JK Global Opportunities Fund November 2016

The Fund rose +0.20% in November (GBP Class, Net of Fees).

The Fund closed the month virtually unchanged, in what was a most eventful month. Equity markets proved more resilient than we had expected given the Trump victory, the Dollar rallied and bonds sold off. Within the equity market(s) there were meaningful moves in reflationary beneficiaries, as well as financials. Bond proxies continued to sell-off, a trend we expect to continue. Given the huge 'clustering' of exposures to this category of equity, and the offsetting massive underweight exposure to the reflation trade, we can't help feeling a major leadership transition is underway – from growth/bond proxy equities to value, cyclicals and financials.

Trump, and his 'America First' policy also has implications for Asia and EMs, and not necessarily positive ones as far as we can see (more of which below). So, despite valuation merits we have been reducing exposures here (ex-Japan) and building positions selectively in developed markets, in particular the U.S. We have increased Dollar long exposures versus the YEN, Renminbi, and Turkish lira, and continue to add to our short bond positions opportunistically.

Our short bond focus remains on Japan, Italy, France, and the U.K. We won't rehash all our arguments for this, but would note a recent Wolfstreet article which highlights that French public debt has reached almost 97% of GDP, the 7th highest in Europe. Elsewhere, Italy comes in at 132% of GDP and Portugal 128%. In the case of France, which is indicative of much of Europe, the consensus is that the deficit will be 3.4% GDP this year and 3.1% next. The economy lacks competitiveness and is stuck on a weak growth trajectory, preventing it from reducing its debt and deficit levels. Productivity has fallen in 3 of the last 4 years and is up only 3.3% since 1990. Clearly French bond prices do not adequately compensate investors for this negative debt dynamic, given 10 year yields of 0.7%.

Just to recap, after the GFC, credit expansion in many EMs shot up (in particular China) and the non-financial sector debt-to-GDP ratio expanded enormously. Inflation and imbalances have driven property prices to uncomfortably high levels in a number of EMs. Also, massive increases in the capacity to produce raw commodities and the intermediate products required to support the building and construction industries has created a major overcapacity issue. Many EMs now have deep structural problems, which look to us at least to be under-estimated. The nature of the previous inflows adds to concerns about prospective capital outflows from EMs. In earlier years they were mostly driven by cross border bank loans, but off-shore EM corporate bond issues have dominated the flows recently. Most of these bonds being denominated in dollars and euros raises the spectre of currency mismatches like those seen in the South-east Asian crisis of 1997. The result of this is that global finance is more dollarized today than at any time in history, with 10 trillion of dollar debt trading globally outside US jurisdiction and beyond full control, up fivefold since 2002. Our belief that the US Dollar will strengthen further from current levels will surely exert considerable pressure on EM's and other debtor regions. In particular, we see potential flashpoints in China and the likes of Turkey over the next six months. In the case of Turkey, as well as the political risk, the weakness in the economic model - a current account deficit of 5% of GDP; short term external debt above 108% of foreign exchange reserves; and a banking system funded heavily in US Dollars - leaves it highly vulnerable to a strengthening greenback.

In the case of China, our sense is that the capital account is starting to leak meaningfully again, and China is having to sell treasuries at an accelerating rate as it runs down reserves to defend the yuan. One can't help but sense we have the beginnings of a classic negative feedback loop where forced sales by EMs push US yields higher, in turn strengthening the Dollar, compelling these countries to sell even more reserves and so on until the system short-circuits. Trump is not helping here, with his protectionist rhetoric which has the potential to put the whole, already struggling, Asian (ex-Japan) growth model under monumental pressure.

Trump, when combined with an already unsettled political landscape globally is creating a lot of moving parts for investors, and it would be wrong to take too dogmatic a view given this. However, a significant regime trend does appears to be underway across asset classes, as well as within. Equities should benefit at the expense of bonds, which look very vulnerable. The US, despite its relative overvaluation looks likely to benefit most, along with the US Dollar, with Asia and EM worse. We continue to feel that Japan will perform well, as foreigners have sold, earnings have bottomed, and the market has a very positive supply/demand balance. The post QE leaders within developed equity markets, which are now over-valued and over-owned, look set for a period of relative underperformance, and there is likely to be a continuation of the shift towards value away from growth.

The key risk to a more constructive US equity outlook is a sharp sell-off in bonds from current levels. This is a very real risk in our view, as we expect the US 10 year Treasury bond to yield between 4% and 5% within a couple of years.

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 Reporting Status.*

NAV as at 30-Nov-16	
GBP class	173.54
USD class	218.57
Yen class	20,451.48

Source: State Street (Services) Ireland Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	69	-52
Level 2	11	0
Level 3	0	0
Total	80	-52

Source: JK Investment Management LLP.

All data is Net of management and performance fees. Fund was launched on November 3rd 2003. GBP Class launched 1st April 2009. Mandate broadened to Asia Inc Japan and Name of Fund changed April 1st 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: GSAS, IFS, State Street Dublin.

GBP Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2016	-5.68	+0.15	+6.37	-0.85	+0.92	-1.35	+3.67	-0.87	+1.49	+1.80	+0.20		**+5.53**
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**

USD Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2016	-5.53	+0.16	+6.52	-0.81	+0.93	-1.32	+3.74	-0.81	+1.53	+1.86	+0.22		**+6.19**
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**

Yen Class (%)													
	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Ytd**
2016	-5.47	+0.00	+6.50	-0.83	+0.89	-1.40	+3.87	-0.93	+1.38	+1.74	+0.07		**+5.48**
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**

For more information on the Fund, please see **www.jkim.co.uk**

For dealing, please place orders with the Administrator by **3pm on a Tuesday**

Administrator for JK Global Opportunities Fund
Attn: JK TA Dealing Team   Tel: +353 1 242 5433

For the use of Professional Investors only

Important Notice

This document is issued by JK Investment Management LLP ("JKIM") only to, and is directed only at persons who are professional clients and eligible counterparties for the purposes of the Markets in Financial Instruments Directive ("MiFID"). Information contained in this document must not be relied or acted upon by any other persons. This document is only intended for use by investors registered or domiciled in EEA jurisdictions.
Please contact JKIM if you require any further information on your status.
JKIM is authorised and regulated by the Financial Conduct Authority of the United Kingdom ("FCA") and is registered in England under Registration No: OC304800. The registered office address of JKIM is Bury House, 3 Bury Street, Guildford, Surrey GU2 4AW. The regulatory status of JKIM can be confirmed on the FCA website at http://www.fsa.gov.uk/register/.
The material contained in this document is directed only at persons or entities in any jurisdiction or country where such access to information contained herein and use thereof is not contrary to local law or regulation. Accordingly, all persons who read this document are required to inform themselves of and to comply with any such restrictions.
Information Only: Nothing in this document constitutes or forms part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, shares, units or other interests ("Shares") in investments referred to herein. Nor shall this document form the basis of, or be relied on in connection with, any contract for Shares. Applications to invest in any product referred to in this document must only be made on the basis of the documentation relating to the specific investment and you should refer to your investment adviser. If you are in any doubt about the information contained in this document please call us on 01483 301142 or consult a professional financial adviser.
No Reliance and No Advice: The information contained in this document is provided solely on the basis that you make your own investment decision and does not constitute a personal recommendation or investment advice. You alone will bear the sole responsibility of evaluating the merits and risks associated with the use of any such information, opinions, estimates and content. JKIM only provides information on its own products. The information contained in this document is provided without obligation on the party of JKIM or its associates and on the understanding that any person who acts upon it or changed his investment position in reliance on it does so entirely at his own risk. Furthermore, the firm is not in a position to advise retail clients (as defined in the FCA Handbook) on your particular circumstances and particular merits of investing in the products.
Nothing contained in this document constitutes investment, legal, tax or other advice nor is to be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. **Accuracy of Information:** Although JKIM has taken all reasonable care to ensure that the information contained in this document is accurate at the time of publication, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of such information and no liability is accepted by JKIM for the accuracy or completeness of such information. All information, opinions, estimates and content in this document are provided by JKIM for information purposes only and are subject to change without notice. Information contained in this document is current only at the date it is first posted and may no longer be true or complete when received by you.
Risk Factors: Past performance may not be repeated and should not be seen as a guide to future performance. The value of investments and the income from them may go down as well as up, and investors may not get back the amount originally invested. Exchange rates may cause the value of overseas investments and the income arising from them to rise or fall. The levels and bases of and reliefs from taxation may change. Investors should consult their own tax adviser in order to understand any applicable tax consequences. This list of risk factors is not complete and reference should be made to the documentation relating to the specific investment. An investment should only be made after receiving and reviewing the prospectus or offering memorandum and the risk factors contained therein.
No Warranty: The information, opinions, estimates and content in this document are provided without any representations or warranties of any kind (including, without limitation, representations or warranties as to their accuracy, reliability or completeness), whether express or implied.
Limitation of Liability: JKIM does not accept any liability for any direct, indirect, special or consequential loss or damage (in each case, including but not limited to: business interruption, loss of profits, loss of revenue, loss of anticipated savings and/or loss of good will), arising from, or in connection with the use of information contained in this document; or any decisions you make based on the information, opinions, estimates and content made available to you in this document whether or not such loss is reasonable foreseeable as at the date you read this document or JKIM has been advised of the possibility of you incurring such loss or damage, and whether occasioned by the negligence of JKIM or its employees, agent or subcontractors. This is not intended to exclude or restrict any duty or liability that JKIM has to its customers under the "regulatory system" in the United Kingdom (as defined in the FCA Handbook) or which may not be excluded or restricted as a matter of applicable law.

For further information please contact

Francis Kirkpatrick
JK Investment Management LLP
Bury House
3 Bury Street
Guildford
Surrey GU2 4AW
Tel: +44 1483 301 142
Fax: +44 1483 452 219
Email: fk@jkim.co.uk