

# Alma Eikoh Japan Large Cap Equity Fund

Data as of  
31 May 2024

Fund AUM  
\$1,023,412,377

Fund Launch  
12 June 2014



ALMA CAPITAL

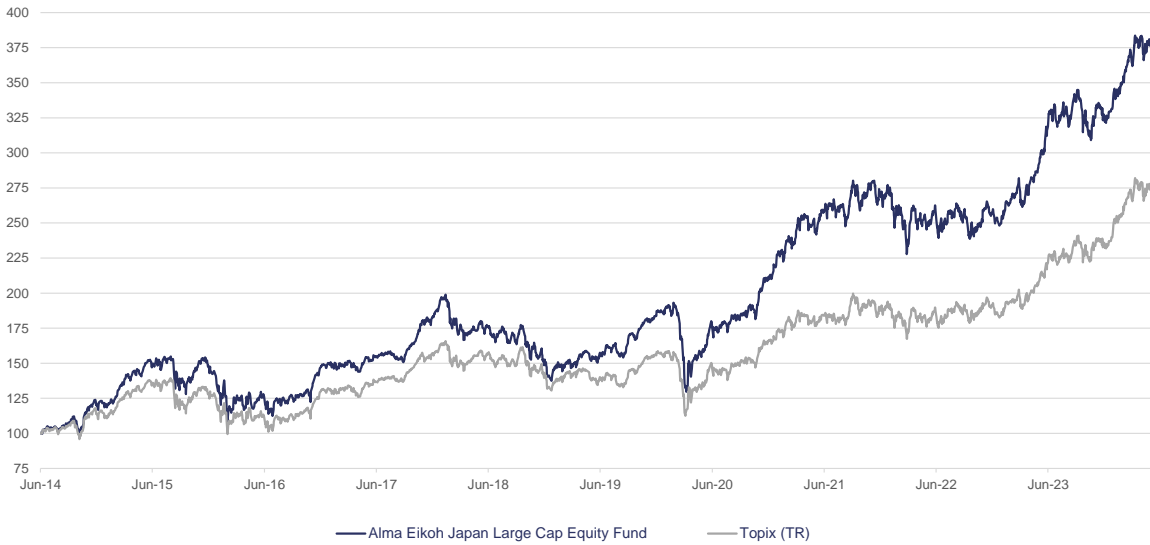
## Investment Strategy

- 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<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 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 - 31 May 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
Alma Eikoh Japan Large Cap Equity Fund	0.94%	5.04%	15.24%	16.31%	27.45%	50.48%	153.28%	283.30%	14.42%
Topix (TR)	1.16%	4.68%	18.15%	18.42%	33.13%	55.21%	106.95%	180.80%	10.91%

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
Alma Eikoh Japan Large Cap Equity Fund	16.31%	31.12%	-6.55%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
Topix (TR)	18.42%	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 31 May 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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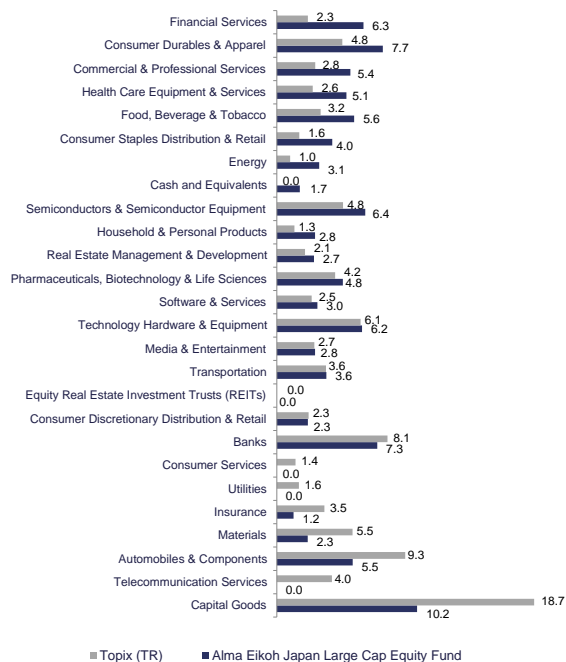
### Portfolio Characteristics <sup>(3)</sup>

Main indicators	Fund	Topix TR
No. of securities	37	2,140
Weighted Average Market Cap (¥ bn)	4,970	8,392
Median Market Cap (¥ bn)	2,911	47
Dividend Yield (%)	2.14	2.17
Historical Price / Earnings (x)	18.74	16.29
Historical Price / Cashflow (x)	9.41	10.00
Historical Price / Book (x)	1.50	1.39
Volatility (%)	19.28	17.98
Sharpe ratio	0.82	0.61
Active share (%)	83.02	-
Beta	1.03	-
Tracking error (%)	5.59	-
Information ratio	0.88	-

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

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL GROUP INC	Banks	7.31
DENSO CORP	Automobiles & Components	5.53
ORIX CORP	Financial Services	4.25
KOMATSU LTD	Capital Goods	4.07
OLYMPUS CORP	Health Care Equipment & Services	3.90
MISUMI GROUP INC	Capital Goods	3.60
RENESAS ELECTRONICS CORP	Semiconductors & Semiconductor Equipment	3.51
FUJIFILM HOLDINGS CORP	Technology Hardware & Equipment	3.33
ASAHI GROUP HOLDINGS LTD	Food, Beverage & Tobacco	3.30
INPEX CORP	Energy	3.09
<b>TOTAL :</b>		<b>41.89</b>

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

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

The Fund rose by 0.94% (JPY share class) in May, underperforming the Topix (dividends reinvested) by 0.22%.

Stock selection hurt fund performance in May with these losses not covered by the gains from sector allocation. Underweights in Automobiles & Components and Materials as well as overweights in Commercial & Professional Services, Home & Personal Products, and Semiconductors & Semiconductor Equipment added value; these more than offset the drag from underweights in Utilities and Insurance as well as the overweight in Real Estate Management & Development. At the stock level, sports shoemaker Asics, synthetic film and fibre manufacturer Kuraray, and endoscope maker Olympus rallied after releasing their results. Department store Takashimaya rose after monthly sales in April showed robust inbound demand, breaking a historical high. Laggards after reporting the results were electronic component maker Taiyo Yuden (still weak profit recovery), waste management operator Daiei Kankyo (conservative guidance), and megabank Mitsubishi UFJ (scale of buyback smaller than expected). Weakness in the mid cap segment resurfaced in the second half of May and this affected fund names such as transaction service provider GMO Payment Gateway and media and advertising company CyberAgent.

During the month we invested in Sony where the valuation now looks attractive after substantial underperformance so far this year. We think prospects for profits growth look good over the next three years with strong progress expected to be achieved in Image Sensors, Games and Music. Cash flow generation has improved markedly, and we are encouraged by the capital discipline the company showed in its pursuit of the Paramount Film business. We think that the tax-free spin out of Sony Life to shareholders will start to attract interest as we move into 2025. We sold our shares in component maker Ibiden following a fresh analysis of prospects for its core packaging business. This is a very capital-intensive operation where substantial investments need to be committed in advance in anticipation of future demand and technological trends. While we can see good prospects for its sales of packages for AI servers, the outlook for demand from Intel and AMD for general server demand remains murky and price competition appears to be developing in these market segments. With weaker demand and cashflow projections we think that better opportunities exist in the market.

### Market Review and Outlook

Topix traded in a narrow range over the month, finishing +1.16% higher, while the equity market was quiet there was more volatility in other areas. Although the Yen closed the month just marginally stronger against the US\$, moving from 157.8 to 157.3, it strengthened to 153 at one point. This was driven by a combination of intervention by the Ministry of Finance and weakness in the bond market reflecting a change in investor expectations for when the BoJ may tighten to prevent an inflation overshoot. The benchmark Japan 10-year yield closed the month +0.20% at 1.07%. The resilience of the US\$ to the Yen reflects recent investor expectation for US rates to stay higher for longer following robust PMI and employment data. Oil prices weakened significantly however on greater supply fears with Brent falling from \$87.9 to \$81.6. Foreign investor flows were balanced in the market with business corporations again the largest buyer. The market was led by the insurance sector with plans for non-life companies to aggressively sell down cross-shareholdings and boost shareholder returns, exciting investors. Financials overall were strong reflecting the higher interest rate environment with banks marking a strong gain of +7.6%. On the other side of this trade real estate and land transport stocks were very weak as investors started to price in the negative impact of higher interest rates on these businesses. Topix Value outperformed Topix Growth by 0.6% and has outperformed by 10.3% since the start of the year.

May saw the completion of full year earnings results for March year end companies. In aggregate they reported sales growth of +4.3% and recurring profits growth of +12.3%, outpacing analysts' earnings forecasts. Forecasts for fiscal 2024 look on the face of it disappointing calling for flat profits, some 8% below consensus. The forecasts are however predicated on very conservative assumptions with Yen rates, for example, typically set at 140-145. Alongside earnings results, many companies announced buybacks and clear commitments to sell cross-shareholdings; this, rather than reported and forecast earnings, was the most interesting element of the earnings season. Cumulative share buyback commitments since the start of 2024 have now reached Y9trn and tower over the previous highest numbers at this stage with 2019, 2022 and 2023 all shy of Y6trn at the same point.

Economic news was mixed over the period with several rather dull releases. Industrial production undershot expectations with a fall of 0.9% MoM in April, though within this SPE was a bright spot. The Economy Watchers Survey Outlook Index fell for the third straight month in May to just 47.7, with the Current Index also weak at 46.8. The Nikkei/Markit PMI composite showed a modest MoM improvement for the third month running however, unemployment remains low at 2.6%, and the jobs-to-applicants ratio high at 1.26x. While the market is expecting some acceleration in inflation going forward, published data suggest stability so far, with various measures of inflation clustered around 2%. In May the BOJ announced that they would buy less bonds during its regular purchase operation and is expected to raise the target rate from its current 10bps at some point before the end of the year.

While Geopolitics remains a significant source of risk, current economic and market conditions appear broadly favourable for Japan. While the weak Yen brings costs as well as benefits, it is overall a clear positive for the corporate sector. Demand in Europe and parts of Asia remains depressed; however, the US continues to offer surprisingly robust growth and there are signs that the AI boom may be about to broaden out to consumer devices and the wider tech supply chain. Japanese companies are performing well at the operational level and carrying out aggressive financial restructuring to boost capital efficiency and ROE through the sell down of crossholdings and other assets, redeploying this money in share buybacks and higher returning investments. It is interesting to note that the major buyer of the market this year is the corporate sector, not overseas investors, with Japanese financial institutions the net sellers of scale.

Looking at where opportunity lies in the market on a medium-term view, we feel that this is more likely to be found in some of the underperforming growth stocks than in restructuring value, where it is increasingly hard to find companies that are unequivocally cheap. Growth has now underperformed Value for three and half years and this move throws up some interesting opportunities though, as ever, selection is paramount. The valuation of the portfolio is at about a 10% premium to that of the market and this reflects a modest bias towards growth to try to capitalize on this opportunity. Stock specific risk continues to be the key driver of active risk at 78% of all, style and industry bets are modest. The portfolio has an ex-ante beta of 1.00 and in terms of style factors is underweight momentum, overweight growth, underweight value, and underweight size. In order of scale, the fund's top sector overweight positions are Financial Services, Consumer Durables, Health Care Equipment & Services, Food, Beverage & Tobacco and Consumer Staples. The top underweight sectors are Capital Goods, Telecommunication Services, Automobiles & Components, Materials and Insurance. The Topix is trading at a prospective PER of 15.9x, a PBR of 1.45x and a dividend yield of 2.10.

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## Disclaimer

### 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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