JOM Silkkitie Asia Equity Investment Fund's NAV was 219.21 at the end of December so the performance during the month stood at -1.52%. Since fund inception (31st July 2009) the NAV has increased by +119.21%, thus the annual performance has been +8.68%.

Year 2018 was very volatile and twofold. The first half of the year was strong, but then the China driven downhill started in June, as the trade war issues were in the epicenter of investors' worries. Companies' good results or attractive valuations had little positive effect, as investor sentiment was rapidly deteriorating during the second half of the year.

We decreased China's weight moderately in December, as the trade war issues did not progress and the macro economic numbers were softer than expected. In the Philippines, we introduced a new company to the portfolio; the company operates in the retail sector, and its management has bought considerable quantities of the company's shares after the valuation had dropped to a very low level while outlook has remained good. During the month we also reintroduced some US stock market hedges after the stock markets recovered slightly.

In the following pages we will discuss the state of the US economy and the risks associated thereto, such as the sky high debt levels.

In our view, the rate cuts by the Fed – which most probably will start this year – will have a very positive impact on the Asian emerging markets. Especially the likely weakening of the USD againts the freely floating Asian currencies may bring some long awaited stability to the smaller Asian stock markets. As a matter of fact, the strong USD has in the recent years been one of the biggest causes of uncertainty in Southeast Asian economies.

JOM SILKKITIE, NET ASSET VALUE (31 December 2018)	**219.21**
Fund size	31.50 mEUR
Number of fund units	143 693.6085
Inception date	31.7.2009
Last month's performance	-1.52%
Performance since inception	+119.21%
Annualized performance since inception	+8.68%
Accumulated management fee*	1.21%
Accumulated performance fee*	0.00%
Accumulated custodian fee*	0.15%
Net investment position (prior to subscriptions on 31.12.2018)	96.4%
Volatility**	14.8%
Portfolio turnover	246.6%

OVERVIEW OF THE FUND

Name:
JOM Silkkitie 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: 31.7.2009

ISIN-code: FI4000003470

Bloomberg-ticker: JOMSILK FH

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

Minimum subscription: 5 000 €

Subscription account:
IBAN: FI81 3301 0001 1297 17

BIC: ESSEFIHXXXX

Management fee:
1.2% p.a.

Subscription fee:
1.5% - 0%

Redemption fee:
1% (min. 20 €)

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

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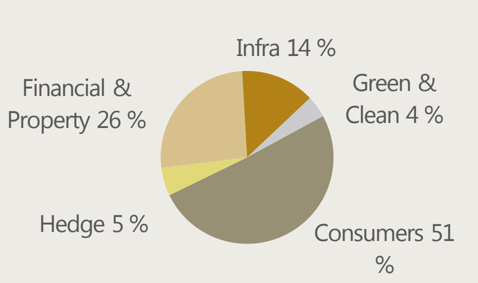
*Past performance is no guarantee for future returns. The Fund value may increase or decrease, and the investor may incur losses when redeeming his shares. MSCI AC Asia ex-Japan (EUR) is a price index, which takes dividends into account. Further details on JOM Silkkitie Investment Fund may be found in 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. *For the fiscal period since 1.1.2018, % of fund average net assets. **Based on daily returns during 12 months. Detailed formulas available from the Fund Management Company.*

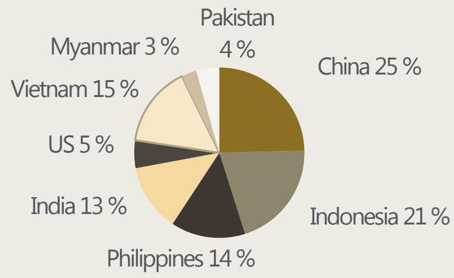
JOM SILKKITIE ASIA EQUITY INVESTMENT FUND

Monthly Report December 2018

Equities by Investment Themes



Equities Geographical Break-down



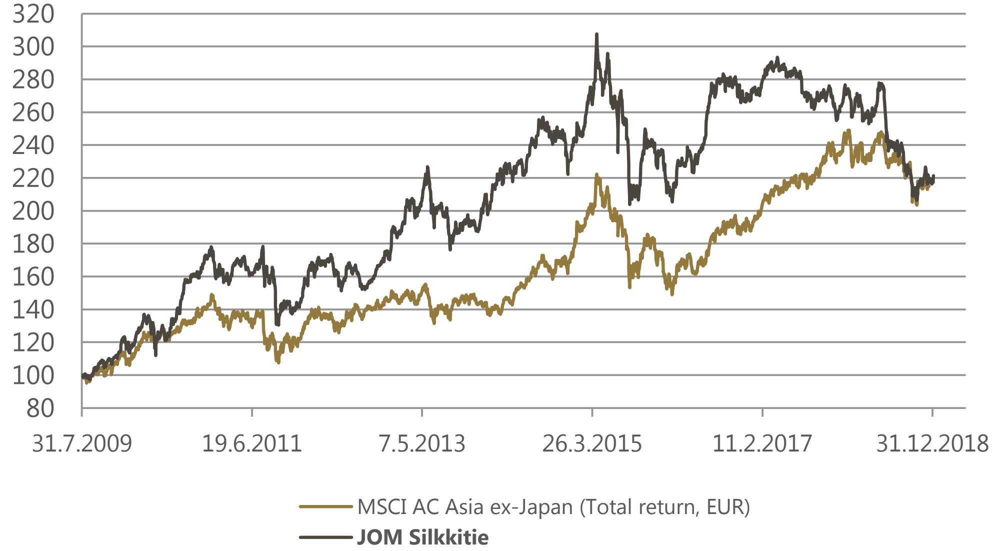
FUND CORRELATION (12M, DAILY) WITH SOME EQUITY INDICES (EUR)

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
0.53	0.30	0.65	0.68	0.46	0.25	0.12	0.35

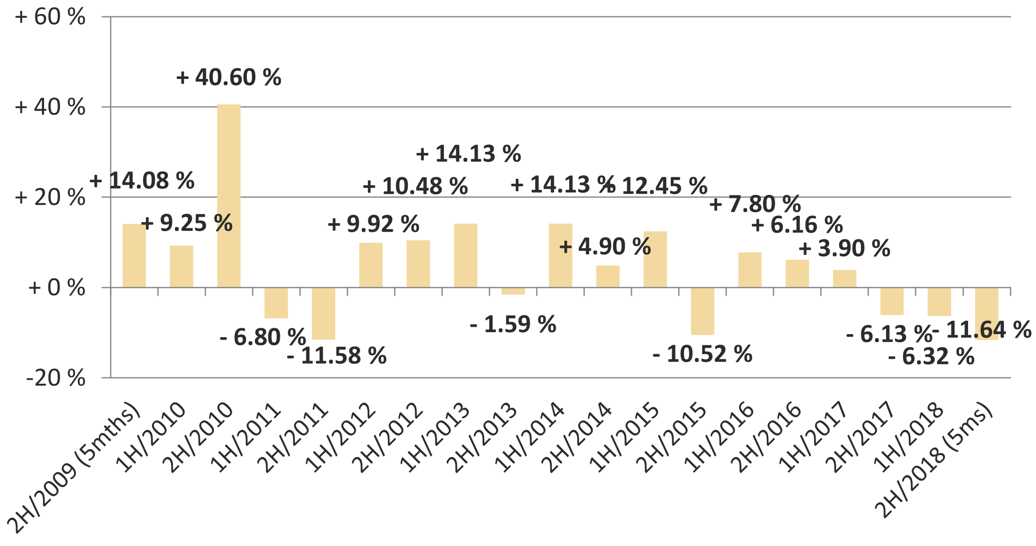
FUND PERFORMANCE MONTHLY (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-	-	-	-	-	-	-	-2.74	+7.49	+1.52	+0.40	+7.07	**+14.08**
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	**+53.60**
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	**-17.59**
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	**+21.44**
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	**+12.31**
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	**+19.72**
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	**+0.61**
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	**+14.44**
2017	-0.55	+4.73	+1.51	-0.13	-0.67	-0.93	-4.23	-0.73	-0.40	+1.62	-2.73	+0.30	**-2.46**
2018	+1.54	+0.55	-5.46	+2.03	+4.85	-9.28	-4.14	+0.32	-5.39	-7.39	+6.50	-1.52	**-17.23**

JOM SILKKITIE NAV VS. THE REGIONAL EQUITY MARKET INDEX



FUND PERFORMANCE BI-ANNUALLY (%)



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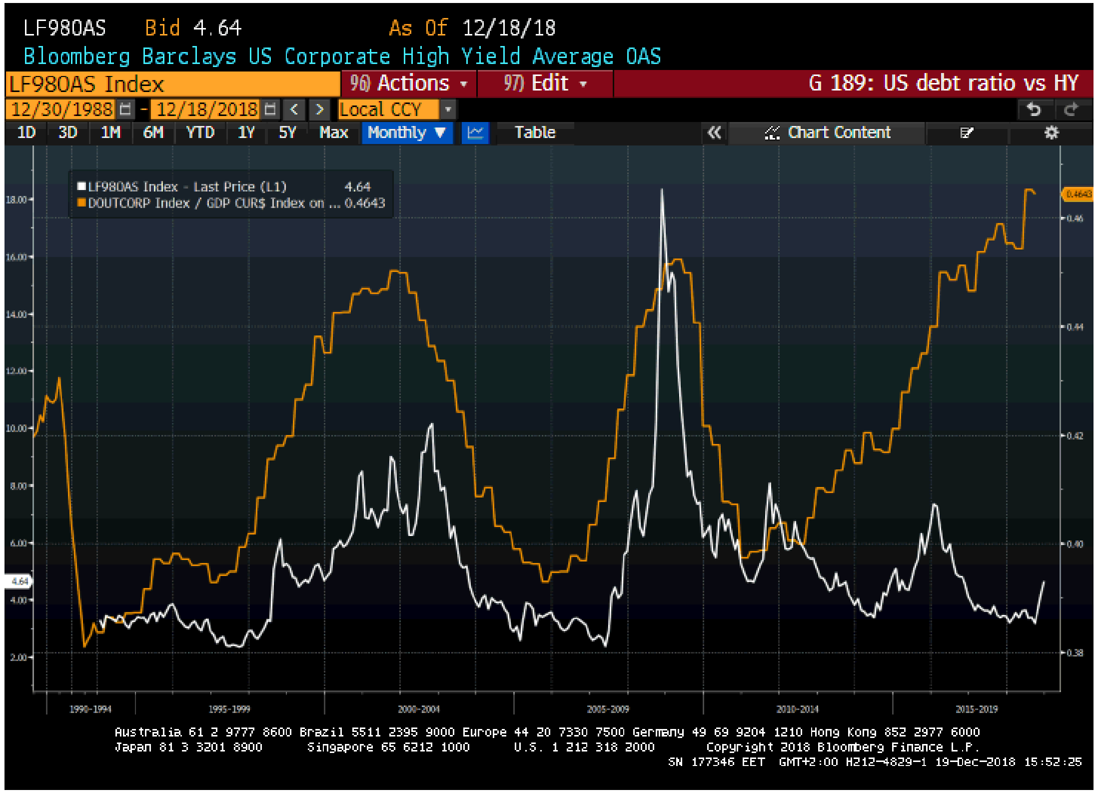
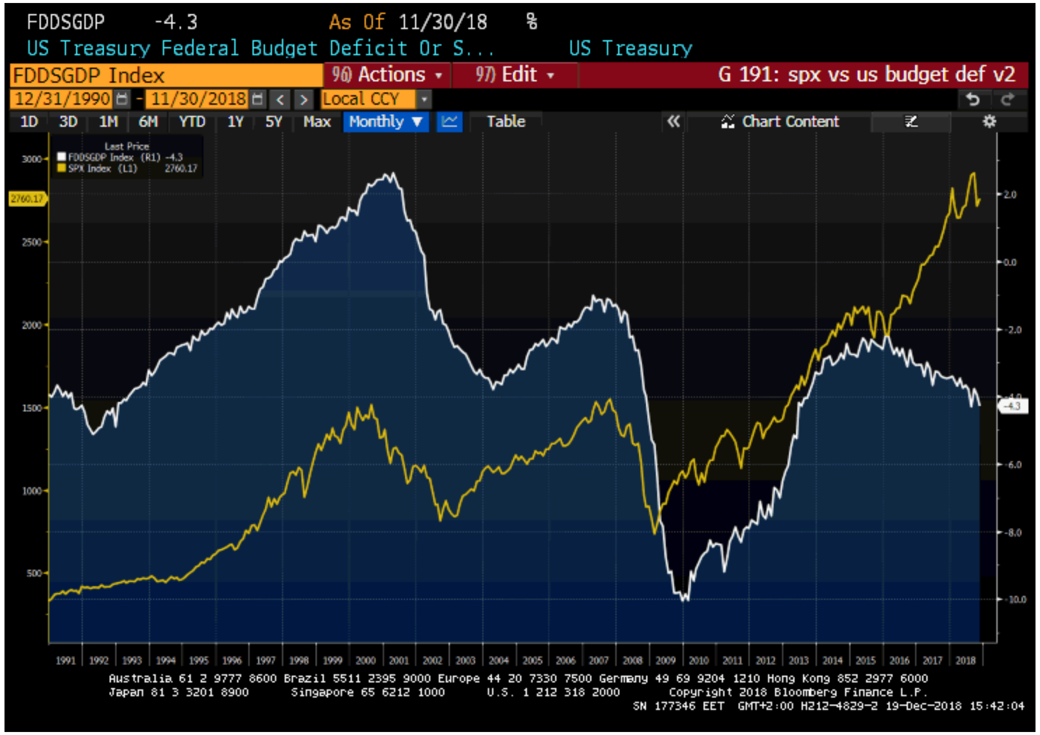
US Deficit & debt situation

Capital market players globally are once again facing the situation where they start pondering the US economy's deficit and debt situation – and thus the value of the dollar – in a more profound way. The budget deficit in the US is now -4.3% of GDP, whereas the federal debt stands at +21 000bnUSD. Thus, the debt level has increased by 100% from the levels of 10 000bnUSD some 10 year ago . Also, the non-financial sector corporate debt has increased to record levels as the central banks maintained the zero interest rate level for too long, while at the same time the "everything bubble" kept on expanding all around the western world. Despite the fact that the household debt to GDP ratio has decreased in comparison to the 2008 level, the absolute household debt is at the highest level in history.





Above: US budget deficit (white line) and S&P500 index (yellow line) correlation used to be very positive in the past, thus it is highly likely that the correlation will resume and equities will start to decline in a more sustained manner. Source: Bloomberg.

Left: US non-financial corporate debt to GDP (yellow line) and high yield spread (white line). Debt levels now exceed the past two cycles – when spreads increase (white line) more problems emerge. Source: Bloomberg.

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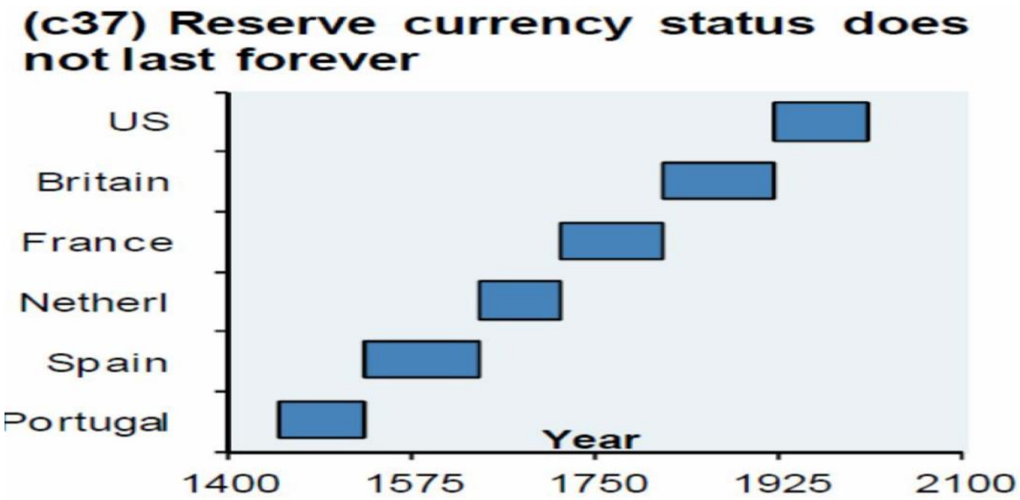
The size of the US economy compared to the world economy has diminished quite substantially over the years (24% in 2017, 37% in 1968), whereas the US stock market size is now at the highest level historically at around 40%. Thus, this imbalance between the US and the rest of the world's stock markets have expanded too much due to the above mentioned high debt levels and naturally due to the US's aggressive "marketing department" such as media, politicians, bankers, military etc.

Should we compare US macro numbers to any other nation, that country's currency would be declining rapidly and the inflation would be much higher. The dollar is still very strong as it is by far the largest reserve currency globally, and there are no such competitor currencies which could challenge and overtake the USD's position. However, there are increasing number of investors that start to question USD's current status, given the imbalances highlighted above: for example, the demand for Treasuries at Fed auctions has been weak among the foreign parties (partly due to FX hedging costs), demand for gold has been strong especially among the EM central banks, while many countries have started to use other currencies than the USD in commodity trading. China's renminbi may also take a larger share of the global currency reserves as the country opens more of its capital markets. For example, China has the 3rd largest bond market globally, but foreigners currently own less than 5% of it, as the bond market has slowly opened up to foreigners just few years ago.



During 2019-2020 the foreign appetite for US Treasuries will be seriously tested as the Fed may have to, under high debt levels and slow (or even negative) growth, start a QE4 program under pressure from Wall Street. Most likely the Fed will start cutting rates already in 2019, while they will also be forced to slow down or stop the balance sheet normalization program, that is running currently at 50bnUSD per month. That should put some downward pressure on the dollar against many other currencies and precious metals, such as gold. Thus, so far investors have believed that they will be reimbursed fully when they invest into US Treasuries, but we think that we are closer to the point where imbalances start to affect the value of the USD negatively. Therefore, foreign investors' expectations on the future of the USD will be seriously considered. So, we think that in the next few years there may be some major changes to the world financial system along the lines of *Bretton Woods* after the WWII as some *fiat*-money standards may lose their superstar status. The USD is naturally at the largest risk given its status currently. This kind of process may not happen if the Fed chairman (be it Mr Powell or someone else) acts in the lines of the ex-Fed chairman Mr Paul Volcker, but that is very hard to see at this point.

Weak USD, which is a very real possibility, will benefit many EM economies, that have practiced orthodox monetary policies, growth is stable and where there are no large imbalances in the economy regarding debt (structurally growing economies). In addition, as there are currently no other major currencies taking the dollars' place, precious metals such as gold will quite likely benefit as the process goes forward.

Left: Reserve currency periods have usually lasted some 50-100 years. Also dollar's status will also end at some point.

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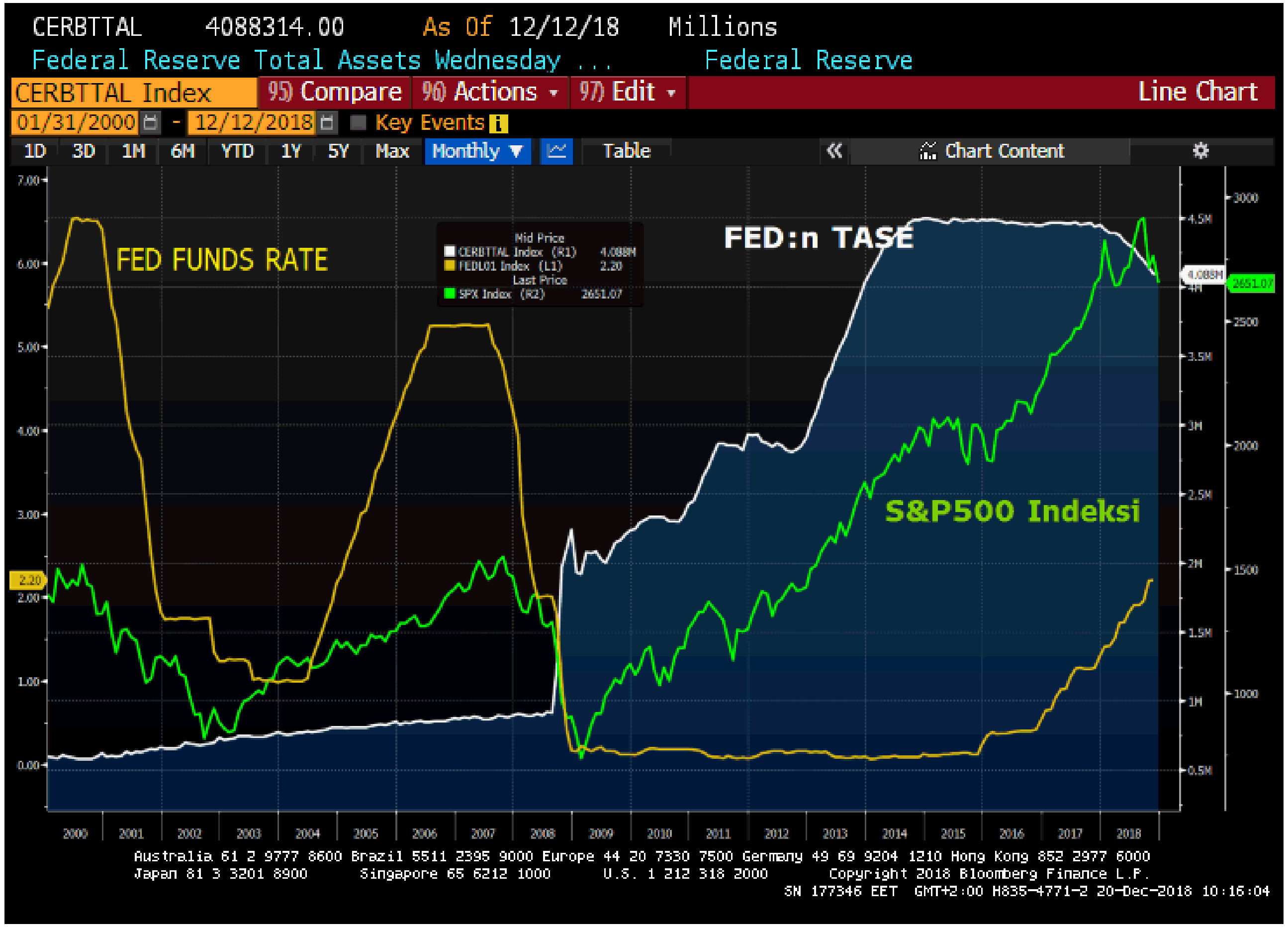
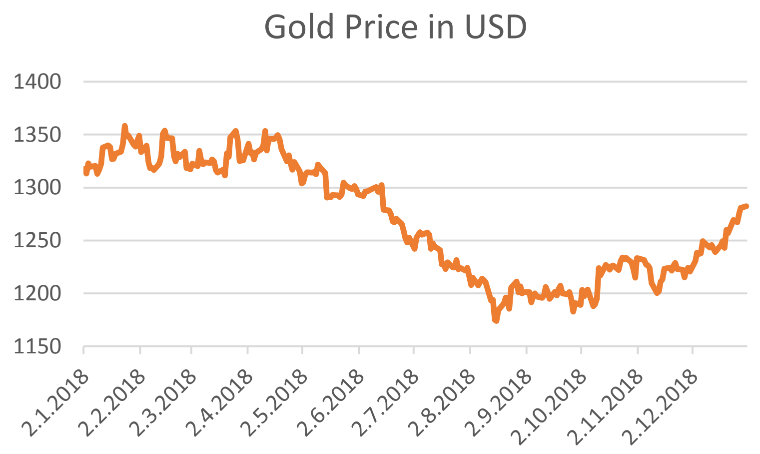
Below: During 2009-2017 when the Fed kept rates at zero while adding liquidity to markets via QE1-QE3, a massive stock market bubble was being created. Now the Fed's balance sheet (white line) is being reduced by 50bnUSD per month; according to market commentators, this is effectively the same as 1% rate hikes annually. Now at the same time the Fed is hiking rates (yellow line). S&P500 index (green line) along with other stock market indexes has created a stock market bubble during the QE-period. Now, as the QT (quantitative tightening) era has commenced, the good liquidity situation of 2009-2017 has reversed. Source: Bloomberg.





Above: The price of gold started to appreciate at the same time as the US stock market began to decline after reaching its all time high (over)valuation level. The bond market troubles are clearly being reflected on the increasing gold price. Source: Bloomberg.

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JOM KOMODO INDONESIA EQUITY INVESTMENT FUND

Monthly Report December 2018

JOM Komodo Indonesia Equity Investment Fund's NAV was 157.39 at the end of December, as it increased by +0.13% during the month. Since fund inception (15th May 2012) the NAV has increased by +57.39%, thus the annual performance has been +7.08%.

Fund's NAV increased by just 0.9% during the year despite the fact that in June the fund's return was well above 10% YTD. However, fund's NAV was, at the worst point of the year, down by more than 12%, so given the very volatile year, we are somewhat satisfied with the annual return of 0.9% in 2018, as nearly all other EM funds posted heavy declines for the whole year.

We think that 2019 may be much better than 2018 in Indonesia's capital markets. According to the polls, the elections (Parliament and Presidential) in April should go without major changes to the country's political power structure, as Jokowi's lead is currently quite substantial. However, given the history of stormy elections in Indonesia, we should not rule out some dirty election play similar to 2014 Presidential election, when we are getting closer to the actual election time. In addition, if the global liquidity situation causes some additional volatility, we may also see that having n effect on the Indonesian capital markets.

During December, we sold off from the portfolio some stocks that are highly correlated with the global trade cycle, while we added stocks which benefit from the country's structural growth. As the property market has started to recover slightly, we introduced a new position in an attractively valued developer, which has a very competent management. We have met them various times over the last couple of years in Jakarta. We also think that the likely rate cuts this year will speed up the demand for property – the cycle in Indonesia has now turned slightly upwards from its long-term bottom, whereas in other parts of the world the very long term property upcycle has started to inflate (Australia, Sweden, Canada, the US, UK etc.) as the rates have inched up and liquidity has been easing.

JOM KOMODO, NET ASSET VALUE (31 December 2018)	157.39
Size of the fund	13.69 mEUR
Number of fund units	86 962.1445
Inception date	15.5.2012
Last month's performance	+0.13%
Performance since inception	+57.39%
Annualised performance since inception	+7.08%
Accumulated management fee*	1.51%
Accumulated performance fee*	0.00%
Accumulated custodian fee*	0.26%
Net investment position (prior to subscriptions on 31.12.2018)	96.6%
Volatility**	16.6%
Portfolio turnover	181.48%
Fund's correlation to JCI-Index (12m)	0.71

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)

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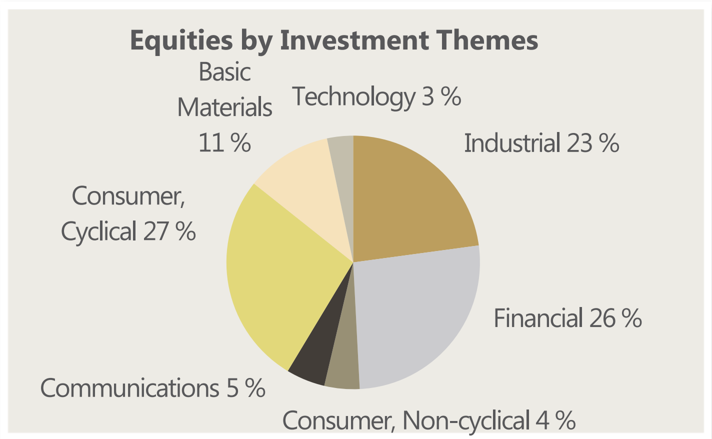
*Past performance is no guarantee for future returns. The Fund value may increase or decrease, and the investor may incur losses when redeeming his shares. Jakarta Composite Index (EUR) and MV Indonesia SmallCap Index (EUR) are price indices, which take dividends into account. Further details on JOM 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 1.1.2018, % 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.*

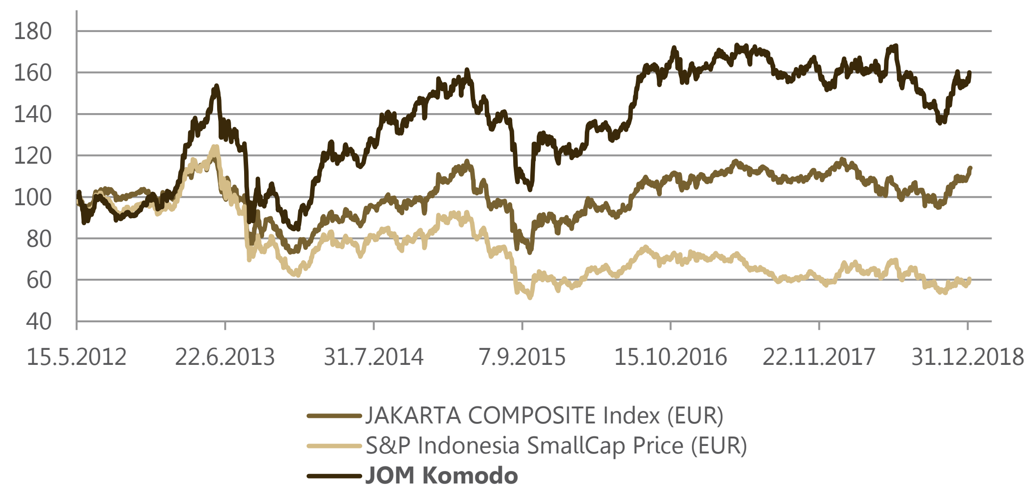


As we have mentioned in our earlier reports, the declining oil price is also very positive for Indonesia's economy, and especially for the country's current account deficit. Inflation was only 3.13% YoY in December (core inflation 3.07%), whereas the interest rates are at 6% - rates can easily be cut in our opinion even if the price of oil would still climb up somewhat. In addition, the Nikkei Indonesia PMI manufacturing increased from November 50.4 to 51.2 points in December, whereas in many other export driven countries the PMIs have been recently declining. Therefore, we think that foreign investors will increasingly start to see Indonesia's capital markets as very interesting, given the positive macro picture and attractive return potential. We have to bear in mind that the outflow from the country's equity markets during 2017-18 was almost biggest ever, and thus many of Indonesia's domestic driven themes became very attractively valued. In addition, this outflow was not caused by Indonesia's domestic factors, but rather because most of the foreign money was chasing large technology companies globally and in Asia. Now, we think that the reverse will happen, as can already be seen in the deflating tech sector stock prices globally.

FUND PERFORMANCE MONTHLY (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	**Year**
2012	-	-	-	-	-6.29	+0.42	+3.62	-8.02	+3.01	+0.71	+7.63	-4.57	**-4.34**
2013	+6.05	+17.64	+13.43	+1.54	+11.52	-11.79	-8.95	-20.95	-0.95	+7.28	-13.95	-3.40	**-10.13**
2014	+9.68	+15.86	+10.77	-1.42	+3.20	-6.05	+10.24	+8.15	-2.09	+2.30	+5.50	+2.61	**+73.92**
2015	+2.45	+0.04	+2.24	-8.35	+1.42	-6.30	+0.26	-16.99	-8.01	+21.09	-1.75	-0.47	**-17.26**
2016	-1.69	+3.01	+5.87	+0.63	-0.86	+8.49	+9.63	+4.12	-3.45	+7.33	-6.93	+2.44	**+30.86**
2017	-0.30	+5.05	-0.38	+1.37	+0.73	-2.46	-4.74	-1.73	+1.37	+3.63	-4.47	-1.28	**-3.63**
2018	+5.21	+0.16	-1.45	+1.09	+3.50	-6.29	-1.32	-4.18	-3.48	-4.27	+13.25	+0.13	**+0.88**

JOM KOMODO NAV VS. INDONESIA EQUITY INDICES



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