MONTHLY PERFORMANCE OVERVIEW

AUGUST 2016

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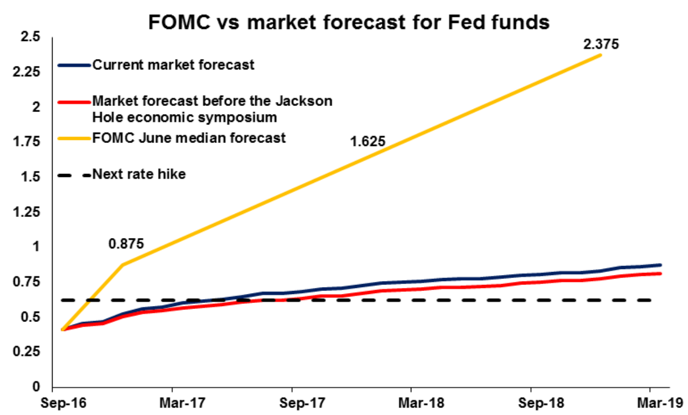
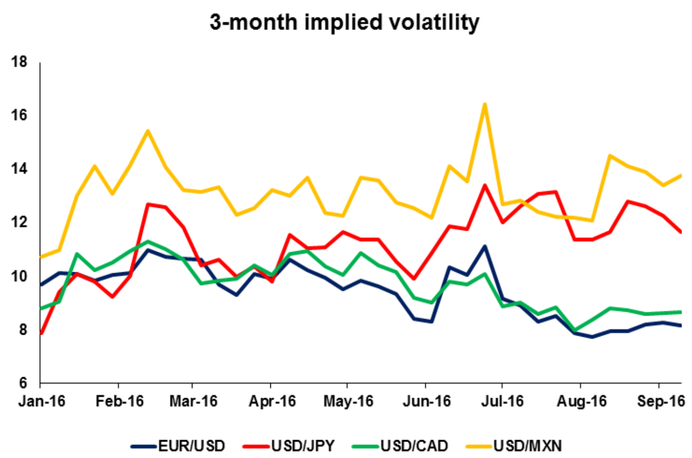
MARKET OVERVIEW

Market activity has been pretty quiet for most of the month, a typical summer lull, with investors' attention turned to Fed Chair Yellen's speech at Jackson Hole for any hints with regards to a rate hike this year. Following the range of Fed views expressed in recent weeks and the lack of any other macro themes to move the markets, the highlight of the month was meant to be Yellen's speech. In the event, the Fed Chair revived the chances for a potential rate hike this year by saying that "in light of the continued solid performance of the labor market and our outlook for economic activity and inflation, I believe the case for an increase in the federal funds rate has strengthened in recent months."

The initial dollar reaction to Yellen's speech headlines was a move higher, but this was quickly reversed to session lows as she didn't explicitly mention September being a "live" meeting. Nevertheless, after a relatively choppy trading session, the greenback ripped back to new session highs following the hawkish comments from Fed Vice Chairman Fischer that caught investors by surprise and ended up overshadowing Yellen's speech. The reversal was triggered after Fischer said that Yellen's comments were consistent with a possible September move and that the Fed could hike twice this year. It seems to us that the FX markets continue to be buffeted by divergent forces, which helped the USD to reclaim some of its lost glamour. A re-pricing of normalization risks (to reflect an earlier hike or even the increased possibility of a move this year) is likely to provide support to USD, at least temporary.





In our report last month, we said that given the pricing for Fed hikes on a multi-year basis was very low, the market had the prospect for a broad-based USD appreciation. The recent remarks by several Fed speakers managed to create a more balanced pricing position in our view, with the core of the FOMC seeing September as likely, assuming data come in line. Going forward, we currently see reduced space for further USD appreciation and significant positive US data are now required for the greenback to remain supported and continue its upward path. While we would expect strong data to generate some further USD support, as this would strengthen the case for a hike, we believe that we are far from a structural rise in the US dollar. We prefer to wait for the speculative positioning to end and economic data to confirm the strength of the US economy before exploiting more broad-based USD buying opportunities.

Adding to our reluctance to get more confident on the USD lasting-strength, is the upcoming risk event represented by the US presidential election in November. We still view this as a tail-risk factor that investors need to deal with caution. After a long period of ignoring the risk of the US election and mainly the possibility of Trump becoming the next US President and promoting his ideas on trade (e.g., leaving NAFTA, leaving the WTO), there are signs that the market needs to start pricing some risk of FX volatility more seriously, which could also act as a drag on USD appreciation. A challenging environment lies ahead of us with several Central Bank meetings and key economic data. As such, we prefer to stay positioned against the market volatility with some exposure on traditional G10 "safe haven" currencies like JPY and CHF, and tactical long USD that we could build up depending on the incoming US data.

HYBRID STRATEGY

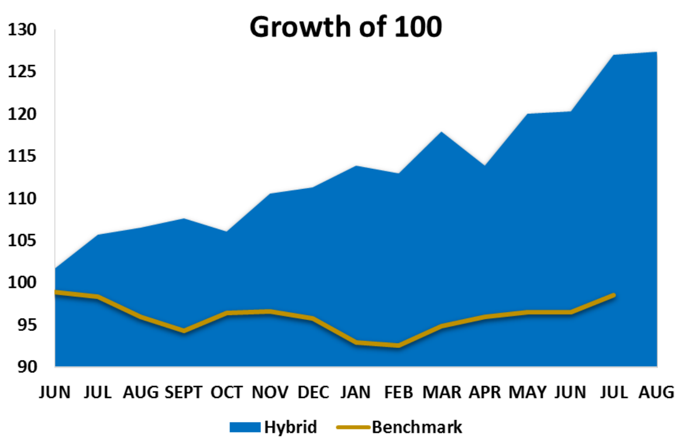
OVERALL RETURN SINCE JUNE 2015 **24.88%[1]**

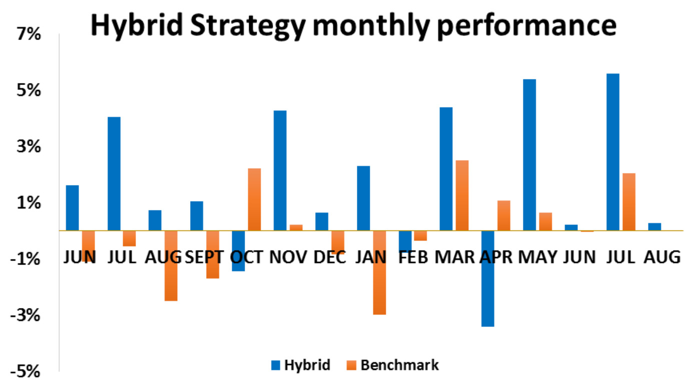
The Hybrid Strategy is an advanced trading strategy with medium-term timeframes based on fundamental and technical analysis. We combine our knowledge and expertise of the markets to take decisions depending on the prevailing global economic conditions and important technical levels. We seek to identify price movements through the use of a proprietary blend using, but not limited to the following: Economic news, options expirations, technical support and resistance levels, moving averages (50, 100, 200), Relative Strength Index and MACD (Moving Average Convergence Divergence) amongst others.

PORTFOLIO DETAILS

Launch date:	01.06.2015
Management fee per month:	0.167%
Performance fee[2]:	30%
Max drawdown:	3.6%
Subscription:	Daily
Redemption:	5 days' notice

STRATEGY PERFORMANCE TO DATE





2016	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	YTD Return	Average Return
HYBRID[1]	2.29%	-0.77%	4.39%	-3.4%	5.82%	0.23%	5.58%	0.28%	13.98%	1.75%
Benchmark[3]	-2.99%	-0.36%	2.49%	1.08%	0.65%	-0.02%	2.06%	n/a	2.91%	0.42%
Performance over benchmark	5.28%	-0.44%	1.90%	-4.48%	4.73%	0.21%	3.52%	n/a	11.07%	1.33%

2015	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD Return	Average Return
HYBRID[1]	1.62%	4.04%	0.72%	1.04%	-1.44%	4.26%	0.66%	10.90%	1.56%
Benchmark[4]	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-4.23%	-0.60%
Performance over benchmark	2.71%	4.59%	3.22%	2.73%	-3.66%	4.04%	1.50%	15.13%	2.16%

[1] *Past performance is not an indicator and does not guarantee or predict future performance*

[2] *For the performance fee high-water mark is used*

[3] *You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

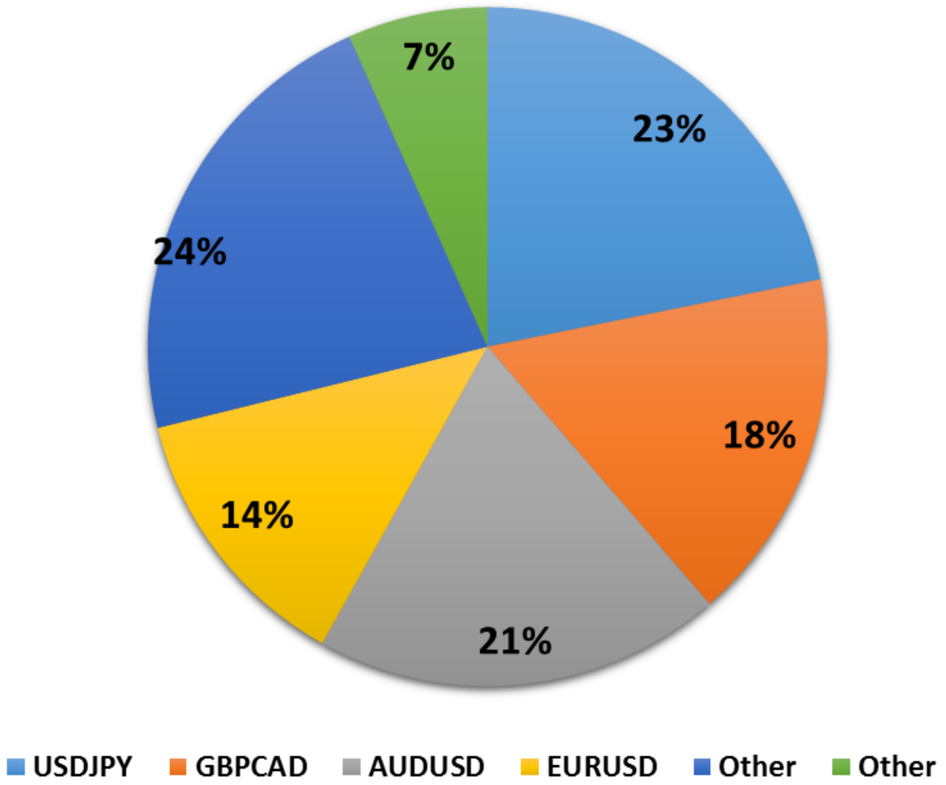
[4] *You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

AUGUST HYBRID STRATEGY UPDATE

The Hybrid strategy finished with a marginal positive performance in August, as the quiet activity for most of the month along with the thin/illiquid environment didn't offer many trading opportunities. Nevertheless, the strategy continued to add to the overall positive performance and despite the holiday-mood in the markets, we managed to finish the month with an above zero return. We maintained a speculative positioning towards more USD-bullish trends, which extended their gains towards the end of the month and especially after the "hawkish" rhetoric from several Fed members. Going forwards, we believe that a challenging environment lies ahead of us with several Central Bank meetings and key economic data, as well as the possibility of a Fed hike next month. Although recent remarks by several Fed speakers managed to create a more balanced pricing position in our view, with the core of the FOMC seeing September as likely, we see limited space for further USD rallies. As such, we will maintain our focus on the incoming US economic data in order to gauge the prospect of rate move before building up net USD-long positions. We prefer to maintain some exposure on the traditional G10 "safe haven" currencies like JPY and CHF as the uncertain environment that lies ahead of us, may benefit the aforementioned currencies.

EXPOSURE ANALYSIS

IronFX Portfolio Management's Hybrid Strategy is traded on leveraged instruments, primarily on currency pairs such as EUR/USD, GBP/USD, USD/JPY, AUD/USD, USD/CAD, NZD/USD, GBP/JPY, EUR/JPY, EUR/GBP, GBP/CAD, USD/CHF and at times AUD/JPY. However, IronFX Portfolio Management reserves the right to add and remove any currency pair we deem to be either beneficial or harmful to the strategy.



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DYNAMIC STRATEGY

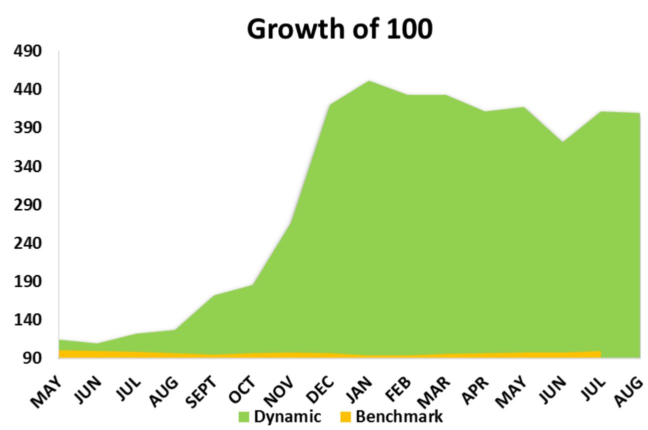
OVERALL RETURN SINCE MAY 2015 **169.72%[5]**

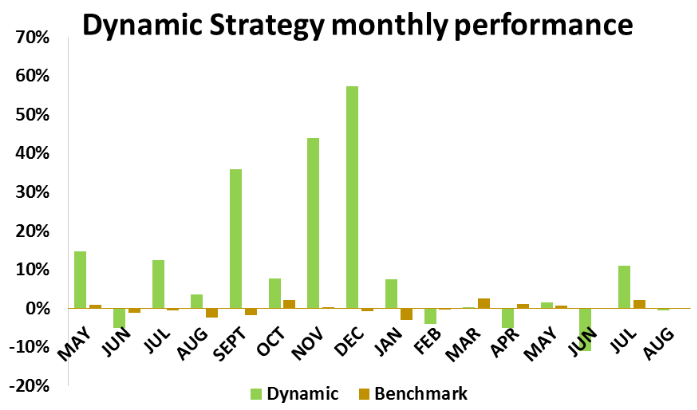
The Dynamic Strategy is an algorithmic and high-frequency trading strategy based primarily on technical indicators. We use an advanced, computerized trading infrastructure to execute a high volume of trades within short to medium-term timeframes. The key technical indicators we use are, modified Ichimoku Kinko Hyo and correlation matrix, among others.

PORTFOLIO DETAILS

Launch date:	01.05.2015	**Max drawdown:**	5.1%
Management fee:	0.0%	**Subscription:**	Daily
Performance fee[6]:	50%	**Redemption:**	5 days' notice

STRATEGY PERFORMANCE TO DATE





2016	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	YTD Return	Average Return
DYNAMIC[4]	7.4%	-4.08%	0.04%	-5.1%	1.58%	-11.13%	11.0%	-0.47%	-0.75%	-0.09%
Benchmark[7]	-2.99%	-0.36%	2.49%	1.08%	0.65%	-0.02%	2.06%	n/a	2.91%	+0.42%
Performance over benchmark	10.39%	-3.72%	-2.45%	-6.18%	0.93%	-11.15%	8.94%	n/a	-3.66%	-0.51%

2015	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD Return	Average Return
DYNAMIC[4]	14.75%	-5.03%	12.42%	3.63%	35.81%	7.66%	43.87%	57.36%	170.47%	21.31%
Benchmark[8]	0.81%	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-3.17%	-0.40%
Performance over benchmark	13.94%	-3.94%	12.97%	6.13%	37.50%	5.44%	43.65%	58.20%	173.64%	21.71%

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[6] *For the performance fee high-water mark is used*

[7] *You can find the benchmark in this link:http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

[8] *You can find the benchmark in this link:http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

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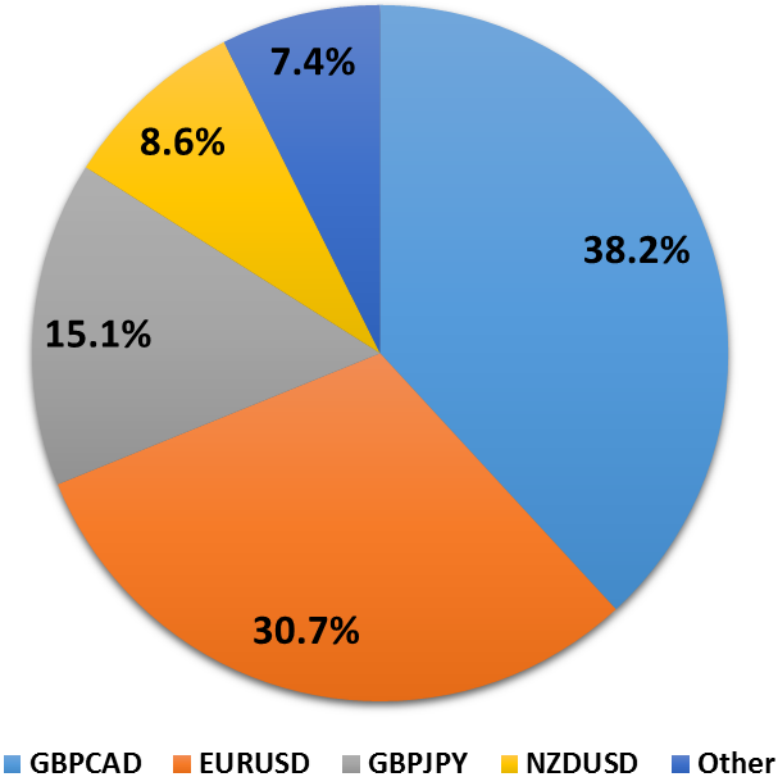
AUGUST DYNAMIC STRATEGY UPDATE

The Dynamic strategy finished with a slightly negative-to-flat performance in August. A broad-based market calmness, and the thin trading environment was one of the main reasons for this strategy's flat return. With no many trading opportunities and having kept exposure mainly on JPY and GBP crosses, the strategy experienced slightly negative returns from the weakness in JPY following Fed's Fischer comments. As the trading conditions return to normal levels and market volume increases, we should see this strategy increasing its risk exposure and exploiting more intensively the market opportunities.

EXPOSURE ANALYSIS

IronFX Portfolio Management's Dynamic Strategy is traded on leveraged instruments, primarily on currency pairs such as EUR/USD, GBP/USD, USD/JPY, and EUR/JPY. However, IronFX Portfolio Management reserves the right to add and remove any currency pair we deem to be either beneficial or harmful to the strategy.



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