

FACTSHEET

Performance Returns

The MontLake Ibox Capital Macro UCITS Fund returned -0.12% for the month of February in the USD Institutional Class A share class giving a net return since launch of -1.82%.

Investment Objective & Strategy

The investment objective of the MontLake Ibox 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

February 2018 was an eye opening month for all market players. The market highlighted the risks of being short volatility, especially so equity volatility. It was a considerable benefit to be Ibox Capital during this turmoil as we could exit some positions quickly as we are only involved in the liquid parts of the deep currency markets. We also saw emerging markets hold very well in the face of deleveraging. Emerging market resiliency allowed Ibox Capital to benefit from Russian Ruble and Israeli Shekel rallies. Amidst all of this, Ibox Capital proved to be uncorrelated as our daily and monthly returns did not track the gyrations in equities. Through the course of the month our conviction about our long Japanese yen increased based on both demand and BoJ words and actions. Overall for the month, our gross return was positive while our net return was slightly negative at down 0.12%.

So what riled the markets and what are we focused on now? We see three themes as points of focus: The US Twin Deficits, the pricing "End of QE trade" in Europe and Japan, and the slower pace of global growth expansion hurting EM asset performance with Chinese policy/growth potentially exacerbating the situation.

The market is starting to recognize that US fiscal stimulus brings risk to the "goldilocks" macro environment. As can be seen in Chart 1, it is unprecedented for the US economy to be running such a large fiscal deficit at this stage of the economic cycle. The US deficit will deteriorate even further given the Trump tax reform. This makes US Treasuries look more expensive reducing dollar inflows. Furthermore, higher front end dollar rates increases hedging costs. Therefore for a German investor, 10y bunds now yield more than FX-hedged Treasuries. Increased trade disputes also add further political angles and can drive flow changes.

The further pricing of the "End of QE trade" in Europe and Japan is an Ibox Capital focus. The fact that BoJ officials have repeatedly attempted to communicate a "peak dovish" message to the market, yet the Yen has still been the strongest currency in the world in 2018 is problematic. The market is just beginning to anticipate the unwinding of Japanese QE. The Japanese have already been selling foreign bonds. The theme has parallels in Europe where we have already seen locals selling foreign bonds for the first time since Trump was elected. Prior to that these flows were last reversed in Jan 2014, a full four years ago.

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%	-	-	-	-	-	-	-	-	-	-	-0.74%

The performance figures quoted above represent the performance of the MontLake Ibox 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



Kevin Connors

CEO

Kevin Connors has over 25 years of financial services experience and is the Chief Executive Officer of Ibox Capital. Prior to co-founding Ibox 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 Ibox Capital. Prior to co-founding Ibox 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	\$41.7 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: IE00BD9PVMH09/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: Federal budget deficit and rate of unemployment

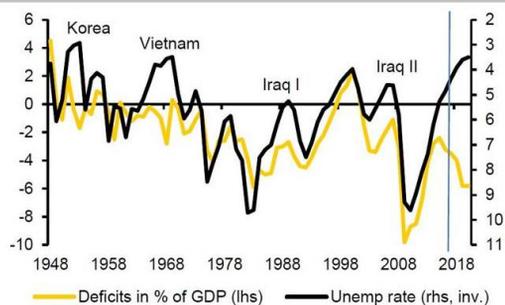


Chart #2: Eurozone selling of foreign debt

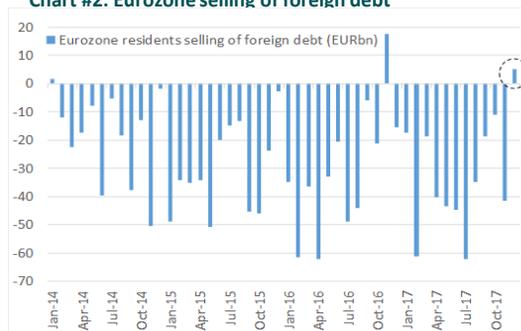


Chart #3: Regional PMIs

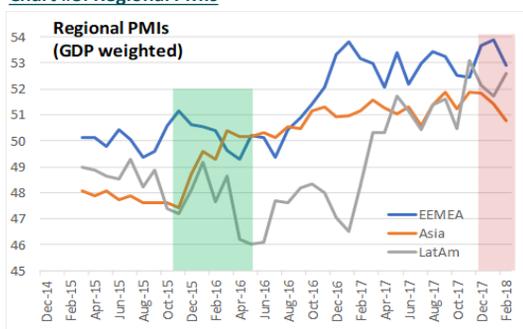
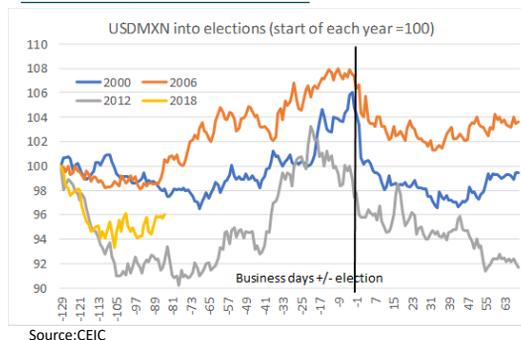


Chart #4: USDMXN into elections



Finally, we are concerned that risk assets now have the global growth expansion in their prices. Manufacturing PMIs have declined in February vs January (see Chart 3, red area), but most notably in Asia. This Asian weakness is notable as Asia was the epicentre of the key global bounce in activity started in Q1 2016 (see greened area, Chart 3). Furthermore, it is notable that January saw the first decrease in assets (net QT) from the four major central banks vs the previous month.

We think this could also be an environment which would compromise EM asset performance, combined with the positioning which has been built up since Q1 2016. We are watching EM flows carefully with our own proprietary research, which so far have mostly consisted of FX hedging, rather than selling of assets. As it stands at the moment, we see the Turkish Lira, Mexican Peso, and Indian Rupee as interesting candidates for weakness. MXN is a particularly interesting case given it tends to underperform into elections (Chart 4).

We see exciting weeks and months ahead in Ibox Capital's macro and FX markets.

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