

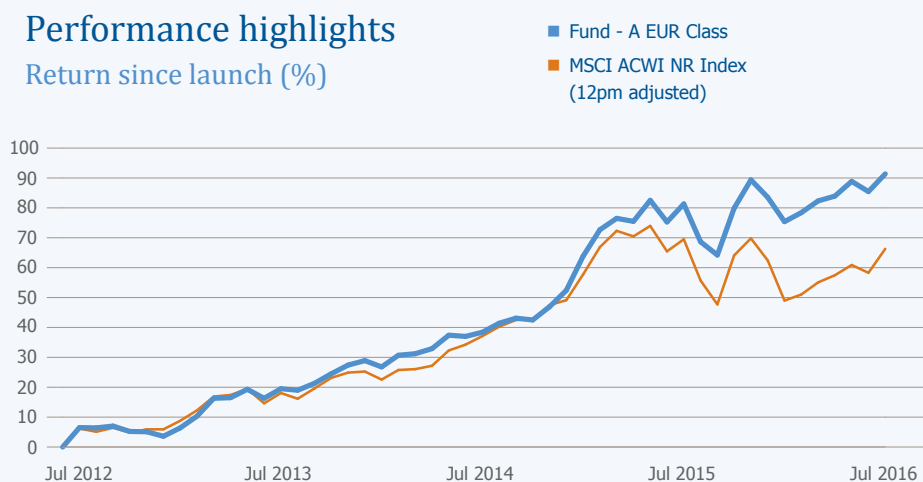
# JOHCM Global Opportunities Fund

## Fund overview

- Objective: to generate long-term capital and income growth through active management of a concentrated portfolio of global equities listed on developed and emerging stock markets
- A high conviction, benchmark-unconstrained stock picking fund
- The fund managers believe that stock markets consistently underestimate the value created by well-managed companies in growth niches that reinvest wisely to create sustainable, compounding returns
- An absolute valuation approach that avoids momentum and relative valuation pitfalls

## Performance highlights

### Return since launch (%)



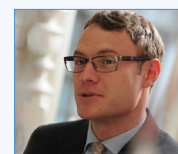
A EUR Class

ISIN: IE00B7MR5575

## Fund details

Fund size	EUR 295.9m
Launch date	29 June 2012
Benchmark	MSCI ACWI NR Index (12pm adjusted)
No. of holdings	33
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR, USD
Valuation point	12pm Dublin time
XD date	31 Dec
Pay date	28 Feb

## Fund managers



**Ben Leyland**  
Senior Fund Manager

Ben has managed the Fund since launch. He joined JOHCM in 2006 and has 15 years of industry experience.



**Robert Lancaster**  
Fund Manager

Robert has worked on the Fund since launch. He joined JOHCM in 2012 and has 7 years of industry experience.

## Return history (%)

	A EUR Class	Benchmark	Quartile*
1 month	3.20	5.06	3
3 months	4.05	5.61	3
1 year	5.55	-1.89	1
3 years	60.15	40.85	1
5 years	-	-	-
10 years	-	-	-
Since launch	91.37	66.29	1
Annualised (since launch)	17.22	13.26	-

Source: JOHCM/MSCI Barra/Bloomberg, NAV of Share Class A in EUR, net income reinvested, Net of fees. The A EUR Class was launched on 29 June 2012. Benchmark: MSCI ACWI NR Index (12pm adjusted). Performance of other share classes may vary and is available on request. Past performance is no guarantee of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment. \*Sector quartile ranking: IA Global & Lipper UK Offshore Equity Global combined.

## Statistics

Annualised since launch	
Active share** (%)	96.88
Fund volatility (%)	12.44
Benchmark volatility (%)	14.08
Alpha	5.42
R squared	0.92
Correlation	0.96
Tracking error (%)	4.17
Information ratio	0.95
Sharpe ratio	1.36

Source: JOHCM/MSCI Barra/Bloomberg (calculated weekly).

\*\*The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

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## Portfolio analysis (%)

Data as at 31 July 2016

### Top 20 holdings

	Absolute
INPEX	4.0
Oracle	3.9
Capita	3.7
Wolseley	3.5
Sanofi	3.0
Japan Tobacco	2.9
Richemont	2.9
Cobham	2.9
TD Ameritrade	2.9
Wärtsilä	2.8
Cognizant	2.8
Union Pacific	2.8
China Mobile	2.7
United Technologies	2.7
Galp Energia	2.6
Wolters Kluwer	2.6
Rockwell Collins	2.5
MasterCard	2.5
Syngenta	2.4
Travis Perkins	2.4
<b>Total</b>	<b>58.5</b>

### Sector breakdown

	Absolute
Industrials	27.2
Information Technology	11.5
Consumer Discretionary	10.6
Consumer Staples	7.4
Energy	6.6
Health Care	4.0
Materials	3.7
Utilities	3.6
Financials	2.9
Telecommunications	2.7
Cash	19.8

### Market cap breakdown

	Absolute
Large (>USD 10bn)	62.9
Mid (USD 1 - 10bn)	17.3
Small (<USD 1bn)	0.0
Cash	19.8

### Regional breakdown

	Absolute
North America	27.5
Europe ex UK	25.1
United Kingdom	14.0
Japan	8.5
Other	5.1
Cash	19.8

## Contribution (%)

### Stock contributors

Top contributors	Absolute
SAP	0.39
Wolseley	0.29
Cobham	0.24
China Mobile	0.22
Union Pacific	0.22
<b>Top detractors</b>	
Rockwell Collins	-0.05
Mandom	-0.04
Galp Energia	-0.02
Grainger	-0.02
Japan Tobacco	-0.02

### Sector contribution\*

	Absolute
Industrials	1.32
Information Technology	0.69
Consumer Discretionary	0.49
Telecommunications	0.22
Health Care	0.20
Financials	0.20
Materials	0.14
Energy	0.12
Consumer Staples	0.02
Utilities	0.01

\*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI ACWI NR Index (12pm adjusted). Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis. Other includes: Emerging Asia and Pacific ex Japan.



## Fund manager's commentary

- We remain in a market with no margin of safety
- Investors are continuing to buy equities for the wrong reasons
- Being dependent on single scenario represents a huge risk for investors if that changes

Performance over 1 month	%
Fund - A EUR Class	3.20
MSCI ACWI NR Index (12pm adjusted)	5.06

"The notion that negative-yielding bonds... are a 'safe' asset is a misconception that belongs in the next edition of 'Extraordinary Popular Delusions and the Madness of Crowds'" – James Grant, July 2016

Well, that didn't last long. Having raised the possibility last month of opportunities emerging in a post-Brexit vote sell-off, we are back to where we have been for most of the last three years: in an expensive market with no margin of safety. The wait continues to deploy our cash balance in a material way. In the meantime it is a drag on our relative performance in a rising market.

One of the key challenges for portfolio construction in this environment is the lack of a 'safe asset' to act as ballast. A genuinely safe asset is one which will protect capital, ideally in real terms, whatever the weather. In other words, it will have no downside to a worst-case scenario. With real and even some nominal yields in negative territory, this is no longer true even of government bonds, described by James Grant as "the biggest bubble since the Bronze Age". They will be fine in an environment of permanent deflation, but will be a terrible investment if inflation returns.

For equity investors, residing at the bottom of the capital structure, the traditional safe assets are the most bond-like: those companies with recurring, diversified, non-cyclical, inflation-proof revenues, flexible

cost bases and low capital requirements, which generate cash reliably regardless of the macroeconomic backdrop. Staples and healthcare companies are the most obvious examples, alongside certain publishing and professional services companies. Regulated utilities and telecoms are more capital-intensive but share some of the same characteristics, particularly if most of the capital is already sunk. Traditionally these types of companies would tend to constitute a large part of our portfolio, being 'boring' and therefore overlooked by investors more enamoured of sexy growth stories or turnaround situations. Now, however, driven by bond markets, they are at best fully valued, and in many cases outright expensive. Witness the outperformance of the S&P Dividend Aristocrats index, which now trades on a price/earnings multiple of over 20x.

This has profound implications for how we build our portfolio. We do not view any equity as 'safe'. Most stocks will do well in a particular environment but terribly in others, and there is virtually nothing priced for a worst-case scenario. We need the portfolio to be resilient in any environment because we do not know how the future will unfold. We therefore have to ensure the portfolio is more balanced than it might be at other stages in the cycle, when we would have more concentrated exposures to certain clusters. It is notable that we now own something in every sector and geography in the index.



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## Share class details (Share classes in other currencies are available as per table overleaf - further details available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A EUR Class	IE00B7MR5575	B7MR557	JOHGOEI	A1JZQG	Up to 5%	0.75%	0.87%	£1,000
B EUR Class	IE00B80FZF09	B80FZF0	JOHGOER	A1JZQH	Up to 5%	1.50%	1.62%	£1,000

**Performance fee:** 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.

\*Other currency equivalents apply.

## Country registration

	A GBP	B GBP	A EUR	B EUR	A USD	B USD
Austria	✓	✓	✓	✓	✓	✓
Denmark	✓	✓	✓	✓	✓	✓
Finland	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓
Italy	X	X	✓	✓	X	X
Luxembourg	✓	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	✓
Norway	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓

### Regulatory documents

English language KIIDs can be found on our website at [www.johcm.co.uk](http://www.johcm.co.uk)

Foreign language versions are available on request by calling +44 (0) 20 7747 5646

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also note that changes in rates of exchange may cause the value of investments to go up or down.

The annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth.

Telephone calls may be recorded.

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