

JK Global Opportunities Fund

March 2021

USD Class -0.98%, GBP Class -1.12%, YEN Class -1.02%, EUR Class -2.45% in March.

The Fund fell -0.98% (USD Class, net of fees) in March, as losses in our China book offset gains elsewhere, primarily in Japan. China was the worst performing equity market globally last month, as a confluence of headwinds began to swirl around the asset class. The first of these was a continued back-up in US rates, which has disproportionately weighed on higher expectation markets like China recently. This coincided with concerns about liquidity withdrawals and policy normalisation domestically, as well as a further clampdown by the CCP on the corporate sector, namely on tech platforms and education companies. If that wasn't enough, the month culminated with the biggest margin call since the financial crisis, leading to the forced selling of numerous Chinese ADRs by Archegos Capital Management.

Frequent readers will know we have been reducing exposures to high-beta/momentum assets as of late - with Chinese equities being chief amongst them - due to the aforementioned risks and the market's momentum-driven nature. Well-timed sales of companies like Luxshare Precision and TAL Education shielded the Fund from the further losses last month, but given how brutal the correction has been, we are starting to see pockets of value re-emerge in this space. In light of this, we have started to bottom-fish in stocks we feel are oversold, but cautiously and selectively, reflecting our view that the previously mentioned risks are yet to fully dissipate. The largely technical-driven nature of the ADR sell-off provides some comfort here though, as these forced-selling events usually cause stock prices to significantly dislocate from fundamental values, providing attractive entry points for medium-term investors. Our main focus has been on market leaders with resilient business models such as Baidu, Pinduoduo, TAL Education and New Oriental, where we think current prices more than compensate investors for the regulatory risks.

As mentioned, our Japan book added some performance last month, which was driven by the more value/cyclical sectors we have been rotating into recently such as shipping, chemicals and banks. These sorts of adjustments have paid dividends for the Fund all year, as they have hedged losses in 'growthier' parts of the portfolio and ultimately allowed us to hold onto the impressive gains made last year - more so than other 'style-dogmatic' funds. We continue to feel that JK's dynamic asset allocation approach is the right way to 'play' markets in the current environment.

When we look around the world and think about asset allocation at the moment, it is increasingly difficult to discount the US as being a significant part of that. The theme of 'US Exceptionalism' has been one of the most consistent investment trends throughout our careers and looks as if it is about to re-assert itself again. Currently, the US has administered 40 vaccine shots for every 100 inhabitants, which has allowed state governments to begin dismantling lockdown measures. Among the major economies, only the UK has performed better on the vaccination front, however our ruling class seems adamant on dithering and blowing a golden opportunity to get things booming. In contrast, the vaccine rollout in continental Europe has been shambolic, with some parts still battling a new wave of Covid infections, prompting policymakers to further tighten social distancing rules.

On the fiscal front, the US is also (rightly or wrongly) dwarfing anything that other countries are doing, paving the way for an economic boom post-pandemic.

Economic data has already been stunning in the US recently, whether that is PMIs hitting record highs or the NFP (Non-Farm Payrolls) blowout this month, leaving analysts scrambling to ratchet up growth forecasts for this year. The IMF now predicts US growth will reach 6.4% this year, up from 5.1% in January, and Goldman Sachs is predicting an even punchier growth rate of 7.1%, up from 6.4% in January. These would be the highest growth rates seen since 1984.

We are expecting this to translate into big earnings numbers and the recent breakout of the S&P seems to confirm our bullish outlook. For these reasons, we have been increasing our US allocation as of late, buying into some 'old friends' in tech like Amazon and Facebook. We are thinking less in terms of the growth/value dichotomy now, as the catch-up in value this year has put the relationship back in kilter to a large extent, meaning most of the alpha has been arbitrated away in that trade. For now, we are happy owning quality companies in both camps and running a more balanced style exposure.

The biggest risks as we see them are a disorderly inflation spike and a further deterioration in US-China relations, particularly in relation to Taiwan.

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
2021	+2.69	+1.99	-0.98										+3.71
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	+30.72
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	+12.22
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	-9.02
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

GBP Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2021	+2.54	+1.97	-1.12										+3.39
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	+29.26
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	+10.20
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	-10.85
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

YEN Class (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2021	+2.61	+2.12	-1.02										+3.72
2020	-0.46	-1.91	-5.67	+6.00	+2.17	+5.97	+6.45	+1.93	-3.11	+1.38	+6.34	+7.67	+29.02
2019	+2.95	+1.87	+1.16	+1.97	-6.37	+2.35	-0.27	-1.42	-1.29	+2.63	+1.38	+4.47	+9.36
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
2021	+2.64	+1.99	-2.45										+2.12
2020	-0.44	-1.95	-5.69	+6.11	+2.05	+5.98	+6.39	+2.60	-3.15	+1.33	+6.36	+7.11	+28.92
2019	+2.90	+1.82	+1.11	+1.96	-6.46	+2.34	-0.22	-1.44	-1.31	+2.63	+1.38	+4.49	+9.07
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 31-Mar-21	
GBP class	283.03
USD class	380.48
Yen class	32,852.06
Euro Class	136.79

Source: Apex Fund Services (Ireland) Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	88	-21
Level 2	24	0
Level 3	0	0
Total	111	-21

Source: JK Investment Management LLP

For more information on the Fund, please see 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 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: JKIM LLP, Apex Fund Services (Ireland) Ltd.

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