Ibex Capital Macro UCITS Fund
Macro

November 2018

FACTSHEET

Performance Returns
The Ibex Capital Macro UCITS Fund's performance was -0.54% net for the month of November 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
This has been a remarkable year in many ways. An important fact stands out to us. According to Deutsche Bank, 90% of all asset classes have posted negative returns so far - see graph in the chart in our email covering letter. It does not "feel" like 90% of all asset classes have posted negative returns, does it? Even more remarkably, this is an all-time worst number since record-keeping began in 1901. Yes, it is the worst in almost a 120 period of measurement that includes two World Wars and also the Great Depression.

With global growth quite reasonable this year, we need to ask "Is this the impact of less Quantitative Easing and some Quantitative Tightening?". Also we ask, given the seeming not-disruptive nature of these losses "Are we seeing some sort of slower moving tsunami-like, broad based bear market?". The unified question would be "Are we having these record setting losses due to QT, but they do not feel terrible yet due to the still huge overhang of ongoing and previous QE?"

Of course as FX specialists, we are asking "Why haven't these moves impacted FX more broadly?". We do believe this is due to the impact of overhanging QE so market contagion effects are not today as normal. The reality is that this is a world moving for the first time away from $22 trillion of central bank liquidity additions, so everybody is learning as we proceed. Yes, FX moves, especially in developed markets have been muted, to date. Simply, the markets have lack typical contagion impacts to FX.

What we do know is that wealth has been created and destroyed in ways previously unimaginable. Skipping the wealth creation side of each of these trades, FANG (Facebook, Apple, Netflix, Google) and Cryptocurrencies each have had investor losses of over $1 trillion dollars from their 2018 highs. Just yesterday, US technology stocks lost $150bio in market capitalization.

So does that backdrop, and what we see for the future, make us "risk" bearish or bullish at the moment? The answer is sceptically bullish in the short term and still, but respectful of QE overhang and QT cessation, risk bears in the medium term. Overall, predicting "risk on" and "risk off" is very difficult, especially in "world first" situations like today's cessation of QE scenario, so we at **ibex capital** are keenly focused on idiosyncratic opportunities available in the global FX market.

There have been a number of key catalysts for our adjustment toward our current, dynamically adjustable, risk bullish short term' view. Why "dynamically adjustable"? We are very sceptical of all headlines out of America and China on trade war progress until the headlines are signed deals. We also believe it is possible that the market has at least partially misinterpreted Fed Chair Powell's latest speech. Why then are we somewhat bullish, short term? Firstly, the catalysts below. And secondly, it is clear the market leaders and headline makers in America, China, Italy, and more react to risk sell-offs with market soothing comments and actions that spark quick, powerful rallies.

Thus, we respect that risk rallies, even if temporal, are now more likely than they were just a week ago.

The first catalyst is the pause in the 'US/China Trade War'. This is a notable short term boost to risk assets. We note, however, that there are vast differences in the statements from the Chinese and the Americans, leaving room for ample back-sliding. We expect back-sliding ourselves, but soothing comments until the talks truly become serious.

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	$41.3 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 (cont.)

The second catalyst has been the market's interpretation of Chair Powell's speech that the Fed's reaction function is now more susceptible to data. Again, we note a key difference between the headline on Bloomberg and his actual quote on the current level of rates versus neutral.

As can be seen in each of these catalysts, as we mentioned, the market is very nuanced on the difference on statements by Chinese and Americans and Powell's speech leaves room for multiple interpretations. Policy makers' and politicians' very aggressive use of media, especially social media, coupled with constant retractions, if not intentional obfuscations, has impacted trading sharpe ratios significantly. We are very happy to be trading only in the world's most liquid market, FX, where we can close or even flip positions almost seamlessly when newsflow and counter newsflows demands it.

Another key point which can, in the near term, support risk assets (specifically EM) is under-positioning. This is shown in Chart #1 below which compares the average EM fund performance vs the EM local bond benchmark each month this year. The key point is that in the Summer these funds were losing more than the benchmark because they were overweight EM assets. In the last 3 months, however, this has changed in that each month they have lost less in the down month, and made less in the up months. This implies they are neutral / slightly underweight in terms of EM positioning, and thus have cash to deploy in the near term. We expect this cash to be deployed given the current market interpretations of the two catalysts.

Finally, on the macro front, we are seeing some signs of more stable global growth right now. This is shown in our EM manufacturing PMI indicator (Chart #2) which has slowed its decline. This is important as it also comes at the same time our Ibex Leading indicator has also stopped falling. Given global growth is well correlated to EM asset performance, we also expect that this could be supportive for now.

We hope that you know enough about our medium term bearish thoughts on risk from previous notes but look forward to updating you in the future.

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%	-1.18%	-0.54%	-	**-2.92%**

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: Our 'EM Real Money return tracker'

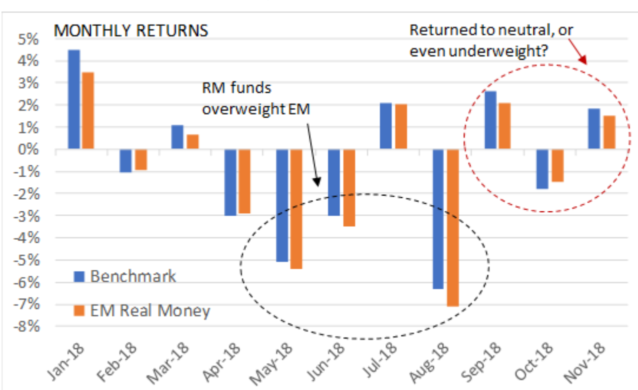
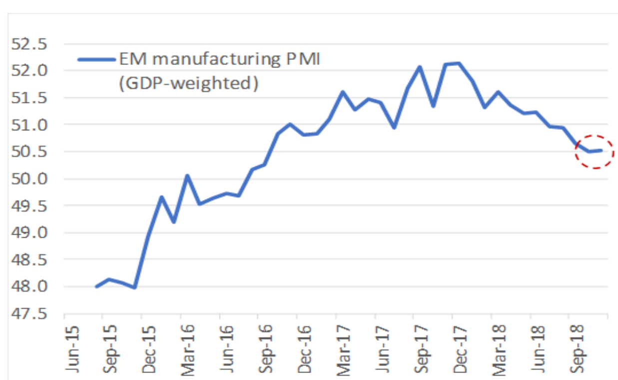


Chart #2: EM Manufacturing PMI



Contact Details

Investor Contact
ML Capital Ltd
Park House, 116 Park Street
London, W1K 6AF, UK
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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