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**	$148.7m
MANAGER APPOINTED	1 April 2019	**EXIT PRICE**	$1.1428

Net performance (%) and statistics

	1 month	3 months	6 months	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since inception p.a.[2]
Fund[1]	**0.55**	**4.44**	**2.73**	**8.73**	**0.88**	**0.57**	**0.71**	**3.25**
GCM Composite[3]	**0.55**	**4.44**	**2.73**	**8.73**	**0.88**	**4.52**	**6.85**	**7.54**

[1]Shaded Fund performance prior to 1 April 2019 is not attributable to GCM, but the previous investment manager. Performance of the GCM Composite is presented below for reference.

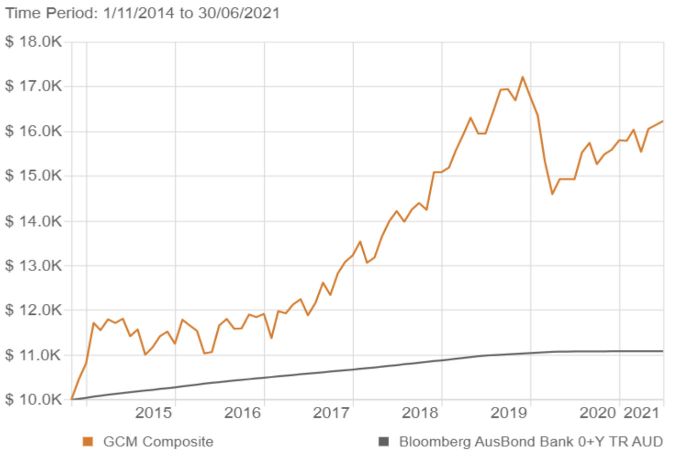
GCM Composite 1 month rolling returns[3]

CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2021	-0.07	1.57	-3.08	3.30	0.56	0.55							**2.73**
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**
2016	4.76	-1.05	-1.07	-4.36	0.26	5.36	1.27	-1.86	0.07	2.68	-0.48	0.62	**5.94**
2015	8.33	-1.38	2.09	-0.68	0.81	-3.31	1.31	-4.87	1.48	2.26	0.89	-2.35	**4.04**

GCM Composite statistics since inception[3]	
Standard deviation p.a.	9.45
Sharpe ratio	0.66
% of winning months	65.00
Average win	2.20
% of losing months	35.00
Average loss	-2.29

GCM Composite correlations since inception[3]	
S&P 500 Total Return Index AUD	0.34
MSCI World NR Index AUD	0.30
S&P/ASX 300 TR	0.29
Barclays US Aggregate Bond Index AUD	0.04
Bloomberg Ausbond Bank 0+Y TR AUD	0.12

Investment growth of $10,000 since inception[3]



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] This figure represents the annualised performance from the Fund's inception on 30 November 1999 and the GCM Composite's inception on 1 November 2014.

[3] For periods between 1 November 2014 to 31 March 2019, the GCM Composite returns in AUD are based on the Graham Quant Macro Series A ('GCM strategy') track record in USD. From 1 November 2014 to 31 December 2015, the GCM performance record reflects 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. The performance record from 1 January 2016 to 31 March 2019, reflects the actual net performance of Series A of the Graham Global Investment Fund SPC Ltd - Quant Macro Segregated Portfolio. For periods from 1 November 2014 to 31 March 2019, returns are net of all underlying fees and the Fund level fee of 0.97% p.a. Performance from 1 April 2019 reflects the actual net returns of the Ironbark GCM Global Macro Fund. Data source: GCM and Morningstar Direct.

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

Sector exposure (%)

Sectors	Long	Short	Net	Gross
Commodities	6.2	3.6	2.6	9.8
Base Metals	4.9	0.0	4.9	4.9
Energy	31.3	0.0	31.3	31.3
Equities	49.0	11.4	37.5	60.4
FX	54.0	79.9	-25.9	133.9
Long Term/Intermediate Rates	55.3	62.6	-7.2	117.9
Precious Metals	3.5	5.3	-1.8	8.8
Short Term Rates	21.2	0.0	21.2	21.2
Total[1]	**225.4**	**162.8**	**62.6**	**388.2**

[1]Totals may not equal due to rounding.

Market review

In June, market participants continued to deliberate over whether growth and inflation trends would persist in the US, while outside of the US, high COVID-19 infection rates continued to impact reopening plans and global growth forecasts. The Federal Reserve meeting mid-month introduced a new layer of complexity and contributed to mixed results across market sectors.

In equities, the S&P 500 rose by 2.2% in June, capping its fifth straight month of positive performance. The US index recorded gains throughout the month as virus cases remained low in the US amidst an optimistic outlook for continued economic recovery. European indices were generally flat, as optimism over positive data and rising vaccination rates was counterbalanced by the potential threat of the Delta COVID-19 variant. The Euro Stoxx 50 and FTSE indices finished June virtually unchanged. In Asia, the Nikkei 225 fell 1.3% on the release of lower-than-expected PMI data and rising virus cases in Japan and throughout the Asia-pacific region.

Fixed income markets posted mixed performance in June as the yield curve flattened sharply in the US Yields on short-term rates climbed due to positive data, inflationary pressures, and a shift in Federal Reserve guidance, while US 10 year and 30 year yields fell 0.13% and 0.20%, respectively. Long-term bonds rallied despite surprisingly hawkish communication at the US Federal Reserve's June Federal Open Market Committee meeting, which drove sentiment that the Federal Reserve would act to combat rising inflation sooner than previously indicated. While the front-end sold off, the back-end of the curve rallied, confounding market expectations. In Europe, the German 10-year yield fell 0.04% as virus fears persisted in the euro bloc.

In currencies, the US dollar index finished 2.7% higher. The greenback benefited from the hawkish shift in outlook at the US Federal Reserve's June Federal Open Market Committee meeting. The euro and Australian dollar fell 2.7% and 2.8%, respectively, against the US dollar on COVID variant concerns and a strengthening US economy. The US dollar also rose 1.1% against the Japanese yen, which suffered due to weak manufacturing data in the region.

In commodities, oil and oil products surged on a combination of recovery expectations and seasonal demand. Crude oil and natural gas finished the month up 10.6% and 22.2%, respectively. Agricultural commodities also generally rose, despite choppy intra-month trading, as wheat and corn finished up 2.1% and 5.4%, respectively, following flooding and extreme heat waves in parts of the US. Precious metal prices retreated for the month following the Federal Reserve's June Federal Open Market Committee meeting, as silver and gold each dropped more than 6.5%, and base metals also posted negative performance. In particular, copper prices plunged 8.6% as China planned to release stockpiles of the metal in an attempt to restrain prices.

The investment manager's quantitative strategies experienced intramonth reversals and ultimately recorded mixed performance amidst this market environment.

Performance review

The Ironbark GCM Global Macro Fund (the 'Fund') returned 4.44% (net) for the quarter.

The Graham Quant Macro portfolio recorded gains in commodities, mostly from long positions in energy that were driven primarily by carry, macro fundamental, and trend sub-strategies. The portfolio also posted profits in equities, primarily from long positions in US benchmark indices. Positioning in the sector was driven by the carry and trend sub-strategies.

Losses resulted in currencies, primarily from long positions in the British pound sterling and Canadian dollar versus the US dollar. US dollar positions were driven by the trend sub-strategy as well as portfolio diversification benefits. In fixed income, losses were recorded primarily from short positions on the long end of the yield curve in the US and Europe. Fixed income positioning was driven by a combination of the underlying strategies.

Market outlook

Looking ahead, the debate over whether recent inflation data is transitory or persistent, and its potential implications for monetary policy, is likely to drive global markets. The US labour market has continued to recover, and 850,000 jobs were added in June, surpassing expectations. However, while the headline number was strong, the report showed that the unemployment rate slightly increased to 5.9% on the back of a negative household survey, which is traditionally more volatile than the establishment survey. Meanwhile, President Biden shared news that a broad agreement had been made for a bipartisan infrastructure deal, though the potential bill is still far from being passed. While these factors, together with strong demand and short supply in many sectors, may further stoke inflation concerns in the months and quarters ahead, recovering supply chains and central bank movement towards policy normalisation could temper the trend. Meanwhile, in recent months, the US has begun to stand out from other geographies with regard to COVID case counts, as the Delta COVID-19 variant and sometimes patchwork global vaccination programs have resulted in increased virus cases in parts of the UK, Europe, and Asia. While less of a threat to the US recovery, the impact on global growth could be more severe.

June's Federal Open Market Committee meeting marked a significant shift for the US Federal Reserve's outlook as the "dot plot" and key language suggested advancement in its normalisation timeline, with the median projection for the first-rate hike pulled forward into 2023 and Chair Powell seemingly opening the door to an earlier tapering announcement. Previously, it was considered highly unlikely that the Federal Reserve would change policy direction before year-end and this change in tone was likely due to the larger-than-expected rise in inflation and inflation expectations observed in the spring. Moving forward, the Federal Reserve will look to see sustained job gains before moving ahead with a taper; while recent employment data pointed to a strong job market, there was some mixed data within the June labor report. Further, some supply constraints remain, and total jobs remain well below the February 2020 peak.

The investment manager's quantitative strategies continued to strive to maintain diversification as elevated cross asset correlation persisted in June. As positive correlation between markets lingers, the GCM Quant Macro portfolio modestly increased its long US dollar position, which has been negatively correlated to stocks, bonds, and commodity markets in recent weeks and months.

While recent market price action has been choppy, the investment manager is focused on the opportunities which may occur in the second half of the year as different economies diverge both in the response and recovery from the pandemic.

Material matters

During the month, 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.