



J&O GLOBAL FORESTRY INVESTMENT FUND

MONTHLY REPORT MARCH 2014

***J&O Global Forestry Investment Fund* is a diversified timber investment fund focusing its investments in three different forest regions representing different characteristics: South America, Europe and North America.**

INVESTMENT MANAGER COMMENT

Markets in March continued to move sideways or downwards. Q1 performance of the major world indices is gloomy reading: Nikkei is down 9 %, HK Hang Seng is down 2,5 %, FSTE 100 is down 1,5 %. One of the few lights is S&P 500 with less than 0.5 % growth over the first quarter. Clearly, Putin's warmongering is putting a damp blanket on any attempts at market optimism.

In this context it is comforting to report that J&O Global Forestry Fund performance stands at +2.89 % for the first quarter of 2014 with March showing +0.74 %. Fully in line with the fund's performance targets while maintaining low volatility. March 2014 is the 13th consecutive positive month for the fund.

Shipment of teak logs from Myanmar for export was intense the last days of March in anticipation of the ban on export of teak logs. However, the market as a whole has already accounted for this. In Brazil The Department of Finance of the State of Mato Grosso (SEFAZ) has published the wood price list that is used as the basis for calculating state taxes. The state government initially planned to increase prices in its minimum price list by 10 %, but after strong lobbying by the timber industry an increase of 4.1 % was agreed and it is considered across the industry that this will not have any major effect on the cost side for timber owners.

Latvia became the 18th member of the Eurozone on 1st January 2014. Swedbank reports that the short-term positive effects of the Euro on Latvia's economy are small. It is predicted that 2014 will see larger foreign direct investment inflows as a result of the new currency. Other positive knock-on effects from the Euro are expected to show over the coming years. Baltic birch pulpwood prices have been dropping over the last year and demand was also weak. There were concerns that this was an indicator of a long-term trend, but prices have just jumped 5 Euro, which is about a 50 % increase on average net prices. By November of last year, UK timber imports were up 23 % year on year in spite of a strong local timber industry. American house building is predicted to increase by 20 % this year. These increases are good news for the timber industries of the Baltics and hopefully lead to higher prices which feed back to the forest owners.

PERFORMANCE CLASS A EUR USD GBP SEK **MARCH +0.74 %**

Net of fees

2013	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
	+2.15	-2.23	+0.56	+0.39	+1.45	+1.32	+1.48	+2.52	+2.20	+1.12	+0.98	+0.66	+13.1 %
2014	JAN	FEB	MAR										YTD
	+1.52	+0.62	+0.74										+2.89 %



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