MONTHLY PERFORMANCE OVERVIEW

February 2016

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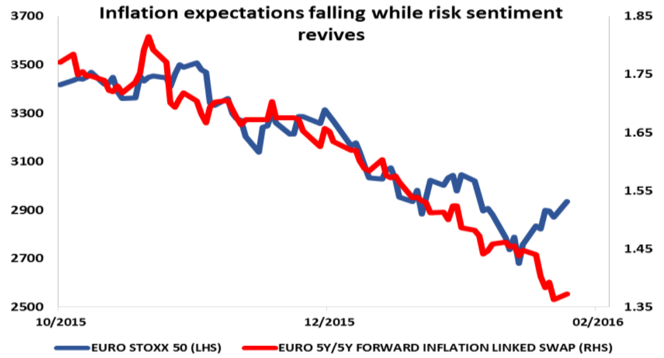
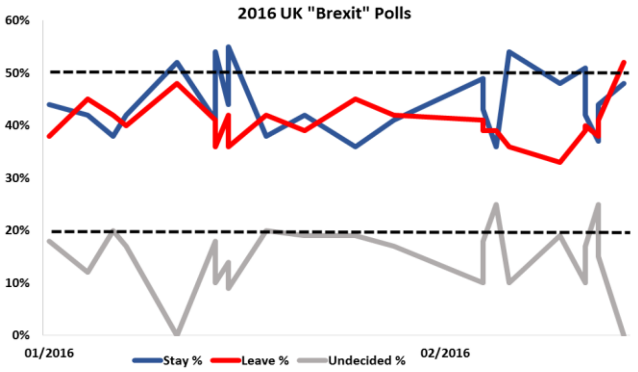
MARKET OVERVIEW

FX markets remain in a stress mode and continue to trade in a volatile manner, with any hope for material stabilizing actions from the G20 meeting having being extinguished. The meeting of the G20 policymakers ended with no new coordinated action to spur global growth. Even though the members seemed to be more worried this time about the prospects for global economic growth and showed growing awareness of the need for financial stability, they simply reiterated past policy commitments. They agreed to use monetary, fiscal and structural tools to boost growth, underscoring concerns over the limitations of central bank-led stimulus measures. With regards to exchange rates, the G20 reaffirmed that they will refrain from competitive devaluation and that they will not target an exchange rate for competitive purposes. In our view it seems clear that there will not be a "crisis" response by the policymakers in a "non-crisis" environment. Monetary policy is still expected to keep the markets calm, fuel inflation expectations and stabilize global growth prospects.

To this end, market participants are shifting their focus to the numerous central bank meetings in March, including the European Central Bank and the US Fed. They hope that the Banks will not appear impotent and will manage to calm the markets but also keep risk sentiment elevated. What is interesting in our view however, is how confident the market seems to be that the ECB will decide to take further actions in order to boost the petering Eurozone's economy and that these actions will lead to a lower EUR. Given the Bank of Japan's experience and to some extent the Swedish Riksbank, it seems that "aggressive" policy shifts in negative interest rate territory led to short-term currency weakness followed by material strength.





Nevertheless, there is a key difference between Japan and Eurozone that helps to explain the transmission of monetary policy to FX. Japan has a large net international investment surplus, while Eurozone has a NIIP deficit. As such, Japanese investors are the main drivers of the JPY, whereas foreign investors typically affect the moves in EUR. The market is currently pricing an additional 10bp rate cut in the deposit facility by the ECB, as well as expansion and extension of the QE program. We believe that the risks are negatively skewed, as the Bank can cut rates deeper-than-expected and introduce a larger asset-purchase program than currently priced in in order to revive inflation expectations. Nevertheless, in the scenario that the ECB under-delivers again, or do anything that is reassessed negatively, this could easily trigger a large EUR rally. In the meantime, if the ECB wants to weaken the EUR, it must also keep risk sentiment elevated. In summary, we prefer to maintain a limited exposure on EUR going into the meeting as the risks are currently balanced in our view with both scenarios assigned a high probability.

Staying in Europe, it is impossible to ignore the risks surrounding the Brexit referendum. Following months of negotiations, agreement on a new deal for the UK was finally reached at the mid-February European Council meeting. Even though the agreement still needs to be accepted by the European Parliament and could yet face legal challenges in the European Court, its biggest test is whether it would be enough to convince an indecisive British public to stay in the EU. After the UK-EU talks ended, the British pound came under renewed selling interest as several popular politicians – especially the Mayor of London -- favored the UK leave vote. Some of the recent EUR decline can also be attributed to the Brexit-fear. Even though opinion polls suggest a tight race favoring mostly the idea of the UK staying in the EU, the latest bookmaker odds still suggest around one-third likelihood of a leave vote. The noise around GBP in the context of the IN/OUT referendum should continue to support the risk-off environment and we expect any pro-risk currency rallies to be short-lived. We think that we still have a challenging environment ahead of us and therefore, we prefer to take a more risk-negative stance in currency positioning. Following an eventful month with sharp moves in the financial markets, the month ahead of us with the numerous central bank meetings is likely to contain significant developments as well. We prefer to stay positioned against the market volatility with a cautious trading due to the many risk events over the next few weeks.

FC BARCELONA
OFFICIAL PARTNER

HYBRID STRATEGY

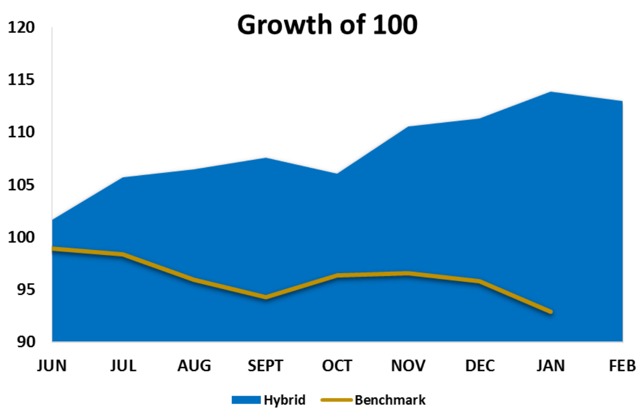
OVERALL RETURN SINCE JUNE 2015 **12.42%[1]**

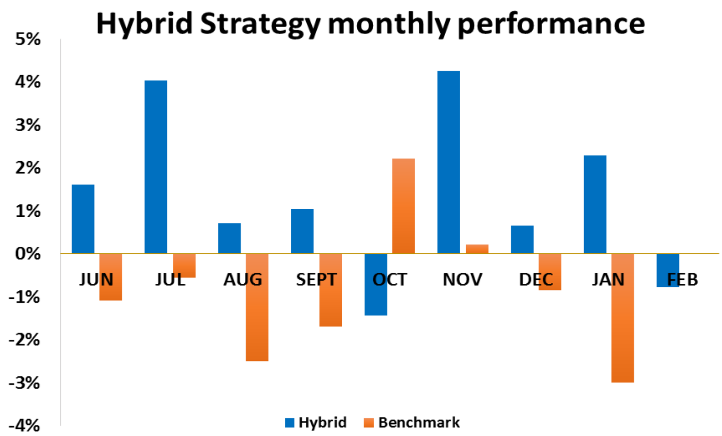
The Hybrid Strategy is an advanced trading strategy with medium-term timeframes based on fundamental and technical analysis. We combine our knowledge and expertise of the markets to take decision depending on the prevailing global economic conditions and important technical levels. We seek to identify 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	**Max drawdown:**	2.1%
Management fee per month:	0.167%	**Subscription:**	Daily
Performance fee[2]:	30%	**Redemption:**	5 days' notice

STRATEGY PERFORMANCE TO DATE





	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	Overall Return	Average Return
HYBRID[1]	1.62%	4.04%	0.72%	1.04%	-1.44%	4.26%	0.66%	2.29%	-0.77%	12.42%	1.38%
Benchmark[3]	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-2.99%	n/a	-7.22%	-0.90%
Performance over benchmark	2.71%	4.59%	3.22%	2.73%	-3.66%	4.04%	1.50%	5.28%	n/a	19.64%	2.28%

[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*

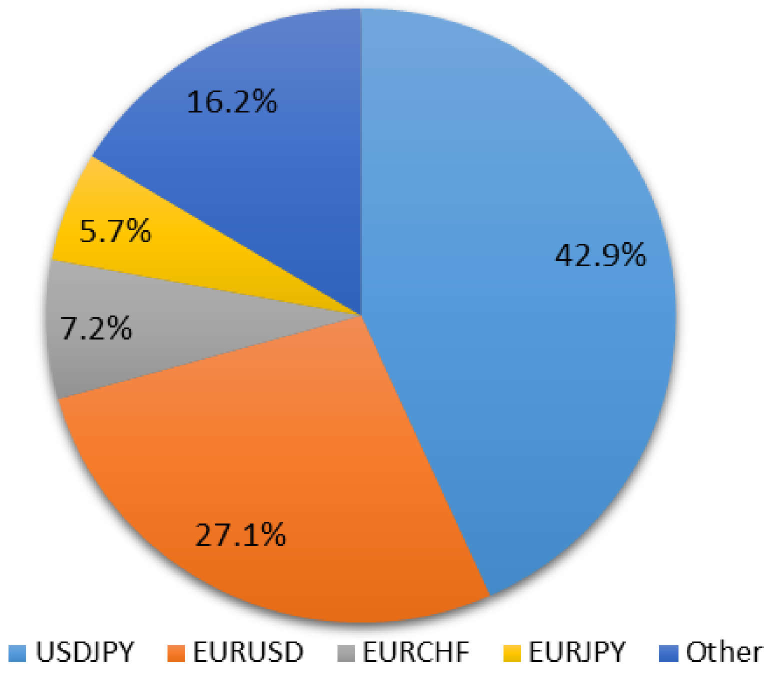
[3] *You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

FEBRUARY HYBRID STRATEGY UPDATE

The portfolio finished with a slight negative performance in February. Following the Bank of Japan's aggressive policy shift and the negative interest rate decision end of January, we saw the move as a JPY selling opportunity. In the meantime, hints by the ECB President Mario Draghi that the Bank will review its stimulus program at the March meeting and that it could use all its tools if needed, kept the sentiment elevated in the final days of the previous month and in the beginning of this month. As such, we expected the risk appetite to support a risk-currency rally, which was unfortunately short-lived and caused the portfolio to realize some losses and to reposition itself again in a defensive mode. In addition, given the dovish remarks and attempts by several Fed officials during the month to push down expectations of rate hikes this year, with most-important Fed's Vice Chair Fisher hints of a prolonged period of on hold stance by the Fed, safe-haven assets found a renewed buying interest. The Japanese yen reversed sharply its losses and surged, touching multi-year highs against its major peers. At the same time, the euro was helped by the stock market volatility broke several technical barriers against the dollar to trade just below 1.14 in mid-February from as low as 1.08 at the turn of the month. This surprisingly uncertain environment in the early days of the month had a somewhat negative impact on the return of the strategy, which ended with a loss of below 1%. Our current positioning though, is likely to help us to recover our market beatings and add on our overall positive performance.

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.



DYNAMIC STRATEGY

OVERALL RETURN SINCE MAY 2015

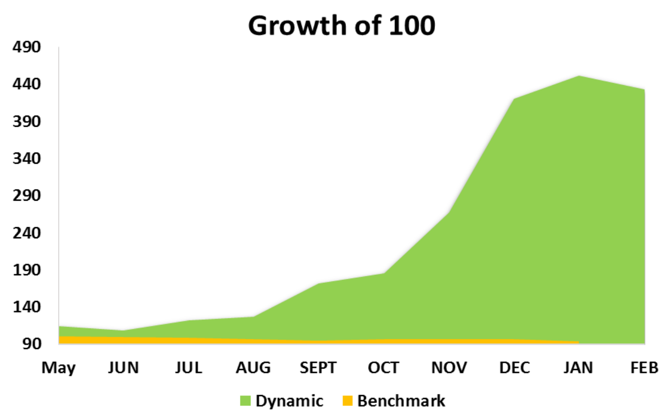
173.79%[4]

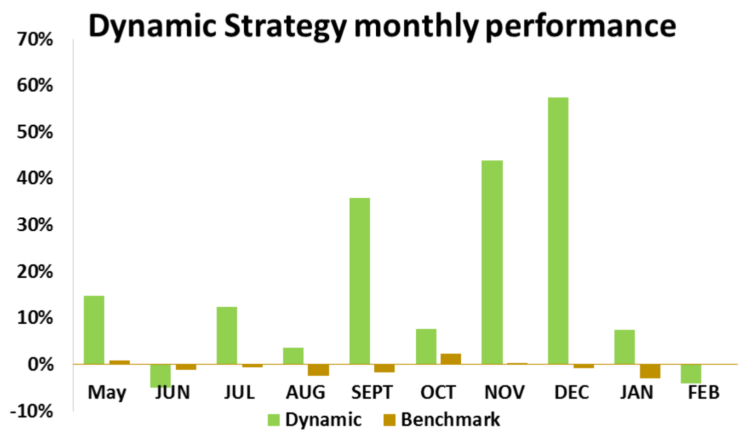
The Dynamic Strategy is an algorithmic and high-frequency trading strategy based primarily on technical indicators. We use an advanced, computerized trading infrastructure to execute a high volume of trades within short to medium-term timeframes. The key technical indicators we use are, modified Ichimoku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

PORTFOLIO DETAILS

Launch date:	01.05.2015	**Max drawdown:**	10.59%
Management fee:	0.0%	**Subscription:**	Daily
Performance fee[5]:	50%	**Redemption:**	5 days' notice

STRATEGY PERFORMANCE TO DATE





	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	Overall Return	Average Return
DYNAMIC[4]	14.75%	-5.03%	14.20%	3.63%	35.81%	7.66%	43.87%	57.36%	7.4%	-4.08%	173.79%	17.38%
Benchmark[6]	0.81%	-1.09%	-0.55%	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-2.99%	n/a	-6.41%	-0.71%
Performance over benchmark	13.94%	-3.94%	12.97%	6.13%	37.50%	5.44%	43.65%	58.20%	10.39%	n/a	180.20%	18.09%

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

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

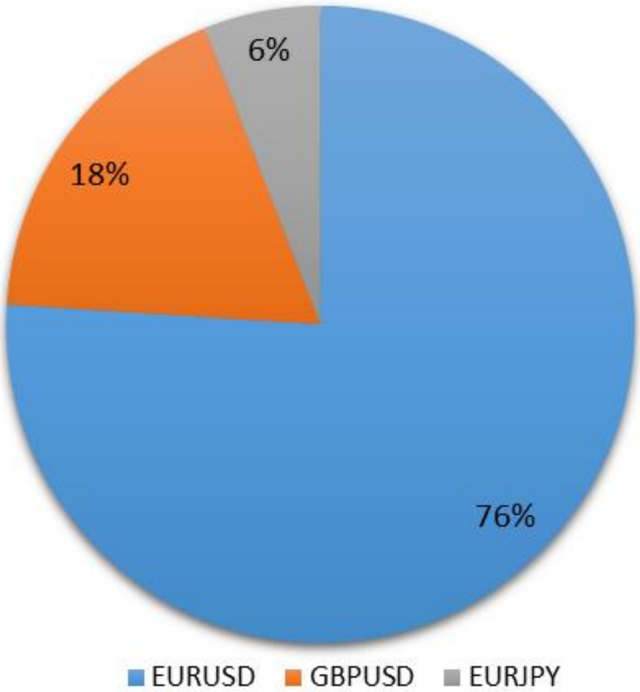
[6] *You can find the benchmark in this link:http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

FEBRUARY DYNAMIC STRATEGY UPDATE

The Dynamic strategy finished with a negative performance in February. Having kept exposure mainly on EUR, our trading strategy managed to exploit the challenging markets driven by risk-averse sentiment at the beginning of the month but realized some losses after the trend was reversed in the middle of the month. The strategy also experienced losses from the depreciation of EURJPY, as the strength of JPY overpowered the strength of EUR and triggered our stop losses on those positions. This computerized trading infrastructure based on key technical indicators, tends to exploit sudden changes in the markets and increase in the volatility. Therefore, we would expect this strategy to recover this month’s loss and to continue its overall strong positive performance.

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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