

BH Macro (BHMG)

02/10/2024

Results analysis from Kepler Trust Intelligence

The NAV per share performance in the six-month period to 30/06/2024 has been slightly negative, being -1.10% for the Sterling share class and -1.54% for the US Dollar share class. As at the time of writing, the most recent NAV reflects a significant improvement from this position, with the NAV per share for the Sterling share class now up 3.9% over the calendar year to 27/09/2024, whilst the NAV per share for the US Dollar share class was up 3.2% over the same period.

In the interims, the manager of BH Macro Limited ("BH Macro") provides macro commentary covering the first half of the year. Rates were the main detractor during the first quarter, whilst digital assets and discount management (buybacks) were the main contributor. In Q2, rates and FX were both positive, to some extent offset by digital assets and equity.

Over the six months to 30/06/2024, assisted by BH Macro's share buyback programme that was initiated in December 2023, the discount narrowed from 10.71% (as at 31/12/2023) to 8.62% (as at 30/06/2024) for the Sterling share class, and similarly from 11.71% (as at 31/12/2023) to 9.29% (as at 30/06/2024) for the US Dollar share class. Since 30 June 2024, BH Macro has bought back a further 3.9m GBP shares, equating to 1.1% of the shares in issue. No USD shares have been bought back.

In BH Macro's Chairman's statement, chairman Richard Horlick notes: "The entire closed-ended fund sector is subject to greater pressure than at any other time in my more than 40 years' experience of it", noting that, "The Board remains convinced of the value of the Company and its strategy and the quality of the Manager and looks forward to delivering the highly diversifying positive returns, which the Company has delivered time and again over the past 17 years".

Kepler View

The Chairman notes the "highly diversifying" returns that BH Macro has delivered historically. In an equity market that has so far this year largely seen 'more of the same' positive momentum, it is perhaps not surprising that BH Macro's performance - which has traditionally been uncorrelated to equities - has not been noteworthy. That said, the market panic that global markets experienced during the first week of August gave us a helpful reminder of the diversifying potential that is underneath BH Macro's bonnet.

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