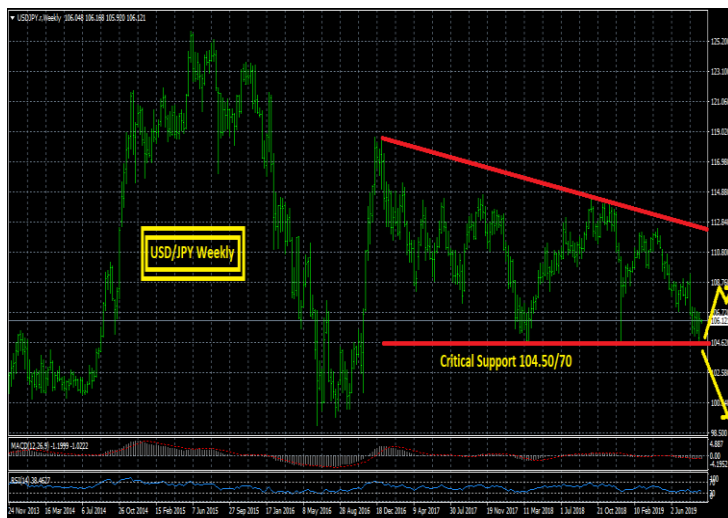




### Hunter Burton Capital Alpha Fund

For the last couple of months we have discussed three focus areas: AUD/USD, USD/JPY, and EUR/GBP. We are going to group AUD/USD and USD/JPY into just AUD/JPY for this month's commentary. As you can see from the chart on the right below, for the last 30 years it has been an excellent barometer of the global economy. When it sits between 70 and 90, there isn't any real danger or particularly good times occurring – call that range "all systems stable". The last time it spent a significant amount of time below 70 was during the GFC. Well in August we touched 70.00 again and sit precariously above it around 71.50 as I type this review. We are watching it very closely! It is also worthy to note Gold is flying high above \$US1,500 an ounce, and USD/CNY is well above 7.00 – other signs of a market concerned about a "risk-off" scenario. In addition, the USD/JPY itself (chart below left) is sitting equally precariously above key support in the 104.50/70 zone, and we are looking for a break here to go short. Despite having a positive month, it was disappointing not to catch the drop from 109 to 105 and consider it an opportunity loss. As far as the EUR/GBP is concerned, once again it failed to last any meaningful amount of time above 0.9100 and there will be developments here in the next two months: remember October 31 is the deadline for Brexit. My gut still tells me it may never happen – a no-confidence motion, election, and 2<sup>nd</sup> referendum are still a real possibility. The pundits have a "No Deal Brexit" as the likely outcome so drastic changes in GBP-related exchange rates will ensue if that is not the eventual result.



#### USD/JPY Weekly: Critical Support 104.50/70 area...

This is a very interesting technical study. This is the 3<sup>rd</sup> time since the Brexit referendum we have surmounted 0.9100. On the last 2 occasions it is been relatively short-lived, and we suspect that will be the case again, but we need to see signs of weakness before going short again.

#### AUD/USD Daily: The Trend is Your Friend!

Notice the downtrend so far in 2019 isn't as steep as it was in 2018, but a downtrend it is nonetheless! We remain comfortably short with our Stop-Loss now placed above last month's high at 0.7085.

**+0.79% for August with a weaker Aussie Dollar and 10-year yields BELOW 1% !!!**

2 months into the 3<sup>rd</sup> quarter and Year-to-Date back to -0.79% with another decent month in August (+0.79%). Still 4 months to go to complete the 6<sup>th</sup> consecutive year of positive returns and we will be doing everything we can to make that happen!

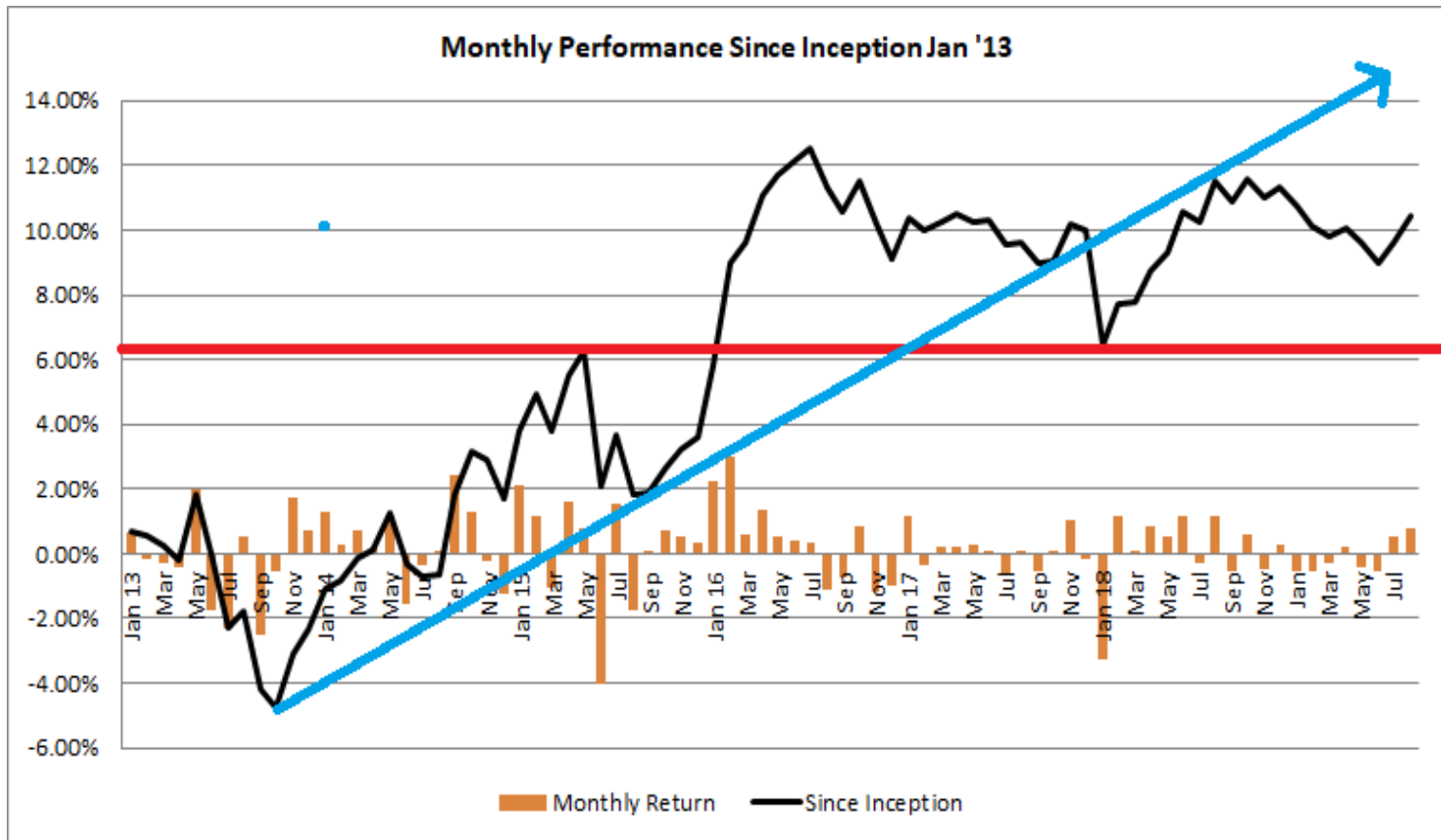


**HBC Alpha Fund (Unleveraged)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2013</b>	0.68%	0.14%	0.28%	0.42%	2.01%	1.78%	2.34%	0.54%	2.48%	0.53%	1.72%	0.73%	2.38%
<b>2014</b>	1.30%	0.28%	0.71%	0.24%	1.17%	1.59%	0.34%	0.04%	2.45%	1.30%	0.21%	1.25%	4.16%
<b>2015</b>	2.14%	1.14%	1.03%	1.61%	0.77%	4.03%	1.53%	1.75%	0.01%	0.74%	0.55%	0.37%	2.02%
<b>2016</b>	2.21%	2.97%	0.58%	1.34%	0.51%	0.42%	0.36%	1.10%	0.71%	0.85%	1.17%	0.96%	5.38%
<b>2017</b>	1.15%	0.33%	0.24%	0.23%	0.27%	0.08%	0.67%	0.03%	0.55%	0.03%	1.06%	0.15%	0.83%
<b>2018</b>	3.25%	1.17%	0.10%	0.84%	0.55%	1.15%	0.28%	1.14%	0.56%	0.62%	0.51%	0.29%	1.16%
<b>2019</b>	0.56%	0.52%	0.31%	0.21%	0.44%	0.52%	0.56%	0.79%					0.79%

**HBC Alpha Fund (5 X Leveraged)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2013</b>	3.40%	0.70%	1.40%	2.10%	10.05%	8.90%	11.70%	2.70%	12.40%	2.65%	8.60%	3.65%	11.90%
<b>2014</b>	6.50%	1.40%	3.55%	1.20%	5.85%	7.95%	1.70%	0.20%	12.25%	6.50%	1.05%	6.25%	20.80%
<b>2015</b>	10.70%	5.70%	5.15%	8.05%	3.85%	20.15%	7.65%	8.75%	0.05%	3.70%	2.75%	1.85%	10.10%
<b>2016</b>	11.05%	14.85%	2.90%	6.70%	2.55%	2.10%	1.80%	5.50%	3.55%	4.25%	5.85%	4.80%	26.90%
<b>2017</b>	5.75%	1.65%	1.20%	1.15%	1.35%	0.40%	3.35%	0.15%	2.75%	0.15%	5.30%	0.75%	4.15%
<b>2018</b>	16.25%	5.85%	0.50%	4.20%	2.75%	5.75%	1.40%	5.70%	2.80%	3.10%	2.55%	1.45%	5.80%
<b>2019</b>	2.80%	2.60%	1.55%	1.05%	2.20%	2.60%	2.80%	3.95%					3.95%



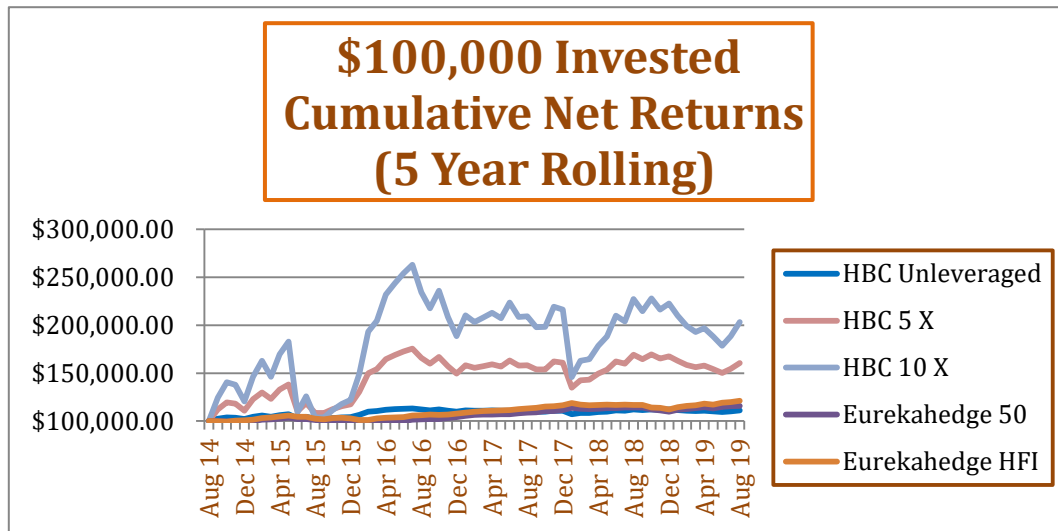


Aug 2019 Return	+0.79%
2019 Year-to-date	-0.79%
Return Since Inception	10.47%
Sharpe Ratio	-0.52
Sortino Ratio	-1.68
Max Drawdown	6.11%
Trough To Peak	18.15%

*Note: Calculations for Sharpe and Sortino ratios use Australian 10-year bonds as MAR (minimum acceptable return) and are on a 2-year rolling basis. All returns are shown net of monthly management fees and quarterly performance fees. Reported returns are based on the Day 1 control account, and actual returns will vary slightly from investor to investor depending on the profit cycle.*

**The Ability to Leverage: Why HBC Offers an Efficient Path to Excellent Returns**

While unleveraged returns do not look overly appealing, all investors in the HBC Alpha Fund have leveraged their investment between 3 and 10 times. This leverage is fundamental to enhancing normalised returns. The additional logic to leverage is the more efficient use of capital, because the margin requirements for dealing in currency markets are very low. The mandate of the Fund is that we can only leverage managed funds by 2 X, so the maximum leverage factor an investor may be exposed to is 20 X. I have created a chart to show the difference between unleveraged funds, 5 X, and 10 X to highlight the dramatic differences in capital growth over a 5-year period. I have included two of Eureka hedge's main hedge fund industry indices (unable to be leveraged) for comparison.



I hope you all have a Superb September!

Regards,

**Tony Bradley**  
CEO & Portfolio Manager

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