



Ironbark Global Diversified Alternatives Fund

Monthly Investment Report as at 31 March 2018

Asset Class

Alternatives

Investment Objective

Seek to deliver consistent returns with low volatility and low correlation to traditional equity and debt markets by investing in a diversified range of alternative investment funds globally

APIR Code

DEU0109AU

ARSN:

089 896 837

Fund Inception Date

30 November 1999

Manager Appointed

1 September 2011

Benchmark

Benchmark Unaware

Distribution Frequency

Annually

Minimum Investment

\$20,000

Fund Size

\$257.5m

Exit Price

\$1.1419

Market Review

Global equity markets generally shed value in US dollar terms in March. Protectionist moves by the US spurred escalating fears of a trade war. Many investors also remained concerned that strong economic growth and rising inflation in some parts of the world, particularly the US, would lead central banks to increase interest rates sooner than previously expected. A selloff in technology firms amid worries about consumer data privacy and potentially tighter regulatory controls in the sector affected many developed markets. As measured by MSCI indices, emerging market equities declined, however fared better than gauges of global and developed-market stocks, while frontier-market equities collectively advanced.

In Asian emerging markets, China's consumer prices rose in February at the fastest pace since 2013, while producer price growth eased in the same month. In Latin America, Brazil's central bank reduced its policy interest rate to the lowest level in modern history, as widely anticipated, citing benign inflation and a need to stimulate the economy. Mexico's unemployment rate and annual inflation eased somewhat in February.

At its March monetary policy meeting, the US Federal Reserve raised its benchmark interest rate. It also lifted its 2018 US growth forecast but maintained its projection of three interest-rate hikes this year. Data published during the month showed the US economy expanded at a slightly slower pace in the fourth quarter of 2017 than in the third quarter. In Europe, the February unemployment rate in the euro area edged down to the lowest reading since December 2008, and the rate in the European Union declined to the lowest level since September 2008. The United Kingdom's unemployment rate for January eased slightly, and annualised Consumer Price Index growth slowed in February. Elsewhere, Japan's revised fourth-quarter gross domestic product ('GDP') marked the eighth consecutive quarter of growth and the longest period of expansion since 1989.

Performance Review & Portfolio Activity

The Ironbark Global Diversified Alternatives Fund (the 'Fund') returned -0.80% (net) in March.

During the quarter, long/short equity managers were negative overall and the Dow and S&P 500 both fell into negative territory, while the NASDAQ remained up about 3%, buoyed by technology's rebound. However, analysts are feeling optimistic about first quarter earnings reports. This in part due to the new tax law, single quarter earnings growth is expected to top eight-year highs, positively influencing sentiment going into the second quarter. Global macro managers finished the month off in negative territory. Throughout the month, risk assets were peppered with an avalanche of new information, from the hawkish Federal Open Market Committee ('FOMC') (25 basis point hike, increased GDP and decreased unemployment forecasts) to headlines over a potential trade war with China and Russia. The largest detractor for global macro managers were shorts in UK, German, and US bonds, as safe haven assets were bid up amidst continued volatility in risk assets. A positive contributor was emerging markets as the Mexican bonds benefitted from President Trump exempting the country from previously announced steel and aluminum tariffs and expressed optimism on reaching a deal on the North American Free Trade Agreement ('NAFTA'). Longs in crude oil also contributed to positive gains as crude products rallied during the month.

Performance

	Net Fund Return (%)
1 month	-0.80
3 months	-1.07
1 year	1.06
3 years (p.a.)	0.63
5 years (p.a.)	3.40
Since inception ¹ (p.a.)	3.83

Past performance is not an indication of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distributions.

¹This figure represents the annualised performance of the Fund from the first full month of operation.

Contact Details

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Outlook

The investment manager maintains a positive outlook for hedge strategies grounded in the belief that alpha will be a larger driver of returns going forward. The recent pickup in volatility should create opportunities for managers to generate returns on both sides of their books. With the removal of quantitative easing, the investment manager expects earnings dispersion between companies to return as the removal of free money leaves inefficiencies behind. As investors anticipate rising rates and companies incorporate changes from tax reform, sectors and companies should experience reduced correlations and incremental dispersion throughout the year.

In addition, corporate activity has been strong in 2018, and the investment manager believes it will remain that way due to high levels of CEO optimism, tax cuts, and cash repatriation. Merger arbitrage spreads remain attractive relative to Treasury yields while special situations and activism will be more equity market dependent.

Top 5 Holdings by Size

Investment Manager	Strategy	Sub-Strategy	
K2 Wellington Liquid Healthcare Fund	Long/Short Equity	Long/Short Equity Sector	The top 5 managers represent 46.83% of Ironbark Global Diversified Alternatives Fund assets in March 2018.
K2 PHCM Liquid Opportunities Fund	Long/Short Equity	Long/Short Equity Europe	
K2 Wellington Liquid Technology Fund	Long/Short Equity	Long/Short Equity Sector	
Legg Mason Western Asset Macro Opportunities	Global Macro	Macro - Discretionary	
K2 Logan Circle Liquid Credit Fund	Specialist Credit	Credit – Long/Short	

Fund versus market indices since daily pricing and daily liquidity

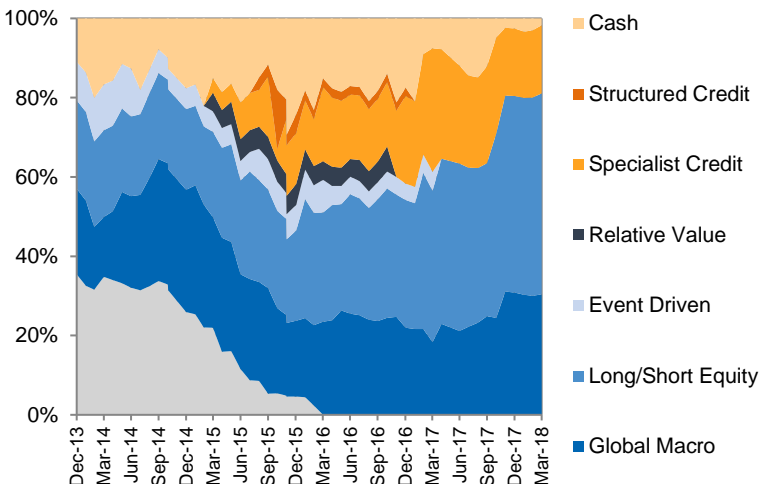
Risk performance since September 2011:

	Ironbark Global Diversified Alternatives Fund (net) in AUD (%)	Bloomberg Ausbond Bank Bill Index in AUD (%)	Barclays US Aggr. Bond Index in USD (%)
Net return (p.a.)	2.71	2.69	2.29
Standard deviation (p.a.)	2.90	0.26	2.73
Maximum drawdown ¹	-3.17	0.00	-3.67
Best month	2.90	0.42	2.10
Worst month	-1.77	0.13	-2.37
Positive % months	67.09	100.00	62.03

Source: Morningstar Direct. Past performance is not an indication of future results.

¹Maximum drawdown refers to the largest overall drop in the Fund or Index value which occurred in a given period before it returned to its previous high.

Underlying Strategy Exposure (AUD)



Asset Allocation for March 2018	(%)
Long/Short Equity	50.74
Global Macro	30.37
Event Driven	0.00
Relative Value	0.00
Specialist Credit	17.16
Structured Credit	0.00
Cash	1.73
Total	100.00

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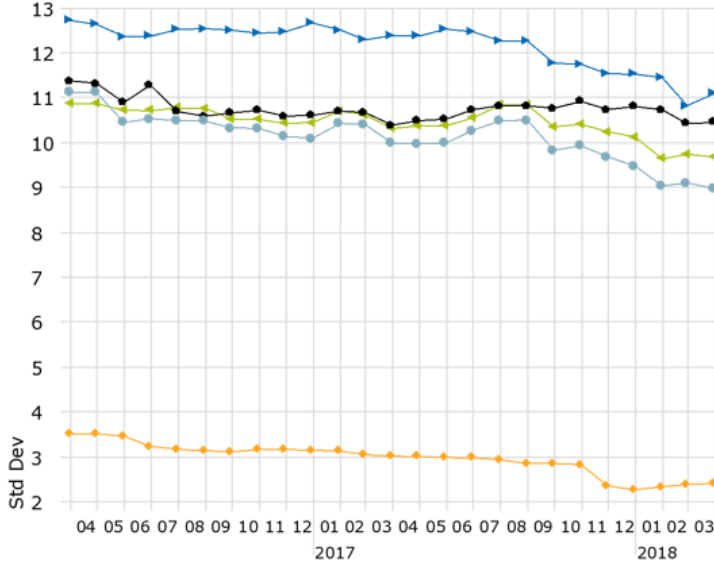


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Rolling 3 Year Standard Deviation

Time period: 01/04/2015 to 31/03/2018

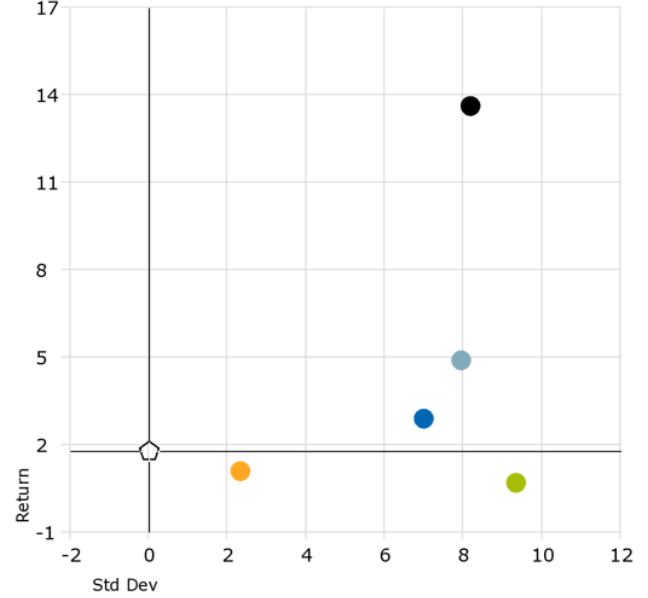


— Ironbark Global Diversified Alternatives
 — HFRI FoF Weighted Composite Index
 — MSCI World GR AUD
 — S&P/ASX 300 TR
 — BBgBarc US Agg Bond TR USD

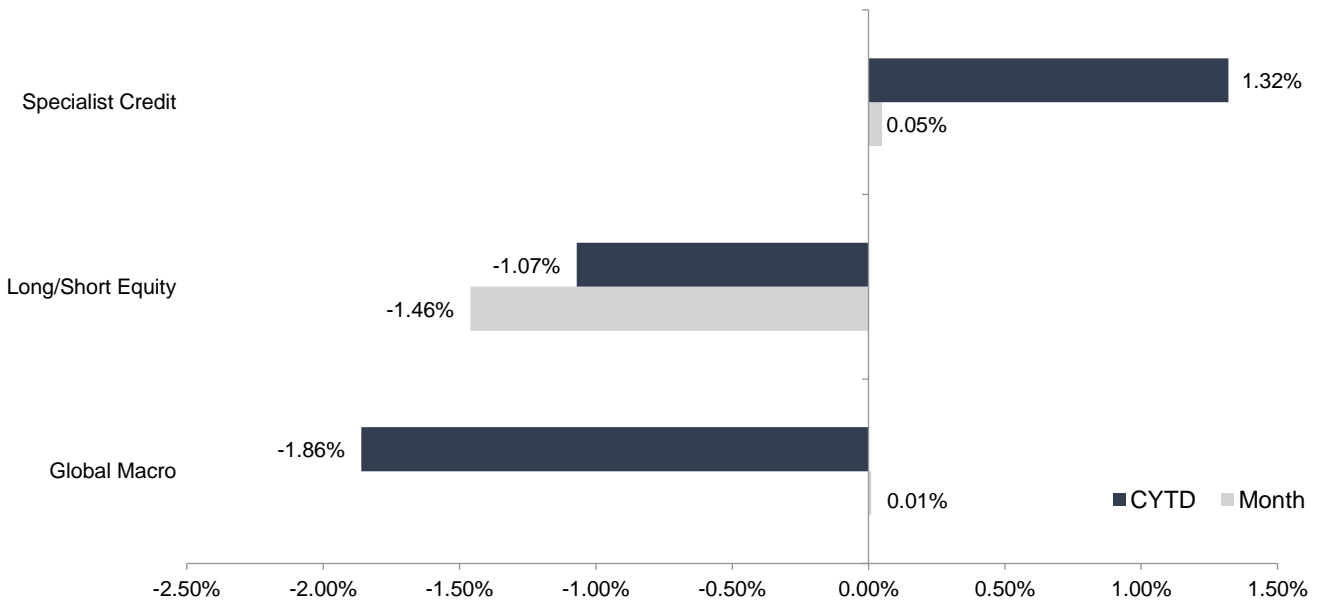
Source: Morningstar Direct. Data in AUD.

Risk Return over 1 Year

Time period: 01/04/2017 to 31/03/2018



Fund Performance Attribution



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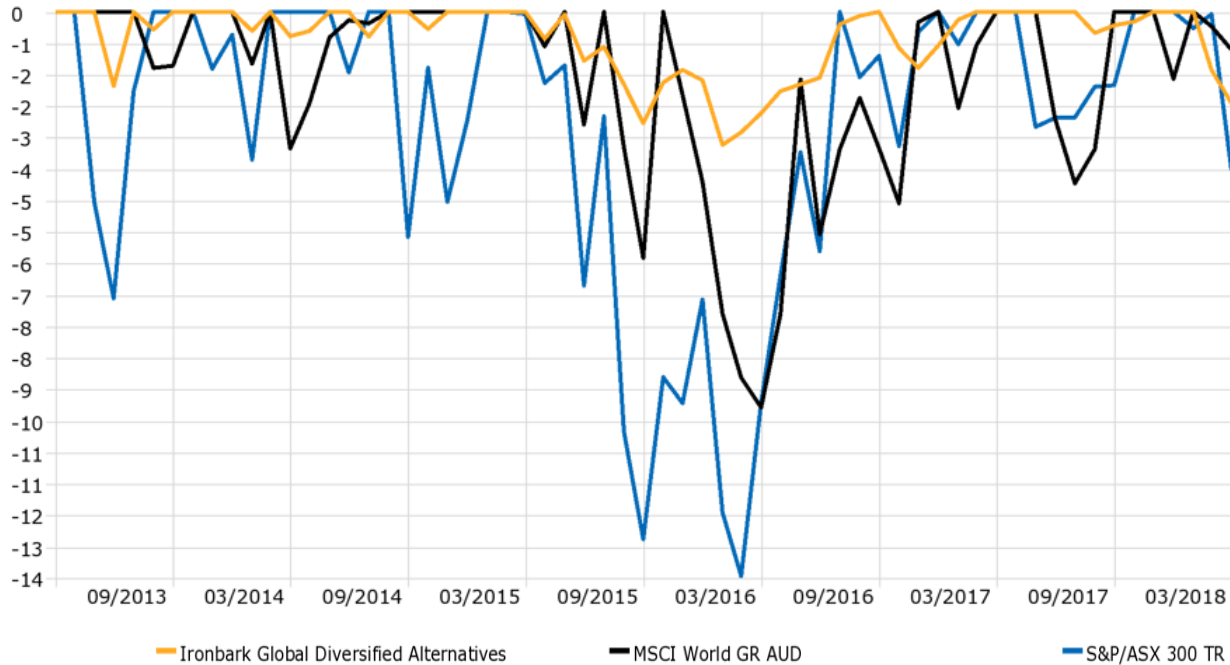


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Drawdowns over 5 Years

Time period: 01/04/2013 to 31/03/2018



Source: Morningstar Direct. Data in AUD.

Important Information

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