

JKC FUND

Société d'Investissement à Capital Variable ("SICAV")
with multiple sub-funds
incorporated under Luxembourg law

Audited Annual Report
As at December 31st, 2017

Luxembourg Trade and Companies Register (R.C.S.) No. B 144.551

Subscriptions may only be accepted on the basis of the latest prospectus which is only valid if accompanied by the last available annual report and, if applicable, the last available half-yearly report if the latter was published after the last annual report.

JKC FUND

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JKC FUND

Organization

Registered Office :

12, rue Eugène Ruppert, L-2453 Luxembourg

Date of incorporation :

January 19th, 2009

Board of Directors :

Chairman :

- Mr Fabrice Jacob, CEO,
JK Capital Management Ltd.

Directors :

- Ms Pascale Auclair, Managing Director,
La Française AM, Paris
- Mr Alex King Yue Leung, CFO and Risk Manager,
JK Capital Management Ltd.
- Mr Jean-Luc Neyens, Director,
Banque Degroof Petercam Luxembourg S.A. (until September 5th, 2017)
- Mr Frédéric Adam, Deputy Director,
Degroof Petercam Asset Services S.A. (since November 9th, 2017)

Management Company :

La Française AM International
2, boulevard de la Foire, L-1528 Luxembourg

Investment Manager :

JK Capital Management Ltd.
Suite 1101, Chinachem Tower, 34-37 Connaught
Road Central, Hong Kong

Hedging Manager :

Degroof Petercam Asset Services S.A.
12, rue Eugène Ruppert, L-2453 Luxembourg

Depository, Domiciliary and Corporate Agent, Administrative Agent, Paying Agent, Registrar and Transfert Agent :

Banque Degroof Petercam Luxembourg S.A.
12, rue Eugène Ruppert, L-2453 Luxembourg

Cabinet de Révision agréé :

KPMG Luxembourg, Société Cooperative,
39, avenue John F. Kennedy, L-1855 Luxembourg

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General Information of the Fund

JKC FUND (the "SICAV") is an open-ended investment company organized under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable".

The SICAV was incorporated for an unlimited period of time on January 19th, 2009 and is governed by the Luxembourg law of August 10th, 1915 on commercial companies, as amended, and by the Part 1 of the Law of December 17th, 2010 concerning undertakings for collective investment, as may be amended from time to time.

The SICAV is registered at the "Registre de Commerce et des Sociétés" with the District Court of Luxembourg under the number B 144.551.

The Articles were published in the "Mémorial C, Recueil des Sociétés et Associations" (the "Mémorial") of February 20th, 2009. Any interested person may inspect this document at the Chancery of the District Court of Luxembourg; copies are available on request at the registered office of the SICAV.

The net asset value per share of each sub-fund is consolidated in USD on each Luxembourg bank business day.

The net asset value, the subscription price and the redemption price along with any other notices to the shareholders are available at the registered office of the Depositary Bank.

The prospectus, semi-annual and annual financial reports may be obtained at the registered office of the SICAV.

Additional determination of the net asset value per share is made on June 30th and December 31st for financial reporting purposes.

As at December 31st, 2017 the SICAV has two sub-funds named :

- JKC Fund - LA FRANÇAISE JKC China Equity ;
- JKC Fund - LA FRANÇAISE JKC Asia Equity.

The sub-fund JKC Fund - LA FRANÇAISE JKC China Equity offers ten Capitalisation Shares :

- Class I EURO-HEDGED : Shares denominated in EUR and intended for institutional investors ;
- Class I USD : Shares denominated in USD and intended for institutional investors ;
- Class GP EURO-HEDGED : Shares denominated in EUR and intended for retail investors ;
- Class GP USD : Shares denominated in USD and intended for retail investors ;
- Class P EURO-HEDGED : Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors ;
- Class P USD : Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors ;
- Class Q USD : Shares denominated in USD and intended for institutional investors, subject to a high minimum of holding and acceptance by the Board of Directors ;
- Class DC USD : Shares denominated in USD and intended for institutional investors, subject to a high minimum of holding and acceptance by the Board of Directors ;
- Class T EURO-HEDGED : Shares denominated in EUR and intended for any type of investors, subject to acceptance by the Board of Directors. This Class is a Trailer-Fee-Clean Share Class (T) ;
- Class T USD : Shares denominated in USD and intended for any type of investors, subject to acceptance by the Board of Directors. This Class is a Trailer-Fee-Clean Share Class (T).

The classes T EURO-HEDGED and Class T USD are not yet launched.

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General Information of the Fund

The sub-fund JKC Fund - LA FRANÇAISE JKC Asia Equity offers eight Capitalisation Shares :

- Class I EURO-HEDGED : Shares denominated in EUR and intended for institutional investors ;
- Class I USD : Shares denominated in USD and intended for institutional investors ;
- Class GP EURO-HEDGED : Shares denominated in EUR and intended for retail investors ;
- Class GP USD : Shares denominated in USD and intended for retail investors ;
- Class P EURO-HEDGED : Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors ;
- Class P USD : Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors ;
- Class T EURO-HEDGED : Shares denominated in EUR and intended for any type of investors, subject to acceptance by the Board of Directors. This Class is a Trailer-Fee-Clean Share Class (T) ;
- Class T USD : Shares denominated in USD and intended for any type of investors, subject to acceptance by the Board of Directors. This Class is a Trailer-Fee-Clean Share Class (T).

The classes T EURO-HEDGED and Class T USD are not yet launched.

JKC FUND

Board of Directors' Report

The past year has seen a phenomenal performance of Asian equities, with the MSCI Asia ex Japan index returning 38,7% and both our funds gaining in value each single month over the past twelve months. The best performing country was China (the MSCI China index that tracks Chinese companies listed in Hong Kong and in the US increased by +52,5%), well ahead of the rest of the region. The second and third best performers were India (+28% for the Sensex index) and the Philippines (+25,1%). The laggards were Malaysia (up 9,5%) and Thailand (up 13,7%). On a monthly basis, the index generated eleven months of positive return, missing only September when the index dipped by a mere 27bps.

The leading performance of Chinese stocks reflects a combination of factors that include a strong macro economy, effective internal measures taken by the Chinese government to ensure a stable RMB, to deleverage the economy and to tighten supervision over the financial sector, strong economic rebound of Europe which had a positive impact on the Chinese industrial activity and an improving geopolitical climate between China and the US. On the political front President Xi consolidated his power further during the 19th Party Congress while he left all options open for his succession and unveiled the roadmap for the country to maintain a steady growth path for the coming 30 years. This path focuses on quality of growth as opposed to absolute growth, and on strategic planning to enhance the economy's global competitiveness with the government prioritizing technology innovation and focusing on environmental issues. At the corporate level, we saw profits exceeding expectations as they were positively impacted by cuts in overcapacities in the commodity space and by a stronger-than-expected demand, both internal and external. As far as equity markets are concerned, foreign investors turned much more positive on China as we saw significant increases in flows targeting both offshore and onshore Chinese equities. 2017 was the year when the Stock Connect platform between Shanghai/Shenzhen and Hong Kong really took off. We foresee the integration of the three stock markets to carry on over the coming years.

As China was gaining traction from both local and overseas demand, the entire region benefited, be it the technology-driven economies of Taiwan and Korea that supply Chinese assemblers of smartphones and electronic goods with memory chips and all kinds of semiconductors, or the commodity suppliers of South East Asia that typically have China as their main customer.

India which has always been rather insulated from the rest of the world (save for its high dependency on imported oil) also performed well as Prime Minister Modi delivered on the implementation of the Goods and Services Tax, as his party achieved a remarkable success in Utter Pradesh, the most populated state of India which augurs well for political stability, and as inflation kept on dropping allowing the Reserve Bank of India to cut interest rates. India was perceived by investors throughout 2017 as the best investment alternative to China.

La Française JKC Asia Equity fund gained 46,8% in 2017 when the MSCI Asia ex Japan index gained 38,7%. The biggest contributors to the absolute performance of the fund were Kweichow Moutai, a Chinese A share company that produces liquor, Win Semiconductors, a Taiwanese gallium arsenide foundry that produces WiFi chips, followed by Chroma ATE, a Taiwanese testing equipment maker, and Koh Young, a Korean 3D measurement-based inspection equipment and solutions provider. On the country allocation front, our overweight stance on China and good stock picking was the biggest contribution to the outperformance of the fund, followed by stock selection in Taiwan. Our decision to be unexposed to Singapore and Malaysia also helped. Sector wise, our overweight and a particularly strong stock selection within the technology sector helped the most, followed by good stock picking within the consumer discretionary and financial sectors. Laggards were the energy and property sectors.

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Board of Directors' Report

La Française JKC China Equity fund gained 53,2% in 2017 when the MSCI China index gained 52,5%, despite a structural underweight position in Tencent and Alibaba due to UCITS regulations that cap our individual positions to 10%. Tencent that weights 18,3% in the index gained 114% when Alibaba that weights 12,6% gained 96%. The biggest contributors to the absolute performance of the fund were QTech, a small cap technology company that produces camera modules for smartphones, Kweichow Moutai, an A share company that produces liquor, New Oriental Education, the US-listed ADR of a company that runs teaching centres for after-school tutoring, followed by Tencent, the Chinese leading internet company, Ping An, an insurance-turned-Fintech company, and Yangtze Optical Fibre and Cable, the largest optical fibre company of China. The 14% average overweight position in consumer discretionary was a major contribution to the overall performance. At the other end of the spectrum, the biggest detractor was our underweight exposure to the property sector at a time when the entire sector performed very well despite home purchase restrictions becoming stiffer and stiffer.

2018 OUTLOOK

We believe China will continue to be the driver of regional performance in 2018. It is easy to draw the conclusion that a speculative bubble has formed over the past year in China, and to some extent in other Asian countries, and that a major correction should come next. We tend to differ with that view as a long term analysis indicates that the MSCI China index is only back to its 1994 level even though the GDP of China has been multiplied by 20 over the period. We would argue that what we are seeing is a long overdue catch-up exercise driven by investors finally realising that China may not be on the verge of a dramatic collapse despite predictions made for years by a number of western hedge fund managers who have all been proven wrong. We take the view that China will keep on improving the transparency of its financial system by keeping on regulating more and more shady activities while maintaining a tight lid over the capital account. An improvement of the level of transparency warrants a continued re-rating of the market which, arguably, is not expensive (the MSCI China trades at 13,8x 2018 expected earnings). Liquidity is also expected to increase significantly as China is considering turning non-tradeable shares owned by state-owned enterprises and government bodies into tradeable shares.

In June, MSCI will finally include Chinese A shares into its collection of emerging market indices, bringing 222 companies listed in Shanghai or Shenzhen into the spotlight by giving them a combined 0,73% of the MSCI Emerging Market index. This is just the start of an integration process that may take as long as ten years and that will inevitably see the weighting of the A share market increase very significantly overtime. 2018 is the year when A shares will finally make their official entry into global indices and ETFs despite being already the second largest equity market in the world.

On the economic front, we believe the Chinese government will keep on focusing on a GDP growth rate close to 6,5%, and will run its monetary policy accordingly by either tightening or relaxing it. For the rest of the region, we are mindful of the potential for exports to weaken, which was a big driver for regional economies in 2017. Domestic demand may not be able to take up the slack under such a scenario. Economists expect regional growth to slow from 4,7% in Q3 2017 to 4,0% by the end of 2018. As a result, we believe monetary environment will remain accommodative in Asia. External factors, in particular balance sheet reduction and rate hikes by the US Fed are unlikely to push Asian central banks into a tightening policy mode.

Keeping the macro environment in mind, we will continue to stick to our bottom up stock picking focus and micro themes. We continue to like Chinese internet leaders Tencent and Alibaba, and global semiconductor leaders TSMC and Samsung Electronics. We favour Ping An Insurance as a high quality Insurer and a fintech leader. We are also playing the theme of ageing population via AIA Group and CSPC Pharmaceutical. We added a few news names

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Board of Directors' Report

during 2017 that give us exposure to the 5G theme over the coming years (Yangtze Optical Fibre and Cable in China and Land Mark Optoelectronics in Taiwan). We remain confident in our smartphone component exposure via AAC Technologies and Sunny Optical given their fast catch up with their first mover peers as well as the ongoing theme of Chinese smartphone brands gaining global market share. We like the mortgage financing theme in India and micro lending theme in Thailand. We favour best quality banks with high growth potential in the Philippines, India and Indonesia.

JK Capital Management Ltd.

Hong Kong, January 18th, 2018

To the Shareholders of
JKC FUND
12, rue Eugène Ruppert
L-2453 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of JKC FUND and each of its sub-funds ("the Fund"), which comprise the statement of net assets and the statement of schedule as at December 31st, 2017 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of JKC FUND and each of its sub-funds as at December 31st, 2017, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

REPORT OF THE REVISEUR D'ENTREPRISES AGREE (Continued)

Responsibilities of Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.



REPORT OF THE REVISEUR D'ENTREPRISES AGREE (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, April 11th, 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



S. Smets
Partner

JKC FUND

Combined Statement of Net Assets as at December 31st, 2017

	Notes	Combined (in USD)
Assets		
Investments in securities	1a	121.027.759,63
Cash at banks		8.510.179,37
Interest receivable on cash account		5.284,93
Dividends receivable on shares		53.253,53
Amounts receivable on subscriptions		16.548,88
Unrealised gain on forward exchange contracts	7	559.632,12
Total Assets		130.172.658,46
Liabilities		
Taxes and expenses payable	3	3.124.284,11
Overdraft at banks		126.869,94
Overdraft interest payable		301,80
Amounts payable on redemptions		268.634,96
Amounts payable on purchases		215.053,41
Total Liabilities		3.735.144,22
Net assets at the end of the year		126.437.514,24

The accompanying notes form an integral part of these Financial Statements.

JKC FUND

Combined Statement of Operations and Changes in Net Assets from January 1st, 2017 to December 31st, 2017

	Notes	Combined (in USD)
Income		
Dividends, net of taxes	1h	1.837.672,15
Interest on Bonds, net of taxes		5.782,34
Interest on Cash Accounts		25.762,17
Other Income		6.653,26
Total Income		1.875.869,92
Expenses		
Performance Fees	5	2.709.012,70
Management Fees	5	102.514,11
Investment Management Fees	5	1.581.467,08
Hedging Fees	5	30.979,24
Depositary Fees		31.541,91
Subscription Tax	6	21.138,15
Administration Fees		206.635,81
Miscellaneous Fees		294.533,59
Transactions Fees		463.062,05
Overdraft Interest		2.413,02
Taxes paid to Foreign Authorities		26.988,21
Total Expenses		5.470.285,87
Net profit / (loss)		-3.594.415,95
Net Realised Profit / (Loss)		
- on investments	1c	11.079.222,81
- on currencies		-178.044,21
- on forward exchange contracts	1c	6.404.947,28
Net realised profit / (loss)		13.711.709,93
Change in Net Unrealised Appreciation / (Depreciation)		
- on investments	1f	34.196.887,54
- on forward exchange contracts		-60.063,45
Result of operations		47.848.534,02
Subscriptions		19.195.177,65
Redemptions		-25.952.271,28
Net changes in net assets for the year		41.091.440,39
Net assets at the beginning of the year		85.346.073,85
Net assets at the end of the year		126.437.514,24

The accompanying notes form an integral part of these Financial Statements.

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Statement of Net Assets as at December 31st, 2017

	Notes	LA FRANÇAISE JKC China Equity (in USD)	LA FRANÇAISE JKC Asia Equity (in USD)
Assets			
Investments in securities	1a	77.725.933,75	43.301.825,88
Cash at banks		5.507.855,97	3.002.323,40
Interest receivable on cash account		3.080,70	2.204,23
Dividends receivable on shares		0,00	53.253,53
Amounts receivable on subscriptions		16.548,88	0,00
Unrealised gain on forward exchange contracts	7	260.129,22	299.502,90
Total Assets		83.513.548,52	46.659.109,94
Liabilities			
Taxes and expenses payable	3	1.617.065,22	1.507.218,89
Overdraft at banks		126.869,61	0,33
Overdraft interest payable		139,95	161,85
Amounts payable on redemptions		268.634,96	0,00
Amounts payable on purchases		0,00	215.053,41
Total Liabilities		2.012.709,74	1.722.434,48
Net assets at the end of the year		81.500.838,78	44.936.675,46
Number of Shares Outstanding (at the end of the Financial Year)			
- Class I EURO-HEDGED		473.857,650	147.807,260
- Class I USD		243.305,038	4.427,545
- Class GP EURO-HEDGED		60.612,041	90.000,000
- Class GP USD		28.614,801	13.081,500
- Class P EURO-HEDGED		13.100,607	42.988,967
- Class P USD		3.946,546	1.745,581
- Class DC USD		168.374,424	-
Net Asset Value per Share (at the end of the Financial Year)			
- Class I EURO-HEDGED		54,16	126,36
- Class I USD		77,57	133,94
- Class GP EURO-HEDGED		54,13	122,19
- Class GP USD		77,36	127,53
- Class P EURO-HEDGED		110,52	131,76
- Class P USD		117,12	137,88
- Class DC USD		139,30	-

The accompanying notes form an integral part of these Financial Statements.

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Statement of Operations and Changes in Net Assets from January 1st, 2017 to December 31st, 2017

	Notes	LA FRANÇAISE JKC China Equity (in USD)	LA FRANÇAISE JKC Asia Equity (in USD)
Income			
Dividends, net of taxes	1h	1.300.042,35	537.629,80
Interest on Bonds, net of taxes		0,00	5.782,34
Interest on Cash Accounts		15.733,52	10.028,65
Other Income		0,00	6.653,26
Total Income		1.315.775,87	560.094,05
Expenses			
Performance Fees	5	1.369.435,78	1.339.576,92
Management Fees	5	64.695,99	37.818,12
Investment Management Fees	5	975.213,92	606.253,16
Hedging Fees	5	13.944,11	17.035,13
Depositary Fees		19.906,33	11.635,58
Subscription Tax	6	9.703,40	11.434,75
Administration Fees		117.280,95	89.354,86
Miscellaneous Fees		166.794,19	127.739,40
Transactions Fees		247.171,60	215.890,45
Overdraft Interest		1.250,98	1.162,04
Taxes paid to Foreign Authorities		12.974,11	14.014,10
Total Expenses		2.998.371,36	2.471.914,51
Net profit / (loss)		-1.682.595,49	-1.911.820,46
Net Realised Profit / (Loss)			
- on investments	1c	7.747.878,23	3.331.344,58
- on currencies		-51.926,23	-126.117,98
- on forward exchange contracts	1c	2.843.895,02	3.561.052,26
Net realised profit / (loss)		8.857.251,53	4.854.458,40
Change in Net Unrealised Appreciation / (Depreciation)			
- on investments	1f	21.233.336,01	12.963.551,53
- on forward exchange contracts		-32.454,96	-27.608,49
Result of operations		30.058.132,58	17.790.401,44
Subscriptions		16.824.945,78	2.370.231,87
Redemptions		-16.724.871,21	-9.227.400,07
Net changes in net assets for the year		30.158.207,15	10.933.233,24
Net assets at the beginning of the year		51.342.631,63	34.003.442,22
Net assets at the end of the year		81.500.838,78	44.936.675,46

The accompanying notes form an integral part of these Financial Statements.

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Schedule of Investments as at December 31st, 2017

Sub-Fund LA FRANÇAISE JKC CHINA EQUITY

Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market					
Shares & Related Securities					
HANGZHOU HIKVISION DIGITAL TECH -A-	155.168	CNY	652.822,74	929.287,58	1,14%
KWEICHOW MOUTAI CO LTD -A-	25.247	CNY	979.810,71	2.704.152,19	3,32%
Total CHINESE YUAN RENMINBI			1.632.633,45	3.633.439,77	4,46%
3SBIO INC.	1.312.500	HKD	1.449.406,34	2.575.527,67	3,16%
AAC TECHNOLOGIES HLDG INC.	148.500	HKD	1.101.762,26	2.648.078,01	3,25%
CHINA CONSTRUCTION BANK CORP.	2.632.000	HKD	1.911.813,47	2.424.152,46	2,97%
CHINA JINMAO HLDG GROUP LTD	4.614.000	HKD	1.931.156,61	2.030.381,19	2,49%
CHINA MERCHANTS BANK CO LTD -H-	993.000	HKD	3.762.333,68	3.950.491,99	4,85%
CHINA STATE CONSTRUCTION INTERNATIONAL HLDG	1.284.000	HKD	2.119.417,00	1.796.899,94	2,20%
CSPC PHARMACEUTICAL GROUP LTD	1.444.000	HKD	1.812.769,22	2.914.846,84	3,58%
GEELY AUTOMOBILE HLDG LTD	574.000	HKD	1.951.600,54	1.989.860,96	2,44%
GOODBABY INTERNATIONAL HLDG LTD	2.704.000	HKD	1.368.230,76	1.483.903,05	1,82%
INDUST. & COMMERC. BANK OF CHINA LTD	4.495.000	HKD	2.633.633,63	3.616.778,31	4,44%
LI NING CO LTD	1.768.000	HKD	1.259.340,94	1.431.619,21	1,76%
MINTH GROUP LTD	434.000	HKD	1.673.858,45	2.617.658,42	3,21%
NEXTEER AUTOMOTIVE GROUP LTD	1.145.000	HKD	1.262.285,24	2.727.261,06	3,35%
PING AN INSURANCE -H-	496.000	HKD	3.362.502,83	5.161.557,64	6,33%
Q TECHNOLOGY GROUP CO LTD	1.710.000	HKD	2.120.087,79	2.406.192,36	2,95%
SHENZHOU INTERNATIONAL GROUP LTD	181.000	HKD	513.994,98	1.722.634,17	2,11%
TENCENT HLDG LTD	154.300	HKD	3.283.040,52	8.013.707,89	9,83%
TONGDA GROUP HLDG LTD	7.630.000	HKD	1.914.715,40	1.952.073,12	2,40%
XIABUXIABU CATERING MANAGEMENT	524.000	HKD	803.923,95	1.055.060,98	1,29%
XINGDA INTERNATIONAL HLDG LTD	3.579.000	HKD	1.554.722,79	1.268.186,18	1,56%
XINYI GLASS HLDG CO	1.576.000	HKD	1.081.270,13	2.052.322,18	2,52%
YANGTZE OPTICAL FIBRE&CABLE JOINT-H	572.000	HKD	1.599.763,04	2.626.830,35	3,22%
Total HONG-KONG DOLLAR			40.471.629,57	58.466.023,98	71,74%
ALIBABA GROUP HLDG LTD -ADR-	43.100	USD	4.355.730,52	7.431.733,00	9,12%
BAIDU INC. -ADR-	11.800	USD	2.835.213,18	2.763.678,00	3,39%
JD.COM INC. -ADR-	32.000	USD	1.308.512,41	1.325.440,00	1,63%

The accompanying notes form an integral part of these Financial Statements.

JKC FUND

Schedule of Investments as at December 31st, 2017

Sub-Fund LA FRANÇAISE JKC CHINA EQUITY

Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
NEW ORIENTAL EDUCATION TECHNOLOGY	21.900	USD	889.307,04	2.058.600,00	2,53%
TAL EDUCATION GROUP -A -ADR-	68.900	USD	2.255.700,08	2.047.019,00	2,51%
Total U.S. DOLLAR			11.644.463,23	15.626.470,00	19,17%
Total Shares & Related Securities			53.748.726,25	77.725.933,75	95,37%
Total Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market			53.748.726,25	77.725.933,75	95,37%
Total Portfolio			53.748.726,25	77.725.933,75	95,37%

JKC FUND

Schedule of Investments as at December 31st, 2017

Sub-Fund LA FRANÇAISE JKC ASIA EQUITY

Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market					
Shares & Related Securities					
HANGZHOU HIKVISION DIGITAL TECH -A-	85.382	CNY	359.884,30	511.345,33	1,14%
KWEICHOW MOUTAI CO LTD -A-	16.510	CNY	723.057,25	1.768.350,80	3,94%
Total CHINESE YUAN RENMINBI			1.082.941,55	2.279.696,13	5,07%
AAC TECHNOLOGIES HLDG INC.	63.000	HKD	435.731,23	1.123.427,04	2,50%
AIA GROUP LTD	173.600	HKD	1.015.407,78	1.480.101,24	3,29%
CHINA JINMAO HLDG GROUP LTD	1.432.000	HKD	468.166,14	630.148,65	1,40%
CHINA MERCHANTS BANK CO LTD -H-	110.000	HKD	412.762,10	437.617,44	0,97%
CHINA STATE CONSTRUCTION INTERNATIONAL HLDG	682.000	HKD	1.039.723,61	954.428,16	2,12%
CSPC PHARMACEUTICAL GROUP LTD	626.000	HKD	830.357,17	1.263.638,59	2,81%
GEELY AUTOMOBILE HLDG LTD	342.000	HKD	1.103.662,97	1.185.596,60	2,64%
GOODBABY INTERNATIONAL HLDG LTD	883.000	HKD	451.461,93	484.573,37	1,08%
INDUST. & COMMERC. BANK OF CHINA LTD	1.191.000	HKD	774.639,77	958.305,44	2,13%
MINTH GROUP LTD	192.000	HKD	799.815,44	1.158.042,43	2,58%
NEXTEER AUTOMOTIVE GROUP LTD	521.000	HKD	539.594,43	1.240.963,33	2,76%
PING AN INSURANCE -H-	137.000	HKD	754.618,79	1.425.672,17	3,17%
SHENZHOU INTERNATIONAL GROUP LTD	77.000	HKD	296.874,67	732.833,32	1,63%
SUNNY OPTICAL TECHNOLOGY CO LTD	70.000	HKD	918.727,45	894.550,94	1,99%
TENCENT HLDG LTD	67.000	HKD	1.107.368,40	3.479.704,66	7,74%
YANGTZE OPTICAL FIBRE&CABLE JOINT-H	260.500	HKD	791.393,30	1.196.309,98	2,66%
Total HONG-KONG DOLLAR			11.740.305,18	18.645.913,36	41,49%
BANK CENTRAL ASIA TBK	579.400	IDR	649.681,47	935.238,77	2,08%
Total INDONESIAN RUPIAH			649.681,47	935.238,77	2,08%
ADANI PORTS & SPECIAL ECONOMIC ZONE	209.846	INR	1.281.346,62	1.333.656,93	2,97%
INDIABULLS HOUSING FINANCE LTD	48.748	INR	904.839,48	913.898,05	2,03%
INDUSIND BANK LTD	54.138	INR	1.230.781,82	1.398.583,74	3,11%
MARUTI SUZUKI INDIA LTD	5.028	INR	462.311,97	766.443,20	1,71%
Total INDIAN RUPEE			3.879.279,89	4.412.581,92	9,82%
HANSOL CHEMICAL CO LTD	14.021	KRW	931.883,12	949.532,96	2,11%
KOH YOUNG TECHNOLOGY INC.	19.505	KRW	859.126,90	1.503.117,56	3,34%

The accompanying notes form an integral part of these Financial Statements.

JKC FUND

Schedule of Investments as at December 31st, 2017

Sub-Fund LA FRANÇAISE JKC ASIA EQUITY

Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
LG CHEM LTD	3.527	KRW	816.384,92	1.334.300,13	2,97%
SAMSUNG ELECTRONICS CO LTD	1.223	KRW	2.204.156,46	2.910.843,98	6,48%
Total SOUTH KOREAN WON			4.811.551,40	6.697.794,63	14,90%
SECURITY BANK CORP.	107.840	PHP	434.187,35	543.088,79	1,21%
Total PHILIPPINE PESO			434.187,35	543.088,79	1,21%
MUANGTHAI LEASING PCL NVDR	1.173.800	THB	1.236.563,19	1.395.666,63	3,11%
Total THAI BAHT			1.236.563,19	1.395.666,63	3,11%
CHROMA ATE INC.	153.000	TWD	368.064,74	832.905,04	1,85%
LANDMARK OPTOELECTRONICS CORP.	62.000	TWD	786.408,48	800.040,48	1,78%
TAIWAN SEMICONDUCTOR MANUFACTURING	246.000	TWD	1.224.642,79	1.897.172,60	4,22%
WIN SEMICONDUCTORS CORP.	134.536	TWD	542.291,08	1.279.422,53	2,85%
Total TAIWAN DOLLAR			2.921.407,09	4.809.540,65	10,70%
ALIBABA GROUP HLDG LTD -ADR-	12.700	USD	1.405.503,87	2.189.861,00	4,87%
JD.COM INC. -ADR-	8.200	USD	328.982,36	339.644,00	0,76%
NEW ORIENTAL EDUCATION TECHNOLOGY	11.200	USD	479.824,22	1.052.800,00	2,34%
Total U.S. DOLLAR			2.214.310,45	3.582.305,00	7,97%
Total Shares & Related Securities			28.970.227,57	43.301.825,88	96,36%
Total Transferable Securities admitted to an Official Stock Exchange or dealt in on Another Regulated Market			28.970.227,57	43.301.825,88	96,36%
Total Portfolio			28.970.227,57	43.301.825,88	96,36%

The accompanying notes form an integral part of these Financial Statements.

JKC FUND

Geographic Allocation as at December 31st, 2017

LA FRANÇAISE JKC China Equity	% TOTAL NETS ASSETS
CAYMAN ISLANDS	59,64%
CHINA	29,66%
HONG KONG	6,07%
Total Portfolio	95,37%

LA FRANÇAISE JKC Asia Equity	% TOTAL NETS ASSETS
CAYMAN ISLANDS	33,02%
SOUTH KOREA	14,90%
CHINA	14,01%
TAIWAN	10,70%
INDIA	9,82%
HONG KONG	7,51%
THAILAND	3,11%
INDONESIA	2,08%
PHILIPPINES	1,21%
Total Portfolio	96,36%

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the geographic analysis which directed the assets selection.

JKC FUND

Economic Allocation as at December 31st, 2017

LA FRANÇAISE JKC China Equity	% TOTAL NETS ASSETS
IT & INTERNET	23,97%
BANKS	12,26%
ELECTRIC & ELECTRONIC COMPONENTS	8,72%
PHARMACOLOGY & PERSONAL CARE	6,74%
ROAD VEHICLES	6,56%
INSURANCE COMPANIES	6,33%
ELECTRIC & ELECTRONIC MATERIALS	3,54%
TOBACCO & SPIRITS	3,32%
PHOTOGRAPHY & OPTICAL	3,22%
MISCELLANEOUS	2,53%
OTHER SERVICES	2,51%
REAL ESTATE	2,49%
FINANCIAL SERVICES - HOLDINGS	2,44%
BUILDING MATERIALS	2,20%
TEXTILE & GARMENTS	2,11%
MISCELLANEOUS CONSUMER GOODS	1,82%
RETAIL TRADING, DEPARTMENT STORES	1,76%
TYRES & RUBBER	1,56%
LEISURES & TOURISM	1,29%
Total Portfolio	95,37%

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the economic analysis which directed the assets selection.

JKC FUND

Economic Allocation as at December 31st, 2017

LA FRANÇAISE JKC Asia Equity	% TOTAL NETS ASSETS
ELECTRIC & ELECTRONIC COMPONENTS	17,83%
IT & INTERNET	13,37%
BANKS	9,51%
ROAD VEHICLES	7,05%
INSURANCE COMPANIES	6,47%
FINANCIAL SERVICES - HOLDINGS	5,75%
BUILDING MATERIALS	5,09%
CHEMICAL PRODUCTS	5,08%
PHOTOGRAPHY & OPTICAL	4,65%
TOBACCO & SPIRITS	3,94%
MECHANICAL CONSTRUCTION	3,34%
ELECTRIC & ELECTRONIC MATERIALS	2,99%
PHARMACOLOGY & PERSONAL CARE	2,81%
MISCELLANEOUS	2,34%
ASSET & MORTGAGE BACKED SECURITIES	2,03%
TEXTILE & GARMENTS	1,63%
REAL ESTATE	1,40%
MISCELLANEOUS CONSUMER GOODS	1,08%
Total Portfolio	96,36%

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the economic analysis which directed the assets selection.

JKC FUND

Allocation by Currency as at December 31st, 2017

LA FRANÇAISE JKC China Equity	% TOTAL NETS ASSETS
HONG-KONG DOLLAR	71,74%
U.S. DOLLAR	19,17%
CHINESE YUAN RENMINBI	4,46%
Total Portfolio	95,37%

LA FRANÇAISE JKC Asia Equity	% TOTAL NETS ASSETS
HONG-KONG DOLLAR	41,49%
SOUTH KOREAN WON	14,91%
TAIWAN DOLLAR	10,70%
INDIAN RUPEE	9,82%
U.S. DOLLAR	7,97%
CHINESE YUAN RENMINBI	5,07%
THAI BAHT	3,11%
INDONESIAN RUPIAH	2,08%
PHILIPPINE PESO	1,21%
Total Portfolio	96,36%

These allocations of assets were established on basis of data (gross) used by the Central Administration and do not reflect inevitably the currency analysis which directed the assets selection.

JKC FUND

Changes in the Number of Shares

		LA FRANÇAISE JKC China Equity (in USD)	LA FRANÇAISE JKC Asia Equity (in USD)
Number of shares at the beginning of the Financial Year	Class I EURO-HEDGED	524.596,686	145.419,260
	Class I USD	163.690,197	77.661,000
	Class GP EURO-HEDGED	61.036,151	90.438,000
	Class GP USD	33.218,009	13.081,500
	Class P EURO-HEDGED	9.375,034	42.963,310
	Class P USD	5.118,963	500,069
	Class Q USD	23.564,318	-
	Class DC USD	176.000,000	-
Number of shares subscribed	Class I EURO-HEDGED	113.546,288	9.700,000
	Class I USD	117.069,619	4.417,545
	Class GP EURO-HEDGED	1.682,577	-
	Class GP USD	-	-
	Class P EURO-HEDGED	22.782,115	1.388,591
	Class P USD	61,262	1.745,581
	Class Q USD	-	-
	Class DC USD	-	-
Number of shares redeemed	Class I EURO-HEDGED	164.285,324	7.312,000
	Class I USD	37.454,778	77.651,000
	Class GP EURO-HEDGED	2.106,687	438,000
	Class GP USD	4.603,208	-
	Class P EURO-HEDGED	19.056,542	1.362,934
	Class P USD	1.233,679	500,069
	Class Q USD (*)	23.564,318	-
	Class DC USD	7.625,576	-
Number of shares at the end of the Financial Year	Class I EURO-HEDGED	473.857,650	147.807,260
	Class I USD	243.305,038	4.427,545
	Class GP EURO-HEDGED	60.612,041	90.000,000
	Class GP USD	28.614,801	13.081,500
	Class P EURO-HEDGED	13.100,607	42.988,967
	Class P USD	3.946,546	1.745,581
	Class Q USD	-	-
	Class DC USD	168.374,424	-

(*)The shares of the Class Q USD have been fully redeemed on June 07th, 2017.

JKC FUND

Changes in Capital, Total Net Assets and Net Asset Value per Share

SUB-FUND	VALUATION DATE	SHARES CLASSES	SHARES OUTSTANDING	TOTAL NET ASSETS (IN USD)	NET ASSET VALUE PER SHARE
LA FRANÇAISE JKC CHINA EQUITY FUND	31.12.2015	Class I EURO-HEDGED	768.131,069	84.851.874,03	EUR 39,48
		Class I USD	380.698,207		USD 54,39
		Class GP EURO-HEDGED	100.864,842		EUR 39,48
		Class GP USD	95.861,551		USD 54,28
		Class P EURO-HEDGED	13.288,196		EUR 81,61
		Class P USD	13.715,777		USD 83,09
		Class Q USD	23.764,318		USD 111,48
		Class DC USD	176.000,000		USD 94,91
	31.12.2016	Class I EURO-HEDGED	524.596,686	51.342.631,63	EUR 36,01
		Class I USD	163.690,197		USD 50,62
		Class GP EURO-HEDGED	61.036,151		EUR 36,00
		Class GP USD	33.218,009		USD 50,50
		Class P EURO-HEDGED	9.375,034		EUR 73,89
		Class P USD	5.118,963		USD 76,77
		Class Q USD	23.564,318		USD 104,54
		Class DC USD	176.000,000		USD 88,34
	31.12.2017	Class I EURO-HEDGED	473.857,650	81.500.838,78	EUR 54,16
		Class I USD	243.305,038		USD 77,57
		Class GP EURO-HEDGED	60.612,041		EUR 54,13
		Class GP USD	28.614,801		USD 77,36
		Class P EURO-HEDGED	13.100,607		EUR 110,52
Class P USD		3.946,546	USD 117,12		
Class DC USD		168.374,424	USD 139,30		
LA FRANÇAISE JKC ASIA EQUITY FUND		31.12.2015	Class I EURO-HEDGED		170.077,260
	Class I USD		18.290,866	USD 93,95	
	Class GP EURO-HEDGED		91.188,000	EUR 89,17	
	Class GP USD		13.081,500	USD 89,48	
	Class P EURO-HEDGED		42.924,632	EUR 97,25	
	Class P USD		3.335,412	USD 97,86	
	31.12.2016	Class I EURO-HEDGED	145.419,260	34.003.442,22	EUR 87,77
		Class I USD	77.661,000		USD 91,31
		Class GP EURO-HEDGED	90.438,000		EUR 84,91
		Class GP USD	13.081,500		USD 86,92
		Class P EURO-HEDGED	42.963,310		EUR 91,95
		Class P USD	500,069		USD 94,40
	31.12.2017	Class I EURO-HEDGED	147.807,260	44.936.675,46	EUR 126,36
		Class I USD	4.427,545		USD 133,94
		Class GP EURO-HEDGED	90.000,000		EUR 122,19
		Class GP USD	13.081,500		USD 127,53
		Class P EURO-HEDGED	42.988,967		EUR 131,76
		Class P USD	1.745,581		USD 137,88

JKC FUND

Notes to the Financial Statements as at December 31st, 2017

Note 1 – Accounting Principles and Methods

The Financial Statements of JKC FUND (the “SICAV” or the “Fund”) have been prepared in accordance with accounting principles generally accepted in Luxembourg, including the following significant policies:

a) Valuation of investments

The value of each security or other asset which is quoted or dealt in on a stock exchange will be based on its last available price in Luxembourg on the stock exchange which is normally the principal market for such security.

The value of each security or other asset which is quoted or dealt in on any other regulated market that operates regularly, is recognized and is open to the public (a “Regulated Market”) will be based on its last available price in Luxembourg.

In the event that any assets are not listed nor dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange or on any other Regulated Market as aforesaid, the price as determined pursuant to the two above subparagraphs is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors.

Units or shares of undertakings for collective investment will be valued at their last determined and available net asset value or, if such price, in the opinion of the Board of Directors, is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors on a fair and equitable basis.

The liquidating value of spot or forward contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of spot or forward contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular spot or forward contracts are traded by the Fund; provided that if a spot or forward contracts could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors may deem fair and reasonable.

All other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

b) Valuation of forward exchange contracts

The unrealized gain or loss of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at the valuation date.

c) Net realised profit / (loss) on sale of investments and derivatives

The net realised profit / (loss) on sale of investments and derivatives is determined on the basis of the average cost of investments and derivatives sold. The net gain or loss on variation of exchange rates is recorded in the account “Net Realised Gain / (Loss) on currencies” during the sale transaction.

d) Conversion of foreign currencies

The Fund maintains its accounting records in USD. The value of all assets and liabilities expressed in currencies other than USD are converted into USD at the exchange rate prevailing at the closing date of the financial statements.

JKC FUND

Notes to the Financial Statements as at December 31st, 2017

Note 1 – Accounting Principles and Methods (continued)

d) Conversion of foreign currencies (continued)

Income and expenses in currencies other than USD are converted into USD at the exchange rate prevailing on payment date.

e) Acquisition cost of investments

The cost of investments expressed in currencies other than USD is converted into USD at the exchange rate prevailing on purchase date.

f) Unrealised appreciation/(depreciation)

In accordance with current practices, unrealised appreciation/(depreciation) at the end of the Financial Year are accounted for in the financial statements.

g) Purchases and sales of investments

The details of purchases and sales of investments of the Year may be obtained at the registered office of the Fund.

h) Investment income

Dividends are booked on an ex-dividend basis. Dividends are stated net of irrecoverable withholding taxes, if any.

Note 2 – Exchange Rates as at December 31st, 2017

1 USD = 0,8327781 EUR

Note 3 – Taxes and Expenses Payable

Management Company Fees (note 5)	31.321,50	USD
Investment Management Fees (note 5)	163.828,27	USD
Hedging Fees (note 5)	3.299,08	USD
Performance Fees (note 5)	2.754.144,41	USD
Subscription Tax (note 6)	6.192,77	USD
Depositary Fees	9.396,46	USD
Other fees	156.101,62	USD
Total	3.124.284,11	USD

Note 4 – Subscription and redemption fees

After the initial subscription period, the subscription price corresponds to the Net Asset Value per Share for the relevant Class on the relevant Valuation Day, which may be increased by a sales charge of a maximum of 5% of the applicable relevant Net Asset Value per Share and which shall revert to the sales agents.

The redemption price shall be based on the Net Asset Value per Share for the relevant Class on the relevant Valuation Day. A redemption fee of a maximum of 1,5% of the applicable relevant Net Asset Value will be levied at the discretion of the Board of Directors and will revert to the Investment Manager, provided that the principle of equal treatment of shareholders be complied with. In the sub-fund JKC Fund - LA FRANÇAISE JKC China Equity, for classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, Q USD, DC USD, T EURO-HEDGED and T USD, no redemption fee will be levied. In the sub-fund JKC Fund - LA FRANÇAISE JKC Asia Equity, for classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD, no redemption fee will be levied.

JKC FUND

Notes to the Financial Statements as at December 31st, 2017

Note 5 - Management Company fees, investment management fees, performance fees and hedging management fees

A management fee is payable to the Management Company by each sub-fund in remuneration for its services. Such fee is payable quarterly in arrears and calculated on the average of the net assets of the sub-fund for the relevant quarter as follows:

- 0,10% per annum with a minimum of EUR 30.000,00 per annum.

An investment management fee is payable to the Investment Manager by the Management Company at the charge of each sub-fund, in remuneration for its services. Such fee is set at the annual rate of 1,50% per annum, payable monthly in arrears and calculated on the average of the net assets of the sub-fund attributable to the Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, DC USD (in the sub-fund JKC Fund - LA FRANÇAISE JKC China Equity), T EURO-HEDGED and T USD for the relevant month and a rate of 0,75% for class Q USD (in the sub-fund JKC Fund - LA FRANÇAISE JKC China Equity). Such fee is however set at the annual rate of 2,20% per annum, payable monthly in arrears and calculated on the average of the net assets of the sub-fund attributable to the Classes P EURO-HEDGED and P USD for the relevant month.

In addition, for each Class of the sub-fund, the Investment Manager is entitled to receive, within ten Business Days of the last Business Day of each calendar year, a performance fee equal to :

- 15% of the performance of the Net Asset Value per Share for Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD;
- 7,5% of the performance of the Net Asset Value per Share for Class Q USD (in the sub-fund JKC Fund - LA FRANÇAISE JKC China Equity).

There is a performance of the Net Asset Value per Share of the Class if there is an increase in the Net Asset Value per Share of the Class compared to the highest Net Asset Value per Share ever previously achieved for this Class ("Reference Net Asset Value" -i.e. the last Net Asset Value on which a performance fee has been booked or the initial Subscription Price for new share classes).

Under the high water mark principle, if there is an under-performance for a given period, this under-performance will be taken into consideration, which means that the Reference Net Asset Value of the Class will be maintained, until a performance of the Net Asset Value per Share of the Class is recorded.

In addition, for the Class DC USD (in the sub-fund JKC Fund - LA FRANÇAISE JKC China Equity), the Investment Manager is entitled to receive, within ten Business Days of the last Business Day of each calendar year, a performance fee equal to:

- 15% of the Relative Performance over the High Water Mark (hereafter: "HWM") during the reference period.

The Relative performance is the spread between the performance of the share class since inception and the performance of the MSCI China Free Net Total Return index (MSCNXNUS Index) during the same period.

Under the high watermark principle, if there is an under-performance for a given period, this under-performance will be taken into consideration, which means that the Reference Net Asset Value of the Class will be maintained, until a higher relative performance of the Net Asset Value per share of the Class is recorded.

JKC FUND

Notes to the Financial Statements as at December 31st, 2017

Note 5 - Management Company fees, investment management fees, performance fees and hedging management fees (continued)

The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day.

A Performance fee of USD 2.709.012,70 has been charged in total to the Fund during the year ended December 31st, 2017.

Each sub-fund will also pay a hedging fee to the Hedging Manager at the charge of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED and T EURO-HEDGED at the rate of 0,05% per annum, payable monthly in arrears and calculated on the average of the net assets of the sub-fund attributable to these Classes for the relevant month.

Note 6 - Subscription tax

The Fund is subject to Luxembourg tax laws.

Under current law and practice, the Fund is not liable to any Luxembourg income tax. The Fund is, however, liable in Luxembourg to a tax of 0,05% per annum, such tax being payable quarterly and calculated on the basis of the net assets of the sub-fund at the end of the relevant quarter. However, this tax is reduced to 0,01% per annum for the net assets attributable to the Classes dedicated to institutional investors (Classes I EURO-HEDGED, I USD, Q USD and DC USD).

As the SICAV is registered in Belgium, it is subject to a further tax at the annual rate of 0,0925% calculated for 2017 on the basis of the value of the shares distributed in Belgium as recorded at December 31st, 2016.

Note 7 - Forward Exchange Contracts

All forward foreign exchange contracts hereunder were dealt with Banque Degroof Petercam Luxembourg S.A. :

Sub-Fund LA FRANÇAISE JKC China Equity :

Maturity	Currency Bought	Nominal Bought	Currency Sold	Nominal Sold	Unrealised Gain / (Loss) (in USD)	Commitment (in USD)
31/01/2018	EUR	1.633.395,00	USD	1.950.567,64	13.933,21	1.950.567,64
31/01/2018	EUR	25.591.350,00	USD	30.560.678,34	218.299,62	30.560.678,34
31/01/2018	EUR	3.269.835,00	USD	3.904.771,56	27.892,39	3.904.771,56
03/01/2018	EUR	103.070,00	USD	123.096,50	687,91	123.096,50
31/01/2018	USD	134.040,02	EUR	112.038,00	-715,40	134.535,24
04/01/2018	EUR	86.646,00	USD	103.966,54	98,19	103.966,54
31/01/2018	USD	83.049,19	EUR	69.104,00	-66,70	82.980,09
				TOTAL	260.129,22	36.860.595,91

Sub-Fund LA FRANÇAISE JKC Asia Equity :

Maturity	Currency Bought	Nominal Bought	Currency Sold	Nominal Sold	Unrealised Gain / (Loss) (in USD)	Commitment (in USD)
31/01/2018	EUR	10.926.892,00	USD	13.048.675,89	93.208,69	13.048.675,89
31/01/2018	EUR	18.555.024,00	USD	22.158.038,56	158.278,27	22.158.038,56
31/01/2018	EUR	5.628.927,00	USD	6.721.952,04	48.015,94	6.721.952,04
				TOTAL	299.502,90	41.928.666,49

JKC FUND

Notes to the Financial Statements as at December 31st, 2017

Note 8 - Subsequent Event

The Board of Directors of the SICAV has decided, with effect from January 30th, 2018 to decrease the Investment Management Fees of the share class DC USD of the sub-fund LA FRANÇAISE JKC China Equity from 1,50 % to 0,75%.

JKC FUND

Other Information - Unaudited

Overall risk determination

Each sub-fund shall ensure that its global exposure relating to financial derivative instruments does not exceed the total net value of its portfolio. Global exposure is a measure designed to limit the leverage generated by each sub-fund through the use of financial derivative instruments. In order to calculate global exposure, each sub-fund will use the commitment approach, thereby aggregating the market value of the equivalent position of underlying assets.

The investments within each sub-fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that the investment objective of each sub-fund will be achieved.

Remuneration

· Preamble

In accordance with the provisions of Directive 2011/61/EU and 2014/91/EU of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers (hereinafter referred to as the "**AIFM Directive**") and on the managers of transferable securities funds (hereinafter referred to as the "**UCITS V Directive**"), La Française International undertakes to establish, implement and maintain remuneration policies, procedures and practices enabling the promotion of a sound and efficient risk management, which constitutes one of the pillars of its strategy.

The remuneration policy (hereinafter referred to as the "**Policy**") takes into account the general organisational and operational requirements of La Française International (hereinafter referred to as the "**Management Company**"), as well as the nature, scope and complexity of its activities.

The Policy promotes a sound and efficient risk management and does not encourage risk taking which would be incompatible with the risk profiles, regulations and instruments of incorporation of the AIFs or UCITS managed by the Management Company. It is also determined in such a way as to avoid any conflicts of interests and to prevent risk taking which is excessive or incompatible with the interests of the clients of the Management Company.

· Governance of remuneration

The Policy is defined and adopted by the general management of the Management Company, in the performance of its supervisory functions, on the advice of the remuneration committee of the La Française group (hereinafter referred to as the "**Remuneration Committee**").

The Remuneration Committee was set up by the La Française Group to demonstrate competence and independence in its assessment of the Policy, the remuneration practices and the incentives created for risk management.

The Remuneration Committee is structured around internal regulations and respects the principles detailed in the AIFM or UCITS Directive. This latter provides a framework for its composition and its roles, assignments, responsibilities and methods of operation.

The directors of the Management Company, the Internal Auditing and Compliance and Financial Risk Monitoring Department of the La Française group are also involved in the review process of variable remuneration within the company and more specifically for staff known as "identified" (hereinafter referred to as "**Identified Staff**").

JKC FUND

Other Information - Unaudited

The Identified Staff include personnel from the Management Company, including members of the general management of the company, "risk takers" and persons carrying out supervisory roles, as well as all staff who, in view of their overall remuneration, fall within the same remuneration bracket as the general management of the company and the "risk takers", and whose professional activities have a substantial impact on the risk profile of the Management Company or the risk profiles of the AIFs or UCITS that they manage.

- **Principles relating to the determination and the payment of remuneration for all staff**

For the purposes of the Policy, the remuneration applicable to all the staff of the Management Company is made up of at least one fixed portion which remunerates the capacity of the staff member to perform their role in a satisfactory manner.

For some members of the Management Company staff, however, these portions of remuneration may be supplemented with a variable portion which is intended to recognise the individual performance of the relevant staff member, their contributions and their behaviour, the performance of the operational unit to which they belong and the overall results of the Management Company.

In this latter case, a suitable balance will be established between the fixed and variable portions of the overall remuneration for the member of staff. In any event, the fixed portion of the remuneration shall represent a sufficiently high proportion of the overall remuneration so that a fully flexible policy can be applied to the variable portion of the remuneration, including the possibility of not paying out any variable portion.

- **Principles relating to the determination and the payment of remuneration for Identified Staff**

All staff members of the Management Company are included in the remuneration process detailed in the above paragraph. That being said, it is hereby stated that, in accordance with the provisions of the AIFM and UCITS V Directive, the Management Company, in its capacity as AIF or UCITS manager, has introduced a specific measure for the variable portion of the remuneration for Identified Staff.

For Identified Staff, the measure applicable to the variable portion of their remuneration is as follows:

- at least 50% of the variable portion of the remuneration is deferred to the point where the set threshold for maximum payment in cash is exceeded or represents a percentage above that defined in relation to the set remuneration;
- the deferred payment of the variable portion of the remuneration is set to a minimum of three years;
- the deferred portion of the variable portion of the remuneration shall only be definitively acquired by the staff member on the date of their effective payment and may not be received by the staff member prior to said payment; and
- a specific measure based on criteria specific to their position is applied for Identified Staff responsible for risk management and compliance functions.

Please note, however, that the measure as detailed above shall not be applicable if the overall amount of this variable remuneration for the relevant staff member falls below the minimum threshold set annually by the La Française Remuneration Committee.

JKC FUND

Other Information - Unaudited

- **Amendments to the Policy**

The Remuneration Committee shall re-examine and rule on the various elements of the Policy each year.

- **Non-circumvention of the Policy**

The Management Company shall ensure that its staff members undertake not to use personal hedging strategies or assurances relating to remuneration or responsibilities in order to pre-empt the occurrence of alignment with unitholders and the management company over the risk involved in its remuneration agreements.

The Management Company shall not pay the variable portion of the remuneration to relevant staff through instruments or methods which facilitate the circumvention of the requirements of the AIFM and UCITS V Directive.

A breakdown of the remuneration policy is available from the management company upon written request. A hard copy will be provided free of charge pursuant to such a request.

The figures hereunder are expressed in EUR per year prorated according to the AUM of JKC Fund compared to the AUM managed by LFI:

Total staff (*)	31
Total remuneration	86 083
Fixed	69 073
variable	17 010
senior management	41 683
Identified staff	67 113

(*) no proportion applied

SFTR

Furthermore, no securities financing transactions as defined by the Regulation (EU) 2015/2365 on transparency of Securities Financing Transactions and of Reuse ("SFTR") were carried out during the period referring to the financial statements.