

Newton Boulevard Investment Program

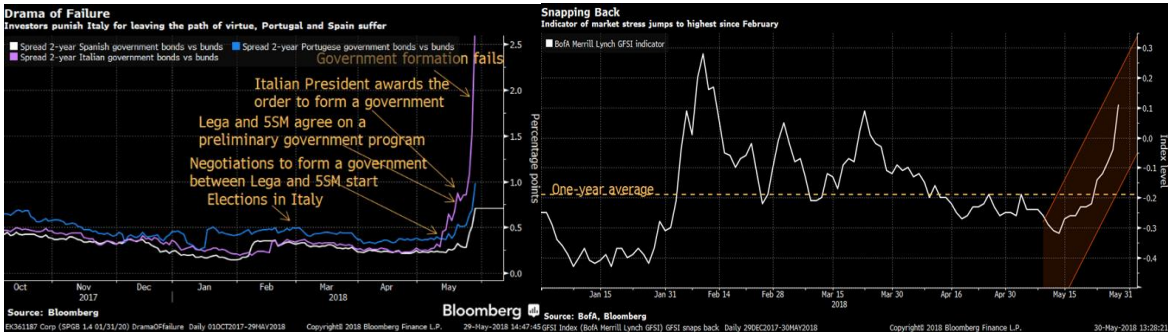
Performance Report May 2018

1 MARKETS

Italian concerns spread into assets and equity indexes around Europe and the US, and US treasuries and Bund rose and the VIX hit its highest level in a month.

Italy has become the emblem of the dysfunctionality of the euro system. The country has little reasonable hope of escaping its debt trap or of recovering its lost competitiveness within the current system. We do not believe that the euro zone's credit and banking crisis returns. Nevertheless, the malfunctioning of Euroland is the principal source of credit risk in the region. Political risk in Italy creates contagion in markets of sovereign debt and corporate credit. What is very worrying is that this time the response of Central Bank intervention is not available, at least at this stage. This is an overtly political crisis, and it will not stay just in Italy and Spain.

The impact for global risk assets is best answered by analyzing which implications these concerns are likely to have for economic growth, and what is the probability of them occurring. The problems in Italy on their own are not likely to affect global economic growth. But bigger gyrations within the euro's structure could have a major impact. It is almost impossible to price the likelihood of these, as the outcome could have major implications and is unprecedented. Fortunately, the political will to maintain the euro in its current form remains strong. So for now we expect a bumpy road ahead, but not an imminent catastrophe.



2 NEWTON BOULEVARD INVESTMENT PROGRAM: PERFORMANCE

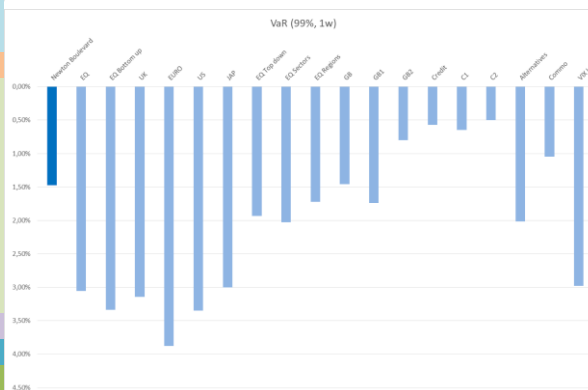
Newton Boulevard Investment Program rose by 104 BPS in May.

The **EQUITY BOTTOM UP** strategies were up 337 BPS, in a difficult environment. The EURO portfolio performed superbly with a plus of 634 BPS. The UK delivered +338 BPS and the US 280 BPS. Japan had a plus of 95 BPS. The **EQUITY TOP DOWN** strategies lost 127 BPS. While the Equity Regions strategy was positive with +70 BPS while the sector strategy lost 421 BPS.

GOVERNMENT BOND strategies had a positive performance for the month. The Fundamental strategy gained 136 BPS while the Contrarian strategy was down 82 BPS. The **CREDIT STRATEGIES** were down 63 BPS.

SPECIALIST MANAGERS added 32 BPS. The **ALTERNATIVE STRATEGIES** rose 56 BPS. While the **COMMODITIES STRATEGY** lost 131 BPS the VIX strategy gained 243 BPS.

2018	5/2018	LAST 3M	YTD	Vol. p.a.
GOVIES	0,27 %	-0,61 %	-0,66 %	1,91 %
GOVT- Contrarian	-0,82 %	-1,31 %	-0,50 %	1,93 %
GOVT-Fundamental	1,36 %	0,09 %	-0,82 %	3,05 %
CREDIT	-0,63 %	-0,41 %	-0,82 %	0,75 %
EQUITIES	2,44 %	3,46 %	8,13 %	3,20 %
EQUITY BOTTOM UP	3,37 %	4,25 %	10,04 %	3,81 %
US (SP100 + NDX)	2,80 %	0,49 %	9,51 %	10,55 %
UK (FTSE)	3,38 %	5,30 %	8,13 %	4,56 %
EURO (SXELC)	6,34 %	10,81 %	20,66 %	5,09 %
JP (NK225)	0,95 %	0,54 %	1,57 %	3,59 %
EQUITY TOP DOWN	-1,27 %	0,33 %	0,48 %	4,63 %
EQ REGIONS	0,70 %	-0,05 %	-1,27 %	6,86 %
EQ SECTORS	-4,21 %	0,89 %	3,11 %	5,59 %
ALTERNATIVES	0,56 %	0,92 %	3,20 %	3,29 %
SPECIALIST MANAGERS	0,32 %	-0,40 %	-0,89 %	2,67 %
NEWTON STRATEGIES IP	1,04 %	1,30 %	3,24 %	1,55 %



The Value-at-Risk (99%, 1W) rose slightly to 1.5%. Risk capacity utilization remained subdued 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 close to 7%.



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 %	1,02 %	-1,08 %								-1,85 %	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							0,73 %	-0,45 %	0,10 %	0,57 %	-1,07 %	-1,31 %	-1,43 %	3,31 %
2018	-0,46 %	-2,44 %	-1,23 %	-0,81 %	0,21 %								-4,65 %	5,02 %



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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