

## JK Global Opportunities Fund

August 2018

USD Class +1.25%, GBP Class +1.14%, YEN Class +1.15%, EUR Class +1.12% in August.

The Fund rose 1.25% in August. The major positive contribution came from US equities, in particular the fund's holdings in Apple, Amazon and Paypal, with the Chinese equity holdings providing a drag on performance despite a strong bounce in Brilliance China. The fund's short position in the EuroStoxx future also added value, as did the fund's long US Dollar positioning.

If we look at the major headwinds faced by markets so far this year, the most important are that 1) central banks are now draining liquidity as quantitative easing and central bank balance sheet expansion is going into reverse, 2) the US Dollar is strengthening, in turn putting significant pressure on Emerging Markets, 3) the FED is raising rates, 4) the US is adopting a more protectionist stance and imposing tariffs, and 5) China is engineering a slowdown in its own economy, which in turn has numerous global implications.

On the positive side of the ledger, 1) the global economy remains robust, even if it is slowing somewhat, 2) the US economy is strong, helped by Trump's tax cuts in particular, 3) earnings in general are exceeding expectations in the US, Europe, and Japan, 4) equity markets have de-rated from a valuation perspective and look decent value in absolute terms, and very attractive relative to bonds and 5) real rates remain negative virtually everywhere.

Within equities, the Fund's main exposures at the time of writing are to the US (approx. 17%), Asia ex-Japan (approx. 26%), and the UK (approx. 12%), with a net short position in Europe (approx. 5%). Equities remain the asset of choice for the Fund as we do not believe they look particularly over-valued. In fact, Asian equities, and in particular China, look good value and we are adding to exposures gradually after the recent large falls. The US equity market continues to exhibit the best momentum characteristics, with technology leading the way. Corporate earnings are breaking out to all-time highs, along with the S&P500 and NASDAQ indices. Whilst we expect volatility to return at any moment, given Trump and the possibility of a nasty escalation in trade rhetoric, we do feel that a lot of this is already discounted. We would note also that investor positioning is not excessive, and sentiment remains somewhat muted.

Elsewhere, we are rebuilding short positions in Italian bonds. Yields are breaking out in this market at the 3% level, and we expect them to move in the direction of 5% over the next 12 months or so. The Fund is long the US Dollar and Sterling, and short EURO. The long Dollar positioning should act as a natural hedge to any sell-off in risk assets.

*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.*

| GBP Class (%) |       |       |       |       |       |       |       |       |       |       |       |       |        |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|               | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Ytd    |
| 2018          | +6.32 | -1.45 | -2.01 | -1.05 | +3.67 | -3.30 | -0.01 | +1.14 |       |       |       |       | +2.99  |
| 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 |

| USD Class (%) |       |       |       |       |       |       |       |       |       |       |       |       |        |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|               | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Ytd    |
| 2018          | +6.49 | -1.25 | -1.89 | -0.89 | +3.75 | -3.06 | +0.12 | +1.25 |       |       |       |       | +4.26  |
| 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  |

| EURO Class (%) |       |       |       |       |       |       |       |       |     |        |       |       |        |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-----|--------|-------|-------|--------|
|                | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep | Oct    | Nov   | Dec   | Ytd    |
| 2018           | +6.36 | -1.44 | -2.09 | -1.16 | +3.59 | -3.39 | -0.11 | +1.15 |     |        |       |       | +2.81  |
| 2017           |       |       |       |       |       |       |       |       |     | +3.69* | +2.47 | +1.43 | +7.77* |

\*Euro Class started on 04-Oct-17

| YEN Class (%) |       |       |       |       |       |       |       |       |       |       |       |       |        |
|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
|               | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Ytd    |
| 2018          | +6.38 | -1.42 | -2.06 | -1.16 | +3.59 | -3.26 | -0.10 | +1.12 |       |       |       |       | +2.56  |
| 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  |

| NAV as at 31-Aug-18 |           |
|---------------------|-----------|
| GBP class           | 222.02    |
| USD class           | 286.57    |
| Yen class           | 25,974.92 |
| Euro Class          | 110.53    |

Source: Apex Fund Services (Ireland) Ltd.

| Asset Type as at above date (market exposure % of Total NAV) |      |       |
|--|------|-------|
|  | Long | Short |
| Level 1  | 115  | -15   |
| Level 2  | 31   | 0     |
| Level 3  | 0    | 0     |
| Total  | 146  | -15   |

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)**

Apex Fund Services, Dublin Tel: +353 21 463 3366, Fax: +353 21 463 3377,

Email: [jkinvestments@apexfunds.ie](mailto:jkinvestments@apexfunds.ie)

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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### 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](mailto:fk@jkim.co.uk)