

# Bedrock



## Friday 09 March 2018

What a difference a week can make. Just last Friday we bemoaned the protectionist acts invoked by President Trump- Tariffs, Trade Wars, End of Globalization and the like headlines rocked markets. The general tone was in-line with Raymond James' Jeffrey Saut, a long-standing bull, who said the safest place for investors is on the sidelines until there's more clarity. "If this spills over into a full-blown trading war, then I have no idea where the bottom is going to be in this," the firm's chief investment strategist said last Friday on CNBC's "Trading Nation." "I'm just kind of sitting on my hands right here until the dust clears." Meanwhile, European, Canadian and Chinese leaders have all promised to respond in kind, threatening to tax U.S. exports of Harley-Davidson motorcycles (home state of Paul Ryan), bourbon whiskey from Kentucky (home state of Senate Majority Leader McConnell) and Levi's jeans from California (House Minority Leader Nancy Pelosi's home state).

It's always dangerous to say that Donald Trump has set a new low for presidential discourse, because he sets new lows with dreary regularity. Nonetheless, his heedless declaration that "trade wars are good, and easy to win" deserves special recognition. No president should need to be told that trade wars are, in fact, bad and impossible to win. By imposing new tariffs on steel and aluminium, Trump has embarked on a policy that is a clear and present

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danger to U.S. jobs and living standards. Yet boasting about how easy it is to win a trade war tops almost everything. It adds an element of historical and strategic obliviousness to the administration's economic incompetence. The last time this happened was during the 1930s. The Smoot-Hawley tariffs and the retaliation they provoked contributed to the Great Depression and the collapse of the world economy.

The week passed and, what appeared to be at best a questionable decision by Trump may have been just a "negotiating tactic" in the context of the NAFTA renegotiations with Canada and Mexico. Maybe, but Paul Ryan wants to ensure the continued exports of Harley motorcycles, and then, Trump let out some slack- Canada and Mexico will be exempted from these tariffs, as will other specialty metal... We wiped our brows, and then, on Tuesday White House chief economic advisor Gary Cohn resigned from President Donald Trump's administration. The former Goldman Sachs president and free trade advocate, Cohn, whose departure date will come in a few weeks, decided to quit after Trump announced he would impose stiff tariffs on steel and aluminium imports. Market watchers saw Cohn's potential departure as a bad omen for the White House's economic policy. He helped to shepherd massive tax cuts, the Trump administration's only major legislative achievement, which the president signed into law in December. The larger question for markets is whether investors will now stop ignoring Trump's clear desire to rip up trade deals and apply tariffs to try and restore America's manufacturing glory days. Until now, investors have mainly blown off this side of Trump, deciding instead to embrace the tax cut and deregulatory agenda. Now one of the architects of that agenda is gone. And Trump for the moment will have no restraining voices willing to challenge him. Don't expect Treasury Secretary Steven Mnuchin to ride to the rescue- Mnuchin comes from the free-trading school, but he's not inclined to tell Trump things he doesn't want to hear...

Up and down the market went... And we heard the voice of reason from Super Mario. The European Central Bank (ECB) dropped its easing bias on Thursday, fuelling expectations that it will normalize monetary policy in the Euro area. Until now, the ECB has stated that it stands ready to increase the level of bond purchases it makes in both duration and/or size, in case that the economic outlook deteriorates in the euro zone. But it removed such statement from its communication Thursday, following a monetary policy meeting, indicating that stimulus in the region could come to an end in the near future. ECB President Mario Draghi said on Thursday that the solid economic recovery in the region supported the decision to remove the so-called easing bias. "Incoming information... confirms the strong and broad-based growth momentum in the euro area economy, which is projected to expand in the near-term at a somewhat faster pace than previously expected." The bank also opted to keep interest rates unchanged and to continue its asset purchase program until September. It said that "the Governing Council expects the key ECB interest rates to remain at their present levels for an extended period of time, and well past the horizon of the net asset purchases" that is set to last until September 2018. The European Central Bank's internal staff calculations on the future path of monetary policy assume asset purchases totalling

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30 billion euros (\$37 billion) in the fourth quarter, according to Euro area officials familiar with the matter (Bloomberg). Mario Draghi seemed to achieve an almost impossible feat on Thursday: He dropped a pledge to buy more financial assets if the economy deteriorates and he didn't upset markets. In fact, his comments sent stocks and bonds higher and brought about a welcome decline in the Euro. U.S. Treasuries rallied on Thursday along with European government debt, and suddenly it seems like very few people are talking about a bear market in bonds, or at least not to the degree that we saw just a few weeks ago. All the talk about the potential for a global trade war has provided support for haven assets such as Treasuries. After shooting up from about 2% in early September to as high as 2.95% last month, Treasury 10-year yields have eased back a bit, to 2.85% on Thursday. The Federal Reserve on Thursday showed that household debt increased at a 5.2% annual rate in the final three months of 2017, the most since the fourth quarter of 2007 -- just before the financial crisis hit. And then China stepped up its push to curb financial risk, cutting its budget deficit target for the first time since 2012 and setting a growth goal of around 6.5% that omitted last year's aim for a faster pace if possible. The deficit target -- released Monday as Premier Li Keqiang delivered his annual report to the National People's Congress in Beijing -- was lowered to 2.6% of gross domestic product from 3 percent in the past two years. The 6.5% goal is consistent with President Xi Jinping's promise to deliver a "moderately prosperous" society by 2020.

The Turkish Lira fell to an all-time low against the Euro on Thursday after Moody's Investors Service downgraded the nation's credit rating further into junk territory and the central bank's decision to hold rates unchanged this week disappointed investors.

A kind of calm has crept back into our markets. The US Dollar seems to be in an uptrend (at last), bonds are steady and the VIX, the "Fear Index" is settled down at the 16 level. Sam Stovall, chief investment strategist at CFRA, said stocks were higher in March about two-thirds of the time going back to 1945, and in April, even more at 69%. April is historically the second-best month of the year on average, with a gain of 1.4%, and March is the third, he said. Paul Hickey, co-founder of Bespoke, said since the start of the bull market nine years ago this March, the gains in the month of March for the S&P 500 have been just under 3%, double the normal average for March. For the index, going back to 1983, the gains averaged 1.5% in March. With these statistics in mind and Warren Buffett's words "If you had to choose between buying long-term bonds or equities, I would choose equities in a minute," he told CNBC's "Squawk Box" on Monday in a wide-ranging interview. "If I were going to own a 30-year government bond or own equities for 30 years, I think equities will considerably outperform that 30-year bond. So far this year, we've been a net buyer of stocks" he added. "It is a terrible mistake for investors with long-term horizons -- among them, pension funds, college endowments and savings-minded individuals -- to measure their investment 'risk' by their portfolio's ratio of bonds to stocks. Often, high-grade bonds in an investment portfolio increase its risk."

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We leave you into a weekend with the Dollar index [DXY] at last over 90 and the news of today that North Korea's leader is interested and willing to meet Donald Trump. Maybe the noisy, silly sounding tactics have some merit, after all? Well, the safe way to double your money is to fold it over once and put it in your pocket. Better than Bitcoin...

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## Market Weekly Highlights

- The USD is trading unchanged this week after a continuous drop since the start of the year, with the Dollar Index DXY at 90.21.

The USD is gaining some ground against the Euro which came off the highest levels from 1.2555 to 1.2150 last week, retested 1.2446 during draghi's yesterday speech to only to trade back at 1.2295 currently. Same for the CHF which shows 0.9508 now.

The Pound is trading almost unchanged this week at 1.3838 having reached 1.4145 early this year but still stronger for the year as is the Japanese Yen at 106.79.

The Russian Ruble trades higher against the USD for the year and unchanged for the week reaching 57.

The Brazilian Real, which opened the year at 3.3080, reached almost 3.12 last month against the USD, it is now back at 3.25 steady for the week.

The Crypto Currencies which went through an important correction since the start of the year of about 60%, traded higher for the month, with Bitcoin moving from 6'000 to almost 11'800 against the USD to only drop drastically to 9000 today.

Crude oil WTI trades steady for the week to \$60.60 per barrel; while Brent is trading at about \$64.30 .

- 10Y U.S. Treasuries which had traded in a range during the last quarter of 2017 with yields from 2.30% to 2.40%; have lost value in price, with yields reaching 2.95% last week and now back to 2.89% . The US yield curve is no longer flattening.

The Japanese 10 year JGB yield which opened the year 2018 at 0.053% reached 0.10% early February to only trade back at where it opened the year, continuing to offer a POSITIVE yield.

In Europe, the German Bund yield nearly doubled this year jumping from 0.40% to 0.80%, but started to trade down at around 0.64%, 16 bps higher than where it closed 2017. As for the French 10Y Yield which crossed the 1% to actually trade at 0.887%.

In Peripheral Europe, Italian 10Y yields are now just below 2% trading higher for the year so far, whilst the Spanish 10Y yields trades some 57bps lower than Italy at 1.43% down from where it started the year at 1.61%.

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- Markets in the US have all turned positive again for the year 2018 with the exception of DJIA, following the market correction, with Nasdaq trading 7.60% higher, S&P500 2.44% while DJIA is still down 0.71%; all having rebounded from the 10% drop from the all time highs reached this January. The DJIA is at almost 24'900, the SP500 at just 2'738 while Nasdaq is trading some points above 7'415.

In Europe markets are showing negative returns for the year so far with Eurostoxx50 down 2.05%, DAX at - 4.11% , FTSE 100 at almost -6.00% and Swiss Market SMI at -4.76%. Italy is the only market up for the year at +4.13%. In Asia, the Nikkei traded lower by 5.69% for this new year 2018 while the Hang Seng and Bovespa are positive respectively at 3.60% and 12.22%.

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Highlighted items are interesting data points for the week

| MARKET INDICES PERFORMANCE  |            |                  |                                      |              |              |              |              |              |              |               |               |               | 01/03/2018   |              |
|---|------------|------------------|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|
| INDEX NAME  | CCY        | Last Price       | PRICE CHANGE IN % (unless indicated) |              |              |              |              |              |              | 2017          | 1Y            | 3Y            | Fwd P/E      | T12m P/E     |
|   |            |                  | 1D                                   | 5D           | MTD          | 1M           | 3M           | 6M           | YTD          |               |               |               |              |              |
| <b>EQUITY MARKET INDICES - BY REGION</b>  |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| S&P 500 INDEX   | USD        | 2,677.67         | -1.32                                | -0.97        | -1.33        | -3.06        | 1.34         | 8.12         | 0.15         | 21.82         | 12.42         | 26.46         | 17.13        | 21.61        |
| DOW JONES INDUS. AVG  | USD        | 24,608.98        | -1.68                                | -1.42        | -1.68        | -3.57        | 1.56         | 11.92        | -0.45        | 28.11         | 17.17         | 34.56         | 16.62        | 19.88        |
| <b>NASDAQ COMPOSITE INDEX</b>   | <b>USD</b> | <b>7,180.56</b>  | <b>-1.26</b>                         | <b>-0.41</b> | <b>-1.27</b> | <b>-0.83</b> | <b>4.86</b>  | <b>11.58</b> | <b>4.02</b>  | <b>29.73</b>  | <b>22.51</b>  | <b>43.38</b>  | <b>21.88</b> | <b>33.12</b> |
| RUSSELL 2000 INDEX  | USD        | 1,507.39         | -0.33                                | -1.48        | -0.33        | -2.58        | -1.93        | 6.64         | -1.83        | 14.63         | 8.00          | 21.31         | 24.59        | 47.97        |
| <b>EURO STOXX 50</b>  | <b>EUR</b> | <b>3,399.16</b>  | <b>-1.16</b>                         | <b>-2.18</b> | <b>-2.11</b> | <b>-4.45</b> | <b>-4.56</b> | <b>-2.25</b> | <b>-3.82</b> | <b>9.95</b>   | <b>-0.54</b>  | <b>-6.25</b>  | <b>13.44</b> | <b>15.70</b> |
| EURO STOXX 600  | EUR        | 374.86           | -1.23                                | -2.50        | -2.11        | -4.24        | -3.21        | -1.20        | -4.51        | 11.22         | -1.06         | -5.02         | 14.32        | 16.08        |
| CAC 40 INDEX  | EUR        | 5,262.56         | -1.09                                | -2.04        | -2.10        | -2.91        | -2.03        | 1.67         | -1.95        | 12.54         | 4.94          | 5.93          | 14.36        | 15.94        |
| <b>DAX INDEX</b>  | <b>EUR</b> | <b>12,190.94</b> | <b>-1.97</b>                         | <b>-3.51</b> | <b>-3.14</b> | <b>-5.78</b> | <b>-6.34</b> | <b>-0.80</b> | <b>-6.75</b> | <b>12.51</b>  | <b>-0.12</b>  | <b>5.57</b>   | <b>12.52</b> | <b>15.84</b> |
| FTSE 100 INDEX  | GBP        | 7,175.64         | -0.66                                | -1.41        | -1.24        | -4.04        | -2.16        | -3.98        | -7.09        | 11.95         | -3.25         | 2.91          | 13.47        | 13.64        |
| SWISS MARKET INDEX  | CHF        | 8,792.38         | -1.28                                | -2.68        | -2.22        | -5.56        | -6.11        | -2.61        | -7.18        | 17.88         | 0.54          | -3.84         | 15.31        | 26.42        |
| NIKKEI 225  | JPY        | 21,724.47        | -1.56                                | -3.25        | -4.02        | -8.99        | -7.18        | 7.57         | -6.95        | 21.33         | 8.26          | 12.51         | 15.94        | 15.55        |
| HANG SENG INDEX   | HKD        | 31,044.25        | 0.65                                 | -2.19        | -0.85        | -6.19        | 5.19         | 9.41         | 2.22         | 41.27         | 28.89         | 22.89         | 11.94        | 13.30        |
| SHANGHAI SE COMPOSITE   | CNY        | 3,273.76         | 0.44                                 | -1.05        | -0.15        | -6.00        | -1.90        | -3.34        | -1.59        | 8.75          | 0.76          | -2.45         | 12.74        | 16.70        |
| S&P BSE SENSEX INDEX  | INR        | 34,046.94        | -0.40                                | 0.67         | -0.40        | -2.91        | 3.70         | 6.76         | -0.03        | 29.56         | 18.06         | 15.57         | 22.34        | 23.22        |
| <b>RUSSIAN RTS INDEX \$</b>   | <b>USD</b> | <b>1,274.18</b>  | <b>-0.88</b>                         | <b>-1.97</b> | <b>-0.78</b> | <b>0.21</b>  | <b>12.54</b> | <b>15.89</b> | <b>10.48</b> | <b>5.88</b>   | <b>15.97</b>  | <b>41.16</b>  | <b>6.48</b>  | <b>8.70</b>  |
| <b>BRAZIL IBOVESPA INDEX</b>  | <b>BRL</b> | <b>85,377.79</b> | <b>0.03</b>                          | <b>-1.51</b> | <b>0.03</b>  | <b>1.59</b>  | <b>18.15</b> | <b>18.71</b> | <b>11.75</b> | <b>26.86</b>  | <b>29.65</b>  | <b>67.34</b>  | <b>13.29</b> | <b>20.37</b> |
| MSCI WORLD  | USD        | 2,089.98         | -1.30                                | -2.38        | -1.32        | -3.76        | 1.00         | 6.32         | -0.64        | 23.10         | 13.04         | 17.64         | 15.99        | 19.44        |
| MSCI WORLD HEDGED   | USD        | 928.84           | -1.19                                | -0.82        | -1.19        | -4.62        | 0.47         | 6.66         | -0.94        | 19.13         | 11.44         | 25.11         | -            | -            |
| MSCI WORLD LOCAL  | -          | 1,565.03         | -1.18                                | -1.99        | -1.21        | -3.30        | -0.08        | 5.53         | -1.33        | 20.06         | 8.97          | 16.30         | 15.99        | 19.44        |
| MSCI AC WORLD   | USD        | 511.90           | -1.17                                | -2.33        | -1.19        | -3.68        | 1.68         | 6.67         | -0.22        | 24.65         | 14.60         | 18.17         | 15.52        | 18.95        |
| MSCI EM   | USD        | 1,192.25         | -0.24                                | -1.99        | -0.25        | -3.13        | 6.84         | 9.24         | 2.92         | 37.77         | 27.33         | 20.64         | 12.77        | 16.04        |
| MSCI AC ASIA x JAPAN  | USD        | 728.41           | -0.01                                | -1.14        | -0.01        | -3.33        | 4.98         | 9.73         | 2.10         | 42.10         | 29.04         | 23.57         | 13.30        | 15.43        |
| <b>MSCI EM LATIN AMERICA</b>  | <b>USD</b> | <b>3,062.50</b>  | <b>-0.16</b>                         | <b>-2.48</b> | <b>-0.16</b> | <b>-2.44</b> | <b>12.19</b> | <b>5.16</b>  | <b>8.29</b>  | <b>24.16</b>  | <b>18.59</b>  | <b>17.12</b>  | <b>14.49</b> | <b>19.66</b> |
| MSCI EM Eur, ME & Africa  | USD        | 304.69           | -1.12                                | -3.47        | -1.14        | -0.98        | 11.15        | 9.24         | 2.91         | 25.22         | 20.52         | 8.10          | 11.06        | 14.20        |
| <b>EQUITY MARKET INDICES - BY SECTOR</b>  |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| MSCI ENERGY   | USD        | 206.54           | -0.53                                | -2.90        | -0.53        | -7.55        | -4.07        | 5.48         | -7.60        | 5.93          | -0.99         | -11.56        | 16.96        | 26.08        |
| MSCI MATERIALS  | USD        | 273.13           | -1.49                                | -3.60        | -1.65        | -4.33        | 1.67         | 5.71         | -2.63        | 29.51         | 15.68         | 14.16         | 14.98        | 17.49        |
| MSCI INDUSTRIALS  | USD        | 258.49           | -1.82                                | -2.96        | -1.82        | -4.60        | 1.30         | 7.09         | -1.22        | 25.87         | 14.97         | 24.62         | 16.85        | 19.03        |
| MSCI CONS DISCRETIONARY   | USD        | 245.90           | -1.35                                | -2.56        | -1.35        | -3.27        | 5.18         | 12.01        | 2.69         | 24.24         | 18.93         | 23.36         | 16.58        | 19.11        |
| MSCI CONS STAPLES   | USD        | 222.92           | -0.69                                | -2.27        | -0.74        | -6.26        | -4.41        | -2.61        | -6.25        | 17.81         | 1.50          | 6.60          | 18.17        | 16.63        |
| MSCI HEALTH CARE  | USD        | 225.76           | -1.46                                | -2.63        | -1.46        | -4.59        | -0.65        | 0.93         | -0.82        | 20.42         | 7.83          | 5.33          | 16.25        | 23.95        |
| MSCI FINANCIALS   | USD        | 127.98           | -1.32                                | -2.12        | -1.35        | -4.14        | 2.73         | 9.43         | 0.56         | 23.48         | 14.26         | 22.91         | 12.64        | 16.01        |
| <b>MSCI INFO TECH</b>   | <b>USD</b> | <b>252.36</b>    | <b>-1.68</b>                         | <b>-1.65</b> | <b>-1.68</b> | <b>0.62</b>  | <b>5.90</b>  | <b>14.95</b> | <b>5.30</b>  | <b>38.75</b>  | <b>31.09</b>  | <b>56.53</b>  | <b>19.12</b> | <b>25.42</b> |
| MSCI TELECOMS   | USD        | 67.25            | -0.65                                | -1.68        | -0.65        | -5.40        | -4.30        | -3.72        | -5.46        | 6.79          | -3.44         | -6.73         | 11.97        | 15.13        |
| MSCI UTILITY  | USD        | 119.22           | -0.30                                | -2.53        | -0.35        | -3.18        | -10.33       | -9.58        | -6.25        | 14.82         | -0.60         | 1.20          | 14.52        | 17.95        |
| MSCI WORLD REAL ESTATE  | USD        | 198.39           | -0.47                                | -1.78        | -0.49        | -4.68        | -6.03        | -4.30        | -6.50        | 15.56         | 0.61          | -2.55         | 23.37        | 16.64        |
| <b>HEDGE FUND INDICES</b>   |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| <b>HRFX GLOBAL HEDGE FUND</b>   | <b>USD</b> | <b>1,275.14</b>  | <b>-0.43</b>                         | <b>-1.10</b> | <b>-2.42</b> | <b>-3.10</b> | <b>0.79</b>  | <b>2.47</b>  | <b>-0.04</b> | <b>5.99</b>   | <b>4.26</b>   | <b>2.88</b>   | -            | -            |
| HRFX EQUAL WEIGHTED   | USD        | 1,273.91         | -0.30                                | -0.81        | -1.77        | -2.19        | 0.49         | 1.67         | -0.14        | 4.81          | 3.17          | 5.39          | -            | -            |
| HRFX GLOBAL EUR   | EUR        | 1,118.85         | -0.84                                | -0.63        | -2.28        | -2.95        | 0.45         | 1.45         | -0.15        | 3.49          | 1.98          | -2.12         | -            | -            |
| MARKET INDICES PERFORMANCE  |            |                  |                                      |              |              |              |              |              |              |               |               |               | 01/03/2018   |              |
| INDEX NAME  | CCY        | Last Price       | PRICE CHANGE IN % (unless indicated) |              |              |              |              |              |              | 2017          | 1Y            | 3Y            |              |              |
|   |            |                  | 1D                                   | 5D           | MTD          | 1M           | 3M           | 6M           | YTD          |               |               |               |              |              |
| <b>LIBOR RATES AND YIELD ON US GOVERNMENT BONDS (Yield in %, Change in bps)</b> |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| US 3 MONTH  | USD        | 1.61             | -0.03                                | -0.03        | -2.81        | -4.12        | 13.78        | 35.21        | 61.08        | 23.49         | 87.83         | 95.05         | -            | -            |
| <b>US 2 YEAR</b>  | <b>USD</b> | <b>2.23</b>      | <b>1.80</b>                          | <b>-0.83</b> | <b>-2.03</b> | <b>8.84</b>  | <b>45.77</b> | <b>88.77</b> | <b>34.67</b> | <b>69.47</b>  | <b>92.13</b>  | -             | -            |              |
| <b>US 10 YEAR</b>   | <b>USD</b> | <b>2.83</b>      | <b>1.82</b>                          | <b>-4.00</b> | <b>-3.46</b> | <b>-1.51</b> | <b>46.45</b> | <b>66.03</b> | <b>42.06</b> | <b>-3.89</b>  | <b>34.81</b>  | -             | -            |              |
| US LIBOR 3M   | USD        | 2.02             | 1.09                                 | 9.74         | 23.94        | 25.03        | 53.84        | 69.94        | 32.29        | 69.64         | 95.32         | -             | -            |              |
| EUR LIBOR 3M  | EUR        | -0.38            | 0.00                                 | 0.51         | -0.23        | 0.36         | 0.24         | -0.53        | 0.54         | -4.83         | -2.64         | -             | -            |              |
| GBP LIBOR 3M  | GBP        | 0.58             | 0.10                                 | 2.60         | 5.93         | 5.37         | 5.86         | 30.14        | 6.06         | 15.44         | 22.51         | -             | -            |              |
| CHF LIBOR 3M  | CHF        | -0.74            | 0.00                                 | 0.10         | 0.04         | -0.26        | 0.74         | -1.82        | 0.16         | -1.70         | -1.84         | -             | -            |              |
| <b>FIXED INCOME INDICES - BY TYPE OF ISSUER</b>                                 |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| GLOBAL AGG TR HEDGED  | USD        | 510.60           | 0.18                                 | 0.28         | 0.18         | 0.33         | -0.81        | -0.32        | -0.76        | 3.04          | 2.25          | 6.25          | 1.86         |              |
| GLOBAL HY TR  | USD        | 1,304.64         | -0.18                                | -0.08        | -0.18        | -1.17        | 0.14         | 1.11         | -0.40        | 10.43         | 6.75          | 20.45         | 5.64         |              |
| US GOVERNMENT TR  | USD        | 2,128.19         | 0.34                                 | 0.40         | 0.34         | 0.28         | -1.74        | -2.29        | -1.72        | 2.30          | 0.58          | 1.87          | 1.86         |              |
| <b>US CORPORATE TR</b>  | <b>USD</b> | <b>2,831.35</b>  | <b>0.14</b>                          | <b>0.17</b>  | <b>0.14</b>  | <b>-0.69</b> | <b>-1.94</b> | <b>-1.23</b> | <b>-2.43</b> | <b>6.42</b>   | <b>3.09</b>   | <b>7.87</b>   | <b>3.69</b>  |              |
| US HIGH YIELD TR  | USD        | 1,941.51         | -0.18                                | 0.11         | -0.18        | -0.63        | -0.14        | 0.87         | -0.43        | 7.50          | 3.76          | 16.14         | 6.14         |              |
| EU GOVERNMENT TR  | EUR        | 250.55           | 0.14                                 | 0.33         | 0.14         | 0.52         | -1.28        | 0.14         | -0.10        | 0.20          | 1.36          | 2.07          | 0.66         |              |
| EU CORPORATE TR   | USD        | 272.08           | 0.01                                 | 0.09         | 0.01         | 0.31         | -0.27        | 1.27         | 0.07         | 4.39          | 3.96          | 9.26          | 0.84         |              |
| EU HIGH YIELD TR  | EUR        | 315.64           | -0.04                                | 0.21         | -0.04        | 0.07         | -0.39        | 0.99         | -0.32        | 6.90          | 4.52          | 13.74         | 3.22         |              |
| BARCLAYS GLOBAL CONV. TR  | USD        | 238.76           | -0.21                                | -0.03        | -0.21        | -1.55        | 0.44         | 1.13         | 0.08         | 7.19          | 3.61          | 7.22          | -            |              |
| <b>GLOBAL EM TR (HEDGED)</b>  | <b>USD</b> | <b>979.09</b>    | <b>-0.03</b>                         | <b>0.14</b>  | <b>-0.03</b> | <b>-0.83</b> | <b>-1.11</b> | <b>-0.51</b> | <b>-1.42</b> | <b>8.11</b>   | <b>4.02</b>   | <b>16.21</b>  | <b>4.48</b>  |              |
| S&P/LSTA U.S. LEV LOAN  | USD        | 98.76            | -0.05                                | -0.03        | -0.05        | -0.38        | 0.49         | 0.43         | 0.39         | -0.24         | -0.45         | 2.36          | 5.24         |              |
| <b>COMMODITY INDICES - BY TYPE OF ISSUER</b>                                    |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| GSCI INDEX TOTAL RETURN   | USD        | 2,542.47         | -0.52                                | -1.71        | -0.52        | -4.62        | 2.56         | 12.80        | -0.56        | 5.77          | 6.17          | -20.14        | -            |              |
| GSCI ENERGY TR  | USD        | 453.18           | -1.20                                | -2.99        | -1.20        | -7.63        | 2.06         | 19.08        | -2.03        | 6.39          | 9.99          | -29.01        | -            |              |
| GSCI INDUSTRIAL METALS TR   | USD        | 1,404.03         | -0.34                                | -2.88        | -0.34        | -3.66        | 3.08         | 2.10         | -3.10        | 29.09         | 12.24         | 16.85         | -            |              |
| GSCI PRECIOUS METALS TR   | USD        | 1,562.29         | -0.94                                | -2.04        | -0.94        | -3.30        | 1.52         | -2.72        | -0.93        | 11.98         | 1.64          | 4.09          | -            |              |
| <b>GSCI AGRICULTURE TR</b>  | <b>USD</b> | <b>410.75</b>    | <b>1.82</b>                          | <b>4.72</b>  | <b>1.82</b>  | <b>6.80</b>  | <b>6.55</b>  | <b>6.49</b>  | <b>8.19</b>  | <b>-11.92</b> | <b>-9.52</b>  | <b>-19.63</b> | -            |              |
| GENERIC 1ST 'CL' FUTURE   | USD        | 60.87            | -0.20                                | -4.22        | -1.25        | -6.84        | 4.18         | 25.92        | 0.79         | 3.80          | 8.70          | -18.34        | -            |              |
| <b>GOLD SPOT \$/OZ</b>  | <b>USD</b> | <b>1,316.98</b>  | <b>0.00</b>                          | <b>-0.89</b> | <b>-0.11</b> | <b>-1.19</b> | <b>2.85</b>  | <b>-0.60</b> | <b>1.07</b>  | <b>13.09</b>  | <b>6.70</b>   | <b>9.13</b>   | -            |              |
| <b>CURRENCIES</b>   |            |                  |                                      |              |              |              |              |              |              |               |               |               |              |              |
| <b>DOLLAR INDEX SPOT</b>  | <b>USD</b> | <b>90.32</b>     | <b>-0.10</b>                         | <b>0.39</b>  | <b>-0.42</b> | <b>1.16</b>  | <b>-2.86</b> | <b>-2.78</b> | <b>-2.05</b> | <b>-9.87</b>  | <b>-11.71</b> | <b>-5.48</b>  | -            |              |
| Euro Spot   | EUR        | 1.23             | 0.03                                 | -0.20        | 0.63         | -1.54        | 3.41         | 3.15         | 2.22         | 14.15         | 16.79         | 9.72          | -            |              |
| Japanese Yen Spot   | JPY        | 106.24           | 0.46                                 | 1.08         | 0.88         | 4.18         | 6.30         | 6.75         | 6.56         | -3.65         | 8.19          | 13.60         | -            |              |
| British Pound Spot  | GBP        | 1.38             | -0.06                                | -1.45        | 0.06         | -2.48        | 2.14         | 6.47         | 1.89         | 9.51          | 12.24         | -10.40        | -            |              |
| <b>Swiss Franc Spot</b>   | <b>CHF</b> | <b>0.94</b>      | <b>0.36</b>                          | <b>-0.25</b> | <b>0.66</b>  | <b>-0.75</b> | <b>4.97</b>  | <b>2.11</b>  | <b>3.83</b>  | <b>-4.39</b>  | <b>7.99</b>   | <b>2.14</b>   | -            |              |
| Brazilian Real Spot   | BRL        | 3.25             | -0.12                                | 0.01         | -0.12        | -2.51        | 0.19         | -3.42        | 1.88         | 1.76          | -4.85         | -             | -            |              |
| China Renminbi Spot   | CNY        | 6.36             | 0.18                                 | -0.15        | -0.25        | -0           |              |              |              |               |               |               |              |              |

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