

September 2021

Separate Mandate Proposal

# Yuki Algorithm Strategies

Portfolios producing 20+% p.a. from June 2014

Unique Growth-Type Equity Strategies



**INQUIRIES:**

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# Executive Summary



## Yuki Group

- Global Equity Boutique Founded in 1991 in Japan
- 100% Family Owned
- Bottom-up, Fundamental, Benchmark Agnostic
- Proprietary Quantitative Tools: Yuki Matrix Screening Process and Database

## Portfolio Manager: Magotaka Oshitani [“Taka”]

- European Funds Trophy Awards: 2017–2018 Best National Asset Manager [Ireland / 4 to 7 rated funds], 2019 Best European Fund Manager, 4 to 7 funds
- 2018 Lipper Fund Award, UK, Equity Japan, Best Fund over 3 and 5 Years
- Yuki Japan Rebounding Growth Fund: 15.4% 10-year net annual return [TPX: 7.3%]
- Yuki Japan Low Price Fund: 16.5% over 8.5 years [TPX: 8.1%]
- **Architect of Strategy and Developer of Algorithm that identifies stocks that will trend upward for the next 1 to 2 months producing even higher returns than previous Yuki funds**

# Investment Activity



## Prerequisite

Quantitative Screening:

- Yuki Matrix: Quant team determines appropriate category for each company through analysis of financial statement items, including historical data and estimates for current fiscal year → 5 Growth Categories → Growth Universe
- Same Quant Tool used for other successful Yuki fund strategies

## Fund Manager's Activities

Algorithm:

- Quant tool to identify stocks with upward trend for the next 1 to 2 months

"Energy" Analysis:

- Analyze "energy" for the stock of each company in the 5 Growth Categories and bellwether companies that represent the market
- Weekly price and trading volume of each stock based on weekly data over previous 11 weeks. Dialogue with the market to understand stock price direction

Company Selection for Portfolio:

- FM 20 / FM 30: From 5 Growth Categories
- HH 20 / HH 30: From the Growth Universe
- Reconstruct portfolio at the beginning of each month using Algorithm

Capacity:

- Japanese Equities: JPY 650 billion
- U.S. Equities: USD 75 billion





# Algorithm



- Analysis of the “energy” of the stock of each company in the Growth Categories of the Yuki Matrix, plus Bellwether Companies that are representative of the market
  - Weekly price and trading volume of each stock based on weekly data over previous 11 weeks
  - Dialogue with the market to understand stock price direction
- Designed by Taka from the knowledge he gained through the 10+ years he has conducted the weekly “energy” analysis for other successful Yuki funds
- The Algorithm is the Quant Tool to identify stocks with upward trend for the next one-to-two months
- To validate the effectiveness of the Algorithm and portfolio construction methodology, Taka applied the same process to the efficient U.S. market [S&P500] and Japanese market
  - FM 20 and HH 20 Portfolios consist of 20 companies from the S&P500 [20% of market cap]
  - FM 30 and HH 30 Portfolios consist of 30 large caps [10% of Japanese equity market cap]
- **Results from June 2014 through August 2021**
  - **FM 20: 21.5% p.a.; HH 20: 20.8% p.a.**
  - **FM 30: 19.2% p.a.; HH 30: 24.7% p.a.**
- Maximum Drawdown: Assuming full investment, 17% for FM 20 and HH 20; 22% for FM 30 and HH 30. Assumes FM makes no adjustment when market drops

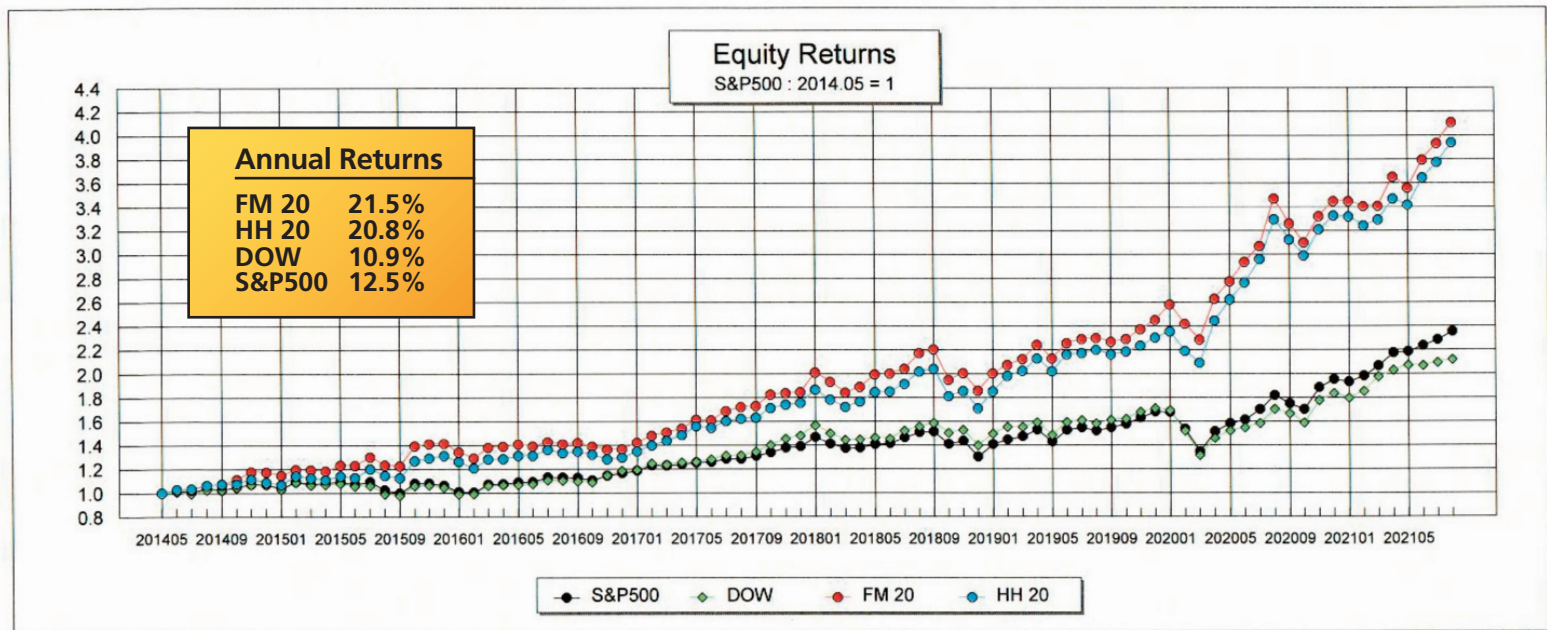


# Validate Strategy



## S&P500 FM 20 & HH 20: 20%+ Returns

2021.08



Note : Equity Returns for the graph is calculated using market cap figures.

Yuki Investments

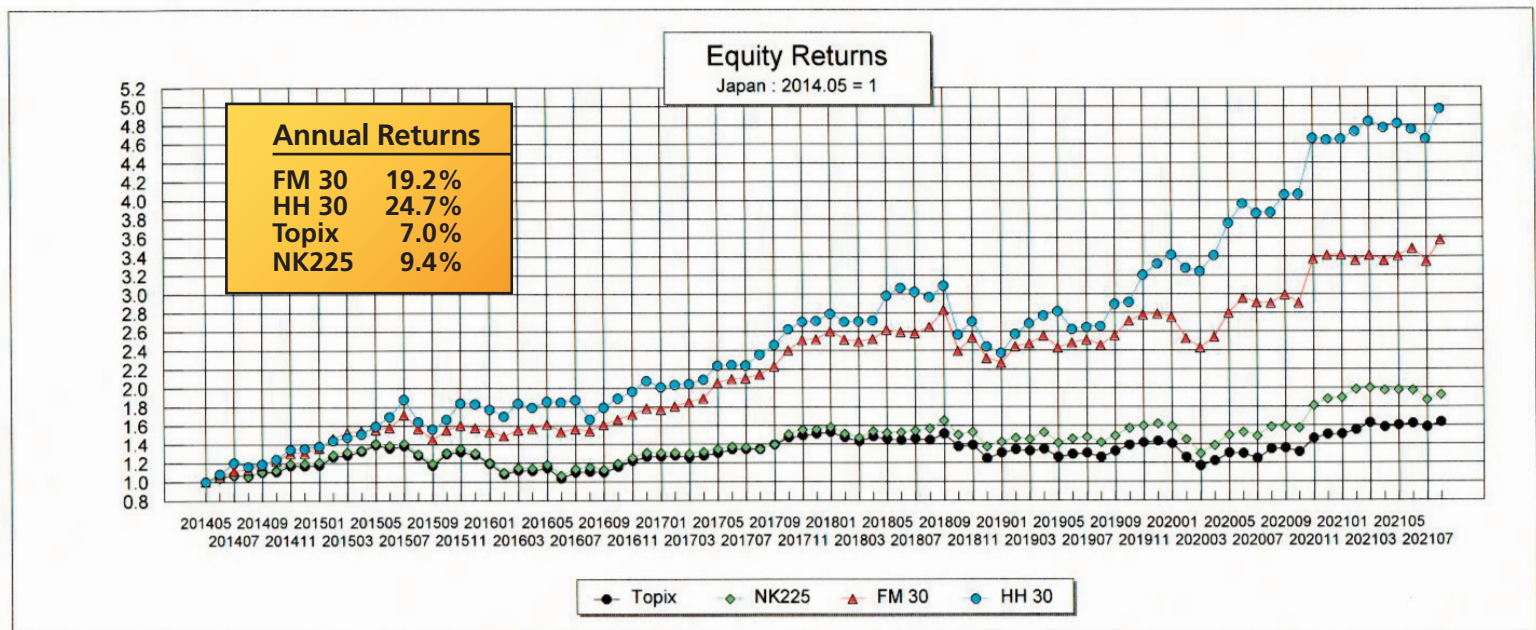


# Validate Strategy



## Japan FM 30 & HH 30: 20%+ Returns

2021.08



Note : Equity Returns for the graph on this page is calculated using market cap figures.

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