

Monthly Performance

Global Macro Program	Monthly Return	Year to Date	Since Inception
August 2016	-0.25%	5.22%	81.34%

Performance Record (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2016	2.63	2.08	-1.05	-0.18	0.20	0.76	0.98	-0.25					5.22
2015	5.05	2.36	4.15	1.17	2.75	-3.98	-0.17	0.14	-2.08	2.93	0.09	1.12	13.98
2014	-1.43	-1.69	-1.42	-1.43	-1.02	-0.34	-0.46	0.88	5.68	3.67	5.47	0.30	8.09
2013	2.85	0.14	-1.16	0.55	0.45	1.84	-0.80	1.41	-0.69	-1.36	2.19	0.68	6.15
2012	1.36	2.07	1.99	-1.12	1.91	-0.61	1.98	0.98	0.30	-1.92	1.82	0.02	9.03
2011	-4.33	-1.06	2.20	4.25	-3.75	-3.22	1.18	0.43	-0.78	2.79	0.01	2.96	0.24
2010	-0.76	3.97	4.79	2.51	1.81	-3.01	0.27	2.33	6.30	2.73	2.52	2.96	29.44
2009	-4.32	4.36	3.68	-3.14	8.00	-7.19	-1.53	-7.42	-0.20	3.34	1.14	-2.54	-6.85

From January 2009 to November 2012 Three Rock Capital Management traded as Anark Capital Ltd. The firm has been regulated by the Central Bank of Ireland since December 2012 and has been registered with the CFIC and a member of the NFA since January 2013. The performance record from January 2009 to December 2014 has been reviewed by KPMG. The performance record from January 2015 to December 2015 has been reviewed by Arthur Bell. Performance data is net of management and incentive fees. The current fee structure is 1% management fee & 20% incentive fee. Past Performance is not necessarily indicative of future results.

Commentary

In a revealing speech titled "Comprehensive Assessment of the Monetary Easing: Concept and Approaches" delivered on September 5th, Bank of Japan Governor Kuroda discusses the upcoming assessment of "developments in economic activity and prices, as well as of the policy effects, over the past three years since the introduction of quantitative and qualitative monetary easing (QQE)". The assessment (to be completed at the BOJ meeting of September 21st) will analyse two issues. In the first instance, how monetary policy has functioned under QQE and what factors have hampered the achievement of the two percent inflation target; and secondly, the effects and impacts of the negative interest rate policy introduced last January.

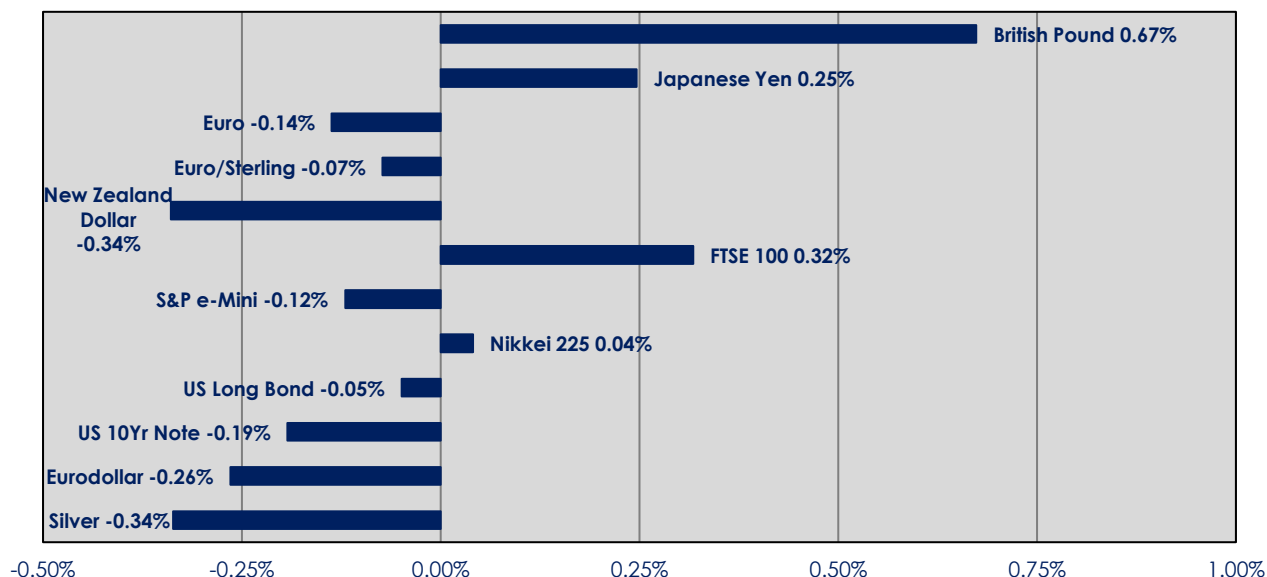
In this speech, Kuroda outlines his thinking on these issues. He points out that since QQE was introduced corporate profits have increased substantially and remain close to record highs, the economy is at virtually full employment and wages are increasing for the first time in two decades. However, on the inflation front, while the economy is no longer in deflation he concedes that the price stability target has not been achieved. While citing exogenous factors like the decline in the oil price, the consumption tax hike and the emerging market slowdown, the root cause is that inflation expectations are not anchored in Japan around the central bank's target, as they are in other countries. This is a consequence of a prolonged deflationary episode and "as a result, there is considerable uncertainty about the extent to which inflation expectations will rise...". This matters because "inflation expectations represent the core element of the mechanism of the Bank's monetary easing".

On the second issue, the effects and impact of the negative interest rate, while acknowledging adverse effects on the financial sector, Kuroda maintains "there is still ample space for further cuts in the negative interest rate". In addition, he rejects the idea that there is a 'limit' to monetary easing, only 'benefits' and 'costs'. "There is no free lunch for any policy. Given that we have been implementing such large scale monetary easing, any additional monetary easing entails costs, which negatively affect some sectors. That said, we should not hesitate to go ahead with it as long as... the 'benefits' outweigh the 'costs'".

Ahead of Bank of Japan monetary policy meetings in both April and July of this year market expectations were for further monetary easing. On both occasions the bank disappointed versus those expectations but it seems to us that Kuroda is setting up a meaningful policy adjustment at the upcoming meeting on September 21st.

The Yen has broken its short term uptrend recently and the Nikkei appears on a firmer footing as banks recover, helped by a steeper yield curve. More broadly equity indices globally continue to look constructive to us. Emerging market indices have led to the upside and we note several European indices are testing 2016 highs in recent days. Consistent with this we anticipate the S&P 500 will push out to the upside of its recent tight range during September.

Monthly Return by Contract



Correlations

S&P 500	MSCI World	JP Morgan Global Bond Index	S&P GS Commodity Index	HFR Global Hedge Fund Index	HFR Macro / CTA Index	Newedge CTA Index
0.07	0.11	0.01	0.11	0.20	0.27	0.29

Fee Structure and other Information

Management Fee: 1%
Performance Fee: 20%
Minimum Managed Account : \$1 mio
Average Margin to Equity Ratio (since 2013): 2.7%
Benchmark Index: HFRX Macro / CTA YTD: -1.01%

Executing FCM: RJ O'Brien
Administrator: HedgeFacts LLP
Legal: Greenberg Traurig LLP
Bloomberg: TRCGMCP ID
AUM: \$73.65 mio

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS

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