

**JK Funds Plc**  
**(Investment Company with Variable Capital)**

**Annual Report and Audited Financial Statements**

**For the financial year ended 31 December 2017**

**Registered Number**  
**532101**

# JK Funds Plc

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# JK Funds Plc

## Organisation

### Directors

Mr. Francis Kirkpatrick (British, UK resident)  
Mr. Simon Jones (British, UK resident)  
Ms. Fiona Ross\* (Irish, Ireland resident)  
Dr. Simon Ogus\* (British, Hong Kong resident)  
Mr. Frank Ennis\* (Irish, Ireland resident)

*\* Independent non-executive.*

### Administrator

*(From 1 October, 2017)*  
Apex Fund Services (Ireland) Limited  
1st Floor, Block 2, Harcourt Centre  
Harcourt Street  
Dublin 2, D02 DX37  
Ireland

*(Until 30 September, 2017)*  
State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2, D02 HD32  
Ireland

### Registered Office

First Floor, Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2, D02 DX37  
Ireland

### Auditors

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2, D02 YA40  
Ireland

### Company Secretary

Apex Fund Services (Ireland) Limited  
First Floor, Block 2  
Harcourt Centre  
Harcourt Street  
Dublin 2, D02 DX37  
Ireland

### Investment Manager and Distributor

JK Investment Management LLP  
Bury House  
3 Bury Street  
Guildford  
Surrey GU2 4AW  
England

### Depository

*(From 28 September, 2017)*  
SMT Trustees (Ireland) Limited  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2, D02 DR52  
Ireland

*(Until 28 September, 2017)*  
State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2, D02 HD32  
Ireland

### Legal Advisors

*In Ireland:*  
Walkers  
The Anchorage  
17-19 Sir John Rogerson's Quay  
Dublin 2, D02 DT18  
Ireland

### Legal Advisors

*In England*  
Simmons & Simmons LLP  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS  
England

# JK Funds Plc

## Background to the Company

JK Funds Plc (the "Company") was incorporated under registration number 532101 on 30 August 2013 and operates as an investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds, (each a "Fund") pursuant to the Companies Act 2014 and has limited liability in Ireland.

The Company is authorised by the Central Bank of Ireland (the "Central Bank") under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended), (the "UCITS Regulations") and under the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015), (the "Central Bank UCITS Regulations").

The Company is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more separate Funds offered by the Company, with each Fund comprising a separate and distinct schedule of investments.

With the prior approval of the Central Bank, the Company may, from time to time, establish Funds, the investment policies and objectives for which will be outlined in a Supplement, together with details of the Initial Offer Period, the Initial Offer Price for each Share and such other relevant information in relation to the Fund as the Directors may deem appropriate, or the Central Bank requires, to be included.

The Company may create separate Classes within each Fund to accommodate, inter alia, different currencies, charges, fees, distribution arrangements and/or Class Level Transactions, provided that the Central Bank is notified in advance, and gives prior clearance, of the creation of each such Class.

At 31 December 2017 the Company had one sub-fund (2016: one sub-fund), namely JK Global Opportunities Fund (the "Fund").

The investment objective of the Fund is to achieve above average long term capital appreciation. The Fund will seek to achieve its investment objective through investment in three principal asset classes being equities, bonds, and currencies through a global investment strategy which involves taking tactical short term positions and strategic long term positions across global markets (including emerging markets). The Fund may invest up to 100 per cent of the entire portfolio in emerging markets. There can be no assurance that the Fund will achieve its investment objective and losses may be incurred.

# JK Funds Plc

## Directors' Report

for the year ended 31 December 2017

The Directors present their report together with the audited financial statements of JK Funds Plc (the "Company") for the financial year ("year") ended 31 December 2017.

At 31 December 2017 the Company had one sub-fund (2016: one sub-fund), namely JK Global Opportunities Fund (the "Fund").

### *Results for the year and state of affairs*

The results for the year are set out in the Statement of Comprehensive Income and the state of affairs of the Company is set out in the Statement of Financial Position, page 13 and 12 respectively.

### *Directors*

The following Directors held office during the financial year end and as at 31 December 2017.

Mr. Francis Kirkpatrick (British, UK resident)  
Mr. Simon Jones (British, UK resident)  
Ms. Fiona Ross\* (Irish, Ireland resident)  
Dr. Simon Ogus\* (British, Hong Kong resident)  
Mr. Frank Ennis\* (Irish, Ireland resident)

*\* Independent non-executive.*

The Company has outsourced the day-to-day management and running of the Company to JK Investment Management LLP (the "Investment Manager"), SMT Trustees (Ireland) Limited (the "Depositary") and Apex Fund Services (Ireland) Limited (the "Administrator").

### *Directors' and Secretary's interests*

The Secretary does not hold any beneficial interest in the shares of the Company.

The Directors' beneficial interest in shares of the Company held during the year and as at 31 December 2017 is as follows:

Mr Simon Jones and family held 53,521.17 Yen Management Shares, (31 December 2016: 52,045.21). Mr Francis Kirkpatrick and family held 30,446.52 Yen Management Shares, (31 December 2016: 30,131.52). Dr. Simon Ogus held 1,148.33 USD Ordinary Shares, (31 December 2016: 1,148.33). None of the other Directors or their family members held shares in the Company at any time during the reporting year. No Director had at any time during the year or at the year end, a material interest in any other contract of significance in relation to the business of the Company, other than as detailed under related party transactions concerning Directors as provided in Note 8 to the financial statements.

### *Principal Activities*

The investment objectives of the Fund within the Company are set out in the Prospectus. The Company is authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations and the Central Bank UCITS Regulations.

### *Dividends*

The income and capital gains of the Fund will normally be reinvested and the Company will not ordinarily make distributions in respect of any Class. However, this is at the Directors' discretion.

There were no dividends declared or paid during the year 31 December 2017 (2016: USD Nil).

### *Review of business*

There was no change in the nature of the Company's investment strategy during the year. A detailed review of the investment performance is included in the Investment Manager's Report.

### *Risk management objectives and policies*

Details of the Company's material financial risks are included in Note 4 of the Financial Statements.

### *Significant events during the year*

Effective 1 October 2017, Apex Fund Services (Ireland) Limited (the "Administrator") was appointed as the administrator, registrar and transfer agent of the Fund. With effective from 28 September 2017 SMT Trustees (Ireland) Limited was appointed as the depositary of the Fund. A new "EUR" share class was launched during the year.

### *Going Concern Assessment*

The directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue the business for the foreseeable future."

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore the Financial Statements are prepared on a going concern basis.

# JK Funds Plc

## Directors' Report (continued)

for the year ended 31 December 2017

### *Significant events after the year end*

There has been issue of US\$2,029,764 and redemption of US\$1,135,779 shares after the year end 31 December 2017.

### *Independent auditor*

Ernst & Young, Chartered Accountants will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

### *Adequate accounting records*

In accordance with Section 281 to 285 of the Companies Act 2014, the measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records is the delegating to the Administrator who use appropriate systems and procedures. The accounting records are kept at the offices of Apex Fund Services (Ireland) Limited, 1st Floor, Block 2, Harcourt Centre, Harcourt Street, Dublin 2, D02 DX37 Ireland.

### *Audit committee*

The Board of Directors, (the "Board"), believe that the Company already has adequate procedures in place that cover, in all material respects, the areas of responsibility of an audit committee, as provided for in Section 167(7) of the Companies Act 2014 and in light of the nature, scale and complexity of the Company's Fund, the Board does not believe that a separate audit committee is required in the circumstances.

### *Statement on relevant audit information*

Each of the persons who are Directors at the approval date of these financial statements in accordance with Section 330 of the Companies Act 2014, confirm:

- (a) as far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- (b) the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

### *Statement of compliance*

In accordance with Section 225 of the Companies Act 2014, the Directors:

- (a) acknowledge that they are responsible for securing the Company's compliance with its relevant obligations; and
- (b) confirm that:
  - (i) a compliance policy statement has been prepared setting out the Company's policies (that, in the Directors' opinion, are appropriate to the Company) for ensuring compliance by the Company with its relevant obligations;
  - (ii) an adequate structure is in place, that in the Directors' opinion, is designed to secure material compliance with the Company's relevant obligations; and
  - (iii) an annual review procedure has been put in place to review the Company's relevant obligations and ensure a structure is in place to comply with these obligations.

### *Directors Remuneration*

Directors' fees for the year ended 31 December 2017 amounted to USD 52,081 (31 December 2016: USD 51,293). The fee outstanding at the year end was USD 4,502 (31 December 2016: USD 1,444).

No political or charitable donations were made by the company during the financial year ended 31 December 2017(2016: USD Nil).

# JK Funds Plc

## Directors' Report (continued)

for the year ended 31 December 2017

### Corporate Governance Statement

The European Communities (Directive 2006/46/EC) Regulations 2011 (the "Regulations") require a reference to the corporate governance code to which the Company is subject, and the corporate governance which the Company has voluntarily decided to apply.

The Company has voluntarily adopted and is fully compliant with the Corporate Governance Code for Collective Investment Schemes and Management Companies as published by the IF in December 2011 as the Company's corporate governance code. This code can be obtained from the IF website at [www.irishfunds.ie](http://www.irishfunds.ie).

### Connected Persons

Regulation 41 of the UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted: a) at arm's length; and b) in the best interest of the unit-holders of the UCITS".

As required under UCITS Regulation 78.4, the Directors, as responsible persons are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected party; and all transactions with a connected parties that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

### Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish Company law requires the Directors to prepare financial statements that give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements for preparing the financial statements.

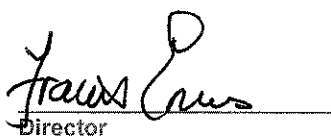
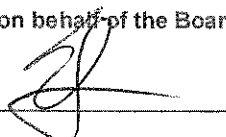
The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act, 2014 and enable those financial statements to be audited.

The Directors are responsible for maintaining the accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For and on behalf of the Board

Director



Director

26 April 2016

# JK Funds Plc

## Depository's Report

for the year ended 31 December 2017

### Report of the Depository to the Members

We have enquired into the conduct of the JK Funds plc ('the Company') for the financial year ended 31 December 2017, in our capacity as Depository to the Company.

This report including the opinion has been prepared for and solely for the members of the Company as a body, in accordance with the Central Bank UCITS Regulations 33 - 37 inclusively contained in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended), (the "UCITS Regulations") , and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Depository

Our duties and responsibilities are outlined in Regulations 33 - 37 inclusively contained in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the members.

Our report shall state whether, in our opinion, the Company has been managed in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depository must state why this is the case and outline the steps which we have taken to rectify the situation.

### Basis of Depository Opinion

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulations 33 - 37 inclusively contained in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and the Regulations; and (ii) otherwise in accordance with the provisions of the Company's Memorandum & Articles of Association and the Regulations.

### Opinion

In our opinion the Company has been managed during the financial year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015; and
- (ii) otherwise in accordance with the provisions of the Company's Memorandum & Articles of Association and the Regulations.



**SMT Trustees (Ireland) Limited**  
Block 5  
Harcourt Centre  
Harcourt Road  
Dublin 2  
Ireland

26 April 2018



# JK Funds Plc

## Depository's Report

for the year ended 31 December 2017

### Report of the Depository to the Shareholders

We have enquired into the conduct of JK Funds Plc ('the Company') for the period 1 January 2017 to 30 September 2017, in our capacity as Depository to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ('the UCITS Regulations'), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Depository

Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's constitution (the "Constitution") and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Depository must state why this is the case and outline the steps which we have taken to rectify the situation.

### Basis of Depository Opinion

The Depository conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the Constitution and the UCITS Regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### Opinion

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Constitution, the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 ('the Central Bank UCITS Regulations'); and
- (ii) otherwise in accordance with the provisions of the Constitution, the UCITS Regulations and the Central Bank UCITS Regulations.



State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

26 April 2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JK FUNDS PLC**

### **Opinion**

We have audited the financial statements of JK Funds Plc ('the Company') for the year ended 31 December 2017, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JK FUNDS PLC (Continued)**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited<sup>4</sup> and the Company statement of financial position is in agreement with the accounting records.

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### **Respective responsibilities**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor's report.

#### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sheldon D'Souza  
for and on behalf of  
Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 27 April 2018

# JK Funds Plc

## Investment Manager's Report

for the year ended 31 December 2017

### Performance

The Fund performed as follows during CY2017 (Net of Fees)

GBP Class	+26.66%	
USD Class	+28.09%	
YEN Class	+26.07%	
EUR Class	+7.77% *	*(Euro Class started on 04-Oct-17)

### Investment Summary

2017 was a good year for the Fund, which was well positioned to capture the upside that we saw in global equity markets, and in particular those of Asia and emerging markets. Global equities in general benefitted from decent fund inflows, as investors focused on the improving global economic outlook, in turn generating one of the best risk adjusted outcomes for the global equity benchmark for many years. Whilst we do not foresee a repeat of these returns, we remain constructive on the outlook into 2018, as many of the things that usually prompt recessions – inflation, the perceived threat of inflation, a profits squeeze, monetary tightening and/or overinvestment – are largely absent. In fact, we see several structural forces that could mean this cycle lasts much longer than everyone is expecting, particularly if Germany 'rebalances' while new technologies deliver a powerful revival in productivity (assuming the authorities work out how to measure it). Furthermore, sentiment remains surprisingly downbeat as everyone continues to look for the end of the cycle and some sort of 2008 financial market redux, despite glaring evidence - as far as we are concerned – to the contrary. The global economy continues to expand, inflation remains well behaved, liquidity is abundant, and geopolitics so abysmal it feels like things can only get better.

Furthermore, despite continual protestations from the media on the supposed 'bubble' like valuations in equity markets, we see nothing of the sort, particularly in our favoured Asian markets where due to strong earnings recoveries, valuations remain undemanding despite last year's rallies. Whilst the Chinese credit cycle might well induce some volatility to the region, so far at least the authorities appear to be managing the process rather well.

The major risks as we see them are a rapid rise in real interest rates (the US PE multiple was affected far more by the fall in real interest rates than other variables in 2017), and/or some negative bond market reaction to the more aggressive balance sheet unwinding proposed principally by the FED. After all, if central bank policy has driven the dramatic collapse in yields over the last ten years then surely when policy reverses (central bank net asset purchases should fall to roughly zero by year-end 2018, down from \$180bn/month in mid-2016), rates should rise meaningfully? Whilst we have some empathy for this train of thought, and are running short positions in many global bond markets, we are not convinced that a wholesale collapse is imminent. If anything, this is the perfect environment for bubbles to inflate further. The reason we like the short bond position is its asymmetry – we can't lose much but could gain big if we are wrong on our upbeat assessment of the outlook for financial markets in 2018.

Our optimism is reflected in our relatively high equity exposure. The Fund is currently 55% long Asian (including Japan) equities, with 35% in the US, and 15% in U.K. and Europe. The short global bond exposure is 30% of the Fund. Within equities we continue to like the technology sector, where growth opportunities abound in AI, robotics, autonomous driving and VR. There are also value opportunities such as Mediatek in Taiwan and Samsung in Korea. We believe there remains significant upside in the Chinese technology stocks, and we continue to hold positions in Alibaba, Tencent, and Baidu. Given our outlook on economic growth and interest rates we have added to cyclical and financial exposures through the purchase of Berkshire Hathaway and Goldman Sachs. We have also added to our existing position in the rare-earth mineral miner and chemical processor Lynas in Australia where upside potential looks significant as it capitalises on the electric-car revolution and environmental clean-up in China which has created a rare-earth shortage. The UK is one of the best value markets at present and we have been adding to exposures selectively. Imperial Tobacco, Hargreaves Lansdown and the Prudential remain our favoured picks.

JK Investment Management LLP  
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3 Bury Street  
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Surrey GU2 4AW  
England

26 April 2018

# JK Funds Plc

## Statement of Financial Position

as at 31 December 2017

	Note	JK Global Opportunities Fund As at 31 December 2017 USD	JK Global Opportunities Fund As at 31 December 2016 USD
<b>Assets</b>			
<b>Financial assets at fair value through profit or loss:</b>	4		
Investments in securities		72,136,559	40,931,397
<b>Derivative Financial Instrument:</b>			
Open forward foreign currency exchange contracts		786,411	1,262,056
Contracts for difference		530,324	127,487
Open futures contracts		39,926	6,845
Warrant		7,260	-
Options purchased		-	74,548
Cash and cash equivalents	5	10,679,347	7,815,557
Amounts due from brokers	5	8,361,110	13,958,351
Dividends receivable		28,260	53,994
Interest receivables		-	1,637
<b>Total assets</b>		<b>92,569,197</b>	<b>64,231,872</b>
<b>Liabilities</b>			
<b>Financial liabilities at fair value through profit or loss:</b>	4		
<b>Derivative Financial Instrument:</b>			
Contracts for difference		743,270	299,277
Open futures contracts		324,101	454,051
Open forward foreign currency exchange contracts		-	946,232
Performance fees payable	6	1,008,809	-
Investment management fees payable	6	64,203	44,043
Audit fees payable	6	38,990	14,106
Other payables and accrued expenses		35,518	40,599
Amounts due to brokers		33,310	-
Payable for fund shares redeemed		-	12,119
Depositary fees payable	6	15,356	3,203
Administration fees payable		7,858	3,355
Directors' fees payable	8	4,502	1,444
<b>Total liabilities (excluding net assets attributable to shareholders)</b>		<b>2,275,917</b>	<b>1,818,429</b>
<b>Net assets attributable to holders of redeemable participating shareholder</b>		<b>90,293,280</b>	<b>62,413,443</b>

The accompanying notes form an integral part of these financial statements.

For and on behalf of the Board

Director



Director



26 April 2018

# JK Funds Plc

## Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	JK Global Opportunities Fund For the year ended 31 December 2017 USD	JK Global Opportunities Fund For the year ended 31 December 2016 USD
<b>Income</b>			
Dividend income		1,216,882	1,425,224
Interest income		38,384	46,863
Other income		19,476	-
Net realised gain/(loss) on financial assets and foreign exchange		11,406,627	(3,028,882)
Net change in unrealised gain/(loss) on financial assets and foreign exchange		13,340,534	(754,146)
Net realised and unrealised gain/(loss) on financial assets and foreign exchange		24,747,161	(3,783,028)
<b>Total investment income/(expense)</b>		<b>26,021,903</b>	<b>(2,310,941)</b>
<b>Expenses</b>			
Investment management fees	6	600,676	528,519
Administration fees	6	104,166	117,670
Depositary fees	6	90,609	92,033
Performance fees	6	1,574,416	-
Directors' fees	8	52,081	51,293
Audit fees	6	39,088	31,863
Transfer Agency fees		59,463	63,400
Legal fees		66,506	102,361
Interest expense		157,410	155,844
Other fees		122,718	74,646
<b>Total expenses</b>		<b>2,867,133</b>	<b>1,217,629</b>
<b>Gain/(Loss) for the financial year before taxation</b>		<b>23,154,770</b>	<b>(3,528,570)</b>
Withholding taxes on dividend	2	89,461	103,787
<b>Gain/(Loss) for the financial year after taxation</b>		<b>23,065,309</b>	<b>(3,632,357)</b>
<b>Increase/(Decrease) in net assets attributable to holders of redeemable participating shares resulting from operations</b>		<b>23,065,309</b>	<b>(3,632,357)</b>

Gains and losses arose solely from continuing operations. There were no recognised gains or losses other than those dealt with in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

## JK Funds Plc

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

for the year ended 31 December 2017

	JK Global Opportunities Fund For the year ended 31 December 2017 USD	JK Global Opportunities Fund For the year ended 31 December 2016 USD
<b>Net assets attributable to redeemable participating shareholders at the beginning of the year</b>	<b>62,413,443</b>	<b>73,053,692</b>
<b>Share transactions</b>		
Proceeds from issue of redeemable participating shares	7,217,631	1,120,790
Payments on redemptions of redeemable participating shares	(2,403,103)	(8,128,682)
<b>Net increase/(decrease) in net assets resulting from redeemable participating shares transactions</b>	<b>4,814,528</b>	<b>(7,007,892)</b>
Increase/(Decrease) in net assets attributable to holders of redeemable participating shares resulting from operations	23,065,309	(3,632,357)
<b>Net assets attributable to holders of redeemable participating shareholders at the end of the year</b>	<b>90,293,280</b>	<b>62,413,443</b>

The accompanying notes form an integral part of these financial statements.

# JK Funds Plc

## Statement of Cash Flows

for the year ended 31 December 2017

	JK Global Opportunities Fund For the year ended 31 December 2017 USD	JK Global Opportunities Fund For the year ended 31 December 2016 USD
<b>Cash flows from operating activities</b>		
Increase/(Decrease) in net assets attributable to holders of redeemable participating shares resulting from operations	23,065,309	(3,632,357)
<b>Adjustment for:</b>		
<i>Decrease/(increase) in operating assets</i>		
Financial assets at fair value through profit or loss	(31,098,147)	15,990,109
Amounts due from broker	5,597,241	(4,064,976)
Dividends receivable	25,734	139,048
Interest receivable	1,637	(1,637)
<i>Increase/(decrease) in operating liabilities</i>		
Financial liabilities at fair value through profit or loss	(632,189)	335,704
Investment management fees payable	20,160	(8,538)
Payable for fund shares redeemed	(12,119)	-
Depositary fees payable	12,153	(4,829)
Administration fees payable	4,503	(9,915)
Audit fees payable	24,884	(30,284)
Performance fees payable	1,008,809	-
Directors' fees payable	3,058	1,191
Amounts Due to broker	33,310	-
Other payables and accrued expenses	(5,081)	3,172
<b>Cash (used in)/provided by operating activities</b>	<b>(1,950,738)</b>	<b>8,716,688</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable participating shares during the year	7,217,631	1,120,790
Redemption of redeemable participating shares during the year	(2,403,103)	(9,123,510)
<b>Net cash flows provided by/(used in) financing activities</b>	<b>4,814,528</b>	<b>(8,002,720)</b>
Net increase in cash and cash equivalents	2,863,790	713,968
Cash and cash equivalents at the start of the year	7,815,557	7,101,589
<b>Cash and cash equivalents at the end of the year</b>	<b>10,679,347</b>	<b>7,815,557</b>
<b>Supplemental disclosures</b>		
Cash received during the year for interest	40,021	45,226
Cash paid during the year for interest	156,474	149,361
Cash received during the year for dividends	1,242,616	2,066,804

The accompanying notes form an integral part of these financial statements.



# JK Funds Plc

## Notes to the Financial Statements

for the year ended 31 December 2017

### 1. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below.

#### (a) Basis of presentation

JK Funds Plc (the "Company") was incorporated under registration number 532101 on 30 August 2013 and operates as an investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds, (each a "Fund") pursuant to the Companies Act 2014 and has limited liability in Ireland. The Company was originally launched in 2003 and redomiciled to Ireland and restructured to a UCITS on 30 August 2013.

The Company is authorised by the Central Bank of Ireland (the "Central Bank") under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended), (the "UCITS Regulations") and under the Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015), (the "Central Bank UCITS Regulations").

The Company is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more separate Funds offered by the Company, with each Fund comprising a separate and distinct schedule of investments.

The investment objective of the Company is to achieve average long term capital appreciation.

The financial statements are presented in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, Irish Statute comprising the Companies Acts 2014, the UCITS Regulations and the Central Bank UCITS Regulations.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(l).

#### (b) Foreign currency

##### *Functional and presentation currency*

The primary objective of the Company is to generate returns in U.S. Dollar ("USD"), its capital-raising currency. The liquidity of the Company is managed on a day-to-day basis in USD in order to handle the issue, acquisition and resale of the Company's redeemable shares. The Company's performance is evaluated in USD. Therefore, the management considers the USD as the functional currency of the Company as which most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD. Returns are to be generated in USD, with currency hedging for the non-base currency share classes in order to replicate those returns in the shareholder's currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities, if any, are translated into the functional currency using the exchange rate prevailing at the Statement of Financial Position date. Foreign exchange gains or losses arising from translation are included in the Statement of Comprehensive Income.

#### (c) Financial instruments

##### (i) Classification

The Company classifies its investments in debt and equity securities, and derivatives, as financial assets at fair value through profit or loss. This category has two sub-categories:

##### *Financial assets and liabilities designated at fair value through profit or loss upon initial recognition:*

These financial assets and liabilities are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document.

##### *Financial assets and liabilities held for trading:*

Financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities, debentures and other interest bearing investments and derivatives. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Fund's policy is not to apply hedge accounting.

The Company invests in transferable securities and derivatives (forward foreign currency exchange contracts, contracts for difference, options contracts and futures contracts, warrants) – all of which are classified at fair value through profit or loss – held for trading.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 1. Summary of significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net change in unrealised gain or loss in financial assets and foreign exchange in the period in which they arise.

##### (iii) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets and liabilities held by the Company is the last traded prices for investments held long.

The value of any investment which is not normally quoted, listed or traded on or under the rules of a recognised market will be valued at its probable realisation value estimated with care and in good faith by the Directors in consultation with the Investment Manager or by a competent person, firm or corporation appointed by the Directors and approved for such purpose by the Depositary.

##### (iv) Specific Instruments

#### Contracts for difference (“CFDs”)

CFDs represent agreements that obligate two parties to exchange cash flows at specified intervals based upon, or calculated by reference to, changes in specified prices or rates for a specified amount of an underlying asset, or otherwise determined notional amount. The value of CFDs are calculated by reference to the current price of the underlying instrument and the initial or last reset price of the contract. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore, amounts required for the future satisfaction of the CFDs, may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFDs are valued at the CFDs ultimate settlement date. The realised gain or loss is disclosed in the Statement of Comprehensive Income as net realised gain or loss on financial assets and foreign exchange. The Company utilises these CFDs agreements as an efficient means of hedging and for obtaining exposure to certain underlying investments. Through CFDs, the Company can in effect be exposed to increases or decreases in the value of an equity and to decreases or increases in the value of a related equity. Such trades are consistent with the overall strategy of the Company. The fair value of the CFDs are reported as an asset or liability as appropriate on the Statement of Financial Position and movements in the fair value are recorded in the Statement of Comprehensive Income as part of net change in unrealised gain on financial assets and foreign exchange.

#### Forward and spot foreign exchange currency contracts

The fair value of open forward foreign exchange currency contracts, and open foreign exchange currency spot contracts, is calculated as the difference between the contracted rate and the current forward rate that would close out the contract on the Statement of Financial Position date. Gains or losses on open foreign exchange currency spot contracts are included in cash and cash equivalents in the Statement of Financial Position and gains or losses on open forward foreign exchange currency contracts are included in the unrealised gain or loss on forward foreign exchange currency contracts, as appropriate, on the Statement of Financial Position and are shown in the Schedule of Investments of the Company.

#### Futures contracts

Initial margin deposits are made upon entering into futures contracts and are generally made in cash or cash equivalents. The fair value of futures contracts is based upon their current quoted daily settlement prices on the relevant exchange as of the Statement of Financial Position date. Changes in the value of open futures contracts are recognised as unrealised gains or losses on futures contracts until the contracts are terminated, at which time realised gains and losses are recognised. Gains or losses on open futures contracts are shown in the Schedule of Investments of the Fund and as appropriate, on the Statement of Financial Position as financial assets or liabilities at fair value through profit or loss.

#### Options contracts

Options are derivative financial instruments that give the buyer, in exchange for a premium payment, the right but not the obligation to either purchase from (call option) or sell to (put option) the writer a specified underlying instrument at a specified price on or before a specified date. Daily fluctuations in the value of the option contract are recorded for financial reporting purposes as unrealised gains or losses by the Fund and are recorded as a realised gain or loss when the position is closed. Options are valued using valuation models and by reference to the option counterparties' valuation reports.

#### Warrants

A warrant is a security giving the Fund the right, but not the obligation, to purchase shares in a company at a set price and within a specified time period. Investments in warrants allow the Fund to make potential gains, should the underlying equity price exceed the set purchase price, while the potential loss is limited to the cost of the warrants. Warrants may expose the Fund to credit risk should the counterparty be unable to meet the terms of the contract.

# JK Funds Plc

## Schedule of Investments (continued)

for the year ended 31 December 2017

### 1. Summary of significant accounting policies (continued)

#### (d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes. Cash in hand or on deposit shall be valued at face value, together with accrued interest where applicable.

#### (e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

#### (f) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities, in accordance with IAS 32.

The Company issues shares at the Net Asset Value ("NAV") of the existing shares on the basis of dealing prices. In accordance with the Prospectus the holders of participating shares can redeem them for cash equal to a proportionate share of the Company's NAV (calculated in accordance with redemption requirements) on the relevant dealing day.

The Company's NAV per share is calculated by dividing the net assets attributable to shareholders (calculated in accordance with redemption requirements) by the number of shares in issue.

#### (g) Unrealised and realised gain/(loss) on investments

In respect of each instrument type classified as financial instruments at fair value through profit or loss, the unrealised gains/(losses) and realised gains/(losses) are included in "Net realised and unrealised loss on financial assets and foreign exchange" in the Statement of Comprehensive Income for the Company.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the first in first out cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

#### (h) Dividend income and dividend expense

Dividend income is credited and dividend expense debited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Dividend income is shown gross of any non-recoverable withholding taxes, which are disclosed as dividend income in the Statement of Comprehensive Income, and net of any tax credits.

Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income. Dividend income is recognised when the Company's right to receive payments is established.

Dividend expense is recognised when the dividend liability is established.

#### (i) Interest income and interest expense

Interest income and expense on cash balances and on bank overdraft balances is recognised in the Statement of Comprehensive Income within interest income and interest expense based on the effective interest rate. Interest income and expense in relation to contracts for difference are shown within interest income and interest expense on an accruals basis within the Statement of Comprehensive Income.

#### (j) Expenses

Expenses are accounted for on an accrual basis. Expenses are charged to the Statement of Comprehensive Income except for relevant expenses incurred on the acquisition of an investment, which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 1. Summary of significant accounting policies (continued)

#### (k) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Depository transaction costs include transaction costs paid to the Depository. Purchases and sales transaction costs include identifiable brokerage charges, commissions, transaction related taxes and other market charges. Depository transaction costs are included in Depository fees as disclosed in the Statement of Comprehensive Income for the Fund.

Transaction costs on purchases and sales of fixed income securities, CFDs, warrants and forward foreign exchange currency contracts are included in the instrument contract price and are therefore not separately identifiable for disclosure in the financial statements. Transaction costs on purchases and sales of equities, options contracts and futures contracts are expensed as incurred in the Statement of Comprehensive Income. Separately identifiable transaction costs incurred by the Company during the year are disclosed in Note 6.

#### (l) Significant accounting estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

##### *Going concern*

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### *Fair value of financial instruments*

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data.

##### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to the tax expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

#### (m) New standards and interpretations

##### i) *New standards, amendments and interpretations effective from January 1, 2017*

The following standards, amendments and interpretations, which became effective in January 2017, are relevant to the Fund.

##### *Disclosure Initiative (Amendments to IAS 7), 'Statement of Cash Flows'*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Company classifies its redeemable shares as financial liabilities in accordance with IAS 32.

The amendments state that one way to fulfil the disclosure requirement is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such reconciliation the amendments require the entity to provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 1. Summary of significant accounting policies (continued)

#### (m) New standards and interpretations (continued)

i) *New standards, amendments and interpretations effective from January 1, 2017 (continued)*

*Disclosure Initiative (Amendments to IAS 7) , 'Statement of Cash Flows' (continued)*

The Company presents

- (a) a statement of changes in net assets attributable to holders of redeemable shares which reconciles the opening and closing amounts based on shareholder transactions and the net increase/(decrease) in net assets attributable to holders of redeemable shares from operations
- (b) a statement of cash flows which discloses the cash movements resulting from operating activities and from shareholder transactions and
- (c) a statement of comprehensive income which discloses the income and expenses that comprise the net increase/(decrease) in net assets attributable to holders of redeemable shares from operations.

The financial statements of the Company also include qualitative disclosure which indicates how the net asset value attributable to redeemable shareholders is calculated.

The combination of the above disclosures is considered, in this instance, to be sufficient to address the requirements of the amendments.

*Annual Improvements to IFRSs 2012–2014 Cycle – various standards.*

The annual improvements to IFRSs to 2014-2016 cycles include certain amendments to various IFRSs. Earlier application is permitted (along with the special transitional requirement in each case), in which case the related consequential amendments to other IFRSs would also apply.

ii) *New standards, amendments and interpretation issued but not yet effective*

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Fund has not early applied the following new or amended standards in preparing these financial statements.

#### ***New standards, amendments and interpretations issued but not effective for periods beginning 1 January 2017 and not early adopted***

##### IFRS 9 Financial Instruments

The Company is required to adopt IFRS 9 Financial Instruments from 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

##### Classification of financial assets and financial liabilities

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and FVTPL. It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 1. Summary of significant accounting policies (continued)

ii) *New standards, amendments and interpretation issued but not yet effective (continued)*

#### ***New standards, amendments and interpretations issued but not effective for periods beginning 1 January 2017 and not early adopted (continued)***

IFRS 9 Financial Instruments (continued)

Classification of financial assets and financial liabilities (continued)

Based on the Company's assessment, this standard is not expected to have a material impact on the classification of financial assets and financial liabilities of the Company. This is because:

- the financial instruments classified as held-for-trading under IAS 39 (derivatives) will continue to be classified as such under IFRS 9;
- financial instruments currently measured at FVTPL under IAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under IFRS 9; and
- financial instruments currently measured at amortised cost are: cash balances and receivables from reverse sale and repurchase agreements. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model.

Accordingly, they will continue to be measured at amortised cost under IFRS 9.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Company's assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Company. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial assets at amortised cost are short-term (i.e. no longer than 12 months), of high credit quality and/or highly collateralised. Accordingly, the ECLs on such assets are expected to be small.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

### 2. Taxation

Under current Irish law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act 1997, as amended. On that basis, the Company is not chargeable to Irish tax in respect of its income and gains.

However, Irish tax may arise on the happening of a "chargeable event". Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation; transfer of shares or the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

A chargeable event does not include:

- i. Any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- ii. An exchange of shares representing one sub-fund for another sub-fund of the Company; or
- iii. An exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another fund; or
- iv. Certain exchanges of shares between spouses and former spouses.

No tax will arise on the Company in respect of chargeable events relating to:

- i. A shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, is held by the Company;
- ii. Certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations; or

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 2. Taxation (continued)

iii. Any transaction (which might otherwise be a chargeable event) in relation to shares held in a recognised clearing system as designated by order of the Irish Revenue commissioners (such as CREST).

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

### 3. Financial Derivative Instruments and Efficient Portfolio Management

The Company may utilise Financial Derivative Instruments ("FDIs") for investment purposes and may employ techniques and instruments relating to transferable securities, including investments in FDIs, for efficient portfolio management purposes. New techniques and instruments may also be developed which may be suitable for use by the Company and the Investment Manager may employ such techniques and instruments in the future for the purpose of efficient portfolio management with a view to achieving a reduction in risk, a reduction in costs or an increase in capital or income returns to the Company and may not be speculative in nature.

Techniques and instruments which relate to transferable securities and which are used for the purpose of efficient portfolio management, including FDIs which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost-effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the Company with a level of risk which is consistent with the risk profile of the Company and the risk diversification rules set out in the UCITS Regulations;
- (c) their risks are adequately captured by the risk management process of the Company; and
- (d) they cannot result in a change to the Company's declared investment objectives or add supplementary risks in comparison to the general risk policy as described in the sales documents.

During the year ended 31 December 2017 and 31 December 2016, the Company entered into contracts for difference, options, warrants and futures contracts for investment purposes. Investments in FDIs are subject to the conditions and limits laid down by the Central Bank.

Forward foreign currency contracts were utilised by the Fund for efficient portfolio management purposes during the year. The income arising from these contracts cannot practically be split from the total return of the instrument or between income arising from transactions undertaken for investment purposes and those attributable to EPM techniques. The realised and unrealised gains and losses on all forward foreign currency contracts as at 31 December 2017 are USD 786,411 (31 December 2016: USD 979,565 and USD 315,824) respectively. Transaction costs on forwards are embedded in their contract price and are therefore not separately identifiable for disclosure within the financial statements. The counterparties to the forward foreign currency contracts are disclosed at the end of the Schedule of Investments.

### 4. Financial risks

#### *Introduction and overview*

Risk is inherent in the Company's activities, but it is managed through a process of on-going identification, measurement and monitoring, subject to risks limits and other controls. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus for a more detailed discussion of the risks inherent in investing in the Company.

#### *Risk management structure*

The Board of Directors delegate the responsibility of daily risk management to the Investment Manager. The Investment Manager is responsible for identifying and controlling risks of the Company, and for monitoring the Company's risk management processes.

#### *Risk measurement and reporting system*

The Investment Manager monitors and measures the overall risk exposure of the Company.

#### *Risk mitigation*

The Investment Manager is responsible for managing and controlling investment risks and may use various techniques and instruments, including derivatives, to do so.

#### **(i) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, foreign currency risk and "other price risks", such as equity price risk. The Company's market price risk is managed through diversification of the investment portfolio. Additionally, the Investment Manager may use derivative instruments to hedge the investment portfolio against market risk. The maximum market risk resulting from financial instruments equals their fair value. The derivatives has not been classified as hedging instruments

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (i) Market Risk (continued)

##### **Currency risk**

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to the risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the functional currency.

The Fund's currency risk is managed and monitored on a daily basis by the Investment Manager in accordance with policies and procedures in place.

As at 31 December 2017, the Fund had the following currency risk exposures:

	Monetary Assets USD	Non-Monetary Assets USD	Net Financial Assets USD
Australian Dollar	-	1,702,859	1,702,859
Danish krone	-	2,425,866	2,425,866
European Union euro	163,053	3,080,261	3,243,314
Great Britain Pound	557,360	8,844,199	9,401,559
Hong Kong dollar	16,415	12,794,935	12,811,350
Japanese yen	152,120	1,018,325	1,170,445
Philippine Peso	-	1,280,589	1,280,589
Swedish Krona	-	232,864	232,864
Thai baht	-	1,986,246	1,986,246
<b>Total</b>	<b>888,948</b>	<b>33,366,144</b>	<b>34,255,092</b>

As at 31 December 2016, the Fund had the following currency risk exposures:

	Monetary Assets USD	Non-Monetary Assets USD	Net Financial Assets USD
Chinese renminbi	154,674	-	154,674
Danish krone	-	1,622,867	1,622,867
European Union euro	1,551,216	2,900,473	4,451,689
Hong Kong dollar	496,719	2,498,237	2,994,956
Indonesian rupiah	2,083	30,700	32,783
Japanese yen	1,155,786	1,608,565	2,764,351
Pound sterling	(181,520)	10,918,159	10,736,639
Russian ruble	40,294	-	40,294
South Korean won	11,461	-	11,461
Swiss franc	98	-	98
Thai baht	-	28,466	28,466
Turkish lira	195,424	-	195,424
<b>Total</b>	<b>3,426,235</b>	<b>19,607,467</b>	<b>23,033,702</b>

Had the exchange rate between USD and other currencies to which the Fund is exposed increased or decreased by 5% with all other variables held constant, the decrease or increase respectively in net assets attributable to holders of redeemable participating shares would amount to approximately USD 1,712,755 (31 December 2016: USD 1,151,685).

##### **Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund's interest rate risk is managed on a daily basis by the Investment Manager subject to the investment objective and investment policies, for more information on this, refer to the Fund's Supplement. The Investment Manager in respect of a Company may utilise financial instruments such as derivatives to seek to hedge against fluctuations in the relative values of the Company's portfolio positions as a result of changes in interest rates.

The following table summarises the Fund's exposure to interest rate risk as at 31 December 2017. The table includes the Fund's trading assets and liabilities at fair value, categorised by the earlier of the contractual re-pricing or maturity dates.



# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (i) Market risk (continued)

##### Interest rate risk (continued)

31 December 2017

USD	<1 Month	1-3 Months	1-5 Years	Non- Interest Bearing	Total
<b>Assets</b>					
Cash and cash equivalents	10,679,347	-	-	-	10,679,347
Amounts due from brokers	8,361,110	-	-	-	8,361,110
Financial assets at fair value through profit or loss	-	-	1,978,986	71,521,494	73,500,480
Trade and other receivables	-	-	-	28,260	28,260
<b>Total assets</b>	<b>19,040,457</b>		<b>1,978,986</b>	<b>71,549,754</b>	<b>92,569,197</b>

USD	<1 Month	1-3 Months	1-5 Years	Non- Interest Bearing	Total
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(1,067,371)	(1,067,371)
Trade and other payables	-	-	-	(1,208,546)	(1,208,546)
Redeemable participating shares	-	-	-	(90,293,280)	(90,293,280)
<b>Total liabilities</b>				<b>(92,569,197)</b>	<b>(91,998,947)</b>

31 December 2016

USD	<1 Month	1-3 Months	1-5 Years	Non- Interest Bearing	Total
<b>Assets</b>					
Cash and cash equivalents	7,815,557	-	-	-	7,815,557
Amounts due from brokers	13,958,351	-	-	-	13,958,351
Financial assets at fair value through profit or loss	4,998,685	7,994,720	2,022,500	27,386,428	42,402,333
Trade and other receivables	-	-	-	55,631	55,631
<b>Total assets</b>	<b>26,772,593</b>	<b>7,994,720</b>	<b>2,022,500</b>	<b>27,442,059</b>	<b>64,231,872</b>

USD	<1 Month	1-3 Months	1-5 Years	Non- Interest Bearing	Total
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	-	(1,699,560)	(1,699,560)
Trade and other payables	-	-	-	(118,869)	(118,869)
Redeemable participating shares	-	-	-	(62,413,443)	(62,413,443)
<b>Total liabilities</b>				<b>(64,231,872)</b>	<b>(64,231,872)</b>

Had interest rates decreased by 1% with all other variables remaining constant, the increase in net assets attributable to holders of redeemable participating shares for the financial year ended 31 December 2017 would amount to approximately USD 19,790 (2016: USD 150,159) arising substantially from the increase in market values of debt securities. An increase of 1% on interest rates would have an equal but opposite effect.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (i) Market risk (continued)

##### **Equity price risk**

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of general market values and the value of individual stocks. The trading equity price risk exposure arises from the Company's investment portfolio. The Company manages this risk through diversification of its portfolio and uses derivatives to increase or decrease this risk. The investment objective of the Fund is to achieve above average long term capital appreciation.

##### *Concentration of equity price risk*

Please refer to the Schedule of Investments for a regional and sector analysis of the Company's investments.

If the actual market prices at 31 December 2017 had increased or decreased by 1% with all other variables held constant, this would have enhanced or reduced, as the case may be, net assets attributable to holders of redeemable participating shares by USD 701,576 (31 December 2016: USD 259,155).

#### (ii) Credit Risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to counterparty credit risk on transferable securities, FDIs and cash and cash equivalents and other receivable balances. The carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date.

##### **Counterparty Risk**

The Company is subject to credit risk with respect to any counterparties with which it trades. If a counterparty becomes insolvent or otherwise fails to perform its obligations, the Company may experience significant delays in obtaining any recovery in an insolvency, bankruptcy, or other reorganisation proceeding and may obtain only a limited recovery or may obtain no recovery. To mitigate this exposure, the Company may enter into master netting agreements with the counterparties with which it trades. Master netting arrangements do not result in an offset of Statement of Financial Position assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. Refer to the "Offsetting" section of this note for further details of the counterparty risk.

The following table details the credit rating of each counterparty to the Fund:

#### 31 December 2017

Counterparty	Moody's Rating	Standard & Poor's Rating	Collateral Held	Net Exposure
Goldman Sachs	A1	A+	610,000	(135,340)
HSBC	A2	A	6,480,000	Nil

#### 31 December 2016

Counterparty	Moody's Rating	Standard & Poor's Rating	Collateral Held	Net Exposure
Goldman Sachs	A1	A+	1,660,000	607,319
HSBC	Aa2	AA-	5,230,000	Nil
State Street London	Aa1	AA-	2,100,000	Nil

##### **Depositary risk**

The Company's Depositary is SMT Trustees (Ireland) Limited (Previously State Street Custodial Services (Ireland) Limited) ('Depositary'). Substantially all of the assets and cash of the Company are held within the custodial network. Bankruptcy or insolvency of the Depositary or of its parent company SMT Trustees may cause the Company's rights with respect to its investments held by the Depositary to be delayed. The maximum exposure to this risk at 31 December 2017 is the total value of investments and cash and cash equivalent balances held with the Depositary.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (ii) Credit Risk (continued)

##### *Depository risk (continued)*

In accordance with the requirements of the Irish Companies Act, 2014 and the UCITS Regulations, the Company's securities are maintained within the custodial network in segregated accounts. The Depository will ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus in the event of insolvency or bankruptcy of the Depository, the Company's assets are segregated and protected and this further reduces counterparty risk. The Company will, however, be exposed to the risk of the Depository or certain depositories used by the Depository, in relation to the Company's cash held by the Depository. In event of the insolvency or bankruptcy of the Depository, the Company will be treated as a general creditor of the Depository in relation to cash holdings of the Company.

The credit rating of SMT Trustee, the parent company of the Depository, as provided by Fitch rating agency at the reporting date, was A (2016:State Street Corporation AA- ).

#### (iii) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to fund its liabilities. The Company is exposed to weekly cash redemptions of redeemable shares. It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Company may also borrow in respect of the Fund up to 10 per cent of its NAV provided such borrowing is on a temporary basis. The Company may charge its assets as security for such borrowings. At 31 December 2017 and 31 December 2016 no such borrowings existed.

A detailed analysis of the Fund's assets are not shown as they are considered liquid based on the fact that they could be converted to cash in less than one month at close to their carrying value.

#### *Deferred Redemptions*

Subject to any statement to the contrary in respect of a particular Fund in its relevant Supplement, the Directors may defer redemptions at a particular Dealing Day to the next Dealing Day where the requested redemptions exceed 10 per cent of a Fund's NAV. The Directors will ensure the consistent treatment of all Shareholders who have sought to redeem Shares at any Dealing Day at which redemptions are deferred. The Directors may pro-rate all such redemption requests to the stated level (i.e. 10 per cent of the Fund's NAV) and will defer the remainder until the next Dealing Day. The Directors will also ensure that all redemption requests relating to an earlier Dealing Day are completed before those relating to a later Dealing Day are considered.

In accordance with the Company's policy, the Investment Manager monitors the Fund's liquidity on a daily basis, and the Board of Directors receives reports on it on a monthly basis being the monthly Administrator's report and the monthly Investment Manager's report.

The tables below analyse the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date:

#### As at 31 December 2017

	Less than 1 month	1-3 months	Less than 1 year	Greater than 1 year	Total
	USD	USD	USD	USD	USD
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	-	(324,101)	(743,270)	(1,067,371)
Creditors	(1,208,546)	-	-	-	(1,208,546)
Net assets attributable to redeemable participating shareholders	(90,293,280)	-	-	-	(90,293,280)
Total contractual undiscounted cash flows	<b>(91,501,826)</b>		<b>(284,175)</b>	<b>(212,946)</b>	<b>(92,569,197)</b>

#### As at 31 December 2016

	Less than 1 month	1-3 months	Less than 1 year	Greater than 1 year	Total
	USD	USD	USD	USD	USD
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss	-	(1,400,283)	(186,181)	(113,096)	(1,699,560)
Creditors	(118,869)	-	-	-	(118,869)
Net assets attributable to redeemable participating shareholders	(62,413,443)	-	-	-	(62,413,443)
Total contractual undiscounted cash flows	<b>(62,532,312)</b>	<b>(1,400,283)</b>	<b>(186,181)</b>	<b>(113,096)</b>	<b>(64,231,872)</b>

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (iv) Fair value

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels as defined under IFRS 7.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables summarises the fair value hierarchy the Company's financial assets and liabilities measured as at fair value at 31 December 2017:

#### 31 December 2017

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	Balance
Assets				USD
Financial assets at fair value through profit or loss:				
- Equity Securities	65,356,134	-	-	65,356,135
- Corporate Bonds	-	1,978,986	-	1,978,986
- Exchange Traded Fund	3,522,572	-	-	3,522,572
- Listed Investment Trust	1,278,866	-	-	1,278,866
- Derivatives - Warrant	-	7,260	-	7,260
- Derivatives - Futures contracts	39,926	-	-	39,926
- Derivatives - CFDs	-	530,324	-	530,324
- Derivatives - Forward foreign currency exchange contracts	-	786,411	-	786,411
<b>Total Assets</b>	<b>70,197,499</b>	<b>3,302,981</b>	<b>-</b>	<b>73,500,480</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Derivatives - Futures contracts	(324,101)	-	-	(324,101)
- Derivatives - CFDs	-	(743,270)	-	(743,270)
- Derivatives - Forward foreign currency exchange contracts	-	-	-	-
<b>Total Liabilities</b>	<b>(324,101)</b>	<b>(743,270)</b>	<b>-</b>	<b>(1,067,371)</b>

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (iv) Fair value (continued)

The following tables summarises the fair value hierarchy the Company's financial assets and liabilities measured as at fair value at 31 December 2016:

#### 31 December 2016

	Level 1 USD	Level 2 USD	Level 3 USD	Total Balance USD
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Equity Securities	25,915,492	-	-	25,915,492
- Corporate Bonds	-	2,022,500	-	2,022,500
- Government Bonds – Treasury Bills	12,993,405	-	-	12,993,405
- Derivatives - Futures contracts	6,845	-	-	6,845
- Derivatives - CFDs	-	127,487	-	127,487
- Derivatives - Options contracts	-	74,548	-	74,548
- Derivatives - Forward foreign currency exchange contracts	-	1,262,056	-	1,262,056
<b>Total Assets</b>	<b>38,915,742</b>	<b>3,486,591</b>	<b>-</b>	<b>42,402,333</b>
<b>Liabilities</b>				
Financial assets at fair value through profit or loss:				
- Derivatives - Futures contracts	(454,051)	-	-	(454,051)
- Derivatives - CFDs	-	(299,277)	-	(299,277)
- Derivatives - Forward foreign currency exchange contracts	-	(946,232)	-	(946,232)
<b>Total Liabilities</b>	<b>(454,051)</b>	<b>(1,245,509)</b>	<b>-</b>	<b>(1,699,560)</b>

Investments, whose values are based on quoted market prices in active markets, and are classified within level 1. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. The Fund held no level 3 investments during the year ended 31 December 2017 or during the year ended 31 December 2016.

There were no prices required to be provided during the year by the Directors in consultation with the Investment Manager or other person or equivalent in respect of stale prices, hard to value assets, or derivative instruments.

Transfers between levels are deemed to have occurred when the pricing source for a particular security has changed which triggers a change in level. There were no significant transfers between level 1 and level 2 financial assets or financial liabilities at fair value through profit or loss during the year ended 31 December 2017 or during the year ended 31 December 2016.

#### (v) Offsetting

Disclosures are required on the presentation of gross and net information about transactions that are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement, regardless of whether the transactions are actually offset in the Statement of Financial Position.

For financial reporting purposes, the Company does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the statement of assets and liabilities – the gross derivative assets are presented as financial assets at fair value through profit or loss: held for trading and the gross derivative liabilities are presented as financial liabilities at fair value through profit or loss: held for trading.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 4. Financial risks (continued)

#### (v) Offsetting (continued)

Below are the disclosures per counterparty as at 31 December 2017 and 31 December 2016 detailing the impact of master netting agreement (MNA) and similar agreements:

#### Derivative

#### Assets

31 December  
2017

Counterparty	Derivative assets subject to a MNA by counterparty	Amount offset in Statement of Financial Position	Net amount presented in Statement of Financial Position	Related amounts not offset in Statement of Financial Position		
				Financial instruments	Cash collateral received	Net amount of derivative exposure
Goldman Sachs	148,835	-	148,835	(148,835)	-	-
HSBC	637,576	-	637,576	(212,946)	-	424,630
	786,411	-	786,411	(361,781)	-	424,630

#### Derivative

#### Liabilities

31 December  
2017

Counterparty	Derivative liabilities subject to a MNA by counterparty	Amount offset in Statement of Financial Position	Net amount presented in Statement of Financial Position	Related amounts not offset in Statement of Financial Position		
				Financial instruments	Cash collateral pledged	Net amount of derivative exposure
Goldman Sachs	(284,175)	-	(284,175)	148,835	135,340	-
HSBC	(212,946)	-	(212,946)	212,946	-	-
	(497,121)	-	(497,121)	361,781	-	(135,340)

#### Derivative Assets

31 December 2016

Counterparty	Derivative assets subject to a MNA by counterparty	Amount offset in Statement of Financial Position	Net amount presented in Statement of Financial Position	Related amounts not offset in Statement of Financial Position		
				Financial instruments	Cash collateral received	Net amount of derivative exposure
Goldman Sachs	1,077,991	-	1,077,991	(470,672)	-	607,319
HSBC	127,487	-	127,487	(127,487)	-	-
State Street London	265,458	-	265,458	(265,458)	-	-
	1,470,936	-	1,470,936	(863,617)	-	607,319

#### Derivative

#### Liabilities

31 December 2016

Counterparty	Derivative liabilities subject to a MNA by counterparty	Amount offset in Statement of Financial Position	Net amount presented in Statement of Financial Position	Related amounts not offset in Statement of Financial Position		
				Financial instruments	Cash collateral pledged	Net amount of derivative exposure
Goldman Sachs	(470,672)	-	(470,672)	470,672	-	-
HSBC	(299,277)	-	(299,277)	127,487	171,790	-
State Street London	(929,611)	-	(929,611)	265,458	664,153	-
	(1,699,560)	-	(1,699,560)	863,617	835,943	-

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 5. Cash and cash equivalents and amounts due from and to brokers

Substantially all of the cash, bank overdrafts and deposits, including overnight deposits are held with SMT Trustees (Ireland) Limited. Amounts from and due to brokers includes margin cash and cash collateral held in relation to the Fund's derivative contracts. Futures cash is held by the futures exchanges in respect of margin requirements and by Goldman Sachs within client money protection. Cash collateral is held with HSBC, Goldman Sachs and State Street London and is subject to the counterparty risk of those entities. See Note 4, Credit and Counterparty Risk for further details.

Cash and cash equivalents	31 December 2017	31 December 2016
	USD	USD
SuMi TRUST	10,679,347	-
State Street London	-	7,815,557
<b>Amounts due from brokers</b>		
<b>Cash collateral</b>		
<b>Broker</b>	<b>USD</b>	<b>USD</b>
Goldman Sachs	1,810,814	1,660,000
HSBC	6,480,000	5,230,000
State Street London	70,296	2,100,000
	8,361,110	8,990,000
<b>Margin cash</b>		
<b>Broker</b>	<b>USD</b>	<b>USD</b>
Goldman Sachs	-	4,968,351
	<b>USD</b>	<b>USD</b>
<b>Total amount due from brokers</b>	8,361,110	13,958,351

### 6. Fees & expenses

#### *Investment Management Fee*

The Investment Manager receives from the Company an annual investment management fee which is payable monthly in arrears and is accrued and calculated weekly as at each Valuation Point. The amount of such investment management fee is 1.25 per cent of the NAV of the relevant Class of Shares (before deduction of that week's investment management fees and before deduction for any accrued performance fees). There is no investment management fee in respect of the Management Shares.

The Investment Manager may from time to time, and at its sole discretion, and out of its own resources decide to return to intermediaries, distributors, Shareholders, the Fund and/or other persons part or all the investment management fee. Any such payments may be applied in paying up additional Shares to be issued to the Shareholder, or may be paid in cash. There was no such transaction during the year 31 December 2017 and all the management fees were retained by the Investment Manager.

The Investment Management fee for the year ended 31 December 2017 amounted to USD 600,676 (31 December 2016: USD 528,519). The fee outstanding at the year end was USD 64,203 (31 December 2016: USD 44,043).

#### *Performance Fee*

The performance fee will be calculated and accrued weekly and payable quarterly in arrears in respect of each period of three months ending on the Valuation Point prior to or on 31 March, 30 June, 30 September and 31 December in each year (each a "Calculation Period") and is payable to the Investment Manager in arrears within 14 calendar days of the end of each Calculation Period. In the case of Shares redeemed during a Calculation Period, the accrued performance fee in respect of those Shares will be payable within 14 calendar days after the date of redemption and the performance fee payable on such Shares will be calculated as though the date of redemption was the end of the relevant Calculation Period for such Shares. Crystallised performance fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class. In the event of a partial redemption, Shares will be treated as redeemed on a first-in, first-out ("FIFO") basis.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 6. Fees & expenses

If the Investment Management Agreement is terminated before the end of any Calculation Period, the performance fee in respect of the then current Calculation Period will be calculated and paid as though the date of termination were the end of the relevant Calculation Period.

The share performance in respect of a Calculation Period is the arithmetic difference between the NAV per Share of the relevant Class on the last Business Day of the previous Calculation Period and on the last Business Day of the current Calculation Period, expressed as a percentage (the "Share Performance"). In calculating the NAV per Share for performance fee purposes no deduction is made on account of performance fees accrued in the Calculation Period and any dividends or income distributed to Shareholders during the Calculation Period are added back. All other payments and expenses are deducted.

For each Calculation Period, the performance fee will be 15 per cent of the Share Performance in any Calculation Period, subject to a high watermark ("HWM"). The HWM is the highest NAV per Share on which a performance fee was paid from the date of issue of any particular Class in respect of the Fund. A performance fee is calculated and paid only on positive performance from one HWM to the next HWM and no performance fee is payable on any positive performance below the current HWM. It should be noted that there is no repayment of any performance fee already paid if the NAV per Share subsequently falls back below the HWM. The performance fee accrues and is taken into account in the calculation of the NAV per Share on a weekly basis and crystallises on a quarterly basis. The differences in the NAV per Share for each Class available to a Fund may result in differences in the performance fee calculation for each Class.

The amount of the performance fee will be calculated by the Administrator and verified by the Depositary. As the performance fee depends on the performance of the NAV per Share of the Class in question, it is not possible to predict the amount of performance fee that will be payable and there is in effect, no maximum performance fee as it is impossible to quantify any performance in advance.

The amount of performance fee payable in respect of each Share is a U.S. Dollar amount equivalent to the NAV per Share on the last Business Day of the relevant Calculation Period x Share Performance x 15 per cent and is payable on the number of Shares in issue during the Calculation Period. Investors may request additional information on the way in which the performance fee calculation works from the Company.

The Investment Manager may from time to time, and at its sole discretion, and out of its own resources decide to return to intermediaries, distributors, Shareholders, the Fund and/or other persons part or all of the performance fee. Any such payments may be applied in paying up additional Shares to be issued to the Shareholder, or may be paid in cash. There is no performance fee in respect of the Management Shares. There was no such transaction during the year 31 December 2017 and all the management fees were retained by the Investment Manager.

The Performance fee for the year ended 31 December 2017 amounted to USD 1,574,416 (31 December 2016: USD Nil). The fee outstanding at the year end was USD 1,008,809 (31 December 2016: Nil).

#### *Administration Fee*

Effective 1 October 2017, Apex Fund Services (Ireland) Limited (the "Administrator") was appointed as the administrator, registrar and transfer agent of the Company. The Administrator is entitled to receive from the Company an annual administration fee of 10 basis points per annum of the Company's NAV when aggregate fund value is upto EUR 100 million, 8 basis points per annum of the Company's NAV when aggregate fund value is between EUR 100 million to 200 million, 4 basis points per annum of the Fund's NAV when aggregate fund value is greater than EUR 200 million, subject to minimum fees of EUR 4,400 per month (EUR 52,800 per annum). These fees are payable monthly in arrears.

The out-of-pocket expenses of the Administrator will be borne by the Company.

The Administrator will provide draft financial statements for the Company. An all-inclusive fee of EUR 5,000 will be charged for the preparation of draft financial statements.

The Administrator will provide manager and client reporting via a secure web portal for a one-time fee of EUR 1,000 and a recurring monthly charge of EUR 250.

The Administrator will provide corporate secretarial services to the Company at a fee of EUR 7,500 per annum. This fee is payable in advance.

Until 30 September 2017, State Street Fund Services (Ireland) Limited (the "Prior administrator") was the administrator of the Company. The Prior Administrator was entitled to receive from the Company an annual fee which was payable monthly in arrears and was accrued and calculated weekly as at each Valuation Point at a rate of up to 0.15% per cent of the NAV of the Company subject to a minimum monthly fee of \$10,000.

The Prior Administrator was entitled to reasonable agreed upon transaction, transfer agency and other charges (which will be at normal commercial rates) and a fee for the production of reports and statements of up to \$80,000.



# JK Funds Plc

## Schedule of Investments (continued)

for the year ended 31 December 2017

### 6. Fees & expenses

The out-of-pocket expenses of the Prior Administrator was borne by the Company.

The Administration fee for the year ended 31 December 2017 amounted to USD 104,166 (31 December 2016: USD 117,670). The fee outstanding at the year end was USD 7,858 (31 December 2016: USD 3,355).

For the year ended 31 December 2017, there were additional fees paid to the Administrator and prior Administrator, including UCITS reporting fee, Transfer agency fee and Financial reporting fee of USD 59,463 (31 December 2016: USD 63,400). The fees outstanding at the year end were USD Nil (31 December 2015: USD 8,927).

#### *Depository Fee*

The Depository will be entitled to receive out of the assets of the Fund, a maximum fee of 0.03% per annum subject to a minimum monthly fee of US\$3,250 per month (plus VAT if any) of the Net Asset Value of the Company, calculated as at each Valuation Point and payable monthly in arrears.

The Depository shall also be entitled to be reimbursed out of the assets of the Company for all reasonable properly vouched out-of-pocket expenses incurred for the benefit of the Company. The Company shall bear the cost of all relevant subcustodian transaction fees and charges incurred by the Depository, or any sub-custodian (which will be charged at normal commercial rates).

The out-of-pocket expenses of the Depository will be borne by the Company.

The Depository will be entitled to be paid a once off on boarding fee of US\$4,000 (plus VAT if any) which may be amortised as part of the establishment costs. The Depository shall perform Due Diligence reviews on underlying non depository funds, where applicable, at the rate of \$2,000 per fund.

The Depository will be entitled to additional fees to be agreed between the parties in circumstances including, but not limited to: required additional work; amendments to the Prospectus or the Articles; change of other service providers to the Company; changes to the infrastructure of other service providers to the Company which necessitate changes to the infrastructure of the Depository; change to the structure of the Company which necessitate changes to documents or the operations of the Depository or termination of the Company up to a maximum of €10,000 per annum (plus VAT if any).

The Depository fee for the year ended 31 December 2017 amounted to USD 90,609 (31 December 2016: USD 92,033). The fee outstanding at the year end was USD 15,356 (31 December 2016: USD 3,203).

#### *Establishment Costs*

The costs of establishing the Company and the JK Global Opportunities Fund will be borne out of the assets of the Company and amortised over a five year period commencing from the date of the launch of the Company. However, for the purpose of these financial statements establishment costs have been expensed to the Company in their entirety in line with International Financial Reporting Standards. Due to the difference in the treatment of these costs there is a difference in the NAV per the financial statements and the NAV as calculated in accordance with the Prospectus (dealing NAV). For a reconciliation of this difference please see Note 11.

#### *Auditors' Remuneration*

The remuneration (including expenses), for all work carried out by the statutory audit firm in respect of the financial year is as follows:

	<b>2017</b>	<b>2016</b>
	<b>USD</b>	<b>USD</b>
Statutory audit of company financial services	39,088	31,863
Tax advisory services	8,405	10,259
<b>Total</b>	<b>47,493</b>	<b>42,122</b>

#### *Transaction Costs*

Transaction costs paid by the Company during the year ended 31 December 2017 amounted to USD 390,562 (31 December 2016: USD 685,836).

#### *Directors' Fees*

Refer to Note 8, Related party disclosures, for details of the Directors' fees for the year ended 31 December 2017.

### 7. Share capital

On establishment and registration of JK Funds Plc in Ireland on 30 August 2013, the authorised share capital of the Company became 2 Subscriber Shares of €1 par value per Share and 1,000,000,000,000 Shares of no par value initially designated as unclassified shares. The Subscriber Shares do not form part of the net assets of the Fund or the Company and are disclosed by way of this note only. The unclassified shares are available for issue as Shares. The issue price is payable in full on acceptance. There are no rights of pre-emption attaching to the Shares in the Company.

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 7. Share capital (continued)

The unclassified Shares issued are Redeemable Participating Share capital of the Company and at all times equal the NAV of that Company. Redeemable Participating Shares are redeemable at the Shareholders option and are classified as financial liabilities. Share capital transactions, excluding the in-specie transfer of shareholdings arising from the re-organisation and re-domiciliation of the Company, for the year ended 31 December 2017 are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

The JK Global Opportunities Fund has the following Redeemable Participating Shares in issue at 31 December 2017:

	Number of shares outstanding 31 December 2016	Shares subscribed	Shares redeemed	Number of shares outstanding 31 December 2017	Net asset value per share 31 December 2017*
USD Institutional shares	117,105.03	250.00	(1,250.88)	116,104.15	USD274.87
€ Institutional shares	-	400.00	-	400.00	€107.77
£ Institutional shares	72,284.97	23,934.13	(7,275.54)	88,943.56	£215.57
YEN Institutional shares	2,499.95	1519.63	0.00	4,019.58	25,265.02
YEN Management Shares	83,013.99	1,790.95	(90.00)	84,714.95	¥ 42,020.57

The JK Global Opportunities Fund has the following Redeemable Participating Shares in issue at 31 December 2016:

	Number of shares outstanding 31 December 2015	Shares subscribed	Shares redeemed	Number of shares outstanding 31 December 2016	Net asset value per share 31 December 2016*
USD Institutional shares	121,222.79	85.00	(4,202.76)	117,105.03	USD214.59
£ Institutional shares	90,239.35	4,512.13	(22,466.51)	72,284.97	£170.20
YEN Institutional shares	2,499.95	-	-	2,499.95	¥ 20,039.72
YEN Management Shares	90,713.99	300.00	(8,000.00)	83,013.99	¥ 30,743.68

The JK Global Opportunities Fund has the following Redeemable Participating Shares in issue at 31 December 2015:

	Number of shares outstanding 31 December 2014	Shares subscribed	Shares redeemed	Number of shares outstanding 31 December 2015	Net asset value per share 31 December 2015*
USD Institutional shares	125,797.49	5,918.90	(10,493.60)	121,222.79	USD205.83
£ Institutional shares	104,791.64	5,417.60	(19,969.89)	90,239.35	£164.44
YEN Institutional shares	2,499.95	-	-	2,499.95	¥ 19,388.38
YEN Management Shares	95,430.35	83.64	(4,800.00)	90,713.99	¥ 34,494.65

\*NAV before establishment costs write off (See Note 11).

The Articles of the Company provide that the remuneration of the Directors shall be determined by a resolution of the Directors. Currently, the Directors are entitled to an annual fee of US\$10,000 each. Simon Jones and Francis Kirkpatrick will not receive a fee. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

The Fund did not charge any subscription, redemption or exchange fees during the year ended 31 December 2017 or during the year ended 31 December 2016.

### 8. Related party disclosures

In the opinion of the Directors, the Investment Manager, Promoter, Distributor and the Directors are related parties under IAS 24 "Related Party Transactions".

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 8. Related party disclosures (continued)

The Directors, or where applicable the service provider of the Director, are entitled to an annual fee of €15,000 in the instance of Simon Ogus, Fiona Ross and Frank Ennis for the Company and its Fund – JK Global Opportunities Fund. Francis Kirkpatrick and Simon Jones do not receive an annual fee for their service as Directors. There was no Directors' fees waived during the year ended 31 December 2017.

Directors' fees for the year ended 31 December 2017 amounted to USD 52,081 (31 December 2016: USD 51,293). The fee outstanding at the year end was USD 4,502 (31 December 2016: USD 1,444).

As at 31 December 2017, the following related parties had an interest in JK Global Opportunities Fund, Mr Simon Jones and family held 53,521.17 Yen Management Shares, (31 December 2016: 52,045.21). Mr Francis Kirkpatrick and family held 30,446.52 Yen Management Shares, (31 December 2016: 30,131.52). Dr. Simon Ogus held 1,148.33 USD Ordinary Shares, (31 December 2016: 1,148.33). None of the other Directors or their family members held shares in the Company at any time during the reporting year.

Fees paid and payable to the Investment Manager, the Administrator and the Depositary are disclosed in Note 6 and are shown on the Statement of Financial Position and the Statement of Comprehensive Income respectively.

### 9. Soft commissions

As described in the prospectus, the Investment Manager may effect transactions or arrange for the effecting of transactions through brokers with whom it has arrangements whereby the broker agrees to use a proportion of the commission earned on such transactions to discharge the broker's own costs or the costs of third parties in providing certain services to the Investment Manager. The services which can be paid for under such arrangements are those permitted under the rules of the Financial Conduct Authority, namely those that relate to the execution of transactions on behalf of customers or the provision of investment research to the Investment Manager. The benefits provided under such arrangements will assist the Investment Manager in the provision of investment management services to the Company.

Specifically, the Investment Manager may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgement of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker and the broker agrees to provide best execution on with respect to such transaction.

Subject to applicable laws and regulations, authorised delegates of the Investment Manager may enter into similar arrangements with brokers. Where the Investment Manager, or any of its delegates, successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities or FDI for a Fund, the rebated commission shall be paid to the relevant Fund. The Investment Manager or its delegates may be paid/reimbursed out of the assets of the relevant Fund for reasonable properly vouched costs and expenses directly incurred by the Investment Manager or its delegates in this regard.

During the year ended 31 December 2017, the value of these goods and services attributable to the Fund amounted to USD 226,719 (31 December 2016: USD 262,306).

### 10. Exchange rates

The financial statements are prepared in U.S. Dollar (USD). The following exchange rates at 31 December 2017 and 31 December 2016 have been used to translate assets and liabilities in other currencies to USD:

	Exchange Rates to USD 2017	Exchange Rates to USD 2016
Australian dollar	1.29	1.39
Brazilian real	3.31	3.25
Canadian dollar	1.26	1.34
Chinese renminbi	6.51	6.95
Danish krona	6.21	7.06
European Union euro	0.83	0.95
Great Britain Pound	0.74	0.81
Hong Kong dollar	7.81	7.75
Indian rupee	63.84	67.87
Indonesian rupiah	13,588.01	13,472.50

# JK Funds Plc

## Notes to the Financial Statements (continued)

for the year ended 31 December 2017

### 10. Exchange rates (continued)

	Exchange Rates to USD	Exchange Rates to USD
	2017	2016
Japanese yen	112.69	116.88
Malaysian ringgit	4.05	4.49
Norwegian krona	8.21	8.64
Philippine peso	49.98	49.71
Russian ruble	57.68	61.35
Singapore dollar	1.34	1.45
South African rand	12.38	13.73
South Korean won	1,067.40	1,207.80
Swedish krona	8.18	9.11
Swiss franc	0.97	1.02
Thai baht	32.56	35.81
Turkish lira	3.79	3.53

### 11. Reconciliation of Financial Statements NAV to Dealing NAV

#### JK Global Opportunities Fund at 31 December 2017

	Total USD
NAV per financial statements (under IFRS)	90,293,280
Establishment costs written off	61,825
Dealing NAV (in accordance with the Prospectus)	<u>90,355,105</u>

#### JK Global Opportunities Fund at 31 December 2016

	Total USD
NAV per financial statements (under IFRS)	62,413,443
Establishment costs written off	143,624
Dealing NAV (in accordance with the Prospectus)	<u>62,557,067</u>

### 12. Commitments and contingencies

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would include future claims that may be made against the Company that have not yet occurred. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote. Accordingly, the Company has not accrued any liability in connection with such indemnifications.

### 13. Dividends

The income and capital gains of the Fund will normally be reinvested and the Company will not ordinarily make distributions in respect of any Class. However, this is at the Directors' discretion.

There were no dividends declared during the years ended 31 December 2017 or 31 December 2016.

### 14. Directed brokerage fees

There has been nil directed brokerage fees during the years ended 31 December 2017 ( 31 December 2016: Nil).

### 15. Significant events during the year

Effective 1 October 2017, Apex Fund Services (Ireland) Limited (the "Administrator") was appointed as the administrator, registrar and transfer agent of the Fund. With effective from 28 September 2017 SMT Trustees (Ireland) Limited was appointed as the depositary of the Fund. A new "EUR" share class was launched during the year.

### 16. Significant events after the year end

There has been issue of US\$2,029,764 and redemption of US\$1,135,779 shares after the year end 31 December 2017.

### 17. Date of approval of the financial statements

The financial statements were approved by the Directors on 26 April 2018.

# JK Funds Plc

## Schedule of Investments

### JK Global Opportunities Fund as at 31 December 2017

Number of Shares		Fair Value USD	Fund %
	<b>Transferable Securities 79.88% (31 December 2016: 65.58%)</b>		
	<b>Common Stock 77.69% (31 December 2016: 41.52%)</b>		
	<b>Australia 1.89% (31 December 2016: Nil)</b>		
	<b>Other financial intermediaries</b>		
1,000,000	Lynas Corp Ltd	1,702,859	1.89
	<b>Bermuda Nil (31 December 2016: 2.70%)</b>		
	<b>Cayman Islands Nil (31 December 2016: 2.71%)</b>		
	<b>China 13.43% (31 December 2016: Nil)</b>		
	<b>Consumer, Non-cyclical</b>		
20,000	New Oriental Ed & Tech Grp Sponsored ADR	1,880,000	2.08
57,223	Tal Education Group	1,700,095	1.88
	<b>Insurance corporations</b>		
350,000	Ping An Insurance Group Co - H	3,643,780	4.03
	<b>Non financial corporations</b>		
45,000	Tencent Holdings Limited	2,338,111	2.59
15,000	Alibaba Group Holding-Sp ADR	2,586,450	2.85
		<u>12,148,436</u>	<u>13.43</u>
	<b>Denmark 2.69% (31 December 2016: 2.60%)</b>		
	<b>Non financial corporations</b>		
45,000	Novo-Nordisk A/S-B	2,425,866	2.69
	<b>Germany 2.88% ( 31 December 2016: 0.98%)</b>		
	<b>Consumer, Non-cyclical</b>		
15,000	Fresenius Medical Care AG	1,580,862	1.75
	<b>Utilities</b>		
50,000	Rwe AG (GR)	1,020,531	1.13
		<u>2,601,393</u>	<u>2.88</u>
	<b>Great Britain 11.55% (31 December 2016: 13.92%)</b>		
	<b>Basic Materials</b>		
238,025	Blackrock World Mining Trust	1,278,866	1.42
	<b>Consumer, Cyclical</b>		
15,000	Aptiv Plc	1,272,450	1.41
5,000	Delphi Automotive Plc	262,350	0.29
	<b>Consumer, Non-cyclical</b>		
10,000	Reckitt Benckiser Group Plc	934,621	1.04
	<b>Financials</b>		
30,000	Arbuthnot Banking Group Plc	574,227	0.64
85,000	Hargreaves Lansdown Equity	2,069,027	2.29
	<b>Non financial corporations</b>		
50,000	Imperial Brands Plc	2,138,322	2.36
	<b>Technology</b>		
57,500	Blue Prism Group Plc	977,881	1.08
495,311	Iqe Plc	916,623	1.02
		<u>10,424,367</u>	<u>11.55</u>
	<b>Guernsey 1.88% (31 December 2016: Nil)</b>		
378,110	Vinacapital Vietnam Opportun (USD))	1,694,421	1.88

# JK Funds Plc

## Schedule of Investments (continued)

for the year ended 31 December 2017

### JK Global Opportunities Fund as at 31 December 2017

Number of Shares		Fair Value USD	Fund %
	<b>Transferable Securities 79.88% (31 December 2016: 65.58%)</b>		
	<b>Common Stock 77.69% (31 December 2016: 41.52%)</b>		
	<b>Hongkong 6.71% (31 December 2016: Nil)</b>		
	<b>Consumer, Cyclical</b>		
350,000	Galaxy Entertainment Group	2,808,421	3.11
	<b>Consumer, Non-cyclical</b>		
58,821	Hutchison China Meditech Limited US	2,318,724	2.57
	<b>Diversified</b>		
100,000	Swire Pacific Ltd - CI A	925,902	1.03
		<u>6,053,047</u>	<u>6.71</u>
	<b>India 1.69% (31 December 2016: 0.97%)</b>		
	<b>Financial</b>		
15,000	Hdfc Bank Ltd-ADR	1,525,050	1.69
	<b>Indonesia Nil (31 December 2016: 0.05%)</b>		
	<b>Ireland 3.31% (31 December 2016: 2.34%)</b>		
	<b>Health Care</b>		
40,000	Source Nasdaq Biotech Ucits	1,381,400	1.53
	<b>Services</b>		
10,500	Accenture Plc-CI A	1,607,445	1.78
		<u>2,988,845</u>	<u>3.31</u>
	<b>Italy 1.60% (31 December 2016: 4.00%)</b>		
	<b>Non financial corporations</b>		
400,000	Source Nasdaq Biotech Ucits	1,448,682	1.60
	<b>Japan 1.25% (31 December 2016: 2.58%)</b>		
	<b>Consumer Discretionary</b>		
25,000	Sony Corporation	1,127,651	1.25
	<b>Macau 1.72% (31 December 2016: Nil)</b>		
	<b>Consumer, Cyclical</b>		
300,000	Sands China Ltd	1,549,143	1.72
	<b>Philippines 1.42% (31 December 2016: Nil)</b>		
	<b>Diversified</b>		
4,000,000	Alliance Global Group Inc	1,280,589	1.42
	<b>Singapore 1.42% (31 December 2016: Nil)</b>		
	<b>Technology</b>		
5,000	Broadcom Ltd.	1,284,500	1.42

# JK Funds Plc

## Schedule of Investments (continued)

JK Global Opportunities Fund  
as at 31 December 2017

Number of Shares		Fair Value USD	Fund %
	<b>Spain Nil (31 December 2016: 2.19%)</b>		
	<b>Transferable Securities 79.88% (31 December 2016: 65.58%)</b>		
	<b>Common Stock 77.69% (31 December 2016: 41.52%)</b>		
	<b>Sweden 0.75% (31 December 2016: Nil)</b>		
	<b>Global</b>		
3,305	Bitcoin Tracker One - SEK	232,864	0.26
6,090	Xbt Provider Ethereum - EUR	446,751	0.49
		<u>679,615</u>	<u>0.75</u>
	<b>Taiwan 2.42% (31 December 2016: Nil)</b>		
	<b>Technology</b>		
55,000	Taiwan Semi ADR	2,180,750	2.42
	<b>Thailand Nil (31 December 2016: 0.05%)</b>		
	<b>United Kingdom Nil (31 December 2016: 13.92%)</b>		
	<b>United States 21.08% (31 December 2016: 6.43%)</b>		
	<b>Communications</b>		
500	Alphabet Inc - Class A	526,700	0.58
	<b>Consumer, Non-cyclical</b>		
8,000	Stryker Corp (US)	1,238,720	1.37
	<b>Financial</b>		
10,000	Berkshire Hathaway Inc-Class B	1,982,200	2.20
	<b>Non financial corporations</b>		
2,000	Amazon.Com Inc	2,338,940	2.59
15,000	Facebook Inc-A (US)	2,646,900	2.93
7,500	Fedex Corp	1,871,550	2.07
35,000	Micron Technology Inc	1,439,200	1.59
15,000	Microsoft Corp	1,283,100	1.42
3,369	Samsung Electronics GDR	4,036,062	4.47
40,100	Teradyne Inc	1,678,987	1.86
		<u>19,042,359</u>	<u>21.08</u>
	<b>Total Common Stock</b>	<u>70,157,572</u>	<u>77.69</u>
	<b>Corporate Bonds 2.19% (31 December 2016: 3.24%)</b>		
	<b>Cayman Islands Nil (31 December 2016: 3.24%)</b>		
	<b>Thailand 2.19% (31 December 2016: Nil)</b>		
	<b>Consumer, Non-cyclical</b>		
60,000,000	Bangkok Dusit Medical Sep 19 0%%	1,978,986	2.19
	<b>Total Corporate Bonds</b>	<u>1,978,986</u>	<u>2.19</u>
	<b>Total Transferable Securities</b>	<u>72,136,559</u>	<u>79.88</u>
	<b>Total Investments excluding Financial Derivative Instruments</b>	72,136,559	79.88

# JK Funds Plc

## Schedule of Investments (continued)

Financial Derivative Instruments 0.34% (31 December 2016: (0.37)%)

Contracts for difference (a) (0.23)% (31 December 2016: (0.28)%)

Notional Amount		Unrealised Gain/(Loss) USD	Fund %
<b>China 0.07% (31 December 2016: Nil)</b>			
899,073	Hangzhou Hikvision Digital - A	5,673	0.01
1,695,900	Yy Inc	52,458	0.06
		58,131	0.07
<b>Great Britain 0.01% (31 December 2016 : Nil)</b>			
1,930,467	Prudential Plc	9,341	0.01
<b>Hong Kong 0.09% (31 December 2016: Nil)</b>			
2,558,869	Aia Group Ltd	80,896	0.09
<b>India 0.07% (31 December 2016: Nil)</b>			
1,142,000	Reliance Industries Ltd	62,000	0.07
<b>Japan (0.13)% (31 December 2016: (0.10)%</b>			
1,668,515	Disco Corporation	77,202	0.09
1,068,462	Fujitsu Limited	(115,538)	(0.13)
1,096,548	Nintendo Co Ltd	(78,800)	(0.09)
		(117,136)	(0.13)
<b>Korea 0.01% (31 December 2016: Nil)</b>			
1,426,684	Amorepacific Corp	13,175	0.01
<b>Taiwan (0.30)% (31 December 2016: (0.18)%</b>			
2,973,000	Mediatek Inc	(274,582)	(0.30)
<b>United States (0.06)% (31 December 2016: Nil)</b>			
2,342,100	Baidu Inc-Spon ADR	(251,200)	(0.28)
1,723,500	Cisco Systems Inc Com Stk	94,379	0.10
1,910,700	Goldman Sachs Group Inc (UN)	(23,150)	(0.03)
1,233,600	Micron Technology Inc	16,200	0.02
1,840,500	Paypal Holdings Inc	119,000	0.13
		(44,771)	(0.06)
	Unrealised gain on contracts for difference	530,324	0.59
	Unrealised loss on contracts for difference	(743,270)	(0.82)
	<b>Net unrealised loss on contracts for difference</b>	(212,946)	(0.23)

**Open Forward Foreign Currency Exchange Contracts (b) (0.87)% (31 December 2016: 0.51%)**

Maturity Date	Amount Bought	Amount Sold	Unrealised Gain/(Loss) USD	Fund %
16/03/2018	EUR 43,000	USD 50,805	1,041	-
16/03/2018	GBP 23,000,000	USD 30,794,700	343,714	0.38
16/03/2018	GBP 19,200,000	USD 25,706,880	286,926	0.32
16/03/2018	JPY 102,000,000	USD 902,335	5,895	0.01
01/03/2018	USD 10,000,000	JPY 1,107,165,000	148,835	0.16
			786,411	0.87
			<b>Unrealised gain on open forward foreign currency exchange contracts</b>	<b>0.87</b>
			<b>Net unrealised gain on open forward foreign currency exchange contracts</b>	<b>0.87</b>



# JK Funds Plc

## Schedule of Investments (continued)

### Financial Derivative Instruments (0.34)% (31 December 2016: (0.37)%) (continued) Open Futures Contracts (c) (0.31)% (31 December 2016: (0.72)%)

Notional Amount	Average Cost Price		Unrealised Gain/(Loss) USD	Fund %
18,365,200	93.13	DXH8 FNX Long Futures Contracts Expiring March 2018	(260,995)	(0.29)
(4,852,924)	162.75	RXH8 EUX Short Futures Contracts Expiring March 2018	32,117	0.04
(8,453,330)	124.35	G ICF Short Futures Contracts Expiring March 2018	(54,708)	(0.06)
(10,704,055)	150.89	JBH8 OSE Short Futures Contracts Expiring March 2018	7809.00	0.01
(4,191,406)	167.32	WNH8 CBT Short Futures Contracts Expiring March 2018	(8,398)	(0.01)
		Unrealised gain on open futures contracts	39,926	0.05
		Unrealised loss on open futures contracts	(324,101)	(0.36)
		<b>Net unrealised loss on open futures contracts</b>	<b>(284,175)</b>	<b>(0.31)</b>

### Warrant (d) 0.01% (31 December: Nil)

Maturity Date	Description	Fair Value USD	Fund %
01/11/2018	BTS-W3 TB 01 Nov 18 C12	7,260	0.01
	<b>Warrant at fair value</b>	<b>7,260</b>	<b>0.01</b>
	<b>Total Financial Derivative Instruments</b>	<b>296,550</b>	<b>0.34</b>
		<b>Fair Value USD</b>	<b>Fund %</b>
	<b>Total Investments</b>	<b>72,433,109</b>	<b>80.22</b>
	<b>Other Net Assets</b>	<b>17,860,171</b>	<b>19.78</b>
	<b>Net Assets</b>	<b>90,293,280</b>	<b>100.00</b>

### Analysis of Total Assets

Transferable securities admitted to an official stock exchange listing	79.88
Exchange traded financial derivative instruments	(0.30)
Over - the - counter derivative instrumnets	0.64
Other assets	19.78
	<b>100.00</b>

- (a) The counterparty for the contracts for difference is HSBC.  
 (b) The counterparties for the open forward foreign currency exchange contracts are Goldman Sachs and HSBC.  
 (c) The counterparty for the open futures contracts is Goldman Sachs.  
 (d) The counterparty for the Warrant is warrant issuer.

# JK Funds Plc

## Schedule of Significant Portfolio Changes

In accordance with the UCITS Regulations, a statement of largest changes in the composition of the Schedule of Investments during the reporting period is provided to ensure that shareholders can identify changes in the investments held by the fund. These are defined as the aggregate purchases and sales of an investment (including maturities but excluding repurchase agreements, overnight discount notes and time deposits, which are employed chiefly as a means of seeking to ensure efficient portfolio management) exceeding 1.00% of the total value of purchases and sales for the year. At a minimum the largest 20 purchases and sales are listed.

<b>Purchases</b>	<b>Cost</b>
<b>Portfolio Securities</b>	<b>USD</b>
Baidu Inc-Spon ADR	6,952,103
Alibaba Group Holding-Sp ADR	6,041,970
Tencent Holdings Ltd	4,923,892
Samsung Electronics GDR	4,920,561
Paypal Holdings Inc	4,758,535
Hdfc Bank Ltd Adr	3,850,998
Icici Bank Ltd Spon ADR	3,732,700
Ping An Insurance Group Co - H	3,412,278
Facebook Inc-A (US)	3,200,209
Pershing Square Holdings Ltd	3,095,227
Etf's Physical Gold (Ln)	2,577,157
Bitcoin Tracker One - SEK	2,565,028
Alphabet Inc - Class A	2,562,242
Imperial Brands Plc	2,558,902
Aia Group Ltd	2,478,917
Micron Technology Inc	2,454,030
Capita Plc	2,431,695
Ctrip.Com International Ltd	2,290,521
Amazon.Com Inc	2,234,179
Amorepacific Corp	2,213,479
Galaxy Entertainment Group L	2,189,774
Hon Hai Precision Industry (Tt)	2,126,980
Reliance Industries Ltd	1,981,528
Berkshire Hathaway Inc-Class B	1,975,703
Goldman Sachs Group Inc	1,933,850
Prudential Plc	1,882,226
Bangkok Dusit Medical Sep 19 0%	1,856,025
Taiwan Semi ADR	1,850,545
Hargreaves Lansdown Equity	1,826,181
Tal Education Group	1,777,436

# JK Funds Plc

## Schedule of Significant Portfolio Changes (continued)

<b>Sales</b>	<b>Proceeds</b>
<b>Portfolio Securities</b>	<b>USD</b>
Treasury Bill Feb 17 0% (Berlin)	5,068,911
Bitcoin Tracker One - SEK	4,999,411
Treasury Bill Jan 17 0% (Berlin)	4,966,600
Baidu Inc-Spon ADR	4,756,330
Alibaba Group Holding-Sp ADR	4,099,732
Tencent Holdings Ltd	3,857,916
Hdfc Bank Ltd ADR	3,537,400
Icici Bank Ltd Spon ADR	3,525,084
Imperial Brands Plc	3,277,500
Paypal Holdings Inc	3,092,081
Jardine Matheson Holdings Ltd	2,988,563
Capita Plc	2,700,499
Pershing Square Holdings Ltd	2,475,026
Etf Physical Gold (Ln)	2,405,710
Alphabet Inc - Class A	2,258,844
Tokyo Electron Ltd Jt	2,204,861
Ayc Finance Ltd May 19 0.5%	2,182,920
Hon Hai Precision Industry (Tt)	2,059,720
Samsung Electronics GDR	1,993,040
Empiric Student Property Plc	1,986,046
Blackrock World Mining Trust	1,958,454
Ctrip.Com International Ltd	1,864,217
Jp Morgan Chase	1,737,321
Adobe Systems Inc	1,562,204
Tencent Holdings Ltd	1,552,843
Next Plc	1,529,419
Standard Chartered Plc Ord	1,510,392
Star Mica Co Ltd	1,455,681
Volkswagen Ag Pfd	1,447,371
Daito Trust Construct Co Ltd (Jp)	

# JK Funds Plc

## Appendix 1 (Unaudited)

### *Global exposure*

Where deemed appropriate, and subject to the UCITS Regulations, the Company may employ leverage including, without limitation, entering into derivatives transactions. The leverage created through the use of FDIs will be measured using either the commitment approach or using a sophisticated risk measurement technique known as “value-at-risk” (VaR) depending on the risk profile of the strategies pursued by the Fund.

The commitment approach calculates leverage by measuring the market value of the underlying exposures of FDIs. VaR is a statistical methodology that predicts, using historical data, the likely maximum loss that a Company could suffer, calculated to a specific (e.g. 95 per cent) confidence level over a certain holding period. Using a 95 per cent confidence interval, there is, therefore, a 5 per cent statistical chance that the daily VaR limit may be exceeded over the holding period. In accordance with the requirements of the Central Bank, a Fund may use an “absolute” VaR model where the measurement of VaR is relative to the NAV of the Fund or the Fund may use a relative VaR model where the measurement of VaR is relative to a derivatives free comparable benchmark or equivalent portfolio. Where an “absolute” VaR model is used, the VaR of the Fund may not exceed either:

- (i) 4.47 per cent of the NAV of the Fund, based on a 1 day holding period and a ‘one-tailed’ confidence interval of 99 per cent or
- (ii) 20 per cent of the NAV of the Fund, based on a 20 day holding period and a ‘one-tailed’ confidence interval of 99 per cent.

Where a “relative” VaR model is used, the VaR may not exceed twice the VaR of the derivatives free benchmark or equivalent portfolio.

As the Fund may engage in FDIs to the extent that the commitment approach does not adequately capture the global exposure of the portfolio, the Investment Manager has advised the Directors that they consider the Value at Risk (“VaR”) methodology as an appropriate methodology to calculate the Company's global exposure and market risk, taking into account the investment objectives and policies of the Company and the complexity of the FDIs used. The Fund will be leveraged as a result of its use of FDIs and may therefore generate a notional exposure above 100 per cent of the NAV of the Fund when calculated using VaR methodology. VaR is the advanced risk measurement methodology used to assess the Fund's market risk. This leverage effect entails greater risk for investors.

Investors should be aware that VaR is a way of measuring the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions. The Fund could however be exposed to losses which are much greater than envisaged by VaR, more so under abnormal market conditions. It should be noted that VaR does not explicitly measure leverage; rather, VaR is a statistical risk measure and the actual loss of a particular transaction or to the Fund overall may materially exceed the loss indicated by the use of VaR.

The level of leverage (calculated as a sum of the notional exposure of FDIs being utilised by the Fund) under normal circumstances is not expected to be more than 350 per cent of the NAV of the Fund. It is possible that leverage may exceed this range and the Fund may be subject to higher leverage levels from time to time. The Investment Manager expects that the leverage employed by the Fund will not exceed 500 per cent of the NAV of the Fund. However, it may exceed this target. The expected level of leverage range is calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the requirements of the Central Bank. This figure does not take into account any netting and hedging arrangements that the Fund has in place at any time even though these netting and hedging arrangements are used for risk reduction purposes and is therefore not a risk-adjusted method of measuring leverage which means this figure is higher than it otherwise would be if such netting and hedging arrangements were taken into account. As these netting and hedging arrangements, if taken into account, may reduce the level of leverage, this calculation may not provide an accurate measure of the Fund's actual leverage position. There are limitations in using VaR as a statistical measure of risk because it does not directly limit the level of leverage in the Fund and only describes the risk of loss in prevailing market conditions and would not capture future significant changes in volatility.

The Fund will use the absolute VaR model. In applying the VaR model, the following quantitative standards are used:

- the ‘one-tailed’ confidence level is 99%;
- the holding period is 20 days; and
- the historical observation period is longer than one year.

The VaR shall not exceed 20 per cent of the NAV of the Fund, based on the above quantitative standards. The absolute VaR model is considered appropriate as the Fund does not define the investment target in relation to a benchmark.

# JK Funds Plc

## Appendix 1 (Unaudited) (continued)

### *Global exposure (continued)*

The following table details the lowest, the highest and the average utilisation of the VaR limit calculated during the year ended 31 December 2017 and 31 December 2016 and the VaR limit of the Fund:

<b>JK Global Opportunities Fund</b>	<b>Lowest</b>	<b>VaR at year end</b>	<b>Highest</b>	<b>Average</b>	<b>VaR Limit</b>
31 December 2017	6.14939	12.15	14.50540	10.85791	20%
31 December 2016	4.05696	6.15	13.24212	9.25469	20%

The absolute leverage of the Company's financial derivative instruments based on notional amounts held at 31 December 2017, as a percent of the dealing NAV on that date, was 91% (2016: 308%). This represents the gross notional value without netting of contracts for difference, index futures, currency forwards including hedging non-base currency.

# JK Funds Plc

## Appendix 2 (Unaudited)

### Remuneration Disclosure

In line with the requirements of regulation 89 (3A) of the UCITS Regulations, JK Funds PLC (the "Company") is required to establish, implement and maintain a remuneration policy (the "Remuneration Policy") which is in accordance with the requirements of the UCITS Regulations, and the European Securities and Markets Authority's "Guidelines on sound remuneration policies under the UCITS directive and under AIFMD" (the "ESMA Guidelines").

This Remuneration Policy sets out the remuneration policies for the Company and describes remuneration practices for the Company. It ensures that any relevant conflicts of interest can be managed appropriately at all times and sets out practices for certain Identified Staff, as defined below, that are consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company.

This Remuneration Policy is in line with the business strategy, objectives, values and interests of the Company and the investors in the Company and includes measures to avoid conflicts of interest.

### Identified Staff

The UCITS Regulations require the Company to identify the categories of staff, including senior management, risk takers, control functions and any employees receiving total remuneration that falls into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Company and categories of staff of the entity to which investment management activities have been outsourced, whose professional activities have a material impact on the risk profiles of the Company.

The Company is controlled and managed by the Board, but does not currently have any staff. Accordingly, "**Identified Staff**" for the purpose of this Remuneration Policy comprises the Board.

As the Board has outsourced its investment management activities to the Investment Manager the Board has ensured that the Investment Manager is subject to regulatory requirements on remuneration that are equally as effective as those applicable under the UCITS Regulations and the ESMA Guidelines.

### Variable Remuneration

Francis Kirkpatrick and Simon Jones, as employees of JK Funds PLC, have waived their right to receive a Director's fee from the Company. The independent non-executive Directors receive fixed remuneration of EUR 15,000 per annum in respect of their services. None of the Directors are currently in receipt of variable remuneration in respect of their services as Directors of the Company. None of the Directors are currently in receipt of a pension from the Company.

The Company has determined that the fixed remuneration payable to the Directors who are not employees of JK Funds PLC is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and its shareholders. The nature of the Directors' remuneration, being fixed and not including any variable component and being determined by the Board as a whole, ensures that the Company appropriately manages any conflicts of interest in respect of remuneration.

### Remuneration Committee

The UCITS Regulations require self-managed investment companies that are significant in terms of their size, their internal organisation and the nature, scope and complexity of their activities to establish a remuneration committee. Having considered these criteria, the Company has determined that it is not significant in these respects and has not established a remuneration committee.

### Disclosure

The Company shall comply with the disclosure requirements set out in the UCITS Regulations. The total amount of remuneration for the financial year paid by the Company to its staff, the aggregate amount of remuneration broken down by the relevant categories of employees (i.e. the Directors of the Company), a description of how the remuneration has been calculated and any material changes to this Remuneration Policy shall be disclosed in the Company's annual report. Refer to "Variable Remuneration" section of this Appendix for details.

### Annual review

On an annual basis the Board will review the terms of this Remuneration Policy and assess whether its overall remuneration system operates as intended and is compliant with the obligations on remuneration policies as set out in the UCITS Regulations. The Remuneration Policy will be updated by the Board as and when required.

# JK Funds Plc

## Appendix 3 (Unaudited)

### Securities Financing Transactions Regulation

Article 13 of Regulation (EU) 2015/2365 of the European Parliament and of the Council on transparency of securities financing transactions (SFTs) and of reuse and amending Regulation (EU) No 648/2012, requires UCITS investment companies to provide the following information in their annual and semi-annual reports published after 13 January 2017 on the use made of SFTs.

For the year ended 31 December 2017, contracts for difference (CFDs) on JK Global Opportunities Fund are deemed to be in scope for this SFT regulation.

31 December 2017

Fund name	Notional value of assets engaged in securities financing transactions		Settlement/clearing for CFDs	Maturity tenor of CFDs USD	
	Notional value USD	% of Net Assets		3 months to 1 year	Greater than 1 year
JK Global Opportunities Fund	25,509,918	28.25%	Bi-lateral	2,973,000	22,536,918

Listed below is the counterparty used for the CFDs

Type	Quality	Currency	Maturity tenor of the collateral
			Open maturity
<b>Cash</b>			
Initial margin	N/A	USD	4,257,034
Variation margin	N/A	USD	217,554
Collateral excess	N/A	USD	590,116

Listed below is the counterparty used for the Forward Foreign Currency Exchange Contracts

Type	Quality	Currency	Maturity tenor of the collateral
			Open maturity
<b>Cash</b>			
Initial and Variation margin	N/A	USD	1,415,296

Listed below is the collateral issuer

Name	Value of collateral received	Value of collateral pledged USD
JK Global Opportunities Fund	N/A	6,480,000
<b>Re-investment of collateral received</b>		
Returns on Cash Collateral re-invested	N/A	

### Safe-keeping of collateral received

Detailed in the table below are the number and names of the depositaries who are responsible for the safe-keeping of the collateral received in relation to each of the SFTs held on the fund

Number of Depositaries	N/A
Depositary	N/A
Cash Collateral	N/A

### Safe-keeping of collateral pledged

Included in the table below are details of the safe-keeping of the collateral pledged from the Fund to the relevant counterparties in relation to each of the CFDs held on the Fund.

Total value of collateral pledged USD	6,480,000
Counterparty	HSBC Bank Plc

### Returns and costs of the CFDs

Fund	Income received USD	Realised Gains/Losses USD	Change in Unrealised Gains/Losses USD
JK Global Opportunities Fund	202,616.31	2,961,676	(41,210)