

# JM Finn & Co

# Global Opportunities Fund

31 JANUARY 2012

## FUND OBJECTIVE

The investment objective of the CF JM FINN GLOBAL OPPORTUNITIES FUND is to seek capital & income growth from investments identified across global equity and/or bond markets. The manager may also choose to hold Government securities, collective investment schemes, and cash & money market instruments as appropriate in achieving the overall objective of the fund. Please note that the themes currently being pursued by the manager lead it to invest in a number of higher risk emerging economies.

## FUND MANAGER'S COMMENTARY

The fund rose by 2.99% in January.

We are thrilled to see that Glencore and Xstrata are planning to combine. Not simply because we own both of them but because the logic behind the merger is an expression of what this fund is all about. Back in 2002 it was becoming apparent that some major trends were developing as commodity demand underwent a secular shift driven by China, but now spreading out as demand rises across the 6 billion population outside the industrialised West. At the same time the commodity industry, having endured years of low pricing and low investment, was finding itself supply constrained. Mine grades were (and are) dropping, plant was aging and new supply would be slow to materialise. That perfect storm enabled pricing power to re-emerge in an entire asset class that can raise supply only slowly and on the back of massive capital investment. That might have happened but didn't thanks to the 2008 global financial crisis.

So here we are, 10 years on, with much the same supply base and much greater demand. The global economy has expanded in every one of the intervening years and is forecast to continue to do so. Most of the growth is coming from the industrialising 6 billion population and a large part of their budgets go on commodities, food and energy. That is gearing. But what also has happened, 10 years on, is that the 6 billion bloc is beginning to create wealth and consume. And the dynamics for this next asset class up the curve are similar. We are moving from a scenario of not enough palm oil (at the price levels we were used to) to make toothpaste with, to not enough toothpaste making machines to supply rising end demand for that product. And so we have pricing power, first apparent in the commodity area, and now moving up into global suppliers of goods and services universally wanted and needed. The only variable is price. Higher prices for toothpaste, chocolate, wine, spirits, cosmetics, cars, infrastructure and logistics. And this scenario should continue unless or until growth in capital investment into higher output capacity catches up with growth of demand within the global economy.

Turning back to Glencore and Xstrata it is interesting to note the vigour with which the boards of both companies want to merge and work together and how little turnover there has been in the senior management of both companies over the years. The fact that a fairly large group of resourceful, wealthy, opinionated entrepreneurial souls want to work together, in the public eye, implies that an interesting scenario is underway. Commodity prices have been so weak for so long that there are no competition rules of any note anywhere and the resulting single company will have some massive market positions in the supply of inputs the global economy cannot do without. A

dominant player in copper (possibly number one) zinc (25% market share) and nickel, a supplier of around one third of all traded production of thermal coal (equivalent to Saudi Arabia controlling three times as much oil supply as it already does<sup>st</sup>), the world's top physical commodities trader (Glencore) and a handful only of meaningful competitors. Text book stuff and something Blofeld never achieved. And who is it supplying; - a growing world population, and a rising middleclass and ongoing urbanization within the 6 billion which should underpin demand for a long time to come.

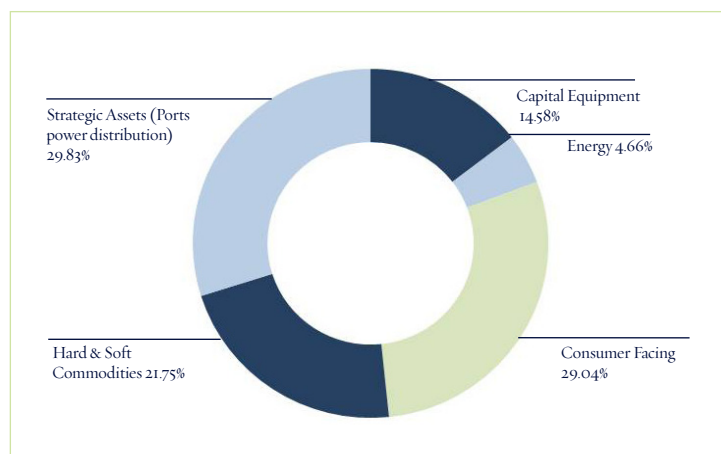
## GLOBAL OPPORTUNITIES FUND

Retail Accumulation	217.90p
Institutional Net Income Shares	213.71p
Institutional Net Accumulation Shares	220.82p

## TOP 10 HOLDINGS

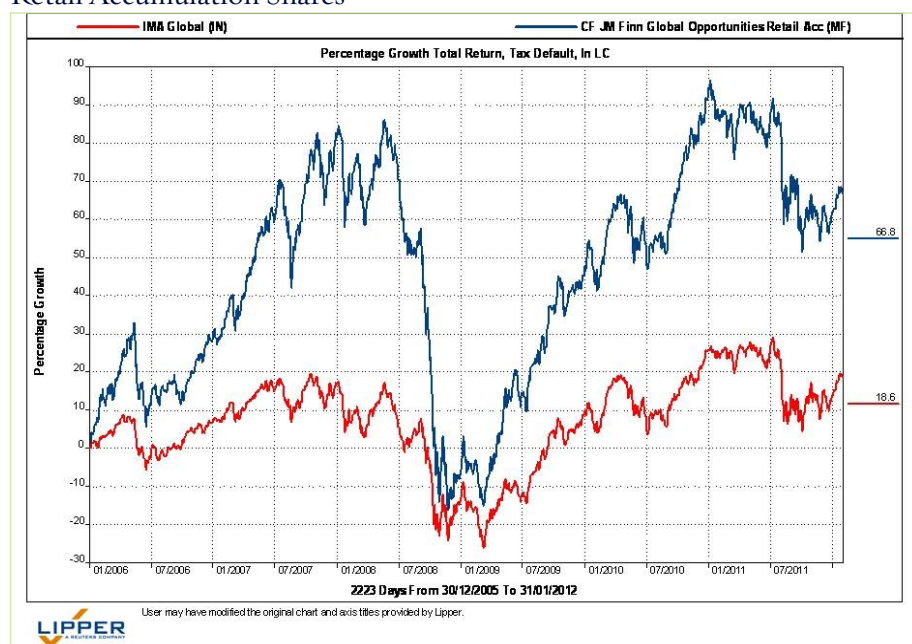
Vopak	3.55%
Kinder Morgan	3.36%
Bolllore	3.09%
Shoprite Holdings	2.21%
Pearson	2.15%
AKR Corporindo	2.12%
Olam International	1.87%
International Container	1.52%
Archer Daniels	1.51%
Kraft Foods	1.44%

## SECTOR BREAKDOWN



## FUND PERFORMANCE

### Retail Accumulation Shares



Note: User may have modified the original chart and axis titles provided by Lipper.

Source: Lipper to 31 January 2012 mid to mid, net income reinvested. Retail class. The value of investments and the income derived from them may go down as well as up and you may not receive back all the money which you invest. Past performance should not be seen as an indication of future performance.

## PERFORMANCE TO THE LAST QUARTER END

### Discrete 12 month periods

31.12.10 - 30.12.11	-16.58%
31.12.09 - 31.12.10	33.31%
31.12.08 - 31.12.09	53.16%
31.12.07 - 31.12.08	-47.39%
29.12.06 - 31.12.07	40.80%
30.12.05 - 29.12.06	30.14%
31.12.04 - 30.12.05	19.30%

## PERFORMANCE TO 31 JANUARY 2012

	%	Sector Average	Sector Ranking	Quartile Ranking
3 months	0.75	1.53	156/216	3
6 months	-9.68	-4.16	200/214	4
1 year	-10.06	-4.79	181/204	4
3 years	77.24	41.59	4/184	1
Since launch	120.65	68.58	7/126	1

Compound Annual Growth Rate since inception 10.18%

S<sup>1</sup> - A merger fit for world domination, The Financial Times, Monday 6th February 2012

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## FUND INFORMATION

Launch Date	23 January 2004
Fund Manager	Anthony Eaton
Fund Size	£71.93 million
Number of Holdings	200
Fund facts at	31 January 2012
Currency	GBP
PEP/ISA eligible	Yes
Min Investment	Retail £1,000, Inst £5m
Initial Charges	Retail up to 5% / Inst Nil
Annual Charges	Retail 1.5% / Inst 0.75%
Estimated Gross Yield	1.70%
Dividend Declaration	30 June final
Dates	31 December interim
Sector	IMA Global Growth
Benchmark	IMA Global Growth Index
Prices	The Financial Times
Sedol number	Inst Acc B5TP8W8 Inst Inc B5SZCM7 Retail Acc 3411687
ISIN	Inst Acc GBooB5TP8W88 Inst Inc GBooB5SZCM77 Retail Acc GBoo34116870
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