CONY Global Macro Strategy - Newsletter   August 2018

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"Performance is ultimately the single most important thing, when it comes to determine strategy."

CONY STRATEGY SUMMARY	
Number of actions	5
Regional classification	All regions & asset classes
Monthly return	1.16%
Annualized return	14.91%

Dear Readers,

We are honored and glad to inform you that we launched our new global macro strategy on June 25, 2018. One month has passed and via our first newsletter we would like you to update about our strategy and performance. The first month is always tough, but our choices so far were accurate in an environment where trade wars between US and China intensified. Our strategy is basically focusing on macro trends pretty much in every developed country & many emerging markets and try to generate long-term strategy ideas. Our top five picks of the month were long SPX, long STI, long KOSPI, short EUR/USD, and short US10YT.

Our scope: We look at macro trends in developed and selected emerging markets, analyze their outlook, create heatmaps and try to make long-term decisions in some asset classes. From a tactical point of view, when determining the levels, we also take technical analysis into consideration. For instance, EMs are currently facing foreign portfolio outflows. Considering the strong state of global economy these outflows could be used as an opportunity to look at selected emerging market stocks as well as some developed country equities, in our view.

Our current strategy:

Advanced Markets

US Equities → BUY

Singapore Equities → BUY

European Equities → NEUTRAL (Except Germany, Spain and Sweden)

US Fixed Income → SELL

US Corporate Bonds → SELECTIVE BUY

Advanced Currencies → SHORT EUR AGAINST USD, NEUTRAL ON JPY & GBP

Emerging Markets

EM Equities → SELECTIVE BUY

EM Fixed Income → NEUTRAL

EM Currency → NEUTRAL (Except MXN, RUB, INR)

Gold → NEUTRAL

Petroleum → NEUTRAL

Strategy is flexible depending on the risk profile.
Risk averse/risk tolerant/short-term/long-term strategies are available.

Our current strategy allocation: We believe that amid trade wars, rate hikes & FED's balance sheet contraction global growth will remain strong throughout 2H18. Regionally speaking, America and Asia will continue to lead global growth. European economy will grow as well, but slower than its peers (except Germany, Spain and Sweden). Currently, we like American equities, Singapore equities, Korean equities and dislike EUR and US government bonds.

Our monthly strategy performance: In the first month after its initiation, CONY Global Macro Strategy generated a gross monthly return of 1.16% in USD terms (14.91% in annualized terms). Our strategy benefited significantly from recent rallies in the US and Singapore, whereas weak performance of Korean equities reduced our return. We still believe in Korea. Just last week, 2Q18 GDP growth in South Korea was released. Korea's economic expansion met expectations in the second quarter as exports held up despite global trade friction. Growth in 2Q18 remained on a solid path as it is still hovering around the economy's potential growth rate of about 2.8-2.9%.

CONY Global Macro Strategy Performance					
Choices	25-Jun-18	31-Jul-18	Return	Weight	Weighted Return
LONG SPX (US)	2,730	2,816	3.2	20%	0.63
LONG STI (Singapore ETF)	23.78	24.41	2.6	20%	0.53
LONG KOSPI (Korea ETF)	67.81	67.22	-0.9	20%	-0.17
SHORT US10YT	100.06	99.08	1.0	20%	0.20
SHORT EUR/USD	1.1680	1.1690	-0.1	20%	-0.02
Total return					1.16
Annualized return					14.91

Our investment radar: In every newsletter, we will also share our possible next strategy as well. For the upcoming month, we monitor gold prices closely and we might look at gold, if it retreats towards US$ 1,200. In terms of equities, we also like Saudi Arabia for some time but did not take any action yet. We are looking for a better level at this stage.

Sincerely,

Ozgur ALTUG
Strategist / Economist
CONY Global Macro Strategy