# Ibex Capital Macro UCITS Fund

**Macro**

**April 2018**

## FACTSHEET

### Performance Returns

The Ibex Capital Macro UCITS Fund returned -0.15% net for the month of April in the USD Institutional Class A share class.

### Investment Objective & Strategy

The investment objective of the 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

April presented FX opportunities, but it did not deliver the "breakout" moves for which we positioned our portfolio. April did continue to deliver new correlation breaks that are important indicators of FX opportunities to come in the next weeks/months. These periods of transition from one regime (low vol / high correlation) to another (higher vol / more idiosyncrasy) take time and dynamic risk taking as some of the market resists the change, resulting in nasty price crackbacks. The Fund posted its second positive (gross) monthly return of the four months of 2018.

We know that it is no coincidence that financial conditions have started tightening and long "risk" is a tougher trade when global central banks are injecting much less liquidity. Chart 1 below shows key global CB aggregated liquidity impact. This is very important going forward with the Fed increasing its pace of QT, the PBoC no longer adding liquidity as they did in Q4 (for now at least), the ECB planning to wind down bond purchases from September onward, and the BoJ's actions looking increasingly out of step with their "Big 4" brethren. Put simply, the previously limitless CB "punch bowl" is emptying, but some of the market is still drinking heavily based on equity, credit, and other assets prices still near all-time highs and tights.

We believe that it is this QT effect which has also triggered a change in the 'buy the dip' mentality in EM assets. April will be the third consecutive month of net EM outflows on our Ibex proxy flow indicator. This is shown in Chart 2. The lack of new money flowing into EM is the key to EM prices for the coming months.

Meanwhile, the problem for risk assets is that this is occurring also with the backdrop of slower global growth. For now, Eurozone growth is slowing more than other regions, but there are also initial signs of this in Asia. The rate of increase of Asian export growth to the world has stabilised/slowed. If this growth rate starts falling, it would bode badly for global growth and EM currencies.

Another interesting phenomenon is the much slower pace of increase in EM central banks' FX reserves. As these increased, these central banks would sell USD to rebalance their portfolios. We believe this CB flow supported € and weakened the $ in January. However, as now the pace of reserve increase has fallen to zero, this alleviates this $ selling pressure. In fact, it is now only Russia where the central bank continues to sell its domestic currency significantly for $. This behaviour is even more striking considering the weaker Ruble. In other words, if you were shorting the RUB, the central bank was and is 'on your side'.

### 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% | -0.12% | -0.53% | -0.15% | - | - | - | - | - | - | - | - | **-1.42%** |

*The performance figures quoted above represent the performance of the 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 reliable guide to future performance.*

## THE MANAGER

**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.

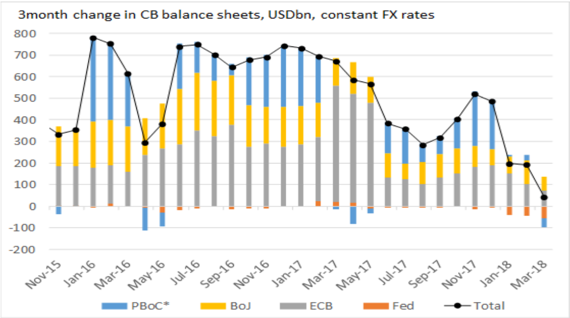
**Stephen Hull**
*CIO*
Stephen Hull has over 20 years of financial services experience and is responsible for the portfolio management of Ibex Capital. Prior to co-founding Ibex Capital, Mr. Hull was a portfolio manager at Moore Capital for a macro strategy, he was the global currency advisor at Brevan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

### FUND FACTS

| | |
|---|---|
| Structure | UCITS Fund |
| Domicile | Ireland |
| Liquidity | Daily |
| Fund AUM | $42.0 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 |

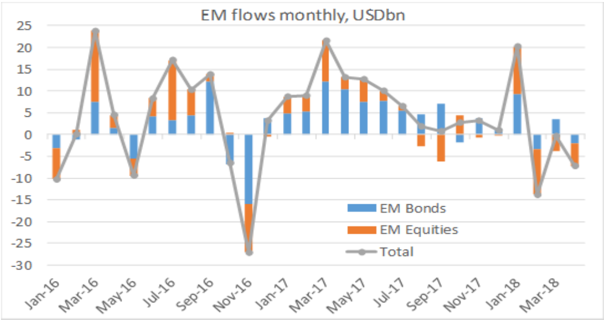
## Monthly Commentary - Charts

**Chart #1: Major central banks' liquidity creation over 3 months**




Source: CEIC /Bloomberg

**Chart #2: Monthly flows in EM proxy by bonds & equities**

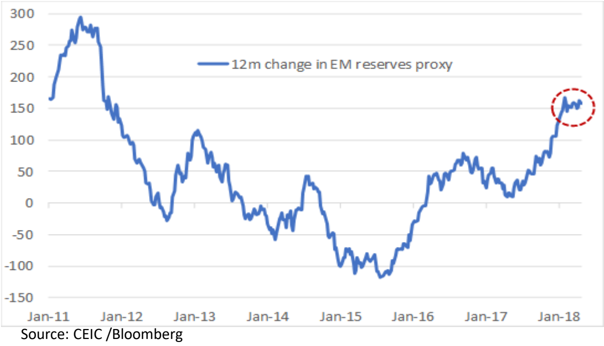



Source: CEIC /Bloomberg

**Chart #3: Growth rate of Asian exports (country GDP-weighted)**


Source: CEIC /Bloomberg

**Chart #4: 12month change in EM central bank FX reserves (USDbn)**




Source: CEIC /Bloomberg

So we see the CB "punch bowl" draining and global growth wobbling as two key drivers of the macro backdrop. We also see EM reserves no longer growing and US repatriation flows increasing as important positives for the $. Having said that, markets are rarely one way, so we are also encouraged by opportunities to balance our portfolio with idiosyncratic FX stories such as those presenting in £ (British Pound), ZAR (South Africa), and TRY (Turkish Lira).

We wish you the best in these markets with clearly decreased Equity & Credit Sharpe ratios and what we expect to be further increasing FX possibilities.

Good luck.

## Contact Details

**Investor Contact**
**ML Capital Ltd**
29 Farm Street
London, W1J 5RL
T: +44 20 3709 4510
investorrelations@mlcapital.com

**Management Company**
**MLC Management Ltd**
23 St. Stephens Green
Dublin 2, Ireland
T: +353 1 533 7020
investorrelations@mlcapital.com

**Investment Manager**
Ibex Capital LLP
46 Curzon Street
London, W1J 7UH
T: +44 20 3912 2300
info@ibexcap.com

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