

MOVE ASSET MANAGEMENT ALTERNATIVE EMERGING MANAGERS



June 2018

Net return & statistics for the period ending June 30, 2018

	MAY	QTD	YTD	1-Year	Volatility*	Sharpe Ratio ³	Beta*
Move Model Portfolio: Alternative Emerging managers ** 1,2	-0.3%	0.6%	3.0%	10.5%	4.0%	2.1	--
HFRI FOF Index	-0.2%	0.9%	1.2%	5.6%	3.3%	0.6	--
90-Day T-Bill	0.2%	0.4%	0.8%	1.3%	0.2%	--	--
Barclays Aggregate Bond Index	-0.1%	-0.2%	-1.6%	-0.4%	2.8%	0.5	-0.22
S&P 500 Index	0.6%	3.4%	2.7%	14.4%	9.9%	1.0	0.32
MSCI World Index	-0.1%	1.7%	0.4%	11.1%	10.0%	0.6	0.32

	YTD	2017	2016	2015	ITD (1-1-17)
Move Model Portfolio: Alternative Emerging managers ** 1,2	3.0%	15.7%	--	--	18.5%
HFRI FOF Index	1.2%	7.8%	0.5%	-0.3%	9.0%

* Annualized

** Net of MOVE/Admin fees (before performance fee, computed annually).

Move Asset Management has taken all reasonable care in the preparation of this Factsheet, however accepts no responsibility for any errors or omissions contained within. Past performance is not necessarily an indication of future performance. Opinions expressed in this Factsheet are our view as at the date of issue and may change.

The Portfolio was down for the June period at -0.3% month-on-month, while tracking 3.0% year-to-date with volatility sitting at 4.0% vs the S&P 9.9%.

Focus for the month is Emerging Markets (EM), USD and valuations. Per my previous note in May, we noted that the cost of leverage, and funding will continue to rise. This was indeed the case throughout June and into July. Global and EM macro indicators have started to deteriorate, driven by weakening currencies and capital outflows, which has prompted Central Banks to raise interest rates, which led to growth expectations being downgraded. The USD rallied 5.5% in the 2Q against EM currencies on average. Continued currency weakness coupled with strong oil prices for most EMs added to inflationary pressures.

The current correction underway in EM has now put the EM index valuations at healthy discounts, both on a relative and absolute basis. EMs are now trading at 13x P/E (Shiller) vs. 15x at the beginning of the year and well below the 22-year average of 17.6x which puts the EM index at a 57% discount to USA and 20% discount to MSCI EAFE (Europe, Australasia and the Far East, excluding the U.S. and Canada). The strength of the USD has caused many investors to worry about corporate sector leverage in EM, while apparent in sectors like real estate, in aggregate, leverage which was 1.5x in 2011-2015 has now declined to 1.25x. The deleveraging is expected to result in stronger free cash flows and be supportive to dividend yields. Of particular note is that the economy in China is driven less and less by exports and more by domestic consumer spending. China's current account surplus only accounts for 1.3% of GDP, domestic consumption accounts for 78% of GDP. To express our EM views we use Neon Emerging Markets Fund who have outperformed active long, passive and hedged averages in EM year-to-date, over twelve months and the last decade with half the volatility of the markets.

1. The Move Emerging Mangers Portfolio is a composite of hedge funds as its core portfolio. The Emerging managers portfolio's performance data quoted represents past performance, is estimated based on unaudited results and presented net of the Managers & Administrator's fees and expenses. Current performance may be lower or higher than the performance data quoted. Where applicable, all returns shown reflect the reinvestment of all distributions of income and capital gains.
2. All exposures shown herein represent Move Asset Management's Model Portfolio allocated by investment style, based on our Asset Allocation Model.
3. The Sharpe ratio describes how much excess return you are receiving for the extra volatility that you have for holding a riskier asset.

INVESTMENT ADVISER: Move Asset Management

CURRENCY: USD

EXPENSE RATIO: 0.51% / 10% performance

PORTFOLIO INCEPTION: JAN 1, 2017

AGGREGATE GROSS EXPOSURE: 118%

AGGREGATE NET EXPOSURE: 55%

MANAGERS: 8

STRUCTURE:

Separately Managed accounts

INVESTOR ELIGIBILITY:

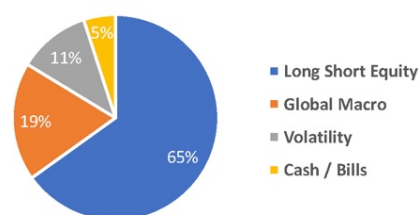
Wholesale & Institutional Investors

INVESTMENT MINIMUMS:

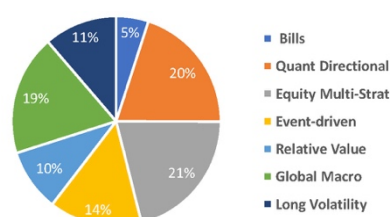
Initial Investment: \$500,000

Subsequent Investments: \$50,000

STRATEGY ASSET ALLOCATION^{1,2}



STYLE ALLOCATION^{1,2}



GEOGRAPHIC ALLOCATION^{1,2}

