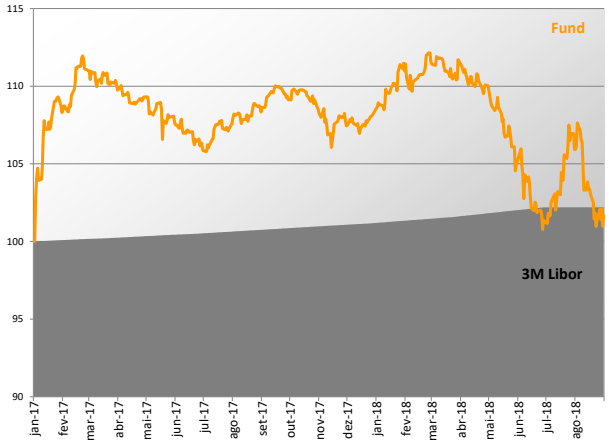
# Monthly Report - Nest Total Return Ltd

**August 2018**

## Investment Strategy

The primary investment objective of the Fund is to achieve long-term capital appreciation through a strategy that combines a top-down sector approach with an in-depth analysis of companies in Brazil. The Fund's investments will be focused on a global basis but with an emphasis in Brazil in a broad range of securities and financial instruments, including but not limited to, stocks, ETFs, bonds, currencies, commodities, futures, swaps, options and other derivative instruments.




## Monthly Commentary

August was quite tricky for emerging markets, with several events that resulted in a higher risk premium in the assets of these regions. The month was marked by a sharp devaluation of the Turkish lira and the Argentine peso, as well as noise from the new South African government that ended up hitting the country's currency.

Negotiations around a US-China trade agreement have also deteriorated, and the market has begun pricing that a deal will hardly take place before US mid-terms in November. Besides, US inflation data has grown stronger, reinforcing a high-interest rate scenario

The result was the worst month for emerging currencies since 2008, and a new appreciation trend for the dollar. Market risk perception, in general, has widened, with investors worried about contagion to other markets. In the local market, the electoral scenario deteriorated again with the growth of Haddad in the pools, something not anticipated by the market.

The Brazilian stock market dropped through the middle of the month, in line with the other emerging markets. The index had a fall of 3.21%, returning to red in the year. We believe that the election scenario will remain uncertain until election day, and may have a more significant influence on local market short-term movements as we approach the first round.

The fund's core book had a slightly negative return in the face of a more challenging scenario. The trading book ended up contributing positively to the result of the month. We marginally reduced the net exposure of the fund, but we maintain an above-average exposure. We continue to believe that at current levels much is already priced in, making the risk /return ratio favorable.

## Performance

| Performance | Fund | Libor |
|---|---|---|
| **Month** | **-4,00%** | **0,20%** |
| 3M | -3,36% | 0,70% |
| YTD | -5,97% | 1,53% |
| Since Inception | 1,69% | 2,71% |

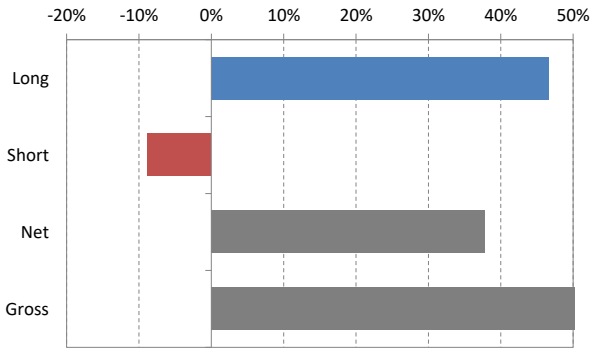
## Statistics

| | | |
|---|---|---|
| Annualized Volatility | 7,51% | 0,07% |
| Largest Drawdown | -10,15% | 0,00% |
| Positive Months | 10 | 20 |
| Negative Months | 10 | 0 |
| Average Net Exposure | 23,14% | |

## Sector Attribution

| | Exposure | Contribution |
|---|---|---|
| Index | 27,67% | -2,74% |
| Utilities | 8,38% | -0,75% |
| Other | 1,81% | -0,19% |
| Cash/Costs | 62,14% | -0,32% |

## Exposure




| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2017** | **8,30%** | **2,05%** | **-0,71%** | **-0,66%** | **-1,25%** | **-1,65%** | **1,61%** | **0,72%** | **0,66%** | **-0,51%** | **-0,97%** | **0,65%** | **8,14%** |
| 3M Libor | 0,09% | 0,08% | 0,08% | 0,09% | 0,10% | 0,09% | 0,11% | 0,11% | 0,11% | 0,12% | 0,10% | 0,10% | 1,18% |
| HFRI EH | 1,86% | 1,09% | 0,87% | 0,74% | 0,34% | 0,85% | 1,47% | 0,61% | 1,40% | 1,05% | 0,97% | 1,30% | 13,29% |
| **2018** | **2,63%** | **0,49%** | **0,16%** | **-1,51%** | **-4,37%** | **-3,67%** | **4,50%** | **-4,00%** | | | | | **-5,97%** |
| 3M Libor | 0,15% | 0,12% | 0,15% | 0,20% | 0,20% | 0,18% | 0,32% | 0,20% | | | | | 1,53% |
| HFRI EH | 2,84% | -1,84% | -0,63% | 0,33% | 1,33% | -0,82% | 0,60% | 0,49% | | | | | 2,26% |

## Fund Details

| | | | |
|---|---|---|---|
| Legal Structure | LLC | Inception Date | January 1, 2017 |
| Fund Domicile | Bahamas | Management Fee | 2,00% p.a. |
| Bloomberg Ticker | NESTTRU Equity | Performance Fee | 20% of what exceeds 3M Libor, with high water mark |
| Investment Manager | Nest Asset Management | Min. Investment | 100,000 USD |
| Custodian | Safra National Bank of New York | Redemptions | Monthly |
| Auditor | T.B.D | Administrator | Caystone Solutions Ltd. |