

# Newton Boulevard Investment Program

Performance Report April 2018

## 1 MARKETS

The world economy is doing fine at this late stage of the current business cycle. Labor markets have tightened considerably on both sides of the Atlantic. The crude oil price has risen by over 20% since November and inflation in the USA has reached the level of 2%. The Western bond markets have reacted to this. Under the leadership of the USA 10-year government bonds have reached the level of 3% for the first time since 2013. Rate levels have also increased European bond markets, however to a smaller extent, as the state of the European economies cannot be compared with the USA.

Under the leadership of Wall Street, with the exception of Tokyo most equity markets have extended their correction over the month of April. Volatility stayed at higher levels than the unusual low levels of the past year. The US Dollar has stabilized against the Euro and the Swiss Franc at 1.20 versus the Euro has nearly returned to the level before the last revaluation of 2015.

Almost certainly, the current economic cycle has reached its top in terms of growth, which has ended the so-called “goldilocks scenario” for investors. The times of low and falling interest and inflation rates, relaxed central bank policies and steadily growing corporate earnings will belong to the past for quite some time. This has had consequences since the beginning of the year, as the two charts below show. The left chart shows US and European Equities over the last year. The right chart a typical 50/50 balanced portfolio equities and treasuries.

In this (so far, chaotic) year – we also witnessed significant US equity fund outflows during the period supposed to be the strongest seasonal part of the year. If the “upside down” market patterns continue, the “sell in May and go away” prescription (that reflects a reversion of inflows early in the year) could even turn into “buy in May” this year.



## 2 NEWTON BOULEVARD INVESTMENT PROGRAM: PERFORMANCE

Newton Boulevard Investment Program showed a performance of -2 BPS in March.

The **EQUITY BOTTOM UP** strategies were up 26 BPS, in a difficult environment. The EURO portfolio was up 180 BPS. The UK delivered +85 BPS. Japan made 19 BPS while the US lost 170 BPS. The **EQUITY TOP DOWN** strategies lost 72 BPS. The Equity Regions strategy was down 199 BPS while the sector strategy gained 118 BPS.

**GOVERNMENT BOND** strategies had a negative performance during the month. The Fundamental strategy lost 63 BPS while the Contrarian strategy was down 101 BPS. The **CREDIT STRATEGIES** were flat.

**SPECIALIST MANAGERS** added 33 BPS. The **ALTERNATIVE STRATEGIES** rose 111 BPS. While the **COMMODITIES STRATEGY** gained 75 BPS the VIX strategy had a performance of 147 BPS.

2018	4/2018	LAST 3M	YTD	Vol. p.a.
<b>GOVIES</b>	-0,82 %	-0,88 %	-1,08 %	1,82 %
<b>GOVT- Contrarian</b>	-1,01 %	-0,78 %	0,20 %	1,96 %
<b>GOVT-Fundamental</b>	-0,63 %	-0,98 %	-2,36 %	3,07 %
<b>CREDIT</b>	-0,01 %	0,03 %	-0,19 %	0,77 %
<b>EQUITIES</b>	0,07 %	1,94 %	5,62 %	3,17 %
<b>EQUITY BOTTOM UP</b>	0,26 %	2,60 %	6,69 %	3,80 %
US (SP100 + NDX)	-1,71 %	-2,18 %	6,89 %	10,58 %
UK (FTSE)	0,85 %	3,82 %	5,37 %	4,70 %
EURO (SXELC)	1,80 %	9,87 %	13,84 %	5,15 %
JP (NK225)	0,19 %	-0,93 %	0,44 %	3,59 %
<b>EQUITY TOP DOWN</b>	-0,72 %	-0,66 %	1,36 %	4,66 %
EQ REGIONS	-1,99 %	-3,92 %	-2,06 %	6,90 %
EQ SECTORS	1,18 %	4,23 %	6,48 %	5,78 %
<b>ALTERNATIVES</b>	1,11 %	0,66 %	2,10 %	3,32 %
<b>SPECIALIST MANAGERS</b>	0,33 %	-2,14 %	-0,95 %	2,67 %
<b>NEWTON STRATEGIES IP</b>	-0,02 %	0,49 %	2,20 %	1,52 %

The Value-at-Risk (99%, 1W) remained at 1.3%. Risk capacity utilization remained 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

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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 %	1,02 %									-0,77 %	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 5.0 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 %	3,31 %
2018	-0,50 %	-2,48 %	-1,27 %	-0,85 %									-5,01 %	5,17 %



## 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

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