

JOM Silkkitie Investment Fund's NAV was 271.45 at the end of October, so the performance during the month stood at +1.62%. Since fund inception (31<sup>st</sup> July 2009) the NAV has increased by +171.45%, thus the annual performance has been +12.85%.

In October, movements among our portfolio companies were inconsistent, especially when the smaller companies in Southeast Asia were under pressure, but at the index level the movements were more positive. This year has clearly been a year of large companies, and especially large technology companies. Asian TATS-companies, namely Tencent, Alibaba, TSMC and Samsung, have pushed the Asian indexes upwards, while particularly the small companies in SE Asia have lagged behind. The total market value of the TATS companies is currently \$1 400 billion, with which one could easily buy all listed companies in Indonesia, the Philippines, Vietnam and Malaysia. Alone with Alibaba's market value of \$482 billion, nearly all listed Indonesian shares could be bought (\$ 495 billion and 564 listed companies).

The Silkkitie Fund has one pure technology company – the previously mentioned Integrated Micro Electronics (IMI) from the Philippines. In Indonesia, however, there are almost no notable listed technology companies, with the exception of a few recently listed very small fintech-companies. There is more activity among technology companies on the private equity side, where new tech companies such as Go-Jek (a mix of Alipay, Uber and Foodora), Lazada and Tokopedia (e-Commerce) have received a lot of funding and attention from e.g. the above-mentioned Chinese tech giants.

In October, we continued to increase China's weight, while at the same time reducing the weight of Vietnam. In China, we invested in HNA Infra, a company operating the Hainan airport and having a considerably lower valuation than similar companies in China and abroad. In addition, we invested in attractively valued bank from China. On the other hand, the Chinese automotive industry company Xin Point was sold off, as the share price had become too expensive, in our opinion. After a four-year break, we bought into a Japanese company, Alps Electric, which is a technology company benefiting from e.g. the technical developments in the automotive industry. The BTN Bank from Indonesia was also sold, as its valuation had risen considerably from the beginning of the year. At the same time we bought Matahari Department Store shares, as the valuation had nearly halved during the year. The company's cash flow is very strong and the dividend yield stands at 4.7%.

JOM SILKKITIE, NET ASSET VALUE (31 October 2017)	271.45
Fund size	49.85 mEUR
Number of fund units	183 657.7691
Inception date	31.7.2009
Last month's performance	+1.62%
Performance since inception	+171.45%
Annualised performance since inception	+12.85%
Accumulated management fee*	1.00%
Accumulated performance fee*	0.00%
Accumulated custodian fee*	0.13%
Net investment position (prior to subscriptions on 31.10.2017)	98.3%
Volatility**	10.9%
Portfolio turnover	201.4%

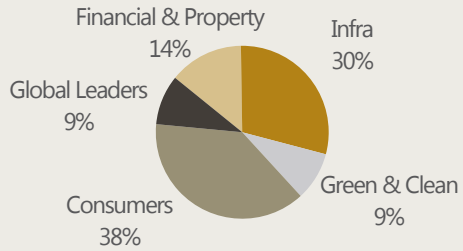
## OVERVIEW OF THE FUND

<b>Name:</b> JOM Silkkitie Fund (UCITS)	<b>Inception date:</b> 31.7.2009	<b>Management fee:</b> 1.2% p.a.
<b>Portfolio Manager:</b> Juuso Mykkänen	<b>ISIN-code:</b> FI4000003470	<b>Subscription fee:</b> 1.5% - 0%
<b>Custodian:</b> SEB. Helsinki branch	<b>Bloomberg-ticker:</b> JOMSILK FH	<b>Redemption fee:</b> 1% (min. 20 €)
<b>Benchmark index:</b> No official index	<b>Fund target group:</b> Demanding investors who understand the potential of Asian equity markets in the long run.	<b>Performance fee:</b> 10% on the return exceeding the hurdle rate of 5%. (pls see Fund prospectus for details)
<b>Profit sharing:</b> The Fund has only accumulating units	<b>Minimum subscription:</b> 5 000 €	
<b>Fund rules last confirmed:</b> 7.7.2017	<b>Subscription account:</b> IBAN: FI81 3301 0001 1297 17 BIC: ESSEFIHXXXX	

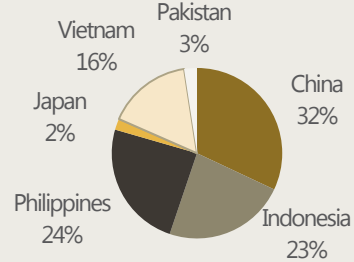


# JOM SILKKITIE ASIA EQUITY INVESTMENT FUND

## Equities by Investment Themes



## Equities Geographical Break-down



## FUND CORRELATION (12M, DAILY) WITH SOME EQUITY INDICES (EUR)

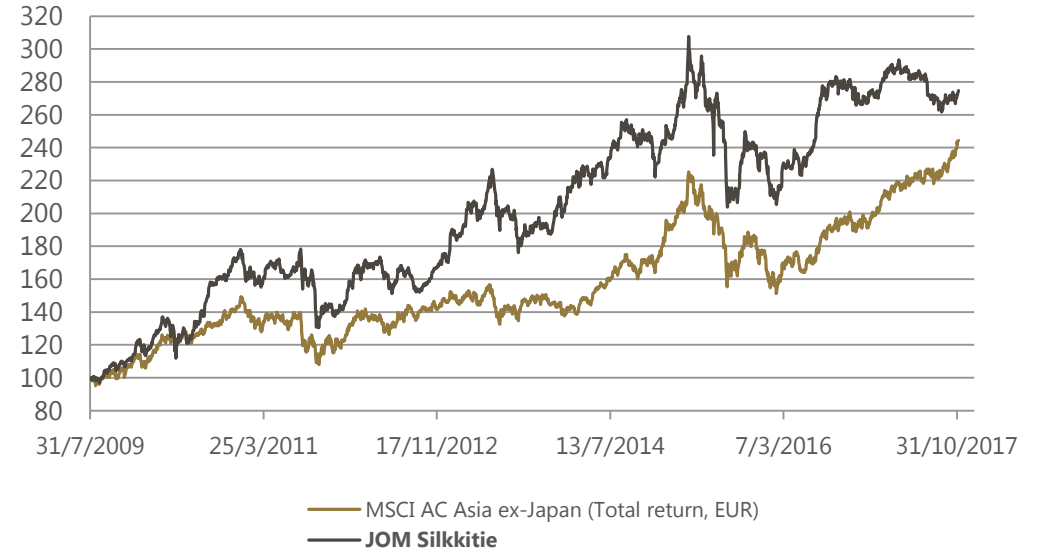
Jakarta Composite Index JCI	Philippine composite Index PCOMP	HK China H shares HSCEI	MSCI Asia ex-Japan	Topix	MSCI World	S&P 500	Bloomberg Europe 500 Index
Indonesia	Philippines	China	Asia	Japan	World	US	Europe
0.47	0.44	0.48	0.53	0.32	0.30	0.25	0.25

## FUND PERFORMANCE MONTHLY (%)

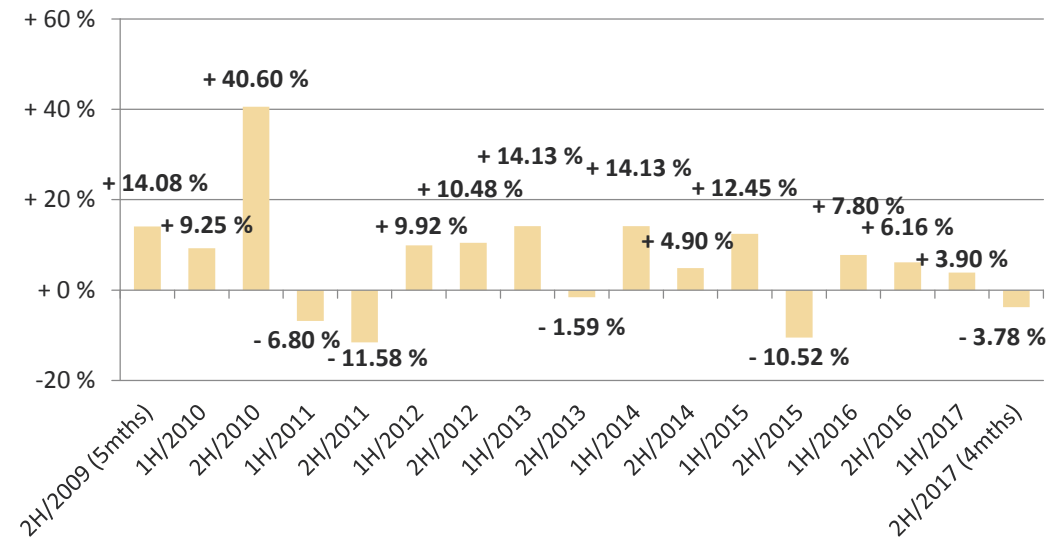
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-	-	-	-	-	-	-	-2.74	+7.49	+1.52	+0.40	+7.07	<b>+14.08</b>
2010	+3.55	-0.05	+9.66	+4.00	-8.12	+0.74	+7.55	+2.46	+13.95	+2.45	+2.73	+6.39	<b>+53.60</b>
2011	-8.11	-1.34	+2.81	+3.17	-2.47	-0.62	+7.75	-10.15	-14.07	+5.83	-4.11	+4.73	<b>-17.59</b>
2012	+8.75	+4.07	+2.35	+1.85	-4.68	-2.26	+2.58	-5.49	+0.90	+4.59	+5.35	+2.51	<b>+21.44</b>
2013	+6.18	+6.82	+3.25	-0.51	+10.17	-11.08	-1.57	-6.91	+2.00	+3.54	-1.15	+2.88	<b>+12.31</b>
2014	+2.31	+7.46	+0.14	+2.94	+2.21	-1.48	+7.98	+3.98	-1.25	-0.58	-0.33	-4.53	<b>+19.72</b>
2015	+6.02	+3.20	+5.89	+2.38	+3.81	-8.69	-3.22	-16.41	-2.44	+15.52	-1.36	-0.51	<b>+0.61</b>
2016	-9.61	+0.65	+5.97	+1.25	+1.71	+8.58	+7.75	+1.84	-1.66	+0.30	-3.26	+1.38	<b>+14.44</b>
2017	-0.55	+4.73	+1.51	-0.13	-0.67	-0.93	-4.23	-0.73	-0.40	+1.62			<b>-0.02</b>

# Monthly Report October 2017

## JOM SILKKITIE NAV VS. THE REGIONAL EQUITY MARKET INDEX



## FUND PERFORMANCE BI-ANNUALLY (%)



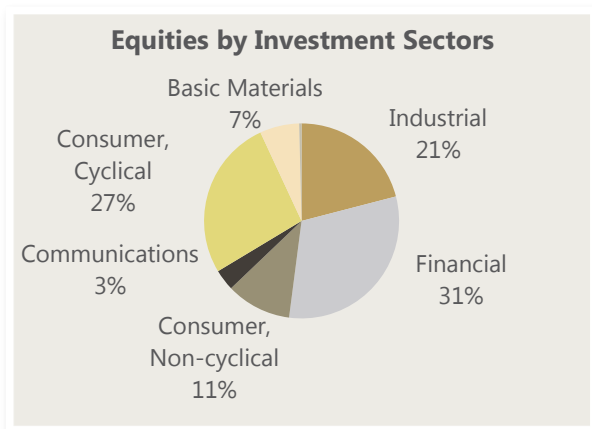
**JOM Fund Management Ltd**  
 Salomonkatu 17 B, 00100 Helsinki, FINLAND  
 Tel: +358 9 670 115, Fax: +358 9 670 117  
 info @jom.fi www.jom.fi

Past performance is no guarantee for future returns. The Fund value may increase or decrease, and the investor may incur losses when redeeming his shares. MSCI AC Asia ex-Japan (EUR) is a price index, which takes dividends into account. Further details on JOM Silkkitie Investment Fund may be found in the key investor information document, fund prospectus and fund rules, which are available by request from JOM Fund Management Ltd, or on the website [www.jom.fi](http://www.jom.fi).

## JOM KOMODO INDONESIA EQUITY INVESTMENT FUND

JOM Komodo Investment Fund's NAV was 165.43 at the end of October, as it increased by +3.63% during the month. Since fund inception (15th May 2012) the NAV has increased by +65.43%, thus the annual performance has been +9.65%.

The Indonesian small cap shares showed some signs of strengthening in October, as there was some improvement in the liquidity situation and the MSCI Indonesia Small Cap index (MXIDSC) exceeded the 50- and 100-day moving averages (see page 5). The net sales by foreign investors also slowed down towards the end of October (see page 5). Although there was a slight upsurge in mid-cap shares, the fact remains that many companies' shares (including the consumer sector) are close to their 52-week lows, while the valuation levels are still very low compared to other Asian mid-caps. For example, MXIDSC's PE multiple of 13.01x was this low at the turn of 2009-2010, whereas during the last five years the average PE has been 21.5x. Private consumption, which is 55% of the GDP, has been relatively weak this year and has kept most of the consumer companies in the lowlands. One reason for this is that the holiday season was moved forward from the second quarter to the third quarter (same as if Christmas would be moved to January), so a more comparable picture of the total spending will be obtained when the consumer sector's figures for the fourth quarter are published.



## Monthly Report October 2017

JOM KOMODO, NET ASSET VALUE (31 October 2017)	165.43
Size of the fund	16.66 mEUR
Number of fund units	100 686.0034
Inception date	15.5.2012
Last month's performance	+3.63%
Performance since inception	+65.43%
Annualised performance since inception	+9.65%
Accumulated management fee*	1.25%
Accumulated performance fee*	0.00%
Accumulated custodian fee*	0.17%
Net investment position (prior to subscriptions on 29.9.2017)	97.7%
Volatility**	13.2%
Portfolio turnover	118.0%
Fund's correlation to JCI-Index (12m)	0.52

### FUND OVERVIEW

**Name:**  
JOM Komodo Fund (UCITS)

**Portfolio Manager:**  
Juuso Mykkänen

**Custodian:**  
SEB. Helsinki branch

**Benchmark index:**  
No official index

**Profit sharing:**  
The Fund has only accumulating units

**Fund rules last confirmed:**  
7.7.2017

**Inception date:** 15.5.2012

**ISIN-code:** FI4000043401

**Fund target group:**  
Demanding investors who understand the potential of Asian equity markets in the long run.

**Minimum subscription:**  
5 000 €

**Subscription account:**  
IBAN:  
FI75 3301 0001 1363 24

BIC: ESSEFIHXXX

**Management fee:**  
1.5% p.a.

**Subscription fee:**  
1.5% - 0%

**Redemption fee:**  
2% (min. 20 €)

**Performance fee:**  
10% on the return exceeding the hurdle rate of 5%. (pls see Fund prospectus for details)



**JOM Fund Management Ltd**  
Salomonkatu 17 B, 00100 Helsinki, FINLAND  
Tel: +358 9 670 115, Fax: +358 9 670 117  
info @jom.fi www.jom.fi

*Past performance is no guarantee for future returns. The Fund value may increase or decrease, and the investor may incur losses when redeeming his shares. Jakarta Composite Index (EUR) and MV Indonesia SmallCap Index (EUR) are price indices, which take dividends into account. Further details on JOM Komodo Investment Fund may be found in the key investor information document, fund prospectus and fund rules, which are available by request from JOM Fund Management Ltd, or on the website www.jom.fi. \*For the fiscal period since 1.1.2017, % of fund average net assets. \*\*Will be calculated based on daily returns during 12 months, after the fund has sufficient track history. Detailed formulas available from the Fund Management Company.*

JOM KOMODO NAV VS. INDONESIA EQUITY INDICES



FUND PERFORMANCE MONTHLY (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2012</b>	-	-	-	-	-6.29	+0.42	+3.62	-8.02	+3.01	+0.71	+7.63	-4.57	<b>-4.34</b>
<b>2013</b>	+6.05	+17.64	+13.43	+1.54	+11.52	-11.79	-8.95	-20.95	-0.95	+7.28	-13.95	-3.40	<b>-10.13</b>
<b>2014</b>	+9.68	+15.86	+10.77	-1.42	+3.20	-6.05	+10.24	+8.15	-2.09	+2.30	+5.50	+2.61	<b>+73.92</b>
<b>2015</b>	+2.45	+0.04	+2.24	-8.35	+1.42	-6.30	+0.26	-16.99	-8.01	+21.09	-1.75	-0.47	<b>-17.26</b>
<b>2016</b>	-1.69	+3.01	+5.87	+0.63	-0.86	+8.49	+9.63	+4.12	-3.45	+7.33	-6.93	+2.44	<b>+30.86</b>
<b>2017</b>	-0.30	+5.05	-0.38	+1.37	+0.73	-2.46	-4.74	-1.73	+1.37	+3.63			<b>+2.18</b>

On the macro front Indonesian GDP grew by 5.06% from the previous year during Q3/2017, which was slightly below the consensus expectations of 5.19%. From the previous quarter, the GDP grew by 3.18%. In Q3, the Foreign Direct Investments (FDI) grew by 12% in comparison to the year before. Inflation was 3.58% in October, down from September’s 3.72%. The country’s GDP growth has been at 5% for several years now, and many investors are expecting the economic growth to rise to 5.5% in the coming quarters. Private consumption has been the weakest link this year, but this is expected to gain wind beneath it’s wings, although at a moderate speed.

Despite the challenges, the earnings period has been relatively strong, as the portfolio weighted results from the 9 month period (75% of our portfolio companies have released their 9m numbers) rose by about 40% from the previous year. On the other hand, there has been huge differences between companies. For a stock picker, the situation is interesting since according to us, many investors have not been aware that the results of the second quarter were affected by 9 additional holiday days, which has led to shares of many SME companies to fall sharply during the autumn and after the Q2 result season. The foreign investors’ net equity sales and the attraction of North Asia have further intensified the downfall during the autumn. However, the conclusion of the results of Q3 is that the situation is relatively normal, at least outside of the consumer sector. Therefore, we will add a few new companies to the portfolio during November-December period.

In October, we sold BTN Bank from Komodo fund’s portfolio, as the share price had risen sharply since the beginning of the year. We added Southeast Asia’s largest department store, Matahari Department Store, to the portfolio. The company’s valuation has almost halved since the beginning of the year, and it has a dividend of 4.7% as well as a strong cash flow. Other changes in the portfolio have mainly been cosmetic.





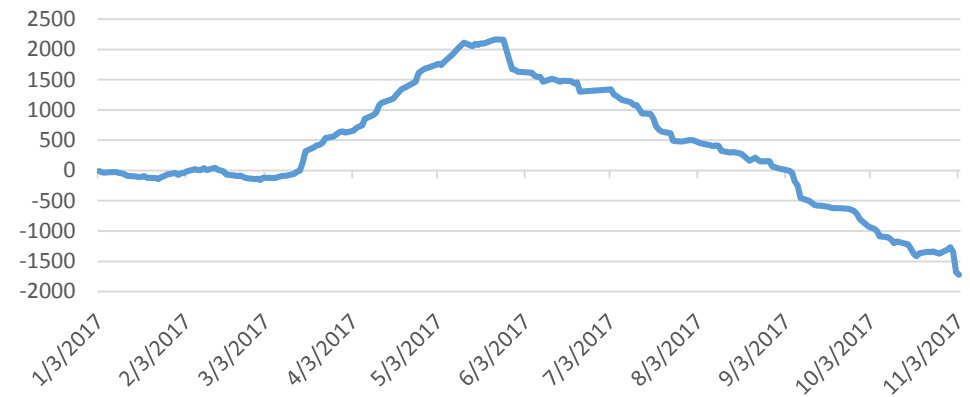
The MSCI Indonesia Small Cap Index (above) has slowly begun to show signs of recovery, when the index recently exceeded the 50 and 100-day moving averages. In the near future, the index has also performed better than the Indonesian main index JCI, which at the same time has reached new record highs (local currency).

Source: Bloomberg

Bottom right: Although the GDP growth has stayed “only” at +5% this year, mainly due to a weak consumer sentiment, the investment cycle begins to show more positive signs. This is a good and long awaited sign, when for example the capacity utilization rate has been very high for a long time in various sectors.

Source: CLSA

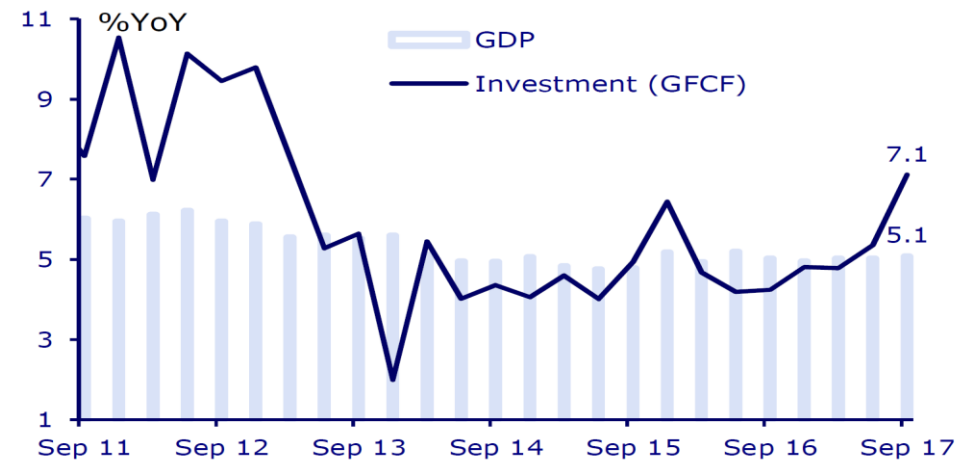
Indonesia: Foreign investors’ net equity purchases from the beginning of the year, USDm



Foreign institutional investors have reduced their investments in the Indonesian stock market during 2017 by more than \$1.7 billion, and from the end of May by nearly \$4 billion. This corresponds to the sales of 2013, when the Fed’s tapering speech withdrew a lot of funds from every EM country, and the sales of 2015, when China’s mini-devaluation and the collapse of oil prices caused capital outflows from EM countries. The main reason now, according to us, is that the “cyclical countries” of China and North Asia are perceived more attractive than SE countries.

Source: Bloomberg

**Real GDP and investment (GFCF) growth**



Source: CLSA, CEIC

