Data as at 31 May 2021



# 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



#### Return history Annualised\* 1m 3m 5vr 10vr 1vr 3yr A GBP H Class 2.77 8.08 31.57 3.86 33.68 136.54 104.09 6.62 Benchmark 2.60 5.37 27.12 19.59 57.98 188.75 148.73 8.53 Quartile\*\*

Discrete 12 month performance to								
	31.05.2021	31.05.2020	31.05.2019	31.05.2018	31.05.2017			
A GBP H Class	31.57	-3.50	-18.20	15.08	11.85			

#### Past performance is no quarantee 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. Hedging transactions are designed to reduce, as much as possible, the currency risk for investors. However, there is no guarantee that the hedging will be totally successful and no hedging strategy can eliminate currency risk entirely.

NAV of Share Class A in GBP, net income reinvested, net of fees. The A GBP H Class was launched on 13 April 2010. 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.

### A GBP Hedged Class ISIN: IE00B5LD7P60

#### Fund details

Fund size GBP 78.24m Launch date 28 May 2004 **Benchmark** Topix TR (adjusted)

No. of holdings **Domicile** Ireland Fund structure **UCITS** 

UK reporting status Tax 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

+353 1613 1132

Email info@johcm.co.uk





# 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	

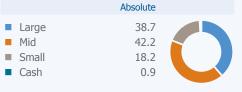
#### Sector breakdown

	Absolute	Relative	
Construction	10.7	8.3	
Real Estate	7.6	5.6	
Finance & Insurance	13.4	4.3	
Transport & Communication	ns 16.5	3.3	
Fishery, Agriculture & Fores	stry 0.0	-0.1	
Mining	0.0	-0.2	I
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





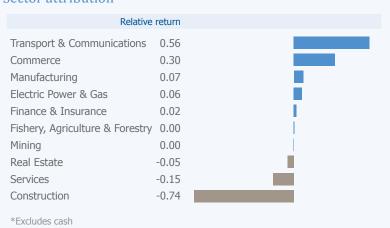
Large = Top 100 on TOPIX Index, Mid = Next 400 on TOPIX Index, Small = Remainder on TOPIX Index

# 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\*



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.

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.

Performance over 1 month	%
Fund - A GBP H Class	2.77
Benchmark	2.60

#### **Statistics**

Annualised	since launch
Active share* (%)	84.55
Fund volatility (%)	21.35
Benchmark volatility (%)	19.31
Alpha	-1.67
R squared	0.88
Correlation	0.94
Tracking error (%)	7.35
Information ratio	-0.26
Sharpe ratio	0.31

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 r	egistra	tion							
	A GBP	A GBP H	B GBP	B GBP H	A EUR	B EUR	A JPY	B JPY	
Austria	/	/	/	/	1	/	/	/	
France	/	/	/	/	/	/	/	1	
Germany	/	/	/	/	/	/	/	1	
Ireland	/	/	/	/	/	/	/	1	
Luxembourg	/	/	/	/	/	/	/	1	
Netherlands	/	/	/	/	/	/	/	1	
Singapore	/	/	/	/	/	/	/	1	
Spain	/	/	/	/	/	/	/	1	
Sweden	/	/	/	/	/	/	/	1	
Switzerland	/	/	/	/	/	/	/	1	
UK	/	/	/	/	/	/	/	1	

#### **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 GBP Class	IE0034388797	3438879	JOHJPIG ID	A0DPQT	Up to 5%	0.75%	0.96%	£1,000
A GBP H Class	IE00B5LD7P60	B5LD7P6	JOHJISH ID	A1H70F	Up to 5%	0.75%	0.96%	£1,000
B GBP Class	IE0034388466	3438846	JOHJPRG ID	A0DPQV	Up to 5%	1.25%	1.46%	£1,000
B GBP H Class	IE00B6386R19	B6386R1	JOHJRSH ID	A1H70N	Up to 5%	1.25%	1.43%	£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.

## Important information

This document is for professional investors only. It should not be circulated to or relied upon by retail investors.

The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by Tokyo Stock Exchange, Inc. and Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. No Product is in any way sponsored, endorsed or promoted by Tokyo Stock Exchange, Inc.

Issued and approved in the UK by J O Hambro Capital Management Limited ("JOHCML") which is authorised and regulated by the Financial Conduct Authority. Registered office: Level 3, 1 St James's Market, London SW1Y 4AH.

Issued in the European Union by JOHCM Funds (Ireland) Limited ("JOHCMI") which is authorised by the Central Bank of Ireland. Registered office: Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.

The distribution of this document in jurisdictions other than those referred to above may be restricted by law ("Restricted Jurisdictions"). Therefore, this document is not intended for distribution in any Restricted Jurisdiction and should not be passed on or copied to any person in such a jurisdiction. No person in any Restricted Jurisdiction should rely on this document and persons into whose possession this document comes who are in a Restricted Jurisdiction should inform themselves about and observe any such restrictions.

The information in this document does not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for any funds described in this document; nor shall this document, or any part of it, or the fact of its distribution form the basis of, or be relied on, in connection with any contract. Potential investors requiring information about the funds described herein should refer to the prospectus and key investor information document relating to those funds, which are in the English language, and available from JOHCMI, or (for UK investors) JOHCML, at the addresses set out above.

Telephone calls to and from JOHCM may be recorded. Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on its website: www.johcm.com. The registered mark J O Hambro® is owned by Barnham Broom Holdings Limited and is used under licence. JOHCM® is a registered trademark of JOHCML.

Sources for all data: JOHCM/Tokyo Stock Exchange/Bloomberg (unless otherwise stated).

<sup>\*</sup>Other currency equivalents apply.