

June 2018

Market Commentary

June has been an intense month in terms of political events. Donald Trump and Kim Jong-Un met in Singapore where they agreed on the nuclear disarmament of North Korea in exchange for protection from the US. At the end of the month, commercial tariffs tensions raised again: there were rumours of restricting Chinese investment in some US sectors and more taxes to be imposed on European cars. This caused a back-and-forth movement on the S&P Index which increased by 0.48%¹ this month.

In Europe, it seems there has been a contagious effect on the stability of governments. After what happened last month with Italy and Spain, now it appears that Germany is having issues of its own. This caused the Eurostoxx to perform badly during June, losing -0.32%².

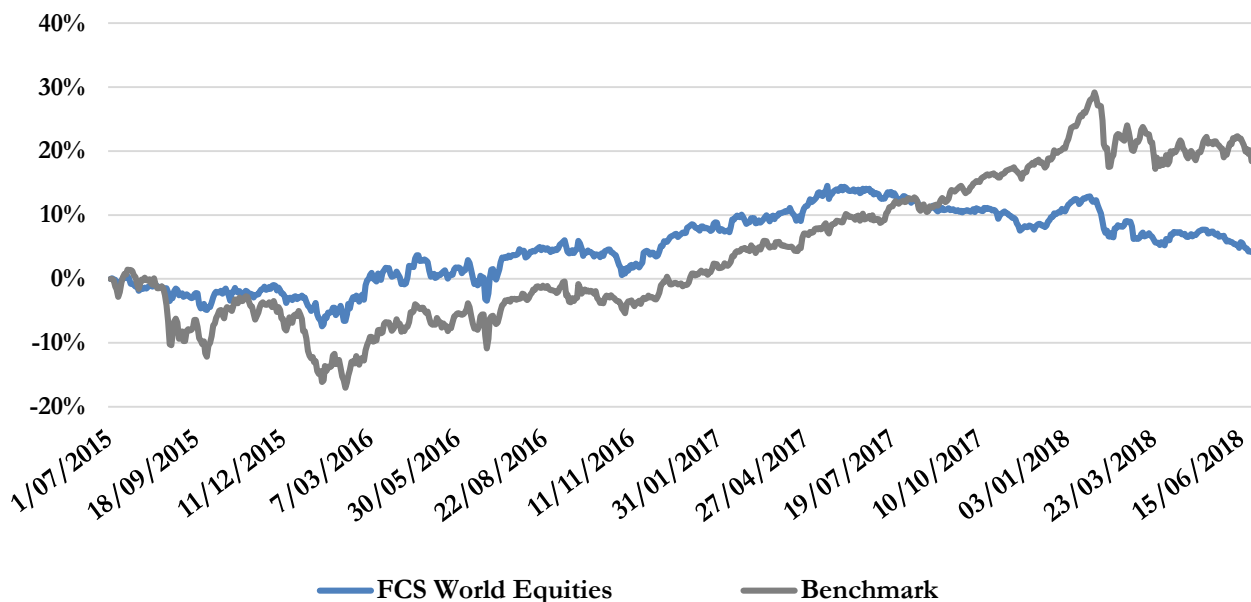
In Asia, we need to point out the performance of the Shanghai Composite Index which lost -8.01%³ in June (-20% from January). This is of particular interest given the impact the new tariffs could have on China. In contrast, Japan got good results last month with the Nikkei up +0.46%⁴.

With reference to currencies, during this month, the USD continued appreciating against the EUR +0.08%⁵, the GBP +0.69%⁶ and the YEN +1.78%⁷. With respect to EUR|GBP pair, we saw an appreciation of the GBP of +0.61%⁸ whilst the EUR|JPY showed an appreciation of the Euro +1.67%⁹.

This month has been a difficult month for the commodities market. These tariffs that we were talking about, caused Aluminium to go down -6.94%¹⁰ as well as Cooper -3.86%¹¹ and Gold -3.54%¹². Oil was the only commodity showing strength, increasing 2.38%¹³ in June, even with Saudi Arabia deciding to increase their production.

Source: ¹Bloomberg, SPX Index, 28/06/2018; ²Bloomberg, SX5E Index, 28/06/2018; ³Bloomberg, NKY Index, 28/06/2018; ⁴Bloomberg, SHCOMP Index, 28/06/2018; ⁵Bloomberg, EURUSD Curncy 28/06/2018; ⁶Bloomberg, GBP Curncy, 28/06/2018; ⁷Bloomberg, USDJPY Curncy 28/06/2018; ⁸Bloomberg, EURGBP Curncy, 28/06/2018; ⁹Bloomberg, EURJPY Curncy, 28/06/2018; ¹⁰Bloomberg, LMAHDS03 LME Comdty 28/06/2018; ¹¹Bloomberg, HGA Comdty, 28/06/2018; ¹²Bloomberg, XAU Curncy 28/06/2018; ¹³Bloomberg, CO1 Comdty, 28/06/2018.

Performance Review



Source: FCS AM, 28/06/2018, Bloomberg, MXWD Index, 28/06/2018. Past performance is no guarantee of future returns.

Key Statistics

YTD Return:	-6.26%	Volatility (12M):	5.84%	Sortino Ratio (12M):	-2.00
Total RSI:	-22.50%	Beta (12M):	0.28	Treynor Ratio (12M):	-0.33
Last 12M:	-8.45%	Alpha (12M):	-11.82	Correlation (12M):	0.44
% win months	43.24%	Sharpe Ratio (12M):	-1.56	Downside Risk:	4.57%

Source: Solventis 28/06/2018 and FCS-AM, 28/06/2018. Past performance is no guarantee of future returns.

Portfolio Commentary

In June the political noise continued adding volatility to the markets. In addition, we still observed differences between Europe's and America's index performance. That contrast came from not only political issue but macroeconomics data too. Europe being a weaker player compared to America. The USD continued with its recovery against the rest of currencies affecting negatively gold which dropped around 3.54%.

We have continued with our defensive stance during June as the market environment has become significantly riskier. Our portfolio is currently comprised of a combination of cash, gold and stocks mostly exposed to company specific risks and not to the overall market. In June we added a hedge position through Sep puts on the Russell 2000 in order to protect the portfolio in case of a market correction or crash. Most of the positions have significant re-rating potential and are trading at very depressed valuations, so could be categorized as value investments.

The World Equity Fund's performance decreased by -2.47% in June. Its benchmark (MSCI AC World) went -0.90% down in EUR.

Fund Information

Investment Manager:	FCS Asset Management
Custodian:	Sparkasse Bank Malta Plc
Bloomberg Code:	FCSLAE1 MV
Management Fee:	Class A (Direct Subscription): 1.5% Class B (Via Platform): 2%
Performance Fee:	10% of net new appreciation above the monthly hurdle rate of 1 month EURIBOR
Custodian Fee:	0.07%
Minimum Investment:	1 participation
Liquidity:	Daily
Subscriptions:	Direct (Class A): Apex Fund Services Platform (Class B): Euroclear

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