



**FC BARCELONA  
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# MONTHLY PERFORMANCE OVERVIEW

January 2016



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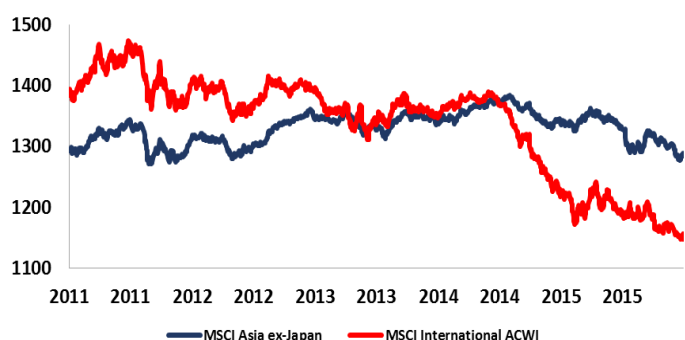
## MARKET OVERVIEW

The simultaneous fall in global equity markets together with the ongoing slide in commodity prices, primarily due to concerns over China's slowdown, continue to cast a shadow over pro-risk currencies. China's yuan devaluation sparked new fears about Asia's largest economy, with investors struggling to understand the goals of the People's Bank of China. First, the country has been one of the main drivers of global growth, particularly with regards to demand for commodities, so its economic health is of utmost importance. Secondly, it's undergoing a transition from a period of high growth based on investment to slower growth based on consumption, and there are a lot of concerns about how well this transmission will take place and how the government can manage the change. The yuan's decline in the early days of 2016 and the selloff in Chinese stocks, caused a risk-averse environment with VIX surging from 15 in the end of 2015, to around 30 in mid-January.

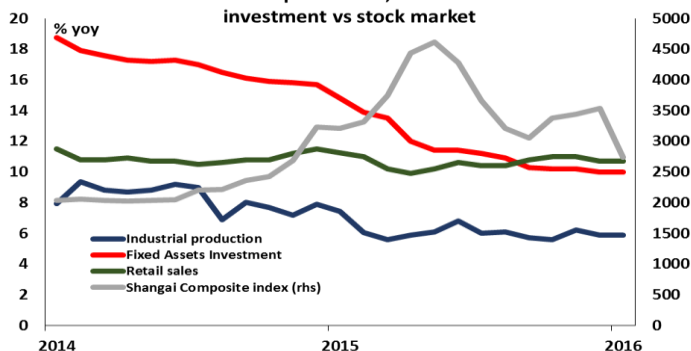
As if all these were not enough, one has also to consider that towards the end of the month, investors' mood changed as the ECB signaled further easing as early as in March, and when, in a surprise move on Friday, the Bank of Japan introduced a negative-interest rate strategy. EUR/USD held a choppy price action staying more or less within the 1.08-1.10 range for the most of the month, while yen, managed to reverse all the gains it made since the beginning of the month against the dollar to trade virtually unchanged on a month-to-month basis.

We expect USD to gain against EUR on a two month horizon, especially if new easing measures come from the European Central Bank. As for USD/JPY, we believe that the pair has further room to the upside from its current level, given that the financial markets remain calm going forwards, and that the unexpected rate cut from the BoJ keeps feeding through a weaker JPY.

**MSCI ACWI vs MSCI ex-Japan**



**China industrial production, retail sales & fixed investment vs stock market**



Overall, this was an eventful month with several major central bank meetings and significant developments. Besides the ECB and the BoJ, the Fed met as well. The FOMC members left rates unchanged at January's meeting as was broadly expected, but expressed some concerns about the global financial turbulence. Even though the renewed concerns over the global developments left market participants in doubt as to whether further action was appropriate, Fed officials did not rule out a hike at the March meeting. Any improvement in the US data going into the next meeting could bring forward expectations for the Fed to pull the trigger and keep USD strong, especially as the officials will get updated projections and forecasts to work with.

The challenging environment and the risk-off sentiment helped funding currencies like EUR, JPY and CHF to outpace their major peers for the most part of the month. We were positioned against the market volatility with a defensive profile, but the sharp reversal of the sentiment in the final days of the month with the unexpected systematic developments from the BoJ redirected a large part of our allocation into high-yield and potentially profitable pairs. This forced us to realize the negative outcome following the sudden move from JPY, in order to maintain the prospect to benefit from the shift in risk sentiment.



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# HYBRID STRATEGY

OVERALL  
RETURN  
SINCE  
JUNE 2015

13.19%<sup>1</sup>

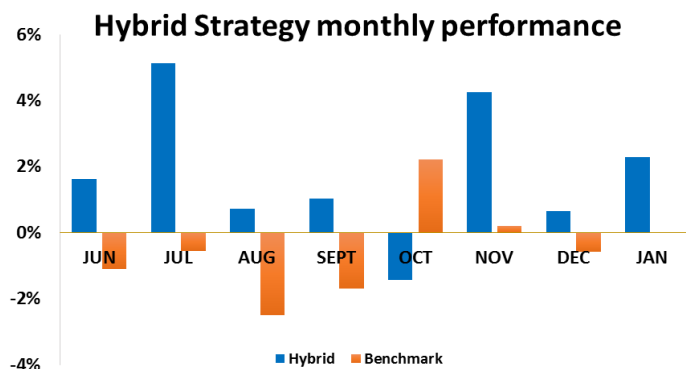
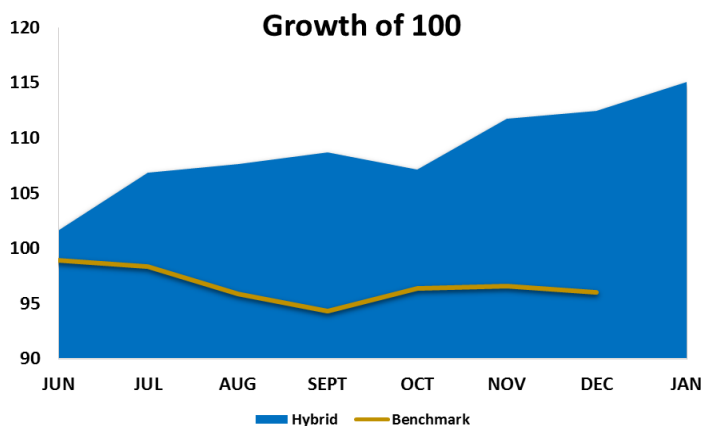
The Hybrid Strategy is an advanced trading strategy with medium-term timeframes based on fundamental and technical analysis. We combine our knowledge and expertise of the markets to take decision depending on the prevailing global economic conditions and important technical levels. We seek to identify price movements through the use of 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<sup>2</sup>: 30%

Max drawdown: 1.6%  
Subscription: Daily  
Redemption: 5 days' notice

## STRATEGY PERFORMANCE TO DATE



	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	Overall Return
HYBRID <sup>1</sup>	1.62%	4.04%	0.72%	1.04%	-1.44%	4.26%	0.66%	2.29%	13.19%
Benchmark <sup>3</sup>	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	n/a%	-4.23%
Performance over benchmark	2.71%	4.59%	3.22%	2.73%	-3.66%	4.06%	1.24%	n/a%	17.42%

<sup>1</sup> Past performance is not an indicator and does not guarantee or predict future performance

<sup>2</sup> For the performance fee high-water mark is used

<sup>3</sup> [http://www.barclayhedge.com/research/indices/ghs/Hedge\\_Fund\\_Index.html](http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html)



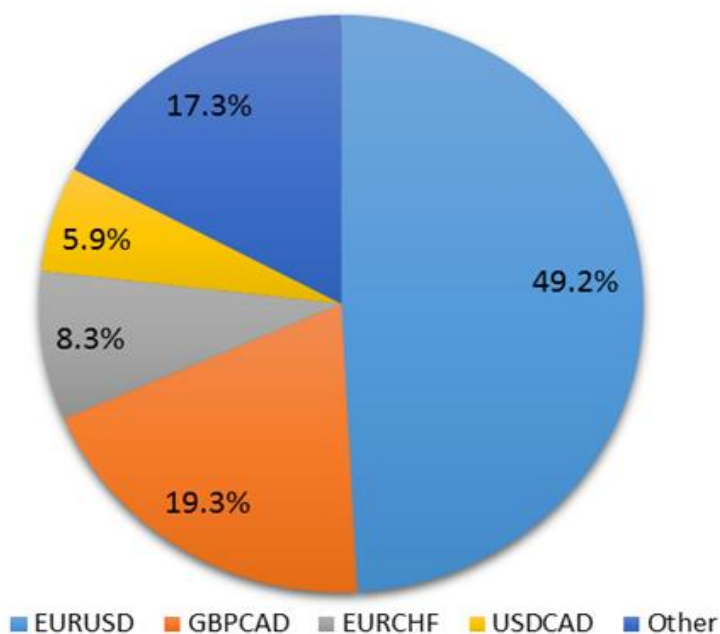
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## JANUARY HYBRID STRATEGY UPDATE

The portfolio finished the month with a positive performance in January. Despite the challenging markets driven mainly by China's slowdown and equity markets turmoil caused by the uncertain Chinese environment, we managed to achieve a return. We maintained our tactical long USD positions, and added to them, after comments by Fed officials showed that they remain optimistic as far as the US outlook is concerned and did not rule out another rate hike at their March meeting. The effect of the uncertain environment in the early days of the month was strongly felt among the safe-haven/funding currencies like JPY, EUR and CHF. As a result, we took some long positions on these currencies in order to exploit their appreciation and at the same time, to maintain a defensive exposure given the overall uncertain environment. The unexpected decision from the BoJ to cut rates at its end of January policy meeting and the change in expectations for further easing by the ECB, forced us to immediately change some of our JPY and EUR long positions and to realize any negative impact this had on our portfolio. Even though this helped us to free liquidity in order to benefit from these developments, given that the surprise event from the BoJ took place in the final trading day of the month, this had a somewhat negative impact on the overall return of the strategy. Our current positioning though, is likely to help us to recover our market beatings and add on our positive performance.

## EXPOSURE ANALYSIS

IronFX Global 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 Global 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

**179.65%<sup>4</sup>**

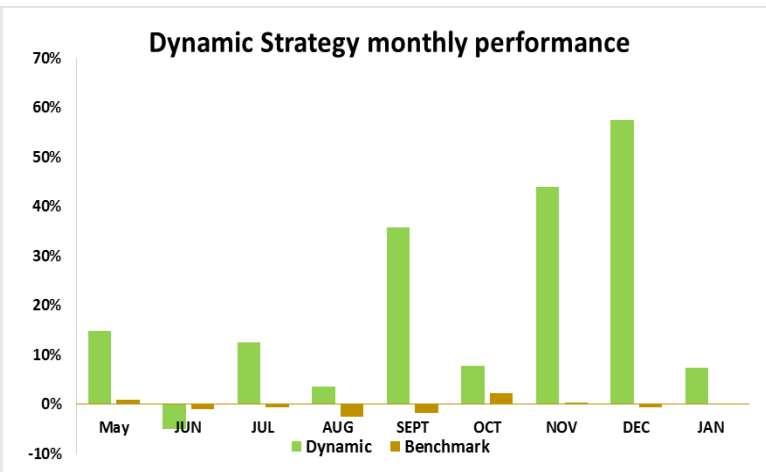
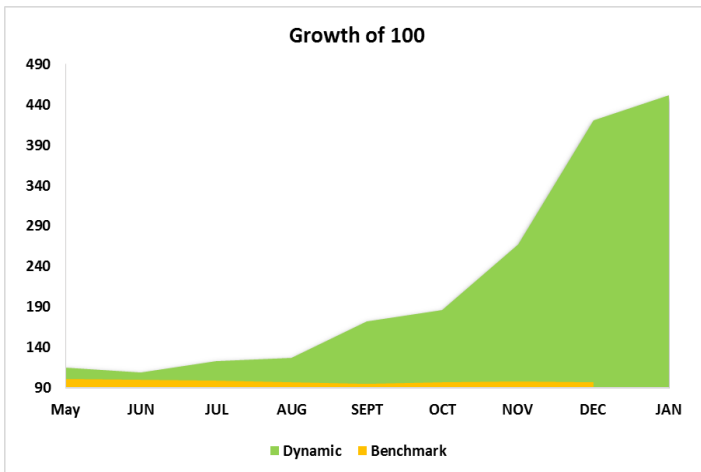
The Dynamic Strategy is an algorithmic and high-frequency trading strategy based primarily on technical indicators. We use an advanced, computerized trading infrastructure to execute a high volume of trades within short to medium-term timeframes. The key technical indicators we use are, modified Ichimoku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

## PORTFOLIO DETAILS

Launch date: 01.05.2015  
Management fee: 0.0%  
Performance fee<sup>5</sup>: 50%

Max drawdown: 10.59%  
Subscription: Daily  
Redemption: 5 days' notice

## STRATEGY PERFORMANCE TO DATE



	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	Overall Return
<b>DYNAMIC<sup>4</sup></b>	<b>14.75%</b>	<b>-5.03%</b>	<b>14.20%</b>	<b>3.63%</b>	<b>35.81%</b>	<b>7.66%</b>	<b>43.87%</b>	<b>57.36%</b>	<b>7.4%</b>	<b>179.65%</b>
<b>Benchmark<sup>6</sup></b>	<b>0.81%</b>	<b>-1.09%</b>	<b>-0.55%</b>	<b>-2.50%</b>	<b>-1.69%</b>	<b>2.22%</b>	<b>0.22%</b>	<b>-0.84%</b>	<b>n/a%</b>	<b>-3.42%</b>
<b>Performance over benchmark</b>	<b>13.94%</b>	<b>-3.94%</b>	<b>14.75%</b>	<b>6.13%</b>	<b>37.50%</b>	<b>5.44%</b>	<b>43.65%</b>	<b>58.20%</b>	<b>n/a%</b>	<b>183.07%</b>

<sup>4</sup> Past performance is not an indicator and does not guarantee or predict future performance

<sup>5</sup> For the performance fee high-water mark is used

<sup>6</sup> [http://www.barclayhedge.com/research/indices/ghs/Hedge\\_Fund\\_Index.html](http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html)



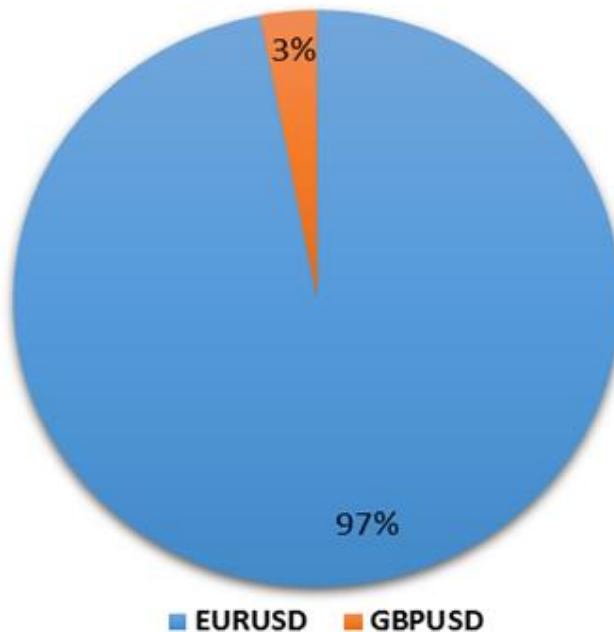
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## JANUARY DYNAMIC STRATEGY UPDATE

The Dynamic strategy finished the month with a strongly positive performance in January. Having kept exposure mainly on EUR, our high-frequency trading strategy managed to exploit the challenging markets driven by risk-averse sentiment in the first half of the month and thereafter on divergence in monetary policy. We expect 2016 to be a challenging trading year, due to slow economic growth, political instability, divergence in monetary policy and falling commodity prices. This computerized trading infrastructure based on key technical indicators, tends to exploit sudden changes in the markets and increase in volatility. Therefore, we would expect this strategy to continue its strong performance.

## EXPOSURE ANALYSIS

IronFX Global 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 Global 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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