

**SHINING A LIGHT ON THE.....
JPM Japan Fund**

AT A GLANCE

Investment Objective	
The fund seeks to provide capital growth over the long term by investing primarily in the shares of Japanese companies.	

Inception Date	1 April 1970
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=FOGBR04S4N

Management	
Manager Name	Start Date
Nicholas Weindling	1 st October 2012
Shoichi Mizusawa	1 st October 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	44.94%
Large	31.06%
Medium	22.29%
Small	1.71%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	50	
Assets in Top 10 Holdings	46.48%	
Name	Sector	% of Assets
Keyence Corp	Technology	6.88%
Kao Corp	Consumer Defensive	6.04%
M3 Inc	Healthcare	5.06%
Hoya Corp	Healthcare	5.00%
Tokio Marine Holdings Inc	Financial Services	4.63%
OBIC Co Ltd	Technology	4.60%
Nintendo Co Ltd	Communication Services	4.09%
Hikari Tsushin Inc	Industrials	3.54%
Pan Pacific International Holdings Corp	Consumer Defensive	3.37%
MonotaRO Co Ltd	Industrials	3.27%

Volatility Measurements	
3-Yr Std Dev (volatility)	15.80%
3-Yr Mean Return (average)	7.23%

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FUND PERFORMANCE

Performance from 1st January 2014 to 31st March 2020:

	2014	2015	2016	2017	2018	2019	2020
JPM Japan Fund	0.58%	27.28%	17.19%	23.86%	-9.05%	24.15%	-7.78%
Xtrackers MSCI Japan ETF	0.07%	14.20%	23.48%	13.19%	-8.64%	14.37%	-10.60%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception
JPM Japan Fund	4.56%	23.31%	57.61%	167.75%
Xtrackers MSCI Japan ETF	-2.77%	2.64%	28.42%	97.29%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

The update covered both the fund and the macro picture. It is worth mentioning that there is also an investment trust. The investment trust has the same holdings but in addition it has some micro-cap holdings and uses gearing (currently this is about 15%). Performance since fund manager inception is about the same, with the investment trust performing slightly better.

The team are based in Japan so have a unique insight to what is happening and how this might differ to what we are hearing. There is a state of emergency but there has been no panic. The first reported death was on the 15th January; since then 400 people have died.

In terms of what is happening there are no queues, the shops are well stocked with essentials, restaurants are open and where Nicholas lives both the local chocolate and cake shops are open as well as the local barber. There is no real reason for the difference between Japan and the UK, but some things might hint to why Japan has survived better. Firstly, it has 14 hospital beds per 1,000 people, the UK has less than 4 per 1,000. Also they have no social contact when meeting people and wearing face masks is common practice.

Coming into 2019 the economy was weaker due to the introduction of the consumption tax. The tourism industry has been hit hard as 75% of tourists come from China and South Korea so the impact of the virus will hurt economically.

In terms of the fund not much has changed. The focus has always been on high quality companies across the market cap space including small and mid-cap. These tend to be in sectors where they see the greatest long-term growth opportunities. They are also companies with low levels of debt, strong

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balance sheets, strong free cash flow and good management. The fund is positioned towards new Japan and avoids areas which will be challenged like banks, energy, materials and autos.

The key themes they are focusing on are aging population, healthcare, improving corporate governance, automation, internet and brand. Where they are seeing acceleration of opportunities include online entertainment, e-commerce, automation, healthcare, cashless payments and enterprise software.

One additional point that they flagged is that Japanese companies are better positioned to come out of this, with 55% of non-financials in net cash. In the S&P 500 this is 15% and in Europe 22%.

In summary, very little has changed on the fund. Japan was already challenged coming into 2020 and this has been increased. However, the impact of the virus has been minimal and if anything, the virus has accelerated themes that the fund is already positioned towards.

The source of information in this note has been provided by JPMorgan and is correct as at April 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.