

JK Japan Fund

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November 2022

The Fund rose +2.75% in November, (Yen Class, Net of Fees, performance data below).

Overview

There are several factors affecting Japanese equities currently. The two largest are probably where/when will US interest rates (and inflation) peak and what happens as China opens up from covid restrictions. Cases are likely to rise sharply in China, but hopefully, deaths will be very low, similar to when the UK reopened, although their vaccination record is not as good. The yen continued to rise in November (+8%) versus the USD.

“Abenomics has provided an extremely favourable operating environment for Japanese corporates over the last decade, but this has not been converted into higher wages or increased levels of domestic capital investment. Kick-starting wage growth and encouraging sustainable demand-driven inflation are likely to be major areas of focus for PM Kishida” (Source Goldman Sachs).

In our experience, things happen slowly in Japan, so we are not expecting the BOJ to raise rates immediately, regardless of who takes over as the new BOJ Governor. However, any perception that rates may rise in the future, will cause local pension funds in Japan to reduce JGB weightings and increase Japanese equity holdings. This along with the fact that foreigners are currently underweight Japanese equities, makes us optimistic for our Fund. We expect Foreigners, Corporates, local Pension Funds and Individuals all to become buyers in 2023. We also expect profit margins to increase as the headwinds of commodity prices and a weak yen taper off.

We foresee robust capex from pent up demand and labour shortages (for example driving factory automation), along with a strong rise in consumption as Japan is in the process of fully reopening.

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The Fund rose +2.75% in November (Net). Notable strong performances of our stocks during the month came from Panasonic +20%, Makita +15%, Japan Tobacco +14%, Goldwin +14%, GMO Payment Gateway +13% and Shin-Etsu Chemical +13% among others.

The Fund bought Dip Corp (2379), Goldwin (8111), Inpex Corp (1605), and Increased JMDC Inc (4483). The Fund reduced Toyota Motor (7203), NTT (9432), and Panasonic (6752).

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
MITSUBISHI UFJ FINANCIAL GRO	0.36	NIPPON TELEG & TELEPH	-0.32
SONY GROUP CORP	0.35	TERUMO CORP	-0.28
SUMITOMO MITSUI FINANCIAL	0.33	BANDAI NAMCO HOLDINGS INC	-0.25
MAKITA CORP	0.30	TOYOTA MOTOR CORP	-0.15
JAPAN TOBACCO INC	0.29	M3 INC	-0.14

NAV as at 30-Nov-22	
YEN class	15,126.86
GBP class	152.08
USD class	154.77
Euro Class	120.57
GBP (Unhedged)	97.29

Source: Apex Fund Services (Ireland) Ltd.

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

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

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Historic performance is not a guide to future returns.

JK Investment Management is authorised and regulated by the Financial Conduct Authority

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	+2.75		-6.97
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	+3.10		-6.12
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	+3.34		-5.54
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	+2.95		-6.92
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	+5.29		-12.96
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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