HUNTER BURTON
CAPITAL

FEBRUARY 2020 Review

Hunter Burton Capital Alpha Fund

What a month! After spending the first 3 weeks of February in the red (due to a gradually correcting market and the finish of January on the lows), the stock market finally collapsed late in the month to bring my predictions (and returns for investors) to life. We have got our test of the 70.00 level in USDJPY and the Aussie dollar has broken through the .6700 support to be at 11-year lows (since the GFC) around 65 cents. The S&P 500 has made last month's chart look rather Nostradamus-ish, I must say! It made a new record high of 3398 on Feb 20 and last Friday reached a low of 2854… 6 trading days to lose 16%! The first 10% lost was the fastest in our lifetimes – including the '87 Crash and the GFC. This tells me only one thing: there is more to come before we find a more logical equilibrium. Did anyone you know think the world was in some kind of record-high boom? I doubt it. Now the media (which needs to have some event to blame) has put it down to the Coronavirus (COVID-19), but with a death rate of 0.2% amongst young healthy people, this can surely only be a catalyst. It is only killing 1 in 7 octogenarians, so we are not dealing with the Black Plague here, rather a nasty flu. Yes, it is affecting the supply chain coming out of China, and global travel will be feeling the pinch, but we have a situation here where the stock market was at silly levels, and we just needed something to make people re-evaluate! I've harped on about many reasons Australia needs to be economically worried, and we are beginning to see this reflected in the Aussie dollar. We have not been down here since the GFC, and from here .6700 will pose strong resistance. There isn't much stopping it from testing 60 cents in coming months.

AUD/JPY: Such a Great Guide on How We're Going…

I really love this chart. It goes back 25 years and pretty much explains how well the Australian economy has been going at certain periods. The last "Bust" period was the GFC, the last "Boom" was the subsequently outrageous price of iron ore (when we were pretending the Aussie dollar was worth more than a real one!) We are now teetering, and I suspect about to enter another "Bust" period, and a long overdue recession.

S&P 500 – Here's Why Smart People Diversify!

The 16% drop in 6 business days is the start of our "15-25% correction". I expect we have entered a Bear Market, and should see us trade in a 2300-3100 range until we find a realistic equilibrium. 2315 was the low in late 2018, so it is completely within reasonable scope. Perhaps potentially we could even revisit the 2015 highs around 2100, which would represent a 31.8% correction from the high.

+0.84% in February, net of management and performance fees, YTD +1.41% (unleveraged).

Thanks to a bearish view on risk, expressed via short AUD/JPY and USD/JPY, another positive month of +0.84% net and unleveraged, YTD +1.41%. Note these figures are after the pro-rated 1% management fee and budgeted 20% performance fee I will hopefully collect at the end of the quarter.8th straight month of positive returns, and a new all-time high for the fund.

HUNTER BURTON CAPITAL

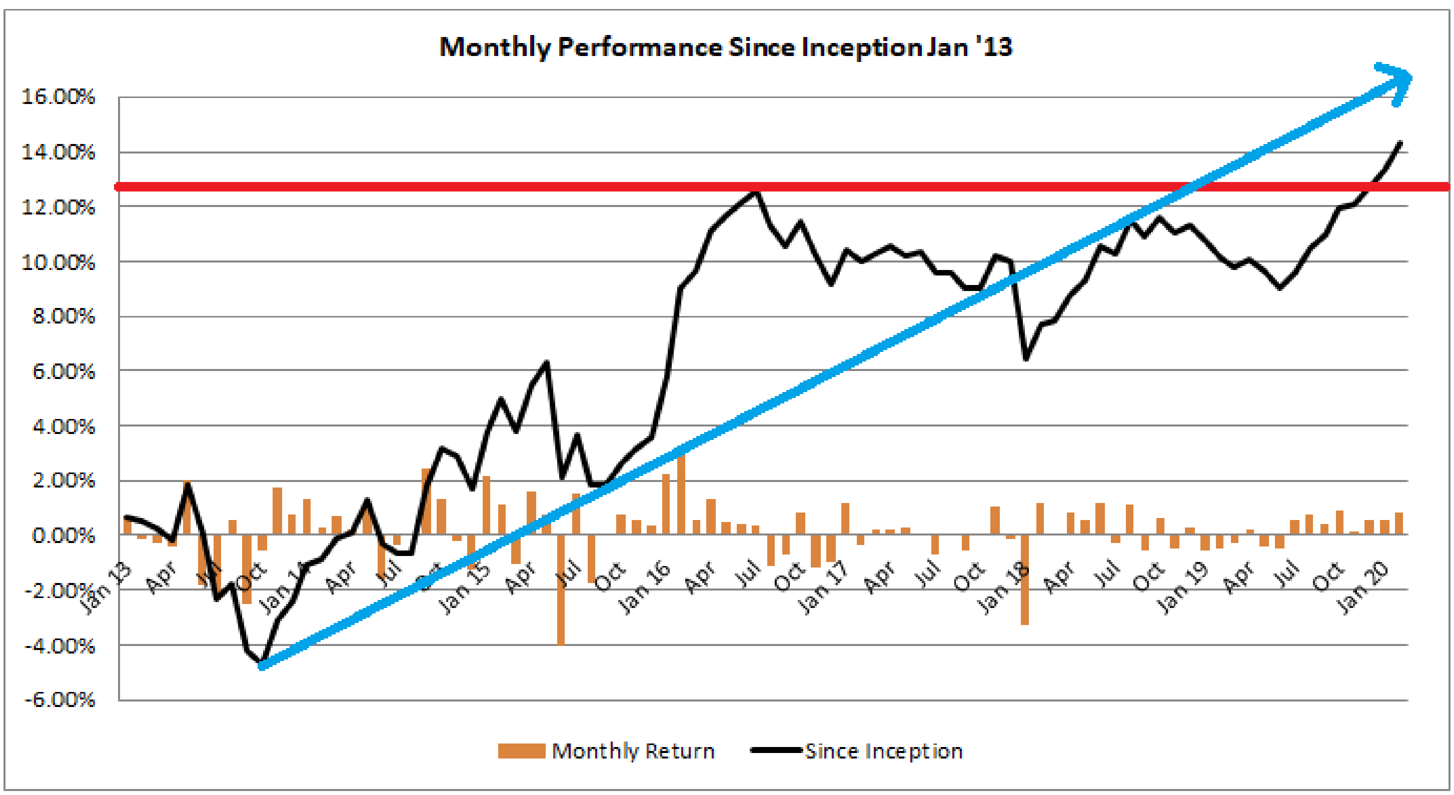
FEBRUARY 2020 Review

HBC Alpha Fund (Unleveraged)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	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%
2014	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%
2015	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%
2016	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%
2017	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%
2018	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%
2019	0.56%	0.52%	0.31%	0.21%	0.44%	0.52%	0.56%	0.79%	0.44%	0.90%	0.12%	0.55%	1.22%
2020	0.59%	0.84%											1.41%

HBC Alpha Fund (5 X Leveraged)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	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%
2014	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%
2015	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%
2016	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%
2017	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%
2018	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%
2019	2.80%	2.60%	1.55%	1.05%	2.20%	2.60%	2.80%	3.95%	2.20%	4.50%	0.60%	2.75%	6.10%
2020	2.95%	4.20%											7.05%



HUNTER BURTON CAPITAL

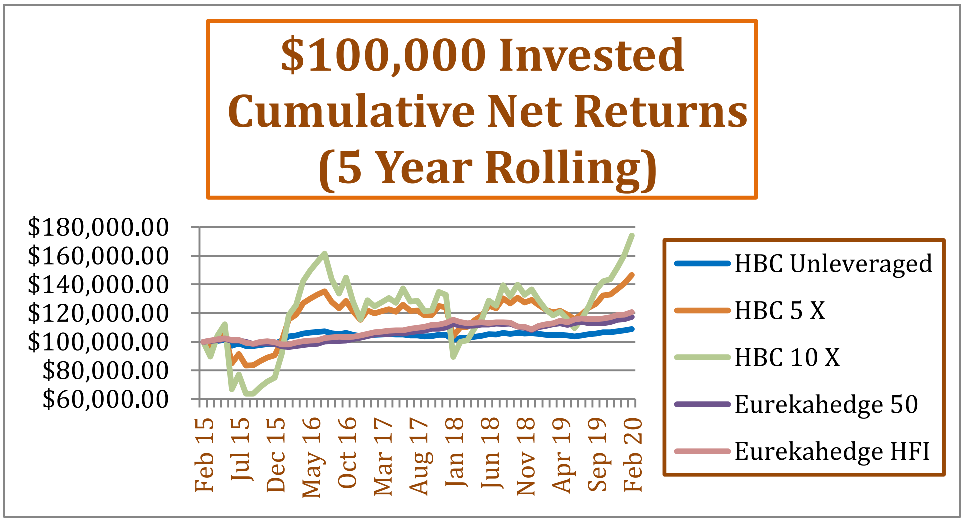
FEBRUARY 2020 Review

Feb 2020 Return	+0.84%
2020 Year-to-date	+1.41%
Return Since Inception	14.30%
Sharpe Ratio	0.33
Sortino Ratio	2.38
Max Drawdown	5.43%
Trough To Peak	19.97%

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 5 and 10 times. This leverage is fundamental to enhancing normalised returns with a 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 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 Eurekahedge's main hedge fund industry indices (unable to be leveraged) for comparison.



I really can't wait for June 2016's woeful performance to drop off the 5-year rolling chart above – what a visual difference that will make! I hope you all have a Majestic March. Stay nimble and diversified!

Regards,

Tony Bradley
CEO & Portfolio Manager

Contact
info@hunterburtoncapital.com
Tony Bradley: +61 409 222 879

27 Addison Avenue
Roseville NSW 2069 Australia