

OYSTER

Japan Opportunities

Managed by
Eurizon Capital SGR S.p.A.

Share class : C EUR HP
ISIN : LU0204988207
For qualified and retail investors

Investment objective

The fund's objective is to provide investors with capital growth by investing across a diversified set of carefully selected Japanese equities. A style-agnostic and convictionbased portfolio, the fund will typically invests in 40 to 60 companies that can be split in two categories, anchor stocks that include mid and large caps that are typically more immune to economic cycles - and macro sensitive mega and large caps. Investment decisions rely on thorough fundamental analysis and positions are selected according to the upside potential of each company relative to its intrinsic value. The portfolio has exhibited less volatility to the market over time.

Risk/Return profile



Fund facts

Fund manager	Eurizon Capital SGR S.p.A.
Dividend policy	Accumulation
Last NAV	EUR 235.94
Fund size	JPY 37,211.1 mn
Fund type	Equity
Investment zone	Japan
Recommended invest. horizon	At least 5 years
Share class currency	EUR
Inception date	2005.04.01
Index	TOPIX Net TR - EUR Hedged
Legal structure	Luxembourg SICAV - UCITS
Registration	SG (QI), NL, LU, IT, GB, FR, ES, DE, CH, BE, AT

Performance & risk measures

Data as of 2021.01.31



Monthly returns	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	0.0%	0.0%	-	-	-	-	-	-	-	-	-	-	-
2020	-6.9%	-1.4%	-10.8%	-9.1%	2.0%	5.6%	-0.7%	-6.2%	8.2%	1.6%	-3.9%	7.7%	1.9%
2019	17.8%	5.0%	3.6%	-1.8%	2.6%	-5.2%	2.6%	0.8%	-2.4%	6.0%	4.3%	-0.2%	1.8%
2018	-17.7%	-0.2%	-4.4%	-1.7%	4.0%	-0.6%	-0.6%	1.6%	-1.2%	2.8%	-8.5%	-0.2%	-9.4%
2017	16.0%	-0.6%	1.1%	0.8%	1.0%	1.9%	1.1%	0.3%	0.5%	3.3%	4.0%	2.0%	0.6%
2016	2.1%	-3.8%	-10.7%	5.4%	-1.5%	2.8%	-8.5%	6.0%	-2.0%	1.5%	5.4%	5.4%	3.9%

Cumulative performance	Fund	Index	Calendar year performance	Fund	Index	Annualised risk measures	Fund	Index
1M	0.0%	0.2%	YTD	0.0%	0.2%	Volatility	21.0%	21.3%
3M	9.7%	14.3%	2020	-6.9%	6.1%	Sharpe ratio	-0.2	0.0
6M	16.0%	21.3%	2019	17.8%	16.9%	Tracking error	5.0%	-
1Y	-5.6%	8.7%	2018	-17.7%	-17.3%	Information ratio	-0.8	-
3Y	-9.6%	1.8%	2017	16.0%	21.2%	Beta	1.0	-
5Y	11.1%	32.4%	2016	2.1%	-1.8%	Correlation	1.0	-
Since inception	57.3%	82.2%						

Annualized performances	Fund	Index
3Y	-3.3%	0.6%
5Y	2.1%	5.7%
Since inception	2.9%	3.8%

Source: iM Global Partner Asset Management. Past performance does not guarantee or predict future performance. Annualised risk measures based on 3-year weekly returns if more than 3-year history or 1-year if less than 3-year history.

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Manager Comment

Highlights

- A quiet start of the year
- Unseen valuations gap between and growth and value since the Internet Bubble
- The fund remains focused on stable cash flow generation and solid balance sheets

Cumulative performance	Fund	Index
1M	0.0%	0.2%
YTD	0.0%	0.2%

Market Review

The TOPIX NTR was basically flat over the month. Value style gained 1% while Growth lost about -1%. The tiny Energy and Utilities sectors were up by 10% and 3% respectively. Information Technology gained also 3% helped by a strong performance of semiconductor group in particular. Health Care and Consumer Discretionary were down by 2%. Within the latter the automobile industry was weak losing -4%. After a poor performance in 2020, the TSE REIT index was up by 4%. The Japanese yen weakened by 1% vs. USD to ¥105 and 1% vs. Euro at JPY127.

Fund Review

The fund performed in line with the benchmark.

Sector allocation was slightly positive with a positive contribution for six of the eleven sectors and negative for three others. Stock selection was slightly negative with a good selection in six of the eleven sectors. In terms of market cap, the allocation was slightly positive, and the selection was slightly negative despite good stock selection within large caps.

NS Solutions, a system integrator with higher exposure to the manufacturing sector, was the largest contributor, gaining 10%. Yokogawa Electric, the process automation equipment maker with exposure to oil & gas, was another large contributor, also gaining 10%. Tokio Marine, the largest P&C insurer, contributed negatively dropping 3% following a 15% gain during the December quarter. Kyowa Exeo, a telecom sub-contractor, was also weak dropping 6% on no news.

Otsuka Corp, an IT service company, newly joined the portfolio. The company has a strong and stable free cash flow generation thanks to large recurring supply & maintenance business. With the diverse client base, we expect the company to benefit from digitalisation promoted by the government. MSCI ESG rating is A. Taisei Corp was topped up while Nishimatsu Construction left the portfolio due to diminishing free cash flow and higher exposure to competitive building construction. Nihon Unisys left the portfolio as upside potential diminished and Chudenko exited as its MSCI ESG rating fell to CCC in December due to a methodology change by the ESG provider.

Financials remain the largest overweight at 7ppt. The fund kept its underweight positioning in Health Care, Consumer Staples and Consumer Discretionary. The net cash position is residual at maintenance levels.

Outlook

Ahead of the earnings season, the earnings estimates for the TOPIX remained flat for FY21. The market expects 40% EPS growth recovering to pre-COVID level in FY21 and another 16% growth in FY22.

TOPIX valuations are 17.2x 12-month forward P/E, 1.29x P/B and 2.1% dividend yield. On March 2023 earnings, the market is trading at 14x, the highest level over a decade. This average is split between Growth and Value companies, valuations of the former group have inflated dramatically during the pandemic to levels unseen since the Internet Bubble unlike those of the latter have remained broadly for several years.

The Fund is trading at 12.8x, 0.97x and 2.9% respectively. The valuation discount to the benchmark remains the largest ever due to market polarisation between very expensive growth companies and the rest of the market where cheap stable free cash flow generators and cash-rich companies can be found.

Portfolio Breakdown

By Country



By Sector

Sector	Percentage
Industrials	29.5%
Consumer Discretionary	16.6%
Financials	15.7%
Technology	9.9%
Materials	7.3%
Communications	6.5%
Consumer Staples	4.8%
Health Care	3.8%
Real Estate	3.1%
Cash & Others	2.7%

Top 10

Company	Percentage
SECOM	4.5%
ZENKOKU HOSHO CO LTD	4.4%
HAZAMA	4.4%
AMANO CORP	4.3%
NICHIREI CORP	4.3%
SUBARU CORP	4.0%
SUMITOMO BAKELITE	4.0%
NS SOLUTIONS CORP	4.0%
	33.9%

By Currency



By Market Capitalization

Market Capitalization	Percentage
Mid Cap 1 bn - 5 bn	51.2%
Large Cap 5 bn - 30 bn	28.5%
Mega Cap > 30 bn	10.8%
Small Cap < 1 bn	6.8%
Cash & Others	2.7%

Top 3 Contributors

Company	Percentage
NS SOLUTIONS CORP	0.4%
YOKOGAWA ELECTRIC	0.2%
NIPPON TELEVISION HOLDINGS	0.2%

Top 3 Detractors

Company	Percentage
TOYOTA MOTOR	-0.2%
TOKIO MARINE HOLDING	-0.2%
KYOWA EXEO	-0.1%

Source: iM Global Partner Asset Management

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Dealing informations

Liquidity	Daily
Cut-off time	TD-1 12:00 Luxembourg
Minimum initial investment	-
Settlement	TD+2
ISIN	LU0204988207
CH Security Nr	1994708
Bloomberg	OYSJPNE LX

Fees

Subscription fee	Max 2.00%
Redemption fee	Max 1.00%
Management fee	Max 1.50%
Performance fee	-

Administrative informations

Central Administration	RBC Investor Services Bank S.A.	Auditor	PwC Luxembourg
Transfert Agent	RBC Investor Services Bank S.A.	Management company	iM Global Partner Asset Management S.A.
Custodian Bank	RBC Investor Services Bank S.A.		

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