

Newton Boulevard Investment Program

Performance Report March 2018

1 MARKETS

Developed equity markets declined in March, US Treasury and Bund yields tightened 12 and 15bps respectively and Euro strengthened 0.8% against the Dollar. The major driver for the negative performance of global developed markets were the rising trade tensions between US and China. At the beginning of the month, United States President Donald Trump announced tariffs of 10% on aluminum and 25% on steel imported to the US. Later in the month, he announced further tariffs to be applied on circa \$50bn of imported Chinese products. In reaction to both of these events, US equities sold off about 2%, with a particular impact on car and metal manufacturers. European equities followed suit and lost 2-3%. On top came a rout in technology stocks after the Facebook data breach.

Economic growth momentum and employment remains positive in the US, and equities recovered somewhat after better than surveyed Q4 US GDP data (+2.90% vs. estimated +2.70%). Under the new Chairman of the Federal Reserve Jerome Powell, the Federal Reserve hiked rates 25bps as anticipated. Fed forecasts remain upbeat about the US economy and the potential for 4 rate hikes in 2018 remains. Volatility in the US has remained at elevated levels in comparison to 2017, with the VIX between 14-26%. Compared to a longer time period the volatility as returned to a 'normal' level from unusual low levels.

In the March meeting, the ECB removed a line of their statement which reiterated that should it be necessary, their asset purchases could increase. This too was expected and there was very little market reaction. Coming into 2018, equities were generally very richly priced; the sell-off and increase in volatility over the past months in developed markets has reduced the overvaluation somewhat, but valuation levels remain somewhat stretched.



2 NEWTON BOULEVARD INVESTMENT PROGRAM: PERFORMANCE

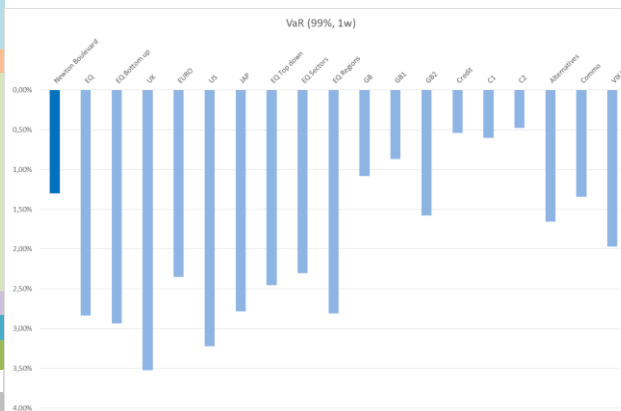
Newton Boulevard Investment Program gained 28 BPS in March.

The **EQUITY BOTTOM UP** strategies added 95 BPS, in spite of a difficult environment. The EURO portfolio made +267 BPS, partly explained by a high hedge on the Stoxx50. The UK delivered +106 BPS. The US and Japan lost 60 BPS each in a negative market. The **EQUITY TOP DOWN** strategies gained 230 BPS. The Equity Regions strategy was up 124 BPS while the sector strategy gained 393 BPS.

GOVERNMENT BOND strategies were flat during the month. The Fundamental strategy lost 64 BPS while the Contrarian strategy gained 52 BPS. The **CREDIT STRATEGIES** were positive with 22 BPS.

SPECIALIST MANAGERS lost 106 BPS, most managers struggled during the month. The **ALTERNATIVE STRATEGIES** shed 75 BPS. While the **COMMODITIES STRATEGY** lost 89 BPS the VIX strategy had a performance of -62 BPS.

2018	3/2018	LAST 3M	YTD	Vol. p.a.
GOVIES	-0,06 %	-0,27 %	-0,05 %	1,80 %
GOVT- Contrarian	0,52 %	1,20 %	1,20 %	2,20 %
GOVT-Fundamental	-0,64 %	-1,73 %	-1,73 %	2,80 %
CREDIT	0,22 %	-0,19 %	-0,19 %	0,78 %
EQUITIES	0,95 %	5,55 %	5,55 %	3,06 %
EQUITY BOTTOM UP	0,61 %	6,42 %	6,42 %	3,63 %
US (SP100 + NDX)	-0,60 %	8,60 %	6,81 %	10,18 %
UK (FTSE)	1,06 %	4,52 %	5,29 %	4,79 %
EURO (SXELC)	2,67 %	12,03 %	12,86 %	5,31 %
JP (NK225)	-0,60 %	0,24 %	0,51 %	3,35 %
EQUITY TOP DOWN	2,32 %	2,08 %	2,08 %	4,54 %
EQ REGIONS	1,24 %	-0,07 %	-0,07 %	7,11 %
EQ SECTORS	3,93 %	5,30 %	5,30 %	5,08 %
ALTERNATIVES	-0,75 %	0,99 %	0,63 %	3,44 %
SPECIALIST MANAGERS	-1,06 %	-1,28 %	-0,98 %	2,39 %
NEWTON STRATEGIES IP	0,28 %	2,22 %	2,22 %	1,45 %
CS Hedge Fund Index	-2,09 %	-1,56 %	-1,38 %	3,94 %



The Value-at-Risk (99%, 1W) fell to 1.3%. Risk capacity utilization was reduced during the month due to higher volatility levels in markets. Scaled to a horizon of 1 year and 95% level of confidence the Value-at-Risk (95%, 1Y) stands at 6%.



3 BCB & PARTNERS FUND SOLUTIONS

The **BCB Newton Invicta Sub-Fund** is a slightly more directional fund using our investment strategies. This fund was created exclusively for one of our clients and is not distributed. It had two excellent years since its launch and shows how our investment approach works with an asset base of approximately 40 MLN CHF.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Return	Volatility
2016						1,80 %	3,55 %	-0,70 %	0,89 %	1,75 %	1,01 %	1,05 %	9,70 %	4,10 %
2017	1,36 %	2,30 %	-0,69 %	0,63 %	0,31 %	-0,09 %	1,26 %	0,03 %	1,41 %	1,40 %	0,81 %	1,02 %	10,17 %	3,62 %
2018	-0,35 %	-1,97 %	0,54 %										-1,78 %	3,76 %

The **BCB Sanctuary Fund** whose management we took over follows some of the investment strategies of the Newton Boulevard investment program. It is investing in two of the bottom-up equity strategies (US and EURO), one of the Credit strategies, a Global Sector Strategy and a global Macro Strategy. The fund is open to subscriptions and has currently 5.5 MLN Euro under management.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Return	Volatility
2016														
2017							0,68 %	-0,49 %	0,06 %	0,53 %	-1,11 %	-1,35 %	-1,68 %	4,70 %
2018	-0,50 %	-2,48 %	-1,27 %										-4,20 %	2,83 %



BCB Sanctuary Fund: Key Data

Luxembourg SICAV-SIF (Special Investment Fund, Qualified Investors only)

Risk limit	Value at Risk of 12% p.a.	
Management Fee	1.5% p.a. (P-Shares) 1% p.a. (C-Shares) 0.5% p.a. (I-Shares)	
Fund currency	EUR	
Min. investment	250,000 EUR (P) 1,000,000 EUR (C) 5,000,000 (I)	
Subscriptions/redemptions	daily	
Investment Advisor	BCB & Partners S.A.	
Depository bank	Banque et Caisse d'Épargne de l'État	
Auditor	Ernst & Young	
ISIN / Bloomberg Code	LU0809732257 / SEUPV12 LX	BCB Sanctuary Class P Shares EUR
	LU0809732331 / SEUCV12 LX	BCB Sanctuary Class C Shares EUR
	LU0809732414 / SEUIV12 LX	BCB Sanctuary Class I Shares EUR

BCB & Partners S.A.

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