THREE ROCK
Capital Management

Three Rock Capital Management
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Monthly Performance

Global Macro Program	Monthly Return	Year to Date	Since Inception
December 2018	2.03%	3.00%	74.77%

Performance Record (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	4.22	-2.16	-1.42	0.47	2.48	0.80	0.56	0.12	-0.04	-0.61	-3.28	2.03	**3.00**
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 2016 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

Our macro focus going into 2019 is on the slowdown in China. Market movements in Q4 of 2018 suggest it may be severe. Last week Apple cited 'an unforeseen slowdown in China' for an earnings guidance cut while Bloomberg reported that China's consumption tax revenue declined 62% and 71% year on year in November and December respectively – suggesting Apple's difficulties lie less with their phones than with the underlying economy.

Arguably the Chinese system perpetuates bubbles. China sets annual GDP growth targets. Once set, state and local government authorities are duty bound to hit these targets. In most other countries GDP is an outcome rather than a target. The Chinese approach of meeting a pre-set target, irrespective of conditions or opportunities, seems a prescription for malinvestment and debt build up. Bubbles everywhere lead to malinvestment but under a system which targets GDP growth the scope would seem to be even greater than is typically the case – indeed it could be argued that it is encouraged. When the bubble bursts the bust may be savage. This essentially is our thesis and the evidence that it is underway appears to be building.

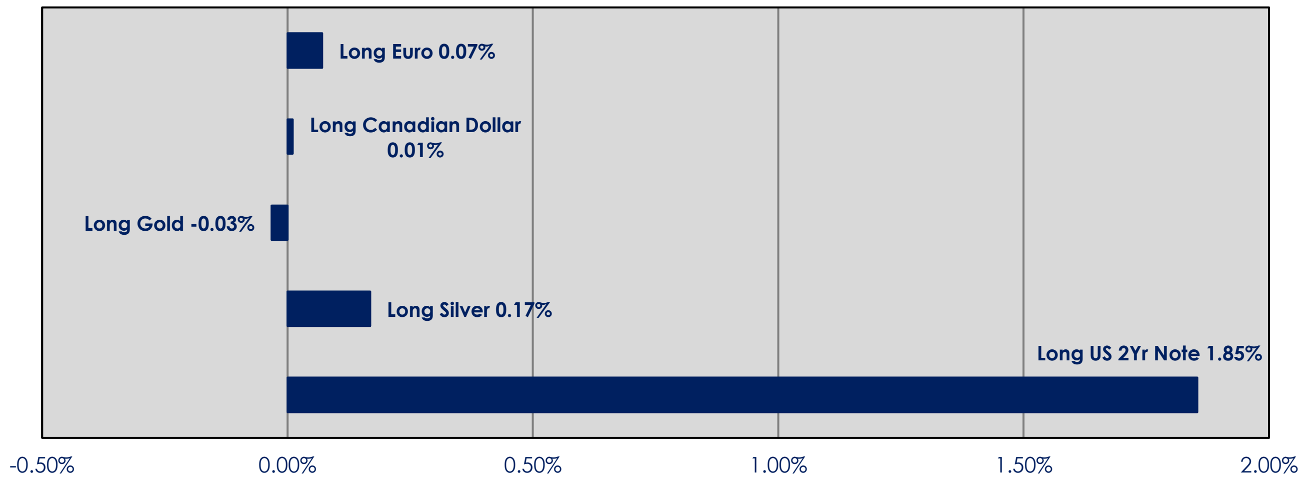
Were this to play out, it is potentially ominous due to the size of the Chinese economy and the fact that global monetary and fiscal policy are not in a strong position to counteract it. Short term interest rates are 2.5% in the US, 2.4% in China, negative in the Eurozone, Japan, Switzerland, under 1% in the UK, 1.50% in Australia and 1.75% in

Canada. Meanwhile government balance sheets have generally not fully recovered from the financial crisis. The 2018 US fiscal expansion at a time of full employment is beginning to look increasingly inappropriate.

If we are on the right track with this theme, how does one play it? The most straightforward way is arguably to position for lower short term interest rates in jurisdictions like the US, Canada and Australia. The US is arguably more insulated than Europe for example but against that the burden for easier policy in Europe is high at this point. Canada and Australia are both faced with troubled housing markets and falling commodity markets. We anticipate precious metals will have a strong year.

Monthly Profit Attribution (Gross)

FX 0.08%	**Equity Indices 0.00%**	**Interest Rates 1.85%**	**Precious Metals 0.14%**



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	0.10	-0.02	0.08	0.18	0.24	0.26

Fee Structure and other Information

Management Fee: 1%
Performance Fee: 20%
Minimum Managed Account : $1 mio
Average Margin to Equity Ratio (since 2013): 2.59%
Benchmark Index: HFRX Macro / CTA YTD: -3.25%

Administrator: HedgeFacts LLP
Legal: Greenberg Traurig LLP
Bloomberg: TRCGMCP ID
AUM: $94.4 mio