

RMG FX

May 2018

Contents

Why invest in Discretionary Macro FX now	Page 3
Why invest with RMG	Page 4
RMG FX Strategy - Performance History	Page 5
RMG FX Strategy - Performance data and correlations	Pages 6 - 8
Investment Process	Pages 9 - 10
Risk Control	Page 11
Howard Jones Biography	Page 12
Lincoln Weekes Biography	Page 13
Disclaimer	Page 14

Why Invest in Discretionary Macro FX Now?

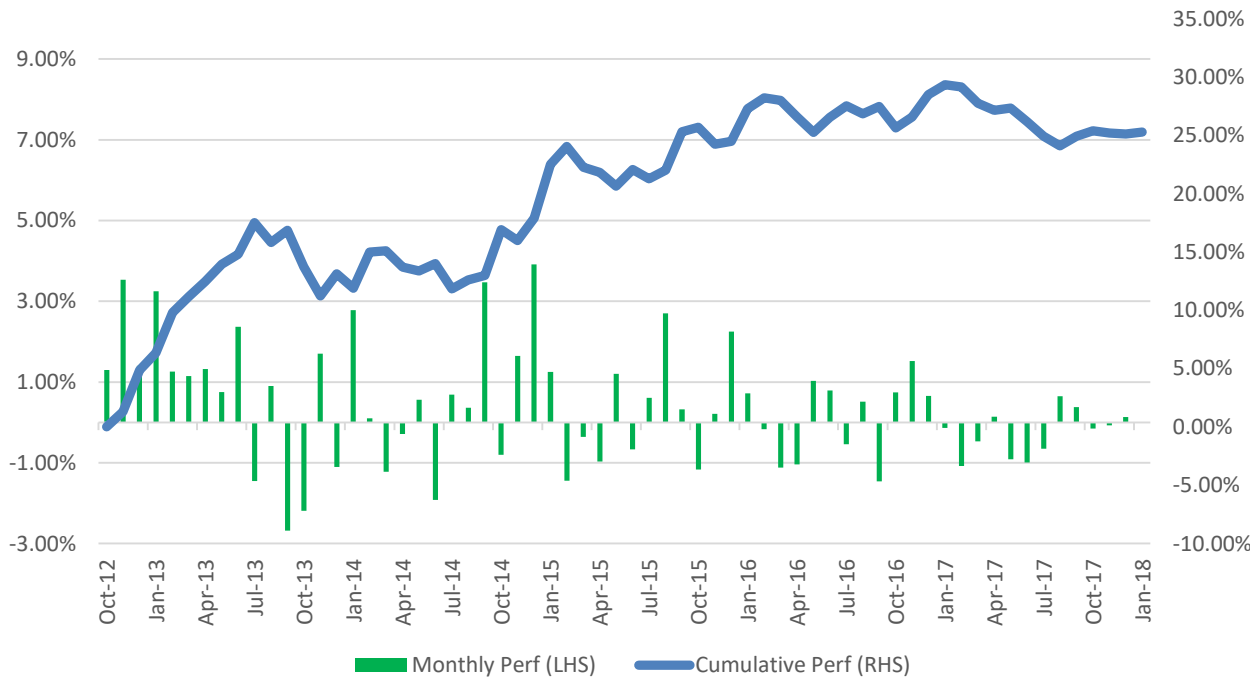
- The Macro cycle in assets is showing signs of maturity and the degree of complacency in financial markets is palpable.
- Global central bank provision of liquidity has been a major factor in falling volatility. This is coming to an end as the US tightening rate cycle is not yet complete.
- Emerging market debt levels could be a disruptive force. Indeed the first strains in EM are visible
- Target 2 imbalances within the Euro Zone show that structural problems remain.
- Bullish complacency is often followed by dislocation.
- The FX world has been characterized by low and falling levels of volatility in the past few years. In short it has been relatively dull, yet changes in the FX rate is a requisite in the rebalancing mechanism.
- The RMG FX strategy is always specific to meet client requirements. Previously that was a low volatility, low risk mandate designed to enhance the return on cash holdings which was successfully achieved. We are now looking at conditions that suggest it is time to seek superior returns. EM currencies will be a major focus.
- The RMG traders, Howard Jones and Lenny Weekes, have track records in maximizing the opportunity when FX markets undergo rapid change. We've seen it before during our long careers, and know how to trade in volatile conditions.

Why Invest with RMG ?

- The traders all have over 30 years' investment & trading experience and view the current conditions as an opportunity to shift assets in to macro diversifiers.
- The Trading style is simple and transparent using only long optionality and cash to reflect investment themes and trades.
- Trading via options in falling volatility environments is always challenging. A pick up in volatility changes that outlook and risk return profile.
- Previous mandates have a good track record in a low volatility environment showing the discretionary skills of the traders and macro strategists
- The low risk FX Strategy mandate delivered returns of 4.4% per annum compound over the 5 years ending November 2017
- Risk adjusted returns have been strong and with low correlation to other assets and managers.
- We seek managed account mandates from market professionals, and encourage dialogue.
- We have complete transparency and will adhere to risk profiles that suit clients.

RMG FX Strategy Performance - Inception - 31st December 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Since Inception
2012										1.30%	3.53%	1.40%	6.34%	
2013	3.25%	1.26%	1.15%	1.32%	0.75%	2.37%	-1.45%	0.90%	-2.68%	-2.19%	1.70%	-1.10%	5.21%	
2014	2.78%	0.10%	-1.22%	-0.29%	0.56%	-1.92%	0.69%	0.36%	3.47%	-0.80%	1.65%	3.91%	9.49%	
2015	1.25%	-1.44%	-0.36%	-0.97%	1.20%	-0.67%	0.61%	2.70%	0.32%	-1.17%	0.21%	2.25%	3.90%	
2016	0.72%	-0.17%	-1.12%	-1.04%	1.03%	0.79%	-0.54%	0.51%	-1.46%	0.74%	1.52%	0.66%	1.60%	
2017	-0.14%	-1.08%	-0.47%	0.14%	-0.91%	-0.99%	-0.65%	0.65%	0.38%	-0.15%	-0.07%	0.13%	-3.13%	25.27%



Performance Summary

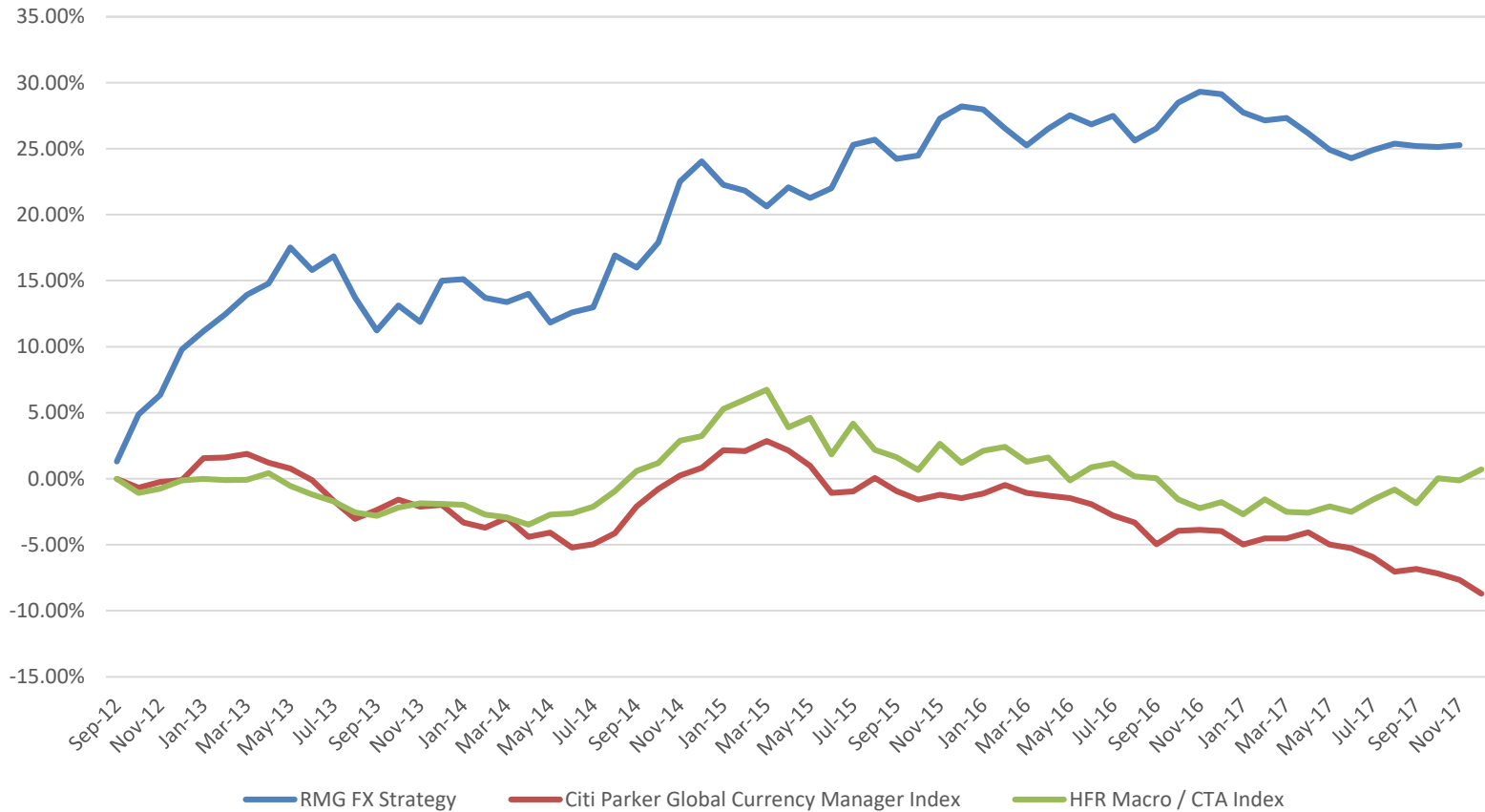
Annualised Return	4.39%
Rolling Return - 1 Year	-3.13%
Annualised Volatility	5.00%
Sharpe Ratio	0.88
Best Month	3.91%
Worst Month	-2.68%
% of Positive Months	59.68%
Max Drawdown	-5.35%

RMG FX Strategy vs. Traditional Indices

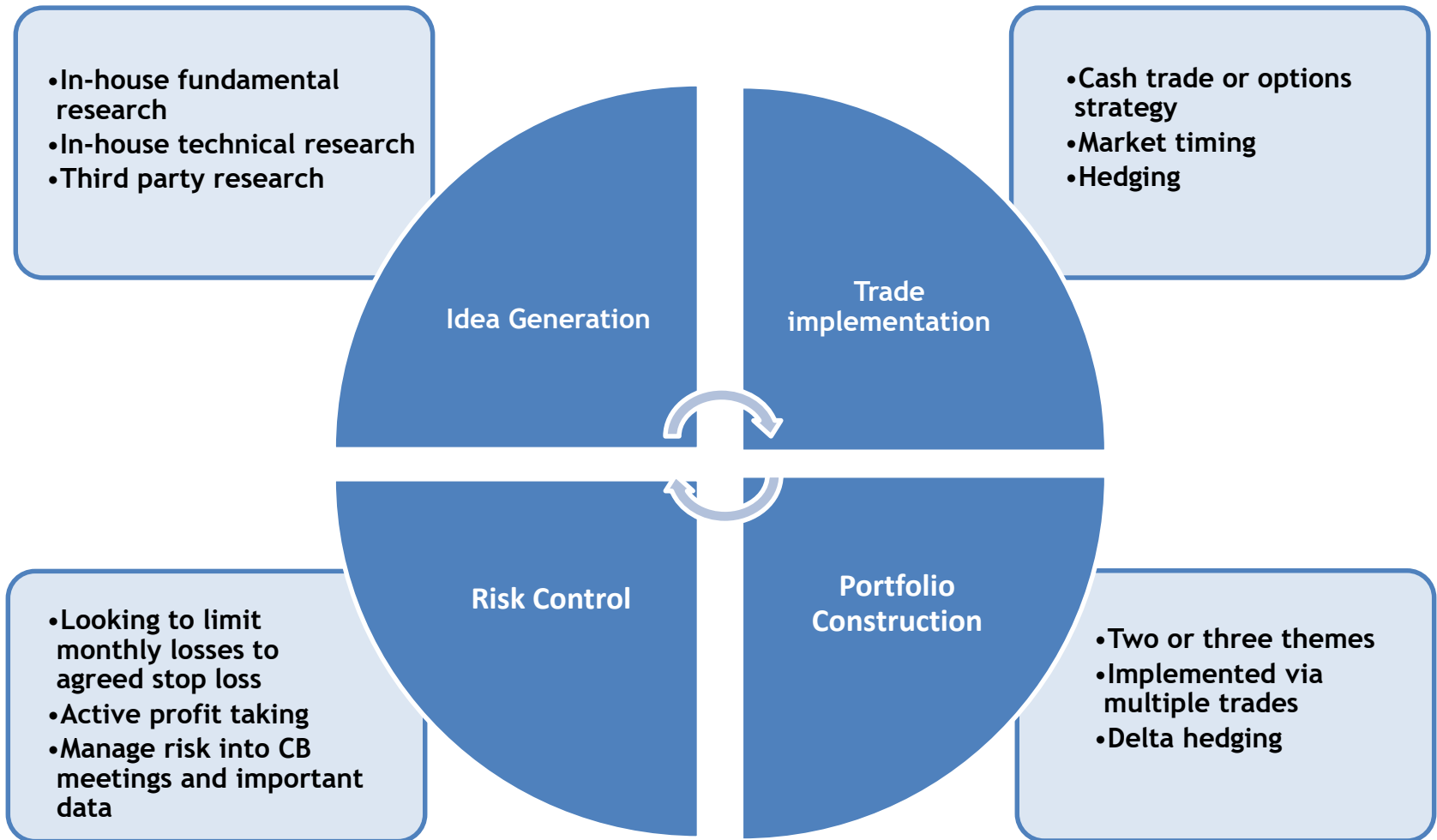
	RMG FX	Barclays Agg	MSCI World
Total Return	25.27%	11.19%	77.72%
Compound Annual Return	4.39%	2.04%	11.58%
Monthly Standard Deviation	1.44%	0.80%	2.79%
Annualised Volatility	4.98%	2.78%	9.65%
Sharpe Ratio	0.88	0.73	1.20
Best Month	3.91%	2.10%	7.92%
Worst Month	-2.68%	-1.78%	-6.62%
No. Positive Months	37	39	45
No. Negative Months	26	24	18
Maximum Drawdown	-5.35%	-3.67%	-11.96%
RMG Correlation		-0.15	-0.47

These numbers are based on data for the RMG FX Strategy Managed Acc from Oct 2012 to 31st December 2017

Comparable Benchmark Returns - October 2012 - 31st December 2017



These numbers are based on data for the RMG FX Strategy Managed Acc from Oct 2012 to 31st December 2017



Our Investment Process

- ❖ We follow a simple and focused macro strategy which can be tailored to meet risk requirements.
- ❖ We analyse fundamental macro economic trends, aiming to identify investable opportunities
- ❖ We augment our fundamental research with technical analysis, both as a confirming input and to time our entry and exit strategies
- ❖ Trade implementation is very simple. We invest in vanilla option strategies (puts, calls and spreads) with bounded risk, or we trade in the cash market utilising defined stop losses
- ❖ We typically have two/three themes implemented via a relatively small number of trades
- ❖ We actively manage the overall portfolio.
- ❖ We prefer a broad mandate, but currency correlations mean there are numerous ways to implement themes across different markets.

Our Risk Control Process

- ❖ Our risk control is simple and effective
- ❖ We agree the monthly stop loss with the client and trade accordingly
- ❖ With our option strategies having bounded risk and our cash trades having defined stops, we can manage the stop loss effectively
- ❖ As we like to maintain a diversified portfolio each trade will risk an agreed amount of capital
- ❖ We are aware of our daily VaR. We have an active process including regular profit taking and hedging risks ahead of macro events such as central bank meetings and key data releases

Howard Jones, Partner

- ❖ Howard brings 30 years of experience in managing macro foreign exchange at banks and hedge funds.
- ❖ Howard started his career at Chemical Bank in 1986 and then joined AIG Trading in 1992 as Head of European Currency Trading.
- ❖ He subsequently joined AIG International Asset Management as a founder partner of AIG Strategic Currency Fund alongside Lenny Weekes.
- ❖ He ran that until 1999 when he joined Tokai Bank Europe, a well established proprietary trading house. He was part of the FX and Fixed Income team that left to set up Olea Capital which ran until 2005.
- ❖ Since that point, Howard has been an advisor to macro hedge funds and managed discretionary managed accounts before joining RMG full-time in 2012, having been a member of the advisory board since 2011.
- ❖ An economic background coupled with experience in global markets ensures Howard has truly global perspective and ability to assess market action without the emotional behaviour often exhibited in financial markets.
- ❖ Howard brings a wealth of experience in macro management and trading

Lincoln Weekes

- ❖ Lincoln brings over 30 years of experience in trading macro foreign exchange at banks and asset managers in London and New York.
- ❖ Lincoln started his career as an FX dealer at Chemical Bank in 1986 and then joined AIG Trading in 1992 as a chief dealer. He subsequently joined AIG International Asset Management as a founder partner of AIG Strategic Currency Fund working alongside Howard Jones.
- ❖ Between 2001 and 2007, Lincoln worked for Bear Stearns and Tribeca Global Management recruiting and managing portfolio managers as well as trading currencies,.
- ❖ In 2007 Lincoln moved to FX Concepts in New York to manage a discretionary portfolio of up to \$400m trading major and emerging currencies as well as being a member of the CIO team
- ❖ From 2010 to 2012 Lincoln worked as a prop trader for Nomura in both London and New York.
- ❖ Lincoln has consistently produced positive returns throughout his career by developing trade strategies drawing on internal and external research and analysis of politics, policy and economic events..
- ❖ Working closely with Howard to manage the RMG FX mandates, Lincoln brings a wealth of experience in macro management and trading.

Stewart Richardson, Partner

- ❖ A founding partner of RMG, Stewart is the Chief Investment Officer.
- ❖ Stewart started his career in 1986 at Coutts Bank in London working on the International desk of their Investment Department. Stewart helped manage global multi asset portfolios for High Net Worth families as well as several small institutional mandates. He was also lucky to have an 18 month posting to Hong Kong in 1997/8.
- ❖ Between 1999 and 2002 Stewart worked at Merrill Lynch managing global multi asset portfolios for high net worth families.
- ❖ From 2002 to 2009, Stewart worked at Royal Bank of Canada, again managing multi asset portfolios, with an increasing focus on absolute return strategies.
- ❖ Stewart has an ability to maintain a genuinely global perspective when investing.
- ❖ Stewart is a clear thinker on all aspects of global economies and financial markets and appears regularly in the financial press.
- ❖ Stewart writes the weekly RMG macro bulletin which articulates view and proves consistency.
- ❖ Stewart heads an experienced advisory investment board that includes both internal and external, independent parties with investment management expertise strongly represented.

Disclaimer

This document has been issued by RMG Investment Management, a trading name of RMG Wealth Management LLP (“RMG”), which is Authorised and Regulated by The Financial Conduct Authority (‘FCA’). The information and opinions contained in this document are for background purposes only and do not purport to be full or complete. No liability is accepted for, and no reliance should be placed for any purposes upon, the accuracy or completeness of information, calculations, projections or opinions contained within this document. Information contained herein is strictly confidential and is meant solely for the selected recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form. Past performance is not necessarily indicative of future performance.

The purpose of this document is to give initial detail in order to gauge investor interest, so that RMG can decide whether a formal proposal can be put forth to such investors. The information contained in this document is subject to updating, completion, modification and amendment.

This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any shares nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract thereof. Therefore no person receiving a copy of the document may treat it as constituting an offer or invitation to him to buy investments, nor may he copy it for transmission to another person. If, however, an offer to sell investments is made in the future, it will be subject to information circulated by RMG at the time in a formal prospectus or equivalent document and not on the basis of the information contained in this document. Potential investors should consult with their advisers to discuss the suitability of this recommendation and the tax implications of the underlying products and instruments referred to therein.

It is the responsibility of every person receiving a copy of this document to satisfy himself as to the full observance of laws of any relevant country, including obtaining any government or other consent which may be required or observing any other formality which needs to be observed in that country.

This document is written for the benefit of the selected recipient. It is not addressed to any other person and may not be used by them for any purpose whatsoever. It expresses no views as to the suitability of the investments described herein to the individual circumstances of any recipient.