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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
Return since initiation	2.12%
Annualized return	8.75%



Dear Readers,

A full quarter has passed since the initiation of our global macro strategy. Via our third newsletter we would like you to update about our investment style, strategy, and performance. After a relatively impressive first month performance the second month was relatively stable even though trade wars between US and China continue at full speed. However, in the third month, strategy’s performance improved significantly thanks to further recovery in almost all our choices. Gold continued to upset but we continue to believe that gold will start its march as well soon. Our strategy is basically focusing on macro trends pretty much in every developed country & many emerging markets and try to generate long-term ideas. Our top five picks of the month were long SPX, long STI, long KOSPI, long gold, and short US10YT. We took profit on our short EUR/USD position and switched to long gold ETF (GLD) on August 2. It is worth noting that pressure on Argentina and Turkey diminished slightly in September but concerns on EMs are still alive.

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, which are also confirmed by the recent PMI numbers, 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 strategy view for 2H18:

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
 Gold → TRADING BUY
 Petroleum → NEUTRAL

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

Our current strategy choices: 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, gold and still dislike EUR & US government bonds.

Our monthly performance: CONY Global Macro Strategy generated a gross return of 2.12% in USD terms (8.75% in annualized terms) since its initiation. Our strategy benefited significantly from rallies in the US and Singapore, whereas weak performance of gold reduced our return. We still believe in gold. Korea is also started to do well after the trade agreement between the US and Korea.

CONY Global Macro Strategy Performance					
Portfolio	25-Jun-18	31-Aug-18	Return	Weight	Weighted Return
LONG SPX (US)	2,730	2,902	6.3	20%	1.26
LONG STI (Singapore ETF)	23.78	23.80	0.1	20%	0.02
LONG KOSPI (Korea ETF)	67.81	67.22	-0.9	20%	-0.17
SHORT US10YT	100.06	100.04	0.0	20%	0.00
LONG GLD (Gold ETF)*	114.50	113.51	-0.9	20%	-0.17
Total return since the initiation					1.08
Annualized return					6.66

*1.1585 EUR/USD short covered and bought GLD at 114.50 on August 2

Our investment radar: In every newsletter, we also share our possible next trading ideas as well. For the upcoming month, we monitor US equities and we might be willing to take profit this month and switch to Japanese equities that seem to be the new darling of investors. We might prefer some cash position in the short-term. Petroleum had a good run and we keep a close eye on petroleum as well.

Sincerely,

Ozgur ALTUG
 Strategist / Economist
 CONY Global Macro Strategy