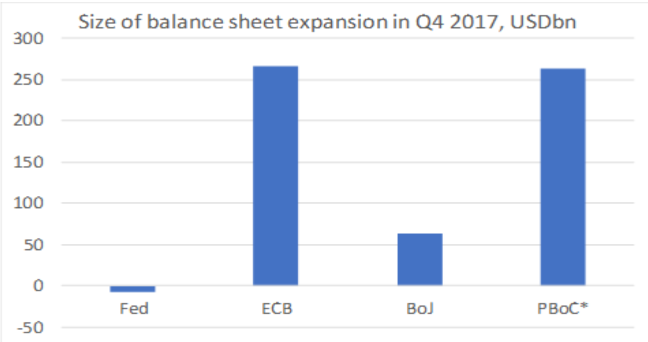
Stephen Hull
CIO
Stephen Hull has over 20 years of financial services experience and is responsible for the portfolio management of Ibex Capital. Prior to co-founding Ibex Capital, Mr. Hull was a portfolio manager at Moore Capital for a macro strategy, he was the global currency advisor at Brevan Howard, Global Head of FX Strategy at Morgan Stanley and Head of Macro Strategy at Lehmans/Nomura. Before this, he was a portfolio manager at Semper Macro and a trader and senior economist at Goldman Sachs.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Liquidity	Daily
Fund AUM	$30.2 million
Inception	1 December 2017
Share Class	**Inst Class A/Inst Class A Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	1.25%
Perf. Fee	15%
Min Init. Sub.	5,000,000
ISIN Codes	EUR: IE00BD9PVH09/IE00BD9PVM51
	USD: IE00BD9PVL45/IE00BD9PVQ99
	CHF: IE00BD9PVK38/IE00BD9PVP82
	GBP: IE00BD9PVJ23/IE00BD9PVN68
Share Class	**Retail Class Pooled**
Currency	EUR/USD/CHF/GBP
Mgt. Fee	2.00%
Perf. Fee	20%
Min Init. Sub.	10,000
ISIN Codes	EUR: IE00BD9PVY73
	USD: IE00BD9PW114
	CHF: IE00BD9PW007
	GBP: IE00BD9PVZ80

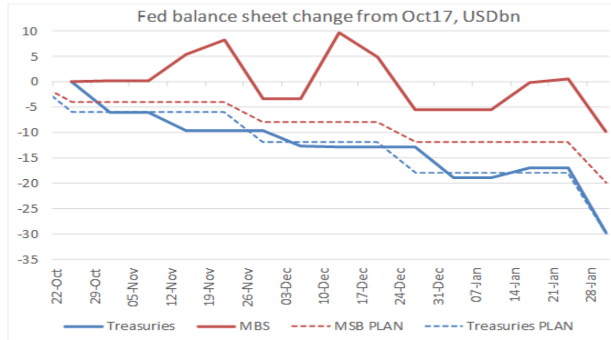
Monthly Commentary - Charts

Chart #1: Expansion of PBOC Balance Sheet



Source:CEIC

Chart #2: FED QT running behind schedule



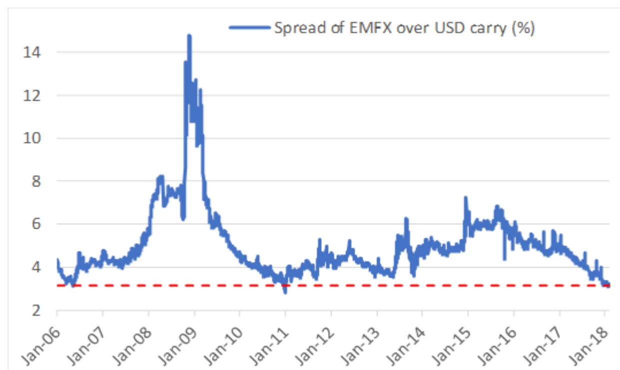
Source:CEIC

What is the theme that has under-delivered? As mentioned above, $ buying to date as a result of the US Tax reform has not moved markets. Timing is unclear, but we still see the possibility of US industrial names selling both SGD (Singapore Dollar) and CHF (Swiss Franc) for repatriation purposes due to their low yields and the preponderance of US foreign subsidiaries in those two countries. To this end, we see this trade more of local currency selling than a broadly strong USD one. We remind readers that the Homeland Investment Act of 2005 was misunderstood by pundits at the time. We expect this will be the case again, but we need to be mindful of timing of the flows for positioning.

What do we see as the outlook? With correlations already changing across asset classes, we are excited about the opportunity set. With real interest rates rising in the US, one might expect the $ to be well supported at some point in the period ahead. However, the growing twin deficits in the US, and the risk-on environment (supported by the ongoing Global Central Bank balance sheet expansion), act as headwinds. Our experience tells us that these crosswinds will not stay in balance for FX. The huge inflows to EM at a time when yields on EM assets (Chart #3) are making new lows should make for plenty of opportunity when risk inevitably hiccups. Finally, we see opportunity that the still dovish central banks of the EU, Japan, and China will eventually send messages about changes in monetary policy to which the FX markets should react to quite violently.

We wish you the best in what should prove to be an exciting 2018.

Chart #3: Yields on EM Assets



Source:CEIC

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