

Week of 4th January 2021

What's on our mind this week?

A review of our portfolios' performance in 2020

The year 2020 has proven to be a very good year for Asian equity and fixed income markets as they have been prime beneficiaries of the unprecedented quantitative easing policies adopted by Central banks around the world to stimulate economies ravaged by the Covid-19 outbreak. This has generated liquidity that got attracted by the real positive interest rates that prevail across Asia, and particularly in China, and by the strong performance of emerging Asian currencies. The Northern Asian markets of China, Taiwan and Korea have been the shining stars as these three places successfully dealt with the Covid outbreak to the point that the post Covid recovery already started many months ago. The gap in GDP growth between North Asia and western economies that are still battling with the pandemic has been another reason for investors to focus on Asia, triggering significant fund rotation in favour of Asian bonds and shares. This has had the consequence of accelerating the path of history as China is now expected to become the largest economy in the world in 2028, five years ahead of what had been predicted just a year ago by the UK-based Centre for Economics and Business Research.

We are satisfied with the performance of our equity and fixed income portfolios, the levels of outperformance on the equity side being a reflection of our highly focused and benchmark agnostic investment strategies. The fixed income strategies' performances benefited from rotation from developed markets into emerging markets as investors took advantage of the significant yield pick-up Asia offers versus the US and Europe for equivalent ratings and from rising emerging currencies that deflate the US dollar-denominated debt in Asian corporates balance sheets.

	Share class	2020 performance
La Francaise JKC China Equity	I USD	+35.0%
JKC dedicated China institutional mandates	USD	+56.8% (*)
<i>MSCI China Free index</i>		+26.7%
La Francaise JKC Asia Equity	I USD	+31.7%
JK Asian Invest L.P.	USD	+32.3%
<i>MSCI AC Asia ex Japan</i>		+22.5%
La Francaise Lux - JKC Asia Bond	I USD	+5.2%
<i>Asia Dollar Bond Index</i>		+6.6%
La Francaise Lux - JKC Asia Bond 2023	I USD	+4.7%

(*) estimate

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