

# THE CALYPSO MACRO INDEX FUND

## PERFORMANCE REVIEW 2016

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# Local & International Economic Conditions

## LOCAL ECONOMIC CONDITIONS

The Trinidad and Tobago economy continues to be hampered by lower energy prices and a challenging fiscal environment. Analysts forecast a contraction this year of between 1% and 2% before a return to growth in 2017. Data shows that the energy sector continues to contract. In addition, there have been job losses in the manufacturing and construction sectors. Headline inflation ticked up by 2 basis points in the month April to 3.5% but is still less than the 5.8% recorded a year earlier. Food inflation grew to 9.9% in April, up from 8.6% the month before.

## INTERNATIONAL ECONOMIC CONDITIONS

In April, the IMF once again lowered its expectation for global growth in 2016 by 2 basis points to 3.2%. Growth in 2017 is projected to be 3.5%. This kept in line with the overall sluggish growth among advanced nations and continued challenges faced by emerging markets. However, recent developments have posed significant downside risks to the organization's economic projections. In a June referendum, the United Kingdom elected to leave the European Union, termed 'Brexit'. The economic repercussions from "Brexit" including the sharp devaluation of the pound, changes in EU trade and the possible reshaping of the European Union are still unfolding.



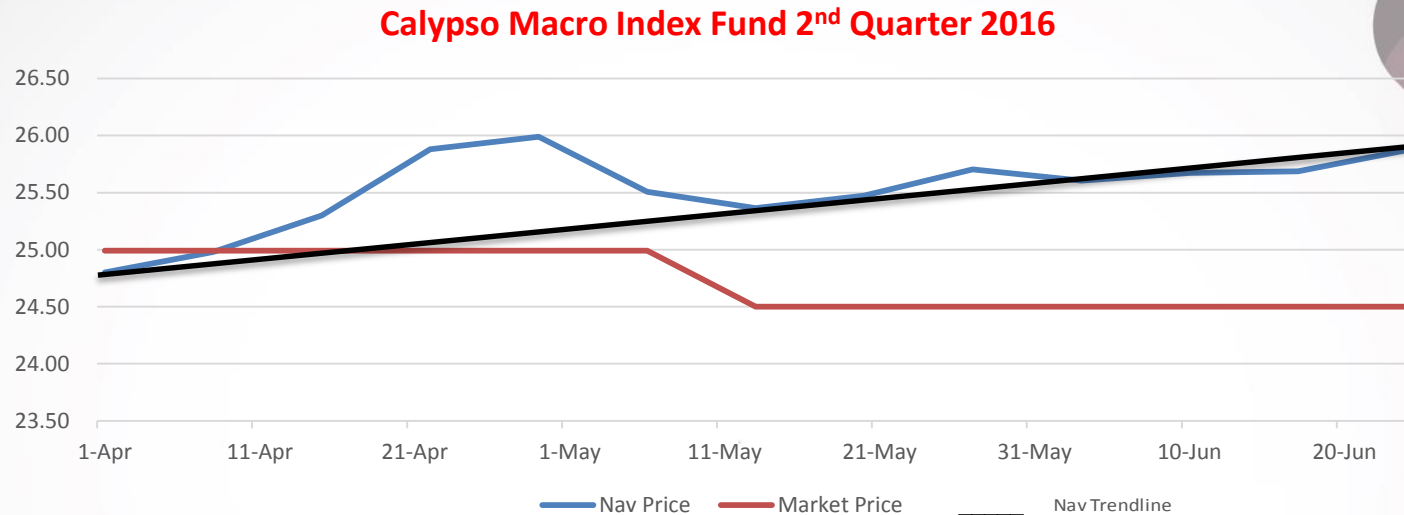
# ENERGY MARKET Q2 2016 PERFORMANCE

## Continued improvement from Q1 2016:

- Oil rallied 26% in Q2 to US\$48.33 per barrel.
- Supply disruptions and falling U.S. output have helped cut a global surplus.
- Oil seems to have stabilized between US\$40 and \$50 per barrel in line with analysts' expectations.
- A proposed cease fire between Nigerian government and militia as well as continued Iran output could bring supply issues back into focus.
- US natural gas prices have risen significantly since hitting a two-decade low in Q1 2016.



# Net Asset Value (NAV) vs Market Price



## FUND PERFORMANCE

From inception to June 30, 2016, the NAV\* of the Calypso Macro Index Fund is up 5.72% from \$24.83 to \$26.25. The positive performance occurred despite the All T&T Index having performance of -7.95% YTD. The Fund benefitted from the turnaround in energy prices during the second quarter of 2016, with the international energy component returning 13.86% YTD. The overall Fund performance also benefitted from its exposure to USD assets as the TTD to USD exchange rate depreciated from approximately \$6.40 to \$6.65 over the period under review.



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\*NAV is the value per unit based on the total value of all assets in the portfolio less any liabilities of the Fund (including fees and expenses)

# DIVIDENDS PER UNIT PAID TO DATE

Quarter 1, 2016: \$0.04

Quarter 2, 2016: \$0.09



# YTD Performance: ALL T&T Index

YTD return on the All T&T Index is -7.95%. The negative performance of the All T&T Index is largely a result of sharp declines in some of the large cap stocks on the local market such as NEL, Massy and Scotiabank.

Security Ticker	Name	End Price	%Chg
PHL	Prestige Holdings Ltd	10.90	7.18
NGL	Trinidad & Tobago NGL Ltd	22.25	3.54
AMBL	ANSA Merchant Bank Ltd	40.00	2.67
AGL	Agostini's Ltd	17.05	0.24
CIF	CLICO Investment Fund	22.66	(0.31)
OCM	One Caribbean Media Ltd	21.24	(3.45)
GHL	Guardian Holdings Ltd	12.80	(4.19)
RFHL	Republic Financial Holdings Lt	107.18	(4.30)
FIRST	First Citizens Bank Ltd	33.40	(4.57)
UCL	Unilever Caribbean Ltd	64.77	(5.17)
AHL	Angostura Holdings Ltd	13.00	(5.39)
AMCL	ANSA McAl Ltd	62.43	(6.30)
MASSY	Massy Holdings Ltd	55.26	(10.00)
TCL	Trinidad Cement Ltd/Trinidad	3.42	(12.98)
SBTT	Scotiabank Trinidad & Tobago L	53.75	(13.15)
NEL	National Enterprises Ltd	10.75	(32.69)
	<b>ALL T&amp;T Index</b>		<b>(7.95)</b>



# The YTD Performances: USD Assets

## Energy ETFs

During the Quarter, the price of oil (WTI Crude Spot Price) increased 26% from US\$ 38.34 to 48.33. During the same period prices hit a low of \$35.70 and a high of \$51.23.

Security Ticker	Name	End Price	YTD %Chg	QTD % Chg
IXC	Ishares Global Energy ETF	32.31	24.92	9.49
VDE	Vanguard Energy ETF	95.12	23.24	10.84
IYE	Ishares US Energy ETF	38.36	21.93	10.29
XLE	Energy Select Sector SPDR	68.24	21.75	10.26

## British American Tobacco ADR (BTI)

British American Tobacco (BTI), the parent company of West Indian Tobacco Company Limited (WITCO) was purchased as a proxy to WITCO, given the limited availability of WITCO shares. The BTI American Depositary Receipt (ADR) trades on the NYSE. The BTI return for the Calypso Macro Index Fund to date is 23.70%.

Security Ticker	Name	End Price	YTD %Chg	QTD % Chg
BTI	BRITISH AMERICAN TOB-SP ADR	129.48	23.70	10.75



## YTD Fund Performers/Laggards

The returns presented are from inception to date. The US Dollar assets for the Fund were purchased between January 8<sup>TH</sup> and 12<sup>th</sup> 2016.

<b>Top 5 Performing Securities</b>	<b>YTD Returns (%)</b>	<b>Worst 5 Performing Securities</b>	<b>YTD Returns (%)</b>
Ishares Global Energy ETF	28.03	ANSA McAl Ltd	(6.30)
British American Tob Spon ADR	27.95	Massy Holdings Ltd	(10.00)
Vanguard Energy ETF	26.33	Trinidad Cement Ltd/Trinidad	(12.98)
Ishares US Energy ETF	24.96	Scotiabank Trinidad & Tobago Ltd	(13.15)
Energy Sel Sect SPDR FD	24.77	National Enterprises Ltd	(32.69)





# Second Quarter 2016 Fund Performers/Laggards

March 31<sup>st</sup> to June 30<sup>th</sup>

<b>Top 5 Performing Securities</b>	<b>QTD Returns (%)</b>	<b>Worst 5 Performing Securities</b>	<b>QTD Returns (%)</b>
Vanguard Energy ETF	11.91	Trinidad Cement Ltd	(2.29)
British American Tob Spon ADR	11.82	Prestige Holdings Ltd	(2.77)
Ishares US Energy ETF	11.36	Republic Bank Ltd	(3.87)
Energy Sel Sect SPDR FD	11.33	Scotiabank Trinidad & Tobago Ltd	(6.38)
Trinidad & Tobago NGL Ltd	10.81	Guardian Holdings Ltd	(7.25)



## IMPACT OF USD/TTD CURRENCY MOVEMENT

The US Dollar assets of the Fund were purchased between January 8<sup>th</sup> and 12<sup>th</sup> 2016.

The Fund continues to benefit from its exposure to US Dollar assets as the TT Dollar to USD exchange rate increased from \$6.40 to \$6.65 during the period under review. The performance of the US Dollar Assets relative to the TT Dollar assets and the depreciation of TT Dollar vs US Dollar have been a net gain for the Fund.

The Fund was established with approximately US\$32.6M in US Dollar assets. These assets are now valued at US\$41.5M.

The currency mix has also adjusted as a result of this movement, as seen below:

### Portfolio Currency Mix (%)

Currency	Inception	March	June
TTD	58.37	52.89	50.31
USD	41.63	47.11	49.96



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