

Alma Eikoh Japan Large Cap Equity Fund

Data as of
31 October 2022

Fund AUM
\$794,770,653

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 \$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 October 2022)⁽²⁾



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⁽²⁾

	1M	3M	6M	YTD	1Y	3Y	5Y	ITD	Annualised ITD
Alma Eikoh Japan Large Cap Equity Fund	4.73%	-2.87%	-0.68%	-7.06%	-7.05%	40.33%	44.64%	149.98%	11.54%
Topix (TR)	5.10%	0.52%	2.93%	-0.72%	-1.00%	24.32%	22.97%	88.18%	7.82%

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

Fund ESG Recognitions



Annual Fund Performance⁽²⁾

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alma Eikoh Japan Large Cap Equity Fund	-7.06%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
Topix (TR)	-0.72%	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

+33 1 56 88 36 61 (FR)
info.investors@almacapital.com
www.almacapital.com

(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 October 2022 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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Fund Characteristics

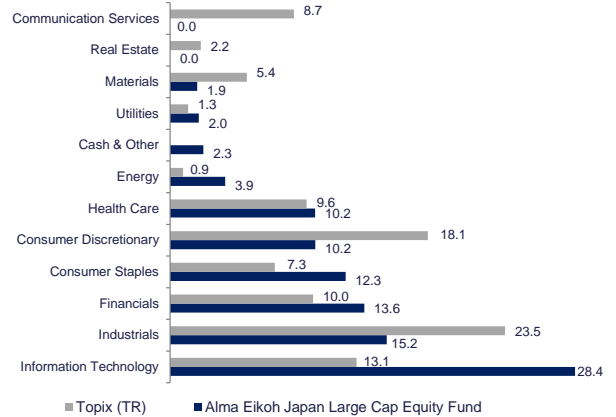
Portfolio Characteristics ⁽³⁾

Main indicators	Fund	Topix TR
No. of securities	35	2,166
Weighted Average Market Cap (¥ bn)	3,676	5,013
Median Market Cap (¥ bn)	2,111	37
Dividend Yield (%)	2.42	2.61
Historical Price / Earnings (x)	15.61	14.28
Historical Price / Cashflow (x)	11.52	9.80
Historical Price / Book (x)	1.16	1.15
Volatility (%)	20.84	19.16
Sharpe ratio	0.58	0.41
Active share (%)	83.22	-
Beta	1.04	-
Tracking error (%)	5.79	-
Information ratio	0.74	-

Top 10 Issuers ⁽³⁾

Issuer name	Sector	% AUM
FUJITSU LIMITED	Information Technology	6.98
MITSUBISHI UFJ FINANCIAL GRO	Financials	6.41
RENESAS ELECTRONICS CORP	Information Technology	4.44
ROHM CO LTD	Information Technology	4.00
KAO CORP	Consumer Staples	3.91
INPEX CORP	Energy	3.86
ASTELLAS PHARMA INC	Health Care	3.56
FUJIFILM HOLDINGS CORP	Information Technology	3.47
SUMCO CORP	Information Technology	3.29
SEVEN & I HOLDINGS CO LTD	Consumer Staples	3.21
TOTAL :		43.13

Sector Exposure (% AUM) ⁽³⁾



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. ⁽⁴⁾	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 SA.						
Registered Countries ⁽⁵⁾	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 October 2022 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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Commentary - Alma Capital - October 2022 ⁽⁶⁾

Fund

The Fund rose by 4.73% (JPY share class) in October, underperforming Topix which rose by 5.10% (dividends reinvested).

The fund's underperformance during the month was caused by weak stock selection outweighing a positive contribution from sector allocation. The overweight position held in Semiconductors & Semiconductor Equipment was the driver of value gained in sector allocation, more than offsetting the negative impact of the overweight held in Household & Personal Products and the underweight held in Telecoms. Stock selection was poor in Semiconductors & Semiconductor Equipment, where Renesas lagged the rise in the market, and in Software & Services due to the weak performance of NRI following results that showed slightly weaker than expected profits in their overseas operations. Value was also lost in Pharmaceuticals and Technology Hardware with PeptiDream and FujiFilm respectively weakening but in the absence of specific news. Stock selection was strong in capital goods and energy reflecting the strong performance of Komatsu and Inpex respectively.

We were active during the month buying four and selling three companies. We sold the position in JSR, concerned both over the recent rapid deterioration in the display business fundamentals and the persistence of operational problems in the rapidly expanding life science segment. Should we see clear signs of sustained improvement here we would reconsider our stance, but this is not the case now. We sold our position in Hoya reflecting its strong outperformance of the technology sector in recent months leaving the stock looking expensively priced and also in recognition of the fact that its glass HDD business outlook has deteriorated markedly along with the rest of the sector. We still think that its EUV business will remain firm and at the right price would be happy to own the stock again. We bought a position in the newly listed custom SOC (System on Chip) provider Socionext which appears to us very attractively valued relative to other technology stocks considering the strength of its business model and position in cutting edge SOC's. We bought a holding in Mitsubishi Heavy Industries where we think that earnings are likely to progress steadily over the next few years driven by cost reduction and recovery in areas such as commercial aircraft. We think the company looks well positioned to capture longer term demand in green energy and nuclear energy as well as some elements of higher defence spending. We sold our position in the specialist M&A consultant Nihon M&A Centre reflecting our concern that the difficulty they appear to be having in hiring and retaining sufficient experienced consultants will constrain growth prospects beyond the next year or two. We bought a position in East Japan Railway where we think that careful control of costs will allow them to show strong profits growth as Japan removes its COVID restrictions and business travel and tourism recover. Their real estate developments look set to raise earnings in their ancillary businesses substantially over the next few years. Lastly, we bought a holding in Nisshin Foods, the leading maker of Cup Noodles, where we have been impressed with their ability to raise prices to offset cost increases and where demand continues to be very robust reflecting the strong value proposition that they still manage to offer consumers during the current cost of living crisis.

Market Review and Outlook

The Topix, along with global markets, recovered much of the loss recorded the prior month rising by 5.10% in October. While inflationary pressures remain worrying, investors regained their composure helped in part by the U-turn in UK government policy which allowed the UK bond market to recover, the benchmark yield falling from 4.1% to 3.5% over the month. The US bond market weakened however with the benchmark yield rising from 3.8% to 4.0% reflecting firm employment statistics and other positive economic data coupled with a rise in the core CPI to 6.6% from 6.3% the previous month. The stark disparity between US and Japanese rates caused further Yen weakness despite intervention by the Ministry of Finance with the Yen falling from 144.7/\$ to 148.7/\$ over the period. The rise in the market was led by selected cyclicals with shipping, autos and electrical appliances among the leading gainers while many more defensive areas such as foods, utilities, retail and land transport lagged. Topix Growth outperformed Topix Value by 0.9% but has lagged by 14.3% on a year to date basis.

Domestic economic news over the month was mixed. The Economy Watchers Survey showed an improvement in current conditions for the third successive month with the DI rising 1.5 points to 51.1 however the future conditions DI slipped back from 49.3 to 48.2. Industrial Production fell 1.6% MoM in September underperforming expectations as a result of production declines in automobiles and chemicals. A survey of manufacturers' production forecasts indicates further declines are expected in October and November suggesting the global economic slowdown is starting to have an impact on domestic activity. Japan's unemployment rate rose from 2.5% to 2.6% in September but the job offers to applicant ratio improved further from 1.32x to 1.34x. Inflation continues to slowly increase in Japan, driven by higher food and energy prices. The CPI rose by +3.0% in September, excluding both energy and fresh food the increase falls to +1.8% compared to +1.6% in August. As had been signalled in advance Prime Minister Kishida announced a substantial stimulus package to support the economy at the end of October. With a headline value of ¥71.6trn for the overall economic package the actual size of the supplementary budget spending is ¥29.1trn and broadly in line with market expectations. The Kishida administration is still struggling to reverse the fall in support engendered by revelations over the close links between the Unification Church and the LDP following the assassination of former PM Abe. The latest Jiji public opinion survey published on the 13th October showed a cabinet approval rate of only 27.4%, down 5% over the month and down 17% compared to August.

While Japan's corporate performance has remained firm in recent months the impact of higher energy prices, food prices and rising interest rates on global demand is likely to show up in a number of different product and service areas as we move into 2023. The recent reconfirmation of China's zero COVID strategy at the Party Congress is a further negative factor for the outlook for demand growth and the smooth functioning of global supply chains. With inflationary pressures forcing central banks to constrain growth and limiting the appetite of governments to take counter cyclical stimulatory action, it is clear just how important to markets and the global economy the outlook for inflation is. We incorporate a relatively dull demand outlook in our modelling of the businesses that we analyse and remain focused on the long-term outlook for growth and returns in our stock selection. The majority of the fund constituents have now announced their Q2 financial results and we are encouraged by the steady progress and improvement shown in the latest quarter. Areas of focus for us include automotive electrification and the digital transformation of much of the corporate sector. It is this that underpins the overweight position held in Semiconductors, with stocks such as Renesas or Rohm, and Software & Services, where Fujitsu is a major holding in the fund. These more economically geared investments are balanced by positions in companies in more stable areas of structural growth including Household & Personal Products and Healthcare. The fund holds a substantial underweight in Capital Goods and is also underweight Telecoms. We believe our portfolio companies are attractively priced in light of their medium term growth prospects and their ability to weather current uncertain economic conditions. In order of magnitude the portfolio is overweight in Semiconductors & Semiconductor Technology, Software & Services, Household & Personal Products, Banks and Energy. It is underweight Capital Goods, Telecommunication Services, Consumer Durables & Apparel, Technology Hardware & Equipment and Materials. We continue to believe that Japanese companies offer attractively priced fundamentals with the Topix trading at a prospective PER of 12.2x, a PBR of 1.12x and a dividend yield of 2.62%. Improvements in corporate governance continue to be seen and we expect further growth in dividends and share buybacks across the corporate sector in fiscal 2022. The value of share buybacks in the first half of fiscal 2022 came to ¥4.4trn, up 29.5% and only just shy of the record figure of ¥4.7trn recorded in 2019; it seems likely that the full year figure may reach ¥7.9trn, a record high.

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Disclaimer

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

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