

# Bedrock Friday 28 July 2017 Newsletter

Our world was looking great through Thursday afternoon. The weather was great, markets were supporting our views and even the American Dollar found its footings. And then, the floor creaked a little and the US equity markets suddenly took a dive. We are still trying to understand what was the trigger and can't say we found it. As we are deep into Q2 earnings season and yesterday was the heaviest reporting day. We took a look into the results so far- Well, with 273 of the 500 S&P500 stock reporting, we see about 75% beating on the top-line and somewhat more on the bottom-line (by 5.32% as per Bloomberg). We were waiting for Amazon to report and watched as the stock price was climbing, making Jeff Bezos the world's richest man for a moment at least. After the close Amazon reported disappointing results and poor Jeff was relegated to the second post... Sniff... We remain confident that Jeff will regain the title soon. After all, he is probably the biggest disruptor of recent times, possibly the true killer of inflation (Paul Volker had been the top-guy here) being the one who has successfully extracted the intermediaries from the food-chain of product distribution. The beneficiary being the global consumer who sees prices erode. The question remains as to when will Amazon [AMZN] redirect these extracted costs towards its own P&L...

Howard Marks, one of the most respected value investors out there (managing \$99Bn), starkly warned his clients to avoid high-flying digital currencies. "In my view, digital currencies are nothing but an unfounded fad (or perhaps even a pyramid scheme), based on a willingness to ascribe value to something that has little or none beyond what people will pay for it," Marks wrote in the investor letter Wednesday. Ethereum cryptocurrency is up more than 2,300% year to date through Wednesday, while bitcoin is up nearly 160% this year, according to data from industry website CoinDesk. The co-chairman of Oaktree Capital is famous for his prescient investment memos, which predicted the financial crisis and the dotcom bubble implosion. The manager then went on to compare cryptocurrencies to the Tulip mania of 1637, the South Sea bubble of 1720 and the internet bubble of 1999. We wonder if Howard has been reading our newsletter? We still don't understand it or what it means, but no longer feel so lonely in our ignorance... Like Oaktree, we can only reiterate our view- stay away from what you don't understand.

Last week, red-faced, we apologized for our misreading of the FX world having missed the spectacular rise in cryptocurrencies and then, more pertinently, the fall of the US Dollar. Today though, our natural face colours are returning, with the Dollar firming-up significantly since Wednesday and cryptocurrencies being hammered. But our facial colouring is unimportant. What is important is the Federal Reserve- which laid the groundwork Wednesday to begin winding down shortly the massive stimulus program it embarked on to rescue the economy from the financial crisis. As expected, the Fed also unanimously declined to raise interest rates this month. After its two-day policy meeting, the Federal Open Market Committee released a statement containing key language that points to starting the move in September. At that time, the central bank will begin rolling off the \$4.5 trillion portfolio of bonds it has accrued on its balance sheet. The central bank has targeted 2% inflation rate as a desirable level, but has fallen consistently short even as the unemployment rate has dropped to 4.4%. Average hourly wage growth has been stuck around 2.5%. Other inflation measures have been even lower, with the Fed's preferred gauge, the Personal Consumption Expenditures index, at 1.4%. It is the "Amazon Effect" we say, and we believe that it has just begun- Cost of consumption as per the "PCE" will probably continue to be under downwards pressure, no matter what the Fed will do. The process of unwinding the Fed's balance sheet is in reality tantamount to a tightening, just as its buildup was a loosening of money. For the Fed, getting the timing right for policy normalization, after so many years of cheap money and bountiful liquidity, will be critical. In a recent Bank of America Merrill Lynch fund manager survey, investing pros listed a Fed mistake as their second-biggest fear — right after a bond market meltdown, two events that likely would be intertwined. We believe and hope that the process of unwinding will be slow and gentle, at a slower rate than the rate of the buildup had been. Stability could be maintained whilst an error could bring upon us a repeat of the infamous depression of the early 20th century. Slowly slowly does it for us... The "Party" may continue ☺ The little "bumps" of the past month notwithstanding, we feel confident that the economics of the world are OK. Don't forget that it is summer, with its normally thinner and volatile markets. Even if the VIX remains close to its lows (now at 10.8), it is choppy in a narrow band.

The stock market has been stuck in low gear—in the best possible way. Think about it: Driving in low gear is no good for going fast, but is great for climbing. And when the declines come, staying in low gear makes the descent more controlled and safer. This pretty well captures the way the S&P 500 index has moved to a 10% gain this year in what's arguably been the calmest market of all time. In the July update of its World Economic Outlook, the IMF forecast global economic growth of 3.5% for 2017 and 3.6% for 2018, unchanged from its April outlook. For the short term, the IMF saw global risks as "broadly balanced," but added that, in the medium term, risks were "skewed to the downside." Sounds good to us... The IMF added that, in Europe, positive market sentiment and fewer political risks mean activity could be stronger than projected.

The headlines from Washington are upsetting, as the Administration and the Congress are unable to unblock the Healthcare quagmire they are in. Learning from Trump, we can be politically incorrect in saying that the more important matter of Tax Reform is likely to overtake Obamacare in the headlines and actually happen. That will have more and positive effects on our limited universe... Stay with stocks and the US\$ ☺  
"There are many men of principle in both parties in America, but there is no party of principle" Torqueville.

## Market Weekly Highlights:

- The greenback has marked a pause since last year's strong rebound against all currencies. The DXY index which had reached 103.80 and then has lost ground to trade now down at almost 93.71. The USD is trading around 1.1714 against the EUR and at 0.9707 against the CHF as we write. The Pound is trading higher since the start of the year at \$1.308 as is the Japanese Yen, trading at 111.15. The Russian Ruble is trading sideways against the USD at 59.45 following the oil-price pattern. The Brazilian Real is trading almost unchanged for the week against the USD at just above 3.15 as we write.  
Crude oil WTI reached \$55.24 a barrel on the first day of trading on January 1st and dropped as low as \$42 last month, only to trade back up at \$49.05 as we write, whilst Brent is trading at just above \$51.70.
- The yield on 10Y U.S. Treasuries is trading at 2.31%. The Japanese 10 year JGB is trading almost unchanged for the week and continues to offer POSITIVE returns at 0.073%.  
In Europe, we see the German Bund trading at 0.53% almost unchanged for the week. The French 10Y Yield which hit 1.10% before the elections went down as low as 0.56% last month and now is trading back up at 0.80%. The Swiss 10 year bond yield traded this month at around -0.019%, having bounced from -0.20% lows of last month and now is trading in POSITIVE territory at 0.07%.  
In Peripheral Europe Italian 10Y yields had crossed the 2% level having started the year at 1.71% and are currently at 1.80% whilst the Spanish 10Y yields trade 24bps lower than Italy, having started the year at 1.30% and currently trading at 1.56%.
- Markets are generally up this week in the USA with the exception of Nasdaq; the DJIA is trading at about 21'796, SP500 at just above 2'475 and Nasdaq at about 6'380 of yesterday close. In reality, we are basically still at or near the all time highs, or within a couple of percentage points thereof. DJIA is up 0.85% Nasdaq down 0.12% and SP500 up 0.08% for the week and futures trading down as we watch.  
In Europe Eurostoxx50 is up for this week at 0.16%, while the DAX is down 0.89%, the CAC40 has lost 0.09% this week as did FTSE 100 at -0.81%. The Swiss market and peripheral Italian and Spanish are up for the week respectively, 0.61%, 1.1% and 0.82% as we write. This week Nikkei traded down 0.70% but remains up almost 4.40% for the year. .

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Highlighted items are interesting data points for the week

All data is compiled from Bloomberg

## MARKET INDICES PERFORMANCE

27/07/2017

| INDEX NAME                               | CCY | Last Price | PRICE CHANGE IN % (unless indicated) |       |       |       |       |        |        |       |        | Fwd P/E | T12m P/E |
|--|-----|------------|--------------------------------------|-------|-------|-------|-------|--------|--------|-------|--------|---------|----------|
|  |     |            | 1D                                   | 5D    | MTD   | 1M    | 3M    | 6M     | YTD    | 1Y    | 3Y     |         |          |
| <b>EQUITY MARKET INDICES - BY REGION</b> |     |            |                                      |       |       |       |       |        |        |       |        |         |          |
| S&P 500 INDEX                            | USD | 2,475.42   | -0.09                                | 0.08  | 2.15  | 1.42  | 3.83  | 7.88   | 10.57  | 14.07 | 25.09  | 18.99   | 21.42    |
| DOW JONES INDUS. AVG                     | USD | 21,796.55  | 0.41                                 | 0.85  | 2.09  | 1.59  | 4.09  | 8.47   | 10.29  | 18.10 | 28.35  | 17.97   | 18.75    |
| NASDAQ COMPOSITE INDEX                   | USD | 6,382.19   | -0.62                                | -0.12 | 3.94  | 2.37  | 5.53  | 12.74  | 18.56  | 23.81 | 43.58  | 24.09   | 33.66    |
| RUSSELL 2000 INDEX                       | USD | 1,433.62   | -0.59                                | -0.61 | 1.29  | 0.59  | 2.37  | 4.59   | 5.64   | 17.77 | 25.81  | 29.88   | 47.97    |
| EURO STOXX 50                            | EUR | 3,493.14   | 0.06                                 | 0.45  | 0.74  | -1.94 | -2.59 | 4.96   | 5.37   | 16.89 | 9.32   | 14.84   | 18.92    |
| EURO STOXX 600                           | EUR | 382.32     | -0.10                                | -0.23 | -0.02 | -1.69 | -2.02 | 3.52   | 4.94   | 11.73 | 11.12  | 15.83   | 23.47    |
| CAC 40 INDEX                             | EUR | 5,186.95   | -0.06                                | 0.25  | 0.19  | -2.33 | -2.60 | 6.00   | 5.51   | 16.05 | 18.08  | 15.27   | 18.46    |
| DAX INDEX                                | EUR | 12,212.04  | -0.76                                | -0.82 | -1.50 | -4.01 | -2.40 | 2.76   | 5.74   | 18.15 | 26.48  | 13.42   | 19.04    |
| FTSE 100 INDEX                           | GBP | 7,443.01   | -0.09                                | -0.44 | 1.47  | 0.43  | 3.00  | 3.28   | 3.88   | 10.40 | 9.31   | 15.41   | 30.27    |
| SWISS MARKET INDEX                       | CHF | 9,017.79   | 0.31                                 | 0.52  | 0.88  | -1.01 | 1.96  | 7.23   | 9.31   | 10.99 | 5.33   | 17.92   | 24.26    |
| NIKKEI 225                               | JPY | 20,079.64  | 0.15                                 | -0.70 | -0.37 | -0.85 | 3.98  | 2.53   | 4.42   | 21.14 | 28.53  | 17.12   | 18.85    |
| HANG SENG INDEX                          | HKD | 27,131.17  | 0.71                                 | 1.09  | 4.78  | 5.11  | 9.68  | 15.56  | 22.71  | 21.75 | 10.51  | 12.96   | 14.51    |
| SHANGHAI SE COMPOSITE                    | CNY | 3,249.78   | 0.08                                 | 0.47  | 1.90  | 2.52  | 3.12  | 2.98   | 4.82   | 8.65  | 49.37  | 14.34   | 17.49    |
| S&P BSE SENSEX INDEX                     | INR | 32,383.30  | 0.00                                 | 0.48  | 4.08  | 4.38  | 7.57  | 15.43  | 20.87  | 14.09 | 23.82  | 20.04   | 23.83    |
| RUSSIAN RTS INDEX \$                     | USD | 1,030.95   | 1.01                                 | -0.27 | 2.12  | 1.93  | -8.28 | -14.51 | -11.30 | 10.70 | -15.44 | 5.94    | 7.24     |
| BRAZIL IBOVESPA INDEX                    | USD | 65,277.38  | 0.41                                 | 0.52  | 3.78  | 5.26  | -0.19 | -1.15  | 8.39   | 15.19 | 13.14  | 12.47   | 18.18    |
| MSCI WORLD                               | USD | 1,963.54   | 0.09                                 | 0.24  | 2.46  | 1.65  | 4.54  | 8.88   | 12.12  | 14.99 | 12.31  | 17.58   | 21.44    |
| MSCI WORLD HEDGED                        | USD | 870.51     | 0.00                                 | -0.05 | 1.90  | 1.50  | 3.36  | 8.03   | 10.60  | 17.00 | 27.31  | -       | -        |
| MSCI WORLD LOCAL                         | -   | 1,486.65   | 0.00                                 | 0.24  | 1.79  | 0.86  | 2.84  | 6.55   | 8.97   | 14.36 | 19.43  | 17.58   | 21.44    |
| MSCI AC WORLD                            | USD | 478.25     | 0.16                                 | 0.31  | 2.83  | 2.09  | 5.07  | 9.73   | 13.37  | 15.77 | 10.94  | 17.00   | 20.67    |
| MSCI EM                                  | USD | 1,068.95   | 0.63                                 | 0.83  | 5.75  | 5.62  | 9.30  | 16.71  | 23.97  | 22.09 | -0.95  | 13.55   | 16.20    |
| MSCI AC ASIA x JAPAN                     | USD | 657.46     | 0.72                                 | 1.08  | 5.13  | 5.02  | 10.64 | 19.88  | 27.83  | 23.69 | 10.02  | 14.20   | 16.11    |
| MSCI EM LATIN AMERICA                    | USD | 2,735.88   | 0.39                                 | 0.00  | 7.54  | 8.19  | 5.20  | 7.38   | 16.89  | 16.24 | -22.79 | 14.69   | 19.52    |
| MSCI EM Eur, ME & Africa                 | USD | 268.19     | 0.43                                 | 0.42  | 6.09  | 5.40  | 3.28  | 6.07   | 9.57   | 11.80 | -19.01 | 11.59   | 13.56    |
| <b>EQUITY MARKET INDICES - BY SECTOR</b> |     |            |                                      |       |       |       |       |        |        |       |        |         |          |
| MSCI ENERGY                              | USD | 201.16     | 0.82                                 | 1.77  | 3.15  | 2.89  | -0.35 | -6.95  | -8.14  | 1.51  | -34.38 | 26.15   | 45.08    |
| MSCI MATERIALS                           | USD | 251.94     | 0.08                                 | 0.70  | 4.65  | 4.32  | 5.99  | 5.31   | 13.55  | 20.16 | -2.12  | 16.93   | 20.44    |
| MSCI INDUSTRIALS                         | USD | 239.29     | -0.11                                | -0.38 | 0.85  | 0.29  | 3.17  | 8.52   | 12.62  | 16.91 | 17.33  | 17.80   | 22.23    |
| MSCI CONS DISCRETIONARY                  | USD | 221.73     | 0.59                                 | 0.66  | 2.41  | 1.74  | 2.73  | 8.77   | 12.88  | 15.13 | 22.72  | 17.46   | 19.63    |
| MSCI CONS STAPLES                        | USD | 232.01     | 0.82                                 | 0.61  | 1.68  | 0.36  | 3.50  | 10.11  | 11.79  | 4.89  | 17.39  | 20.78   | 23.64    |
| MSCI HEALTH CARE                         | USD | 220.82     | -0.79                                | -1.70 | -0.33 | -1.66 | 4.28  | 12.88  | 14.52  | 3.98  | 16.80  | 17.29   | 23.12    |
| MSCI FINANCIALS                          | USD | 118.74     | -0.06                                | 0.92  | 2.96  | 3.30  | 6.89  | 8.19   | 11.83  | 30.88 | 13.32  | 13.69   | 16.60    |
| MSCI INFO TECH                           | USD | 197.60     | -0.56                                | -0.37 | 4.70  | 2.80  | 6.95  | 15.88  | 22.56  | 28.15 | 45.86  | 19.83   | 24.44    |
| MSCI TELECOMS                            | USD | 71.56      | 2.74                                 | 3.45  | 4.53  | 3.61  | 4.32  | 2.50   | 2.92   | -1.62 | -2.04  | 14.90   | 19.43    |
| MSCI UTILITY                             | USD | 127.95     | 0.31                                 | -0.27 | 1.91  | 0.61  | 4.56  | 11.61  | 11.30  | 3.03  | 4.04   | 16.57   | 21.05    |
| MSCI WORLD REAL ESTATE                   | USD | 205.79     | 0.36                                 | 0.61  | 1.90  | 1.04  | 3.51  | 7.78   | 8.26   | -2.14 | 6.14   | 25.32   | 19.72    |
| <b>HEDGE FUND INDICES</b>                |     |            |                                      |       |       |       |       |        |        |       |        |         |          |
| HRFX GLOBAL HEDGE FUND                   | USD | 1,247.86   | 0.12                                 | 0.27  | 1.10  | 0.83  | 1.54  | 2.54   | 3.69   | 5.75  | 0.18   | -       | -        |
| HRFX EQUAL WEIGHTED                      | USD | 1,256.23   | 0.07                                 | 0.22  | 0.83  | 0.74  | 1.26  | 2.30   | 3.21   | 5.44  | 2.94   | -       | -        |
| HRFX GLOBAL EUR                          | EUR | 1,108.17   | 0.11                                 | 0.24  | 0.91  | 0.59  | 0.92  | 1.40   | 2.35   | 3.43  | -3.86  | -       | -        |

## MARKET INDICES PERFORMANCE

27/07/2017

| INDEX NAME  | CCY | Last Price | PRICE CHANGE IN % (unless indicated) |       |        |        |        |        |        |        |        | Yield to Worst |      |
|---|-----|------------|--------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|----------------|------|
|   |     |            | 1D                                   | 5D    | MTD    | 1M     | 3M     | 6M     | YTD    | 1Y     | 3Y     |                |      |
| <b>LIBOR RATES AND YIELD ON US GOVERNMENT BONDS (Yield in %, Change in bps)</b> |     |            |                                      |       |        |        |        |        |        |        |        |                |      |
| US 3 MONTH  | USD | 1.10       | 0.51                                 | -6.10 | 8.67   | 9.68   | 30.57  | 59.04  | 60.06  | 85.96  | -      | -              | -    |
| US 2 YEAR   | USD | 1.36       | -0.40                                | 1.89  | -2.26  | 0.58   | 9.72   | 14.09  | 17.08  | 65.25  | -      | -              | -    |
| US 10 YEAR  | USD | 2.30       | -0.89                                | 6.39  | -0.23  | 7.35   | 2.12   | -18.29 | -14.29 | 79.70  | -      | -              | -    |
| US LIBOR 3M   | USD | 1.31       | -0.28                                | 0.67  | 1.47   | 1.91   | 14.21  | 27.49  | 31.60  | 57.09  | -      | -              | -    |
| EUR LIBOR 3M  | EUR | -0.38      | -0.50                                | -0.14 | -0.59  | -0.50  | -1.72  | -3.43  | -4.14  | -7.43  | -      | -              | -    |
| GBP LIBOR 3M  | GBP | 0.29       | 0.03                                 | -0.13 | -1.96  | -1.33  | -3.74  | -7.63  | -7.95  | -22.40 | -      | -              | -    |
| CHF LIBOR 3M  | CHF | -0.73      | 0.00                                 | 0.00  | 0.14   | 0.16   | 0.14   | -0.12  | 0.06   | 2.40   | -      | -              | -    |
| <b>FIXED INCOME INDICES - BY TYPE OF ISSUER</b>                                 |     |            |                                      |       |        |        |        |        |        |        |        |                |      |
| GLOBAL AGG TR HEDGED  | USD | 507.98     | 0.01                                 | -0.19 | 0.29   | -0.14  | 0.60   | 2.20   | 1.73   | -0.61  | 9.99   | 1.59           | 1.59 |
| GLOBAL HY TR  | USD | 1,279.19   | 0.06                                 | 0.15  | 1.30   | 1.29   | 2.75   | 5.99   | 7.85   | 10.68  | 13.74  | 5.15           | 5.15 |
| US GOVERNMENT TR  | USD | 2,156.97   | -0.15                                | -0.44 | 0.04   | -0.33  | 0.52   | 1.81   | 1.90   | -2.22  | 6.07   | 1.59           | 1.59 |
| US CORPORATE TR   | USD | 2,846.00   | -0.15                                | -0.47 | 0.55   | 0.22   | 2.02   | 4.12   | 4.37   | 1.68   | 11.52  | 3.13           | 3.13 |
| US HIGH YIELD TR  | USD | 1,923.75   | 0.00                                 | 0.19  | 1.08   | 1.11   | 2.09   | 4.47   | 6.06   | 10.79  | 15.82  | 5.41           | 5.41 |
| EU GOVERNMENT TR  | EUR | 248.60     | 0.14                                 | -0.14 | 0.23   | -0.51  | 0.21   | 1.24   | -0.68  | -3.31  | 8.61   | 0.58           | 0.58 |
| EU CORPORATE TR   | USD | 266.85     | 0.16                                 | 0.06  | 0.97   | 0.58   | 1.11   | 2.98   | 2.46   | 2.33   | 11.89  | 0.80           | 0.80 |
| EU HIGH YIELD TR  | EUR | 311.51     | 0.16                                 | 0.33  | 0.91   | 0.74   | 2.13   | 4.29   | 5.16   | 8.39   | 16.58  | 3.04           | 3.04 |
| BARCLAYS GLOBAL CONVERT.  | USD | 238.34     | -0.29                                | -0.01 | 1.70   | 1.65   | 2.41   | 5.29   | 7.09   | 9.15   | 10.20  | -              | -    |
| GLOBAL EM TR (HEDGED)   | USD | 376.02     | 0.01                                 | -0.03 | 0.77   | 0.49   | 1.32   | 4.59   | 5.71   | 4.98   | 14.82  | 4.23           | 4.23 |
| S&P/LSTA U.S. LEV LOAN  | USD | 98.84      | 0.04                                 | 0.16  | 0.49   | 0.56   | 0.09   | -0.06  | 0.23   | 6.81   | 0.12   | 4.67           | 4.67 |
| <b>COMMODITY INDICES - BY TYPE OF ISSUER</b>                                    |     |            |                                      |       |        |        |        |        |        |        |        |                |      |
| GSCI INDEX TOTAL RETURN   | USD | 2,244.82   | 0.69                                 | 1.89  | 3.46   | 7.13   | 0.54   | -6.19  | -7.14  | 4.09   | -54.48 | -              | -    |
| GSCI ENERGY TR  | USD | 373.90     | 0.85                                 | 3.62  | 5.90   | 9.75   | -0.82  | -10.44 | -14.00 | 4.88   | -67.39 | -              | -    |
| GSCI INDUSTRIAL METALS TR   | USD | 1,255.47   | -0.08                                | 3.98  | 3.47   | 4.83   | 6.09   | 5.04   | 11.85  | 23.07  | -12.28 | -              | -    |
| GSCI PRECIOUS METALS TR   | USD | 1,524.22   | 0.85                                 | 1.20  | 1.25   | 0.91   | -1.03  | 4.42   | 8.23   | -7.63  | -7.42  | -              | -    |
| GSCI AGRICULTURE TR   | USD | 417.88     | 0.76                                 | -2.78 | -0.88  | 4.97   | 1.35   | -6.96  | -3.05  | -6.96  | -26.44 | -              | -    |
| GENERIC 1ST 'CL' FUTURE   | USD | 49.03      | -0.02                                | 7.12  | 6.19   | 9.27   | -2.21  | -11.80 | -13.89 | 3.55   | -60.21 | -              | -    |
| GOLD SPOT \$/OZ   | USD | 1,259.92   | 0.06                                 | 0.39  | 1.48   | 0.85   | -0.66  | 5.76   | 9.34   | -5.68  | -3.38  | -              | -    |
| <b>CURRENCIES</b>   |     |            |                                      |       |        |        |        |        |        |        |        |                |      |
| DOLLAR INDEX SPOT   | USD | 93.86      | -0.12                                | -0.11 | -1.96  | -2.35  | -5.35  | -6.74  | -8.28  | -3.09  | 15.71  | -              | -    |
| Euro Spot   | EUR | 1.17       | 0.15                                 | 0.27  | 2.35   | 2.78   | 7.33   | 9.34   | 11.19  | 5.57   | -12.99 | -              | -    |
| Japanese Yen Spot   | JPY | 111.26     | 0.14                                 | 0.03  | 1.16   | 1.08   | 0.35   | 2.40   | 5.27   | -5.25  | -8.32  | -              | -    |
| British Pound Spot  | GBP | 1.31       | 0.04                                 | 0.57  | 0.35   | 1.12   | 0.93   | 4.69   | 5.92   | -0.71  | -23.03 | -              | -    |
| Swiss Franc Spot  | CHF | 0.96       | -0.34                                | -2.32 | -1.06  | -0.89  | 2.73   | 2.80   | 5.25   | 1.31   | -6.63  | -              | -    |
| Brazilian Real Spot   | BRL | 3.15       | -0.39                                | -0.93 | 5.00   | 5.18   | 1.08   | -0.31  | 3.32   | 3.53   | -29.23 | -              | -    |
| China Renminbi Spot   | CNY | 6.74       | -0.02                                | 0.33  | 0.54   | 0.82   | 2.21   | 2.07   | 2.97   | -1.29  | -8.26  | -              | -    |
| Singapore Dollar Spot   | SGD | 1.36       | -0.06                                | 0.19  | 1.18   | 1.62   | 2.71   | 4.48   | 6.37   | -0.45  | -8.71  | -              | -    |
| Russian Ruble Spot  | RUB | 59.53      | -0.03                                | -0.32 | -1.13  | -0.49  | -4.40  | 0.61   | 3.34   | 12.35  | -40.38 | -              | -    |
| Norwegian Krone Spot  | NOK | 7.95       | 0.06                                 | 0.84  | 4.99   | 6.00   | 7.99   | 4.60   | 8.69   | 7.62   | -21.67 | -              | -    |
| <b>VOLATILITY / LIQUIDITY INDICES</b>   |     |            |                                      |       |        |        |        |        |        |        |        |                |      |
| CBOE SPX VOLATILITY INDX  | USD | 10.11      | 5.31                                 | 12.93 | -5.46  | 5.38   | -2.31  | -0.09  | -24.72 | -16.90 | -15.84 | -              | -    |
| USD SWAP SPREAD SEMI 2YR  | USD | 24.06      | -                                    | -3.35 | 2.79   | 10.47  | -22.66 | -19.55 | -5.98  | 10.50  | 14.85  | -              | -    |
| TED SPREAD  | USD | 21.59      | -                                    | 24.37 | -24.85 | -26.46 | -40.72 | -59.37 | -56.86 | -53.81 | 3.40   | -              | -    |

# Bedrock Friday 28 July 2017 Newsletter

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