



RWC Nissay Japan Focus Fund

31st August 2018

Fund Aim

Through a process of close engagement with a small number of rigorously selected companies, we aim to capture and generate significant alpha.

Fund AuM ¥38,739.2m

Team AuM ¥64,152.0m

Firm AuM ¥1,728,060.1m

Fund Details

Manager	Yasuaki Kinoshita (Nissay)	
Chief Analyst	Koji Nakatani (Nissay)	
Investment Advisors	Corinna Arnold (RWC) Mike Connors (RWC)	
Launch Date	30th March 2015	
Structure	UCITS IV Lux SICAV	
Domicile	Luxembourg	
Share Classes	CHF, EUR, GBP, JPY, USD	
Minimum Investment	All ex JPY	JPY (000)
Share Class A	25,000	¥4,000
Share Class B	10,000,000	¥1,500,000
Share Class R	25,000	¥4,000
Annual Management Charge		
Share Class A	1.80%	
Share Class B	0.90%	
Share Class R	0.90%	
Performance Fee*		
Share Class A	15%	
Share Class B	15%	
Share Class R	15%	
Distribution Frequency	Annual	
XD Dates	29 Dec	
Pay Dates	12 Jan	
Dealing - Subscriptions	Daily	
Dealing - Redemptions	Daily	
Notice Period	3 Days	
Dealing Cut Off	13:00 CET (Trade date-3)	
Administrator	Brown Brothers Harriman	
Auditor	PricewaterhouseCoopers (LUX)	

Fund Codes

Share Class	ISIN	Sedol	Bloomberg
A EUR HDG	LU1212748765	BVXBRF0	RWNJAEH LX
A JPY	LU1212749227	BVXBRL6	RWCNJAJ LX
A USD HDG	LU1212749573	BVXBRQ1	RNJFAUS LX
B CHF HDG	LU1212066176	BW4NP03	RNJFBCH LX
B EUR HDG	LU1212064981	BW4NJC3	RNJFBEH LX
B GBP	LU1209894218	BWH58M9	RWCNJBG LX
B GBP HDG	LU1212065442	BW4NNZ4	RNJFBGH LX
B JPY	LU1209895025	BWH58P2	RWCNJBH LX
B USD HDG	LU1212066416	BW4NP14	RNJFBH LX
R EUR HDG	LU1751004588	BFWJL84	RWJFREH LX
R GBP	LU1209895967	BWH58R4	RWCNJRJ LX
R GBP HDG	LU1212749144	BVXBRK5	RNJFRGH LX
R GBP Dist. HDG	LU1348820694	BYW8MK3	RWNJRGH LX
R JPY	LU1751004745	BFWJL95	RWJAFRJ LX
R USD HDG	LU1751014389	BFWJLD9	RWJFRUH LX

Cumulative Performance - Class B JPY



Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	3Y	SI
B JPY	14,480.66	0.22	0.67	3.64	21.65	42.50	44.81
TOPIX TR	-	-1.00	-0.47	-3.38	9.58	19.35	18.98

Discrete Monthly Performance - Class B JPY (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	1.87	-2.93	2.73	-1.81	3.22	0.21	0.24	0.22	-	-	-	-	3.64
2017	-0.71	-0.12	2.62	2.36	7.01	-1.22	0.50	4.12	3.76	4.21	6.35	2.07	35.23
2016	-1.10	-6.38	5.56	-1.25	3.94	-2.38	0.73	-11.14	7.60	1.65	-2.34	0.65	-5.76

Historic Annual Returns (%)

2015
9.64

Commentary

The strategy outperformed the Topix by 1.2% this month, in a thin and essentially directionless market. Thin trading was accompanied by exaggerated price movements, often driven by single buyers and sellers.

Outperformers:

M3 Inc. outperformed but this was mainly a result of mean reversion, following its underperformance of the previous couple of months. MonotaRO saw strong momentum continuing, underpinned by good monthly sales numbers. Ebara, whose Q2 (Apr-Jun) results were very strong (as we expected), outperformed, as orders finally started to increase in the oil & gas related after-service segment. Miura rose on better Q1 results, mainly driven by the acquired domestic laundry machine business and expansion in China. Shimano, like M3, rose on mean reversion against earlier weakness, in the absence of any identifiable fundamental news flow.

Underperformers:

Seria suffered as adverse weather conditions and a high YOY comparison base causes Q1 number to disappoint, but we view some positive changes (see below). Sysmex was weak on disappointing Q1 numbers from the core haematology business. We have reduced the weighting. Start Today saw negative mean reversion after several strong months, exacerbated by increased costs relating to the private brand business. Meiji Holdings suffered from weak Q1 numbers, due to sales declines in their main product lines. The only good news was that the SG&A ratio decreased by 0.4%, indicating their strong commitment to restructuring and cost reduction. Hoshizaki underperformed for no identifiable reason(except, perhaps, thin trading volumes), with results for Q2 (Apr-Jun) just in line with expectations.

Outlook:

The general direction and focus of the market is difficult to predict, with the now-familiar risk-on/off oscillations likely to continue, but, at the individual stock level, we are confident that portfolio stocks that have struggled recently—some during the last quarter such as Nihon M&A and Seria, some more recently and in the short term, such as En-Japan—will come back over the coming weeks and months. We expect the volatility that we have seen in July and August to continue during the coming months, with external rather than domestic drivers remaining key.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees.

*Performance fee is only applied to performance over the relevant performance index.

Source: RWC, TOPIX

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Income Distribution

Share Class	Period	Dist per share
R GBP Dist.	Q4	£0.71

Exposure Summary (%)

Equities	92.5
Index Futures	3.4
Cash	4.1

Financial Ratios

	Fund	Index
Dividend Yield**	0.7	2.1
P/E Ratio (FY1)	35.6	-
P/Book Value	12.3	-

Market Cap Breakdown (% of NAV)

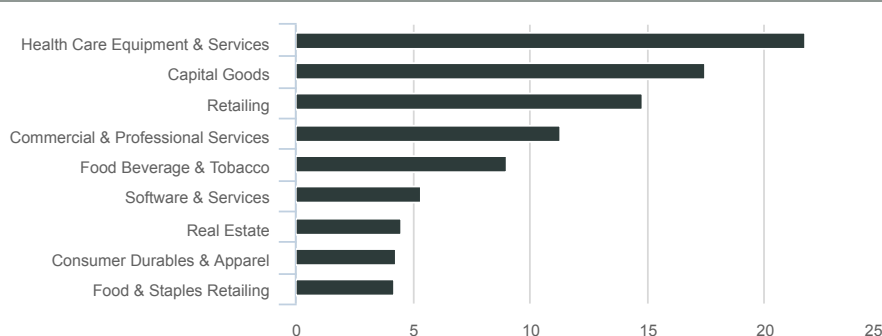
\$5bn - \$25bn	45.2
\$1bn - \$5bn	54.8
< \$1bn	0.0

Statistical Analysis^

	Fund
Volatility (Annualised)	21.1
Sharpe Ratio	0.6
Beta	0.8

Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
A EUR HDG	142.02	0.03	2.61
A JPY	14,439.08	0.15	3.02
A USD HDG	145.94	0.29	4.09
B CHF HDG	138.12	0.10	2.99
B EUR HDG	140.81	0.10	3.36
B GBP	175.11	1.38	8.81
B GBP HDG	141.37	0.21	3.63
B JPY	14,480.66	0.22	3.64
B USD HDG	145.15	0.36	4.67
R EUR HDG	102.82	0.09	2.82
R GBP	176.34	1.29	8.79
R GBP HDG	132.07	0.21	3.64
R GBP Dist. HDG	140.59	0.20	4.24
R JPY	10,083.00	0.11	0.83
R USD HDG	105.26	0.35	5.26

Sector Breakdown (%)


**This is the historical portfolio yield.

^Relating to JPY share class using daily data.

Source: RWC, FactSet (using GICS Sector Classifications via MSCI)

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