



# Jade Far Eastern and General Pension Fund Manager's Report

April 2015

## Investment Commentary

The Fund gained 9.3% in the six months to the end of April. During the same timeframe, the MSCI World Index gained 9.4% in sterling terms. The Topix was up 19.4% in local currency terms and 16.7% in sterling terms.

Equity markets continued to post strong positive returns in the last six months across the globe as the risk of rising interest rates in the US has been pushed further out and the oil price fell significantly during the period. On the economic front, data has been mixed but still pointing to a recovery in the US and an improving outlook for Europe. Although the Chinese economy has been showing signs of a slowdown, the PBOC has been proactive by loosening monetary policy to support economic growth. Developed markets continue to perform better than emerging markets except for China and Russia which have performed strongly year to date.

	31 Oct 2014		30 Apr 2015	
	£Millions	%	£Millions	%
Japanese Equities	11.7	72.2	13.9	78.3
Pacific Basin Equities	0.0	0.0	0.0	0.0
North American Equities	0.0	0.0	0.0	0.0
European Equities	1.8	11.4	2.6	14.6
UK Equities	0.9	5.6	1.0	5.9
Fixed Interest	0.0	0.0	0.0	0.0
Cash Deposits	1.7	10.8	0.2	1.2
	<b>16.2</b>	<b>100.0</b>	<b>17.7</b>	<b>100.0</b>

After a period of subdued performance, the Japanese market rallied strongly on the back of the GPIF announcement of reallocation of assets to favour equities as well as the BoJ increasing the stimulus package to pep up the economy. The Yen depreciated slightly at just over 3% against the British Pound. After 3 years of underperformance, the Chinese equity market rallied strongly amid looser monetary policy and a new trading link between the Hong Kong and Shanghai exchanges.

In terms of asset allocation, we have increased the weighting of the Japanese exposure on the back of GPIF's announcement and QE. The European weighting was also increased as we see stabilisation in Europe with some signs of a recovery as well as an improved earnings outlook. The cash level was reduced to just over 1% and used to fund both the Japanese and European weightings.

After a strong rally in stock markets in the last six months, we would expect markets to succumb to some profit taking. Although the macro outlook is improving in developed markets, there still remains uncertainty as to the strength of the recovery. The Greek situation in Europe should cast some doubts over the future of Europe although markets expect a deal to be reached. In the US, the tone of the Fed will be followed closely as to when interest rates will start to rise, although this seems to be pushed further each time. And in Asia, the biggest risk is China as the strong rally has been mostly fuelled by retail investors. We expect the Japanese market to remain supported by the asset allocation change of GPIF. Longer term, we are positive on markets overall with the positive growth outlook supporting equity markets.

## Technical Information

The Jade Far Eastern & General Pension Fund ("the Scheme") is an approved pension fund, administered by Phoenix Life Limited with investment management services provided by DIAM International Ltd. On 1<sup>st</sup> October 2011, Bluefin's administrative responsibilities were passed to 3HR Benefits Consultancy Limited whose contact details are shown on the next page. DIAM International is responsible for the Investment Commentary and Performance sections and the Statutory Information is provided by Phoenix Life Limited.

## Statutory Information

As at the valuation on 30<sup>th</sup> April 2015, the Net Fund Bid Value was £17,691,652.14 with 11,775,787.83 units in issue.

Bid Price: 1.502

Offer Price: 1.581

The assets and liabilities of the Fenchurch Fund were amalgamated into the Jade Far Eastern and General Fund as from 8 December 1999.

## Fund Objectives

The Jade Far Eastern & General Pension Fund was launched on 1 May 1990 in order to provide a suitable investment vehicle for members of the Jade Pension Scheme. It was created to enable Japanese, Korean, and other Far Eastern delegates in the UK to invest their rebated National Insurance Contributions (protected rights) with the opportunity of improving their returns.

The Fund seeks to achieve long-term capital growth by investment, mostly in Japanese and, to a lesser extent, other Asian and International equities, bonds and cash investments, with the overriding objective of outperforming the Japanese TOPIX Index.

3HR Benefits Consultancy Limited is authorised and regulated by the Financial Conduct Authority. Firm Reference Number: 556015. The registered office of 3HR Benefits Consultancy Limited is New Broad Street House, 35 New Broad Street, London, EC2M 1NH. Registered in England and Wales No: 06681835. VAT Registration No: 948 353 100.

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## Performance

	30/04/2010	29/10/2010	28/04/2011	31/10/2011	30/04/2012	31/10/2012	30/04/2013	31/10/2013	30/04/2014	31/10/2014	30/04/2015
Fund offer	142.2	135.6	141.1	130.5	127.8	120.5	147.6	152.4	134.0	142.0	158.1
Fund bid	135.1	128.8	134.0	124.0	121.1	114.5	140.2	144.8	127.3	134.9	150.2
MSCI World (£)	4526.7	4466.0	4907.7	4501.3	4811.9	4936.0	5858.6	6225.1	6297.4	6793.4	7432.3
MSCI Europe	1132.2	1149.8	1218.0	1033.7	1062.7	1106.4	1234.2	1338.3	1389.2	1363.0	1531.5
TOPIX Index (yen)	987.0	810.9	851.9	764.1	804.3	742.3	1165.1	1194.3	1162.4	1333.6	1592.8
Phoenix Alba Japan Pension Fund	187.7	174.8	173.9	170.1	171.8	161.7	216.3	213.7	189.4	217.1	247.3
Phoenix Alba Far East Pension Fund	263.5	263.8	271.3	254.7	260.1	258.1	312.3	308.7	285.6	319.1	352.0
<b>% Change since:</b>	<b>30/04/2010</b>	<b>29/10/2010</b>	<b>28/04/2011</b>	<b>31/10/2011</b>	<b>30/04/2012</b>	<b>31/10/2012</b>	<b>30/04/2013</b>	<b>31/10/2013</b>	<b>30/04/2014</b>	<b>31/10/2014</b>	
Fund offer	-4.6%	4.1%	-7.5%	-2.1%	-5.7%	22.5%	3.3%	-12.1%	6.0%	11.3%	
MSCI World (£)	-1.3%	9.9%	-8.3%	6.9%	2.6%	22.4%	6.3%	1.2%	7.9%	9.4%	
MSCI Europe	1.6%	5.9%	-15.1%	2.8%	4.1%	18.7%	8.4%	3.8%	-1.9%	12.4%	
TOPIX Index (yen)	-17.8%	5.0%	-10.3%	5.3%	-7.7%	11.5%	2.5%	-2.7%	14.4%	19.4%	
Phoenix Alba Japan Pension Fund	-6.9%	-0.5%	-2.2%	1.0%	-5.9%	57.0%	-1.2%	-11.4%	14.6%	13.9%	
Phoenix Alba Far East Pension Fund	0.1%	2.8%	-6.1%	2.1%	-0.8%	21.0%	-1.2%	-7.5%	11.7%	10.3%	

Source: Bloomberg, Phoenix Life Ltd

The value of an investment portfolio and the income from it may fall as well as rise and investors may not get back the amount originally invested. Past performance is no guarantee of future performance.

## Charges

A management fee of 1% per annum of the Fund's value is deducted monthly in arrears to meet the investment management and servicing costs of the Fund. Value Added Tax (currently 20%) has been added to the fee. The fee is shared between DIAM International Ltd. and 3HR Benefits Consultancy Limited.

## Risk Level

This fund has been graded as above average risk which we describe as follows:

Funds that invest predominantly in one type of investment or geographical region, for example Japanese equities (shares). Fund prices may fluctuate significantly but offer the potential for good returns over the long term.

This level of risk is typically suitable for investors who are prepared to accept a higher than average degree of risk in order to potentially achieve above-average long-term returns. Investors accept that this will involve a high degree of exposure to equity investments (shares) whose performance may be volatile.

If you are not sure that this fits in with your investment objectives we recommend that you obtain independent financial advice.

## Further Information

Members can obtain information about the Scheme and the Fund from:

### Phoenix Life Limited

Customer Service Department  
Resolution House  
50 Bothwell Street  
Glasgow G2 6HR

Phoenix Life Limited is authorised and regulated by the Financial Conduct Authority.

### DIAM International

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London EC4M 9JA

DIAM International Ltd is authorised and regulated by the Financial Conduct Authority.

### 3HR Benefits Consultancy Limited

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3HR Benefits Consultancy Limited is authorised and regulated by the Financial Conduct Authority.

## Important Announcement

Fund Managers reports will no longer be issued to you in paper format. From now on all reports will be available via the 3HR website at the following address:

[www.3hrplc.co.uk/jade-fund](http://www.3hrplc.co.uk/jade-fund)

If you prefer, on request, these can be sent to you electronically. Please send an e-mail to info@3hrplc.co.uk to register your interest and your e-mail address will be recorded for future correspondence.

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