

## FACTSHEET

## 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	\$41.0 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: IE00BD9PVM09/IE00BD9PVM51 USD: IE00BD9PVL45/IE00BD9PVQ99 CHF: IE00BD9PVK38/IE00BD9PVP82 GBP: IE00BD9PVJ23/IE00BD9PVM68
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

**Performance Returns**

The Ibex Capital Macro UCITS Fund was down -1.26% net for the month of September 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 seeks 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 utilises 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**

Here at **ibex capital**, we see EM assets and, therefore, EMFX being pulled in two directions. On the one hand, economics should drive EM prices lower with more countries following the "fallen dominoes" of Venny, Argy, and Turkey. However, on the other hand, current EM positioning is well off of the highs and there has not been any discernible evidence of any redemption cycle in EM assets.

Here we will delve into both issues.

The below Chart 1 shows increasing real rates in the major developed markets. The real rates (rates – inflation) reflect a tighter policy stance driving bond yields higher, more than the inflation expectations component. We think this trend is headed yet higher, led by the Fed. We believe this reflects the gradual withdrawal of extremely accommodative monetary policy from the world's three major central banks. Even for Japan, the sovereign bond curve (2v10) is the steepest in 18months.

We think this trend of higher DM real rates is fundamentally bad for EM assets. However, as we described in our mid-month note in September ("3 things from **ibex capital**"), we think the technical picture clouds the near-term outlook for EM assets. The technical picture is more positive because (as shown in Chart 2 below) long positioning in EMFX has already been reduced towards neutral now, (from very overweight, as indicated by our high frequency Real Money Returns Tracker), and significant price adjustments as measured by EM real effective exchange rates.

Further on the negative side for EM, we are also concerned about the rate of change of growth, as well as the above-described tightening in DMs. A lower global growth environments is highly correlated with weak EM assets performance. Korean export growth has been a reliable leading indicator to global growth, and is currently growing at the worst rate in 2 years. This also suggests a negative outlook for EM equities, as shown in Chart 3.

Lastly, the growth environment is particularly negative when DM markets are outgrowing EM ones, as shown in Chart 4. In today's case, the US continues to grow robustly which is keeping the Fed on course to continue tightening. We think that this is likely to continue in the near-term due to a strong fiscal and credit impulse in the US, although we are watching closely if China's stimulus will be effective.

This US economics outperformance continues to dominate carry dynamics. This divergence is further driving wider the carry spread between the dollar and the rest of G10 (widest in 18 years) . We expect this to continue to support the USD in the near-term.

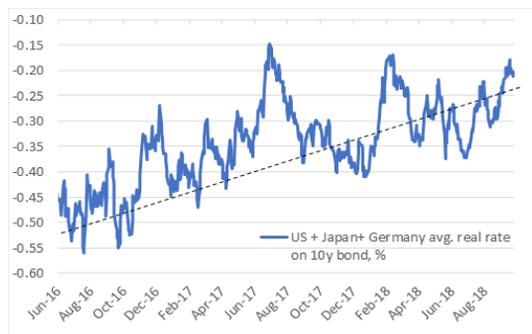
### UCITS Performance

	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%	1.57%	-1.39%	-0.22%	1.53%	-1.26%	-	-	-	-1.23%

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.

### Monthly Commentary Charts

**Chart #1: Developed market real rates are trending higher as Quantitative Tightening continues**



Source: Bloomberg, CEIC

**Chart #2: Foreign ownership of EM bonds has reduced with outflows**



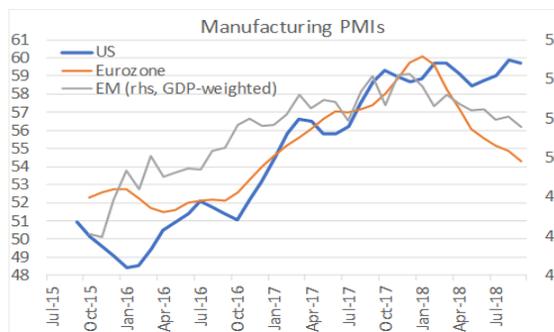
Source: CEIC/Bloomberg

**Chart #3: Korean export growth is signalling weak EPS growth in EM equities**



Source: CEIC/Bloomberg

**Chart #4: The US is still outgrowing the rest of the world**



Source: CEIC/Bloomberg

### 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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