

Jade Far Eastern and General Pension Fund

Investment Manager's Report

November 2019

Investment Commentary

For the last six months from May to October 2019, the portfolio returned +8.8% in British Pounds, and MSCI performance was +3.0 percent, TOPIX performance in Japanese Yen was +3.0% and +6.4 percent in British Pounds.

In May, global equity markets declined sharply as the US announced an increase in tariffs on imports from China as well as sanctions against Chinese telecom giant Huawei. Subsequently, sentiment in global markets oscillated between positive and negative based on latest developments in the US-China trade dispute.

	30 Apr 2019		31 Oct 2019	
	£Millions	%	£Millions	%
Japanese Equities	17.9	98.0	18.8	98.8
Pacific Basin Equities	0.0	0.0	0.0	0.0
North American Equities	0.0	0.0	0.0	0.0
European Equities	0.0	0.0	0.0	0.0
UK Equities	0.0	0.0	0.0	0.0
Fixed Interest	0.0	0.0	0.0	0.0
Cash Deposits	0.4	2.0	0.2	1.2
	18.3	100.0	19.0	100.0

During the autumn, as the two countries reached a partial agreement on specific fields such as agricultural products, risk sentiment improved and markets rallied significantly by the end of October. In terms of global economic conditions, Europe and China continued to slow and anxiety also increased about a possible US macro slowdown. However, monetary policy easing bias across the main economies supported the market during the period.

In terms of asset allocation, the portfolio remained fully invested in Japanese equities except for the cash portion which was held around 2%.

The Japanese stock market traded in line the global stock markets. Market movements have been largely driven by news flow related to the US-China trade dispute, so de-escalation in this area, alongside with increasing expectations for corporate earnings bottoming out drove the market higher. The Japanese Yen appreciated against Sterling.

Despite lingering concerns over the US-China trade friction we are expecting a solid recovery in the market, as we believe that the global economic momentum and corporate earnings have bottomed out. Additionally, we see a supportive monetary policy backdrop, as well as rising expectations for fiscal expansion. In terms of portfolio positioning, we aim for the core of the portfolio to be formed by stocks with solid earnings prospects regardless of the macroeconomic background, supplemented by increasing exposure where appropriate to names where we can expect a more cyclical upswing in earnings.

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 Asset Management One International Ltd. On 1st October 2011, Bluefin's administrative responsibilities were passed to 3HR Benefits Consultancy Limited whose contact details are shown on the next page. Asset Management One International Ltd 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 31st October 2019, the Net Fund Bid Value was £40,586,000.29 with 24,834,696.4520 units in issue.

Bid Price: 2.159
Offer Price: 2.273

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.

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Performance

	31/10/2014	30/04/2015	31/10/2015	30/04/2016	31/10/2016	30/04/2017	31/10/2017	30/04/2018	31/10/2018	30/04/2019	31/10/2019
Fund offer	142.0	158.1	154.7	159.3	204.8	197.8	224.6	226.9	213.2	210.4	227.3
Fund bid	134.9	150.2	147.0	151.3	194.6	187.9	213.4	215.6	202.5	199.9	215.9
TOPIX Index (yen)	1333.6	1592.8	1558.2	1340.6	1393.0	1531.8	1766.0	1777.2	1646.1	1617.9	1667.0
% Change since:	31/10/2014	30/04/2015	31/10/2015	30/04/2016	31/10/2016	30/04/2017	31/10/2017	30/04/2018	31/10/2018	30/04/2019	
Fund offer	11.3%	-2.2%	3.0%	28.6%	-3.4%	13.5%	1.0%	-6.0%	-1.3%	8.0%	
TOPIX Index (yen)	19.4%	-2.2%	-14.0%	3.9%	10.0%	15.3%	0.6%	-7.4%	-1.7%	3.0%	

Source: Bloomberg, Phoenix Life Ltd

Asset Management One International Ltd provides investment management services to Jade Far Eastern and General Pension Fund.

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 Asset Management One 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 and thus could lead to loss.

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

301 St Vincent Street
Glasgow
G2 5NB

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

Asset Management One International Ltd

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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:

<https://www.broadstone.co.uk/3hr-portal-page/>

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