

# Alma Eikoh Japan Large Cap Equity Fund

Data as of  
28 March 2024

Fund AUM  
\$1,036,288,586

Fund Launch  
12 June 2014



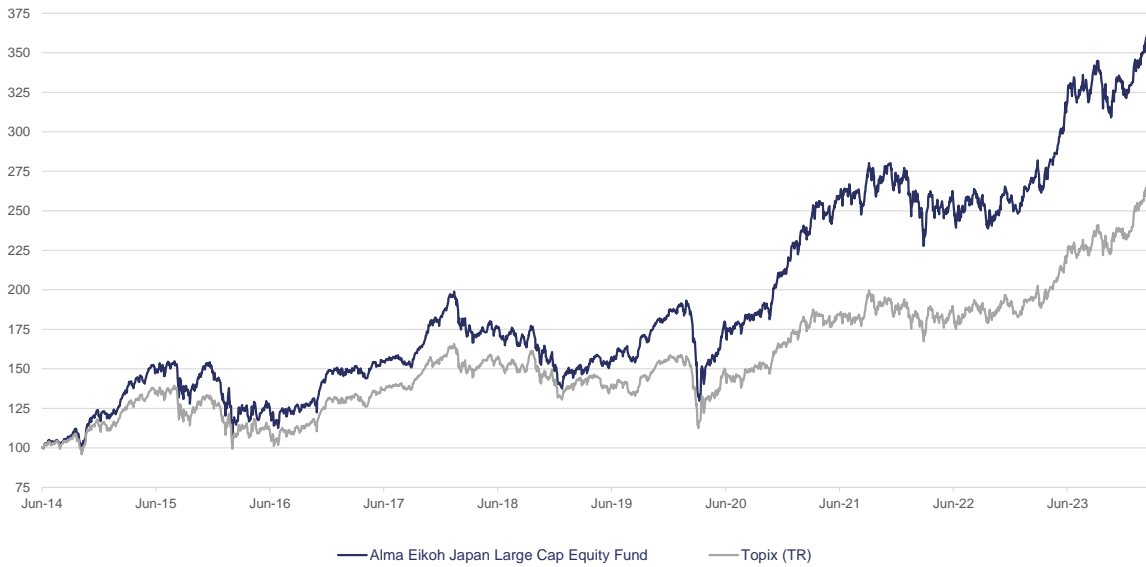
## Investment Strategy

- 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 London<sup>(1)</sup>

- 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 - 28 March 2024)<sup>(2)</sup>



## 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<sup>(2)</sup>

	1M	3M	6M	YTD	1Y	3Y	5Y	ITD	Annualised ITD
<b>Alma Eikoh Japan Large Cap Equity Fund</b>	4.34%	15.53%	14.63%	15.53%	39.50%	49.08%	155.56%	280.75%	14.62%
<b>Topix (TR)</b>	3.76%	17.38%	19.77%	17.38%	40.43%	49.72%	96.01%	178.35%	11.01%

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

## Fund ESG Recognitions



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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Alma Eikoh Japan Large Cap Equity Fund</b>	15.53%	31.12%	-6.55%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
<b>Topix (TR)</b>	17.38%	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



## 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 28 March 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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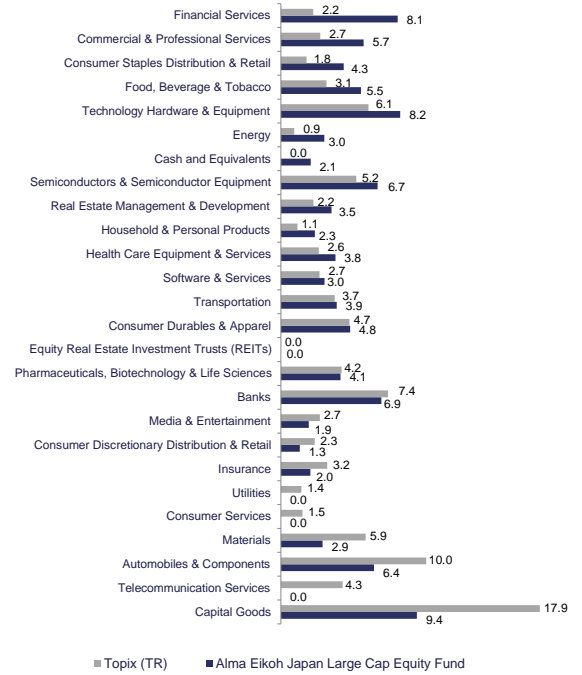
### Portfolio Characteristics <sup>(3)</sup>

Main indicators	Fund	Topix TR
No. of securities	41	2,148
Weighted Average Market Cap (¥ bn)	4,013	8,968
Median Market Cap (¥ bn)	1,255	47
Dividend Yield (%)	2.03	2.03
Historical Price / Earnings (x)	18.03	16.41
Historical Price / Cashflow (x)	10.39	10.71
Historical Price / Book (x)	1.53	1.45
Volatility (%)	19.37	18.03
Sharpe ratio	0.82	0.61
Active share (%)	84.78	-
Beta	1.03	-
Tracking error (%)	5.57	-
Information ratio	0.89	-

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

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL GROUP INC	Banks	6.95
DENSO CORP	Automobiles & Components	6.44
ORIX CORP	Financial Services	4.20
MITSUBISHI ESTATE CO LTD	Real Estate Management & Development	3.50
MITSUBISHI HEAVY INDUSTRIES LTD	Capital Goods	3.48
RENESAS ELECTRONICS CORP	Semiconductors & Semiconductor Equipment	3.29
KOMATSU LTD	Capital Goods	3.27
ASAHI GROUP HOLDINGS LTD	Food, Beverage & Tobacco	3.27
FUJIFILM HOLDINGS CORP	Technology Hardware & Equipment	3.24
SEVEN & I HOLDINGS CO LTD	Consumer Staples Distribution & Retail	3.16
<b>TOTAL :</b>		40.80

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



## 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. <sup>(4)</sup>	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 <sup>(5)</sup>	Austria, Belgium, France, Germany, Italy, Luxembourg, Singapore, Switzerland, United Kingdom						
SRI	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 28 March 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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## Commentary - Alma Capital - March 2024 <sup>(6)</sup>

The Fund rose by 4.34% (JPY share class) in March, outperforming the Topix which rose by 3.76% (dividends reinvested).

Stock selection was the major driver of relative fund performance in March, while sector allocation was a slight positive. Overweight positions in Energy, Real Estate, and Financial Services and the underweight in Telecommunication Services added value; these more than offset the drag from underweights in Capital Goods and Utilities, and overweight positions in Consumer Staples, Distribution and Household & Personal Products. The top performers in the fund were the position in industrial conglomerate Mitsubishi Heavy Industries which continued its strong run on the back of thematic drivers of defence and the energy transition, sports shoemaker Asics, electronic component manufacturer Taiyo Yuden, and Fujifilm. Transaction service provider GMO Payment Gateway was a laggard in March and other mid cap names in the fund such as engineer staffing agency Open Up Group, waste management company Daiei Kankyo, and Peptidream also hurt fund performance.

After muted trading in February, we were active in March. We bought a position in the department store Takashimaya after underperformance to peers left it looking attractively priced; we expect robust sales growth to continue driven by inbound demand and domestic high-end consumption. We bought shares in drugstore operator Sugi Holdings where we expect solid growth driven by the expansion of its retail pharmacy coupled with the benefit of its recent purchase of a dispensing pharmacy chain. We repurchased shares in medical data company JMDC after having met again with the management team in Tokyo. Valuations are now much more supportive, and we expect strong growth to continue in both the institutional and medical divisions helped by synergies from recent M&A. We purchased a position in Misumi, the factory automation supplier. After the dramatic underperformance of the stock over the past couple of years we believe the shares offer good value; fundamentals have now stabilised after several quarters of negative sales growth and long-term prospects look positive in all regions led by their innovative Meeviy and Vona strategies. We bought shares in Nippon Express in their secondary public offering. We believe management efforts to restructure the domestic operations to become more profitable and their plan to grow the overseas business are credible, and the stock is very cheaply rated. We bought a position in component maker Taiyo Yuden; the company saw its orders bottom in Q4 FY3'23 and should show good margin recovery through 2024 and into 2025. Longer-term, auto electrification, data centres, mobile infrastructure, and industrial applications should drive demand for MLCC, metal inductors and hybrid aluminium capacitors. Lastly, we bought shares in semiconductor production equipment maker Tokyo Electron. We like the company's global competitive position and the growth that can be expected in areas such as etch and cleaning where they look set to gain market share.

We sold the position in medical internet company M3 which is being negatively impacted by the severe pharma marketing budget environment and this provided a natural source of funding for the JMDC position. We sold our position in Nippon Steel reflecting a duller outlook for earnings in the coming fiscal year and the potential financial strain on their balance sheet should the deal to purchase US Steel go through. We sold construction company Taisei as despite the strong improvement in overall market pricing, we now expect the company to book additional lower-priced unprofitable orders which were effectively negotiated over the last few years, this will dampen the improvement in the company's gross margin. The net result of the above trades is that the fund is running a slightly higher number of positions than is usual, this does not represent a change in strategy however and we plan to manage the portfolio to closer to 30 names over time.

### Market Review and Outlook

March showed further strength in the Japanese market with the Nikkei reaching new highs, passing the 40,000 mark for the first time in history. Top performing sectors in March were Real Estate, Energy, Utilities, and Insurance whilst Consumer Services, Health Care, Transportation, and Household & Personal Products lagged. Global markets continued to act positively with semiconductors and the AI related theme again leading the charge in US and Asian markets. Central bank activity over the month largely followed consensus expectations with the Fed leaving the guidance rate of 5.25%-5.5% untouched in the US where the economy remains resilient; expectations for easing continue to be delayed reflecting strong employment, sticky inflation and consumption statistics. In Japan the BOJ made the expected move to finally end the negative interest rate policy which started in 2016, the policy rate target range is now 0.0%-0.1%. The BOJ also officially decided to terminate their yield curve control policy and the purchase of risk assets (such as stock market ETFs). After a brief rally on the back of hopes of a more aggressive move from the BOJ in response to strong wage hike negotiations, the Yen continued its decline against the dollar, ending the month at ¥/\$151.4 vs ¥/\$150.0 at the start of the month and ¥140.9 at the start of the year. Net foreign flows to the market were negligible in March but through Q1 foreigners were net buyers to the tune of ¥3tn. Topix Value continued to modestly outperform Topix Growth during March and has continued last year's trend through the first quarter, up 7.7% on a relative basis. One other market trend worth commenting on through Q1 was the strong performance of the largest stocks which led the market; the Topix Core30 outperformed the wider market by 4% though in March, market performance was broader.

March and April are key months for Japanese wage negotiations, a focal point for the BOJ and wider market participants. In mid-March, Rengo published the first set of shunto (spring wage negotiations) results which showed an average wage hike of 5.3%, this is notably higher than 3.8% achieved in 2023. Further negotiations are ongoing, and several large blue-chip companies have announced even higher wage hikes than this. This was the backdrop to the change in policy made by the BOJ, however the tone from the BOJ remains dovish with the bank noting that "accommodative financial conditions will be maintained for the time being". Current consensus expects one further hike to the target rate from 10bps to 25bps and nationwide core inflation (ex-fresh food and energy) is currently holding steady at +2.5%. On balance economic conditions appear reasonably healthy; current conditions in the Economy Watchers Survey came in at a positive 52.4, its highest reading this year and the outlook also positive at 51.9, whilst the consumer confidence index continued its recent gradual rise, to 39.1 in March. The industrial sector is less encouraging however, February Industrial production came in below consensus at -0.1% MoM with the manufacturing PMI remaining slightly negative at 48.2 for March. The wider corporate sector though does seem to look in good health, early in March capital spending data was released showing strong growth of +16.4% YoY in the last quarter of 2023 (+11.7% excluding software) and bank lending has continued to grow, rising +3.2% in March.

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. Stock specific risk continues to be the key driver of active risk, style and industry bets are modest. The portfolio has an ex-ante beta of 1.03 and in terms of style factors is underweight momentum, overweight growth, underweight value, underweight size and is overweight exposure to the US\$ and Euro. In order of scale, the fund's top sector overweight positions are Financial Services, Commercial & Professional Services, Consumer Staples and Food, Beverage & Tobacco. The top underweight sectors are Capital Goods, Telecommunication Services, Automobiles & Components, and Materials. The Topix is trading at a prospective PER of 16.1x, a PBR of 1.42x and a dividend yield of 2.26%. While valuations have risen with the market, we believe they 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 to be made in fiscal 2024.

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### MARKETING COMMUNICATION

Alma Capital Investment Funds is a Luxembourg undertaking for collective investment pursuant to Part I of the law of 17 December 2010 relating to undertakings for collective investment. It is registered with the Luxembourg Trade and Companies' Register under number B159458 and has its registered address at 22-24, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg.

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](http://www.almacapital.com)

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