

Newton Boulevard Investment Program

Performance Report July 2018

1 MARKETS

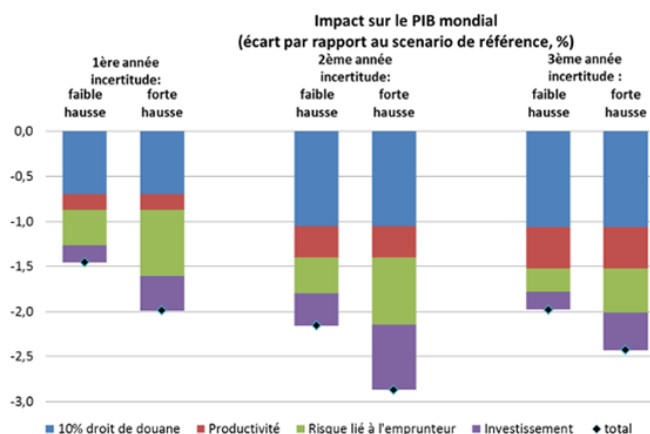
In July Markets were driven by three themes: 1) erratic and risky trade initiatives (trade war), 2) the reporting season and the renewed sell-off in tech and momentum stocks and 3) an unprecedented commenting of US President Trump on the interest rate policy of the independent FED.

As in stated in earlier reports, the trade war has already set back Developed Market equities by approximately 6%, and Emerging Markets by significantly more.

In July we saw a renaissance of value stocks and a drop in tech and momentum names. Earnings growth over the last quarters suggest that we may have seen peak earnings in the technology sector. So it may mean slower earnings growth for tech stocks ahead.

We believe that there are two major risks at the moment: the trade war and its impact on the global economy and those which arise from a faster pace of monetary normalization. On the one hand a full blown trade war could lead to a global recession. The graph below is from Banque de France and shows the potential impact. So any signs of trade normalization could act as a powerful positive catalyst for risky asset classes.

Equally positive would be a more dovish Fed (and related weakening of USD). For now the FED continues to stick to its path, and so do other central banks. To change its stance, the US economy would have to slow down considerably.



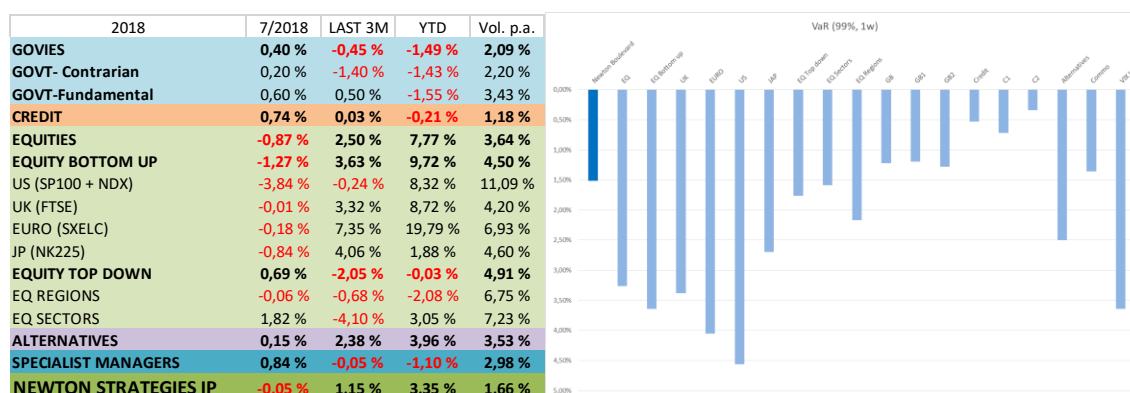
2 NEWTON BOULEVARD INVESTMENT PROGRAM: PERFORMANCE

Newton Boulevard Investment Program was flat in month of July with -5 BPS in June.

The **EQUITY STRATEGIES** dropped 87 BPS. **BOTTOM UP** strategies were down 127 BPS, largely due to the sell-off in tech and momentum stocks. The US dropped 384 BPS, Japan 84 BPS. As the European investment universe is less tech heavy, the EURO portfolio lost 18 BPS and the UK was flat with -1 BPS. The **EQUITY TOP DOWN** strategies gained 69 BPS. While the Equity Regions strategy was flat (minus 6 BPS) the sector strategy gained 182 BPS.

GOVERNMENT BOND strategies gained during the month of July 40 BPS. The Fundamental strategy was up 60 BPS while the Contrarian strategy was up 20 BPS. The **CREDIT STRATEGIES** rallied and made 74 BPS.

SPECIALIST MANAGERS were equally strong with a plus of 84 BPS. The **ALTERNATIVE STRATEGIES** rose 15 BPS. While the **COMMODITIES STRATEGY** lost 106 BPS the VIX strategy gained 136 BPS.



The Value-at-Risk (99%, 1W) remained at 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 6.8%.



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 %	-0,66 %	-0,03 %						-2,53 %	4,40 %

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 %	-1,18 %	-0,58 %						-6,33 %	4,52 %



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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