



### Hunter Burton Capital Alpha Fund

In terms of COVID-19, June was the month that Latin America, India and Russia exploded. Brazil is now a clear 2<sup>nd</sup> in total deaths (also in total cases but with a relatively low testing rate they could well be 1<sup>st</sup>), followed by the hapless UK, Italy, France and Spain (who all look likely to be surpassed by Mexico shortly). The US has continued to basically ignore the problem and hence the problem is still there, with new hotspots in cities like Houston and Miami. Australia had basically beaten it until some silly protests and Eid celebrations reignited it in Melbourne, and New Zealand was declared COVID-free until a real bungle with 2 UK citizens released early from quarantine on compassionate grounds, not tested, and drove all over the North Island – the result so far is 22 new active cases. Overseas travel seems a long way off, doesn't it? In light of all this, markets are upbeat and making gains. Both the ASX 200 and the Aussie dollar were up over 3% in June. This is against the HBC view and another difficult month is the result. Economically, it will take a long time to recover. Geopolitically, the West's relationship with China may never recover. Australia called for an investigation into the origins and spread of COVID-19, was backed by many other countries (and rightly so). China's response was to threaten to stop buying our iron ore, beef, wheat etc. and they expected us to fold like lawn chairs. But much to our credit, we are in the right and have held firm. Indeed, the latest response is the announcement of a 10-year \$270 billion commitment to increase our long-range missile capabilities. We are living in very uncertain times, and I maintain that financial markets will not be able to continue ignoring the signs for much longer. I still think we have entered a long-term bear market and rallies should be sold.



#### AUD/USD: What Are We Doing Up Here???

On a technical basis, the former ceiling at 0.6685 should provide support now. This consolidation between around 68 cents and recent high 0.7064 will resolve itself at some point soon. I am placing my stop-loss on shorts above this recent high and, in the mean time, keep the faith that the fundamentals will eventually come to the fore.

#### USD/CAD: Such an Interesting Long-Term Chart...

I'm not sure I can find a better illustration of the A-B part of my A-B-C bear market correction theory. The first wave higher started with a gap through long-term resistance, stopped near the former high from early 2016, and the B-wave has held the previous resistance line perfectly. I'm trying a long here with a tight-ish stop-loss.

#### The Party Continues Much To The Chagrin of HBC – Down 0.45% for June...

Last month I called for patience. Next month I could be a patient! It is a source of immense heartache that 2020 Year-to-Date is now -0.43% after such epic moves. The correction has just been too prolonged – so much so that we begin to wonder if we are doing another GFC-style collapse and that was your chance to buy. I DO NOT THINK SO!

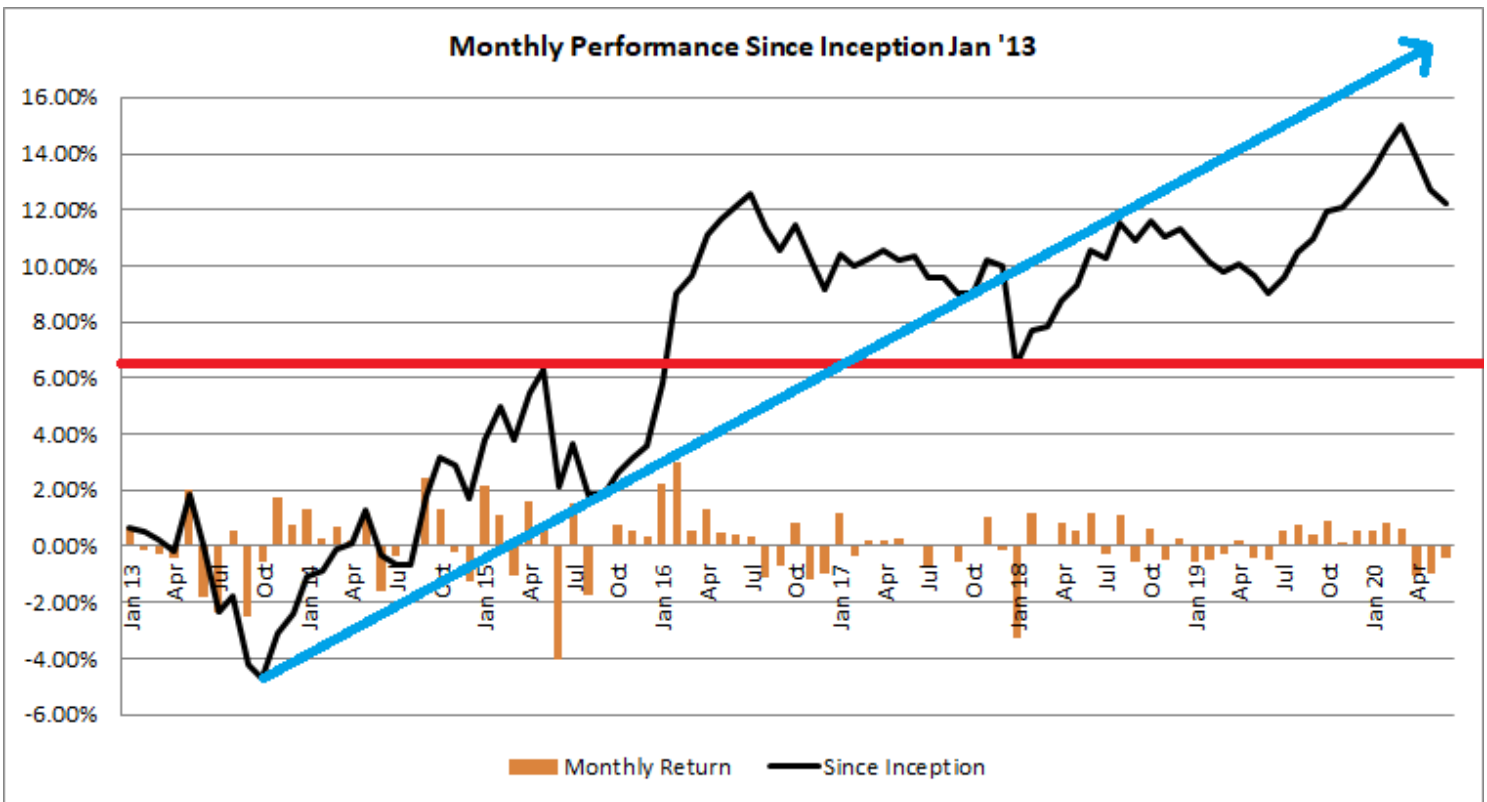


**HBC Alpha Fund (Unleveraged)**

	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%	0.44%	0.90%	0.12%	0.55%	1.22%
<b>2020</b>	0.59%	0.84%	0.60%	1.02%	0.98%	0.45%							0.43%

**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%	2.20%	4.50%	0.60%	2.75%	6.10%
<b>2020</b>	2.95%	4.20%	3.00%	5.10%	4.90%	2.25%							2.15%



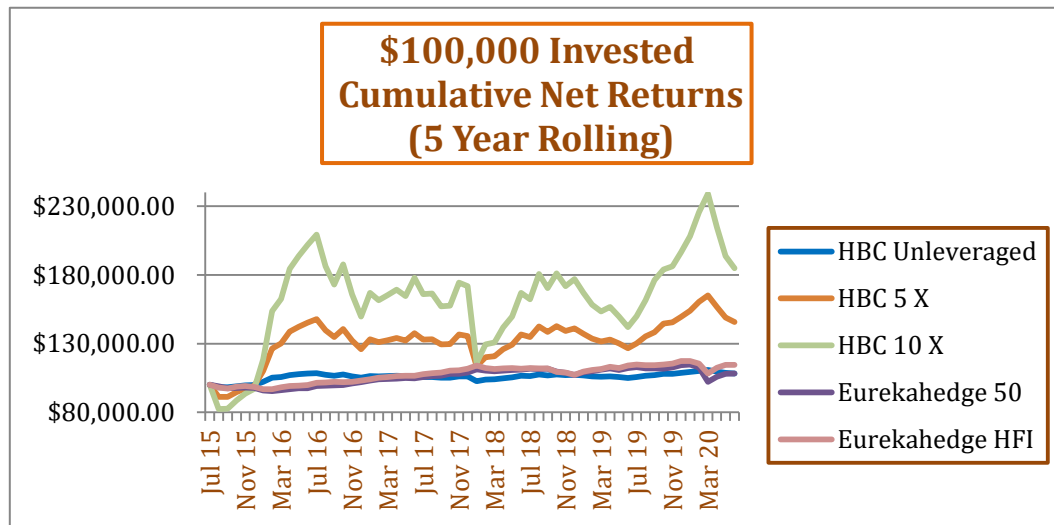


June 2020 Return	-0.45%
2020 Year-to-date	-0.43%
Return Since Inception	12.23%
Max Drawdown	5.43%
Trough To Peak	20.70%

*Note: 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**

All investors in the HBC Alpha Fund have leveraged their investment between 5 and 10 times. This leverage is fundamental to enhancing normalised returns because the margin requirements for dealing in currency markets are very low: it is simply a more efficient use of capital. 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 Eureka hedge’s main hedge fund industry indices (unable to be leveraged) for comparison.



I hope you all have a great July – as a winter lover I am really enjoying the cold! All the best.

Regards,

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