

# 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.

<b>APIR</b>	DEU0109AU	<b>ARSN</b>	089 896 837
<b>INCEPTION DATE</b>	30 November 1999	<b>FUND SIZE</b>	\$132.5m
<b>MANAGER APPOINTED</b>	1 April 2019	<b>EXIT PRICE</b>	\$1.2791

## 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.
<b>Fund<sup>1</sup></b>	<b>0.60</b>	<b>3.74</b>	<b>-2.19</b>	<b>6.77</b>	<b>2.63</b>	<b>2.14</b>	<b>2.84</b>	<b>3.46</b>
<b>GCM Composite<sup>2</sup></b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>5.03</b>	<b>6.54</b>	<b>n/a</b>	<b>7.14</b>

<sup>1</sup>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 1 month rolling returns <sup>2</sup>													
CY	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
<b>2023</b>	2.67	3.40	-5.86	2.11	0.99	0.60							<b>3.68</b>
<b>2022</b>	1.73	0.41	8.41	6.40	-0.68	2.14	-1.48	2.82	0.02	1.42	-3.33	-5.03	<b>12.75</b>
<b>2021</b>	-0.07	1.57	-3.08	3.30	0.56	0.55	-0.92	-0.81	-0.90	0.28	-1.74	-0.23	<b>-1.64</b>
<b>2020</b>	-2.52	-6.25	-4.79	2.28	0.02	-0.03	4.02	1.38	-3.02	1.44	0.66	1.36	<b>-5.82</b>
<b>2019</b>	0.69	2.51	2.31	2.34	-2.15	-0.02	2.97	3.07	0.10	-1.48	3.12	-2.55	<b>11.21</b>
<b>2018</b>	2.35	-3.51	0.91	3.53	2.56	1.60	-1.67	1.93	1.03	-1.04	5.87	0.02	<b>14.07</b>
<b>2017</b>	-4.56	5.30	-0.40	1.66	0.97	-2.93	2.33	3.71	-2.17	3.91	2.00	1.11	<b>10.96</b>

### GCM Composite statistics since inception<sup>2</sup>

Sharpe ratio	0.60
Standard deviation p.a.	9.74
% of winning months	63.46
Average win	2.24
% of losing months	36.54
Average loss	-2.24

### GCM Composite correlations since inception<sup>2</sup>

S&P 500 Total Return Index AUD	0.21
MSCI World NR Index AUD	0.18
S&P/ASX 300 TR	0.24
Bloomberg US Agg Bond TR AUD	-0.03
Bloomberg Ausbond Bank 0+Y TR AUD	-0.01

### Investment growth of \$10,000 since inception<sup>2</sup>



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.

<sup>2</sup>The inception date of the GCM Composite is 1 November 2014. Performance 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 (%)<sup>1</sup>

Sectors	Long	Short	Net	Gross
Ags/Softs	13.2	2.3	10.9	15.5
Base Metals	0.9	2.0	-1.1	2.8
Energy	7.6	2.9	4.7	10.5
Equities	60.6	24.3	36.2	84.9
FX	27.8	46.7	-18.9	74.4
Long Term/Intermediate Rates	13.5	24.4	-10.9	37.8
Precious Metals	4.9	0.8	4.1	5.7
Short Term Rates	0.0	18.2	-18.2	18.2
<b>Total</b>	<b>128.3</b>	<b>121.5</b>	<b>6.8</b>	<b>249.9</b>

<sup>1</sup>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

Economic growth has remained modest, yet resilient, across advanced economies, buoyed by ongoing labour market tightness and consumer spending. While headline inflation has moderated due to lower global energy prices, underlying inflation has remained robust amid elevated wage growth and services prices.

The Federal Reserve left its policy rate unchanged at its June meeting but signalled expectations for at least two additional rate hikes by the end of the year amidst an upward revision to the core inflation and GDP forecasts and downward revision to the unemployment rate forecast. Chair Powell characterised the June hold as a natural next step in the slowing of the pace of tightening, which would provide the Committee with more time to assess incoming information.

The European Central Bank raised its key policy rates 0.25% in June, as expected, while significant upward revisions to its core inflation projections underscored the need for further tightening, including a likely hike in July according to President Lagarde.

Elsewhere the Bank of England, Bank of Canada, and Reserve Bank of Australia all surprised hawkish with their June rate increases. The Bank of England stepped back up to a 0.50% hike amid upside inflation and wage growth surprises. The Bank of Canada came off its holdings stance hiked 0.25%. The Reserve Bank of Australia unexpectedly hiked at consecutive meetings after leaving rates unchanged earlier in the year.

US Equities moved higher during the first half of the month but gave back some gains after the Federal Reserve signalled that it may be further from ending the hiking cycle than expected.

In fixed income, yields generally rose throughout June, with the US 2-year and 10-year increasing 0.49% and 0.19%, respectively.

In currencies, US Dollar was relatively rangebound amidst various crosscurrents and evolving messaging from the Federal Reserve. The Japanese yen, however, notably dropped to an eight-month low versus the US dollar, approaching the level that caused Japan to intervene to support its currency last year. The dovish monetary policy of the Bank of Japan versus the restrictive policy of other major central banks continues to weigh heavily on the yen.

In commodities, energy markets rebounded in June, through crude oil lagged. Crude oil markets continued to face pressure from prospect of global economic slowdown, China's weaker-than-expected economic recovery, and a perceived supply and demand imbalance. At an OPEC+ meeting in early June, Saudi Arabia announced it would cut oil production by another million barrels per day to bolster prices, reducing its daily production to just 9 million barrels. Furthermore, Russia indicated that it would consider imposing quotas on oil product exports, which could further curtail global supply. Gold continues to fall and hit its lowest price in nearly three months due to rising yields. Base metals also faced downward pressure from tight monetary policy, concerns off a global recession, and China's disappointing economic recovery.

## Performance review

The Ironbark GCM Global Macro Fund (the 'Fund') returned 3.74% (net) for the quarter (in Australian dollar terms).

The Fund generated strong gains in fixed income from short positions in US bonds and on the front end of the yield curve in Europe, with additional gains from long positions on the front end of the yield curve in the US. Short positions in fixed income were mainly the result of signals from the carry and trend sub-strategies.

Long positions in Japanese and European benchmark indices led to positive performance in equities, which was partially offset by losses from short positions in US benchmark indices. Positioning in the sector was primarily driven by the underlying trend and macro strategies.

## Performance review (continued)

In currencies, losses resulted from short exposure to the Australian Dollar, Canadian Dollar, and Euro versus the US Dollar. Losses were partially offset by gains from short exposure to the Japanese Yen and long exposure to the Mexican Peso. Long US Dollar positions were mainly influenced by the carry and value sub-strategies.

The portfolio experienced losses in commodities due to mixed positions in agricultural commodities, short positions in energy, and long positions in gold and silver. Commodity positions were the result of a combination of signals from the underlying strategies.

## Market outlook

Central bank activity continues to drive markets – particularly in the US as the Federal Reserve continues to grapple with inflation, economic data, and concerns for a global recession.

As mentioned, describing the June hold as a logical progression in the deceleration of the pace of tightening measures, Federal Reserve Chair Powell emphasised the importance of granting additional time to evaluate incoming information. Against that backdrop, the Federal Reserve is widely expected to hike in July and maintain optionality for hikes at future meetings.

Meanwhile, the European Central Bank seems to prefer to err on the side of doing too much tightening rather than too little and continues to emphasise the need to see consistent evidence that realised core inflation has slowed. The European Central Bank continues its data dependent and meeting-by-meeting approach, but their communications still point to a string of rate hikes, barring material progress in underlying inflation over the summer.

In addition to inflation and its impact on central bank policy, there are several other persistent themes that are likely to continue to drive uncertainty and market moves including ongoing geopolitical concerns and China / US and Russia/ Ukraine.

Ultimately, the trading environment in recent months has proven more challenging for many strategies given the various crosscurrents moving markets; however, as illustrated with the Fund's results in June, macro strategies can capitalise on the same uncertainties that tend to be difficult for traditional portfolios and can continue to be an important strategic allocation in a broader portfolio.

## 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.

Issued by Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 ('Ironbark'). Ironbark is the responsible entity for the Fund(s) referred to in this document. The relevant target market determination (TMD) and offer document for the Fund(s) is available from [www.ironbarkam.com/our-funds/](http://www.ironbarkam.com/our-funds/) or by calling Ironbark on 1800 034 402. This document 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 TMD and offer document before making an investment decision to acquire or to continue to hold units in the Fund. Ironbark and its representatives believe that the information in this document is correct at the time of compilation, but no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors or omissions (including responsibility to any person due to negligence) is accepted by Ironbark. To the extent permitted by law, Ironbark, its employees, consultants, advisers, officers and representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by Ironbark. Past performance is not a reliable indicator of future performance. All currency references are shown in Australian dollars unless stated otherwise. All indices are copyrighted by and proprietary to the issuer of the index. Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. No part of this material may be reproduced or distributed in any manner without the prior written permission of Ironbark. © Copyright 2023 Ironbark Asset Management Pty Ltd (Ironbark) (ABN 53 136 679 420).