

Alma Eikoh Japan Large Cap Equity Fund

Data as of
29 December 2023

Fund AUM
\$863,144,695

Fund Launch
12 June 2014



ALMA CAPITAL

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 London ⁽¹⁾

- FCA-authorized fund management company, which is a subsidiary of Alma Capital Investment Management, a Luxembourg-based independent management company founded in 2006.
- Portfolio is managed by James Pulsford, who has 30 years experience managing Japan equities in long only and long/short strategies, and Tom Grew, who has been working with James for the past 5 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 - 29 December 2023) ⁽²⁾



Fund Awards

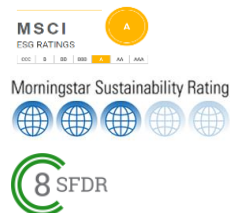
- **CityWire**
James Pulsford and Tom Grew awarded Best Japan Equity Manager (2023)
- **Morningstar**
Rated 5 Stars Overall, 3 and 5 Years (2023)
- **Fund Selector Asia Singapore**
Awarded Platinum within Japanese Equity category (2023, 2022)
- **L'Agefi**
Awarded Best Japan Equities Fund three years in a row (2023, 2022, 2021)
- **Sauren**
Awarded 2 Gold Medals as one of the Best Japan Equities Funds (2021, 2020)

Fund Performance Summary ⁽²⁾

	1M	3M	6M	YTD	1Y	3Y	5Y	ITD	Annualised ITD
Alma Eikoh Japan Large Cap Equity Fund	-0.92%	-0.78%	0.00%	31.12%	31.12%	49.97%	135.25%	229.57%	13.30%
Topix (TR)	-0.23%	2.04%	4.54%	28.26%	28.26%	41.05%	78.92%	137.13%	9.46%

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

Fund ESG Recognitions



Annual Fund Performance ⁽²⁾

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alma Eikoh Japan Large Cap Equity Fund	31.12%	-6.55%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
Topix (TR)	28.26%	-2.45%	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



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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 29 December 2023 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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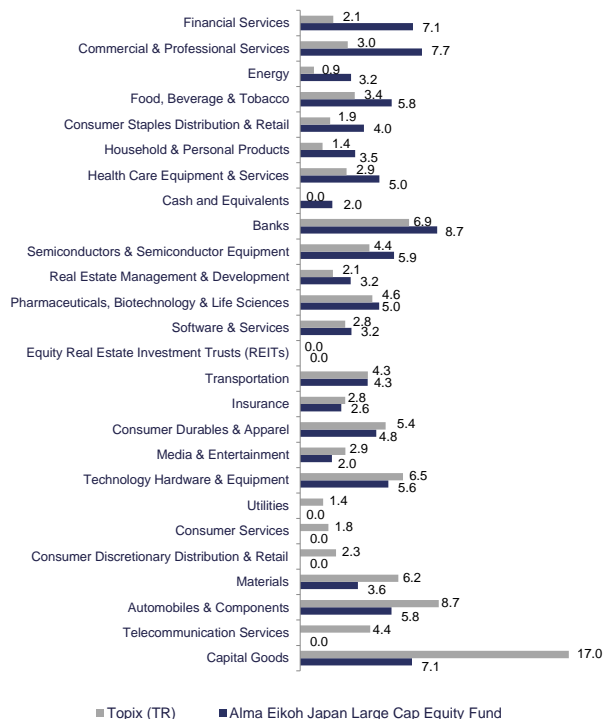
Portfolio Characteristics ⁽³⁾

Main indicators	Fund	Topix TR
No. of securities	33	2,155
Weighted Average Market Cap (¥ bn)	3,572	6,516
Median Market Cap (¥ bn)	2,577	44
Dividend Yield (%)	2.30	2.30
Historical Price / Earnings (x)	14.45	15.39
Historical Price / Cashflow (x)	10.05	10.41
Historical Price / Book (x)	1.33	1.25
Volatility (%)	19.54	18.15
Sharpe ratio	0.74	0.52
Active share (%)	85.03	-
Beta	1.03	-
Tracking error (%)	5.58	-
Information ratio	0.91	-

Top 10 Issuers ⁽³⁾

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL INC	Banks	7.06
DENSO CORP	Automobiles & Components	5.76
SEVEN & I HOLDINGS CO LTD	Consumer Staples Distribution & Retail	4.02
RENESAS ELECTRONICS CORP	Semiconductors & Semiconductor Equipment	3.93
ORIX CORP	Financial Services	3.82
MITSUBISHI HEAVY INDUS LTD	Capital Goods	3.72
FUJIFILM HOLDINGS CORP	Technology Hardware & Equipment	3.48
KAO CORP	Household & Personal Products	3.48
KOMATSU LTD	Capital Goods	3.33
TAKEDA PHARMA CO LTD	Pharmaceuticals, Biotechnology & Life Sciences	3.33
TOTAL :		41.93

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	R JPY C
ISIN-Code	LU1013116519	LU1013117160	LU1870374508	LU1870374920	LU1013116782	LU1152097108	LU1013117327
BBG Ticker	AEJPIJA LX	AEJIUHA LX	AEJLIEC LX	AEJLIED LX	AEJIEHA LX	AEKJEGC LX	AEJPRJA LX
Currency	JPY	USD	EUR	EUR	EUR	GBP	JPY
Management Fee p.a. ⁽⁴⁾	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.40%
Tax d'abonnement p.a.	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.05%
Initial Issue Price	¥10,000	\$100	€ 100	€ 100	€ 100	£100	¥10,000
Launch Date	10 December 2014	12 June 2014	04 February 2019	08 March 2019	10 December 2014	17 February 2015	28 April 2022
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	4						

*Note: additional share classes available, please refer to the Prospectus

(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 29 December 2023 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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Commentary - Alma Capital - December 2023 ⁽⁶⁾

The Fund fell by -0.92% (JPY share class) in December, underperforming the Topix which fell by -0.23% (dividends reinvested).

Stock selection was the driver of the underperformance recorded this month, with sector allocation registering a small positive contribution driven by the overweight position held in Commercial & Professional Services and the underweight in the Automobiles & Components. Stock selection was weak in Consumer Durables with Asics giving back some of its outperformance after the posting of its new mid-term plan and Panasonic weak on concerns over the sustainability of the Inflation Reduction Act subsidies. Value was lost in Semiconductors and Semiconductor Equipment with both Rohm and Renesas falling on shorter term demand concerns. In Materials, Nippon Steel underperformed after its bid for US Steel. On the positive side, stock selection added value in Commercial & Professional Services, driven by Visional which reported strong Q1 results, In Pharmaceuticals, lifted by the rise in PeptiDream, and in Financial Services where the holding in GMO Payment Gateway performed well.

During the month we sold the position in Terumo switching it into Olympus, the endoscope maker. Olympus has substantially underperformed Terumo over the past year, reflecting primarily the costs associated with investments it is making in upgrading its manufacturing and reporting systems. Its global franchise remains very strong, and the stock now appears significantly undervalued in the MedTech area with good scope for outperformance as growth recovers and margins improve over the next couple of years. We sold the remaining position in Socionext after a reassessment of prospects for growth during 2024 and 2025. It now seems likely that the impact of the decline in its Chinese 5G Base Station business will be greater than previously anticipated and the overall business will make little progress over this period. We sold the position in Honda, taking advantage of the weakness in the price of Denso engendered by the Toyota Group secondary share sales to substantially increase our holding in this stock. While Honda and the other OEM auto companies have done well in 2023 medium term prospects look more challenging from here as market volumes flatten and the transition towards EV's progresses. Denso looks well positioned here as a clear beneficiary of these structural moves. Lastly, we purchased a position in Kuraray where we like both longer term prospects for its activated carbon business and the strong cashflow from its core Poval operations. After recent underperformance triggered by its recent move to adjust market inventory the stock appears very cheaply valued.

Market Review and Outlook

After the strong rise in November, the market was broadly flat during December despite the strength in global markets which saw some markets mark new highs. The key factor behind the muted performance was the strength in the Yen which moved from 148.2 to 141.04 against the US\$ with the statement from BOJ Governor Ueda to the Diet on the 7th December, a catalyst in this move. His comment that the BOJ faced a challenging situation in 2024 was interpreted as a signal that the bank will move to tighten monetary policy early in the year. The bond market was little changed over the month despite these comments however, after a sell off post the testimony, the market strengthened with the 10-year yield falling from 0.66% to 0.62% over the month. A further depressant of Japanese stocks was the political turmoil within the LDP with the factional funding scandal causing the resignation of four Cabinet ministers and damaging Prime Minister Kishida's approval rating. The shipping sector, benefiting from firmer rates after Houthi attacks on shipping in the Red Sea, was the standout performer for the month with services, chemicals and railways also marking gains. Mining, autos, banks, oil and pharmaceuticals were in contrast poor performers. The Topix Growth Index rose by 0.7% over the month, outperforming Topix Value which fell -1.4%. For 2023 overall Topix Value gained 32.4% while Topix Growth rose by 23.8%.

Industrial Production slipped -0.9% MoM in November, however average industrial production in October and November remains 0.9% higher than the level of the previous quarter. The Economy Watchers Survey coincident index was little changed at 49.8 and the outlook fractionally down at 49.4 in November. The December BOJ Tankan business survey indicated that current business conditions continued to improve in both the manufacturing and non-manufacturing sectors with the diffusion indices rising from +9 to +12 and +27 to +30 respectively. The future conditions DI did weaken in the manufacturing sector by -2, however in the non-manufacturing area it strengthened by +3. Other features of the survey were that capital spending remains robust with a +12.8% increase expected in 2023 and longer-term inflation expectations remain anchored around the BOJ's 2% inflation target with +2.1% expected on a five-year view across all industries. Coupled with evidence of intensifying labour shortages in some industries this provides support for some tightening of monetary policy by the BOJ in the year ahead though there was no change in policy announced at the December meeting. The November CPI remained elevated with +2.7% growth after stripping out food and energy costs compared to a +2.8% nominal figure, and the unemployment rate unchanged at 2.5%.

Looking out to the year ahead while the global demand outlook is mixed, the situation in Japan remains moderately encouraging with stable economic conditions and Government policy clearly focused on supporting growth. Government support is evident in targeted technology sectors with substantial grants made in 2023 in areas such as wafer manufacturing, silicon carbide power semiconductors and semiconductor process materials. However, recent political travails within the LDP represent an element of risk in this regard; following the recent funding scandal support for Prime Minister Kishida has fallen to only 26% and it is now possible that he may step down to allow the LDP to regroup under a fresh leader. However, while a new leader would seek to reformulate economic policies, in the consensus driven LDP we think that a radical change in economic approach would be unlikely, and that policy should remain supportive. Geopolitical changes also mitigate in favour of Japan with some of the investments being made by both Japanese and global companies to reduce supply chain dependence upon China, flowing into Japan, particularly in the technology sector. There are clear indications that wage growth in 2024 is likely to be strong again, reflecting the health of the corporate sector, government pressure and social consensus. The Japan small manufacturers union is demanding a record increase in base pay of +4% in 2024, indicating that the move to higher pay has broadened out from larger companies to the wider economy. In response to the outlook for firm wage growth the BOJ is expected to tighten, exiting from negative interest rate policy in early 2024 though whether this happens at the January meeting is now open to doubt as they may want to study the impact of the recent Noto Peninsula quake before moving. In any case the BOJ seems likely to move extremely cautiously in raising rates beyond the removal of NIRP and aims to remain fundamentally accommodative unless there is an unexpected increase in inflationary pressures.

We continue to run a portfolio that we judge has neither a clear pro-cyclical nor contra-cyclical bias and with average valuations close to that of the wider market. The portfolio's PER and Price cash flow are at a discount to the market but PBR at a premium. With 77% of the risk taken relative to the market, stock specific, style and industry bets are relatively modest. The portfolio has an ex-ante beta of 1.06 and in terms of style factors is underweight momentum, overweight growth, underweight value, and is overweight exposure to the US\$ and Euro. In order of size, the fund's top sector overweight positions are Financial Services, Commercial & Professional Services, Energy, Food, Beverage & Tobacco, and Consumer Staples. The top underweight sectors are Capital Goods, Telecommunication Services, Automobiles & Components, Materials, and Consumer Discretionary. The Topix is trading at a prospective PER of 15.0x, a PBR of 1.31x and a dividend yield of 2.29%. After strong performance in 2023 valuations have risen but still look reasonable in an international context. The trend towards improving corporate governance remains in place and is accelerating. With activist investor activity a clear catalyst, we expect further growth in dividends and share buybacks across the corporate sector.

(6) Information provided by Alma Capital Investment Management.
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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 22-24, Boulevard Royal, L-2449 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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