

Monthly Report - Share Class A

This share class is exclusively for professional investors, who should read this report in conjunction with the KIID and Prospectus. The minimum initial subscription amount for this share class is EUR 500,000.

Fund Description

The Fund is a European/US equity market neutral fund that seeks to generate uncorrelated returns and maintain a low beta ratio to European and US equity indices. The Fund is fully systematic in its approach and deploys multiple quantitative models that seek to identify mispricing within a pre-defined universe of equity markets. An adaptive risk management technique is also employed that hedges against broad directional market risk and other risk factors that may be present within the investment portfolio. The Fund provides for daily liquidity.

JL Equity Market Neutral (UCITS) Fund // Historical Monthly Performance Share Class A (EUR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010				0.38%	-3.02%	-1.13%	-0.41%	0.46%	2.70%	2.13%	-0.05%	-0.61%	0.33%
2011	1.71%	2.10%	-0.05%	0.84%	0.39%	-2.91%	0.84%	2.73%	-3.32%	3.73%	-0.58%	6.10%	11.79%
2012	-1.50%	0.36%	-0.04%	-1.05%	0.95%	4.93%	0.19%	0.70%	2.10%	0.04%	0.38%	0.06%	7.20%
2013	0.93%	2.67%	-1.16%	3.28%	0.98%	0.79%	0.88%	2.17%	0.87%	-0.22%	-0.75%	0.54%	11.46%
2014	2.12%	-0.84%	2.42%	0.60%	0.62%	-0.90%	-1.81%	2.36%	-3.27%	3.44%	2.38%	1.26%	8.47%
2015	-2.50%	1.85%	0.63%	-1.15%	-0.02%	-1.12%	0.90%	-1.01%	0.75%	1.67%	0.25%	2.80%	2.95%
2016	-2.65%	2.62%	3.32%	0.00%	-1.59%	-1.73%	0.53%	-2.72%	0.63%	-1.98%	-0.19%	2.95%	-1.06%
2017	1.14%	0.68%	0.47%	-1.04%	-5.48%	1.31%	1.31%	-2.36%	-1.09%	1.41%	-2.61%	-1.77%	-7.98%

Prior to December 2013, the Fund was valued weekly by RBC. The monthly returns presented up to this point were calculated by John Locke Investments and reconciled to RBC's weekly NAVs. Since December 2013, the Fund has been valued by RBC on a daily basis. Prior to January 2013, the returns shown here have been adjusted to reflect current leverage and fee structures.

Monthly Commentary

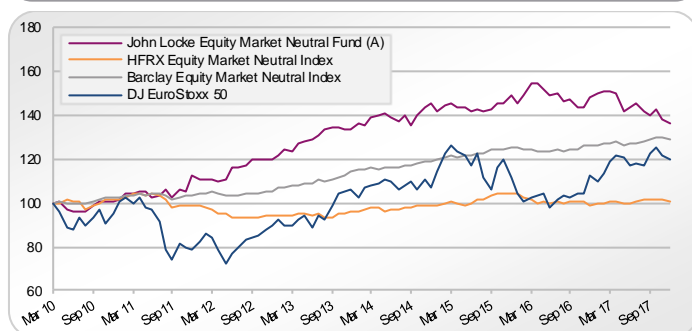
2017 was the Fund's most challenging year since inception in 2010. Losses were directly linked to the rise of long-term momentum, which was unprecedented in its magnitude for a one-year period. Fortunately, we believe there are signs this movement has peaked, which should be favourable for the Fund. The rise of momentum was partly explained by the capitulation of fundamental stock-pickers that had contrarian views as regards the momentum trade or its components and who ended up joining the trade of the year. The unusually-strong surge in long-term momentum led to very strong short-term momentum too and it is the latter which hurt our mean reversion model significantly - as mean reversion opportunities were mostly absent. Some sector-specific losses in the US compounded the losses for this model. Our basket momentum model posted a minor gain, but not sufficient to hedge the losses of the mean reversion model. This model was impacted by the too-frequent reversals recorded on the various styles it trades (the model has a trend-following style applied to 14 factors). The model also had difficulties capturing the Momentum+Value theme on account of the numerous short-term reversals (factor volatility) recorded by this theme within its upward move. Finally, our consensus model was marginally positive for the year.

After thorough analysis of the current drawdown and of the model's theoretical and practical risk exposure and alpha capturing methodology, we have reached the conclusion that the expected alpha of the mean reversion model remains very interesting, although the current losses are certainly difficult to bear. Regarding the following period, we feel that a return of volatility and of traditional stock picking, coinciding with the phasing out of quant easing could create interesting opportunities for this model. A volatility shock brought about by a market correction (stock indices are at historical highs) would also rapidly give the model the opportunity to recoup recent losses. For all of these reasons, we remain confident that the strategy is well equipped to face the next period and gives the Fund a very valuable tool to face the market conditions ahead. As regards the portfolio construction and the current mix of strategies at work in the Fund, we hold that they represent the best solution for delivering alpha in the long term. The correlation between the three strategies is low, the risks they capture are very different and they are deployed on different time horizons.

In December, the Fund posted a loss overall, with losses recorded on the basket momentum model and, to a lesser extent on the consensus model, while the mean reversion model had a neutral contribution for the month. The basket momentum model posted losses on US factors directly linked to long-term momentum (as it continued its reversal and generated rotations on other factors too). Among these, it is worth mentioning the losses recorded on liquidity factors, on the sales factor and on leverage-linked factors. The consensus model posted a minor loss for the month, coming from factors playing the shorter-term impact of recommendations on prices.

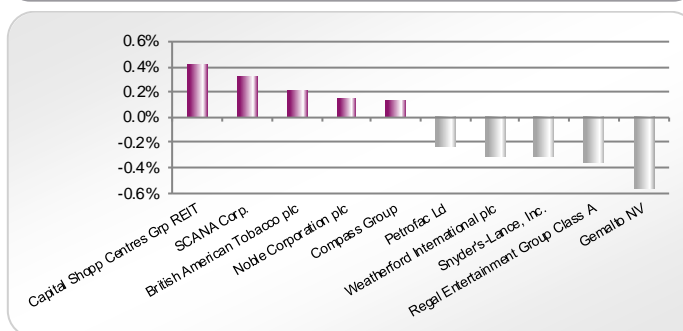
December seemed to be a transition month for the mean reversion model, which was flat. As the momentum reversal gathered pace last month, it continued to generate positive short-term momentum. As a result, the absence of mean reversion behaviour did not offer sufficient opportunities for the Fund to generate gains.

Historical Monthly Performance



Source: John Locke Investments.

Top 5 Best/Worst Performers



Source: John Locke Investments.

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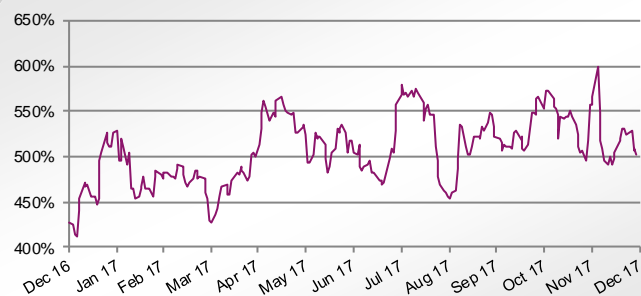
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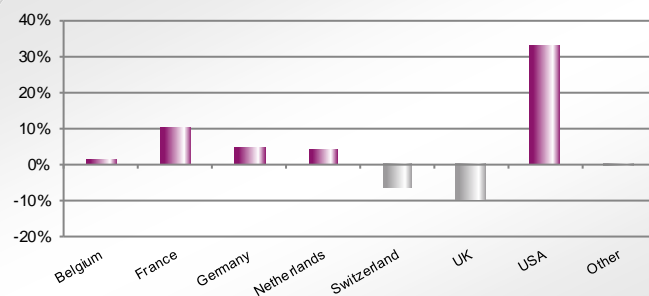
JL Equity Market Neutral (UCITS) Fund Assets: €176 mio

Gross Exposure (non-Beta adjusted)



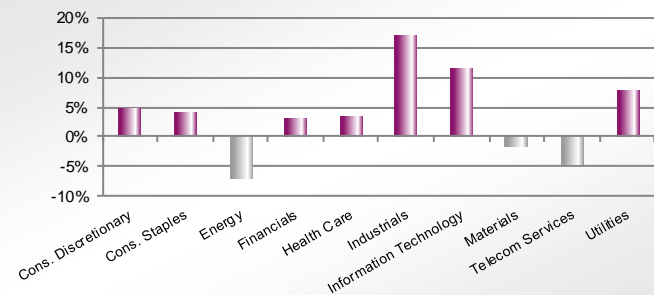
Source: John Locke Investments.

Country Net Exposure (non-Beta adjusted)



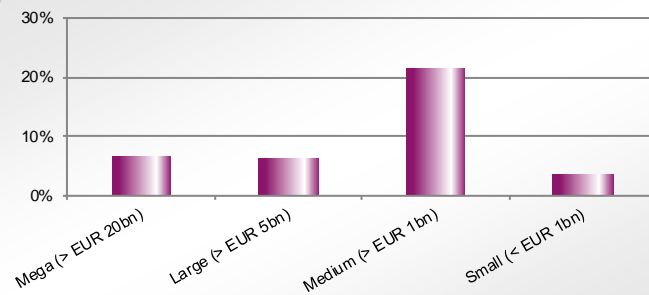
Source: John Locke Investments.

Sector Net Exposure (non-Beta adjusted)



Source: John Locke Investments.

Market Capitalisation Net Exposure (non-Beta adjusted)



Source: John Locke Investments.

Statistical Analysis

Return

Net Annualized Return	+4.07%
Cumulative Return	+36.25%
HFRX EMN Index (since 01/04/2010)	+0.99%
Largest monthly gain	+6.10%
Largest monthly loss	-5.48%
% Winning months	60.22%
Maximum drawdown	-11.80%
Rolling 12 months	-7.98%

Risk

Annualized Volatility	6.67%
Sharpe Ratio (0.35%)	0.56
Beta	+0.08
Beta (rolling 1 year)	+0.05

Correlations

HFRX EMN Index	+0.06
Barclay EMN Index	+0.20
DJ Eurostoxx 50	+0.19

Source: John Locke Investments.

Fund Details

Legal Structure	UCITS
Liquidity	Daily
Management fee	1%
Incentive fee	20% above EONIA
Custodian	RBC
Administrator	RBC
Auditor	Deloitte

	Share Class A	Share Class B	Share Class C
ISIN	FR0010881821	FR0011512003	FR0011584382
Bloomberg	JLEMNEU FP	JLEMNGB FP	JLEMNUS FP
Min. investment	EUR 500,000	GBP equivalent	USD equivalent

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