

# **JKC FUND**

## **Société d'Investissement à Capital Variable**

R.C.S. Luxembourg B 144.551

Annual Report, including Audited Financial Statements as at December 31, 2020

# JKC FUND

LA FRANCAISE JKC China Equity

LA FRANCAISE JKC Asia Equity

No subscription can be received on the basis of these financial statements. Subscriptions are only valid if made on the basis of the current prospectus and relevant Key Investor Information Document ("KIID") which will be accompanied by a copy of the latest available Annual Report, including Audited Financial Statements and a copy of the latest available unaudited Semi-Annual Report, if published after such Annual Report, including Audited Financial Statements.

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## Organisation of the SICAV

### Chairman:

Fabrice JACOB, CEO  
JK Capital Management Ltd.

### Directors:

Sabrina Hui REN, Portfolio Manager,  
JK Capital Management Ltd.

Laurent JACQUIER-LAFORGE  
La Française Asset Management

### Registered Office:

60, Avenue J.F. Kennedy,  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

### Depositary and Paying Agent:

BNP Paribas Securities Services, Luxembourg Branch,  
60, Avenue J.F. Kennedy,  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

### Domiciliary and Corporate Agent, Administrative Agent, Registrar and Transfer Agent :

BNP Paribas Securities Services, Luxembourg Branch,  
60, Avenue J.F. Kennedy,  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

### Cabinet de Révision agréé:

Deloitte Audit,  
*Société à responsabilité limitée*  
20, Boulevard de Kockelscheuer,  
L-1821 Luxembourg  
Grand-Duchy of Luxembourg

### Management Company:

La Française Asset Management  
128, Boulevard Raspail,  
F-75006 Paris,  
France

### Investment Manager:

JK Capital Management Ltd.  
Suite 1101, Chinachem Tower,  
34-37 Connaught Road Central,  
Hong-Kong

### Hedging Manager:

BNP Paribas Securities Services, Luxembourg Branch,  
60, Avenue J.F. Kennedy,  
L-1855 Luxembourg  
Grand-Duchy of Luxembourg

## General Information

JKC FUND (the "SICAV" or the "Fund") is an open-ended investment company organized under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable".

The SICAV was incorporated for an unlimited period of time on January 19, 2009 and is governed by the Luxembourg law of August 10, 1915 on commercial companies, as amended, and by the Part 1 of the Law of December 17, 2010 concerning undertakings for collective investment in transferable securities, as may be amended from time to time.

The SICAV is registered at the "Registre de Commerce et des Sociétés" with the District Court of Luxembourg under the number B 144.551.

The Articles of Incorporation were published in the "Mémorial C, Recueil des Sociétés et Associations" (the "Mémorial") of February 20, 2009. Any interested person may inspect this document at the Chancery of the District Court of Luxembourg; copies are available on request at the registered office of the SICAV.

The net asset value of each sub-fund is consolidated in USD and will be determined and dated in Luxembourg under the overall responsibility of the Board of Directors on each Business Day ("Valuation Day"). The computation and publication of the Net Asset Value of each Valuation Day will be done on the following Business Day using the last available prices of such Valuation Day.

The net asset value, the subscription price and the redemption price along with any other notices to the shareholders are available at the registered office of the SICAV.

The prospectus, unaudited semi annual and annual reports including audited financial statements may be obtained at the registered office of the SICAV.

Additional determination of the net asset value per share is made on December 31, 2020 for financial reporting purposes.

As at December 31, 2020 the SICAV has two sub-funds named :

- JKC FUND - LA FRANÇAISE JKC China Equity ;
- JKC FUND - LA FRANÇAISE JKC Asia Equity.

## Director's Report

### MANAGEMENT POLICY OF THE SUBFUNDS

Looking back, 2020 must have been one of the most memorable years for money managers. We witnessed an unexpected spectacular bear-market slump in the first quarter triggered by a once-in-a-lifetime pandemic followed by three consecutive quarters of bull-market rally driven by a speedy recovery of the Chinese economy, by unprecedented liquidity injection by central banks and by fiscal support around the globe to fight the economic impact of Covid.

The combination of the Covid outbreak that appeared first in China with the confrontational approach adopted by the Trump administration on all matters relating to China led to a collision course that accelerated the path of history, in our views. The United States has spared no effort to openly inflict as much pain as possible on China, be it with more import tariffs, a ban on exports of US-designed technologies to Chinese chipmakers, a ban on imports of Huawei telecommunication equipment, or by restricting access to US public markets by Chinese corporates. In doing so, the United States succeeded in bringing on board several allies which may have underestimated the consequences of their decisions to follow the US rhetoric.

In return China doubled down with its uncompromising and forceful approach, paying no attention whatsoever to outside criticisms, pursuing its battle against Covid in the same unrelenting way as it managed its economy, its internal issues (Hong Kong, Xinjiang) and its relationships with its dissenting trading partners (Australia). The result is that all forms of internal contestation have been annihilated, foreign opinion towards China and the Chinese government is at record lows, while the pace of the post-Covid economic rebound stands out as a testimony of the success of its radical approach that left no room for public debate.

There is no better way to assess the strength of the Chinese economy relative to the rest of the world in 2020 than by looking at its trade numbers: Despite two years of tariffs imposed on Chinese exports that were supposed to push manufacturers out of China, the trade surplus between China and the United States has never been as high as it is now. In other words, import tariffs set by the United States were totally useless, the only victims being American consumers. Chinese exports represented 16.4% of global exports in August 2020, an all-time high.

As the government overcame the spread of the pandemic only a few months after the initial outbreak in Wuhan, the Chinese manufacturing and supply chain competitive edge took the front stage. In the second half of 2020, whilst the rest of the world was paralysed by the pandemic, Chinese factories and cargo facilities were operating at full capacity supplying the world with masks, ventilators and protective gears.

China's decision to keep on running a traditional monetary policy of positive real interest rates also made the country an outlier in a world dominated by quantitative easing and free money. It triggered a powerful rally in the RMB (alongside gold and bitcoins that are perceived as hedges against inflation and currency devaluation resulting from money printing) when at the same time the Chinese government opened widely its capital markets to foreign investors. The Bond Connect platform that allows foreign investors to get exposure to RMB denominated bonds kept on attracting more and more capital from overseas investors, reaching USD3bn of daily turnover on average in 2020.

Foreign investment banks, fund managers, brokers, custodians, life insurance companies, credit card companies and rating agencies can now apply to set up majority-owned subsidiaries in China to conduct RMB business, as the Chinese government effectively opened the country's USD50 trillion financial service industry to foreign players. For instance, it is now possible to apply for an American Express credit card in RMB in China.

The combination of a resilient economy with positive interest rates and a rising currency triggered a strong performance for Chinese equity markets in 2020. The CSI300 index that tracks down the largest companies listed in Shanghai and Shenzhen gained 27.2% in 2020 whilst the MSCI China gained 26.7%.

The widening growth gap between China and other large economies in 2020 was a direct consequence of the management of the pandemic, which can be described as having been both efficient and authoritarian. GDP growth was +2.3% in China in 2020 compared with -4.4% for the world, -7.6% for the European Union and -3.5% for the US (Source Bloomberg). It has led the UK-based Centre for Economics and Business Research to recently estimate that China will overtake the United States as the largest economy in the world in 2028, five years sooner than it had expected just a year ago.

From a US perspective, it can only be a scary prediction. This is the reason why we do not anticipate any softening of the US approach towards China under a Biden administration, nor do we anticipate the Chinese government to accommodate criticisms anytime soon, either domestically or internationally. In other words, any idea of a possible return to the Obama era of the US and China cuddling each other is wishful thinking, in our views. We should be ready for more anti-China rhetoric from the US and more friction in return.

Outside of China the situation is more diverse. North Asia, i.e. Taiwan and Korea are doing well. The pandemic is by and large under control in these two areas, and a vaccine will be soon made widely available. The technology advance of Taiwan can be best assessed by Intel's recent admission of failure in developing the same 7nm chips that Taiwan's TSMC had been making since April 2018. It is not a coincidence that Korea and Taiwan joined China on the top of the list of the best performing stock markets in the world in 2020, Korea's KOSPI index having gained 30.8% and the Taiwanese TAIEX index having gained 22.8%.

The situation unfortunately is different in South and South-East Asia where the pandemic is still raging. Widespread availability of a Covid vaccine will take many months in these countries as populations are vast, as GDP per capita remains low and as access to foreign supply sources will not be entertained in priority. The first half of 2021 will most likely still be driven by another succession of lockdowns and relaxation as new waves of contamination come and go.

In India, despite the Covid outbreak not being under control and the overall situation remaining difficult to assess, the local equity market performed well in 2020, up 14.9% as measured by the Nifty index. This is the result of a strong economic rebound within a country where activity is picking up, where lockdowns are sporadic and difficult to enforce and where Covid-related statistics are patchy at best.

## Director's Report

During the year, we made a few critical decisions in the management of our portfolios. 'To remain fully invested' was one of them. We also decided to boost the portfolio concentration by increasing core names' average weighting and by reducing the weight of index behemoths. By doing so, we highlighted our highest conviction picks and at the same time we provided the funds with increased sectorial diversification and buffers to mitigate risks. We significantly slashed mega-cap benchmark exposure, i.e. the internet and technology stocks, and invested more in smaller high conviction names to generate alpha. We also initiated an 'Opportunity Basket' to accommodate relatively expensive stocks. We acknowledge that the recent years' Central bank liquidity-driven bull run pushed valuation multiples beyond historical trading ranges for many stocks. This trend may not reverse anytime soon. We decided to carve out a portion of our portfolios, i.e. the 'Opportunity Basket', to embrace this 'New Normal'.

Despite all these changes, our stock-picking criteria remains the same: To pick long term winners in the region with proven track records, clear competitive edges, sustainable growth upside and trustworthy and able management. The way we do our job remains mostly unchanged despite the pandemic. Even though we could not travel much in 2020, we significantly boosted our universe research depth by setting up dozens of company conference calls every month. We will carry on with these principles in 2021.

After a resilient month of January, La Francaise JKC Asia Equity fell slightly behind the index in the following three months amid the sharp global sell-off. Fortunately, the performance caught up quickly starting from May, laying a solid base to end 2020 with an absolute gain of +31.7%, outperforming the MSCI Asia ex. Japan index by 9.2%.

La Francaise JKC China Equity followed the same trend as its Asian peer. The portfolio did poorly in February and March in both relative and absolute terms, ending the first quarter down 13.7% and 3% behind the benchmark. The performance then caught up gradually over the following quarters as the market was turning, but it was not until December that the portfolio outperformed decisively the index, laying a solid base to end 2020 with an 8.3% full year outperformance over the MSCI China index and an absolute performance of +35.0%.

### 2021 OUTLOOK

We foresee the divergence in monetary policies between China and the rest of the world to last for at least a couple of years, possibly pushing the RMB to higher levels in 2021 with little reaction to be expected from the Central government. This should attract further liquidity into China that is expected to keep on running an open-arm policy towards foreign investors.

The latest sign of such a policy being in action is coming from Brussels where a "China-EU Comprehensive Agreement" on investments was recently reached, pulling the rug below the United States feet in its effort to isolate China. As mentioned above, tension between the US and China will likely remain high under a Biden administration.

We foresee the Chinese government tackling two structural issues it is facing in 2021. The first one is the excessive leverage of certain large property developers, with the enforcement of stringent rules under the supervision of the banking regulator. The second one is the cracking down of the abusive behaviour of dominant internet and e-commerce companies. Alibaba, Ant Group, Tencent, Meituan, Pinduoduo and a few others are under scrutiny, with Ant under intense pressure to restructure its operations following the recent derailing of its mega-IPO. We believe China can be as successful dealing with these structural issues as it had been in the past when it tackled shadow banking, unregulated P2P lending and the so-called property bubble driven by speculative buyers. This is a 2021 theme that may trigger rotation out of the Chinese internet behemoths in favour of cyclical and old economy sectors that had been underperforming during the pandemic.

We believe 2021 will be the year when the largest financial institutions in the world will set up their majority-owned operations in China, do business in China as well as sell their local expertise to the rest of the world. This is China's version of the Big Bang the City of London experienced in 1986. BlackRock, Citi, UBS, JP Morgan, Morgan Stanley, Goldman Sachs have recently taken advantage of the recent Chinese deregulation and done just that. Vanguard and Fidelity are rumoured to follow soon. This should be beneficial to the Chinese equity and bond markets at a time when all index providers are increasing the relative weight of China in their indices.

We would not be surprised to see South East Asia outperform North Asia for the simple reason that the post-Covid economic recovery has not even started there. With the anticipation of a vaccine being made available in these countries in the second half of 2021, markets could soon anticipate the impact of a re-opening of countries that depend so much on tourism, on the infusion of foreign capital and that had been laggards in 2020.

We anticipate India to become more proactive in 2021 than it had been in 2020 with its monetary and fiscal policies. The finance minister has already indicated that a deepening fiscal deficit would not be an obstacle to economic stimulation. With a repo rate currently at 4%, India has room to cut interest rates further assuming inflation remains under control. India and China typically tend to be inversely correlated with flows often moving from one to the other. An underperformance of China in a post-Covid world would be another reason to expect a good performance of India in 2021.

## Director's Report (continued)

### Performances

Nom du compartiment	Isin	Part du compartiment	Performance 2020
JKC Fund - La Française JKC Asia Equity	LU0611874305	JKC Fund - La Française JKC Asia Equity (Classe GP USD)	31,66%
JKC Fund - La Française JKC Asia Equity	LU0611874057	JKC Fund - La Française JKC Asia Equity (Classe I EUR-HEDGED)	30,89%
JKC Fund - La Française JKC Asia Equity	LU0611874131	JKC Fund - La Française JKC Asia Equity (Classe I USD)	31,68%
JKC Fund - La Française JKC Asia Equity	LU0611874487	JKC Fund - La Française JKC Asia Equity (Classe P EUR-HEDGED)	30,11%
JKC Fund - La Française JKC China Equity	LU0421713362	JKC Fund - La Française JKC China Equity (Classe GP EUR-HEDGED)	34,21%
JKC Fund - La Française JKC China Equity	LU0415808285	JKC Fund - La Française JKC China Equity (Classe GP USD)	34,93%
JKC Fund - La Française JKC China Equity	LU0547182096	JKC Fund - La Française JKC China Equity (Classe I EUR-HEDGED)	34,23%
JKC Fund - La Française JKC China Equity	LU0438073230	JKC Fund - La Française JKC China Equity (Classe I USD))	34,97%
JKC Fund - La Française JKC China Equity	LU0611873836	JKC Fund - La Française JKC China Equity (Classe P EUR-HEDGED)	33,87%
JKC Fund - La Française JKC China Equity	LU0611873919	JKC Fund - La Française JKC China Equity (Classe P USD)	34,40%

The Board of Directors of the SICAV  
Luxembourg March 15, 2021

Note: The figures stated in this report are historical and not necessarily indicative of future performance



To the Shareholders of  
JKC FUND  
60 avenue JF Kennedy  
L-1855 Luxembourg

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of JKC FUND (the « SICAV ») and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2020 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of JKC FUND and of each of its sub-funds as at December 31, 2020, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under those Law and standards are further described in the “Responsibilities of *réviseur d’entreprises agréé* for the Audit of the Financial Statements” section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other information**

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regards.

## **Responsibilities of the Board of Directors of the SICAV for the Financial Statements**

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the SICAV is responsible for assessing the SICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the SICAV either intends to liquidate the SICAV or to cease operations, or has no realistic alternative but to do so.

## **Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SICAV's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the SICAV.
- Conclude on the appropriateness of the Board of Directors of the SICAV use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SICAV's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the SICAV to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

Emmanuelle Miette, *réviseur d'entreprises agréé*  
Partner

April 20, 2021

## Statistics

		December 31, 2020	December 31, 2019	December 31, 2018
<b>LA FRANCAISE JKC China Equity</b>				
<b>Net Asset Value</b>	USD	28,758,236.26	26,578,415.03	51,017,646.49
<b>Net asset value per share</b>				
Class DC USD	USD	-	-	107.57
Class GP EURO-HEDGED	EUR	67.75	50.48	39.90
Class GP USD	USD	103.21	76.49	58.71
Class I EURO-HEDGED	EUR	67.56	50.33	39.77
Class I USD	USD	103.60	76.76	58.89
Class P EURO-HEDGED	EUR	135.68	101.35	80.67
Class P USD	USD	153.51	114.22	88.28
Class T EURO-HEDGED	EUR	-	-	71.98
<b>Number of shares</b>				
Class DC USD		-	-	158,874.42
Class GP EURO-HEDGED		17,143.01	45,195.54	60,290.54
Class GP USD		2,760.00	5,377.01	9,059.10
Class I EURO-HEDGED		150,924.86	182,802.19	395,077.83
Class I USD		133,247.43	162,489.60	199,489.48
Class P EURO-HEDGED		4,044.25	5,915.00	4,447.09
Class P USD		660.26	1,171.48	2,650.02
Class T EURO-HEDGED		-	-	3,558.36
<b>LA FRANCAISE JKC Asia Equity</b>				
<b>Net Asset Value</b>	USD	51,795,428.83	47,647,862.70	34,808,103.01
<b>Net asset value per share</b>				
Class GP EURO-HEDGED	EUR	-	-	91.63
Class GP USD	USD	165.76	125.90	98.69
Class I EURO-HEDGED	EUR	153.79	117.50	94.77
Class I USD	USD	174.31	132.37	103.70
Class P EURO-HEDGED	EUR	156.99	120.66	98.13
<b>Number of shares</b>				
Class GP EURO-HEDGED		-	-	90,000.00
Class GP USD		159,178.02	238,000.00	13,081.50
Class I EURO-HEDGED		132,402.37	130,902.45	175,507.26
Class I USD		1,927.55	1,927.55	1,927.55
Class P EURO-HEDGED		829.99	1,206.51	43,466.01

Combined Statement

Statement of Net Assets as at December 31, 2020

Statement of Operations and Changes in Net Assets for the year ended December 31, 2020

	Notes	USD		Notes	USD
<b>Assets</b>			<b>Income</b>		
Investment in securities at cost		53,210,762.78	Dividends (net of withholding taxes)	3.h	1,092,807.27
Unrealised appreciation / (depreciation) on securities		25,424,754.94	Bank interest		12,682.75
Investment in securities at market value	3.a	78,635,517.72	Other income		57,660.31
Cash at bank		4,524,723.46	<b>Total income</b>		<b>1,163,150.33</b>
Net unrealised appreciation on forward foreign exchange contracts	3.b, 10	52,552.56	<b>Expenses</b>		
Dividends and interest receivable		43,527.36	Management fees	7	1,089,618.30
<b>Total assets</b>		<b>83,256,321.10</b>	Depositary fees and safekeeping		45,923.49
<b>Liabilities</b>			Performance fees	7	2,420,813.05
Bank overdraft		105,849.75	Hedging management fees	8	8,989.80
Accrued expenses	14	2,596,799.34	Operating fees		130,140.89
Dividend distribution and other liabilities		6.92	Professional fees	11	85,833.68
<b>Total liabilities</b>		<b>2,702,656.01</b>	Distribution fees		3,735.67
<b>Net assets at the end of the year</b>		<b>80,553,665.09</b>	Transaction costs	13	184,676.17
			Taxe d'abonnement	9	19,560.43
			Bank interest and charges		18,009.65
			Management Company fees	6	82,127.69
			Publication fees		76,517.75
			Research fees		72,094.01
			Other expenses	12	133,937.80
			<b>Total expenses</b>		<b>4,371,978.38</b>
			<b>Net investment income / (loss)</b>		<b>(3,208,828.05)</b>
			Net realised gain / (loss) on:		
			Investments	3.c	17,111,552.82
			Foreign currencies transactions	3.c	(7,832.92)
			Forward foreign exchange contracts	3.b, 10	2,489,720.66
			<b>Net realised gain / (loss) for the year</b>		<b>16,384,612.51</b>
			Net change in unrealised appreciation / (depreciation) on:		
			Investments	3.f	8,162,334.77
			Forward foreign exchange contracts	3.b, 3.f, 10	(151,253.08)
			<b>Increase / (Decrease) in net assets as a result of operations</b>		<b>24,395,694.20</b>
			Proceeds received on subscription of shares		3,867,598.47
			Net amount paid on redemption of shares		(21,935,905.31)
			Net assets at the beginning of the year		74,226,277.73
			<b>Net assets at the end of the year</b>		<b>80,553,665.09</b>

The accompanying notes are an integral part of these financial statements.

LA FRANCAISE JKC China Equity (in USD)

Statement of Net Assets as at December 31, 2020

	Notes	USD
<b>Assets</b>		
Investment in securities at cost		17,902,551.26
Unrealised appreciation / (depreciation) on securities		9,991,526.78
Investment in securities at market value	3.a	27,894,078.04
Cash at bank		1,707,904.76
Net unrealised appreciation on forward foreign exchange contracts	3.b, 10	19,106.20
<b>Total assets</b>		<b>29,621,089.00</b>
<b>Liabilities</b>		
Bank overdraft		218.62
Accrued expenses	14	862,633.02
Dividend distribution and other liabilities		1.10
<b>Total liabilities</b>		<b>862,852.74</b>
<b>Net assets at the end of the year</b>		<b>28,758,236.26</b>

Statement of Operations and Changes in Net Assets for the year ended December 31, 2020

	Notes	USD
<b>Income</b>		
Dividends (net of withholding taxes)	3.h	405,803.86
Bank interest		4,480.26
Other income		32,878.78
<b>Total income</b>		<b>443,162.90</b>
<b>Expenses</b>		
Management fees	7	370,477.95
Depositary fees and safekeeping		18,818.76
Performance fees	7	794,523.69
Hedging management fees	8	3,397.31
Operating fees		62,322.65
Professional fees	11	42,376.31
Distribution fees		1,628.40
Transaction costs	13	53,574.68
Taxe d'abonnement	9	3,317.26
Bank interest and charges		9,098.69
Management Company fees	6	34,255.15
Publication fees		38,194.99
Research fees		25,124.01
Other expenses	12	70,242.22
<b>Total expenses</b>		<b>1,527,352.07</b>
<b>Net investment income / (loss)</b>		<b>(1,084,189.17)</b>
Net realised gain / (loss) on:		
Investments	3.c	4,935,486.11
Foreign currencies transactions	3.c	(46.61)
Forward foreign exchange contracts	3.b, 10	905,190.93
<b>Net realised gain / (loss) for the year</b>		<b>4,756,441.26</b>
Net change in unrealised appreciation / (depreciation) on:		
Investments	3.f	3,868,657.76
Forward foreign exchange contracts	3.b, 3.f, 10	(70,316.44)
<b>Increase / (Decrease) in net assets as a result of operations</b>		<b>8,554,782.58</b>
Proceeds received on subscription of shares		2,794,286.53
Net amount paid on redemption of shares		(9,169,247.88)
Net assets at the beginning of the year		26,578,415.03
<b>Net assets at the end of the year</b>		<b>28,758,236.26</b>

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class DC USD	-	-	-	-
Class GP EURO-HEDGED	45,195.54	5,528.00	(33,580.53)	17,143.01
Class GP USD	5,377.01	1,000.00	(3,617.01)	2,760.00
Class I EURO-HEDGED	182,802.19	-	(31,877.33)	150,924.86
Class I USD	162,489.60	23,616.81	(52,858.98)	133,247.43
Class P EURO-HEDGED	5,915.00	5,948.32	(7,819.07)	4,044.25

The accompanying notes are an integral part of these financial statements.

## LA FRANCAISE JKC China Equity (in USD)

## Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class P USD	1,171.48	-	(511.22)	660.26
Class T EURO-HEDGED	-	-	-	-

The accompanying notes are an integral part of these financial statements.

LA FRANCAISE JKC China Equity (in USD)

Securities Portfolio as at December 31, 2020

Quantity/ Nominal	Name	Currency	Market value in USD	% NAV
<b>Transferable securities admitted to an official exchange listing</b>				
<b>Shares</b>				
<b>Healthcare</b>				
36,782.00	AIER EYE HOSPITAL GROUP CO-A	CNY	421,204.69	1.46
58,288.00	HANGZHOU TIGERMED CONSULTI-A	CNY	1,440,394.36	5.00
116,000.00	HANSON PHARMACEUTICAL GROUP	HKD	562,506.07	1.96
37,133.00	JIANGSU HENGRUI MEDICINE C-A	CNY	632,867.95	2.20
199,300.00	SHANGHAI HENLIUS BIOTECH I-H	HKD	1,206,769.35	4.20
9,397.00	SHENZHEN MINDRAY BIO-MEDIC-A	CNY	612,114.76	2.13
64,500.00	WUXI BIOLOGICS CAYMAN INC	HKD	855,134.06	2.97
			<b>5,730,991.24</b>	<b>19.92</b>
<b>Internet</b>				
56,900.00	ALIBABA GROUP HOLDING LTD	HKD	1,706,881.43	5.94
11,800.00	BILIBILI INC-SPONSORED ADR	USD	1,011,496.00	3.52
21,400.00	TENCENT HOLDINGS LTD	HKD	1,556,590.07	5.41
			<b>4,274,967.50</b>	<b>14.87</b>
<b>Distribution &amp; Wholesale</b>				
233,000.00	LI NING CO LTD	HKD	1,601,638.52	5.56
23,450.00	YUM CHINA HOLDINGS INC	HKD	1,344,601.78	4.68
			<b>2,946,240.30</b>	<b>10.24</b>
<b>Food services</b>				
158,000.00	CHINA RESOURCES BEER HOLDING	HKD	1,454,911.83	5.06
181,932.00	INNER MONGOLIA YILI INDUS-A	CNY	1,234,333.60	4.29
			<b>2,689,245.43</b>	<b>9.35</b>
<b>Auto Parts &amp; Equipment</b>				
173,158.00	HEFEI MEIYA OPTOELECTRONIC-A	CNY	1,172,422.66	4.08
88,000.00	TECHTRONIC INDUSTRIES CO LTD	HKD	1,255,218.05	4.36
			<b>2,427,640.71</b>	<b>8.44</b>
<b>Transportation</b>				
707,000.00	SITC INTERNATIONAL HOLDINGS	HKD	1,526,357.43	5.31
			<b>1,526,357.43</b>	<b>5.31</b>
<b>Financial services</b>				
550,800.00	CHINA INTERNATIONAL CAPITA-H	HKD	1,491,745.04	5.19
			<b>1,491,745.04</b>	<b>5.19</b>
<b>Building materials</b>				
530,000.00	XINYI GLASS HOLDINGS LTD	HKD	1,479,841.31	5.15
			<b>1,479,841.31</b>	<b>5.15</b>
<b>Consumer staples</b>				
451,952.00	C+S PAPER CO LTD-A	CNY	1,442,277.37	5.02
			<b>1,442,277.37</b>	<b>5.02</b>
<b>Electric &amp; Electronic</b>				
37,601.00	WILL SEMICONDUCTOR CO LTD-A	CNY	1,328,719.69	4.62
			<b>1,328,719.69</b>	<b>4.62</b>
<b>Textile</b>				
66,400.00	SHENZHOU INTERNATIONAL GROUP	HKD	1,301,646.47	4.53
			<b>1,301,646.47</b>	<b>4.53</b>
<b>Banks</b>				
198,500.00	CHINA MERCHANTS BANK-H	HKD	1,254,405.55	4.36
			<b>1,254,405.55</b>	<b>4.36</b>
			<b>27,894,078.04</b>	<b>97.00</b>
<b>Total securities portfolio</b>			<b>27,894,078.04</b>	<b>97.00</b>

Financial derivative instruments as at December 31, 2020

Purchase	Sale	Maturity Date	Commitment in USD	Unrealised appreciation / (depreciation) in USD
<b>Forward foreign exchange contracts</b>				
11,849,377.38 EUR	14,486,806.79 USD	29/01/21	14,486,806.79	19,106.20
<b>Total Forward foreign exchange contracts</b>				<b>19,106.20</b>
<b>Total financial derivative instruments</b>				<b>19,106.20</b>

Summary of net assets

		% NAV
<b>Total securities portfolio</b>	<b>27,894,078.04</b>	<b>97.00</b>
<b>Total financial derivative instruments</b>	<b>19,106.20</b>	<b>0.07</b>
<b>Cash at bank</b>	<b>1,707,686.14</b>	<b>5.94</b>
<b>Other assets and liabilities</b>	<b>(862,634.12)</b>	<b>(3.01)</b>
<b>Total net assets</b>	<b>28,758,236.26</b>	<b>100.00</b>

The accompanying notes are an integral part of these financial statements.



LA FRANCAISE JKC China Equity (in USD)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Shares	100.00	97.00
	<b>100.00</b>	<b>97.00</b>

Country allocation	% of portfolio	% of net assets
China	88.49	85.83
United States	11.51	11.17
	<b>100.00</b>	<b>97.00</b>

Top Ten Holdings

Top Ten Holdings	Sector	Market value USD	% of net assets
ALIBABA GROUP HOLDING LTD	Internet	1,706,881.43	5.94
LI NING CO LTD	Distribution & Wholesale	1,601,638.52	5.56
TENCENT HOLDINGS LTD	Internet	1,556,590.07	5.41
SITC INTERNATIONAL HOLDINGS	Transportation	1,526,357.43	5.31
CHINA INTERNATIONAL CAPITA-H	Financial services	1,491,745.04	5.19
XINYI GLASS HOLDINGS LTD	Building materials	1,479,841.31	5.15
CHINA RESOURCES BEER HOLDING	Food services	1,454,911.83	5.06
C+S PAPER CO LTD-A	Consumer staples	1,442,277.37	5.02
HANGZHOU TIGERMED CONSULTI-A	Healthcare	1,440,394.36	5.00
YUM CHINA HOLDINGS INC	Distribution & Wholesale	1,344,601.78	4.68

The accompanying notes are an integral part of these financial statements.

LA FRANCAISE JKC Asia Equity (in USD)

Statement of Net Assets as at December 31, 2020

Statement of Operations and Changes in Net Assets for the year ended December 31, 2020

	Notes	USD		Notes	USD
<b>Assets</b>			<b>Income</b>		
Investment in securities at cost		35,308,211.52	Dividends (net of withholding taxes)	3.h	687,003.41
Unrealised appreciation / (depreciation) on securities		15,433,228.16	Bank interest		8,202.49
Investment in securities at market value	3.a	50,741,439.68	Other income		24,781.53
Cash at bank		2,816,818.70	<b>Total income</b>		<b>719,987.43</b>
Net unrealised appreciation on forward foreign exchange contracts	3.b, 10	33,446.36	<b>Expenses</b>		
Dividends and interest receivable		43,527.36	Management fees	7	719,140.35
<b>Total assets</b>		<b>53,635,232.10</b>	Depositary fees and safekeeping		27,104.73
<b>Liabilities</b>			Performance fees	7	1,626,289.36
Bank overdraft		105,631.13	Hedging management fees	8	5,592.49
Accrued expenses	14	1,734,166.32	Operating fees		67,818.24
Dividend distribution and other liabilities		5.82	Professional fees	11	43,457.37
<b>Total liabilities</b>		<b>1,839,803.27</b>	Distribution fees		2,107.27
<b>Net assets at the end of the year</b>		<b>51,795,428.83</b>	Transaction costs	13	131,101.49
			Taxe d'abonnement	9	16,243.17
			Bank interest and charges		8,910.96
			Management Company fees	6	47,872.54
			Publication fees		38,322.76
			Research fees		46,970.00
			Other expenses	12	63,695.58
			<b>Total expenses</b>		<b>2,844,626.31</b>
			<b>Net investment income / (loss)</b>		<b>(2,124,638.88)</b>
			Net realised gain / (loss) on:		
			Investments	3.c	12,176,066.71
			Foreign currencies transactions	3.c	(7,786.31)
			Forward foreign exchange contracts	3.b, 10	1,584,529.73
			<b>Net realised gain / (loss) for the year</b>		<b>11,628,171.25</b>
			Net change in unrealised appreciation / (depreciation) on:		
			Investments	3.f	4,293,677.01
			Forward foreign exchange contracts	3.b, 3.f, 10	(80,936.64)
			<b>Increase / (Decrease) in net assets as a result of operations</b>		<b>15,840,911.62</b>
			Proceeds received on subscription of shares		1,073,311.94
			Net amount paid on redemption of shares		(12,766,657.43)
			Net assets at the beginning of the year		47,647,862.70
			<b>Net assets at the end of the year</b>		<b>51,795,428.83</b>

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
Class GP EURO-HEDGED	-	-	-	-
Class GP USD	238,000.00	678.02	(79,500.00)	159,178.02
Class I EURO-HEDGED	130,902.45	1,499.92	-	132,402.37
Class I USD	1,927.55	2,732.00	(2,732.00)	1,927.55
Class P EURO-HEDGED	1,206.51	2,146.63	(2,523.15)	829.99

The accompanying notes are an integral part of these financial statements.

LA FRANCAISE JKC Asia Equity (in USD)

Securities Portfolio as at December 31, 2020

Quantity/ Nominal	Name	Currency	Market value in USD	% NAV
<b>Transferable securities admitted to an official exchange listing</b>				
<b>Shares</b>				
<b>Electric &amp; Electronic</b>				
308,000.00	CHROMA ATE INC	TWD	1,841,554.99	3.56
21,299.00	KOH YOUNG TECHNOLOGY INC	KRW	2,058,726.82	3.97
18,542.00	LEENO INDUSTRIAL INC	KRW	2,304,308.14	4.45
18,219.00	SAMSUNG ELECTRONICS CO LTD	KRW	1,358,500.38	2.62
96,000.00	TAIWAN SEMICONDUCTOR MANUFAC	TWD	1,810,805.46	3.50
123,387.00	VITZROCELL CO LTD	KRW	1,874,146.60	3.62
52,338.00	WILL SEMICONDUCTOR CO LTD-A	CNY	1,849,486.21	3.57
			<b>13,097,528.60</b>	<b>25.29</b>
<b>Auto Parts &amp; Equipment</b>				
274,187.00	HEFEI MEIYA OPTOELECTRONIC-A	CNY	1,856,472.42	3.58
155,000.00	TECHTRONIC INDUSTRIES CO LTD	HKD	2,210,895.43	4.27
47,700.00	VOLTRONIC POWER TECHNOLOGY	TWD	1,901,345.73	3.67
			<b>5,968,713.58</b>	<b>11.52</b>
<b>Distribution &amp; Wholesale</b>				
305,500.00	LI NING CO LTD	HKD	2,100,002.44	4.06
100,000.00	POYA INTERNATIONAL CO LTD	TWD	2,049,968.44	3.96
29,850.00	YUM CHINA HOLDINGS INC	HKD	1,711,571.99	3.30
			<b>5,861,542.87</b>	<b>11.32</b>
<b>Financial services</b>				
64,724.00	AAVAS FINANCIERS LTD	INR	1,501,936.78	2.90
990,400.00	CHINA INTERNATIONAL CAPITA-H	HKD	2,682,324.42	5.18
			<b>4,184,261.20</b>	<b>8.08</b>
<b>Insurance</b>				
231,000.00	AIA GROUP LTD	HKD	2,830,198.92	5.46
			<b>2,830,198.92</b>	<b>5.46</b>
<b>Chemical</b>				
12,957.00	HANSOL CHEMICAL CO LTD	KRW	2,343,782.04	4.53
			<b>2,343,782.04</b>	<b>4.53</b>
<b>Healthcare</b>				
83,988.00	HANGZHOU TIGERMED CONSULTI-A	CNY	2,075,484.52	4.01
			<b>2,075,484.52</b>	<b>4.01</b>
<b>Banks</b>				
7,720,100.00	BANK BTPN SYARIAH TBK PT	IDR	2,060,524.73	3.98
			<b>2,060,524.73</b>	<b>3.98</b>
<b>Consumer staples</b>				
638,278.00	C+S PAPER CO LTD-A	CNY	2,036,884.27	3.93
			<b>2,036,884.27</b>	<b>3.93</b>
<b>Transportation</b>				
883,000.00	SITC INTERNATIONAL HOLDINGS	HKD	1,906,327.59	3.68
			<b>1,906,327.59</b>	<b>3.68</b>
<b>Building materials</b>				
678,000.00	XINYI GLASS HOLDINGS LTD	HKD	1,893,080.02	3.65
			<b>1,893,080.02</b>	<b>3.65</b>
<b>Food services</b>				
204,000.00	CHINA RESOURCES BEER HOLDING	HKD	1,878,493.76	3.63
			<b>1,878,493.76</b>	<b>3.63</b>
<b>Textile</b>				
92,400.00	SHENZHOU INTERNATIONAL GROUP	HKD	1,811,327.32	3.50
			<b>1,811,327.32</b>	<b>3.50</b>
<b>Internet</b>				
30,100.00	ALIBABA GROUP HOLDING LTD	HKD	902,937.28	1.74
11,900.00	TENCENT HOLDINGS LTD	HKD	865,580.46	1.67
			<b>1,768,517.74</b>	<b>3.41</b>

Quantity/ Nominal	Name	Currency	Market value in USD	% NAV
<b>Energy</b>				
37,716.00	RELIANCE INDUSTRIES LTD	INR	1,024,772.52	1.98
			<b>1,024,772.52</b>	<b>1.98</b>
			<b>50,741,439.68</b>	<b>97.97</b>
<b>Total securities portfolio</b>			<b>50,741,439.68</b>	<b>97.97</b>

Financial derivative instruments as at December 31, 2020

Purchase	Sale	Maturity Date	Commitment in USD	Unrealised appreciation / (depreciation) in USD		
<b>Forward foreign exchange contracts</b>						
20,384,489.96	EUR	24,921,083.18	USD	29/01/21	24,921,083.18	33,446.36
						<b>33,446.36</b>
<b>Total Forward foreign exchange contracts</b>						<b>33,446.36</b>
<b>Total financial derivative instruments</b>						<b>33,446.36</b>

Summary of net assets

		% NAV
<b>Total securities portfolio</b>	<b>50,741,439.68</b>	<b>97.97</b>
<b>Total financial derivative instruments</b>	<b>33,446.36</b>	<b>0.06</b>
<b>Cash at bank</b>	<b>2,711,187.57</b>	<b>5.23</b>
<b>Other assets and liabilities</b>	<b>(1,690,644.78)</b>	<b>(3.26)</b>
<b>Total net assets</b>	<b>51,795,428.83</b>	<b>100.00</b>

The accompanying notes are an integral part of these financial statements.

LA FRANCAISE JKC Asia Equity (in USD)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Shares	100.00	97.97
	<b>100.00</b>	<b>97.97</b>

Country allocation	% of portfolio	% of net assets
China	53.01	51.93
South Korea	19.59	19.19
Taiwan	14.99	14.69
India	4.98	4.88
Indonesia	4.06	3.98
United States	3.37	3.30
	<b>100.00</b>	<b>97.97</b>

Top Ten Holdings

Top Ten Holdings	Sector	Market value USD	% of net assets
AIA GROUP LTD	Insurance	2,830,198.92	5.46
CHINA INTERNATIONAL CAPITA-H	Financial services	2,682,324.42	5.18
HANSOL CHEMICAL CO LTD	Chemical	2,343,782.04	4.53
LEENO INDUSTRIAL INC	Electric & Electronic	2,304,308.14	4.45
TECHTRONIC INDUSTRIES CO LTD	Auto Parts & Equipment	2,210,895.43	4.27
LI NING CO LTD	Distribution & Wholesale	2,100,002.44	4.06
HANGZHOU TIGERMED CONSULTI-A	Healthcare	2,075,484.52	4.01
BANK BTPN SYARIAH TBK PT	Banks	2,060,524.73	3.98
KOH YOUNG TECHNOLOGY INC	Electric & Electronic	2,058,726.82	3.97
POYA INTERNATIONAL CO LTD	Distribution & Wholesale	2,049,968.44	3.96

The accompanying notes are an integral part of these financial statements.

**Notes to the Financial Statements as at December 31, 2020**

**Note 1 - General information**

JKC Fund (the "SICAV" or the "Fund") is an open-ended investment company organized under the laws of the Grand Duchy of Luxembourg as a "Société d'Investissement à Capital Variable". The SICAV was incorporated for an unlimited period of time on January 19, 2009 and is governed by the Luxembourg law of August 10, 1915 on commercial companies, as amended, and by the Part 1 of the Law of December 17, 2010 concerning undertakings for collective investment in transferable securities, as may be amended from time to time.

The SICAV is registered at the "Registre de Commerce et des Sociétés" with the District Court of Luxembourg under the number B 144.551.

La Française Asset Management (the "Management Company") has been appointed as Management Company of the Company. It was incorporated on October 13, 1978 as a simplified joint stock company under French law for an unlimited period and is registered with the "Registre du Commerce et des Sociétés" in Paris.

The following Sub-Funds are open to subscription as at December 31, 2020:

- LA FRANÇAISE JKC China Equity
- LA FRANÇAISE JKC Asia Equity.

**Note 2 - Shares of the SICAV**

The Sub-Fund LA FRANÇAISE JKC China Equity offers eleven Capitalisation Share Classes :

Class I EURO-HEDGED	Shares denominated in EUR and intended for institutional investors of the Sub Fund
Class I USD	Shares denominated in USD and intended for institutional investors of the Sub Fund
Class GP EURO-HEDGED	Shares denominated in EUR and intended for retail investors of the Sub Fund
Class GP USD	Shares denominated in USD and intended for retail investors of the Sub Fund
Class P EURO-HEDGED	Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors of the Sub Fund
Class P USD	Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors of the Sub Fund
Class S EURO-HEDGED	Shares denominated in EUR and intended for institutional investors , subject to a high minimum of holding
Class S USD	Shares denominated in USD and intended for institutional investors , subject to a high minimum of holding
Class DC USD	Shares denominated in USD and intended for institutional investors, subject to a high minimum of holding and acceptance by the Board of Directors of the Sub Fund
Class T-EURO HEDGED	Shares denominated in EUR and intended for: <ol style="list-style-type: none"> <li>1 any investors, and, in case of subscription or distribution of shares in the European Union ("EU") only, who are :                         <ul style="list-style-type: none"> <li>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or</li> <li>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or</li> <li>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.</li> </ul> </li> <li>2 funds of funds;</li> </ol>
Class T USD	Shares denominated in USD and intended for: <ol style="list-style-type: none"> <li>1 any investors, and, in case of subscription or distribution of shares in the EU only, who are:                         <ul style="list-style-type: none"> <li>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or</li> <li>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or</li> <li>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit;</li> </ul> </li> <li>2 funds of funds;</li> </ol>

The Share Classes T EURO-HEDGED, DC USD, T USD, S Euro Hedged and S USD are currently not active.

**Notes to the Financial Statements as at December 31, 2020 (continued)**

**Note 2 - Shares of the SICAV (continued)**

The assets of the Share Classes are invested jointly in accordance with the Sub-Fund's investment policy. Class I EURO-HEDGED, Class GP EURO-HEDGED, Class P EURO-HEDGED, S EURO-HEDGED and T EURO-HEDGED Shares, denominated in EUR, will be managed in such a way as to reduce the foreign exchange rate risk between the EUR and the currencies of the underlying assets of the Sub-Fund linked to the USD, Asian currencies being treated in the same way as the USD.

The hedging technique used by the Hedging Manager is based on rolling over EUR/USD forward foreign exchange contracts.

The Sub-Fund JKC Fund - LA FRANÇAISE JKC Asia Equity offers eight Capitalisation Shares:

Class I EURO-HEDGED	Shares denominated in EUR and intended for institutional investors of the Sub Fund
Class I USD	Shares denominated in USD and intended for institutional investors of the Sub Fund
Class GP EURO-HEDGED	Shares denominated in EUR and intended for retail investors of the Sub Fund
Class GP USD	Shares denominated in USD and intended for retail investors of the Sub Fund
Class P EURO-HEDGED	Shares denominated in EUR and intended for all types of investors subscribing through Independent Financial Advisors of the Sub Fund
Class P USD	Shares denominated in USD and intended for all types of investors subscribing through Independent Financial Advisors of the Sub Fund
Class T-EURO HEDGED	Shares denominated in EUR and intended for: <ol style="list-style-type: none"> <li>1 any investors, and, in case of subscription or distribution of shares in the European Union ("EU") only, who are :                         <ul style="list-style-type: none"> <li>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or</li> <li>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or</li> <li>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit.</li> </ul> </li> <li>2 funds of funds;</li> </ol>
Class T USD	Shares denominated in USD and intended for: <ol style="list-style-type: none"> <li>1 any investors, and, in case of subscription or distribution of shares in the EU only, who are:                         <ul style="list-style-type: none"> <li>- financial intermediaries which are not allowed by the local laws applicable to them to receive and/or retain any commissions or other non-monetary benefits; or</li> <li>- distributors providing portfolio management and/or investment advice on an independent basis (as defined by MiFID) within the EU; or</li> <li>- distributors which have entered into a separate fee agreement with their client regarding the provision of non-independent advice (as defined by MiFID) and where such distributor does not receive and/or retain any commission or other non-monetary benefit;</li> </ul> </li> <li>2 funds of funds;</li> </ol>

The classes T EURO-HEDGED, Class GP EURO-HEDGED, Class P USD and Class T USD are currently not active.

The assets of the Classes will be invested jointly in accordance with the Sub-Fund's investment policy. Class I EURO-HEDGED, Class GP EURO-HEDGED, Class P EURO-HEDGED and Class T EURO-HEDGED Shares, denominated in EUR, will be managed in such a way as to reduce the foreign exchange rate risk between the EUR and the currencies of the underlying assets of the Sub-Fund linked to the USD, Asian currencies being treated in the same way as the USD.

The hedging technique used by the Hedging Manager is based on rolling over EUR/USD forward foreign exchange contracts.

**Note 3 - Accounting Principles**

The Financial Statements of JKC FUND (the "SICAV" or the "Fund") have been prepared in accordance with the laws and regulations applicable to undertakings for collective investment in transferable securities (UCITS) and the accounting principles generally accepted in Luxembourg, including the following significant policies:

a) Valuation of investments

The value of each security or other asset which is quoted or dealt in on a stock exchange is based on its last available price in Luxembourg on the stock exchange which is normally the principal market for such security.

The value of each security or other asset which is quoted or dealt in on any other regulated market that operates regularly, is recognized and is open to the public (a "Regulated Market"), will be based on its last available price in Luxembourg.

**Notes to the Financial Statements as at December 31, 2020 (continued)****Note 3 - Accounting Principles (continued)**

## a) Valuation of investments (continued)

In the event that any assets are not listed nor dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange or on any other Regulated Market as aforesaid, the price as determined pursuant to the two above sub-paragraphs is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith by the Board of Directors of the SICAV.

Units or shares of undertakings for collective investment will be valued at their last determined and available net asset value or, if such price, in the opinion of the Board of Directors of the SICAV, is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors of the SICAV on a fair and equitable basis.

The liquidating value of spot or forward contracts not traded on stock exchanges nor on other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established by the Board of Directors of the SICAV, on a basis consistently applied for each different variety of contracts. The liquidating value of spot or forward contracts traded on stock exchanges or on other Regulated Markets shall be based upon the last available settlement prices of these contracts on stock exchanges and Regulated Markets on which the particular spot or forward contract are traded by the Fund; provided that if a spot or forward contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the SICAV may deem fair and reasonable.

All other securities and other assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors of the SICAV.

## b) Valuation of forward foreign exchange contracts

The unrealised appreciation / (depreciation) of outstanding forward foreign exchange contracts is valued on the basis of the forward exchange rates prevailing at the valuation date.

## c) Net realised gain / (loss) on sale of investments

The net realised gain / (loss) on sale of investments and derivatives is determined on the basis of the average cost of investments and derivatives sold. The net gain / (loss) on variation of exchange rates is recorded in the account "Net realised gain / (loss) on foreign currencies transactions" during the sale transaction.

## d) Foreign currency translation

The Fund maintains its accounting records in USD. The value of all assets and liabilities expressed in currencies other than USD are converted into USD at the exchange rate prevailing at the closing date or date of the financial statements.

The value of the combined statement of net assets of the SICAV equals the sum of all different Sub-Funds' net assets converted into USD at the exchange rate prevailing on closing date in Luxembourg.

Income and expenses in currencies other than USD are converted into USD at the exchange rate prevailing on payment date.

## e) Acquisition cost of investments

The cost of investments expressed in currencies other than USD is converted into USD at the exchange rate prevailing on purchase date.

## f) Unrealised appreciation / (depreciation)

In accordance with current practices, unrealised appreciation / (depreciation) at the end of the Financial year are accounted for in the Statement of Net Assets. Net change in unrealised appreciation/depreciation is presented in the statement of operations and changes in net assets.

## g) Purchases and sales of investments

The details of purchases and sales of investments of the year may be obtained at the registered office of the Fund.

## h) Income, expenses and accruals

Interests on bonds and current accounts are accounted for on a day-to-day basis. Dividends are booked on an ex-dividend basis. Dividends are stated net of irrecoverable withholding taxes, if any.

**Notes to the Financial Statements as at December 31, 2020 (continued)**

**Note 4 - Exchange rates at December 31, 2020**

1 USD =	6.539823	CNY	1 USD =	73.067508	INR
1 USD =	0.817294	EUR	1 USD =	1,086.300029	KRW
1 USD =	7.753872	HKD	1 USD =	28.097994	TWD
1 USD =	14,050.001226	IDR			

**Note 5 – Subscription and redemption fee**

After the initial subscription period, the subscription price corresponds to the Net Asset Value per Share for the relevant Class on the relevant Valuation Day, which may be increased by a sales charge of a maximum of 5% of the applicable relevant Net Asset Value per Share and which shall revert to the sales agents.

The redemption price shall be based on the Net Asset Value per Share for the relevant Class on the relevant Valuation Day. A redemption fee of a maximum of 1.5% of the applicable relevant Net Asset Value will be levied at the discretion of the Board of Directors and will revert to the Investment Manager, provided that the principle of equal treatment of shareholders be complied with.

In the Sub-Fund LA FRANÇAISE JKC China Equity, for classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, DC USD, T EURO-HEDGED and T USD, S USD and S EURO Hedged no redemption fee will be levied.

In the Sub-Fund LA FRANÇAISE JKC Asia Equity, for classes I EURO-HEDGED, I USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD, no redemption fee will be levied.

**Note 6 – Management Company fee**

A management fee is payable to the Management Company by each Sub-Fund in remuneration for its services. Such fee is set at a maximal annual rate of 0.10% per annum with a minimum of EUR 30,000 per annum, payable quarterly in arrears and calculated on the average of the net assets of the Sub-Fund for the relevant quarter.

**Note 7 – Management fees and Performance fees**

The investment management fee is payable to the Investment Manager by the Management Company.

**LA FRANCAISE JKC China Equity**

Management Fees per share class

Class I EURO-HEDGED	1.50%
Class I USD	1.50%
Class GP EURO-HEDGED	1.50%
Class GP USD	1.50%
Class P EURO-HEDGED	2.20%
Class P USD	2.20%
Class S USD*	0.95%
Class S EURO-HEDGED*	0.95%
Class DC USD*	0.75%
Class T EURO-HEDGED*	1.50%
Class T USD*	1.50%

\* currently not active.

Performance Fees

In addition, for the Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD, the Investment Manager is entitled to receive, within ten Business Days of the last Business Day of each calendar year, a performance fee equal to:

- 15% of the performance of the Net Asset Value per Share for Classes I EURO-HEDGED, I USD, GP EURO-HEDGED, GP USD, P EURO-HEDGED, P USD, T EURO-HEDGED and T USD;



**Notes to the Financial Statements as at December 31, 2020 (continued)**

**Note 7 – Investment Management fees and Performance fees (continued)**

There is a performance of the Net Asset Value per Share of the Class if there is an increase in the Net Asset Value per Share of the Class compared to the highest Net Asset Value per Share ever previously achieved for this Class ("Reference Net Asset Value", i.e. the last Net Asset Value on which a performance fee has been booked or the Initial Subscription Price for new Classes of Shares).

Under the high water mark principle, if there is an under-performance for a given period, this underperformance will be taken into consideration, which means that the Reference Net Asset Value of the Class will be maintained, until a performance of the Net Asset Value per Share of the Class is recorded.

The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day.

In addition, for the Class DC USD of the Sub-Fund, the Investment Manager is entitled to receive, within ten Business Days of the last Business Day of each calendar year, a performance fee equal to:

- 15% of the Relative Performance over the high water mark during the reference period.

The Relative performance is spread between the performance of the share class since inception and the performance of the MSCI China Free Net Total Return index (MSCNXNUS Index) during the same period.

The high water mark is the highest Relative Performance registered since inception.

Under the high water mark principle, if there is an under-performance for a given period, this underperformance will be taken into consideration, which means that the High Water Mark will be maintained, until a higher Relative Performance of the Share class is recorded.

The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day. For the year ended December 31, 2020, the amount paid for performance fees is USD 794,523.69.

The payment for third party service

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

**LA FRANCAISE JKC Asia Equity**

Management Fees per share class

Class I EURO-HEDGED	1.50%
Class I USD	1.50%
Class GP EURO-HEDGED*	1.50%
Class GP USD	1.50%
Class P EURO-HEDGED	2.20%
Class P USD*	2.20%
Class T EURO-HEDGED*	1.50%
Class T USD*	1.50%

\* currently not active.

## Notes to the Financial Statements as at December 31, 2020 (continued)

### Note 7 – Investment Management fees and Performance fees (continued)

#### Performance Fees

In addition, the Investment Manager is entitled to receive, within ten Business Days of the last Business Day of each calendar year, a performance fee equal to 15% of the performance of the Net Asset Value per Share of the Class.

There is a performance of the Net Asset Value per Share of the Class if there is an increase in the Net Asset Value per Share of the Class compared to the highest Net Asset Value per Share ever previously achieved for this Class ("Reference Net Asset Value" – i.e. the last Net Asset Value on which a performance fee has been booked or the Initial Subscription Price for new share classes).

Under the high water mark principle, if there is an under-performance for a given period, this underperformance will be taken into consideration, which means that the Reference Net Asset Value of the Class will be maintained, until a performance of the Net Asset Value per Share of the Class is recorded.

The amount of the performance fee will be accrued on each Valuation Day, based on the outstanding Shares of the Class on that day. For the year ended December 31, 2020, the amount for performance fees paid is USD 1,626,289.36.

#### The payment for third party service

The Investment Manager is further entitled to be reimbursed by the Management Company at the charge of the Sub-Fund, the expenses paid to third party services providers by the Investment Manager for the use of computer databases necessary to the day-to-day management of the Sub-Fund (such as subscriptions to Bloomberg, Reuters, Dow Jones News Services, etc.), such reimbursements to be capped to USD 4,000 per month.

### Note 8 – Hedging management fees

Each Sub-Fund pays a hedging fee to the Hedging Manager at the charge of Classes I EURO-HEDGED, GP EURO-HEDGED, P EURO-HEDGED, T EURO-HEDGED and S EURO HEDGED at the rate of 0.05% per annum, payable monthly in arrears and calculated on the average of the net assets of the Sub-Fund attributable to these Classes for the relevant month.

### Note 9 – "Taxe d'abonnement" (subscription tax)

The Fund is subject to Luxembourg tax laws.

Under current law and practice, the Fund is not liable to any Luxembourg income tax. The Fund is, however, liable in Luxembourg to a tax of 0.05% per annum, such tax being payable quarterly and calculated on the basis of the net assets of the Sub-Fund at the end of the relevant quarter. However, this tax is reduced to 0.01% per annum for the net assets attributable to the Classes dedicated to institutional investors (Classes I EURO-HEDGED, I USD, DC USD, S EURO HEDGED and S USD).

The SICAV is registered with the Belgian Financial Markets and Services Authority ("FSMA") in accordance with Article 154 of the Financial Markets Act. Funds registered for public distribution in Belgium are subject to an annual tax of 0.0925% of the net assets of the shares distributed in Belgium via Belgian intermediaries as at December 31 of the previous year.

### Note 10 - Forward foreign exchange contracts

As at December 31, 2020, the Sub-Fund LA FRANCAISE JKC China Equity held positions in forward foreign exchange contracts. The counterparty for all of these positions is BNP Paribas Securities Services.

As at December 31, 2020, the Sub-Fund LA FRANCAISE JKC Asia Equity held positions in forward foreign exchange contracts. The counterparty for all of these positions is BNP Paribas Securities Services.

### Note 11 - Professional fees

The caption "Professional fees" includes mainly Legal and Audit Fees.

### Note 12 - Other expenses

This caption is mainly composed of Transfer agent fees and Regulatory fees.

**Notes to the Financial Statements as at December 31, 2020 (continued)****Note 13 - Transaction costs**

The SICAV incurred transaction costs which have been defined as brokerage fees, certain taxes and certain custodian fees relating to the purchase and sale of transferable securities, money market instruments or other eligible assets. The global amounts of transaction costs are taken into account through the Statements of Operations and Changes in Net Assets. In line with market practices for debt securities, the transaction fees are included in the spreads relating to the purchase and sale of debt securities.

**Note 14 - Accrued Expenses**

The caption "Accrued expenses" is mainly composed of Performance fees to be paid.

**Note 15 - Changes in the composition of the Securities Portfolio**

The report on changes in the composition of the Securities Portfolio for each Sub-Fund is available upon request and free of charge from the registered office of the SICAV and the Representative / Principal agent in France.

**Note 16 - Events during the year**

The COVID 19 has widespread across the world. The consequences of the pandemic are unknown to date and will likely affect the financial markets performance as well as the asset management industry and the SICAV. The Board of Directors of the SICAV is carefully monitoring the situation as well as its potential impacts on the SICAV. The SICAV is in full capacity to continue its usual operations in accordance with its investment policy and its prospectus. The published audited sub-funds net assets values and financial information are available on [www.jkcapitalmanagement.com](http://www.jkcapitalmanagement.com)

## Unaudited Information

### SFT Regulation

During the year ended December 31, 2020, the SICAV did not engage in transactions which are subject of EU Regulation No 2015/2365 on the transparency of securities financing transactions and of reuse. Accordingly, no global, concentration or transaction data, or information on the reuse or safekeeping of collateral is required to be reported for the subfunds.

### Remuneration Policy

The Management Company shall ensure that its staff members undertake not to use personal hedging strategies or assurances relating to remuneration or responsibilities in order to pre-empt the occurrence of alignment with unitholders and the Management Company over the risk involved in its remuneration agreements.

The Management Company shall not pay the variable portion of the remuneration to relevant staff through instruments or methods which facilitate the circumvention of the requirements of the AIFM and UCITS V Directive.

A breakdown of the remuneration policy is available from the Management Company upon written request. A hard copy will be provided free of charge pursuant to such a request.

The figures hereunder are expressed in EUR per year prorated according to the AUM (Asset Under Management) of JKC Fund compared to the AUM managed by LFI (La Française International):

Management Company	JKC Fund
Assets under Management	270,999,089.00 USD
Total Staff	14
Total Remuneration	4,762,904.28 USD
• Fixed	2,166,750.43 USD
• Variable	2,596,153.85 USD
Senior Management	1,433,942.31 USD
Risk Takers	1,735,339.74 USD

