

Alma Eikoh Japan Large Cap Equity Fund

Data as of
28 June 2024

Fund AUM
\$1,056,630,680

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 - 28 June 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	4.08%	4.78%	21.05%	21.05%	21.06%	56.63%	163.62%	298.95%	14.76%
Topix (TR)	1.45%	1.69%	20.14%	20.14%	25.59%	57.46%	109.96%	184.88%	10.98%

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	21.05%	31.12%	-6.55%	22.39%	17.60%	33.39%	-25.09%	27.48%	1.57%	18.86%	21.52%*
Topix (TR)	20.14%	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 28 June 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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Fund Characteristics

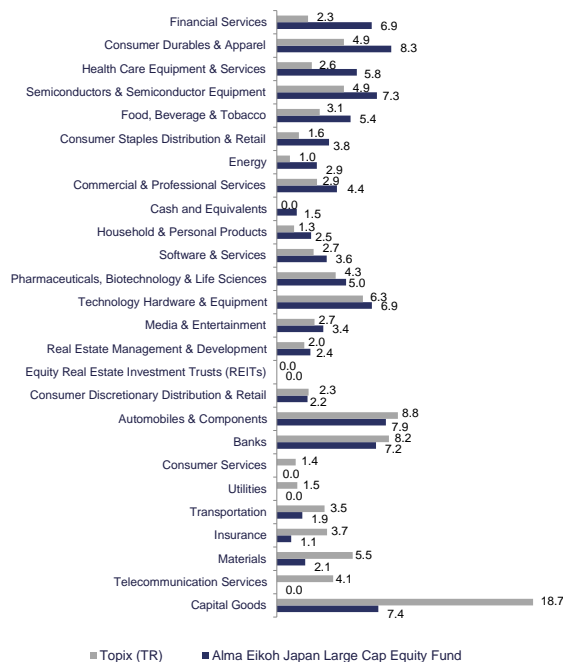
Portfolio Characteristics ⁽³⁾

Main indicators	Fund	Topix TR
No. of securities	36	2,137
Weighted Average Market Cap (¥ bn)	4,996	8,398
Median Market Cap (¥ bn)	2,505	49
Dividend Yield (%)	2.04	2.15
Historical Price / Earnings (x)	18.89	16.51
Historical Price / Cashflow (x)	9.32	9.99
Historical Price / Book (x)	1.50	1.39
Volatility (%)	19.22	17.94
Sharpe ratio	0.84	0.61
Active share (%)	83.54	-
Beta	1.02	-
Tracking error (%)	5.59	-
Information ratio	0.94	-

Top 10 Issuers ⁽³⁾

Issuer name	Sector	% AUM
MITSUBISHI UFJ FINANCIAL GROUP INC	Banks	7.22
DENSO CORP	Automobiles & Components	5.14
ORIX CORP	Financial Services	4.18
KOMATSU LTD	Capital Goods	3.92
OLYMPUS CORP	Health Care Equipment & Services	3.87
FUJITSU LTD	Software & Services	3.63
TAIYO YUDEN CO LTD	Technology Hardware & Equipment	3.61
MISUMI GROUP INC	Capital Goods	3.48
RENESAS ELECTRONICS CORP	Semiconductors & Semiconductor Equipment	3.41
FUJIFILM HOLDINGS CORP	Technology Hardware & Equipment	3.32
TOTAL :		41.78

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

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Commentary - Alma Capital - June 2024 ⁽⁶⁾

The Fund rose by 4.08% (JPY share class) in June, outperforming the Topix (dividends reinvested) by +2.63%.

Stock selection was the key driver of relative fund performance, whilst sector allocation was broadly neutral. Underweights in Automobiles & Components and Utilities, as well as overweights in Consumer Durables & Apparel and Commercial & Professional Services, added value; these were offset by the drag from underweights in Insurance and Telecommunication Services as well as overweights in Health Care Equipment & Services and Consumer Staples Distribution & Retail. At the stock level, electronic component maker Taiyo Yuden which has been depressed this year rose strongly with government trade data, suggesting a continued recovery in MLCC. Some of the fund's other names which have performed poorly year to date also inflected upwards over the month though on no specific news; these included JMDC, GMO Payment Gateway and Misumi. Peptidream, the peptide platform, also rose sharply after announcing one of its projects with Merck was to initiate phase one clinical trials. Shoe maker Asics also continued its strong run. On the other hand, laggards in the fund included recruiting platform operator Visional which had weaker than hoped for results due to lacklustre hiring conditions at global tech companies. Drugstore chain Sugi Holdings also released results and failed to meet high market expectations about strong profit growth following solid same store sales figures on higher costs.

During the month we sold our position in the oil and gas company Inpex and replaced it with a position in Eneos, Japan's largest refinery business. After meeting with the new management team earlier in the month we were impressed with the change of approach in terms of capital allocation and expect the company to be run in a more efficient and shareholder friendly manner from here. Spending in new investment areas will be reviewed, non core assets will be exited from and we expect shareholder returns to increase significantly. Inpex provided a natural source of funding for this. We also bought a position in motorcycle and marine engine manufacturer Yamaha Motor where we expect the company's premium segment strategy for motorcycles in Asia to underpin earnings growth from this point. Shares are trading cheaply and we think they do not discount the earnings and cashflow we expect over the medium term. We also purchased a position in the gaming company Nexon which has performed poorly this year. We expect conditions for their core franchises in Korea to stabilize and have high expectations for the performance of their long awaited Dungeon and Fighter mobile game, launched in China at the end of May. We sold our position in the industrial conglomerate Mitsubishi Heavy Industries which has been one of the top performers in the index this year. Whilst the growth outlook and improvement in profitability remains encouraging, we no longer see value in the shares. Finally we sold our position in Japan Airlines where we have become less optimistic about continued profit growth over the medium term beyond the post-covid recovery we have seen thus far.

Market Review and Outlook

June represented another 'up' month for the Topix index which followed other indices in trading flattish for the first half of the month before rising in the second half of the month to finish +1.45% higher and +20.1% for the first half of the year. The Yen continued to weaken against the Dollar, breaching Y160 for the first time in almost 40 years and finishing the month at Y/\$ 160.9. This currency move has been driven by the stark difference in central bank policy between the BoJ and the Fed. In June the pattern continued with the BoJ leaving the policy rate unchanged at the June meeting at 0-0.1% with the Fed also leaving rates at 5.25-5.5% but lowering its official rate cut forecast for 2024 from three (as of March) to one. On 6th June the ECB cut its key deposit rate for the first time in five years from 4% to 3.75%. Japanese bond yields followed other markets in declining through the first half of the month and then recovering in the second half with the 10 year yield ending the month where it started, at +1.05%. The BoJ made notable comments at its policy meeting around the reduction of bond purchases and these were more dovish than expected; the BoJ will continue to buy JGBs as guided in March at a monthly rate of Y6trn and will review such a policy in the future, releasing plans at the July meeting. US yields were also softer on weaker manufacturing data earlier on in the month and lower CPI numbers than expected. The major non-farm payroll number was however stronger than expected and with the Fed's tone as it was, yields and the equity market subsequently picked back up. Such moves were reflected in the sector performance of the market with Topix Financials performing strongly during the second half of the month with the Insurance sector particularly strong at +6.9% and Banks +2.4%. Respectively the Insurance, Banking and Brokerage sectors are the first, third and fourth best performing sectors in Japan so far this year. Concerns around a scandal at Toyota dragged on the Auto and Auto parts sector and other lagging sectors included domestic names under pressure from a weaker Yen such as Utilities, Transportation and Real Estate. Topix Value performed similarly to Topix growth in June though has outperformed by 9.0% through the first half of the year in a continuation of the trend seen since 2021. In June, foreigners were modest net sellers of the market however corporations were once again buyers of the market in size. It is interesting to note that the major buyer of the market through the first half of the year is indeed the corporate sector, not overseas investors, with Japanese financial institutions the net sellers of scale.

One of the major stories in the domestic market over the past two years has been the pick up in wage growth and in June the final tabulation of the Shunto wage negotiations for 2024 was released and confirmed average wage growth of 5.1%. This represents the highest level in 33 years and also represents greater depth of wage hikes than last year's solid showing, with SME growth up 3.2% at a base level. This should provide the tailwind for the BoJ to deliver on its next phase of the rate hiking cycle with analyst consensus now split between a hike of the base rate to 0.25% either coming at the July meeting or the September meeting thereafter. Inflation remains steady with a group of measures including the BoJ's key 'core core inflation' holding steady with just a modest pick up in June. Inflation expectations are also steady with the BoJ Tankan survey in June showing corporate inflation expectations of 2.4% for the next year and 2.3% in three years' time. Consensus expectations for nominal wage growth in 2025 are slightly lower than in 2024 at just below 5%, portending another year of modest real wage growth. Business conditions remain favourable overall with the large manufacturers' business conditions index rising to +13 in June and the outlook remaining stable at a positive +14. The economy watchers survey also ticked up in both the current conditions and outlook scores with industrial production also picking up nicely to +1.1% YoY and +3.6% MoM. Corporate capex, as forecasted in the May results season, is likely to grow to new highs in fiscal year 2024 and this is beginning to show with machine tool orders picking up in June (+9% YoY) and bank lending continuing to grow modestly. Both the Bank of Japan and the wider government remain very supportive of the economy and the recovery in Japanese corporate activity and whilst there are some modest concerns of a slowdown in areas like the auto sector, broadly conditions seem to be bright and continuing to improve.

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. Some signs of this emerged in June for the first time this year. Growth has now underperformed Value for three and half years and this move throws up some interesting opportunities though, as ever, stock selection is paramount. The valuation of the portfolio is at about a 10% premium to that of the market and this reflects a small bias towards growth to try to capitalize on this opportunity. Stock specific risk continues to be the key driver of active risk at 77% of all, style and industry bets are modest. The portfolio has an ex-ante beta of 1.02 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, Semiconductors & Semiconductor Equipment and Food, Beverage & Tobacco. The top underweight sectors are Capital Goods, Telecommunication Services, Materials, Insurance and Transportation.

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

MARKETING COMMUNICATION

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