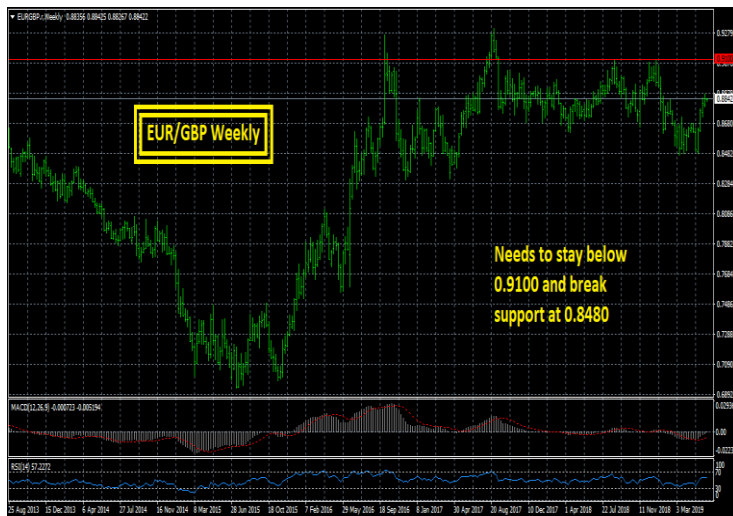




Hunter Burton Capital Alpha Fund

We got some joy out of the short AUD position in May, despite a surprise win for the incumbent Liberal/National Coalition government. It was hard for me to envisage Bill Shorten as the PM, and it turns out most people felt the same way! The stock market (bank stocks in particular) got a boost and the selling pressure eased, but we still finished the month about a cent lower. Unfortunately, this was more than offset by our EUR/GBP position. May's resignation and the market thinking we may be heading for a No Deal Brexit brought selling pressure on the pound and EUR/GBP ended up 2.8% higher for the month. I have included a special edition piece on the current Brexit situation provided for me by an esteemed investor out of London who has a very good handle on the situation. On the back of this, we maintain that view but cannot be too stubborn so will wait for the cross to go back below 0.88 before getting short again. There are some alarming "risk off" signs in the market, and we will try to exploit that through a short USD/JPY position. Gold is very well bid, bond yields in both the US and Australia have come off sharply (still favouring the US by 0.6%), the greenback has shot up against the CNY, and the S&P 500 has slid noticeably from its recent highs. There are signs that all is not well in the world, and it's just a matter of time before we get some significant currency movement in the form of a weaker EUR and AUD and a stronger JPY.



EUR/GBP: Some Relief But Still Points Downwards.

The market appears more comfortable shorting the GBP as a possible No Deal outcome is favoured. We disagree with this and think once it gets out of the 0.8500-0.9100 range we will see it head back towards 0.7500.

USD/JPY: Been Sleeping But About to Awake?

A few clues in other markets (gold, bond yields, stock markets) combine with a break to the downside of this long-term triangle to make us think we will soon be back trading around 105.00.

-0.44% for Both Mays – Both The Month and Theresa Disappoint

What the lower AUD gave us, the GBP took back and then some. We will keep our gun in the holster there until we see signs that EUR/GBP is heading lower again (break back below 0.8800 will encourage this). We will persist with short AUD as 10-year yields reach another all-time low around 1.5%. Year-to-date -1.61% is concerning but will shall recover and go into the 2nd half of 2019 with optimism.

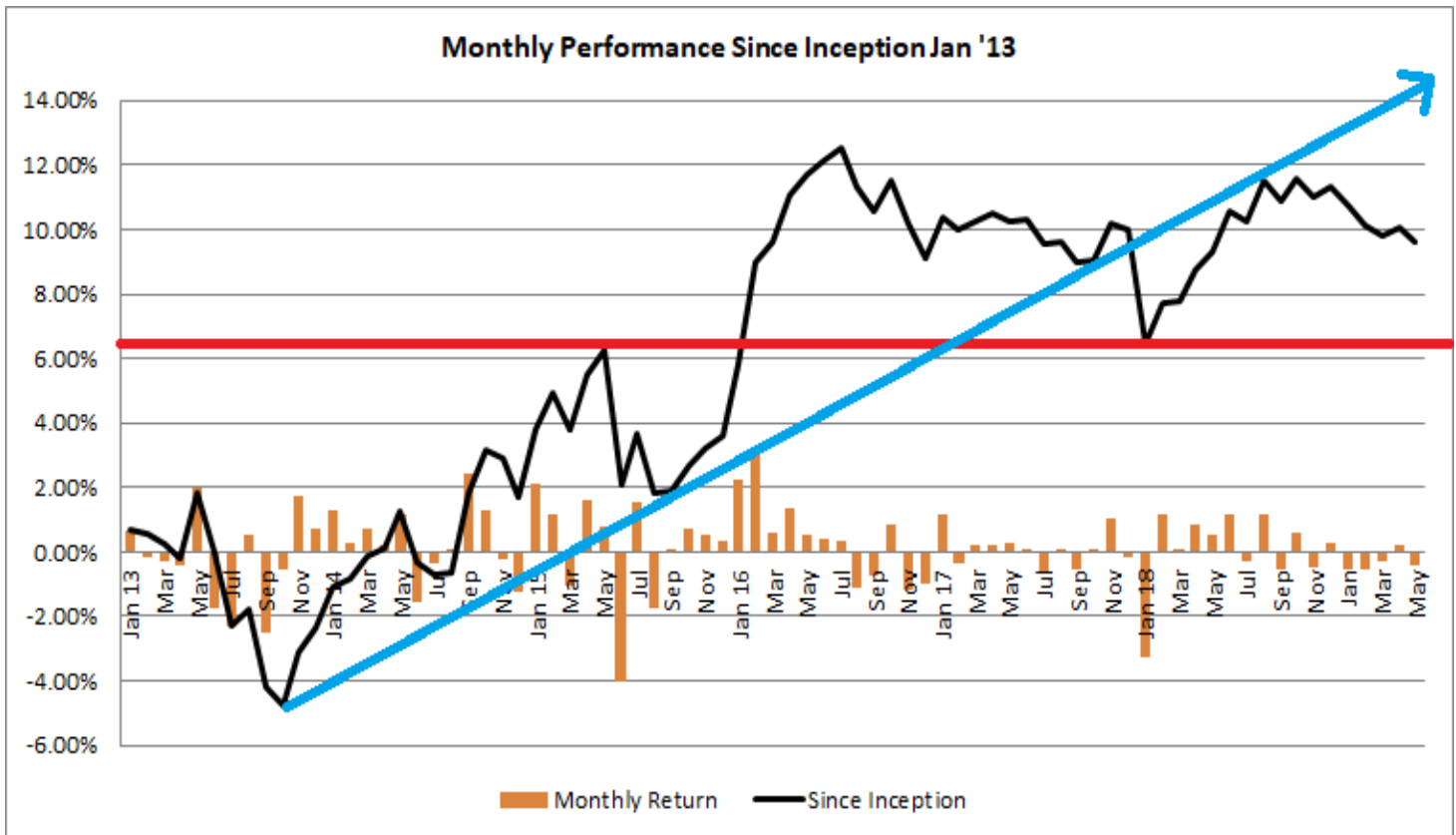


HBC Alpha Fund (Unleveraged)

	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%								1.61%

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%								8.05%



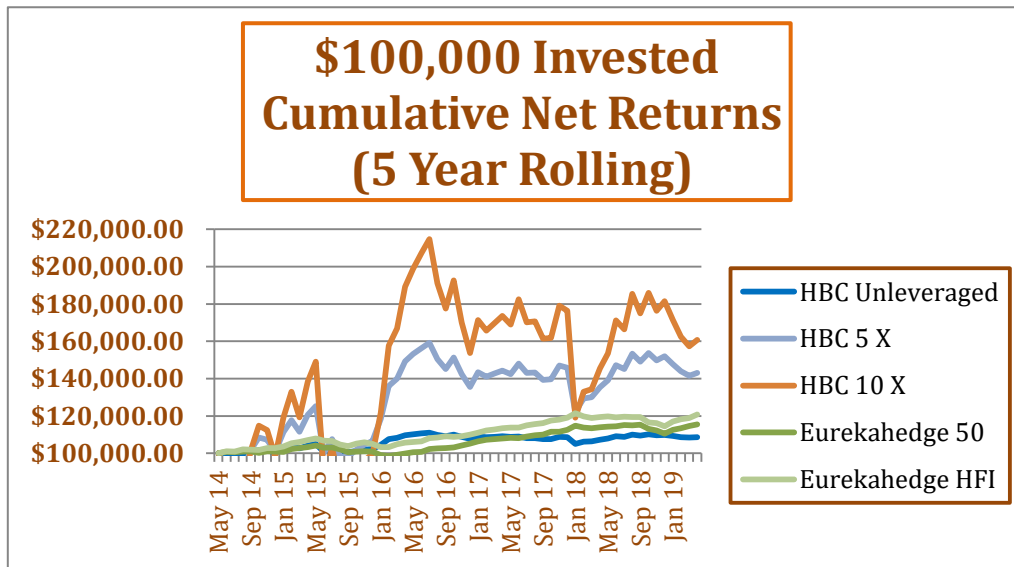


May 2019 Return	-0.44%
2019 Year-to-date	-1.61%
Return Since Inception	9.56%
Sharpe Ratio	-0.57
Sortino Ratio	-1.82
Max Drawdown	6.11%
Trough To Peak	18.15%

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 Jubilant June and until next month,
Regards,

Tony Bradley
CEO & Portfolio Manager

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

5 Bancroft Avenue
Roseville NSW 2069 Australia