

**JK Global Opportunities Fund**

**June 2019**

USD Class +2.59%, GBP Class +2.45%, YEN Class +2.35%, EUR Class +2.34% in June.

The Fund rose +2.59% during June as risk assets rallied after the sharp sell-off in May. The FED's abrupt volte-face in direct response to the weakness in markets suggested a re-emergence of the 'FED put', which when combined with a somewhat more conciliatory tone out of the G20 meeting between Trump and Xi (particularly in relation to the Huawei ban), managed to calm investors' nerves. How long this lasts is anyone's guess, and the mounting geopolitical tensions with the Middle East, and in particular Iran, remain a source of considerable concern. The protests in Hong Kong remain a big feature for markets in the region, and certainly add to market risk in the near term.

Bond markets continued their impressive rally, with yields in many regions heading back to all-time lows. Collapsing inflation expectations combined with generally weak global economic data are fuelling this rally. Whilst the action in the bond market is supportive of equity prices, they do imply a degree of earnings risk (due to the weak economic backdrop) that is likely to manifest itself over the coming quarters.

Whilst the trade related headlines will continue to dominate market sentiment in the near-term, we believe that the economic data will soon start to show signs of stabilisation, given favourable base effects, reduction in inventory overhang, and widespread policy easing. The FED should start cutting rates this month, the US Dollar seems unlikely to strengthen much from here, and the curve has stopped flattening. Investor positioning and flows remain cautious, and equity valuations look attractive to us.

The shift in FED policy will prove highly supportive for risk assets and equities could move significantly higher before the next recession hits. As such, we intend to maintain a pro-risk stance, focussing on a diversified portfolio of quality growth stocks. Regardless of what happens to the trade negotiations in the future, China will continue to stimulate its economy, which in turn will benefit global growth.

The FED meeting this month will likely result in a 25 basis point cut in the Fed Funds rate (FFR), in our view, as the differential between the current FFR and the two year bond stands at around 50 basis points which is unusual. Some commentators have become too dovish, expecting up to 50 basis points of cuts, which we think unlikely. This leaves open the possibility that the market might be 'disappointed' with just 25 basis points but we believe any weakness would be short-lived. Markets currently price in about 75 basis points over the next twelve months.

The focus of the Fund remains on equities, and within that, quality growth companies that are relatively immune to economic cycles, and that have high and consistent returns on capital. We expect this group of stocks to continue to be re-rated as central banks once again look to stimulate growth through further interest rate cuts and quantitative easing. Whilst we are clearly coming to the end of the road for ultra-loose monetary policy, we are not there yet, suggesting further gains for equities. Currently the Fund has a 40% weighting in the US (where many of the companies with these characteristics reside), 30% in Asia (mainly China and Hong Kong), and 10% in the U.K. We have virtually no exposure to Europe, and we have a 5% weighting within Asia to Japan which has a value

focus (somewhat at odds with the core of the portfolio) but we just feel that these stocks are ridiculously cheap. As the global economy starts to bottom out, there could be an interesting trade here.

The volatility over the last couple of months is throwing up some interesting opportunities, mainly in Asia and in particular China/H.K. where many stocks are down -20 - 30%+ over the last few months, and we are looking to use this weakness as an opportunity to buy back into the likes of Baidu, Tencent, and Hangzhou Hikvision. We initiated a position in Facebook last month where we feel the bad news cycle has run its course, valuations are compelling, and we are optimistic for its new Libra 'cryptocurrency' (it isn't really a crypto, but it might just provide a legitimate means whereby consumers can move money around the world in a low cost and secure way). Regulators and the banking system will, of course, be terrified of allowing such individual freedoms, and thus there is a decent possibility that it gets stopped (regulated out of existence), but we feel that this has such potential that we need to be exposed. Longer term investors will know that we have been following and have invested in the cryptocurrency area for some time – profitably it should be added – and it is of particular interest to us.

We have little in the way of tactical currency 'bets' right now, on balance feeling that the US Dollar will remain firm, but not expecting too much in the way of upside. We remain long YEN, and we have a small Sterling short position. We also remain short the Renminbi as a hedge against a further deterioration in US-China relationships.

The rally in the bond market is a trade that we have clearly missed out on – the best that can be said is that we covered our shorts prior to this latest extraordinary move – and whilst we feel that the likes of Italy, France, and frankly all global bond yields are an accident waiting to happen, timing this in the face of central banks that have run out of ideas (if they had any sensible ones in the first place), and will just keep buying is challenging. However, we are watching closely, and feel the likely 'tipping point' will come when we start to hear policies such as Modern Monetary Theory (MMT) become legitimised by the 'bien pensant'. In lieu of this eventuality, we have started to buy back into gold.

***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	+2.59							<b>+4.97</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 (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2019	+2.98	+1.93	+1.23	+2.13	-6.37	+2.45							<b>+4.08</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>

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	+2.35							+3.66
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	+2.34							+3.39
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 30-Jun-19	
GBP class	200.03
USD class	262.51
Yen class	23,271.51
Euro Class	98.49

Source: Apex Fund Services (Ireland) Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	96	0
Level 2	21	0
Level 3	0	0
Total	117	0

JK Investment Management is authorised and regulated by the Financial Conduct Authority

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.

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