

**SHINING A LIGHT ON THE.....  
JPM Global Macro Opportunities Fund**

**AT A GLANCE**

Investment Objective	
To achieve capital appreciation in excess of its cash benchmark by investing primarily in securities, globally, using derivative strategies where appropriate. The Fund will primarily invest in a portfolio of equity and equity linked securities (including depository receipts, warrants and other participation rights), index and participation notes, equity linked notes, commodity index instruments, convertible securities, fixed and floating rate debt securities, deposits with credit institutions and money market instruments. Issuers of these securities may be located in any country, including emerging markets.	

<b>Inception Date</b>	23 <sup>rd</sup> October 1998
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04DM7">http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04DM7</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Shrenick Shah	21/12/2012
James Elliot	21/12/2012

Investment Style Details	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	70.06%
Large	26.73%
Medium	3.21%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
<b>Total number of holdings</b>	59	
<b>Assets in Top 10 Holdings</b>	35.80%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Japan Bill Zero Cpn 19/Feb/2018 Jpy 5	-	4.95%
Japan Bill Zero Cpn 05/Apr/2018 Jpy 5	-	4.92%
Mitsubishi Electric Corp	Technology	3.99%
Japan Bill Zero Cpn 05/Feb/2018 Jpy 5	-	3.96%
SUMCO Corp	Technology	3.25%
US Treasury Bill	-	3.05%
Applied Materials Inc	Technology	3.04%
Prudential PLC	Financial Services	3.03%
DXC Technology Co	Technology	2.89%
Sberbank of Russia PJSC ADR	Financial Services	2.73%

Volatility Measurements	
<b>3-Yr Std Dev (volatility)</b>	13.29%
<b>3-Yr Mean Return (average)</b>	11.84%

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## FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2013 to 30<sup>th</sup> April 2018:

	2013	2014	2015	2016	2017	2018
<b>JPM Global Macro Opportunities Fund</b>	19.10%	5.14%	4.14%	9.48%	18.95%	0.64%
<b>Vanguard Global Bond Index</b>	-0.13%	7.97%	1.25%	3.51%	2.00%	-0.93%

Performance over 12 months, 3 years, 5 years and since tenure:

	1 year	3 years	5 years	Since Tenure
<b>JPM Global Macro Opportunities Fund</b>	22.99%	36.41%	48.30%	70.21%
<b>Vanguard Global Bond Index</b>	0.18%	4.31%	12.30%	14.44%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

The managers have just passed their five-year anniversary of running the strategy. Where the fund sits is difficult to pin point but similar to other strategies in the market it is aiming to achieve a positive return for clients. The target is 7% above cash over a rolling 3-year period. Where it differs from other funds offering this target return is that it doesn't have a volatility target, so this is as volatile as equities and so would not be a natural replacement for bonds.

The investment approach is that the team identify trends and themes and then develop strategies to respond to these. The fund tends to be more responsive to change so these strategies can change within short periods of time as events happen. As the managers stressed this needs to be flexible to meet market conditions. One of the key elements of how they work is the coming together of a strategy summit where key managers and strategists from across the globe come together for two days and discuss their views of the world.

In 2017 they had exceptionally strong growth as the markets favoured risk on assets (equities) but as they entered 2018 they reduced their exposure to build in downside protection. March was tricky for several reasons – trade sanctions, negative sentiment towards tech etc. But their view is that although we are in late cycle there is still strong global growth. But with the change of where we are in the cycle will come more volatility as monetary policy starts to normalise.

This means that the fund will be more volatile as it responds to different events. The fund has several focused strategies which include widespread technology disruption, supply side weakness, global policy divergence, Emerging market convergence, Japan beyond Abenomics and China in transition.

In terms of global growth, they remain positive for the US but believe this will slow slightly in Japan and Europe. They also feel that as more reform comes into China this will slightly slow growth.

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One of the themes coming out of the recent summit was focused on the US. There is a lot happening with tax cuts, infrastructure spends, easier credit conditions and deleveraging (reducing of debt) in the consumer side coming to an end, and this naturally feeds out to the global growth story.

Some of the key positioning for the fund includes Chinese Banks. The focus is on high quality banks where they feel the market isn't reflecting the reforms coming in and how this will benefit the banks. At the point that the banks start to re-rate they will move out of this position. They have closed positions on European banks on the back of negative data coming through.

They have positions in Japan but more focused around technology which is less of a reflection of their view on the economy. Other areas / sectors they like include factory automation and Singapore.

We discussed about the risks of 30% fall in markets and although they avoided directly answering this they did stress that they are building equity protection positions to provide some downside cover.

In summary, this is a target return fund and it has delivered on its target unlike other strategies. However, to achieve the returns the managers will take risk and the volatility is high on this. We are not sure how it would respond to a big market correction but with high volatility, although we would expect it to fall, we suspect that the fall would be slightly cushioned.

*The source of information in this note has been provided by JPMorgan and is correct as at April 2018. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*