Monthly Portfolio Review

June 2021

Data as at 31 May 2021

J O Hambro Capital Management Group

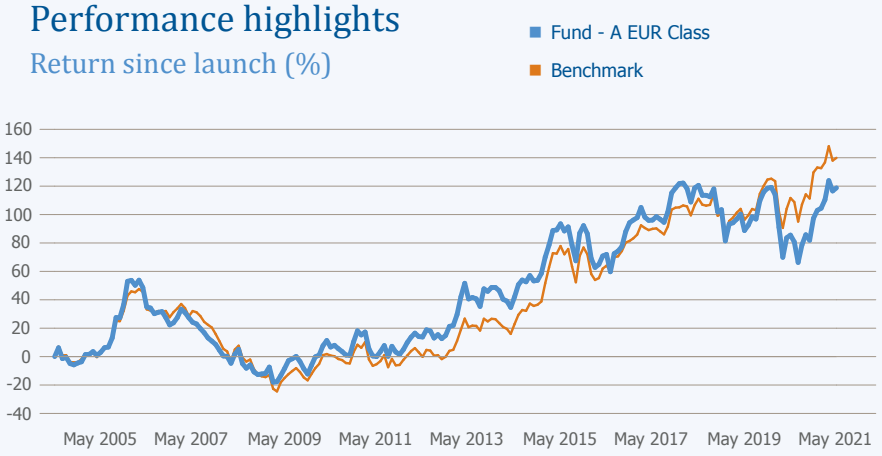
JOHCM Japan Fund

Fund overview

- Objective: to generate long-term capital growth through active management of a portfolio of Japanese equities
- Experienced Japan investors Scott McGlashan and Ruth Nash employ a stock-picking approach to identify undervalued companies with strong balance sheets
- They focus in particular on small and mid-cap areas of the market that are often under-researched by sell-side analysts and overlooked by investors

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A EUR Class	1.01	3.99	17.92	-0.80	27.25	118.77	118.79	4.71
Benchmark	0.81	1.34	13.35	13.63	46.27	153.46	139.91	5.28
Quartile**	1	1	2	4	4	3	2	-

Discrete 12 month performance to

	31.05.2021	31.05.2020	31.05.2019	31.05.2018	31.05.2017
A EUR Class	17.92	-1.70	-14.42	12.47	14.06

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. The Fund's investment include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

NAV of Share Class A in EUR, net income reinvested, net of fees. The A EUR Class was launched on 28 May 2004. Performance of other share classes may vary and is available on request.

*Annualised since launch. **Sector quartile ranking: IA Japan, and Lipper Global Equity Japan domiciled in the UK, offshore Ireland, or offshore Luxembourg. Lipper ranking is from A GBP Class.

A EUR Class
ISIN: IE0034388805

Fund details

Fund size	EUR 90.96m
Launch date	28 May 2004
Benchmark	Topix TR (adjusted)
No. of holdings	50
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR, JPY
Valuation point	12pm Dublin time

Fund managers



Scott McGlashan
Senior Fund Manager

Scott has managed the Fund since launch. He joined JOHCM in 2004 and has 44 years of industry experience.



Ruth Nash
Senior Fund Manager

Ruth has managed the Fund since 2005. She joined JOHCM in 2005 and has 35 years of industry experience.

Contact details

OEIC Dealing & Investing
0845 450 1970 / 1972
+44 (0) 20 7747 5646
(international calls)
Fax
+353 1613 1132
Email info@johcm.co.uk

www.johcm.com LinkedIn

Portfolio analysis (%)

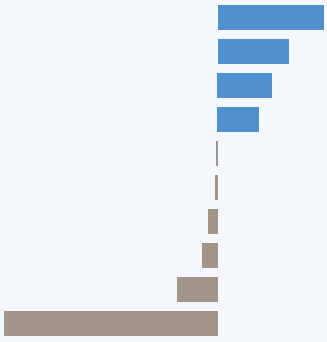
Data as at 31 May 2021

Top 10 holdings

	Absolute	Relative
Sumitomo Mitsui Financial	4.9	3.8
Toyota	4.8	1.3
Hitachi	4.7	3.7
Mitsui & Co.	4.7	3.9
Toyota Industries	4.1	3.9
ORIX	3.0	2.6
Tokio Marine	2.8	2.1
Kyudenko Corp	2.7	2.6
Nomura Real Estate	2.5	2.5
Nippon Express	2.5	2.3
Total	36.7	

Sector breakdown

	Absolute	Relative
Construction	10.7	8.3
Real Estate	7.6	5.6
Finance & Insurance	13.4	4.3
Transport & Communications	16.5	3.3
Fishery, Agriculture & Forestry	0.0	-0.1
Mining	0.0	-0.2
Commerce	8.5	-0.7
Electric Power & Gas	0.0	-1.2
Services	2.4	-3.2
Manufacturing	40.1	-16.9
Cash	0.9	0.9



Active bets

Top 5	Relative
Mitsui & Co.	3.9
Toyota Industries	3.9
Sumitomo Mitsui Financial	3.8
Hitachi	3.7
Kyudenko Corp	2.6

Bottom 5	Relative
Sony	-2.6
SoftBank	-2.4
Keyence	-2.0
Mitsubishi UFJ Financial	-1.6
Nintendo	-1.5

Market cap breakdown

	Absolute
Large	38.7
Mid	42.2
Small	18.2
Cash	0.9



Large = Top 100 on TOPIX Index, Mid = Next 400 on TOPIX Index, Small = Remainder on TOPIX Index

Attribution & contribution (%)

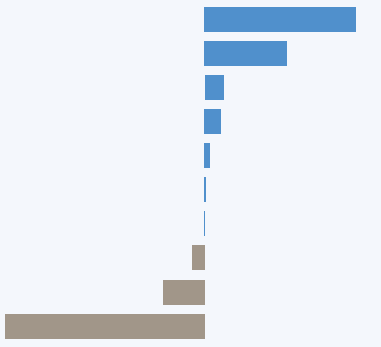
Stock attribution

Top contributors	Relative return
SoftBank	0.51
Toyota Industries	0.19
Hitachi	0.17
ORIX	0.15
Toyota	0.11

Top detractors	
Kyudenko Corp	-0.35
Iino Kaiun Kaisha	-0.34
Penta-Ocean Construction	-0.23
Kyowa Exeo	-0.22
Recruit	-0.14

Sector attribution*

	Relative return
Transport & Communications	0.56
Commerce	0.30
Manufacturing	0.07
Electric Power & Gas	0.06
Finance & Insurance	0.02
Fishery, Agriculture & Forestry	0.00
Mining	0.00
Real Estate	-0.05
Services	-0.15
Construction	-0.74



*Excludes cash

Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis.

Fund manager's commentary

- After the disappointment of a sluggish April, the Japanese market moved higher again in May.
- Value performed very strongly until the last few days of the month, when growth stocks staged a recovery.
- 47 of our 50 companies reported full-year results during April and May with all but five of them beating their forecast numbers.

Performance over 1 month	%
Fund - A EUR Class	1.01
Benchmark	0.81

After the disappointment of a sluggish April, the Japanese market moved higher again in May. In some respects, little seemed to have changed from April. The press was still full of articles talking about the unpopularity of the Suga government, the slow pace of Japan's vaccine rollout and the public's opposition to the Olympics. GDP fell in the quarter ended in March. To cap it all, the government announced not one, but two extensions to its state of emergency, which will now run until late June.

Why, then, the rise in the market? Partly because none of the above was surprising. And, whilst Japan's vaccination programme was slow to start, it has accelerated recently. At the start of May, less than 3% of the population had been vaccinated. By early June 12% had received at least one dose of the vaccine. The GDP numbers may have been disappointing, but the corporate profits for the year to March, which were also announced during the month, were much better than anyone could have foreseen at the start of the fiscal year.

The Fund outperformed its benchmark in May. Value performed very strongly until the last few days of the month, when growth stocks staged a recovery. 47 of our 50 companies reported full-year results during April and May. All but 5 of them beat their forecast numbers, and, on average, they reported operating profits 12.7% ahead of estimate. 20 companies announced that they would raise their March 2021 dividends above the level previously announced and 8 are buying back shares. 15 have already announced dividend increases for the current year. It was one of our best ever earnings seasons. Moreover, in our post-results meetings with companies, it has become clear that most believe that at least some of last year's cost cuts can be sustained.

Many global investors look at Japan from a top-down perspective and see only the negatives: poor demographics, high fiscal deficits and, latterly, a government, which seemed to be rigid in its response to the pandemic. They make unfavourable comparisons between "old school" Japanese companies such as Toyota, and dynamic competitors, such as Tesla. Few realise that Tesla depends on Japanese technology. Or that Toyota, which produced 18 times as many cars as Tesla last year, has impressive battery technology and has been making money on hybrid vehicles for over 20 years. Japanese companies continue to lead the world in materials and components technology. They are emerging from the pandemic stronger than ever. They are cheap. This is not the time to ignore them.

Statistics

	Annualised since launch
Active share* (%)	84.55
Fund volatility (%)	18.31
Benchmark volatility (%)	17.21
Alpha	-0.43
R squared	0.90
Correlation	0.95
Tracking error (%)	5.69
Information ratio	-0.10
Sharpe ratio	0.25

Data calculated weekly.

*The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

Fund awards & ratings

Country registration

	A GBP	A GBP H	B GBP	B GBP H	A EUR	B EUR	A JPY	B JPY
Austria	✓	✓	✓	✓	✓	✓	✓	✓
France	✓	✓	✓	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓	✓	✓	✓
Ireland	✓	✓	✓	✓	✓	✓	✓	✓
Luxembourg	✓	✓	✓	✓	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓	✓
Spain	✓	✓	✓	✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓	✓	✓

Regulatory documents

English language KIIDs can be found on our website at www.johcm.com

Foreign language versions are available on request by calling +44 (0) 20 7747 5646

Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A EUR Class	IE0034388805	3438880	JOHJPIE ID	A0DPQU	Up to 5%	0.75%	0.96%	£1,000
B EUR Class	IE0034388573	3438857	JOHJPRE ID	A0DPQW	Up to 5%	1.25%	1.46%	£1,000

Performance fee: 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.
Ongoing Charge is as at 28 May 2021.
*Other currency equivalents apply.

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