

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

AT A GLANCE

Investment Objective	
The fund aims to provide positive investment returns over a rolling 3-year period in all market conditions by investing in securities globally, using financial derivative instruments where appropriate. A positive return is not guaranteed over this or any time period and a capital loss may occur. The Investment Adviser uses an investment process based on macroeconomic research to identify global investment themes and opportunities. The Investment Adviser uses a flexible asset allocation approach, using a broad range of asset classes, instruments and techniques. Allocations may vary significantly and exposure to certain asset classes, markets, sectors or currencies may be concentrated from time to time, in response to market conditions and opportunities.	

Inception Date	15 th February 2013
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000PII9

Management	
Manager Name	Start Date
Shrenick Shah and James Elliot	15 th February 2013

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	70.01%
Large	26.77%
Medium	3.22%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	59	
Assets in Top 10 Holdings	35,05%	
Name	Sector	% of Assets
Japan Bill Zero Cpn 05/Apr/2018 Jpy 5	-	4.90%
Japan Bill Zero Cpn 19/Feb/2018 Jpy 5	-	4.24%
Mitsubishi Electric Corp	Technology	3.99%
Japan Bill Zero Cpn 05/Feb/2018 Jpy 5.	-	3.95%
SUMCO Corp	Technology	3.25%
Applied Materials Inc	Technology	3.04%
US Treasury Bill	-	3.04%
Prudential PLC	Financial Services	2.99%
DXC Technology Co	Technology	2.90%
Sberbank of Russia PJSC ADR	Financial Services	2.73%

Volatility Measurements	
3-Yr Std Dev (volatility)	7.25%
3-Yr Mean Return (average)	2.55%

FUND PERFORMANCE

Performance from 15th February 2013 to 31st August 2018:

	2013	2014	2015	2016	2017	2018
JPM Global Macro Opportunities Fund	8.00%	10.32%	11.80%	-3.16%	15.98%	-1.61%
Vanguard Global Bond Index	0.39%	7.97%	1.25%	3.51%	2.00%	-0.66%

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

	1 year	3 years	5 years	Since launch
JPM Global Macro Opportunities Fund	5.83%	7.14%	47.08%	47.22%
Vanguard Global Bond Index	-0.76%	5.64%	15.90%	15.11%

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 fund is targeting a positive return of 7% above cash over the medium term; over three years the fund has not reached its target. This factors in a poor 2016 when they were on the wrong side of the reflation trade especially in the US with the election of Trump. In 2017, they reversed the negative returns and over five years the fund has achieved its started target.

Although this should not be seen as an alternative to fixed income, the managers are clearly pitching for this part of the market. The main driver for returns is that they can move across different asset classes. It also means that investors have exposure to asset classes like volatility and currency which would not normally fall into a portfolio of assets.

The 8 main macro themes for the fund are:

1. Maturing US cycle
2. Europe growth recovery
3. Japan beyond Abenomics
4. China in transition
5. Emerging market convergence
6. Global policy divergence
7. Supply side weakness
8. Widespread technology adoption

Within that the fund is skewed towards widespread technology adoption, maturing US cycle and supply side weakness.

They like the US supply side weakness, and this is linked to the maturing US cycle. The fund is more geared towards the US as they feel it looks strong and the valuations are fair. They have reduced exposure to Europe mainly due to politics, especially in Italy and over Brexit. In terms of tech the focus is mainly on second order tech (so chips as an example) and includes Japan, Korea as well as the US.

They don't believe there is a worldwide recession around the corner apart from the UK where there is potential for a recession. With the US at a late cycle they think any recession is about two years away at the earliest. The UK is difficult to call; the housing market is weak, but business sentiment is still positive but lagging other countries.

They do have concerns over trade tensions, and the fund will benefit if this escalates and there is a market sell-off. They are holding back on some investments to see the outcome from the mid-term elections and have cut back their equity weightings to reflect this.

Using currency has helped the fund, especially the Russian Rubel, and South African Rand and this reflects the different levers they can use to generate returns.

In conclusion, this fund targets a positive return, but it doesn't guarantee a positive outcome. It carries more volatility than other similar strategies which shows in the big swings between returns. The challenge moving forward is that in a world of lower returns can it still achieve its target?

The source of information in this note has been provided by JPM and is correct as at September 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.