

# JK Japan Fund

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January 2023

The Fund rose +5.60% in January, (Yen Class, Net of Fees, performance data below).

### Overview

Well, it's all happening in Japan. Investors are aware that Japanese companies are good value with strong balance sheets etc., but they are always looking for a catalyst to push Japanese equities higher. Ironically, it may be that inflation causes exactly this effect.

Here is an abbreviated summary (please contact us if you would like more detail). Also, we are travelling to Japan in 2 week's time, so if you would like to arrange a call or meeting after that, please let us know.

### Wages

- Big spike up in December
- Nominal Cash wages in Japan rose +4.8% YoY for December (Nov +1.9%)
- Highest growth since 1995, some examples follow
- Nomura announced it will increase wages for 20-30 year olds by +6.2%
- SMFG has said it increase starting salaries for graduates by +24%
- Nintendo has apparently promised +10% increase for next year
- Many more to come as companies try to attract and retain staff

### Inflation

- Japan CPI Nationwide Ex Fresh Food +4.0% YoY for December
- January CPI due to be announced 23<sup>rd</sup> February
- Wage increases will be key to where Japanese inflation goes
- In the service sector Yamato (9064) said average parcel delivery prices to rise +10%

### Interest Rates

- New BoJ Governor candidates to be announced shortly, three horse race
- Masayoshi Amamiya: Current Deputy Governor (Kuroda right hand man) DOVE
- Hiroshi Nakaso: Former Deputy Governor DOVISH
- Hirohide Yamaguchi: Former Deputy Governor HAWKISH

### Buybacks, Dividends and Corporate Governance

- Share Buybacks hit record levels in FY2022
- Topix dividends +21% YoY 2022
- Sumitomo Corp (8053) announced Yen 50bn share buyback, their first ever
- Corporate Governance Momentum expected to accelerate significantly in 2023, driven by inflation, higher wages and demands for higher yields on financial assets from Japanese households (Source: GS)
- Interestingly, the very large activist group Elliot announced they have been building a stake in Dai Nippon Printing (7912), causing a sharp bounce in DNP's share price

## JK Japan Fund

The Fund rose +5.60% in January (Net) vs Topix Total Return Index +4.42%. The outperformance was mainly driven by the Fund's weighting to quality Financials, Industrials and Technology.

The Fund **bought** Nippon Steel (5401). The Fund **increased** Mitsubishi UFJ Financial Group (8306) and Sumitomo Mitsui Financial Group (8316).

The Fund **sold** Panasonic Holdings (6752), Terumo (4543), Konami Group (9766). The Fund **Reduced** Sony Group (6758) and Nintendo (7974).

***JK Japan Fund** is a daily dealing UCITS fund. It can be held by ISA's, SIPP's, Pensions, Charities, Family Offices, Endowments, as a direct holding or through a Private Wealth Manager. All classes have UK Reporting Status.*

Top 5 Winners in month	% Contribution	Bottom 5 in month	% Contribution
KEYENCE CORP	0.5	TOKIO MARINE HOLDINGS INC	-0.2
SMC CORP	0.4	KONAMI GROUP CORP	-0.1
MITSUBISHI UFJ FINANCIAL GRP	0.4	KAWASAKI HEAVY INDUSTRIES	-0.1
SHIN-ETSU CHEMICAL CO LTD	0.4	DAIICHI SANKYO CO LTD	-0.1
SONY GROUP CORP	0.4	TERUMO CORP	0.0

NAV as at 31-Jan-23	
YEN class	15,101.99
GBP class	152.51
USD class	155.75
Euro Class	120.57
GBP (Unhedged)	100.90

Source: Apex Fund Services (Ireland) Ltd.

For more information on the Fund, please see [www.jkim.co.uk](http://www.jkim.co.uk)

**Administrator for JK Japan Fund (Orders by Noon, Dublin time Daily)**

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<b>Yen Class (%) ISIN IE00BJBY7C47</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2023</b>	+5.60												<b>+5.60</b>
<b>2022</b>	-8.82	+0.02	+6.20	-4.69	+1.22	-5.90	+4.18	0.40	-6.60	+5.41	+2.75	-5.45	<b>-12.05</b>
<b>2021</b>	-0.84	+0.07	+4.41	-0.48	+1.99	+2.70	-2.02	+4.55	+3.58	-0.29	-1.93	+2.10	<b>+14.40</b>
<b>2020</b>			-1.90*	+7.29	+7.23	+2.46	-0.05	+4.34	+2.58	-1.31	+14.42	+1.74	<b>+42.13</b>

\*Yen Class started on 03-Mar-20 Source: Apex Fund Services (Ireland) Ltd

<b>GBP Class (%) ISIN IE00BJBY7B30</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2023</b>	+5.83												<b>+5.83</b>
<b>2022</b>	-8.83	+0.08	+6.24	-4.58	+1.21	-5.92	+4.28	0.52	-6.64	+5.64	+3.10	-5.24	<b>-11.04</b>
<b>2021</b>	-0.83	+0.07	+4.47	-0.42	+1.89	+2.74	-1.98	+4.49	+3.60	-0.35	-1.95	+2.02	<b>+14.33</b>
<b>2020</b>			-2.16*	+7.28	+7.15	+2.58	-0.03	+4.31	+2.59	-1.32	+14.37	+1.74	<b>+41.69*</b>

\*GBP Class started on 03-Mar-20 Source: Apex Fund Services (Ireland) Ltd

<b>USD Class (%) ISIN IE00BJBY7911</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2023</b>	+5.99												<b>+5.99</b>
<b>2022</b>	-8.78	+0.06	+6.20	-4.64	+1.25	-5.90	+4.47	0.43	-6.32	+5.61	+3.34	-5.05	<b>-10.31</b>
<b>2021</b>	-0.79	+0.09	+4.49	-0.39	+1.99	+2.70	-1.97	+4.55	+3.58	-0.26	-1.94	+2.21	<b>+14.92</b>
<b>2020</b>			-2.02*	+7.44	+7.21	+2.56	-0.03	+4.35	+2.62	-1.29	+14.40	+1.84	<b>+42.57*</b>

\*USD Class started on 03-Mar-20 Source: Apex Fund Services (Ireland) Ltd

<b>EUR Class (%) ISIN IE00BJBY7D53</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2023</b>	+5.69												<b>+5.69</b>
<b>2022</b>	-8.92	+0.00	+6.00	-4.74	+1.06	-6.01	+4.30	0.30	-6.49	+5.81	+2.95	-5.38	<b>-11.93</b>
<b>2021</b>	-0.81	+0.01	+4.38	-0.51	+1.91	+2.69	-2.03	+4.50	+3.52	-0.34	-1.89	+2.05	<b>+14.01</b>
<b>2020</b>										-2.26*	+14.29	+1.71	<b>+13.62*</b>

\*EUR Class started on 28-Oct-20 Source: Apex Fund Services (Ireland) Ltd

<b>GBP (Unhedged) Class (%) ISIN IE00BMY4TW65</b>													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
<b>2023</b>	+4.42												<b>+4.42</b>
<b>2022</b>	-8.28	+0.34	+2.48	-6.58	+1.84	-7.67	+6.09	0.89	-6.71	-0.05	+5.29	-0.68	<b>-13.55</b>
<b>2021</b>	-2.47	-3.22	+1.53	+0.53	-1.08	+4.08	-1.26	+5.38	+4.50	-4.18	+1.68	-1.32	<b>+3.70</b>
<b>2020</b>										-3.69*	+11.72	+0.17	<b>+7.78*</b>

\*GBP (Unhedged) Class started on 14-Oct-20 Source: Apex Fund Services (Ireland) Ltd

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