

JK Japan Fund

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October 2022

The Fund rose +5.41% in October, (Yen Class, Net of Fees, performance data below).

Overview

After a weak September for Japanese equities, the Fund and the index performed well in October. Quality growth stocks, which the Fund owns, are beginning to perform well again and this was helped by strong Q2 earnings announcements for our stocks. The big macro event of the month for Japan was the Yen testing 150 against the US Dollar.

JK Japan Fund

During the month, the Fund increased its holding in medical data provider JMDC (4483) and sold Pacific Metals (5541).

Just over three quarters of the companies in the Fund have reported Q2 earnings (to end Sept 22). The following names have all surprised on the upside (with earnings between 5% and 50% higher than expected).

2914 JP Equity	JAPAN TOBACCO INC
4062 JP Equity	IBIDEN CO LTD
4568 JP Equity	DAIICHI SANKYO CO LTD
6758 JP Equity	SONY GROUP CORP
5713 JP Equity	SUMITOMO METAL MINING
6752 JP Equity	PANASONIC HOLDINGS CORP
7974 JP Equity	NINTENDO CO LTD
4063 JP Equity	SHIN-ETSU CHEMICAL CO LTD
6861 JP Equity	KEYENCE CORP
8919 JP Equity	KATITAS CO LTD
6370 JP Equity	KURITA WATER INDUSTRIES LTD
6594 JP Equity	NIDEC CORP
6367 JP Equity	DAIKIN INDUSTRIES LTD
7741 JP Equity	HOYA CORP
6723 JP Equity	RENESAS ELECTRONICS CORP
2413 JP Equity	M3 INC
6762 JP Equity	TDK CORP

Summary: For the JK Japan Fund for the quarter ending 30-Sep-22, using the median

- Revenue was up +16% YoY
- Net Profit +15% YoY
- EBIT +7% YoY

To highlight a few of these names

Keyence (6861) Against a difficult macro backdrop, Keyence's numbers stand out, with sales in local currency terms up by 16%-40% in Japan, Europe, USA and Asia. Revenue grew by +36% YoY (+31% QoQ). Keyence does not give full year guidance, but it has raised its full-year dividend forecast from Yen 200 to Yen 300 (+50%). The stock was up +17.6% in October.

Japan Tobacco (2914)

Volume in the tobacco business and the price mix were better than expected. Sales rose by 19.3% YoY (+4.7% on a currency-neutral basis) and operating profit by 23.8% to ¥196.4 billion, which beat the Bloomberg consensus of ¥143.2 billion.

Earnings and dividend guidance raised to above the Bloomberg consensus estimates: Management raised its FY2022 guidance for sales from ¥2,486 billion to ¥2,668 billion, and for operating profit from ¥549 billion to ¥649 billion (above Bloomberg estimate of ¥567 billion). Management also raised its dividend forecast from ¥150 to ¥188, and revised its EPS forecast from ¥203.97 to ¥250.74.

Ibiden (4062)

Ibiden reported 2Q operating profit of ¥23.3 billion, rising 29% QoQ and surpassing the Bloomberg consensus estimate of ¥18.9 billion. Management also raised full-year FY2022 operating profit guidance from ¥67 billion to ¥73 billion, which was generally in-line with estimates.

Daiichi Sankyo (4568)

1H operating profits of ¥95.6 bn far surpassed estimates of ¥65.25 bn. This beat was driven mainly by numerous one-off gains, however we were encouraged by US market uptake of cancer drug Enhertu progressing more rapidly than expected. Daiichi Sankyo raised guidance for sales to ¥1,250 bn from ¥1,150 bn, operating profits to ¥130 bn from ¥105 bn, and full-year DPS guidance to ¥30 from ¥27.

Sony (6758)

2Q operating profit totalled ¥344 billion (Bloomberg consensus estimate ¥280.6 billion). Management raised full-year guidance by ¥50 billion to ¥1,160 billion (Bloomberg consensus estimate ¥1,161.5 billion). Results were mixed across divisions, however we expect the gaming business to resume momentum from 3Q with release of new titles, and margins to expand in the image sensor business.

Buybacks are strong in Japan and more are expected, as well as dividend increases, in many cases. Below is a summary of buy backs in the JK Japan Fund stocks announced so far.

JK Japan Fund – Buybacks May to July 2022

May-July	Announcement Date	Commencment Date	Max # Shares	% of Outstanding
Sony Group Corp	10/05/2022	11/05/2022	25,000,000	1.98%
Sony Group Corp	11/05/2022	11/05/2022	307,200	0.02%
Nintendo Co Ltd	10/05/2022	11/05/2022	1,000,000	0.77%
Nippon Telegraph & Telephone Corp	12/05/2022	13/05/2022	110,000,000	3.04%
Terumo Corp	12/05/2022	13/05/2022	15,000,000	1.97%
Mitsubishi UFJ Financial Group Inc	16/05/2022	17/05/2022	600,000,000	4.52%
Mitsubishi UFJ Financial Group Inc	17/05/2022	17/05/2022	35,304,000	0.27%
Tokio Marine Holdings Inc	20/05/2022	23/05/2022	12,500,000	1.84%
Tokio Marine Holdings Inc	23/05/2022	23/05/2022	609,300	0.09%
Sony Group Corp	01/06/2022	01/06/2022	31,300	0.00%
Hoya Corp	01/06/2022	01/06/2022	1,757,000	0.48%
Murata Manufacturing Co Ltd	01/06/2022	01/06/2022	2,347,000	0.35%
Nidec Corp	01/06/2022	01/06/2022	1,700,000	0.29%
Shin-Etsu Chemical Co Ltd	01/06/2022	01/06/2022	2,812,000	0.67%
Mitsubishi UFJ Financial Group Inc	01/06/2022	01/06/2022	70,158,000	0.53%
Tokio Marine Holdings Inc	01/06/2022	01/06/2022	2,703,000	0.40%
Toyota Motor Corp	11/05/2022	17/06/2022	140,000,000	0.86%
Toyota Motor Corp	17/06/2022	17/06/2022	12,250,000	0.08%
Hoya Corp	01/07/2022	01/07/2022	1,149,000	0.31%
Nidec Corp	01/07/2022	01/07/2022	970,400	0.16%
Terumo Corp	01/07/2022	01/07/2022	642,200	0.08%
Toyota Motor Corp	01/07/2022	01/07/2022	34,806,000	0.21%
Mitsubishi UFJ Financial Group Inc	01/07/2022	01/07/2022	77,150,000	0.58%
Shin-Etsu Chemical Co Ltd	27/07/2022	28/07/2022	9,000,000	2.16%

JK Japan Fund – Buybacks August to November 2022

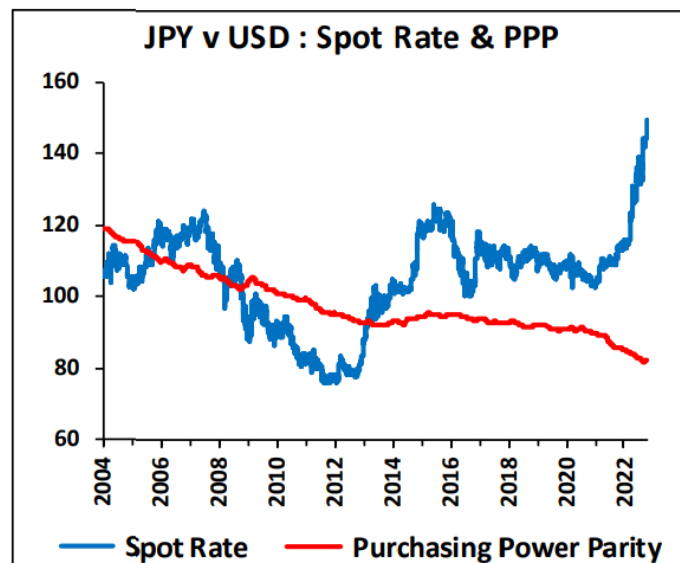
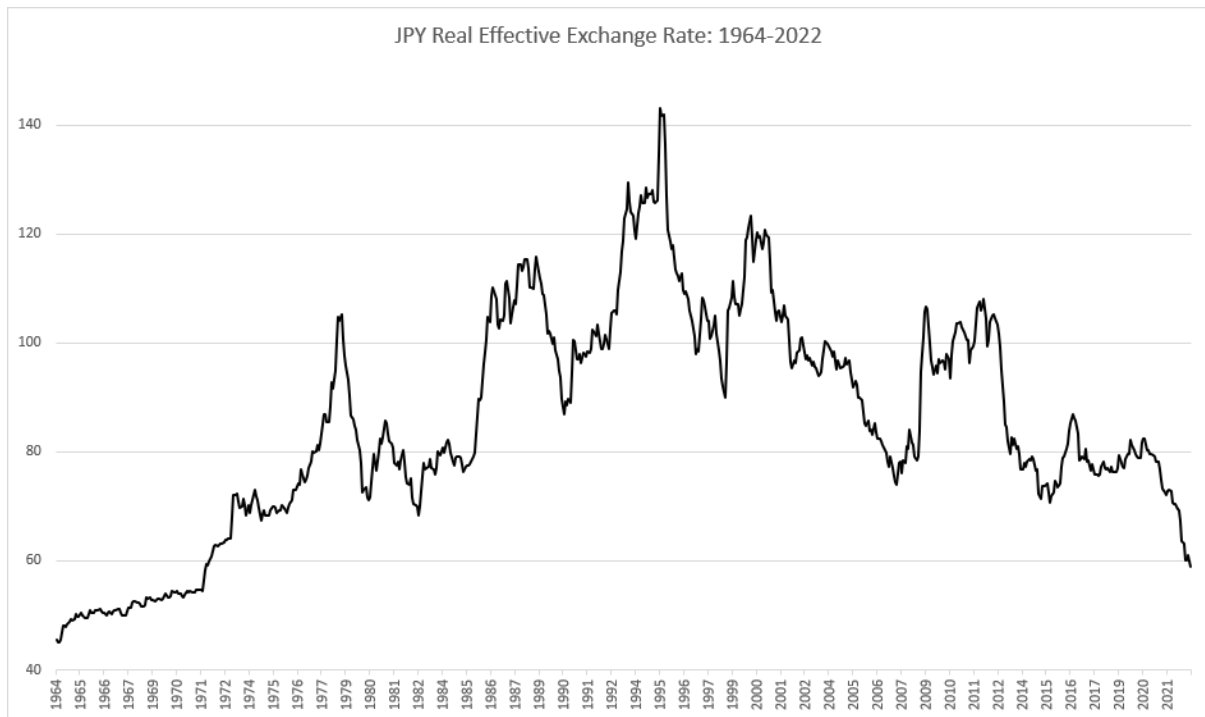
August-November	Announcement Date	Commencment Date	Max # Shares	% of Outstanding
Sony Group Corp	01/08/2022	01/08/2022	2,069,000	0.16%
Murata Manufacturing Co Ltd	01/08/2022	01/08/2022	3,432,000	0.51%
Nidec Corp	01/08/2022	01/08/2022	130,000	0.02%
Shin-Etsu Chemical Co Ltd	01/08/2022	01/08/2022	1,595,000	0.38%
Terumo Corp	01/08/2022	01/08/2022	1,196,000	0.16%
Mitsubishi UFJ Financial Group Inc	01/08/2022	01/08/2022	83,244,000	0.63%
Tokio Marine Holdings Inc	01/08/2022	01/08/2022	2,877,000	0.42%
Hoya Corp	04/08/2022	05/08/2022	5,200,000	1.42%
Hoya Corp	05/08/2022	05/08/2022	1,526,000	0.42%
Hoya Corp	01/09/2022	01/09/2022	1,440,000	0.40%
Murata Manufacturing Co Ltd	01/09/2022	01/09/2022	1,359,000	0.20%
Nidec Corp	01/09/2022	01/09/2022	299,600	0.05%
Terumo Corp	01/09/2022	01/09/2022	1,426,000	0.19%
Mitsubishi UFJ Financial Group Inc	01/09/2022	01/09/2022	61,442,000	0.46%
Tokio Marine Holdings Inc	01/09/2022	01/09/2022	417,500	0.06%
Nippon Telegraph & Telephone Corp	14/09/2022	15/09/2022	103,172,000	2.85%
Sony Group Corp	01/10/2022	01/10/2022	2,809,000	0.22%
Hoya Corp	01/10/2022	01/10/2022	1,150,000	0.32%
Shin-Etsu Chemical Co Ltd	01/10/2022	01/10/2022	1,428,000	0.34%
Terumo Corp	01/10/2022	01/10/2022	2,835,000	0.37%
Mitsubishi UFJ Financial Group Inc	01/10/2022	01/10/2022	91,628,000	0.69%
Toyota Motor Corp	03/10/2022	03/10/2022	43,143,000	0.26%
Toyota Motor Corp	01/11/2022	02/11/2022	110,000,000	0.67%
Miura Co Ltd	04/11/2022	07/11/2022	4,000,000	3.19%

The Yen

The Bank of Japan intervened when the Yen broke through the 150 level on the 20th October. There are varying estimates of how much they spent doing this and Japan certainly has plenty of firepower for the moment but as always, intervention without policy change is not sustainable longer term.

As we approach BOJ Governor Kuroda's retirement in Q1 2023, we may see some change to this policy, depending on how inflation is looking in Japan and, in particular, wage inflation, of which there is very little currently.

The Yen is extremely cheap here.



Top 5 Winners in month	% Contribution	Bottom 5 in month	% Contribution
TOYOTA MOTOR CORP	0.55	CHUGAI PHARMACEUTICAL	-0.08
KEYENCE CORP	0.53	MAKITA CORP	-0.06
MITSUBISHI UFJ FINANCIAL GP	0.35	KONAMI GROUP CORP	-0.05
IBIDEN CO LTD	0.33	HOYA CORP	0.00
NTT DATA CORP	0.30	SUMITOMO METAL MINING	0.00

NAV as at 31-Oct-22	
YEN class	14,721.74
GBP class	147.51
USD class	149.77
Euro Class	117.11
GBP (Unhedged)	92.40

Source: Apex Fund Services (Ireland) Ltd.

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For more information on the Fund, please see www.jkim.co.uk

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Yen Class (%) ISIN IE00BJBY7C47													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-8.82	+0.02	+6.20	-4.69	+1.22	-5.90	+4.18	0.40	-6.60	+5.41			-9.46
2021	-0.84	+0.07	+4.41	-0.48	+1.99	+2.70	-2.02	+4.55	+3.58	-0.29	-1.93	+2.10	+14.40
2020			-1.90*	+7.29	+7.23	+2.46	-0.05	+4.34	+2.58	-1.31	+14.42	+1.74	+42.13

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

GBP Class (%) ISIN IE00BJBY7B30													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-8.83	+0.08	+6.24	-4.58	+1.21	-5.92	+4.28	0.52	-6.64	+5.64			-8.94
2021	-0.83	+0.07	+4.47	-0.42	+1.89	+2.74	-1.98	+4.49	+3.60	-0.35	-1.95	+2.02	+14.33
2020			-2.16*	+7.28	+7.15	+2.58	-0.03	+4.31	+2.59	-1.32	+14.37	+1.74	+41.69*

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

USD Class (%) ISIN IE00BJBY7911													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-8.78	+0.06	+6.20	-4.64	+1.25	-5.90	+4.47	0.43	-6.32	+5.61			-8.59
2021	-0.79	+0.09	+4.49	-0.39	+1.99	+2.70	-1.97	+4.55	+3.58	-0.26	-1.94	+2.21	+14.92
2020			-2.02*	+7.44	+7.21	+2.56	-0.03	+4.35	+2.62	-1.29	+14.40	+1.84	+42.57*

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

EUR Class (%) ISIN IE00BJBY7D53													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-8.92	+0.00	+6.00	-4.74	+1.06	-6.01	+4.30	0.30	-6.49	+5.81			-9.60
2021	-0.81	+0.01	+4.38	-0.51	+1.91	+2.69	-2.03	+4.50	+3.52	-0.34	-1.89	+2.05	+14.01
2020										-2.26*	+14.29	+1.71	+13.62*

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

GBP (Unhedged) Class (%) ISIN IE00BMY4TW65													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2022	-8.28	+0.34	+2.48	-6.58	+1.84	-7.67	+6.09	0.89	-6.71	-0.05			-17.33
2021	-2.47	-3.22	+1.53	+0.53	-1.08	+4.08	-1.26	+5.38	+4.50	-4.18	+1.68	-1.32	+3.70
2020										-3.69*	+11.72	+0.17	+7.78*

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

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