FOR PROFESSIONAL INVESTORS ONLY

Alma Eikoh Equilibria Japan Long/Short Equity Fund

A sub-fund of Alma Capital Investment Funds SICAV

As of 29 March 2019

Fund features

- Actively managed Japanese long/short equity portfolio with a focus on large and mid cap companies
- Low net market exposure through a pair construction process
- Portfolio will generally comprise around 70-90 pairs
- The Fund aims to follow the investment objectives and process of the long standing Equilibria strategy[1] with circa 1.5x leverage

Investment manager: ERIM LLP (Eikoh Research Investment Management)

- ERIM LLP: firm founded by the Japanese equity fund management team at Deutsche Asset Management in London, as part of a supported spin-out from Deutsche Bank. Regulated by the FCA and the SEC
- Eikoh focuses on research and investment in Japanese listed companies
- The portfolio managers have worked together for over 15 years
- Eikoh has Institutional and professional clients. The firm manages circa US$ 871m in long-short and long-only strategies (subscribed assets)

Cumulative performance (%)

	1M	3M	6M	YTD	1Y	Since inception*
I JPY C shares	-0.08	0.70	-7.71	0.70	-	-11.65
I USD Hedged C shares	0.17	1.18	-	1.18	-	-
TOPIX Total Return[2]	0.09	7.74	-11.23	7.74	-	-9.47
LIBOR JPY 3 Month + 4%	0.31	0.98	1.97	0.98	-	3.48

* 16 May 2018

Portfolio characteristics

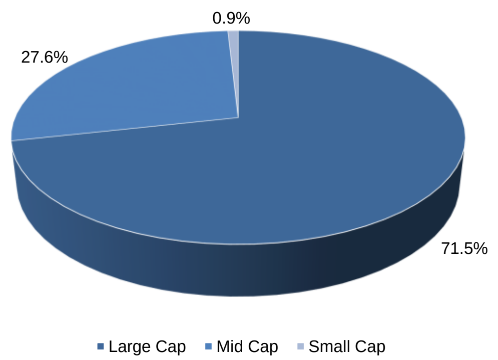
Number of securities - long book	85
Number of securities - short book	97
Weighted Average Market Cap (JPY bn)	2 269
Median Market Cap (JPY bn)	715
Long equity exposure (% of NAV)	135.1
Short equity exposure (% of NAV)	-137.0
Gross exposure (Long + Short) (% of NAV)	272.0
Net exposure (Long - Short) (% of NAV)	-1.9
Beta adjusted net exposure[3] (% of NAV)	7.6

Main positions

Top 10 long positions

Issuer	Sector	% NAV
Seven & i Holdings Co Ltd	Consumer Staples	7.49
Mitsubishi UFJ Financial Group	Financials	7.01
JXTG Holdings Inc	Energy	4.71
Daiichi Sankyo Co Ltd	Health Care	4.41
Toyota Motor Corp	Consumer Discretionary	3.73
Denso Corp	Consumer Discretionary	3.72
Nippon Telegraph & Telephone C	Communication Services	3.39
Mitsubishi Estate Co Ltd	Real Estate	3.35
Shin-Etsu Chemical Co Ltd	Materials	3.03
Keisei Electric Railway Co Ltd	Industrials	2.90
	Total:	**43.74**

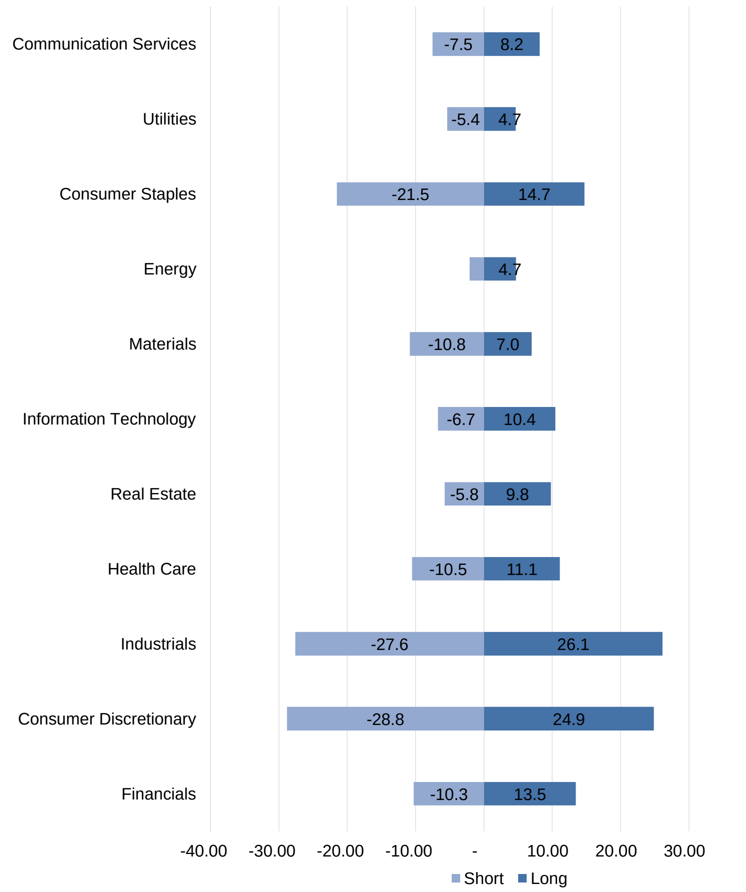
Market capitalisation by Gross Exposure



Market capitalisation[4] (% NAV)

	Long Value	Short Value	Net
Large Cap	97.6	-97.0	0.7
Mid Cap	35.2	-39.9	-4.7
Small Cap	2.3	-0.1	2.1

Sector exposure (% NAV)



Alma Eikoh Equilibria Japan Long/Short Equity Fund

A sub-fund of Alma Capital Investment Funds SICAV

Investment manager's commentary

Performance Review

The Fund returns were largely flat over the month with both the long and short books performing roughly in-line with the market.

The main positive contributor was pharmaceuticals where the long in Daiichi Sankyo rose sharply following the announcement of a significant tie-up with AstraZeneca for its oncology compound DS-8201. The long in Sosei also added value as its partner Novartis announced plans to launch its COPD drugs into China. Internet and related stocks added value with gains made by long positions in Rakuten and Money Forward. Some expensively valued shorts in the area also declined. In the Fund's chemical pairings, value was largely added on the short side with an expensively valued large short position declining from elevated levels. Value was also added in the IT service related area where the major long in Fujitsu rose over the month and a short position also made a positive contribution.

The main negative contributor over the month was components; while long positions generally rose over the month, shorts held against them rose to a greater degree. Value was also lost in the consumer goods area as the long position in Sony fell sharply during the month following the announcement of a game streaming service from Google that is forecast to provide competition to Sony's PlayStation franchise. Within real estate, value was lost as the major short held in the area rose ahead of the main long positions in Mitsubishi Estate and Mitsui Fudosan. Value was also lost in the banking sector as the major long in MUFG declined and the short held against it was flat. Being net long this area also detracted.

During the month we added to the Toyota Motor long and also initiated a new position in Honda Motor, shorting an auto maker peer against them driven by recent fundamentals and our long term competitive industry outlook. Within auto parts we added to the existing Denso long, shorting a Toyota affiliated peer against it and also initiated a new long position in Stanley Electric against a peer company. Within industrials we initiated new long positions in Hitachi and IHI against a peer company driven by more attractive fundamentals and relative upside and within the oil refining area we added to the existing long in JXTG, shorting a peer company against it. The long position in Keisei Electric Railway was increased, funded through the sale of Hankyu Hanshin and shorting an associated company where we see a disconnect with relative valuations. Within financials we initiated a new long in Orix against other financial sector shorts after recent underperformance left the stock looking cheap; this is a well-managed business with a favourable shareholder return policy and some gearing to casino openings in Japan, particularly Osaka. Within the pharmaceutical pairings we reduced the long position in Daiichi Sankyo, initiated a new holding in wholesaler Toho Holdings and made changes to short position sizing based on relative performance, while in food the long position in Nippon Suisan was sold and the short position held against it reduced.

Market Review and Outlook

Topix posted a disappointing performance in March, broadly flat on a total return basis in contrast to global markets which for the most part posted moderate gains. The poor performance appears to have been driven by increased investor concern over slowing global growth and the potential impact of this on Japan's economy. Bond markets were firm, reflecting these concerns, with the yield on the US 10 year falling from 2.72% to 2.41% and the Japanese 10 year falling from -0.02% to -0.10%; US bond market yields inverted in the second half of the month. The market fall was led by economically sensitive sectors such as shipping, securities, auto's and banks while most defensive sectors outperformed. Foreign investors were significant sellers of the market at Y1.2trn for the month, more than reversing inflows seen in February and resulting in a small net outflow for the quarter overall. At the beginning of April the government announced the name of the new imperial era, Reiwa, which can be translated as order and harmony.

Domestic economic news announced over the period was relatively downbeat, though broadly in line with expectations. The Japanese PMI was flat at 48.9 in March, marking the second consecutive month below 50.0, and industrial production showed a weak +1.4% MoM rebound from February's fall, representing a -1.0% decline YoY. The March Tankan showed a sharp fall in the large manufacturers' current DI from +19 in December to +12 while SME's in the manufacturing sector saw a slump from +14 to +6. One brighter element of the survey however was that capital spending plans for 3'20 appear resilient and are above the initial estimate for 3'19 made a year ago. The labour market is still very tight with unemployment dipping down 0.2% to 2.3% in February though inflation remains subdued with the CPI ex food and energy up only 0.3% YoY in February.

While global economic momentum has weakened over the past six months led by worsening conditions in China and Europe and the US bond market is warning of recession, there are signs that demand may be bottoming out in Asia. The China Manufacturing PMI improved from 49.2 to 50.5 in March and this improvement was mirrored in Taiwan and Korea. Furthermore the Chinese policy stance remains pro-growth with cuts recently announced in VAT for manufacturing and fiscal policy expected to remain supportive. While signs of recovery in demand are tentative and there remain clear risks to the downside, the most significant of which is the development of trade relations between the US and China, a recovery in global demand would have significant implications for the Japanese stock market. The Topix has sharply underperformed over the past six months reflecting fears over the impact of a global slowdown and despite ongoing positive developments in terms of improving shareholder returns and a supportive pro-growth political administration. We consider it highly likely that Japan would perform strongly were global economic momentum to recover, reflecting its attractive fundamentals and valuation.

Despite further foreign investor selling in Q1, particularly of the cash market, we continue to expect that an easing of the heavy selling that marked last year will engender a better environment for bottom-up stock selection based strategies in 2019. While value continued to underperform growth in Q1 we believe that currently depressed value stocks are likely to outperform the market over the year overall. A clear trigger for this move would be an improvement in prospects for global growth and recent developments in Asia are encouraging in this regard. We consider the large number of recent buyback and cross shareholding unwinding announcements a positive development that reflects an ongoing shift in the attitude of Japanese management towards shareholder returns that is very supportive of the market. The Topix is trading at 1.19x book, on an estimated PER of 13.5x and a dividend yield of 2.37%.

Fund Positioning

On a cash basis, net exposure was little changed over the month at -1.9% compared to -2.2% at end February with beta (24m) adjusted exposure rising from +6.0% to +7.6%. Gross exposure rose over the month from 245% to 272%. The number of long positions rose modestly from 84 to 85 and the number of short positions rose from 91 to 97. Net beta adjusted industry exposures fall within a +/-6% range within which internet is the largest net long position at +5.5%, followed by banks at +4.7%, construction & mining machinery +4.2%, auto parts +4.0%, real estate 3.8% and oil & gas at 3.1%. The Fund is net short -4.4% electronics, -2.9% pharmaceuticals, -2.6% foods and -1.9% autos.

Fund facts

Fund total net assets:			JPY 2 206.66 M ($19.92 M)
Fund domicile:	Luxembourg	**Fund type:**	UCITS SICAV
Countries where the fund is registered:			
Luxembourg, United Kingdom			
Management fee:	1.25% p.a.	**Base currency:**	JPY
Performance fee:			17.5% of net profits, with high watermark
Custodian, Administrator, Transfer Agent:			
			BNP Paribas Securities Services (LU)
Dealing:			Each day with a 1-day notice. Cut-off time: 12 pm CET
Management company:			Alma Capital Investment Management (LU)
Investment manager:			ERIM LLP (London, UK)
Portfolio managers:			James Pulsford Sara Gardiner-Hill Karl Hammond

Identifiers:

Institutional JPY Capitalisation share class	
Isin: LU1744752889 - Ticker: AJLSIJC LX	**Fund launch:** 16 May 2018
Institutional USD Hedged Capitalisation share class	
Isin: LU1744753770 - Ticker: AJLSIUC LX	**Fund launch:** 20 Dec 2018

Contacts

Nick Stoop (UK)	+44 77 8980 0397
Hervé Rietzler (FR / CH / LU / IT)	+352 28 84 54 19
Dirk Tödte (DE / AT)	+352 28 84 54 16
Baptiste Fabre (FR)	+33 1 56 88 36 55

info.investors@almacapital.com

1 The "Strategy" includes the Fund and the various investment vehicles managed by ERIM LLP that follow substantially the same investment strategy as the Fund.
2 The Topix Total Return (TR) Index reflects the Total Return of the Tokyo Price Index, and is an unmanaged capitalisation-weighted index of all the companies listed on the First Section of the Tokyo Stock Exchange.
3 Beta Adjusted Net Exposure: (Beta of long positions x long position weighting) - (beta of short positions x short position weighting). Calculated using 2 years of weekly data.
4 Market Cap is defined as: Large Cap >USD5bn; Mid Cap USD1-5bn; Small Cap <USD1bn.