

# JK Global Opportunities Fund

## JK Global Opportunities Fund

December 2022

USD Class -2.29%, GBP Class -2.46%, YEN Class -2.64%, EUR Class -2.54% in December.

The Fund fell -2.29% (USD Class, net of fees) in December, marking the end of a very difficult year for financial assets and the Fund. As equity markets tumbled last month, our holdings in Japan and the US weighed on performance. This was somewhat offset by gains in our China Internet ETF, short JGB position, and long Euro position.

December resembled a fairly typical 2H22 month. In particular, it followed the familiar playbook of “bad news equals good news”, before a FED reality check. The weaker than expected CPI and wage data in the US caused markets to rally, as investors sought to front-run any “FED pivot”. No less than 24 hours later, however, and Jay Powell was back on the airwaves with his usual fighting talk on rates and inflation. As such, markets quickly gave back these early gains, with global equities ending the month down -4.05%.

The other major event last month was the surprise move by the Bank of Japan (BoJ) regarding its Yield Curve Control (YCC) policy. In particular, they widened the admissible trading band for 10yr JGB yields from plus or minus 25bps, to plus or minus 50bps. While this seems like a minor adjustment, we view this as a major policy shift that could have serious ramifications for global markets – the most obvious being the Yen and JGB market.

To us, the move symbolised a growing discomfort with rising inflation in Japan – which seems to be finally catching up with the rest of the world – as well as relentless Yen weakness. Importantly, wage growth has started to pick up in earnest, which corroborates with our recent conversations with Japanese corporates, and will have likely played a big part in the BoJ’s decision. Our view is that this is a serious “sea change” in policy and will result in further tightening measures soon. As such, we have a 10% long position in the Yen and a 33% short position in JGBs, which look particularly vulnerable to a any further loosening of YCC.

2022 generated the worst returns across a balance of bond and equity markets since the late 1960s, as interest rates and inflation shifted materially higher. For example, A “60/40” portfolio lost 17%, the worst performance in over 50 years. It also was the worst year for the Fund, by some margin. Not surprisingly, all the losses occurred in the equity book, and within that, losses arose mainly in the US and China exposures.

Clearly during 2022 we were too long risk, as well as misjudging some key geopolitical developments. In particular, Xi’s policy in the run-up to the party Conference last November was far more aggressive, both in terms of COVID policy, as well as policy as it related to the property and stock markets, than we had expected. Our relatively hawkish view on inflation and FED policy proved broadly correct, enabling us to make money in the currency and bond book, but our attempts to bottom fish in some of the US high growth equity names (Farfetch, Nvidia, Sea Corp, and Mercadolibre), proved premature. However, with corrections of 75%+ in many of our favourite companies, we are looking for opportunities to add to positions. Patience will be required.

To summarise, the equity book lost -25%, FX made +5.5%, the Convertible Bond book lost -1.5% and the government bond book made +0.5%.

Looking forward, we are more optimistic. The global liquidity backdrop is improving gradually, helped in part by US Dollar weakness. We have likely seen the peak in inflation, and are therefore largely through the FED/global Central Bank's tightening cycles. Xi has provided a massive fillip by making a complete U-turn on the policies mentioned above, which should get things going nicely in the Emerging market space. Commodities are due another run in our view. Given this outlook we have added risk, with a focus on emerging markets, principally China/HK, commodities, and UK and European equities. We retain our short position in Japan Government bonds (as noted above), and remain short the US Dollar. We have started to buy selected high growth technology names in the US, as we expect M&A activity to pick up in this space.

Thank you for your patience and continued support. Wishing you all the very best for 2023.

Top 5 Performing Positions in Month		Bottom 5 Positions in Month	
	Contribution to NAV		Contribution to NAV
Short 10-year JGB	+0.54%	JK Japan Fund*	-0.98%
Long EUR Short USD	+0.39%	Long S&P 500 Futs	-0.98%
Kraneshares China Internet	+0.33%	Farfetch Ltd	-0.54%
Menicom 0% 25 CB	+0.12%	Long NASDAQ 100 Futs	-0.54%
Senko 0% 25 CB	+0.10%	Long SGX Nifty 50	-0.17%

CY 2022 Attribution by Asset Class		CY 2022 Attribution of Equities by Region	
	Contribution to NAV		Contribution to NAV
Equities	-22.6%	US	-7.0%
Fixed Income	-0.1%	China	-4.9%
Convertible Bonds	-1.1%	Japan	-3.1%
FX	+4.9%	UK	-2.8%
Other	-0.02%	Other	-2.6%
Total	-19.1%	Europe	-2.3%

***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 (%) ISIN IE00BBCR2L08													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-7.34	-2.04	-0.96	-3.36	-0.40	-4.50	-2.06	-1.40	-1.03	-0.57	+2.85	-2.29	<b>-21.07</b>
2021	+2.69	+1.99	-0.98	+1.91	-1.61	+1.11	-1.20	+0.36	-1.44	+0.51	-2.44	-0.35	<b>+0.42</b>
2020	-0.27	-1.87	-5.25	+6.27	+2.16	+5.24	+6.50	+2.75	-3.05	+1.43	+6.40	+7.77	<b>+30.72</b>
2019	+3.17	+2.05	+1.37	+2.21	-6.21	+2.59	-0.08	-1.19	-1.06	+2.89	+1.52	+4.79	<b>+12.22</b>
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	<b>-9.02</b>
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	<b>+28.09</b>
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	<b>+4.26</b>
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	<b>-1.65</b>
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	<b>-3.91</b>
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	<b>+32.33</b>
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	<b>+8.72</b>
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	<b>-12.73</b>
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	<b>+9.13</b>
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	<b>+35.61</b>
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	<b>-8.92</b>
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	<b>-11.27</b>
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	<b>-3.75</b>
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	<b>+40.31</b>
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	<b>+6.98</b>
2003											+0.01	+0.39	<b>+0.40</b>

GBP Class (%) ISIN IE00BBCR2K90													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-7.37	-2.00	-1.04	-3.51	-0.44	-4.55	-2.12	-1.56	-1.20	-0.56	+2.63	-2.46	<b>-21.94</b>
2021	+2.54	+1.97	-1.12	+1.86	-1.59	+1.11	-1.20	+0.34	-1.49	+0.49	-2.42	-0.43	<b>-0.09</b>
2020	-0.32	-2.00	-5.86	+6.18	+2.13	+5.73	+6.30	+2.64	-3.22	+1.35	+6.39	+7.67	<b>+29.26</b>
2019	+2.98	+1.93	+1.23	+2.13	-6.37	+2.45	-0.32	-1.37	-1.19	+2.72	+1.43	+4.62	<b>+10.20</b>
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	<b>-10.85</b>
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	<b>+26.66</b>
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	<b>+3.50</b>
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	<b>-1.69</b>
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	<b>-3.86</b>
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	<b>+31.51</b>
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	<b>+8.68</b>
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	<b>-12.71</b>
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	<b>+8.62</b>
2009				+1.73	+10.1	+2.66	+5.01	+1.23	+1.25	+1.57	-1.14	+3.32	<b>+28.40</b>

<b>YEN Class (%) ISIN IE00BBCR2M15</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2022</b>	-7.35	-2.03	-1.13	-3.53	-0.53	-4.55	-2.28	-1.70	-1.40	-0.93	+2.54	-2.64	<b>-22.99</b>
<b>2021</b>	+2.61	+2.12	-1.02	+1.87	-1.65	+1.09	-1.21	+0.33%	-1.48	+0.49	-2.41	-0.45	<b>+0.15</b>
<b>2020</b>	-0.46	-1.91	-5.67	+6.00	+2.17	+5.97	+6.45	+1.93	-3.11	+1.38	+6.34	+7.67	<b>+29.02</b>
<b>2019</b>	+2.95	+1.87	+1.16	+1.97	-6.37	+2.35	-0.27	-1.42	-1.29	+2.63	+1.38	+4.47	<b>+9.36</b>
<b>2018</b>	+6.38	-1.42	-2.06	-1.14	+3.59	-3.26	-0.11	+1.15	-2.45	-7.06	+0.07	-4.74	<b>-11.15</b>
<b>2017</b>	+2.87	-1.14	+1.88	+3.57	+2.21	-0.63	+2.83	+2.20	+0.54	+5.33	+2.42	+1.49	<b>+26.07</b>
<b>2016</b>	-5.47	+0.00	+6.50	-0.83	+0.89	-1.40	+3.87	-0.93	+1.38	+1.74	+0.07	-2.01	<b>+3.36</b>
<b>2015</b>	+1.96	+3.85	+0.29	+2.08	+3.93	-4.77	-0.19	-8.07	-6.54	+6.33	+1.42	-0.85	<b>-1.63</b>
<b>2014</b>	-4.10	-1.86	-0.96	-4.74	+0.82	+1.90	+0.03	-1.61	+2.03	+0.51	+7.92	-2.93	<b>-3.53</b>
<b>2013</b>	+6.31	-1.17	+3.49	+9.16	-2.78	-3.02	+2.98	-0.88	+6.62	+0.99	+4.61	+3.52	<b>+33.21</b>
<b>2012</b>	+2.35	+5.36	-0.68	-2.00	-1.50	-0.92	+0.66	+1.49	-0.58	-1.26	+1.24	+4.98	<b>+9.18</b>
<b>2011</b>	-0.99	-0.21	-1.17	+0.78	-2.91	-1.54	-1.47	-1.21	-3.52	+0.90	-2.67	+0.25	<b>-13.02</b>
<b>2010</b>	+0.76	+0.82	+3.93	+1.90	-3.62	+1.67	+0.68	+0.83	-0.02	+1.32	-0.92	+1.62	<b>+9.17</b>
<b>2009</b>	-0.44	+2.14	+2.41	+3.29	+17.6	+5.35	+2.75	+1.22	+1.17	+1.98	-1.32	+3.85	<b>+46.57</b>
<b>2008</b>	-1.92	-0.22	-0.69	+1.09	-1.31	-4.88	-1.77	-1.32	-1.87	-1.00	-0.86	+2.31	<b>-11.89</b>
<b>2007</b>	+1.64	-1.67	-2.71	-1.19	+1.26	+3.72	-0.03	-6.09	-0.28	-1.75	-4.16	-4.10	<b>-14.68</b>
<b>2006</b>	-0.31	-4.10	+3.40	-2.55	-4.13	+1.21	-5.00	+2.76	-1.23	+2.29	-1.43	+1.25	<b>-7.99</b>
<b>2005</b>	-0.94	+0.93	+0.20	-0.96	-1.36	+0.67	+2.08	+1.71	+9.66	+4.45	+7.66	+8.98	<b>+37.47</b>
<b>2004</b>	+0.74	+2.04	+6.20	+0.45	-2.20	+1.52	-1.82	-1.04	-0.61	-0.88	-0.40	+2.01	<b>+5.88</b>
<b>2003</b>											-0.06	+0.31	<b>+0.25</b>

<b>EURO Class (%) ISIN IE00BBCR2N22</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2022</b>	-7.47	-2.08	-1.14	-3.55	-0.56	-4.63	-2.26	-1.73	-1.32	-0.75	+2.66	-2.54	<b>-22.90</b>
<b>2021</b>	+2.64	+1.99	-2.45	+1.67	-1.64	+1.06	-1.23	+0.30	-1.48	+0.46	-2.41	-0.48	<b>-1.72</b>
<b>2020</b>	-0.44	-1.95	-5.69	+6.11	+2.05	+5.98	+6.39	+2.60	-3.15	+1.33	+6.36	+7.11	<b>+28.92</b>
<b>2019</b>	+2.90	+1.82	+1.11	+1.96	-6.46	+2.34	-0.22	-1.44	-1.31	+2.63	+1.38	+4.49	<b>+9.07</b>
<b>2018</b>	+6.36	-1.44	-2.09	-1.16	+3.59	-3.39	-0.10	+1.12	-2.53	-7.19	+0.03	-4.75	<b>-11.61</b>
<b>2017</b>										+3.69*	+2.47	+1.43	<b>+7.77*</b>

\*Euro Class started on 04-Oct-17

<b>NAV as at 31-Dec-22</b>	
<b>GBP class</b>	<b>213.51</b>
<b>USD class</b>	<b>290.78</b>
<b>Yen class</b>	<b>24,427.80</b>
<b>Euro Class</b>	<b>101.50</b>

Source: Apex Fund Services (Ireland) Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	78	-36
Level 2	10	0
Level 3	0	0
Total	88	-36

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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