

**JK Global Opportunities Fund**

**July 2015**

The Fund fell -0.16% in July (GBP Class, Net of Fees).

The Fund was flat in July with good performance from the Japan book offset by weakness elsewhere, in particular China. Japanese equities continue to act well and the recent earnings season has been positive. This contrasts with Asia ex-Japan where earnings on the whole remain disappointing. We expect this trend to remain in place for the next few quarters and will likely result in a continuation of Japan's relative outperformance. However, we are mindful that there is value beginning to emerge selectively within the Asian universe that we track closely, and whilst to date we have been focussing more on opportunities that are emerging in China (given the recent correction), we would expect to be more active in the Asia ex-Japan/China markets moving forward.

Within the Fund we have pared back a number of our exposures, leaving long positions in Japan, Chinese, and Vietnamese equities, Korean preferred stocks, and a few high yield plays in the U.K. Tactical currency positions have been largely unwound as opportunities are less obvious to us right now, as has the Fund's short position in various global bond markets. Whilst we remain extremely wary on the medium-term outlook for fixed income markets, near-term we see the potential for yields to rally.

Chinese equities continued their correction during the month, leading to media reporting bordering on the hysterical. In reality, the wealth effects of this correction will likely be rather limited, and we would note that as at the time of writing the Shanghai index is still up +20% this year. Foreigners have very little exposure to the 'A' share market, as do domestic investors where stocks remain a small part of household balance sheets. Whilst the authority's response to the sharp correction has looked rather crude, it will undoubtedly stabilise the market. The related weakness in 'H' shares has created numerous opportunities, as has the weakness in various US listed Chinese internet companies, such as Baidu and Alibaba. We are adding to positions.

At present fears of a FED lift-off, the Chinese 'A' share market, and signs of weakening tech demand are weighing on equities in general and Asia in particular. We continue to feel that global growth remains uncomfortably fragile and that deflationary pressures remain. The ability of central banks to raise rates in this environment is fairly limited. Thus, whilst we could see the FED raise rates this year, it will be a small increase and is probably fairly well discounted.

China's economy is clearly slowing, adding to deflationary pressures. Chinese producer prices are falling and monetary conditions remain excessively tight. We expect further policy easing over the coming months which should help to stabilise the economy and give share prices a lift.

The continuing correction in the oil-led commodity complex will likely keep the US Dollar bid, as commodity producers look to repay their borrowed dollars. Middle Eastern oil producers will continue to be forced sellers of global financial assets to cover fiscal shortfalls at home. Excess savings economies, such as Germany and Japan continue to follow a policy of currency depreciation, which has left China with an exchange rate that looks quite overvalued. This at least partly explains this week's move to depreciate the yuan, although the broader rationale is to let the market have a

greater role in setting the value of the currency. This in turn will aid in Beijing's attempt to win its much prized reserve currency status alongside the dollar, euro, yen and sterling.

In general though, the lacklustre performance from risk assets year to date suggests to us that in the near-term many of these risks are adequately discounted.

***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.*

GBP Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2015	+1.87	+3.87	+0.24	+2.11	+3.89	-4.65	-0.16						<b>+7.10</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>

USD Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2015	+1.95	+3.92	+0.28	+2.17	+3.81	-4.75	-0.15						<b>+7.17</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>

Yen Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2015	+1.96	+3.85	+0.29	+2.08	+3.93	-4.77	-0.19						<b>+7.08</b>
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	<b>-3.53</b>
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	<b>+33.21</b>
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	<b>+9.18</b>
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	<b>-13.02</b>
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	<b>+9.17</b>
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	<b>+46.57</b>
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	<b>-11.89</b>
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	<b>-14.68</b>
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	<b>-7.99</b>
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	<b>+37.47</b>
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	<b>+5.88</b>
2003											-0.06	+0.31	<b>+0.25</b>

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: GSAS, IFS, State Street Dublin.

NAV as at 31-Jul-15	
GBP class	179.15
USD class	224.30
Yen class	21,105.12

Source: State Street (Services) Ireland Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	75	0
Level 2	48	0
Level 3	0	0
Total	124	0

Source: JK Investment Management LLP.

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

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