

### JK Global Opportunities Fund

September 2022

USD Class -1.03%, GBP Class -1.20%, YEN Class -1.40%, EUR Class -1.32% in September.

The Fund fell -1.03% (USD Class, net of fees) in September, reflecting the small equity positions we have remaining, amid a torrid month for risk assets. Mitigating these losses were our short positions in the CNH, as well as Gilts and Sterling.

September was another grim month for financial assets. World equities fell -9.74%, government bonds fell -5.23%, and Gold was down -3%, leaving investors with very few places to hide. The turmoil was driven by another high US inflation print, which drew a further hawkish response from central banks. The FED raised rates by 75bps, as expected, but its “dot-plot” suggested faster interest rate hikes than anticipated. In addition, Powell reiterated his Jackson Hole tone at the September FOMC press conference, finally putting to bed any remaining hopes of a “FED pivot” – something we expressed scepticism about a few months ago.

All of this led to a spike in bond yields, as markets priced in a “higher for longer” interest rate scenario. The dislocation in the gilts market was so extreme that the Bank of England had to step in to prevent contagion spreading in the UK pension fund industry. Revelations that pension funds faced margin calls on derivative positions relating to a collective £1.5tn in LDI funds (Liability Driven Investment strategies), risked sparking a doom-loop in the gilt market – where pension funds become forced sellers in a downward spiralling market.

The fact that this was triggered by Liz Truss’ “mini-budget” was revealing, suggesting we may be witnessing the return of “bond vigilantes.” Without the support of central banks, fiscally irresponsible governments might once again find themselves constrained by the concerns of bond investors (something they have not had to worry about for some time). As such, we suspect that more “accidents” are brewing in global bond markets, once extravagant spending plans to deal with the cost-of-living crisis face greater scrutiny.

In this event, it will be interesting to see how central banks react. Do they let markets adjust freely and incur the collateral damage on the economy, or do they take the Bank of England approach and risk losing credibility on their inflation fight? Our hunch is that the latter scenario is more likely, which would put significant pressure on the corresponding currency (see Japan). Gold seems like an attractive hedge down here, and one the Fund is considering.

The fact that markets have adopted the “bad news equals good news” mantra again recently, suggests they share this view regarding central banks’ reaction function. The theory being that the worse things get, the more likely central banks will throw in the towel and U-turn. However, while this presents a convenient explanation for any bear market rally, we find it to be a flawed narrative. The reason being that it assumes a simultaneous “soft landing” for growth and earnings.

For example, MSCI USA universe’s 2022 and 2023 forecast earnings have been downgraded by only 1.9% and 3.2% respectively over the past three months, despite evidence of an impending recession. Even if financial conditions eased, which is unlikely near-term given the sharp fall in M2 growth, the

looming downgrade cycle in earnings leaves equities looking overvalued still. As such, we feel the risk/reward isn't attractive enough to be engaging with equities just yet.

In the meantime, we prefer earning some interest on our cash position and exploiting opportunities in currency and bond markets. In particular, the Dollar remains our favourite currency trade in an environment of tightening global liquidity, while we wait for better entry points to short more government bonds (primarily UK and Europe).

At some point, bonds will present an attractive buying opportunity, as there is simply too much debt in the system to cope with ever increasing interest rates. In addition, the Yen is starting to look extremely cheap, while equities become interesting after another 10-20% leg down in our view.

However, as long as central banks are taking things to "breaking point", the focus remains on capital preservation until these opportunities present themselves more obviously.

***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				<b>-21.02</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				<b>-21.58</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				<b>-22.14</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				<b>-22.35</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 30-Sep-22</b>	
<b>GBP class</b>	<b>214.49</b>
<b>USD class</b>	<b>290.98</b>
<b>Yen class</b>	<b>24,698.70</b>
<b>Euro Class</b>	<b>102.22</b>

Source: Apex Fund Services (Ireland) Ltd.

Asset Type as at above date (market exposure % of Total NAV)		
	Long	Short
Level 1	72	-55
Level 2	8	0
Level 3	0	0
Total	80	-55

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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**Performance Fee:** Please note that all investors should read the Prospectus, Supplement and KIID for this fund before investing but this is a short summary of how the Performance Fee is calculated. The method used is a high-on-high watermark method, accrued weekly and crystallised annually on the last valuation day of the calendar year at a rate of 15% without a benchmark or hurdle and without equalisation. Please see documents mentioned above for further details available at [www.jkim.co.uk](http://www.jkim.co.uk)

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