THREE ROCK
Capital Management

Three Rock Capital Management

149 Francis Street, Dublin 8, Ireland

Contact: Ciaran Kane
Email: ciaran.kane@threerockcapital.com
Direct: +353 1 440 5183 Mobile: +353 87 638 6033
www.threerockcapital.com

Monthly Performance

Global Macro Program	Monthly Return	Year to Date	Since Inception
January 2018	4.22%	4.22%	76.83%

Performance Record (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	4.22												**4.22**
2017	-3.57	-1.46	-0.90	-1.84	0.46	-2.41	1.10	-0.72	2.82	-0.43	-2.38	-1.18	**-10.17**
2016	2.63	2.08	-1.04	-0.18	0.20	0.76	0.98	-0.25	-2.90	3.32	4.57	-0.73	**9.60**
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 CFTC 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

Over the past week we exited the long equity index positions that were our primary focus during January, locking in most of the gains. Currently we are in cash while our year to date return is slightly above 3%.

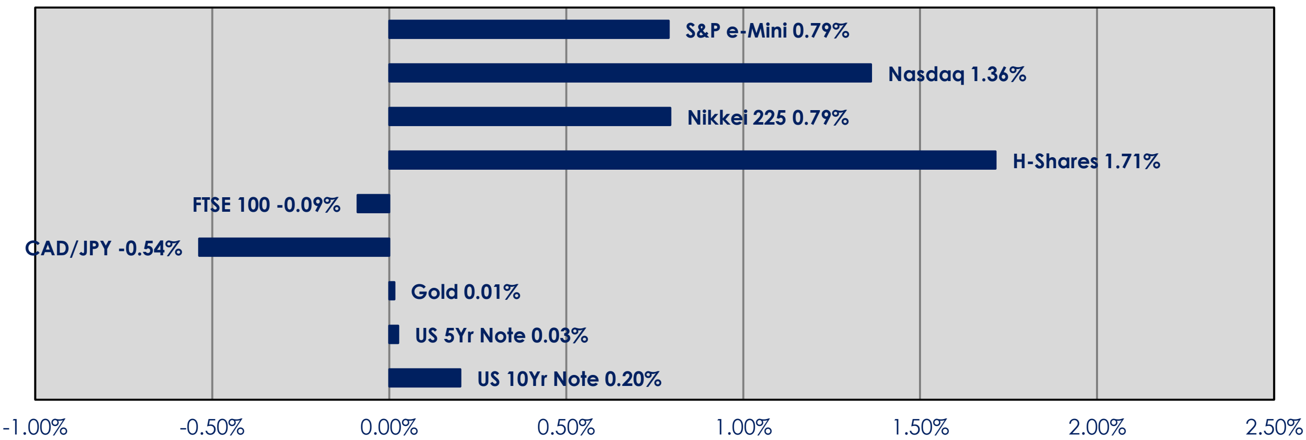
As I write the S&P 500 future has endured a correction of over 12% from its peak on Jan 26th – seven trading days ago. The largest correction in 2017 was 2.8%. At times like this there is a search for answers as narratives are fitted, ex post, to the price action. Now that the correction has happened the prevailing narrative is that it was overdue, volatility was unnaturally low and equity markets were vulnerable to a catalyst – in this case the average hourly earnings data in the unemployment report last Friday. We agree with most of that but suspect the catalyst was to do with more than the unemployment data. We suspect the primary catalyst was the aggressive posture adopted by the Trump administration at the World Economic Forum in Davos. This may have led to a growing realisation on the part of investors that this administration is genuinely radical, committed to and capable of implementing its agenda.

Equity markets in the US, Europe and Japan peaked during the week of Davos. We doubt this was coincidental. That week saw the administration announce the placing of tariffs on solar panel imports to the US while Treasury Secretary Mnuchin effectively set aside the G20 commitment not to seek competitive advantage through a weaker currency – drawing a strong rebuke (by central bank standards) from the ECB. In addition Commerce Secretary Ross left little to the imagination when he commented:

"There have always been trade wars. The difference now is US troops are now coming to the ramparts". The timing of the above was notable and surely deliberate – at Davos – the symbol of globalisation.

The purpose of considering what lies behind the equity market sell-off is not to fit a narrative to the price action but rather to try to understand the drivers and therefore how persistent the weakness is likely to be. For example, in a scenario where the action of recent days is a reaction to higher yields and the prospect of somewhat tighter monetary policy, we would expect stock markets to stabilise before too long and begin to recover. However if the sell-off reflects investor fears that the Trump administration, having found its feet, is committed to 'a new world order', the situation may be more serious.

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	0.09	0.20	0.26	0.28

Fee Structure and other Information

Management Fee: 1%
Performance Fee: 20%
Minimum Managed Account : $1 mio
Average Margin to Equity Ratio (since 2013): 2.73%
Benchmark Index: HFRX Macro / CTA YTD: 3.80%

Administrator: HedgeFacts LLP
Legal: Greenberg Traurig LLP
Bloomberg: TRCGMCP ID
AUM: $96.3 mio