

JOM Silkkitie Asia Equity Investment Fund’s NAV was 215.70 at the end of August, so the performance during the month stood at -7.05%. Since fund inception (31st August 2009) the NAV has increased by +115.70%, thus the annual performance has been +7.92%.

As August is globally the most popular holiday month, liquidity in the markets was very thin, which led to violent moves in different equity markets. As trade war actions also accelerated from both sides, and the USD remained very strong, the small and mid caps suffered the most from rising volatility. For example, in August, MSCI Indonesia Small cap index declined by more than 5% while JCI-index declined less than 1%. Outside of Asia EM space, Argentina’s equity market dropped in local currency by nearly 50% as the recent election outcome was not liked by investors.

During autumn volatility is expected to stay at elevated levels as investors ponder the inverted yield curve, weakening macro numbers and central banks’ future actions. Especially western large central banks, namely the ECB and the FED, may profoundly change the market dynamics, as many investors now see that further negative interest rates may be negative for economic growth and undermine financial structures of the economies – in other words, negative or very low interest rates, do not stimulate economy anymore. This has already materialised in growing interest toward alternative asset classes such as gold and other precious metals. Government bond prices have also rallied in western markets despite the fact that yields are negative in large part of this market – therefore investors see that bond rally will continue. In the US bond yields are still positive, but the direction of the yields is down (bond prices up).

Luckily in our focus markets in Asia, central bank monetary policies have remained orthodox without irresponsible zero or negative interest rates (bar Japan). In Indonesia, for example, government bonds are yielding +7%, that should attract capital into the country when taking into account the excellent demographic situation, prudent fiscal/monetary policies and an attractive situation in domestic investment cycle – situation being completely opposite in western countries.

JOM SILKKITIE, NET ASSET VALUE (30 August 2019)	215.70
Fund size	24.7 mEUR
Number of fund units	114 483.1670
Inception date	31.7.2009
Last month’s performance	-7.05%
Performance since inception	+115.70%
Annualized performance since inception	+7.92%
Accumulated management fee*	0.80%
Accumulated performance fee*	0.00%
Accumulated custodian fee*	0.10%
Net investment position**	93.5%
Volatility***	12.7%
Portfolio turnover	220.8%

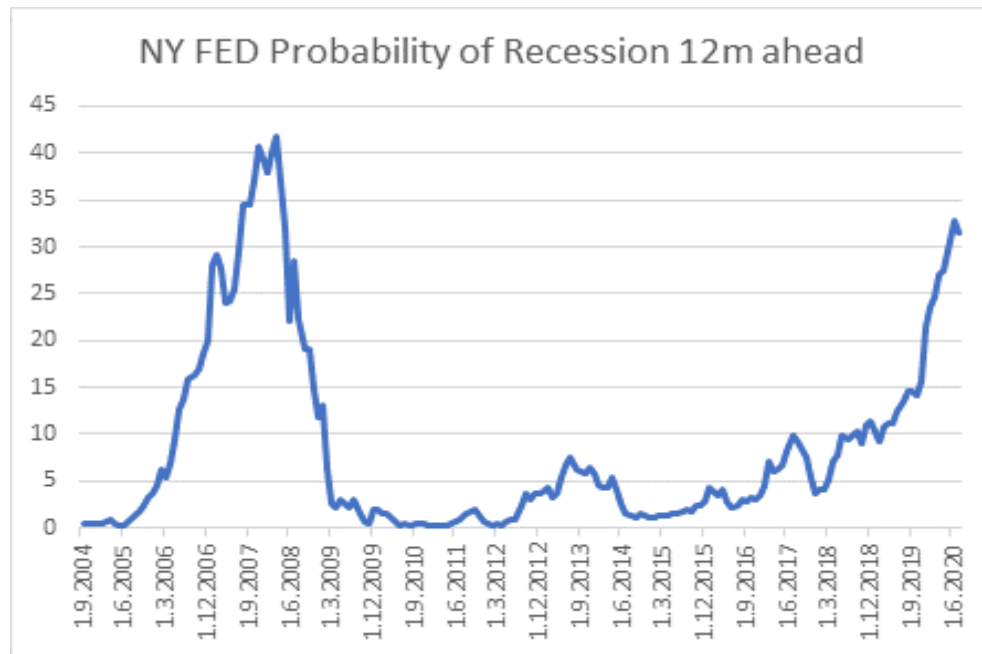
OVERVIEW OF THE FUND

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



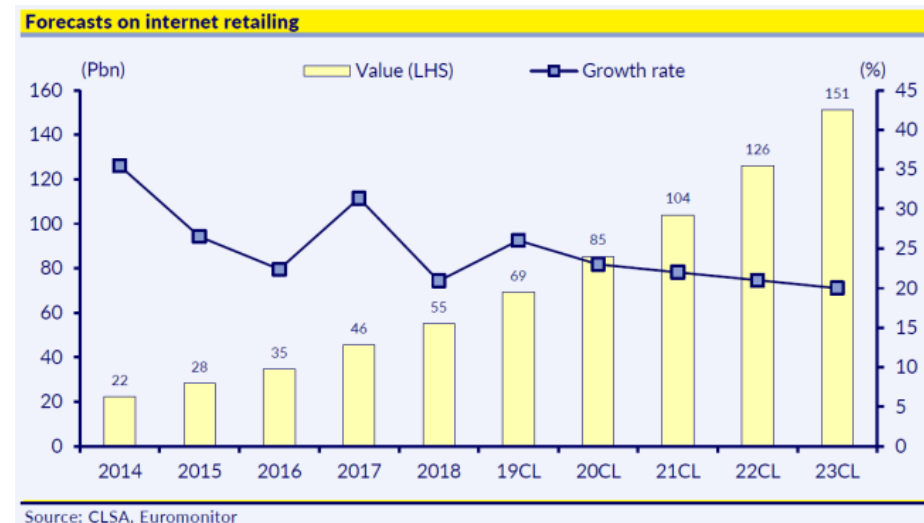
Even though trade war disputes between the USA and China have filled most of the headlines recently, we think that the direction of the USD is more important factor in determining the future direction of EM stock market returns. Therefore Fed meetings in September and October are very important to follow on. Equally important will also be how the US is going finance its budget deficit as foreign appetite for financing the deficit (treasury purchases) has slowed down considerably.

In August, companies from the Philippines, India and China reported their 6m results: Our China holdings reported on average +23% growth in net incomes YoY, and results were within analyst expectations. Our largest holding from the Philippines, Cebu Landmasters increased net profits by +34% while the country’s dominant express delivery firm LBC Express reported -50% drop in net incomes due to few one-off gains in previous year. LBC’s revenue, however, increased +35% YoY with positive free cash flows. India’s infra builder JKIL’s results was parallel to last year, as the election slowed down infra projects during Q2 2019 in similar fashion to Indonesia. Reliance Industries grew its net profits by +9.5% YoY. Overall portfolio companies’ median net incomes increased by +22% YoY.



Economic cycle in the US is now clearly slowing down, and following the rest of the world. NY Fed recession indicator is now more than 30%. Source: Bloomberg

No major moves within Silkkitie Fund’s portfolio during the month.



Online retail sales is below 1.5% of total retail sales in the Philippines. As starting point is very low, growth will be rapid in coming years. Source: CLSA



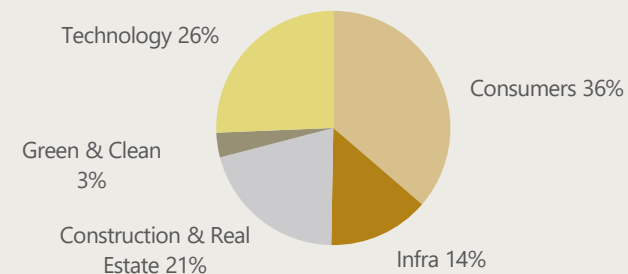
FUND CORRELATION (12M, DAILY) WITH SOME EQUITY INDICES (EUR)

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	0.41	0.68	0.73	0.45	0.37	0.26	0.40

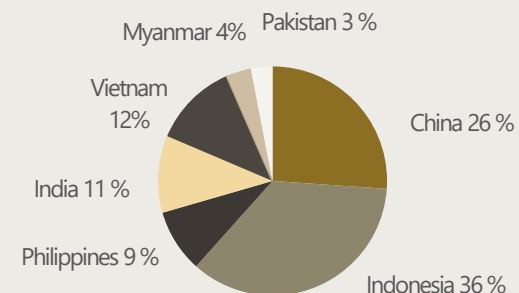
FUND PERFORMANCE MONTHLY (%)

	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
2019	+1.56	+3.58	+5.58	-2.45	-4.37	+2.10	+0.07	-7.05					-1.60

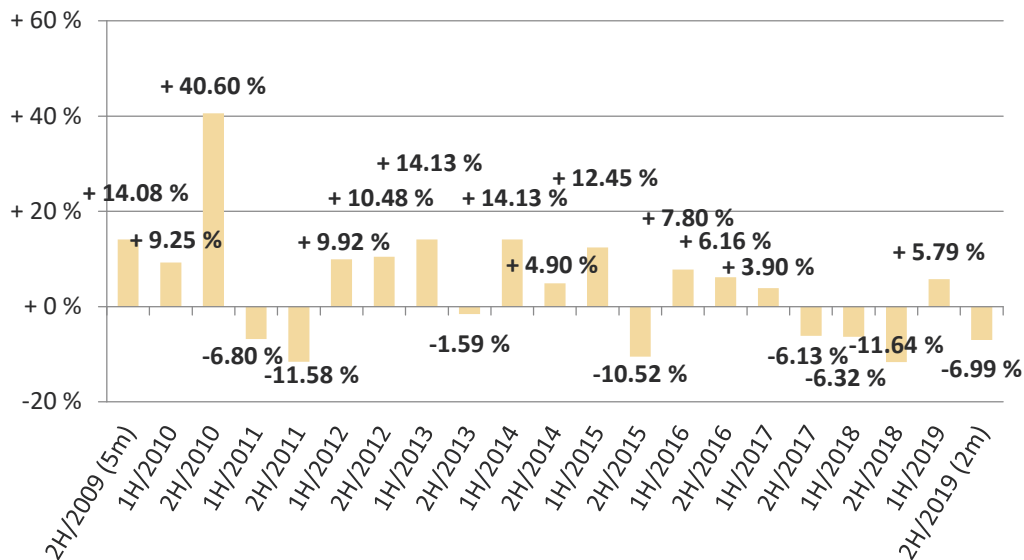
Equities by Investment Themes



Equities Geographical Break-down



JOM SILKKITIE HISTORICAL BI-ANNUAL PERFORMANCE (%)



JOM SILKKITIE NAV VS. THE REGIONAL EQUITY MARKET INDEX



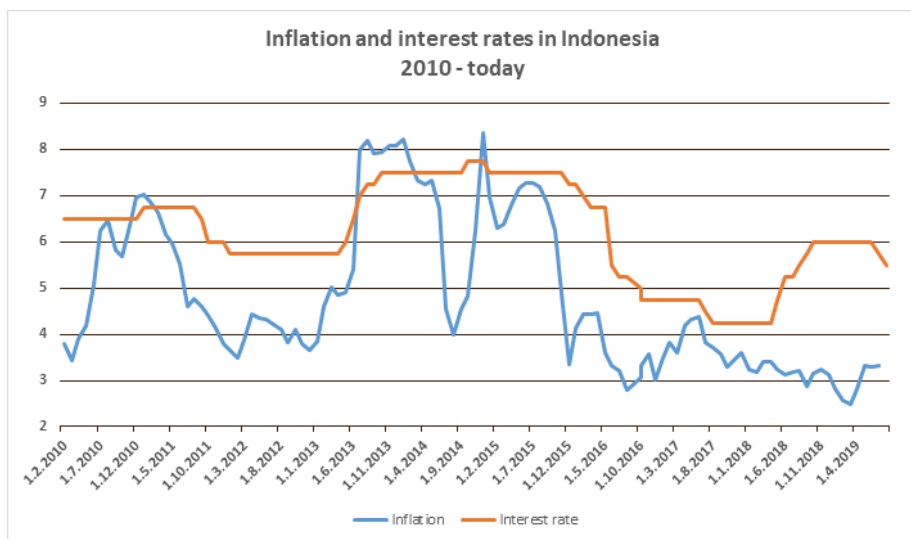
JOM Fund Management Ltd
 Salomonkatu 17 B, 00100 Helsinki, FINLAND
 Tel: +358 9 670 115, Fax: +358 9 670 117
 info @jom.fi www.jom.fi

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 Asia Equity 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.

JOM Komodo Indonesia Equity Investment Fund’s NAV was 175.83 at the end of August, as it decreased by -5.42% during the month. Since fund inception (15th May 2012) the NAV has increased by +75.83%, thus the annual performance has been +8.04%.

In Indonesia, stock market liquidity dried up in August, which resulted in large swings in small and mid cap stocks as we highlighted above in page 1. In August, the central bank BI continued to cut rates by an additional 25bps to 5.5%. Further cuts will be implemented by end the year and in 2020 if Fed cuts more and external situation stays calm.

No major moves within Komodo Fund’s portfolio during the month.



BI has cut both in July and August by 25bps. Inflation has stayed low at below 3.5% YoY. Source: Bloomberg.

JOM KOMODO, NET ASSET VALUE (30 August 2019)	175.83
Size of the fund	18.0 mEUR
Number of fund units	102 615.1169
Inception date	15.5.2012
Last month’s performance	-5.42%
Performance since inception	+75.83%
Annualised performance since inception	+8.04%
Accumulated management fee*	0.99%
Accumulated performance fee*	0.39%
Accumulated custodian fee*	0.18%
Net investment position**	95.5%
Volatility***	14.7%
Portfolio turnover***	179.9%
Fund’s correlation to JCI-Index (12m)	0.71

FUND OVERVIEW

Name:
JOM Komodo Indonesia Equity Investment 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)



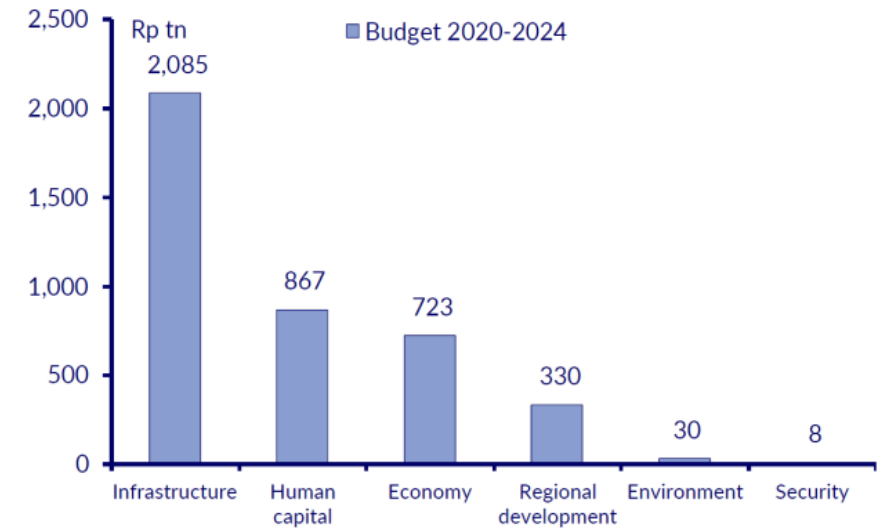
*Past performance is no guarantee for future returns. The Fund value may increase or decrease, and the investor may incur losses when redeeming his shares. Further details on JOM Komodo Indonesia Investment Fund may be found in the key investor information document, fund prospectus and fund rules, which are available by request from JOM Fund Management Ltd, or on the website www.jom.fi. *For the fiscal period since 1.1.2019, % of fund average net assets. **Prior to end-of-the-month net subscriptions. ***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.*

Government has published a tentative budget for 2020-24. Infrastructure’s share of this will be substantial: 128bnEUR or +25bnEUR annually. More infra will be build and financed by the private sector, thus the total infrastructure buildout will be massive in the next 5 years. Infra improvement have continued to show up also in country’s logistics costs that have in the past been highest in Asia. Investment cycle will also gain more speed as new capital will be build in East-Kalimantan starting in 2021. Some 800,000 government officials will move to the new city in the next decade.



Logistics cost are in a downward trend as infra is being build. Source: ALFI

Breakdown of major projects by type (in Rp tn)



Source: CLSA. Government

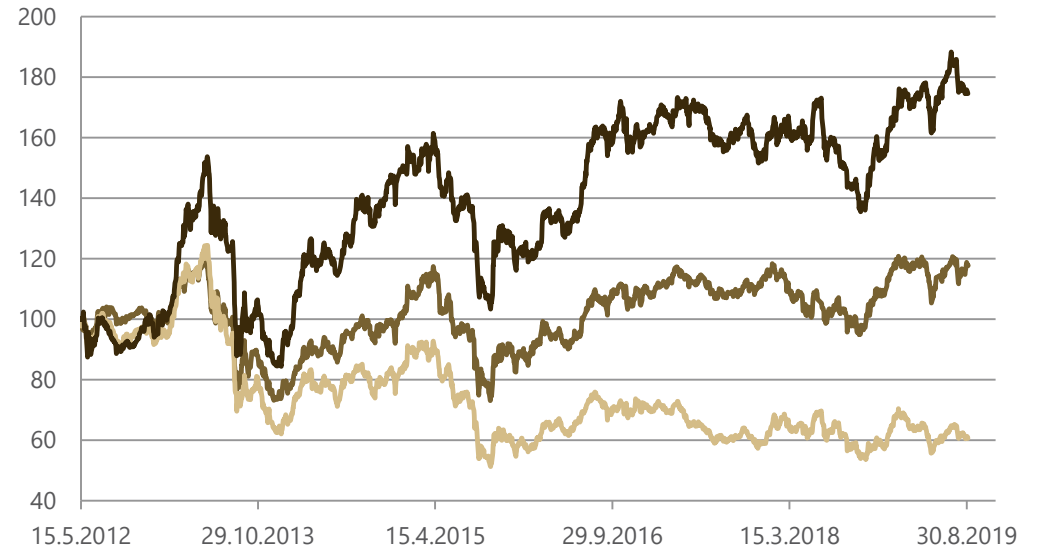
Infra will be the largest part of budget for 2020-24, but also tourism, renewable energies, manufacturing, education and human capital will have substantial funds in the budget. Note: 1tnIDR = 64mEUR. Source: CLSA, Bloomberg.



FUND PERFORMANCE MONTHLY (%)

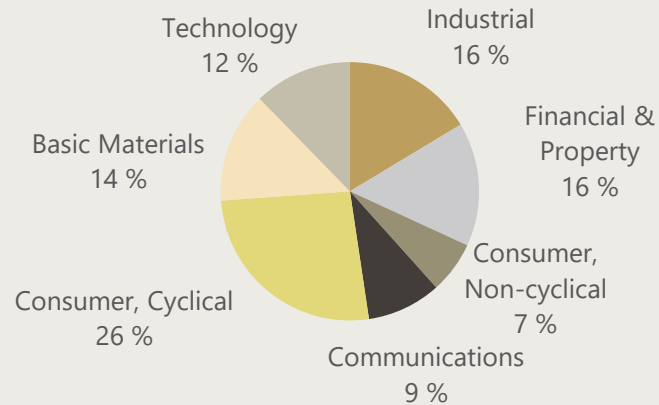
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	-	-	-	-	-6.29	+0.42	+3.62	-8.02	+3.01	+0.71	+7.63	-4.57	-4.34
2013	+6.05	+17.64	+13.43	+1.54	+11.52	-11.79	-8.95	-20.95	-0.95	+7.28	-13.95	-3.40	-10.13
2014	+9.68	+15.86	+10.77	-1.42	+3.20	-6.05	+10.24	+8.15	-2.09	+2.30	+5.50	+2.61	+73.92
2015	+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
2019	+6.46	+3.56	+0.19	+1.49	-1.80	+3.24	+3.93	-5.42					+11.72

JOM KOMODO NAV VS. INDONESIA EQUITY INDICES



— JAKARTA COMPOSITE Index (EUR)
 — S&P Indonesia SmallCap Price (EUR)
 — JOM Komodo

Equities by Sectors



JOM Fund Management Ltd
 Salomonkatu 17 B, 00100 Helsinki, FINLAND
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