



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

October 2014

## Investment Commentary

The Fund gained 6% in the six months to the end of October. During the same timeframe, the MSCI World Index gained 7.9% in sterling terms. The Topix was up 14.4% in local currency terms and 10.2% in sterling terms.

Equity markets have experienced another 6 months of positive performance as economic data, although volatile, across the globe continued to show a recovery. September saw a sharp drop in equity markets as uncertainty crept up amongst investors regarding the strength of global growth amid some disappointing numbers. Furthermore, geopolitical conflicts in the Middle East and in Ukraine amplified the fear. Developed markets continued to perform better than emerging markets which are suffering from a slower economic environment and a weak currency as well as some political uncertainty.

	30 Apr 2014		31 Oct 2014	
	£Millions	%	£Millions	%
Japanese Equities	11.7	74.6	11.7	72.2
Pacific Basin Equities	0.0	0.0	0.0	0.0
North American Equities	0.0	0.0	0.0	0.0
European Equities	1.6	10.2	1.8	11.4
UK Equities	0.6	3.7	0.9	5.6
Fixed Interest	1.5	9.4	0.0	0.0
Cash Deposits	0.3	2.1	1.7	10.8
	<b>15.7</b>	<b>100.0</b>	<b>16.2</b>	<b>100.0</b>

After a lacklustre performance in the first half of the year, the Japanese market gathered momentum as the Bank of Japan started implementing their quantitative easing. This action confirmed the BoJ's commitment and they are likely to implement further QE if needed. Additionally, the news that GPIF is looking to significantly increase its equity holdings helped the Topix rally. The Yen depreciated further at just over 5% against the British Pound. Chinese equities performed strongly in the third quarter as the government showed willingness to implement necessary policies to support the economy.

In terms of asset allocation, the cash level was raised as we took the opportunity of the strong performance in Fixed Income to reduce our weighting there. Given the market uncertainty in September and October, the cash levels were maintained to a high level. However, following the announcement from GPIF, most of the cash has now been reinvested in Japanese equities where we see strong support from BoJ's commitment to QE and strong capital inflows from GPIF.

2014 has been another year of positive returns for equities. We remain positive going into 2015 as we expect the improvement in global growth to continue, albeit with a certain degree of volatility as fragility remains in all parts of the globe in terms of how strong the recovery will be. Furthermore, geopolitical risks remain in the Middle East and in Ukraine which could add to instability in markets. We prefer developed markets to emerging markets where we see further risk to growth prospects, although less in Asia than elsewhere. Although a long term process, Japanese equities should be a major beneficiary of GPIF's asset allocation changes.

## 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 Insurance Broking Ltd 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 31<sup>st</sup> October 2014, the Net Fund Bid Value was £16,244,190.50 with 12,040,391.79 units in issue.

Bid Price: 1.349

Offer Price: 1.420

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 Insurance Broking Ltd is authorised and regulated by the Financial Conduct Authority. Firm Reference Number: 556015.

The registered office of 3HR Insurance Broking Ltd 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

	31/10/2009	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
Fund offer	127.8	142.2	135.6	141.1	130.5	127.8	120.5	147.6	152.4	134.0	142.0
Fund bid	121.4	135.1	128.8	134.0	124.0	121.1	114.5	140.2	144.8	127.3	134.9
MSCI World (£)	3842.2	4526.7	4466.0	4907.7	4501.3	4811.9	4936.0	5858.6	6225.1	6297.4	6793.4
MSCI Europe	1056.4	1132.2	1149.8	1218.0	1033.7	1062.7	1106.4	1234.2	1338.3	1389.2	1363.0
TOPIX Index (yen)	894.7	987.0	810.9	851.9	764.1	804.3	742.3	1165.1	1194.3	1162.4	1333.6
Phoenix Alba Japan Pension Fund	162.3	187.7	174.8	173.9	170.1	171.8	161.7	216.3	213.7	189.4	217.1
Phoenix Alba Far East Pension Fund	224.4	263.5	263.8	271.3	254.7	260.1	258.1	312.3	308.7	285.6	319.1
<b>% Change since:</b>	<b>31/10/2009</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>	
Fund offer	11.3%	-4.6%	4.1%	-7.5%	-2.1%	-5.7%	22.5%	3.3%	-12.1%	6.0%	
MSCI World (£)	17.8%	-1.3%	9.9%	-8.3%	6.9%	2.6%	22.4%	6.3%	1.2%	7.9%	
MSCI Europe	7.2%	1.6%	5.9%	-15.1%	2.8%	4.1%	18.7%	8.4%	3.8%	-1.9%	
TOPIX Index (yen)	10.3%	-17.8%	5.0%	-10.3%	5.3%	-7.7%	11.5%	2.5%	-2.7%	14.4%	
Phoenix Alba Japan Pension Fund	15.7%	-6.9%	-0.5%	-2.2%	1.0%	-5.9%	57.0%	-1.2%	-11.4%	14.6%	
Phoenix Alba Far East Pension Fund	17.4%	0.1%	2.8%	-6.1%	2.1%	-0.8%	21.0%	-1.2%	-7.5%	11.7%	

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 Insurance Broking Ltd.

## 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

Bracken House  
One Friday Street  
London EC4M 9JA

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

### 3HR Insurance Broking Limited

New Broad Street House  
35 New Broad Street  
London EC2M 1NH  
Tel: +44 (0) 20 7194 8137  
Email: info@3hrplc.co.uk

3HR Insurance Broking 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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