

JOHCM UK Opportunities Fund

Fund overview

- Objective: to preserve and then grow clients' capital in the long-term through active management of a concentrated portfolio of UK equities
- The team invest in high quality companies that generate predictable cash flows and have robust balance sheets when they are attractively valued
- The fund is run with an absolute mind-set both in terms of valuation and making investments irrespective of benchmark weightings

A Acc GBP

ISIN: GB00B0LLB641

Fund details

Fund size	GBP 426.8m
Launch date	30 November 2005
Benchmark	FTSE All-Share TR (12pm adjusted)
No. of holdings	29
Domicile	UK
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP
Valuation point	12pm Dublin time
Historic Yield (%)	2.98
XD date	31-Dec
Pay date	28-Feb

Fund managers



Rachel Reutter
Senior Fund Manager

Rachel has worked on the Fund since she joined JOHCM in 2012 and has 13 years of industry experience.

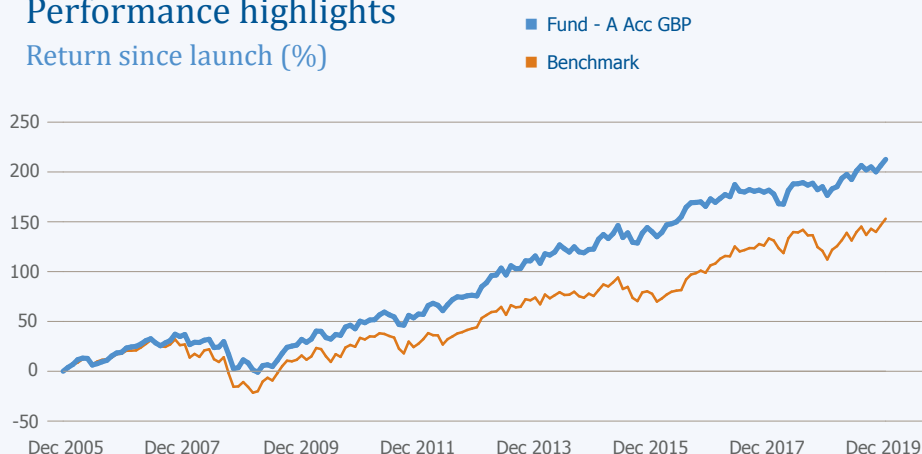


Michael Ulrich
Senior Fund Manager

Michael has worked on the Fund since he joined JOHCM in 2015 and has 23 years of industry experience.

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A Acc GBP	1.99	2.46	13.06	14.51	40.43	136.85	212.60	8.42
Benchmark	2.63	4.17	19.29	22.69	44.16	118.53	153.07	6.81
Quartile**	4	4	4	4	2	2	1	-

Discrete 12 month performance to

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
A Acc GBP	13.06	-1.85	3.19	13.75	7.82

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. 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. We recommend that you read the Prospectus and Key Investor Information Document available from the address overleaf or from our website.

Source: JOHCM/FTSE International/Bloomberg, NAV of Share Class A in GBP, net income reinvested, net of fees. The A Acc GBP class was launched on 30 November 2005. Benchmark: FTSE All-Share TR (12pm adjusted). Performance of other share classes may vary and is available on request.

*Annualised since launch. **Sector quartile ranking: IA UK All Companies. Please note this sector is used for comparative purposes only. The Fund is currently classified within the IA Specialist sector because its UK equities holdings currently represent less than 80% of the portfolio.

Contact details

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Portfolio analysis (%)

Data as at 31 December 2019

Top 20 holdings

	Absolute
Shell	5.1
Next	3.4
Tesco	3.4
Associated British Foods	3.3
GSK	3.2
Smiths	3.2
Vodafone	3.2
Direct Line Group	3.2
Morrisons	3.2
Johnson Matthey	3.1
PZ Cussons	2.9
Imperial Tobacco	2.9
Reckitt Benckiser	2.9
Barrick	2.8
RELX	2.8
Tate & Lyle	2.8
Ibstock	2.7
BP	2.7
Rio Tinto	2.6
DCC	2.4
Total	61.8

Sector breakdown

	Absolute
Industrials	18.6
Consumer Goods	16.1
Consumer Services	15.5
Basic Materials	8.5
Oil & Gas	7.8
Health Care	4.8
Telecommunications	3.2
Financials	3.2
Cash	22.4

Market cap breakdown

	Absolute
Large	57.2
Mid	20.3
Small	0.0
Cash	22.4



Large = FTSE 100, Medium = FTSE 250, Small = FTSE Small Cap, FTSE Fledgling and FTSE AIM. Cash includes cash on deposit, money market funds and investments in UK Treasury Bills.

Source: JOHCM/FTSE International/Bloomberg. Benchmark: FTSE All-Share TR (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.



Fund manager's commentary

- Global stock markets continued to rally in December as markets renewed their faith in the power of central banks and the US president.
- During the month we increased our position in Serco, where the result of the recent UK election has improved the company's prospects for further growth.

Global stock markets continued to rally in December as markets renewed their faith in the power of central banks and the US president. Central bankers, themselves spooked by a deteriorating economic outlook, have indicated that they will inject yet more stimulus regardless of the long-term consequences. Donald Trump has tweeted the news of an initial trade agreement with China. These remain the dominant factors in determining what the market is prepared to pay for a business. Valuation is conspicuous by its absence.

Over 2019, forecasts for sales and earnings fell 6% and 4% respectively. Against this, UK investors have been willing to pay 19% more for those future earnings. As the UK market rose in December, the three-month UK earnings revisions ratio reached its lowest point since March 2009. In the US, Warren Buffett's favourite valuation metric (market cap to GDP) reached 148%, its highest level since the excesses of the 2000 tech bubble.

In the short term, the greed or fear of investors determines market movements. The latest survey of investor sentiment shows the bulls outnumbering the bears and cash levels at five-year lows. Investors' expectations of global growth surged 68% in only two months. In this environment, the fear of missing out (FOMO) is hard to resist. Fundamentals and valuation discipline appear redundant.

Once such a move in valuation has happened, it makes it harder to repeat. In 2020, companies will have to deliver the earnings growth that failed to happen in 2019. We are in agreement with James Grant who has noted: "If earnings growth doesn't materialize in 2020, investors may come down with a case of SOBS: the shame of being suckered."

During the month we increased our position in Serco, where the result of the recent UK general election has improved the company's prospects for further growth.

Performance over 1 month	%
Fund - A Acc GBP	1.99
Benchmark	2.63

Statistics

	Annualised since launch
Active share* (%)	74.21
Fund volatility (%)	11.90
Benchmark volatility (%)	15.44
Alpha	3.24
R squared	0.87
Correlation	0.93
Tracking error (%)	6.05
Information ratio	0.27
Sharpe ratio	0.59

Source: JOHCM/FTSE International/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.

Fund awards & ratings



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Country registration

	A Acc GBP	A Dis GBP	B Acc GBP	B Dis GBP
Austria	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Ireland	✓	✓	✓	✓
UK	✓	✓	✓	✓

Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KIID) and financial statements can be obtained free of charge from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, 8027 Zurich.

Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A Acc GBP	GB00B0LLB641	B0LLB64	JOHUOIA LN	A0H1DL	Up to 5%	0.75%	0.85%	£1,000
A Dis GBP	GB00B3K76Q93	B3K76Q9	JOHUOII LN	A0RGE1	Up to 5%	0.75%	0.85%	£1,000
B Acc GBP	GB00B0LLB757	B0LLB75	JOHUORA LN	A0JLVD	Up to 5%	1.25%	1.36%	£1,000
B Dis GBP	GB00B3K76P86	B3K76P8	JOHUORI LN	A0RGE2	Up to 5%	1.25%	1.35%	£1,000

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

Ongoing Charge is as at 31 December 2019.

*Other currency equivalents apply.

Important information

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Sources for all data: JOHCM/MSCI Barra/Bloomberg (unless otherwise stated).

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