QUARTERLY REPORT
AS AT 30 SEPTEMBER 2023

Ironbark GCM Global Macro Fund

OBJECTIVE

Seeks to deliver returns with low correlation to the broader equity and fixed income markets and other alternative strategies.

APIR	DEU0109AU	**ARSN**	089 896 837
INCEPTION DATE	30 November 1999	**FUND SIZE**	$145.3m
MANAGER APPOINTED	1 April 2019	**EXIT PRICE**	$1.3778

Net performance (%) and statistics

	1 month	3 months	1 year	3 years p.a.	5 years p.a.	7 years p.a.	10 years p.a.	Since inception p.a.
Fund[1]	**3.89**	**7.72**	**3.98**	**8.63**	**4.05**	**2.95**	**3.36**	**3.75**
[1]Fund performance prior to 1 April 2019 is not attributable to the current investment manager, but the previous investment manager. The GCM composite is presented below to provide a longer-term view of the Fund's current investment strategy.								
GCM Composite[2]	--	--	--	--	**6.33**	**7.77**	**n/a**	**7.82**

GCM Composite 1 month rolling returns[2]

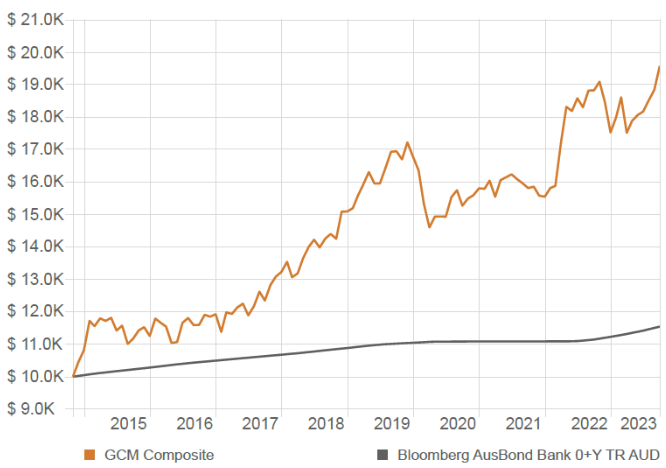
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2023	2.67	3.40	-5.86	2.11	0.99	0.60	1.88	1.76	3.89				**11.68**
2022	1.73	0.41	8.41	6.40	-0.68	2.14	-1.48	2.82	0.02	1.42	-3.33	-5.03	**12.75**
2021	-0.07	1.57	-3.08	3.30	0.56	0.55	-0.92	-0.81	-0.90	0.28	-1.74	-0.23	**-1.64**
2020	-2.52	-6.25	-4.79	2.28	0.02	-0.03	4.02	1.38	-3.02	1.44	0.66	1.36	**-5.82**
2019	0.69	2.51	2.31	2.34	-2.15	-0.02	2.97	3.07	0.10	-1.48	3.12	-2.55	**11.21**
2018	2.35	-3.51	0.91	3.53	2.56	1.60	-1.67	1.93	1.03	-1.04	5.87	0.02	**14.07**
2017	-4.56	5.30	-0.40	1.66	0.97	-2.93	2.33	3.71	-2.17	3.91	2.00	1.11	**10.96**

GCM Composite statistics since inception[2]	
Sharpe ratio	0.66
Standard deviation p.a.	9.68
% of winning months	64.49
Average win	2.25
% of losing months	35.51
Average loss	-2.24

GCM Composite correlations since inception[2]	
S&P 500 Total Return Index AUD	0.19
MSCI World NR Index AUD	0.16
S&P/ASX 300 TR	0.23
Bloomberg US Agg Bond TR AUD	-0.04
Bloomberg Ausbond Bank 0+Y TR AUD	0.04

Investment growth of $10,000 since inception[2]

Time Period: 1/11/2014 to 30/09/2023



Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distributions.

[2]The inception date of the GCM Composite is 1 November 2014. Performances periods from 1 November 2014 to 31 March 2019 represent the Graham Quant Macro Series A ('GCM strategy') track record in USD, converted to AUD, net of fees. From 1 November 2014 to 31 December 2015, the GCM strategy represents the pro forma rates of return of a proprietary account trading the strategy. No assurance can be made that any assumptions used in calculating the pro forma performance would not have a material impact on the performance presentations. From 1 January 2016 to 31 March 2019, the GCM strategy represents the actual net returns of Series A of the Graham Global Investment Fund SPC Ltd - Quant Macro Segregated Portfolio. Performance periods from 1 April 2019 represent the actual net returns of the Ironbark GCM Global Macro Fund. Source: GCM, SSAL and Morningstar Direct.

CONTACT DETAILS
T.1800 034 402 | **E.** Client.Services@ironbarkam.com | **W.** www.ironbarkam.com

Sector exposure (%)[1]

Sectors	Long	Short	Net	Gross
Ags/Softs	6.6	5.4	1.1	12.0
Base Metals	0.0	5.6	-5.6	5.6
Energy	25.3	2.0	23.3	27.3
Equities	37.4	19.7	17.7	57.1
FX	7.1	54.3	-47.2	61.3
Long Term/Intermediate Rates	6.6	42.5	-35.9	49.1
Precious Metals	0.0	5.5	-5.5	5.5
Short Term Rates	0.0	24.0	-24.0	24.0
Total	**82.9**	**159.0**	**-76.1**	**241.9**

[1]Totals may not equal due to rounding. Data is stated in USD terms and reflects the GCM Quant Macro Strategy, the underlying strategy of the Fund. Source: GCM.

All currency references in the commentary below are in US dollar terms unless stated otherwise.

Market review

In August, the “soft landing” narrative gained momentum across the globe and especially in the US, as core inflation surprised to the downside and growth surprised with its resilience. While cooler inflation allowed the Federal Reserve to remain on hold in September, resilient growth and a still-tight labour market led policymakers to retain the option for another hike this year in their updated Summary of Economic Projections, but more importantly postpone its expected easing in 2024. Whereas previously they had forecasted four 0.25% equivalent rate cuts next year, their updated projections showed just two 0.25% equivalent cuts next year, suggesting the Federal Reserve will maintain peak rates for longer as they await more progress on inflation amidst a backdrop of resilient growth. While not necessarily surprising when looking at the criteria for past easing cycles, this “high for longer” guidance disappointed market expectations for the Federal Reserve to soon pull back from higher rates. The idea of a higher neutral rate also gained traction in September, with the economy’s resilience to the Federal Reserve’s tightening campaign driving a broader rethink of what will constitute a “sufficiently restrictive” stance in the post-pandemic economy. Should the Federal Reserve conclude the neutral rate is higher and current policy less restrictive, it would imply a lower bar to future hikes, a higher bar to future cuts, and a higher stopping point in future easing cycles, implying structurally higher rates.

Though European growth was relatively weaker over the summer months, the European Central Bank sent a similarly hawkish message in September as they surprised with a 0.25% rate hike and retained the option for another hike, even as their updated guidance suggested the current 4.0% rate is likely to prove sufficiently restrictive. While a subdued inflation prints towards the end of month reinforced the impression of rates remaining on hold in the coming months, policymakers started talking about accelerating their balance sheet runoff in 2024 as a complement to their restrictive rates posture. While discussions remain in early phases, policymakers entertained the idea of active sales and allowing Pandemic Emergency Purchase Program reinvestments to cease before the end of 2024, their currently scheduled end-date. While these suggestions came from the European Central Bank’s hawkish wing, not the leadership, they nonetheless accelerated the rates sell-off in Europe and, more troubling for heavily indebted countries like Italy, drove spreads wider.

As the European Central Bank and Federal Reserve provided these reminders that peak rates does not necessarily mean a quick reversal towards easier policy, inflation prints in Australia and Canada highlighted that getting inflation all the way back to target is unlikely to be smooth and that central banks may still have to exercise the option of further hikes. Canada has twice tried to end its tightening cycle, first in January 2023 and then again in July 2023, but a very strong August CPI raised the risk of another restart in October. While the Australian data was not as concerning as what the investment manager saw in Canada, a strong underlying inflation print for August kept the prospect of another hike this year alive, especially against the backdrop of a still resilient labour market. Thus, even as other banks like the Bank of England held in September and guided toward a prolonged pause on the back of a favourable August inflation print, the experience of other small, open economies suggests this hold is not assured. The rise in global oil prices provided a similar reminder that “peak rates” cannot be taken for granted: though softening commodity prices had allowed goods inflation to cool for much of this year and given central banks some relief, rising prices over the summer months and through September served as an unwelcome reminder that these pressures can go back the other way.

Against that backdrop, several of the market trends that began in August continued into September, most notably the sell-off in global fixed income and further strengthening in the US dollar. While the US bear steepening move was underway before the Federal Reserve’s September meeting, their hawkish guidance only accelerated the sell-off in longer-term rates. These moves lifted global yields, as did the European Central Bank’s surprise hike and guidance around balance sheet runoff. Higher US rates provided further runway for the strong dollar trade, especially as central banks like the Bank of Japan continued to hold steady with their easy policy stances and the Chinese economy remained relatively weaker.

Market review (continued)

Equity markets also came under pressure as they started to price in the "high for longer" narrative and the risk of structurally higher rates, with most major indices ending the month lower. Commodities, meanwhile, generally trended higher amidst resilient growth and OPEC+ production cuts in August.

Performance review

The Ironbark GCM Global Macro Fund (the 'Fund') returned 7.72% (net) for the quarter (in Australian dollar terms).

The Fund's strategy profited from its long energy exposure, especially in oil and products, with all alpha signals pointing to strength. Within the commodity complex, the program benefited from short exposure in gold, while mixed positioning in various agricultural commodities, for example wheat and sugar, produced small positives. Short positions in fixed income contributed significantly to performance, while also diversifying the fund's long positioning in equities and energies. Equities was the only sector that produced losses in September. The investment manager continues to see a geographic spread in the sector, and short positions in the US helped mitigate the losses from long positioning primarily in Europe. In addition, a reduction in signal strength from some of the underlying models contributed to a reduction in the long equity exposure throughout the month. Lastly, the portfolio benefited from its net long US dollar exposure, driven primarily by trend and carry components.

Market outlook

Looking ahead, the investment manager remains excited about the opportunity set for the strategy. The macroeconomy remains subject to significant uncertainties and even though central banks believe they may be near the peak in rates, the "final mile" in getting inflation sustainably down to target is likely to prove bumpy. As the investment manager has seen with the central banks needing to restart their tightening cycles in 2023, it will be difficult for central banks to confidently declare victory on inflation, even if the summer months provided a welcome reprieve with a few softer prints. Market moves in September may also be signalling structurally higher rates following the pandemic era's aggressive fiscal spending and this adjustment may take time to play out across markets, especially as many investors have been hoping the Federal Reserve will cut as soon as inflation moderates. This view may ultimately be borne out, but the risks are that rates are higher for longer, especially if the Bank of Japan finally steps back from its yield curve control and negative interest rate policies amidst higher inflation, unleashing more supply into the bond market.

The investment manager believes macro trading will continue to benefit from this uncertain environment with two-way risks, with declines in both stocks and bonds in September serving as a reminder that traditional 60/40 portfolios may struggle amidst a potential adjustment to a higher rate regime, especially if stocks and bonds remain highly correlated. Macro strategies can perform particularly well in this type of environment: though macro has exhibited zero correlation to equities over the past twenty years, it has historically performed well when equities are in a drawdown. While nobody can predict the future, this history only underscores the importance of a properly diversified portfolio in what could be a more challenging environment for traditional portfolios.

Material matters

There have been no material changes to the Fund in terms of key service providers, the risk profile, investment strategy or changes to individuals in the investment team who play a key role in the investment decisions of the Fund.

The Fund is classified as a hedge fund in accordance with the Australian Securities and Investments Commission, Regulatory Guide 240 'Hedge funds: Improving disclosure'. This classification is based on the fact that the Fund currently exhibits two or more characteristics of a hedge fund, being:

- complexity of investment strategy or structure;
- use of leverage;
- use of derivatives;
- use of short selling;
- charges a performance fee.

This information contains general information only and is not intended to represent specific investment or professional advice. The information does not take into account an individual's personal financial circumstances, objectives or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current target market determination and offer document before making an investment decision to acquire or to continue to hold units in the Fund.

CONTACT DETAILS
T.1800 034 402 | **E.** Client.Services@ironbarkam.com | **W.** www.ironbarkam.com