

# MONTHLY REPORT

## December 2018 Factsheet



### Fund Details

Name	JB High Alpha Fund
Entity	Open-ended Investment Unit Trust
Domicile	Australia
Portfolio Manager	Stuart McAuliffe
Investment Manager	John Bridgeman Limited
Broking & Clearing	JB Markets Pty Ltd/ Macquarie Bank
Trustee	JB Markets Pty Ltd
Fund Inception Date	14 February 2017
Minimum Investment Amount	\$50,000
Investor type	Wholesale clients only
Units	All units will rank equally with each other
Currency	Reported in Australian Dollars
Management Fee	2.0% of net AUM
Performance Fee	23.0% of the increase in Fund's net asset value (NAV)
High water mark	Yes
Distributions	Nil
Liquidity	Weekly
APIR code	JBMX889AU

### Investment Manager

The JB High Alpha Fund has appointed John Bridgeman Limited to manage the Portfolio in accordance with the terms and conditions of the Management Services Agreement. The Manager and its investment team have considerable experience in investment management across different geographies, sectors and industries. The Manager operates a specialist investment management business, and is listed on the National Stock Exchange of Australia under the ticker "JBL".

### Portfolio Manager

Stuart McAuliffe, Managing Director and Chief Investment Officer of John Bridgeman Limited, has primary responsibility for the investment decisions of the Investment Manager. He is supported by a team of investment professionals who have skills and expertise across Australian and global markets.

Stuart has over 25 years' experience investing in global equity, bond, currency and commodity markets. He has pioneered innovative research into the correlation and causation between different global equity and currency markets over short, medium and long term time periods. As the senior executive responsible for investments, he uses a 'layered' approach combining multiple time frame fundamental analysis with short term technical trading patterns to maximise returns while managing risk.

### Performance as at 31 December 2018

	Fund	Barclay Hedge Fund Index	Outperformance
1 Month	-1.08%	-2.64%	1.56%
3 Months	-10.13%	-6.34%	-3.79%
6 Months	-4.45%	-5.68%	1.23%
1 Year	-2.23%	-5.13%	2.90%
Since inception (Feb 17)	15.88%	3.40%	12.48%

Past trading performance is not a reliable indicator of future performance. Returns displayed are net of fees. Fees and other costs are exclusive of GST unless otherwise stated.

### Performance Chart

Growth of \$10,000 investment since fund inception



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### Market Update

The final month of 2018 was not a good one for equity markets. Investors have continued to contend with a sharp slowdown in eurozone business and consumer confidence, weaker Chinese growth (Chinese exports dropped 4.4% in December) and rising geopolitical concerns including Brexit, Italian politics and the ongoing trade conflict between the US and China. Hedge funds dipped 2.6% in December, according to the Barclay Hedge Fund Index compiled by BarclayHedge. This loss was less significant, however, than that of the S&P 500 Total Return Index, which dropped 9.03% in December alone. For the year, the Barclay Hedge Fund Index was down 5.13% in 2018, while the S&P 500 Total Return Index was down 4.38% for the year.

Markets have started to worry that the US is late in its economic cycle. Tax cuts helped boost growth and corporate earnings in 2018 but investors are aware that the fiscal stimulus will fade beyond the first half of 2019. The midterm elections in early November were important in this regard, as the Republican Party might have backed further tax cuts to support growth through to the next presidential election had they maintained control of the House of Representatives. However, with the Democrats winning the House, the likelihood of further meaningful fiscal stimulus, prior to the next US election, is significantly reduced.

In November, Fed chairman Powell changed his tune slightly, although not the song, saying rates were “just below” the range of estimates for neutral. This shift was interpreted as dovish, so much so that by the December meeting markets had moved to price in a greater than 50% probability that US interest rates won't rise beyond 2.5% in 2019. However, while the Fed did lower its guidance from three to two rate hikes next year after the December meeting, this was less dovish than markets had been expecting, particularly given Powell's insistence that the plan to reduce the central bank's balance sheet was essentially on autopilot.

**For more information, please speak to your financial advisor or contact us.**

Level 9, Riverside Centre  
123 Eagle Street, Brisbane, QLD, 4000  
**Phone:** 1300 108 495  
**Email:** peter.aardoom@jbmarkets.com  
**Web:** www.jbmarkets.com

### Fund Statistics

Annualised return	7.41%
Annualised volatility	0.15318
Sharpe ratio (risk free rate is AUD 3 month BB rate)	0.108939
Sortino ratio	0.170659
Positive Months (%)	62.5%

### Fund Objective

The Fund's objective is to provide investors with moderate to high portfolio appreciation over the medium to long-term through active management of the investment assets. The Fund will invest in a range of financial products that focus on Global Macroeconomics and, in holding both long and short positions, will seek absolute returns regardless of market direction. The Fund will predominantly invest and trade in global futures markets worldwide, across categories such as share indices, interest rates, currencies and commodities. The Fund may also invest in over-the-counter derivatives, listed equities and cash.

### Fund Strategy

The strategy aims to identify medium and long-term trends and trend shifts, but to also vary position size given short-term technical indicators including sentiment and momentum. The strategy targets positive results over 12 month rolling periods.

The Investment Manager's advantage lies in correct assessment of broad valuation measures, macroeconomic environment, sentiment and economic forecasting.

### Investment Manager Outlook Statement

Stuart McAuliffe, *Portfolio Manager*.

“Given the risks in stock and real estate markets, investors need to consider alternative, targeted absolute return strategies, with the ability to hedge exposure to these markets. Some risky markets, including equities, have delivered strong returns over the past nine years. While (current) volatility can be painful, we know that eventually it creates opportunities. When that time comes it is important to pounce.”

**Important information:** This information is provided by JB Markets Pty Ltd for information only. Past trading performance is not a reliable indicator of future trading performance. Returns are net of fees and expenses and assume income is reinvested in additional units and that tax has not been deducted. No account has been taken of the objectives, financial situation or needs of any particular person. Accordingly, to the extent this material constitutes general financial product advice, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. This is not an offer or recommendation to buy or sell securities or other financial products, nor a solicitation for deposits or other business, whether directly or indirectly. An Information Memorandum (IM) for the fund, under which invitations to apply to invest in the fund are made, is available from JB Markets Pty Ltd. Investors should consider the current IM in deciding whether to invest in the fund, or to continue to hold their investments in the fund. Unless an exemption applies, anyone wishing to apply to invest in the fund will need to complete the application form accompanying the IM. Prior to JB Markets providing any financial services to you, you should read JB Markets' Financial Services Guide which is available on website www.jbmarkets.com.