

# Alma Eikoh Japan Large Cap Equity Fund

Data as of  
31 May 2022

Fund AUM  
\$869,590,180

Fund Launch  
12 June 2014



## Investment Strategy

- Investment objective: seek long-term capital growth by investing generally in Japanese large cap stocks (with market capitalisation in excess of US\$ 1bn).
- Investment process: analyse long term company fundamentals through extensive in-house bottom up research with a strong risk management ethos.
- Portfolio of around 30 companies which are well managed, profitable and with good prospects. Portfolio managers believe that Cash Flow Return on Investment and value creation are key.

## Investment Manager - Alma Capital (1)

- CSSF-authorized Luxembourg-based independent fund management company founded in 2006, with over \$4bn in AUM.
- Portfolio is managed by James Pulsford, who has 30 years of experience managing Japan equities in long only and long/short strategies, and Tom Grew for the past years.
- Offers investors a range of funds across strategies and geographies managed by asset managers.
- Signatory to the United Nations Principles for Responsible Investment and member of LuxFLAG.

## Performance History (12 June 2014 - 31 May 2022) <sup>(2)</sup>



## Fund Awards

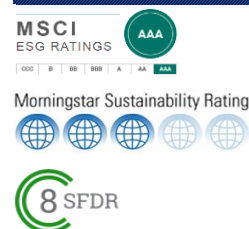
- **CityWire**  
James Pulsford awarded Best Japan Manager
- **Fund Selector Asia Singapore**  
Awarded Platinum within Japanese Equity category
- **Morningstar**  
Rated 5 Stars Overall, 3 and 5 Years
- **L'Agefi**  
Awarded Best Japan Equities Fund
- **Sauren**  
Awarded 2 Gold Medals as one of the Best Japan Equities Funds

## Fund Performance Summary <sup>(2)</sup>

	1M	3M	6M	YTD	1Y	3Y	5Y	ITD	Annualised ITD
<b>Alma Eikoh Japan Large Cap Equity Fund</b>	1.42%	2.02%	-3.44%	-5.09%	0.22%	68.69%	67.96%	155.28%	12.47%
<b>Topix (TR)</b>	0.78%	2.59%	0.57%	-2.79%	1.84%	35.80%	36.92%	84.26%	7.97%

Please refer to our website to find performances for other shares classes.

## Fund ESG Recognitions



## Annual Fund Performance <sup>(2)</sup>

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Alma Eikoh Japan Large Cap Equity Fund</b>	-5.09%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
<b>Topix (TR)</b>	-2.79%	12.74%	7.39%	18.12%	-15.97%	22.23%	0.31%	12.06%	14.79%*

\*Performance has been calculated since the fund launch: 12 June 2014

## Alma Capital Commitments



## Contact Details

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(1) Represents the views of Alma Capital Investment Management. (2) Fund inception: June 12, 2014. The performance shown is that of the I JPY C share class, except for the period from 12 June 2014 to 10 December 2014 when it is the I USD C share class. The Fund's performance above is shown net of all fund fees. Past performance is not a reliable indicator of future returns. All information as of 31 May 2022 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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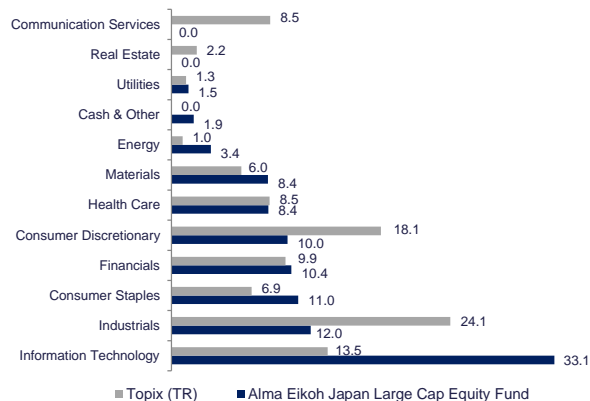


## Fund Characteristics

### Portfolio Characteristics <sup>(3)</sup>

Main indicators	Fund	Topix (TR)
No. of securities	33	2,171
Weighted Average Market Cap (¥ bn)	3,373	5,110
Median Market Cap (¥ bn)	1,454	43
Dividend Yield (%)	2.3	2.5
Historical Price / Earnings (x)	14.3	13.8
Historical Price / Cashflow (x)	9.4	9.7
Historical Price / Book (x)	1.3	1.2
Volatility (%)	21.0	19.3
Sharpe ratio	0.6	0.4
Active share (%)	86.7	-
Beta	1.0	-
Tracking error (%)	5.9	-
Information ratio	0.8	-

### Sector Exposure (% AUM) <sup>(3)</sup>



### Top 10 Issuers <sup>(3)</sup>

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL GRC	Financials	6.57
SUMCO CORP	Information Technology	4.91
RENESAS ELECTRONICS CORP	Information Technology	4.86
SCREEN HOLDINGS CO LTD	Information Technology	4.68
ROHM CO LTD	Information Technology	4.58
ORIX CORP	Financials	3.80
FUJITSU LTD	Information Technology	3.66
KAO CORP	Consumer Staples	3.53
ASAHI GROUP HOLDINGS LTD	Consumer Staples	3.48
INPEX CORP	Energy	3.40
<b>TOTAL :</b>		<b>43.47</b>

## Key Facts

Issuer / Manager	Alma Capital Investment Funds / Alma Capital Investment Management						
Fund Type	Luxembourg UCITS SICAV						
Share Classes	I JPY C	I USD-H C	I EUR C	I EUR D	I EUR-H C	I GBP C	I GBP-H C
ISIN-Code	LU1013116519	LU1013117160	LU1870374508	LU1870374920	LU1013116782	LU1152097108	LU1013116949
BBG Ticker	AEJPIJA LX	AEJIUHA LX	AEJLIEC LX	AEJLIED LX	AEJIEHA LX	AEKJEGC LX	AEJIGHA LX
Currency	JPY	USD	EUR	EUR	EUR	GBP	GBP
Management Fee p.a. <sup>(4)</sup>	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Tax d'abonnement p.a.	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Initial Issue Price	¥10,000	\$100	€ 100	€ 100	€ 100	£100	£100
Launch Date	10 December 2014	12 June 2014	04 February 2019	08 March 2019	10 December 2014	17 February 2015	12 June 2014
Subscription and Redemption Cut-Off	12:00 p.m. CET (T-1)						
Valuation Day (T)	Daily						
NAV Publication	Daily, published on a T+0 basis						
Settlement	T+3						
Depository, Administrator, Transfer Agent	BNP Paribas Securities Services						
Registered Countries <sup>(5)</sup>	Austria, Belgium, France, Germany, Italy, Luxembourg, Singapore, Switzerland, United Kingdom						
SRRI	6						

(3) Source: Alma Capital Investment Management. (4) Management Fee is payable monthly to the Management Company and is calculated on each Valuation Day on the basis of the Net Asset Value of the relevant Share Class. The Investment Manager is remunerated by the Management Company out of the Management Fee. (5) Registered countries where at least one share of the fund is registered. All information as of 31 May 2022 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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## Commentary - Alma Capital - May 2022 <sup>(6)</sup>

### Fund

The Fund rose by 1.42% (JPY share class) in May, outperforming Topix which rose by 0.78% (dividends reinvested).

Both stock selection and sector allocation added value over the month and contributed to the fund's outperformance of the Topix benchmark. There was a strong positive contribution to sector allocation from the heavy overweight in Semiconductors & Semiconductor Equipment and the overweight in Energy also added value as did the underweights in Media & Entertainment, Consumer Services and Real Estate. There were negative contributions from the underweights in Consumer Durables & Apparel and Capital Goods as well as from overweights in Software & Services and Household & Personal Products. Stock selection was good amongst the fund's semiconductor related holdings with strong contributions coming from the positions in IC and device maker Rohm, wafer maker Sumco and SPE company Screen Holdings. The positions in Komatsu, the construction and mining machinery company, and household goods maker, Lixil, also added value. The position in brewer Asahi group was an underperformer in May after announcing weaker results and outlook than the market expected due to raw materials impacts. The small position in biotechnology firm Peptidream performed poorly though on no specific news and the positions in Ibiden and Fujifilm, the imaging and CDMO business also detracted from performance.

The first fortnight of May saw the majority of Japanese corporates announce full year results and forecasts for fiscal year 2022 providing an insight into the challenges and opportunities for companies in the face of inflation, rising rates and deteriorating economic conditions. JMDC, a prior holding of the portfolio, released a flat set of Q4 numbers impacted by an inability to further ramp up consulting revenues due to hiring constraints, however we are confident that long term prospects for the company remain very strong. The shares sold off sharply after the results announcement, continuing their weaker performance this year and after meeting the company we purchased a position. We decided to sell our holding in Recruit Holdings whose Indeed recruitment platform enjoys a globally dominant position and has performed very strongly this year driven by a very tight labour market in the US. We have some concerns about the outlook for profits in the face of a cyclical downturn in light of the operating leverage of the platform. The continued market weakness at the start of the month allowed us to purchase positions in two IT software companies we regard as being very high quality with strong cashflow and good growth prospects. Nomura Research Institute have very strong business consulting and shared online service operations with a high proportion of recurring revenue, they are primed to continue to grow solidly, benefitting from Digital Transformation of the private sector domestically and additionally should continue to see strong growth from their Star system for the banking industry. Fujitsu continues to improve as a business, rapidly adapting its offering to the cloud and we expect margins to improve both domestically through greater use of automation and off-shoring and overseas as they rationalise and focus their operations. We decided to sell our position in semiconductor IC packaging maker Ibiden as we have become concerned that their heavy capex plan as they aggressively expand capacity could result in a slump in profitability when combined with the weakness we can see developing in PC shipments in 2022. Finally we sold our position in Fanuc where we have become more nervous about margins in light of rising component and logistics costs and the likelihood of a peaking out in demand in response to weaker economic conditions.

### Market Review and Outlook

In the early part of May, global equities continued to perform poorly affected by concerns over inflation, higher rates and recessionary risks. These concerns were in part supported by financial results announcements in the US where consumer facing companies such as Target and Amazon released weaker numbers and forecasts than expected. The US CPI continued to post very high numbers with the release of the April figure of +8.3% and with nonfarm payroll numbers showing a further rise, the market continued to sell treasuries with the 10 year US yield exceeding 3% for the first time this year. One of the other major concerns facing the market and adding to general supply chain and economic woes has been the lockdown in China, however in the middle of May reports came out that Shanghai would be reopening and aiming for a resumption of normality from June 1st. Furthermore the Chinese authorities announced various new economic support measures throughout the second half of the month aimed at supporting both the property market and wider economy. This news, alongside comments from Jerome Powell the fed chairman that suggested a low likelihood of hikes in excess of 50bps at the forthcoming FOMC meetings, improved market sentiment with the trends in equities seen in the first half of May broadly reversing in the second half. Oil however resumed its rise over the increasing likelihood of further European sanctions on Russian oil and gas. Brent crude finished the month at \$123 per barrel and this was reflected in the stock market with Energy stocks comfortably the best performing sector. Other leading market sectors included Semiconductors & Semiconductor Equipment, Consumer Durables and Apparel, Technology Hardware & Equipment as well as Insurance and Utilities. The weakest market sectors were Household & Personal Products, Banks, Food and Staples Retailing, Media & Entertainment and Food, Beverage & Tobacco.

Domestic CPI numbers for April came out on the 20th of May and were in line with estimates at +2.5% which remains high in Japan's recent history but low in a global context. The jump from March's +1.3% number is largely due to the mobile tariff price cut from last year falling out on a YoY basis. The BOJ retain their dovish stance acknowledging the current inflationary environment only as temporary. The preliminary Q1 GDP estimate was announced on the 18th May and showed a drop of 1.0% QoQ and this strongly surpassed estimates which were closer to -2%; real consumer spending remained flat over the quarter. Consumer sentiment in Japan appears to have stabilised somewhat with the May Sentiment Index recovering modestly to 32.9 and April retail sales up 2.9% YoY. Whilst the Japanese are beginning to experience inflation, it is in absolute terms reasonably limited, consumer savings remain at highs and the employment market remains extremely tight. Business conditions also remain stable with the Manufacturing PMI flat MoM at 53.3 and the service PMI showing an improvement to 52.6, the highest level seen so far in 2022 and likely reflective of the continued reopening of society, especially with regards to domestic tourism. The Economy watchers survey also showed an improvement both for current conditions and outlook with May numbers of 52.6 from 50.7 and 51.3 from 48.0 respectively.

In May there was more incrementally positive news than in the two months prior with the Chinese government announcing the schedule for reopening in Shanghai alongside stimulatory economic measures and in the US a slightly more dovish tone from Jay Powell than the market had expected. It remains the case however that inflation and economic conditions overall continue to worsen and it is still unclear to what extent this is priced in to markets and to what extent company fundamentals will be impacted both on the cost side and on the demand side with both consumers and businesses squeezed by higher costs. We continue to look closely at individual company fundamentals in light of the changing scenario with the portfolio resultantly more defensively positioned than it was earlier in the year. We still believe our portfolio companies remain attractively priced in light of their medium growth prospects and their ability to weather the inflationary storm now underway. In order of magnitude the portfolio is overweight in Semiconductors & Semiconductor Technology, Software & Services, Energy, Food & Staples Retailing and Materials. We are underweight Capital Goods, Telecommunication Services, Technology Hardware & Equipment, Consumer Durables & Apparel and Media & Entertainment. We continue to believe that Japanese companies offer attractive fundamentals with the Topix trading at a prospective PER of 12.7x and a dividend yield of 2.47%. Recent year-end financial results were impressive with net profits of Topix non-financials up 75% YoY driven by economic beneficiaries, notably trading companies and shippers. Perhaps more excitingly for investors, these profits flowed through to shareholders with 74% of companies hiking their dividend and share buybacks up 63% to \$32bn, a post financial crisis high, as corporate governance continues to advance. Despite worsening economic conditions, company forecasts for the upcoming fiscal year are still on aggregate strong with recurring profit guidance calling for growth of +10.7% and the likelihood of further improvement in returns to shareholders high.

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### MARKETING COMMUNICATION

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Alma Capital Investment Management S.A. acts as the management company. It is governed by chapter 15 of the law of 17 December 2010 and supervised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg under number S00000930. It is incorporated under the form of a société anonyme and has its registered address at 5, rue Aldringen, L-1118 Luxembourg, Grand-Duchy of Luxembourg. It is registered with the Luxembourg Trade and Companies' Register under number B171608 and its website is: [www.almacapital.com](http://www.almacapital.com)

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