

Alma Eikoh Japan Large Cap Equity Fund

Data as of
30 August 2024

Fund AUM
\$1,047,184,165

Fund Launch
12 June 2014



ALMA CAPITAL

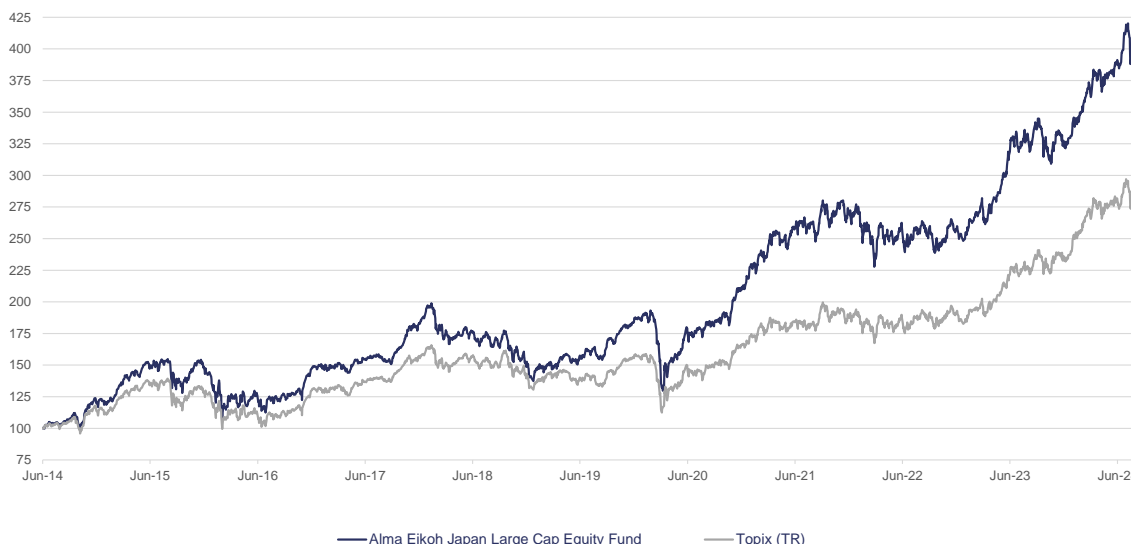
Investment Strategy

- 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 35 years experience managing Japan equities in long only and long/short strategies, and Tom Grew, who has been working with James for the past 7 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 - 30 August 2024) ⁽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	-2.31%	1.90%	7.04%	18.52%	16.97%	50.96%	147.98%	290.60%	14.25%
Topix (TR)	-2.90%	-2.02%	2.57%	16.03%	18.99%	48.92%	102.36%	175.14%	10.41%

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

Fund ESG Recognitions



Annual Fund Performance ⁽²⁾

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alma Eikoh Japan Large Cap Equity Fund	18.52%	31.12%	-6.55%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
Topix (TR)	16.03%	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

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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 30 August 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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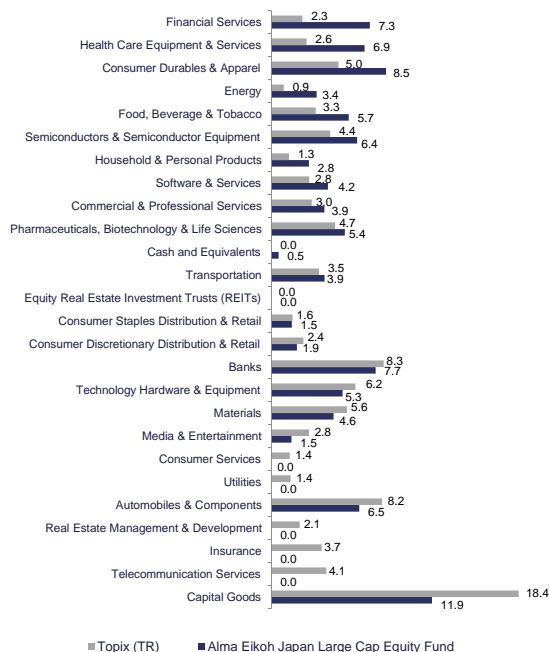
Portfolio Characteristics ⁽³⁾

Main indicators	Fund	Topix TR
No. of securities	35	2,135
Weighted Average Market Cap (¥ bn)	5,370	7,872
Median Market Cap (¥ bn)	2,395	48
Dividend Yield (%)	2.12	2.25
Historical Price / Earnings (x)	18.14	15.41
Historical Price / Cashflow (x)	9.69	9.90
Historical Price / Book (x)	1.41	1.32
Volatility (%)	20.03	18.79
Sharpe ratio	0.78	0.55
Active share (%)	82.41	-
Beta	1.02	-
Tracking error (%)	5.60	-
Information ratio	0.92	-

Top 10 Issuers ⁽³⁾

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL GROUP INC	Banks	7.74
FUJITSU LTD	Software & Services	4.20
ORIX CORP	Financial Services	4.17
OLYMPUS CORP	Health Care Equipment & Services	3.82
MISUMI GROUP INC	Capital Goods	3.77
ASICS CORP	Consumer Durables & Apparel	3.38
ASAHI GROUP HOLDINGS LTD	Food, Beverage & Tobacco	3.37
ENEOS HOLDINGS INC	Energy	3.35
SONY GROUP CORP	Consumer Durables & Apparel	3.34
TOKYO ELECTRON LTD	Semiconductors & Semiconductor Equipment	3.20
TOTAL :		40.34

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	AEJIJHA 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, Spain, 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 30 August 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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Commentary - Alma Capital - August 2024 ⁽⁶⁾

The Fund declined by -2.31% (JPY share class) in August, outperforming the Topix (dividends reinvested) by +0.58%.

Sector allocation was the key driver of positive relative fund performance in August, whilst stock selection represented a smaller offsetting negative factor. Overweights in Health Care Equipment & Services and Consumer Durables & Apparel, as well as the underweights in Insurance and Capital Goods added value; these more than offset the drag from overweights in Semiconductors & Semiconductor Equipment and Financial Services. At the stock level, some of the fund's mid cap names that performed poorly in the first half of the year continued their recent run of performance since their upward inflection from June. These include medical data company JMDC, where Q1 results reassured the market of its high top line growth rate, and transaction service provider GMO Payment Gateway. Sports shoemaker Asics rose after upbeat Q2 results showed further improvements in gross margins and continued strong monthly sales momentum in the fashion footwear lines. Other outperformers off the back of good results included synthetic film and fibre manufacturer Kuraray, materials handling systems provider Daifuku, and diversified financial company Orix. Electronic component manufacturer Taiyo Yuden fell after Q1 showed a weaker than expected sales recovery amid sluggish smartphone demand from China. Gaming company Nexon also fell after giving guidance for Q3 that failed to meet high expectation despite very solid numbers driven by their recent release of key franchise DnF for mobile. Other laggards included instant noodle company Nissin Foods, that released downbeat overseas volume growth for the quarter, and the department store Takashimaya declined along with peers hit by the strengthening Yen.

During the month we bought shares in automobile maker Toyota Motor which has an excellent position in hybrid vehicles, a key advantage in the current market environment and for the medium term. We believe they will also emerge as a longer-term leader in EVs and after recent underperformance, we think the opportunity to repurchase shares is attractive. We also added a position in leading air conditioner company Daikin Industries. In the near term the company faces weak market conditions in Europe and the sluggish real estate market in China however we believe the long-term prospects remain bright and there is no sign of deterioration in Daikin's competitive position. We think the current depressed stock price levels are an attractive entry point. We also rebuilt our position in Keisei Electric Railway over the month as we believe the recent heavy sell off once again offers us an attractive risk reward scenario with regard to the heavy discount to NAV thanks to the company's holding in Oriental Land. Finally, we bought shares in Sumitomo Chemical where we take a positive view of the management's restructuring efforts; this should lead to a major portfolio transformation leaving a much more attractive set of core assets while the current valuation remains cheap. We sold our position in auto parts maker Aisin in order to fund the Toyota position. We also sold CVS operator Seven & i Holdings reflecting concern over their failure to successfully address weak same store sales in both Japan and the US which looks set to impact earnings. We exited our position in waste management operator Dai Ei Kankyo which has performed strongly since our participation in the company's IPO in 2022. We now think shares are trading on a fair rather than cheap valuation and with very limited liquidity and a narrow shareholder base we don't think that risk reward remains attractive for this issue. Finally, we sold our position in real estate developer Mitsubishi Estate where we were disappointed by the limited moves that they made to improve its capital policy in their recently announced new mid-term plan.

Market Review and Outlook

The Topix ended up falling 2.90% through August in the most volatile month for the index since the onset of Covid in March 2020. After the decision by the BOJ to hike the base rate to an effective 25bps from 10bps on the 31st July and the hawkish tone of the commentary that followed, the market had three aggressive down days. The moves and commentary by the BOJ coincided with weaker than expected US ISM and Jobless claims data on the 1st August and weak non-farm payroll data on the 2nd. Together they represented clear evidence of the different direction of monetary policy between the Japan and the US and the Yen rapidly appreciated from Y/\$153 on the 30th July to 144 on the 5th of August. This unwinding of the 'carry trade' led to a 20% fall in the Topix over the week including a 12.2% drop on the 5th, the biggest single day market decline in Japan since Black Monday. Foreign investors were the major sellers of Japanese equities over this period and were buyers of the Yen. Major sector underperformers were the Insurance sector which has been the top performer year to date and several export sectors including Heavy Machinery, Trading companies, Machine Tools and Autos which will face headwinds from a stronger Yen. Following the three days of aggressive selling, the market recovered 9% on the 6th of August helped by some stronger than expected service data which allayed fears over a US recession. The BOJ commented that they would not risk another rate hike if they judged it would destabilise markets and the market continued to recover through the month along with the Yen that closed the month at Y/\$ 149.

Whilst central bank decision making may have dominated broad market trends, domestic news over the month was broadly positive. A review of first quarter results for Topix constituents showed aggregate sales growth of +6.3%, +10.3% for operating profit and +10% for net profits on a YoY basis. Progress against full year guidance stood at 29% which is above historical averages and the results period saw 107 companies upgrade estimates and just 21 cut. In the domestic economy real GDP for April to June showed a 3.1% rise on a QoQ annualized basis and real wage growth rose for the first time in 11 quarters (with nominal wage growth growing at the fastest rate in 27 years), portending a bright outlook for private consumption. Nominal capex hit a record high of an annualized Y106trn, surpassing the previous peak of Q1, 1991. The July economy watchers survey came in at 47.5 for current conditions and 48.3 for future conditions; both readings showing month over month improvements. Improvements were also seen in industrial data with the composite PMI coming in at 52.9 and industrial production +2.7% year over year. Inflation data continues to track steadily and was 2.7% (core inflation ex fresh food) for July with the leading Tokyo CPI numbers showing a similar trend for August. The domestic economic picture remains stable and bright with the major risks to the situation coming from global macro conditions rather than Japanese ones.

The major political news in August was the announcement that Prime Minister Fumio Kishida would not stand in the LDP presidential race in September after nearly three years as Prime Minister. Whilst the timing of this announcement was a surprise, Kishida's approval rating has been very low for the last year, hovering around 25% in recent months. He has suffered from political funding scandals which resulted in him having to sack four cabinet ministers last year and pressure from the cost-of-living crisis. Whilst somewhat lower than in recent years, the LDP's party support rating remains substantially higher than any of the other political parties and the outlook is broadly for continuation in policymaking and relative stability. Leading candidates for his replacement include: Shigeru Ishiba, the 67-year old LDP veteran who has topped polls for years but tried and failed to become PM four times; Shinjiro Koizumi, the 43-year old son of former PM Junichiro Koizumi; Sanae Takaichi, who was strongly supported by Abe in the past and would be the first female prime minister; Taro Kono, the western educated reformer who has held many top cabinet positions and finally Toshimitsu Motegi who is considered the current front runner by many and has held many top cabinet jobs including leading Japan's trade negotiations with the US under Trump.

Amidst this volatility and change we remain focused on company fundamentals. In terms of positioning, we made modest additions to some of the stocks hit hard in the rout, funding moves by running down cash to negligible levels and reducing exposure to some better performing stocks that offered less upside. The portfolio remains broadly neutrally positioned with regards to economic cyclicalities given continued global uncertainty. We accept that the outlook for the US economy appears a little weaker than was apparent a month ago however we remain positive on domestic fundamentals in Japan. Net currency exposure is modest and the portfolio continues to exhibit a mild growth tilt. To us the Japanese market continues to look attractively valued on 15.2x PER, 1.38x PBR and 2.17% dividend yield. The improving trend in corporate governance that has picked up speed of late is very much continuing and the focus on improvement of return metrics and focusing businesses on core operations is growing. This has been positive for shareholders and is continuing to improve with share buyback announcements so far this year running at Y2.6trn, more than twice the level at the same time last year.

(6) Information provided by Alma Capital Investment Management.
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Disclaimer

MARKETING COMMUNICATION

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