

## JK Global Opportunities Fund

May 2019

USD Class -6.21%, GBP Class -6.37%, YEN Class -6.37%, EUR Class -6.46% in May.

The Fund fell -6.21% (USD Class) in May, largely due to the Fund's significant exposure to Asian equities, in particular Hong Kong, China and Japan. Needless to say, we had not been expecting such a ratchet up in the trade/tariff war, but clearly the Donald felt otherwise and decided to lob a grenade into proceedings, which in turn generated a meaningful swoon in risk assets. This aggressive tactic has now backed both the US and China into a corner, as Xi will not be seen to be cowed by aggressive tactics from the US, and the US will need to make good on their more aggressive stance. All this at a time when the high frequency economic data globally was starting to slide quite meaningfully, with global bond yields across the curve falling significantly. The subsequent fall in the US ten year yield has left the three month/ten year curve inverted, which normally signals a decent chance of a recession. If that wasn't bad enough, Trump then proceeded to take aim at Iran, egged on of course by John Bolton, a man who has never found a regime he didn't want to go to war with, which further unsettled markets. Clearly the FED were watching proceedings closely and did come to the rescue with reassuringly dovish comments on policy, with the markets now predicting one or two cuts in the Fed Funds rate over the next few months. Quite a shift in policy from a few months ago, which does rather imply that the FED 'put' is back on the table. Needless to say one can spend hours debating the moral, ideological, theoretical appropriateness of this 'monetary policy for the rich' but as investors ours is not to reason why, but to accept such policy for what it is and invest accordingly. As such, having reduced risk during the month, we now find ourselves increasing it again, but with a greater focus on global quality equities, and less on Asian counters.

Most economic forecasts that we have seen are suggesting that this further escalation in the trade war, when combined with the previous measures will leave global GDP about 0.5% lower than it would otherwise have been by the end of 2020. Whilst we don't put a lot of stock in economic forecasts, ceteris paribus they do highlight the negative growth implications of restricting trade in this way. Obviously there will be a policy response – as we are seeing – which will mollify this negative impact, but nonetheless this all brings to the fore the more serious question of whether or not globalisation is at an end, and that we are now in an environment of Balkanisation of the global economy – we certainly hope not.

As noted above, despite all the geopolitical uncertainty, most equity markets, and the US in particular, have remained resilient, albeit in a volatile manner. The huge rally in global bond yields has left equities looking rather cheap again in our view, and absent any meaningful increase in inflation look set to rally further. We are rebuilding exposures in light of this view.

*JK Global Opportunities Fund is a weekly dealing UCITS fund. It can be held by ISA's, SIPP's, Pensions, Charities, Family Offices, Endowments, as a direct holding or through a Private Wealth Manager. All classes have UK Reporting Status.*

USD Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2019	+3.17	+2.05	+1.37	+2.21	-6.21								+2.32
2018	+6.49	-1.25	-1.89	-0.89	+3.75	-3.06	+0.12	+1.25	-2.14	-6.91	+0.28	-4.47	-9.02
2017	+3.07	-1.06	+2.06	+3.56	+2.15	-0.31	+2.96	+2.35	+0.63	+5.47	+2.60	+1.71	+28.09
2016	-5.53	+0.16	+6.52	-0.81	+0.93	-1.32	+3.74	-0.81	+1.53	+1.86	+0.22	-1.82	+4.26
2015	+1.95	+3.92	+0.28	+2.17	+3.81	-4.75	-0.15	-8.28	-6.48	+6.34	+1.36	-0.74	-1.65
2014	-4.07	-1.88	-0.95	-4.73	+0.85	+1.92	+0.05	-1.59	+1.97	+0.18	+7.70	-2.84	-3.91
2013	+6.06	-1.22	+3.54	+8.83	-2.63	-3.09	+3.02	-0.86	+6.57	+1.00	+4.52	+3.38	+32.33
2012	+2.43	+4.80	-0.65	-2.03	-1.50	-0.87	+0.72	+1.52	-0.56	-1.22	+1.23	+4.79	+8.72
2011	-0.95	-0.20	-1.13	+0.82	-2.88	-1.55	-1.50	-1.17	-3.51	+0.94	-2.63	+0.34	-12.73
2010	+0.81	+0.84	+3.74	+1.92	-3.95	+1.76	+0.74	+0.87	+0.01	+1.39	-0.88	+1.72	+9.13
2009	-2.51	+0.03	+3.13	+2.13	+13.8	+3.42	+6.08	+1.06	+0.99	+1.58	-1.10	+3.14	+35.61
2008	-1.76	-0.01	-0.50	+1.22	-1.15	-4.74	-1.58	-1.00	-1.93	-0.05	-0.44	+2.83	-8.92
2007	+2.01	-1.34	-2.35	-0.81	+1.63	+4.04	+0.41	-6.10	+0.14	-1.38	-3.97	-3.74	-11.27
2006	+0.13	-3.78	+3.72	-2.27	-3.75	+1.57	-4.58	+3.13	-0.84	+2.73	-1.03	+1.61	-3.75
2005	-0.75	+1.04	+0.36	-0.65	-1.05	+0.90	+2.01	+1.99	+9.65	+4.55	+7.71	+9.41	+40.31
2004	+0.82	+2.03	+6.57	+0.16	-2.15	+1.61	-1.66	-0.96	-0.48	-0.78	-0.27	+2.18	+6.98
2003											+0.01	+0.39	+0.40

GBP Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2019	+2.98	+1.93	+1.23	+2.13	-6.37								+1.59
2018	+6.32	-1.45	-2.01	-1.05	+3.67	-3.30	-0.01	+1.14	-2.35	-7.11	+0.08	-4.64	-10.85
2017	+2.97	-1.11	+1.97	+3.52	+2.16	-0.43	+2.84	+2.19	+0.46	+5.38	+2.54	+1.55	+26.66
2016	-5.68	+0.15	+6.37	-0.85	+0.92	-1.35	+3.67	-0.87	+1.49	+1.80	+0.20	-1.92	+3.50
2015	+1.87	+3.87	+0.24	+2.11	+3.89	-4.65	-0.16	-8.20	-6.51	+6.29	+1.40	-0.77	-1.69
2014	-4.02	-1.96	-0.93	-4.69	+0.89	+1.90	+0.06	-1.61	+2.02	+0.09	+7.77	-2.86	-3.86
2013	+6.18	-1.23	+3.52	+8.65	-2.79	-2.93	+3.05	-0.77	+6.43	+0.96	+4.15	+3.23	+31.51
2012	+2.43	+4.74	-0.62	-1.98	-1.54	-0.84	+0.73	+1.49	-0.54	-1.21	+1.25	+4.75	+8.68
2011	-0.92	-0.19	-1.13	+0.80	-2.89	-1.55	-1.43	-1.14	-3.60	+0.94	-2.67	+0.37	-12.71
2010	+0.83	+0.90	+3.77	+1.93	-4.44	+1.69	+0.70	+0.87	+0.02	+1.38	-0.88	+1.74	+8.62
2009				+1.73	+10.1	+2.66	+5.01	+1.23	+1.25	+1.57	-1.14	+3.32	+28.40

YEN Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2019	+2.95	+1.87	+1.16	+1.97	-6.37								+1.29
2018	+6.38	-1.42	-2.06	-1.14	+3.59	-3.26	-0.11	+1.15	-2.45	-7.06	+0.07	-4.74	-11.15
2017	+2.87	-1.14	+1.88	+3.57	+2.21	-0.63	+2.83	+2.20	+0.54	+5.33	+2.42	+1.49	+26.07
2016	-5.47	+0.00	+6.50	-0.83	+0.89	-1.40	+3.87	-0.93	+1.38	+1.74	+0.07	-2.01	+3.36
2015	+1.96	+3.85	+0.29	+2.08	+3.93	-4.77	-0.19	-8.07	-6.54	+6.33	+1.42	-0.85	-1.63
2014	-4.10	-1.86	-0.96	-4.74	+0.82	+1.90	+0.03	-1.61	+2.03	+0.51	+7.92	-2.93	-3.53
2013	+6.31	-1.17	+3.49	+9.16	-2.78	-3.02	+2.98	-0.88	+6.62	+0.99	+4.61	+3.52	+33.21
2012	+2.35	+5.36	-0.68	-2.00	-1.50	-0.92	+0.66	+1.49	-0.58	-1.26	+1.24	+4.98	+9.18
2011	-0.99	-0.21	-1.17	+0.78	-2.91	-1.54	-1.47	-1.21	-3.52	+0.90	-2.67	+0.25	-13.02
2010	+0.76	+0.82	+3.93	+1.90	-3.62	+1.67	+0.68	+0.83	-0.02	+1.32	-0.92	+1.62	+9.17
2009	-0.44	+2.14	+2.41	+3.29	+17.6	+5.35	+2.75	+1.22	+1.17	+1.98	-1.32	+3.85	+46.57
2008	-1.92	-0.22	-0.69	+1.09	-1.31	-4.88	-1.77	-1.32	-1.87	-1.00	-0.86	+2.31	-11.89
2007	+1.64	-1.67	-2.71	-1.19	+1.26	+3.72	-0.03	-6.09	-0.28	-1.75	-4.16	-4.10	-14.68
2006	-0.31	-4.10	+3.40	-2.55	-4.13	+1.21	-5.00	+2.76	-1.23	+2.29	-1.43	+1.25	-7.99
2005	-0.94	+0.93	+0.20	-0.96	-1.36	+0.67	+2.08	+1.71	+9.66	+4.45	+7.66	+8.98	+37.47
2004	+0.74	+2.04	+6.20	+0.45	-2.20	+1.52	-1.82	-1.04	-0.61	-0.88	-0.40	+2.01	+5.88
2003											-0.06	+0.31	+0.25

EURO Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2019	+2.90	+1.82	+1.11	+1.96	-6.46								+1.03
2018	+6.36	-1.44	-2.09	-1.16	+3.59	-3.39	-0.10	+1.12	-2.53	-7.19	+0.03	-4.75	-11.61
2017										+3.69*	+2.47	+1.43	+7.77*

\*Euro Class started on 04-Oct-17

NAV as at 31-May-19	
GBP class	195.25
USD class	255.89
Yen class	22,738.16
Euro Class	96.24

Source: Apex Fund Services (Ireland) Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	82	-23
Level 2	20	0
Level 3	0	0
Total	102	-23

Source: JK Investment Management LLP

For more information on the Fund, please see [www.jkim.co.uk](http://www.jkim.co.uk)

**Administrator for JK Global Opportunities Fund (Orders by 3pm on a Tuesday)**

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All data is Net of management and performance fees. Fund was launched on November 3<sup>rd</sup> 2003. GBP Class launched 1st April 2009.  
Mandate broadened to Asia Inc Japan and Name of Fund changed April 1<sup>st</sup> 2009. Please note that performance from 1st April 2009 to 30th August 2013 is for the JK Absolute Return Fund. This Fund re-domiciled from Cayman to Ireland becoming an Irish UCITS on 30th August 2013 and changed its name to The JK Global Opportunities Fund. Management and performance fees have also been reduced from this date (see Prospectus in for details). Historic performance is not a guide to future returns.  
Source: JKIM LLP, Apex Fund Services (Ireland) Ltd.

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