

# JKC Fund

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

Annual report including audited  
financial statements  
as at 31 December 2018

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 including audited financial statements and, if applicable, the last unaudited semi annual report if the latter was published after the last annual report.



# JKC Fund

## Table of contents

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Organization .....	4
General information of the Fund .....	6
Manager's Report .....	9
Report of the <i>Réviseur d'Entreprises Agréé</i> .....	12
Combined Statement of Net Assets as at 31 December 2018 .....	16
Combined Statement of Operations and Changes in Net assets from 1 January 2018 to 31 December 2018 .....	17
Statement of Net Assets as at 31 December 2018.....	18
Statement of Operations and Changes in Net Assets from 1 January 2018 to 31 December 2018 .....	20
Schedule of Investments as at 31 December 2018 .....	22
Geographic Allocation as at 31 December 2018 .....	25
Economic Allocation as at 31 December 2018.....	26
Currency Allocation as at 31 December 2018 .....	27
Changes in the number of shares.....	28
Changes in Capital, Total Net Assets and Net Asset Value per Share .....	30
Notes to the financial statements as at 31 December 2018.....	31
Other information (unaudited) as at 31 December 2018 .....	37

# JKC Fund

## Organization

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### **Registered Office:**

12, rue Eugène Ruppert, L-2453 Luxembourg

### **Date of Constitution:**

19 January 2009

### **Board of Directors of the Fund:**

#### **Chairman:**

- Fabrice JACOB, CEO  
JK Capital Management Ltd.

#### **Directors:**

- Pascale AUCLAIR, Managing Director, (until 8 November 2018)  
La Française AM, Paris
- Alex KING YUE LEUNG, CFO and Risk Manager  
JK Capital Management Ltd.
- Frédéric ADAM, Sous-Directeur, (until 30 May 2018)  
Degroof Petercam Asset Services S.A.
- Sabrina HUI REN, Portfolio Manager, (since 4 December 2018)  
JK Capital Management Ltd.

### **Management Company:**

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

### **Investment Manager(s):**

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

### **Domiciliary and Corporate Agent, Administrative Agent, Registrar and Transfer Agent :**

Banque Degroof Petercam Luxembourg S.A., (until 30 September 2018)  
12, rue Eugène Ruppert, L-2453 Luxembourg

Degroof Petercam Asset Services S.A., (since 1 October 2018)  
12, rue Eugène Ruppert, L-2453 Luxembourg

### **Depository and Paying Agent:**

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

# JKC Fund Organization

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**Cabinet de Révision agréé:**

Deloitte Audit, Société à responsabilité limitée  
560, rue de Neudorf, L-2220 Luxembourg

# JKC Fund

## General information of the Fund

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JKC FUND (the "SICAV" or the Fund) 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 19 January 2009 and is governed by the Luxembourg law of 10 August 1915 on commercial companies, as amended, and by the Part 1 of the Law of 17 December 2010 concerning undertakings for collective investment in transferable securities, 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 of Incorporation were published in the "Mémorial C, Recueil des Sociétés et Associations" (the "Mémorial") of 20 February 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 of each sub-fund is consolidated in USD and will be determined and dated in Luxembourg under the overall responsibility of the Board of Directors on each Business Day ("Valuation Day"). The computation and publication of the Net Asset Value of each Valuation Day will be done on the following Business Day using the last available prices of such Valuation 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 Fund.

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

Additional determination of the net asset value per share is made on 31 December 2018 for financial reporting purposes.

As at 31 December 2018 the SICAV has two sub-funds named :

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

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

- Class I EURO-HEDGED : Shares denominated in EUR and intended for institutional investors of the Fund;
- Class I USD : Shares denominated in USD and intended for institutional investors of the Fund ;
- Class GP EURO-HEDGED : Shares denominated in EUR and intended for retail investors of the Fund ;
- Class GP USD : Shares denominated in USD and intended for retail investors of the Fund ;
- Class P EURO-HEDGED : Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors of the Fund ;
- Class P USD : Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors of the Fund ;
- 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 of the Fund ;
- 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 of the Fund ;
- Class T-EURO hedged (launched as at 11 April 2018) : Shares denominated in USD and intended for:
  - 1) any investors, and, in case of subscription or distribution of shares in the European Union ("EU") only, who are :

# JKC Fund

## General information of the Fund

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- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or
  - distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or
  - distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.
- 2) funds of funds;
- Class T USD : Shares denominated in USD and intended for :
- 1) any investors, and, in case of subscription or distribution of shares in the EU only, who are :
- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or
  - distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or
  - distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.
- 2) funds of funds;.

The class Class T USD is not yet launched.

The sub-fund JC KFund - 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 (until 21 September 2018, liquidation date): Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors ;
- Class T-EURO hedged : Shares denominated in USD and intended for:

1) any investors, and, in case of subscription or distribution of shares in the EU only, who are :

  - financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or
  - distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or
  - distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.

2) funds of funds;
- Class T USD : Shares denominated in USD and intended for :

1) any investors, and, in case of subscription or distribution of shares in the EU only, who are :

  - financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or
  - distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or

# JKC Fund

## General information of the Fund

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- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.
- 2) funds of funds;.

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

# JKC Fund

## Manager's Report

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2018 seemed to have demonstrated how to fall from heaven to hell over a period of eleven months: After gaining 39% in 2017 and another 7.5% in January 2018, the MSCI Asia ex-Japan index swung back down with accelerated speed towards the year-end, ending 2018 with a dismal performance of -16.4%.

During the year, the Chinese government initiated unexpected intensive reforms to improve the quality of some high growth sectors which we are exposed to such as healthcare, education and online gaming with the ultimate goal of improving the overall social well-being of Chinese citizens. These policies, although aimed well, led to huge uncertainties and rocked the boat of numerous companies, including some that were believed to be invincible until now, Tencent being on the top of the list.

At the same time, the deleveraging efforts launched in 2017 started showing their impact with key economic indicators undershooting estimates from June. We were expecting the Chinese government to react proactively by stimulating its economy through a combination of fiscal measures and a loosening of its monetary policy. Even though it eventually did, it was a mild stimulation that only kicked start in the fourth quarter of 2018 and that will likely take some time to filter through the economy. In fairness, this prudence can be understood given that the previous stimulation of the economy in 2009 led to the very overleverage that the government had been dealing with since 2017. Unfortunately this lack of decisiveness largely explains the sudden degradation of macro numbers in China towards the end of the year.

On top of these domestic factors which were the key reasons behind China's economic slowdown, the US administration adopted a hostile stance against China in the first half of the year that turned into a full-blown trade war with both the United States and China imposing tariffs on products exported from one to the other. The unexpected escalation not only created huge global market volatility but also had a profound impact on investors' mind set and triggered a long-lasting global supply chain shift within the technology space. Over the summer assemblers and component manufacturers started moving production capacity from China to Taiwan, Korea and India. During this turmoil, the Indian equity market proved to be resilient despite the ongoing depreciation of the Indian rupee, up until October when the default of the infrastructure financing company IL&FS triggered a financial crisis which the Reserve Bank of India managed to contain.

Another headwind for emerging markets in 2018 was the rise of the dollar. After slumping by 10% in 2017, the dollar index that measures the US dollar against a basket of other currencies rose by 4.6% in 2018. A strong US dollar triggered global emerging markets currencies to suffer and caused further rotation out of markets such as the Philippines and Indonesia. Adding to uncertainties were concerns in the middle of the year that the Chinese government might resort to a devaluation of the Renminbi to fend off the trade war, causing another wave of market volatility. Impressively, Southeast Asian markets, particularly the Philippines, managed to make a comeback in the latter half of the year with central banks rushing to defend their currencies and rescue economic growth. Volatility was also seen in commodities with the oil price strengthening until October, pushing analysts to anticipate the price of a barrel of crude to hit USD100 before its splendid collapse that saw its price cut almost by half in a matter of two months.

The year 2018 has truly been one of the most difficult years to navigate as negative performances hit all asset classes around the world, and it probably was the worst year for investors since 2008. Investing in 2018 was nothing but a humbling experience for us. We underestimated how nasty the trade tension could become and we were slow to reduce our risk exposure while keeping our fundamental convictions. We welcomed the Chinese government's efforts to deleverage and to improve growth quality and remain believers in the technology leaders of the region, but we underestimated the near-term risks driven more by sentiment than by fundamentals.

# JKC Fund

## Manager's Report

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La Francaise JKC Asia Equity underperformed the MSCI Asia ex-Japan index in 2018 by approximately 6% due to its overexposure to information technology and to consumer discretionary, two sectors that suffered particularly in 2018. From a geographical exposure perspective, the biggest performance detractors were China, Taiwan and to a smaller extent India while the biggest performance contributors were South Korea, Thailand and Indonesia. Top contributing stocks included Shenzhou International and CSPC Pharmaceutical in China and Muangthai Capital in Thailand. At the other end of the spectrum, bottom contributors included Win Semiconductors and LandMark Optoelectronics in Taiwan as well as Yangtze Optical Fibre in China, three information technology companies.

La Francaise JKC China Equity underperformed the MSCI China index in 2018 by approximately 3.8%. This underperformance was largely due to the following reasons:

- A very poor performance of the technology sector which, admittedly, entered 2018 being expensive. The bad performance was due to its high beta nature, to the slowdown of the Chinese smartphone sector and to the much-slower-than-anticipated ramp up of 5G investments by the three Chinese telecom operators.
- Unanticipated reforms that hit the online gaming sector, the education sector and the pharmaceutical sector to which the sub-fund was exposed.
- The exposure of the sub-fund to the car industry got badly hit. Despite being invested in, arguably, the best companies China can offer in this space, the slowdown of the entire sector surprised many investors.
- Finally, the lack of exposure of the sub-fund to sectors where we have either no visibility (energy) or no conviction (utilities) hurt the sub-fund as these sectors are typically defensive during periods of market turmoil.

As these lines are written, the start of the year has been one of the strongest on records. The US Fed softened its hawkish position by putting on hold further rate hikes while the ECB downgraded its forecast for growth and inflation across the euro-zone and stated that it will keep interest rates on hold at least until the end of the year. The slowdown of western economies giving rise to more and more dovish positions by central banks has naturally rotated investors' focus on emerging markets where a number of central banks are anticipated to loosen their monetary policy, China and Indonesia leading the pack. The trade war initiated by the United States against China in 2018 is anticipated to come to an end in the coming weeks as both governments have strong incentives to reach an agreement. This should be positive for the technology-driven economies of Taiwan and South Korea.

The impact of a mild stimulation of the Chinese economy in 2018 is expected to be seen in the second half of 2019, at a time when MSCI will initiate the process that will see the weighting of Chinese A shares in MSCI emerging market indices multiply by four by November 2019. The MSCI inclusion of A shares is a process that will take many years to complete, their weighting in November this year being only one fifth of the ultimate target of full inclusion. USD50bn of passive flows is expected to be invested in A shares between May and November 2019.

One structural change to expect in 2019 is the deterioration of the current account of China that will turn structurally negative starting from this year, putting mechanical downside pressure on the Renminbi, the Chinese currency. While this should be positive for exports in 2019, it will likely prevent the Chinese government from opening up its capital account, assuming it ever considered doing so despite promises made in the past.

# JKC Fund

## Manager's Report

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We also assume that the oil price stays volatile in 2019 but at a lower level on average, which would be good for most Asian economies (with the exception of Malaysia). The Chinese government is aiming at a lower headline GDP growth, emphasising targeted counter-cyclical measures to support the economy instead of going for conventional broad-based stimulus packages, which may mean continued weak economic readings in the first half of the year.

On the political front we have four general elections coming up in India, Thailand, Indonesia and the Philippines. We continue to like India as a good diversifier with low correlation with the rest of the region although we are mindful of election uncertainties and of its relatively expensive valuation. In Thailand, the forthcoming general elections that are everything but democratic given the recent changes made to the constitution may help bring back foreign investors' confidence on the back of a strong current account surplus, a strong Thai Baht and political stability. Domestic institutions funds flow should continue to support the Thai market, as it is the case also in India and Malaysia. In Indonesia, President Jokowi remains well ahead in the polls thanks to his populist policies to improve social welfare. The positive factors that Indonesia and the Philippines are sharing in 2019 are that the macro concerns that plagued 2018 have moderated (i.e. a strengthening US dollar, a strong oil price, a rise in inflation), leaving the door open for a loosening of their monetary policies. Political campaign spending and infrastructure investments may also lift sentiment. Still current account deficits and budget deficits remain issues for both countries to watch. In Malaysia, the peaking of investments and the slow-down of Foreign Direct Investments will continue to drag the economy. A weakening current account surplus amid a weaker oil price in 2019 and an increasing fiscal deficit are also risks to monitor in Malaysia.

In conclusion, we are positive for 2019 even though the very strong performance of the first three months, particularly for the Chinese A share market should bring a wave of short term consolidation.

JK Capital Management Limited  
Hong Kong, 18 March 2019

The figures stated in the report are historical and not necessarily indicative of future performance.

To the Shareholders of  
JKC FUND  
60 avenue JF Kennedy  
L-1855 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of JKC FUND (the « Fund ») and of each of its sub-funds, which comprise the statement of net assets and the schedule of investments as at December 31, 2018 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 as at December 31, 2018, and of the results of its operations and changes in its 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 those Law and standards 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 included 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 concluded that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regards.

### **Responsibilities of the 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 the 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

Our objectives 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 scepticism 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 the *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 the *Réviseur d'Entreprises Agréé*. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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.

For Deloitte Audit, *Cabinet de Révision Agréé*

A handwritten signature in blue ink, appearing to read "Elisabeth Laper".

Elisabeth Laper, *Réviser d'Entreprises Agréé*  
Partner

April 12, 2019

# JKC Fund

## Combined Statement of Net Assets as at 31 December 2018

	NOTES	COMBINED (IN USD)
<b>Assets</b>		
Investments in Securities	1a	72,202,179.27
Cash at Banks		10,543,911.83
Interest Receivable on Cash Account		15,902.78
Dividends Receivable on Shares		41,247.31
Amounts Receivable on Subscriptions		3,511,642.48
Unrealised Gain on Forward Foreign Exchange Contracts	1b, 9	521,889.26
<b>Total Assets</b>		<b>86,836,772.93</b>
<b>Liabilities</b>		
Taxes and Expenses Payable	3	1,010,806.87
Overdraft Interest Payable		216.56
<b>Total Liabilities</b>		<b>1,011,023.43</b>
<b>Total Net Assets at the End of the Year</b>		<b>85,825,749.50</b>

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

# JKC Fund

## Combined Statement of Operations and Changes in Net assets from 1 January 2018 to 31 December 2018

	NOTES	COMBINED (IN USD)
<b>Income</b>		
Dividends, Net of Taxes	1h	1,937,464.52
Interest on Cash Accounts		124,304.82
<b>Total Income</b>		<b>2,061,769.34</b>
<b>Expenses</b>		
Performance Fees	6	827,550.76
Management Fees	5	113,127.56
Hedging Management Fees	7	36,199.00
Depositary Fees		34,741.76
Subscription Tax	8	21,404.91
Administration Fees		261,127.20
Miscellaneous Fees		258,190.53
Transactions Fees		169,529.90
Investment Management Fees	6	1,606,177.15
Overdraft Interest		9,661.10
Taxes Paid to Foreign Authorities		25,678.56
<b>Total Expenses</b>		<b>3,363,388.43</b>
<b>Net Profit / (Loss)</b>		<b>-1,301,619.09</b>
<b>Net Realised Profit / (Loss)</b>		
- on Investments	1c	11,247,366.16
- on Currencies	1c	-96,915.38
- on Forward Foreign Exchange Contracts	1c	-5,860,335.82
<b>Total Net Realised Profit / (Loss)</b>		<b>3,988,495.87</b>
<b>Change in Net Unrealised Appreciation / (Depreciation)</b>	1f	
- on Investments		-37,307,083.43
- on Forward Foreign Exchange Contracts		-37,742.86
<b>Result of Operations</b>		<b>-33,356,330.42</b>
- Subscriptions		22,858,123.65
- Redemptions		-30,113,557.97
<b>Net Changes in Net Assets</b>		<b>-40,611,764.74</b>
<b>Total Net Assets at the Beginning of the Year</b>		<b>126,437,514.24</b>
<b>Total Net Assets at the End of the Year</b>		<b>85,825,749.50</b>

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

# JKC Fund

## Statement of Net Assets as at 31 December 2018

LA FRANÇAISE JKC China Equity		
	NOTES	VALUE (IN USD)
<b>Assets</b>		
Investments in Securities	1a	45,287,836.65
Cash at Banks		6,216,744.74
Interest Receivable on Cash Account		9,941.80
Dividends Receivable on Shares		0.00
Amounts Receivable on Subscriptions		0.00
Unrealised Gain on Forward Foreign Exchange Contracts	1b, 9	219,511.62
<b>Total Assets</b>		<b>51,734,034.81</b>
<b>Liabilities</b>		
Taxes and Expenses Payable	3	716,284.91
Overdraft Interest Payable		103.41
<b>Total Liabilities</b>		<b>716,388.32</b>
<b>Total Net Assets at the End of the Year</b>		<b>51,017,646.49</b>
Number of Shares Outstanding		
- Class DC USD		158,874.424
- Class GP EURO-HEDGED		60,290.541
- Class GP USD		9,059.104
- Class I EURO-HEDGED		395,077.831
- Class I USD		199,489.476
- Class P EURO-HEDGED		4,447.092
- Class P USD		2,650.023
- Class T EURO-HEDGED		3,558.359
Net Asset Value per Share		
- Class DC USD		107.57
- Class GP EURO-HEDGED		39.90
- Class GP USD		58.71
- Class I EURO-HEDGED		39.77
- Class I USD		58.89
- Class P EURO-HEDGED		80.67
- Class P USD		88.28
- Class T EUR-HEDGED		71.98

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

# JKC Fund

## Statement of Net Assets as at 31 December 2018

<b>LA FRANÇAISE JKC Asia Equity</b>		
	NOTES	VALUE (IN USD)
<b>Assets</b>		
Investments in Securities	1a	26,914,342.62
Cash at Banks		4,327,167.09
Interest Receivable on Cash Account		5,960.98
Dividends Receivable on Shares		41,247.31
Amounts Receivable on Subscriptions		3,511,642.48
Unrealised Gain on Forward Foreign Exchange Contracts	1b, 9	302,377.64
<b>Total Assets</b>		<b>35,102,738.12</b>
<b>Liabilities</b>		
Taxes and Expenses Payable	3	294,521.96
Overdraft Interest Payable		113.15
<b>Total Liabilities</b>		<b>294,635.11</b>
<b>Total Net Assets at the End of the Year</b>		<b>34,808,103.01</b>
Number of Shares Outstanding		
- Class GP EURO-HEDGED		90,000.000
- Class GP USD		13,081.500
- Class I EURO-HEDGED		175,507.260
- Class I USD		1,927.545
- Class P EURO-HEDGED		43,466.007
Net Asset Value per Share		
- Class GP EURO-HEDGED		91.63
- Class GP USD		98.69
- Class I EURO-HEDGED		94.77
- Class I USD		103.70
- Class P EURO-HEDGED		98.13

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

# JKC Fund

## Statement of Operations and Changes in Net Assets from 1 January 2018 to 31 December 2018

LA FRANÇAISE JKC China Equity		
	NOTES	VALUE (IN USD)
<b>Income</b>		
Dividends, Net of Taxes	1h	1,355,735.16
Interest on Cash Accounts		82,719.30
<b>Total Income</b>		<b>1,438,454.46</b>
<b>Expenses</b>		
Performance Fees	6	617,319.95
Management Fees	5	72,770.52
Hedging Management Fees	7	17,148.75
Depository Fees		22,354.34
Subscription Tax	8	9,514.80
Administration Fees		165,382.73
Miscellaneous Fees		131,660.90
Transactions Fees		111,709.76
Investment Management Fees	6	954,381.65
Overdraft Interest		7,832.08
Taxes Paid to Foreign Authorities		13,100.85
<b>Total Expenses</b>		<b>2,123,176.33</b>
<b>Net Profit / (Loss)</b>		<b>-684,721.87</b>
<b>Net Realised Profit / (Loss)</b>		
- on Investments	1c	6,736,525.06
- on Currencies	1c	-52,521.19
- on Forward Foreign Exchange Contracts	1c	-2,849,675.38
<b>Total Net Realised Profit / (Loss)</b>		<b>3,149,606.62</b>
<b>Change in Net Unrealised Appreciation / (Depreciation)</b>		
- on Investments	1f	-23,829,805.86
- on Forward Foreign Exchange Contracts		-40,617.60
<b>Result of Operations</b>		<b>-20,720,816.84</b>
- Subscriptions		18,539,245.49
- Redemptions		-28,301,620.94
<b>Net Changes in Net Assets</b>		<b>-30,483,192.29</b>
<b>Total Net Assets at the Beginning of the Year</b>		<b>81,500,838.78</b>
<b>Total Net Assets at the End of the Year</b>		<b>51,017,646.49</b>

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

# JKC Fund

## Statement of Operations and Changes in Net Assets from 1 January 2018 to 31 December 2018

LA FRANÇAISE JKC Asia Equity		
	NOTES	VALUE (IN USD)
<b>Income</b>		
Dividends, Net of Taxes	1h	581,729.36
Interest on Cash Accounts		41,585.52
<b>Total Income</b>		<b>623,314.88</b>
<b>Expenses</b>		
Performance Fees	6	210,230.81
Management Fees	5	40,357.04
Hedging Management Fees	7	19,050.25
Depositary Fees		12,387.42
Subscription Tax	8	11,890.11
Administration Fees		95,744.47
Miscellaneous Fees		126,529.63
Transactions Fees		57,820.14
Investment Management Fees	6	651,795.50
Overdraft Interest		1,829.02
Taxes Paid to Foreign Authorities		12,577.71
<b>Total Expenses</b>		<b>1,240,212.10</b>
<b>Net Profit / (Loss)</b>		<b>-616,897.22</b>
<b>Net Realised Profit / (Loss)</b>		
- on Investments	1c	4,510,841.10
- on Currencies	1c	-44,394.19
- on Forward Foreign Exchange Contracts	1c	-3,010,660.44
<b>Total Net Realised Profit / (Loss)</b>		<b>838,889.25</b>
<b>Change in Net Unrealised Appreciation / (Depreciation)</b>		
	1f	
- on Investments		-13,477,277.57
- on Forward Foreign Exchange Contracts		2,874.74
<b>Result of Operations</b>		<b>-12,635,513.58</b>
- Subscriptions		4,318,878.16
- Redemptions		-1,811,937.03
<b>Net Changes in Net Assets</b>		<b>-10,128,572.45</b>
<b>Total Net Assets at the Beginning of the Year</b>		<b>44,936,675.46</b>
<b>Total Net Assets at the End of the Year</b>		<b>34,808,103.01</b>

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

# JKC Fund

## Schedule of Investments as at 31 December 2018

<b>LA FRANÇAISE JKC China Equity</b>					
Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
<b>Transferable securities admitted to an official stock exchange or traded in an other regulated market</b>					
<b>Quoted or negotiated equities</b>					
HANGZHOU HIKVISION DIGITAL TECH -A-	443,765	CNY	2,270,277.86	1,664,994.09	3.26%
HANGZHOU TIGERMED CONSULTG CO LTD-A	250,080	CNY	1,689,250.92	1,557,144.34	3.05%
INNER MONGOLIA YILI INDUSTRIAL -A-	661,732	CNY	3,152,680.87	2,205,220.13	4.32%
<b>Total CHINA YUAN RENMINBI</b>			<b>7,112,209.65</b>	<b>5,427,358.56</b>	<b>10.64%</b>
3SBIO INC.	1,290,000	HKD	1,767,154.01	1,654,231.67	3.24%
CHINA CONSTRUCTION BANK CORP.	4,098,000	HKD	3,453,530.59	3,381,250.75	6.63%
CHINA JINMAO HLDG GROUP LTD	4,824,000	HKD	2,132,565.62	2,168,816.80	4.25%
CHINA MERCHANTS BANK CO LTD -H-	843,500	HKD	3,207,165.67	3,092,002.89	6.06%
GEELY AUTOMOBILE HLDG LTD	1,016,000	HKD	3,179,448.99	1,790,794.29	3.51%
INDUST. & COMMERC. BANK OF CHINA LTD	2,949,000	HKD	1,831,804.40	2,105,520.56	4.13%
MINTH GROUP LTD	456,000	HKD	1,850,275.17	1,470,615.48	2.88%
PICC PROPERTY & CASUALTY CO	1,221,000	HKD	1,548,659.84	1,249,168.68	2.45%
PING AN INSURANCE -H-	355,000	HKD	2,439,386.58	3,135,403.54	6.15%
SHENZHOU INTERNATIONAL GROUP LTD	209,000	HKD	866,586.28	2,369,122.70	4.64%
SUNNY OPTICAL TECHNOLOGY CO LTD	143,900	HKD	1,482,225.47	1,279,213.22	2.51%
TECHTRONIC INDUSTRIES CO LTD	317,000	HKD	1,776,657.56	1,684,323.47	3.30%
TENCENT HLDG LTD	91,100	HKD	2,213,186.83	3,653,599.44	7.16%
TIMES CHINA HLDG LTD	1,280,000	HKD	1,379,823.45	1,422,335.76	2.79%
TK GROUP HLDG LTD	1,444,000	HKD	1,174,437.66	785,687.24	1.54%
XINYI GLASS HLDG CO	2,156,000	HKD	1,951,424.88	2,384,731.87	4.67%
YANGTZE OPTICAL FIBRE&CABLE JOINT-H	580,500	HKD	1,888,604.25	1,586,678.38	3.11%
<b>Total HONG KONG DOLLAR</b>			<b>34,142,937.25</b>	<b>35,213,496.74</b>	<b>69.02%</b>
ALIBABA GROUP HLDG LTD -ADR-	33,900	USD	3,885,288.11	4,646,673.00	9.11%
<b>Total U.S. DOLLAR</b>			<b>3,885,288.11</b>	<b>4,646,673.00</b>	<b>9.11%</b>
<b>Total Quoted or negotiated equities</b>			<b>45,140,435.01</b>	<b>45,287,528.30</b>	<b>88.77%</b>
<b>Total Transferable securities admitted to an official stock exchange or traded in an other regulated market</b>			<b>45,140,435.01</b>	<b>45,287,528.30</b>	<b>88.77%</b>
<b>Other transferable securities</b>					
TENCENT HLDGS LTD	91,100	HKD	0.00	308.35	0.00%
<b>Total HONG KONG DOLLAR</b>			<b>0.00</b>	<b>308.35</b>	<b>0.00%</b>
<b>Total Other transferable securities</b>			<b>0.00</b>	<b>308.35</b>	<b>0.00%</b>
<b>Total Portfolio</b>			<b>45,140,435.01</b>	<b>45,287,836.65</b>	<b>88.77%</b>

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

# JKC Fund

## Schedule of Investments as at 31 December 2018

LA FRANÇAISE JKC Asia Equity					
Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
<b>Transferable securities admitted to an official stock exchange or traded in an other regulated market</b>					
<b>Quoted or negotiated equities</b>					
HANGZHOU HIKVISION DIGITAL TECH -A-	205,758	CNY	1,070,300.87	771,998.36	2.22%
INNER MONGOLIA YILI INDUSTRIAL -A-	237,355	CNY	1,082,283.31	790,984.91	2.27%
<b>Total CHINA YUAN RENMINBI</b>			<b>2,152,584.18</b>	<b>1,562,983.27</b>	<b>4.49%</b>
3SBIO INC.	509,500	HKD	769,785.71	653,357.39	1.88%
AIA GROUP LTD	159,800	HKD	952,920.18	1,326,670.40	3.81%
CHINA JINMAO HLDG GROUP LTD	2,262,000	HKD	884,750.37	1,016,970.07	2.92%
CHINA MERCHANTS BANK CO LTD -H-	202,500	HKD	759,204.04	742,300.63	2.13%
GEELY AUTOMOBILE HLDG LTD	552,000	HKD	1,524,653.30	972,951.23	2.80%
INDUST. & COMMERC. BANK OF CHINA LTD	1,249,000	HKD	816,178.07	891,758.29	2.56%
MINTH GROUP LTD	226,000	HKD	962,339.00	728,857.67	2.09%
PING AN INSURANCE -H-	144,000	HKD	822,012.22	1,271,825.66	3.65%
SHENZHOU INTERNATIONAL GROUP LTD	81,000	HKD	347,581.30	918,176.74	2.64%
SUNNY OPTICAL TECHNOLOGY CO LTD	76,400	HKD	971,491.52	679,165.33	1.95%
TENCENT HLDG LTD	19,400	HKD	342,417.38	778,044.23	2.24%
YANGTZE OPTICAL FIBRE&CABLE JOINT-H	260,500	HKD	904,225.17	712,023.63	2.05%
<b>Total HONG KONG DOLLAR</b>			<b>10,057,558.26</b>	<b>10,692,101.27</b>	<b>30.72%</b>
ADANI PORTS & SPECIAL ECONOMIC ZONE	110,025	INR	667,020.64	610,995.85	1.76%
INDIABULLS HOUSING FINANCE LTD	68,891	INR	939,433.37	842,548.97	2.42%
INDUSIND BANK LTD	56,771	INR	1,289,704.05	1,300,491.63	3.74%
MARUTI SUZUKI INDIA LTD	12,110	INR	1,333,170.30	1,294,953.35	3.72%
<b>Total INDIAN RUPEE</b>			<b>4,229,328.36</b>	<b>4,048,989.80</b>	<b>11.63%</b>
HANSOL CHEMICAL CO LTD	15,083	KRW	1,003,820.12	1,047,618.23	3.01%
KOH YOUNG TECHNOLOGY INC.	13,141	KRW	597,811.63	971,618.95	2.79%
LG CHEM LTD	3,699	KRW	870,576.56	1,150,343.17	3.30%
SAMSUNG ELECTRONICS CO LTD	35,393	KRW	1,274,892.17	1,227,557.81	3.53%
<b>Total SOUTH KOREAN WON</b>			<b>3,747,100.48</b>	<b>4,397,138.16</b>	<b>12.63%</b>
MUANGTHAI CAPITAL PCL NVDR	555,200	THB	615,105.28	835,528.57	2.40%
<b>Total THAI BAHT</b>			<b>615,105.28</b>	<b>835,528.57</b>	<b>2.40%</b>
CHROMA ATE INC.	161,000	TWD	399,125.41	618,082.47	1.78%
LANDMARK OPTOELECTRONICS CORP.	139,000	TWD	1,580,010.12	1,015,242.26	2.92%
TAIWAN SEMICONDUCTOR MANUFACTURING	260,000	TWD	1,767,374.17	1,907,473.16	5.48%
<b>Total TAIWAN NEW DOLLAR</b>			<b>3,746,509.70</b>	<b>3,540,797.89</b>	<b>10.17%</b>
ALIBABA GROUP HLDG LTD -ADR-	13,400	USD	1,511,835.62	1,836,738.00	5.28%
<b>Total U.S. DOLLAR</b>			<b>1,511,835.62</b>	<b>1,836,738.00</b>	<b>5.28%</b>
<b>Total Quoted or negotiated equities</b>			<b>26,060,021.88</b>	<b>26,914,276.96</b>	<b>77.32%</b>

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

# JKC Fund

## Schedule of Investments as at 31 December 2018

LA FRANÇAISE JKC Asia Equity					
Investment	Quantity	CCY	Cost (in USD)	Market Value (in USD)	% Total Net Assets
<b>Total Transferable securities admitted to an official stock exchange or traded in an other regulated market</b>			<b>26,060,021.88</b>	<b>26,914,276.96</b>	<b>77.32%</b>
<b>Other transferable securities</b>					
TENCENT HLDGS LTD	19,400	HKD	0.00	65.66	0.00%
<b>Total HONG KONG DOLLAR</b>			<b>0.00</b>	<b>65.66</b>	<b>0.00%</b>
<b>Total Other transferable securities</b>			<b>0.00</b>	<b>65.66</b>	<b>0.00%</b>
<b>Total Portfolio</b>			<b>26,060,021.88</b>	<b>26,914,342.62</b>	<b>77.32%</b>

# JKC Fund

## Geographic Allocation as at 31 December 2018

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<b>LA FRANÇAISE JKC China Equity</b>	<b>% TOTAL NET ASSETS</b>
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CAYMAN ISLANDS	42.06 %
CHINA	39.16 %
HONG KONG, SAR CHINA	7.55 %
<b>Total Portfolio</b>	<b>88.77 %</b>

<b>LA FRANÇAISE JKC Asia Equity</b>	<b>% TOTAL NET ASSETS</b>
-------------------------------------	---------------------------

CAYMAN ISLANDS	18.88 %
CHINA	14.88 %
SOUTH KOREA	12.63 %
INDIA	11.63 %
TAIWAN, REPUBLIC OF CHINA	10.17 %
HONG KONG, SAR CHINA	6.73 %
THAILAND	2.40 %
<b>Total Portfolio</b>	<b>77.32 %</b>

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

# JKC Fund

## Economic Allocation as at 31 December 2018

LA FRANÇAISE JKC China Equity	% TOTAL NET ASSETS
-------------------------------	--------------------

BANKS	16.83 %
IT & INTERNET	16.27 %
INSURANCE COMPANIES	8.59 %
REAL ESTATE	7.04 %
ELECTRIC & ELECTRONIC MATERIALS	6.57 %
PHARMACOLOGY & PERSONAL CARE	6.29 %
PHOTOGRAPHY & OPTICAL	5.62 %
ELECTRIC & ELECTRONIC COMPONENTS	4.67 %
TEXTILE & GARMENTS	4.64 %
FOOD & CLEANING MATERIALS	4.32 %
FINANCIAL SERVICES - HOLDINGS	3.51 %
ROAD VEHICLES	2.88 %
MECHANICAL CONSTRUCTION	1.54 %
<b>Total Portfolio</b>	<b>88.77 %</b>

LA FRANÇAISE JKC Asia Equity	% TOTAL NET ASSETS
------------------------------	--------------------

BANKS	8.42 %
ELECTRIC & ELECTRONIC COMPONENTS	8.40 %
IT & INTERNET	7.51 %
INSURANCE COMPANIES	7.47 %
CHEMICAL PRODUCTS	6.31 %
ROAD VEHICLES	5.81 %
FINANCIAL SERVICES - HOLDINGS	5.20 %
PHOTOGRAPHY & OPTICAL	4.00 %
ELECTRIC & ELECTRONIC MATERIALS	3.99 %
TELECOMMUNICATIONS	3.53 %
REAL ESTATE	2.92 %
MECHANICAL CONSTRUCTION	2.79 %
TEXTILE & GARMENTS	2.64 %
ASSET & MORTGAGE BACKED SECURITIES	2.42 %
FOOD & CLEANING MATERIALS	2.27 %
PHARMACOLOGY & PERSONAL CARE	1.88 %
BUILDING MATERIALS	1.76 %
<b>Total Portfolio</b>	<b>77.32 %</b>

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

# JKC Fund

## Currency Allocation as at 31 December 2018

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<b>LA FRANÇAISE JKC China Equity</b>	<b>% TOTAL NET ASSETS</b>
--------------------------------------	---------------------------

HONG KONG DOLLAR	69.02 %
CHINA YUAN RENMINBI	10.64 %
U.S. DOLLAR	9.11 %
<b>Total Portfolio</b>	<b>88.77 %</b>

<b>LA FRANÇAISE JKC Asia Equity</b>	<b>% TOTAL NET ASSETS</b>
-------------------------------------	---------------------------

HONG KONG DOLLAR	30.72 %
SOUTH KOREAN WON	12.63 %
INDIAN RUPEE	11.63 %
TAIWAN NEW DOLLAR	10.17 %
U.S. DOLLAR	5.28 %
CHINA YUAN RENMINBI	4.49 %
THAI BAHT	2.40 %
<b>Total Portfolio</b>	<b>77.32 %</b>

*These allocations of assets were established on basis of data (gross) used by the Administration Agent 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

Shares issued and outstanding at beginning of year	- Class DC USD	168,374.424
	- Class GP EURO-HEDGED	60,612.041
	- Class GP USD	28,614.801
	- Class I EURO-HEDGED	473,857.650
	- Class I USD	243,305.038
	- Class P EURO-HEDGED	13,100.607
	- Class P USD	3,946.546
	- Class Q USD	-
	- Class T EUR-HEDGED	-
Shares issued during the year	- Class DC USD	0.000
	- Class GP EURO-HEDGED	20.000
	- Class GP USD	0.000
	- Class I EURO-HEDGED	196,544.923
	- Class I USD	51,361.069
	- Class P EURO-HEDGED	8,069.512
	- Class P USD	1,305.678
	- Class Q USD	0.000
	- Class T EUR-HEDGED	5,382.955
Shares redeemed during the year	- Class DC USD	9,500.000
	- Class GP EURO-HEDGED	341.500
	- Class GP USD	19,555.697
	- Class I EURO-HEDGED	275,324.742
	- Class I USD	95,176.631
	- Class P EURO-HEDGED	16,723.027
	- Class P USD	2,602.201
	- Class Q USD	0.000
	- Class T EUR-HEDGED	1,824.596
Shares issued and outstanding at end of year	- Class DC USD	158,874.424
	- Class GP EURO-HEDGED	60,290.541
	- Class GP USD	9,059.104
	- Class I EURO-HEDGED	395,077.831
	- Class I USD	199,489.476
	- Class P EURO-HEDGED	4,447.092
	- Class P USD	2,650.023
	- Class Q USD	-
	- Class T EUR-HEDGED	3,558.359

# JKC Fund

## Changes in the number of shares

### LA FRANÇAISE JKC Asia Equity

Shares issued and outstanding at beginning of year	- Class GP EURO-HEDGED	90,000.000
	- Class GP USD	13,081.500
	- Class I EURO-HEDGED	147,807.260
	- Class I USD	4,427.545
	- Class P EURO-HEDGED	42,988,967
	- Class P USD	1,745,581
Shares issued during the year	- Class GP EURO-HEDGED	0.000
	- Class GP USD	0.000
	- Class I EURO-HEDGED	32,500.000
	- Class I USD	0.000
	- Class P EURO-HEDGED	4,962.499
	- Class P USD	0.000
Shares redeemed during the year	- Class GP EURO-HEDGED	0.000
	- Class GP USD	0.000
	- Class I EURO-HEDGED	4,800.000
	- Class I USD	2,500.000
	- Class P EURO-HEDGED	4,485.459
	- Class P USD	1,745.581
Shares issued and outstanding at end of year	- Class GP EURO-HEDGED	90,000.000
	- Class GP USD	13,081.500
	- Class I EURO-HEDGED	175,507.260
	- Class I USD	1,927.545
	- Class P EURO-HEDGED	43,466.007
	- Class P USD	-

# JKC Fund

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

SUB-FUND	VALUATION DATE	TOTAL NET ASSETS	SHARE CLASS	SHARES OUTSTANDING	SHARE PRICE	CCY
LA FRANÇAISE JKC China Equity (USD)	31.12.2016	51,342,631.63	- Classe DC USD	176,000.000	88.34	USD
			- Class GP Euro-Hedged	61,036.151	36.00	EUR
			- Class GP USD	33,218.009	50.50	USD
			- Class I Euro-Hedged	524,596.686	36.01	EUR
			- Class I USD	163,690.197	50.62	USD
			- Class P Euro-Hedged	9,375.034	73.89	EUR
			- Class P USD	5,118.963	76.77	USD
			- Class Q USD	23,564.318	104.54	USD
	31.12.2017	81,500,838.78	- Classe DC USD	168,374.424	139.30	USD
			- Class GP Euro-Hedged	60,612.041	54.13	EUR
			- Class GP USD	28,614.801	77.36	USD
			- Class I Euro-Hedged	473,857.650	54.16	EUR
			- Class I USD	243,305.038	77.57	USD
			- Class P Euro-Hedged	13,100.607	110.52	EUR
			- Class P USD	3,946.546	117.12	USD
			31.12.2018	51,017,646.49	- Classe DC USD	158,874.424
	- Class GP Euro-Hedged	60,290.541			39.90	EUR
	- Class GP USD	9,059.104			58.71	USD
	- Class I Euro-Hedged	395,077.831			39.77	EUR
	- Class I USD	199,489.476			58.89	USD
	- Class P Euro-Hedged	4,447.092			80.67	EUR
	- Class P USD	2,650.023			88.28	USD
	- Class T EUR-HEDGED	3,558.359			71.98	EUR
	LA FRANÇAISE JKC Asia Equity (USD)	31.12.2016	34,003,442.22	- Class GP Euro-Hedged	90,438.000	84.91
- Class GP USD				13,081.500	86.92	USD
- Class I Euro-Hedged				145,419.260	87.77	EUR
- Class I USD				77,661.000	91.31	USD
- Class P USD				500.069	94.40	USD
- Class P Euro-Hedged				42,963.310	91.95	EUR
31.12.2017		44,936,675.46	- Class GP Euro-Hedged	90,000.000	122.19	EUR
			- Class GP USD	13,081.500	127.53	USD
			- Class I Euro-Hedged	147,807.260	126.36	EUR
			- Class I USD	4,427.545	133.94	USD
			- Class P Euro-Hedged	42,988.967	131.76	EUR
			Class P USD	1,745.581	137,88	USD
31.12.2018		34,808,103.01	- Class GP Euro-Hedged	90,000.000	91.63	EUR
			- Class GP USD	13,081.500	98.69	USD
			- Class I Euro-Hedged	175,507.260	94.77	EUR
			- Class I USD	1,927.545	103.70	USD
			- Class P Euro-Hedged	43,466.007	98.13	EUR

# JKC Fund

## Notes to the financial statements as at 31 December 2018

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### NOTE 1 - ACCOUNTING PRINCIPLES

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 sub-paragraphs 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 foreign exchange contracts

The unrealised profit/(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

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 profit/ (loss) on variation of exchange rates is recorded in the account "Net Realised profit / (loss) on currencies" during the sale transaction.

# JKC Fund

## Notes to the financial statements as at 31 December 2018

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### d) Foreign currency translation

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.

The value of the combined statement of net assets of the SICAV equals the sum of all different Sub-Funds' net assets converted into USD at the exchange rate prevailing on closing date in Luxembourg.

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 profit or/(loss)

In accordance with current practices, unrealised appreciation/(depreciation) at the end of the Financial Year are accounted for in the statement of net assets. Variation of the unrealised result is presented in the statement of operations and changes in net assets.

### 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) Income, expenses and accruals

Interests on bonds and current accounts are accounted for on a day-to-day basis. Dividends are booked on an ex-dividend basis. Dividends are stated net of irrecoverable withholding taxes, if any.

## NOTE 2 - EXCHANGE RATES

1 USD = 0.87478 EUR

## NOTE 3 - TAXES AND EXPENSES PAYABLE

Performance fees	790,229.49	USD
Management fees	22,189.33	USD
Investment management fees	100,629.05	USD
Hedging management fees	2,219.45	USD
Depositary fees	6,656.81	USD
Subscription tax	4,130.55	USD
Miscellaneous fees	84,752.19	USD
Total	1,010,806.87	USD

# JKC Fund

## Notes to the financial statements as at 31 December 2018

### NOTE 4 - SUBSCRIPTION AND REDEMPTION FEE

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 LA FRANÇAISE JKC China Equity, for classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, Q USD, T EURO-HEDGED and T USD, no redemption fee will be levied. In the sub-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.

### NOTE 5 - MANAGEMENT FEE

A management fee is payable to the Management Company by each Sub-Fund in remuneration for its services. Such fee is set at a maximal annual rate of 0.10% per annum with a minimum of EUR 30,000 per annum, payable quarterly in arrears and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

### NOTE 6 - INVESTMENT MANAGEMENT FEES AND PERFORMANCE FEES

An investment management fee is payable to the Investment Manager by the Management Company at the charge of the Sub-Fund, in remuneration for its services. Such fee is set at the annual rate per annum set in percentage below, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to the relevant Class.

Class I EURO-HEDGED	1.50%
Class I USD	1.50%
Class GP EURO-HEDGED	1.50%
Class GP USD	1.50%
Class P EURO-HEDGED	2.20%
Class P USD	2.20%
Class Q USD	0.75%
Class DC USD	0.75% (1.50% until 29 January 2018)
Class T EURO-HEDGED	1.50%
Class T USD	1.50%

In addition, for the Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, Q USD, T EURO-HEDGED and T USD of the Sub-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 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.

# JKC Fund

## Notes to the financial statements as at 31 December 2018

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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 Classes of Shares).

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.

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

In addition, for the Class DC USD 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 Relative Performance over the high water mark during the reference period.

The Relative performance is 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.

The high water mark is the highest Relative Performance registered since inception.

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 High Water Mark will be maintained, until a higher Relative Performance of the Share class is recorded.

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

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

In addition, for each Class of the Sub-Fund LA FRANCAISE JKC Asia 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 performance of the Net Asset Value per Share of the Class.

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.

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 827,550.76 has been charged in total to the Fund during the year ended 31 December 2018.

# JKC Fund

## Notes to the financial statements as at 31 December 2018

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

### NOTE 7 - HEDGING MANAGEMENT FEES

Each Sub-Fund pays a hedging fee to the Hedging Manager at the charge of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED, 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 8 - 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 2018 on the basis of the value of the shares distributed in Belgium as recorded at 31 December 2017. This tax is registered on "Taxes paid to foreign Authorities".

### NOTE 9 - FORWARD FOREIGN EXCHANGE CONTRACTS

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

LA FRANÇAISE JKC China Equity:

MATURITY	CURRENCY PURCHASED	NOMINAL PURCHASED	CURRENCY SOLD	NOMINAL SOLD	UNREALISED GAIN OR LOSS (IN USD)	COMMITMENT (IN USD)
10/01/2019	USD	3,651.63	EUR	3,204.00	-13.99	3,662.65
10/01/2019	USD	941,457.10	EUR	823,672.00	-887.36	941,580.69
10/01/2019	USD	21,836.66	EUR	19,095.00	-9.50	21,828.45
10/01/2019	USD	144,190.59	EUR	126,151.00	-135.91	144,209.52
10/01/2019	USD	15,353.92	EUR	13,433.00	-14.47	15,355.93
10/01/2019	EUR	16,418,227.00	USD	18,598,403.36	184,940.58	18,768,497.03
10/01/2019	EUR	267,662.00	USD	303,204.84	3,015.04	305,977.83
10/01/2019	EUR	382,047.00	USD	432,779.02	4,303.52	436,737.05
10/01/2019	EUR	2,513,569.00	USD	2,847,345.83	28,313.71	2,873,386.53
				<b>Total</b>	<b>219,511.62</b>	<b>23,511,235.68</b>

# JKC Fund

## Notes to the financial statements as at 31 December 2018

### LA FRANÇAISE JKC Asia Equity:

MATURITY	CURRENCY PURCHASED	NOMINAL PURCHASED	CURRENCY SOLD	NOMINAL SOLD	UNREALISED GAIN OR LOSS (IN USD)	COMMITMENT (IN USD)
03/01/2019	USD	3,481,467.70	EUR	3,042,975.00	2,082.03	3,478,577.03
10/01/2019	EUR	2,483,843.00	USD	2,843,602.82	-1,927.54	2,839,405.25
10/01/2019	EUR	4,393,288.00	USD	4,976,672.71	49,487.52	5,022,187.40
10/01/2019	EUR	8,488,423.00	USD	9,615,600.69	95,616.53	9,703,541.18
10/01/2019	EUR	13,948,356.00	USD	15,800,558.19	157,119.10	15,945,063.87
				<b>Total</b>	<b>302,377.64</b>	<b>36,988,774.72</b>

### NOTE 10 - EVENT(S) DURING THE YEAR

The Board of Directors of the SICAV has decided, with effect from 30 January 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 % p.a. to 0,75% p.a..

Since 1 October 2018, the functions listed below are performed by Degroof Petercam Asset Services S.A. in place of Banque Degroof Petercam Luxembourg S.A.:

- Domiciliary and Corporate Agent;
- Administrative Agent;
- Registrar Agent and Transfer Agent.

### NOTE 11 - EVENT(S) AFTER THE YEAR

The Board of Directors decided to replace Banque Degroof Petercam Luxembourg with BNP Paribas Securities Services, Luxembourg Branch ("BPSS") as depositary, domiciliary and corporate agent, administrative agent, paying agent and as registrar and transfer agent of the Fund (the "Migration") with effect from 25/02/2019 (the "Effective Date").

The Fund's registered office was transferred to the address of BPSS at 60, Avenue J.F. Kennedy, L-1855 Luxembourg with effect from the Effective Date.

# JKC Fund

## Other information (unaudited) as at 31 December 2018

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### 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 undertakings for collective investment in transferable securities (hereinafter referred to as the "**UCITS V Directive**"), La Française AM 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 AM 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. These provide 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

# JKC Fund

## Other information (unaudited) as at 31 December 2018

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remuneration within the company and more specifically for staff known as "identified" (hereinafter referred to as "**Identified Staff**").

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.

# JKC Fund

## Other information (unaudited) as at 31 December 2018

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Please note, however, that the measure as detailed previously 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 Remuneration Committee.

### · 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 (Asset Under Management) of JKC Fund compared to the AUM managed by LFI ( La Française International):

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 year referring to the financial statements.