MONTHLY PERFORMANCE OVERVIEW

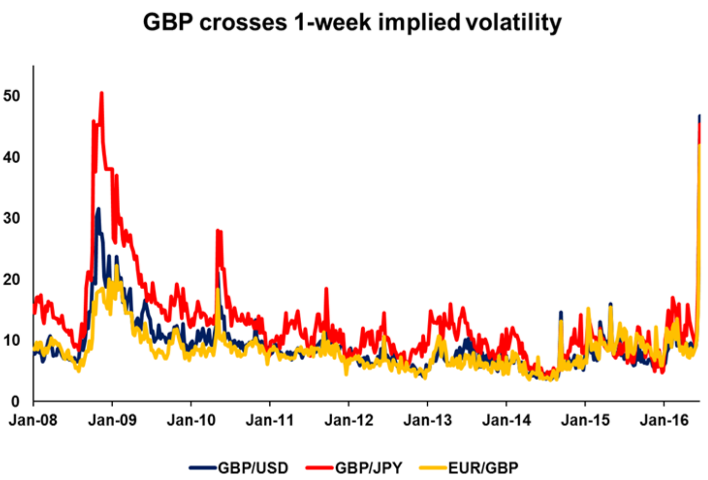
JUNE 2016

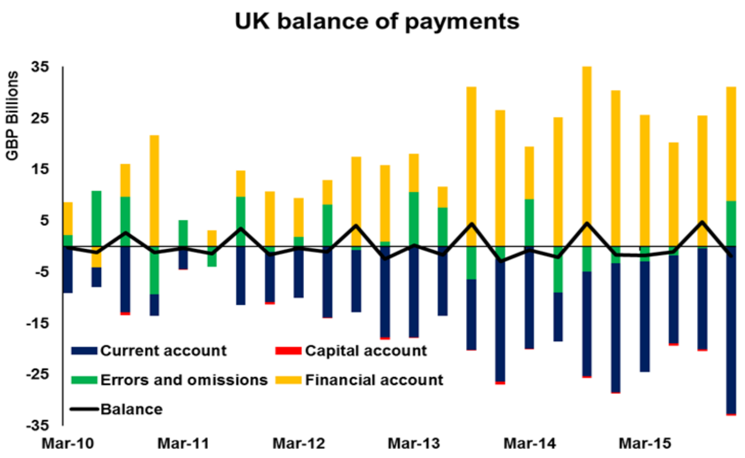
www.IronFX.com

MARKET OVERVIEW

In June, the FX markets shifted their focus almost exclusively to the “Brexit” referendum, with the UK grabbing all the attention it could get. Even though it was a very eventful month with five major central bank meetings - US Fed, ECB, BoJ, BoE and SNB - the headlines were in the context of how close the referendum opinion polls were. In the event, the UK voted to leave the EU by a narrow margin of 52-48. Although the margin of victory for the ‘Leave’ camp was narrow, the UK will probably leave the EU at some point in the next few years.

While the actual path to exit is not yet clear, there are profound implications for the UK and the EU and to a lesser extent for the rest of the world. That’s because the Article 50 of the EU Treaty needs to be invoked for the UK to withdraw from the EU. Until Article 50 is actually activated, UK departure from the EU is, in theory, still an open question. This is unlikely to be undertaken until a new Conservative Party leader is chosen in September and perhaps not until a new Labour Party leader is chosen. There is also a possibility that the country will go to general elections which would stretch the time frame out even further. This means that the further course of events in Europe may begin to reach another crescendo at roughly the same time period as the US election.





The risks to the global economy from persistently elevated uncertainty, most severe in the UK at the moment, continue to drag the global sentiment lower we believe. This suggests that the likes of CHF and especially JPY – typically viewed as even more of a safe haven than USD – are best placed to outperform in a risk-off world sparked by “Brexit”. It is also worth noting that there is not much priced in for the US election risk in November despite the presumptive Republican nominee’s aggressive positions on issues such as NAFTA. We believe that if the risks around this topic rise going forward, the aforementioned currencies could outperform even more.

Turning to more unadventurous matters, macroeconomic data will matter very little in the next few weeks, especially those from the UK, as most of the data are pre-dated the referendum and are likely to pass unnoticed. As a function of the UK's "Leave" decision we prefer to fade the idea of buying USD on a "divergence trade" as argued previously. Having been wrong about the outcome of the referendum, we see little evidence that the USD is likely to strengthen materially from the asymmetric growth and rate-differentials theme previously expected. We see the probability of another Fed hike this year as negligible with the market attaching even a slight chance of a rate cut. Still, we will be watching Fed Chair Yellen and other FOMC members closely on how they react to the “Brexit” issue in their next speeches.

Going forward, we prefer to keep limited exposure in the British pound given the uncertain economic outlook and political risks and will only adjust if the environment gets clearer and risk supportive. In the meantime, we prefer to stay positioned against the market volatility with exposure on traditional G10 “safe haven” currencies like JPY and CHF. We would also like to be net-sellers on pro-cyclical currencies, such as CAD, AUD and NZD that tend to underperform at times when global risk aversion and the chances of a global macro slowdown rise.

HYBRID STRATEGY

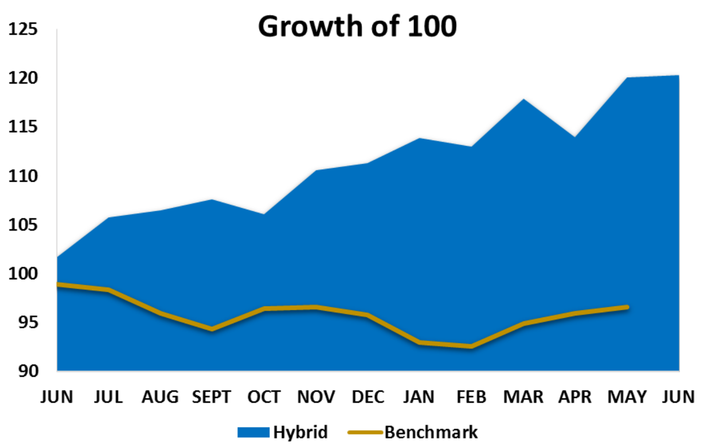
OVERALL RETURN SINCE JUNE 2015 **19.02%[1]**

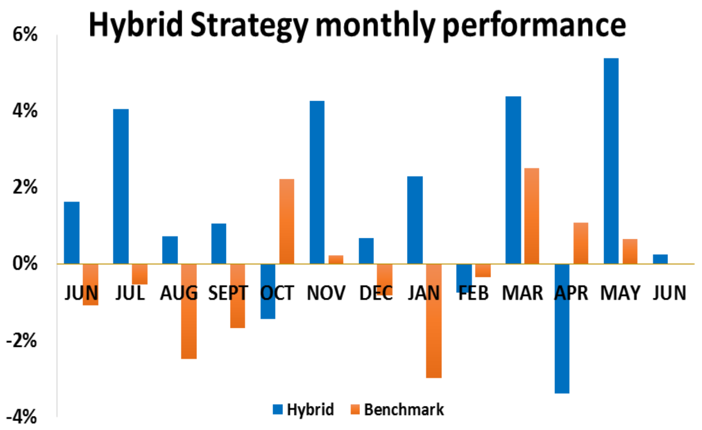
The Hybrid Strategy is an advanced trading strategy with medium-term timeframes based on fundamental and technical analysis. We combine our knowledge and expertise of the markets to take decisions depending on the prevailing global economic conditions and important technical levels. We seek to identify price movements through the use of a 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:**	5.2%
Management fee per month:	0.167%	**Subscription:**	Daily
Performance fee[2]:	30%	**Redemption:**	5 days' notice

STRATEGY PERFORMANCE TO DATE





	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Overall Return	Average Return
HYBRID[1]	0.72%	1.04%	-1.44%	4.26%	0.66%	2.29%	-0.77%	4.39%	-3.4%	5.82%	0.23%	19.02%	1.46%
Benchmark[3]	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-2.99%	-0.36%	2.49%	1.08%	0.65%	n/a	-3.36%	-0.28%
Performance over benchmark	3.22%	2.73%	-3.66%	4.04%	1.50%	5.28%	-0.44%	1.90%	-4.48%	4.73%	n/a	22.38%	1.74%

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*

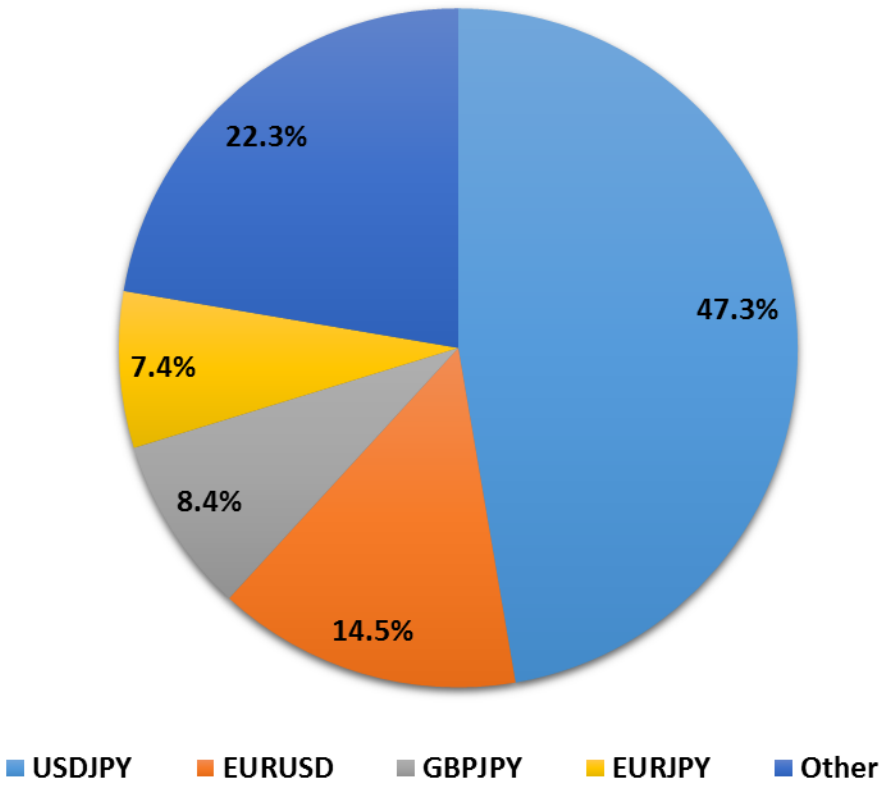
3 *You can find the benchmark in this link: http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

JUNE HYBRID STRATEGY UPDATE

The Hybrid strategy finished with a positive performance in June despite the global financial markets turmoil. Our risk-negative positioning as well as the cautious exposure in GBP due to the “Brexit” uncertainty helped us to maintain and add to the overall strong performance of the strategy. For the time being, we believe that the challenging and uncertain environment that lies ahead of us requires careful trading and risk-negative currency positioning. As discussed above, the departure of the UK from the EU is unlikely to help our previously held assumption of buying USD on a "divergence trade". As such, we are likely to disinvest from our USD-long positions and build-up a more “safe-haven” exposed portfolio. We will also like to be net-sellers on pro-risk currencies, such as CAD, AUD and NZD that tend to underperform at times when global risk aversion and the chances of a global macro slowdown rise.

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.



FC BARCELONA
OFFICIAL PARTNER

DYNAMIC STRATEGY

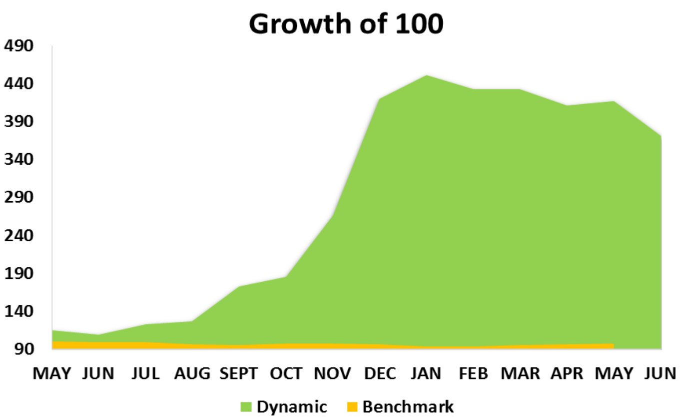
OVERALL RETURN SINCE MAY 2015 **159.18%**[4]

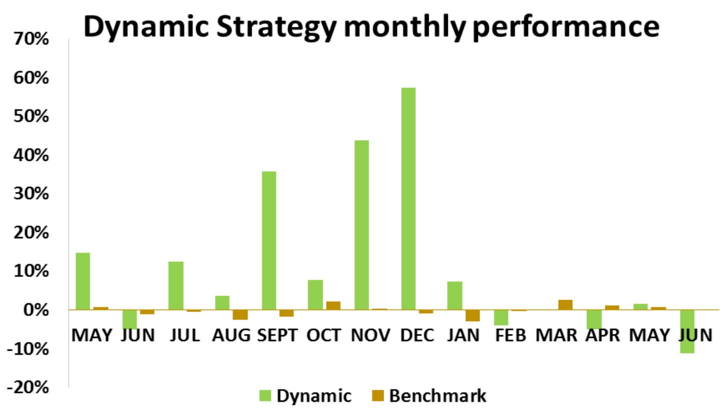
The Dynamic Strategy is an algorithmic and high-frequency trading strategy based primarily on technical indicators. We use an advanced, computerized trading infrastructure to execute a high volume of trades within short to medium-term timeframes. The key technical indicators we use are, modified Ichimoku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

PORTFOLIO DETAILS

Launch date:	01.05.2015	**Max drawdown:**	14.2%
Management fee:	0.0%	**Subscription:**	Daily
Performance fee[5]**:**	50%	**Redemption:**	5 days' notice

STRATEGY PERFORMANCE TO DATE





	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Overall Return	Average Return
DYNAMIC[4]	3.63%	35.81%	7.66%	43.87%	57.36%	7.4%	-4.08%	0.04%	-5.1%	1.58%	-11.13%	159.18%	11.37%
Benchmark[6]	-2.50%	-1.69%	2.22%	0.22%	-0.84%	-2.99%	-0.36%	2.49%	1.08%	0.65%	n/a	-2.30%	-0.18%
Performance over benchmark	6.13%	37.50%	5.44%	43.65%	58.20%	10.39%	-3.72%	-2.45%	-6.18%	0.93%	n/a	161.48%	11.55%

[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*

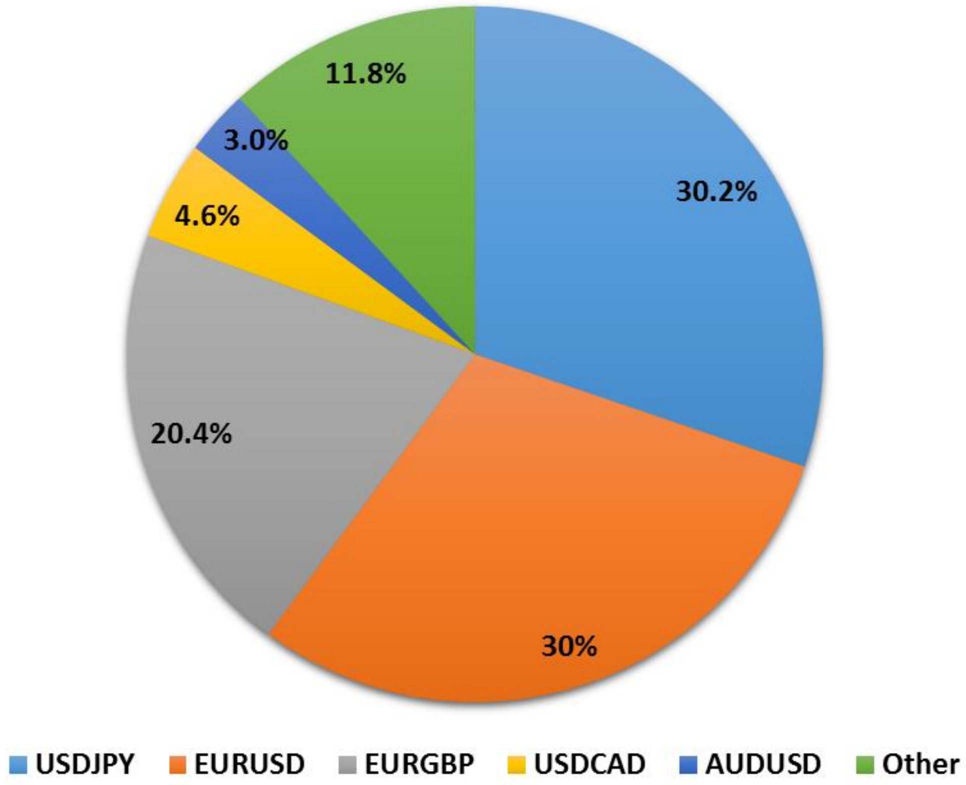
[6] *You can find the benchmark in this link:http://www.barclayhedge.com/research/indices/ghs/Hedge_Fund_Index.html*

JUNE DYNAMIC STRATEGY UPDATE

The Dynamic strategy finished with a negative performance in June. The “Brexit” panic that triggered one of the most volatile and tough trading sessions in the last decade, which wiped out over two trillion dollars of value worldwide within few hours, had a negative impact on our Dynamic strategy as well. Even though the overall exposure on the GBP was limited at the event, the sharp depreciation of EUR during the first hours of the realization that the UK has voted to leave the EU dragged our performance into the red.

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.



Disclaimer: This information is not considered as investment advice or investment recommendation but instead a marketing communication. This material has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and that it is not subject to any prohibition on dealing ahead of the dissemination of investment research. IronFX may act as principal (i.e. the counterparty) when executing clients' orders. This material is just the personal opinion of the author(s) and client's investment objective and risks tolerance have not been considered. IronFX is not responsible for any loss arising from any information herein contained. Past performance does not guarantee or predict any future performance. Redistribution of this material is strictly prohibited.

Risk Warning: Our products are traded on margin and carry a high level of risk and it is possible to lose all your capital. These products may not be suitable for everyone and you should ensure that you understand the risks involved. Seek independent advice if necessary