

# Yuki Asia Umbrella Fund Yuki Japan Rebounding Growth Fund USD Hedged Unit Class

2018 LIPPER FUND AWARD, UK  
EQUITY JAPAN BEST FUND OVER 3 YEARS  
EQUITY JAPAN BEST FUND OVER 5 YEARS



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## FUND PROFILE

**OBJECTIVE** Long-term capital appreciation through investment in equities of Japanese companies that are achieving EPS growth through the skillful execution of unique business models that are well suited to the economic environment and growth opportunities.

**APPROACH** We start by analyzing all 4000 listed Japanese companies and screening them for growth characteristics. Companies with the qualities we require become our Growth Universe (typically 300-600 companies). Afterwards, the investment team meets with the key decision makers at each of these companies and conducts deep due diligence to determine which ones are the best growth companies in Japan right now. Finally we invest in the best of these companies to optimize appreciation potential.

**SUITABILITY** Institutional investors who want alpha from Japan.

## FUND MANAGER'S COMMENT | OVERVIEW

Our outlook as of September 29 for corporate performance for the fiscal year ending March 2024 (for the 2,055 companies that actually announced their forecasts) is as follows: operating income of ¥56.1 trillion up 4.0% from the previous year, ordinary income of ¥68.4 trillion down -2.6% from the previous year, net income of ¥47.7 trillion down -0.4% from the previous year, and gross dividends of ¥17.0 trillion up 2.0% from the previous year. The Japanese stock market rose through the middle of September due to strong economic indicators in the U.S. and China, with Japan's leading companies such as Toyota Motor Corp. and Hitachi Ltd, hitting new highs since listing, and stock indexes temporarily reaching levels approaching post-bubble highs. Thereafter, stock prices fell due to rising long-term interest rates in the U.S., the view that monetary tightening would be prolonged, and rising crude oil prices. Domestic corporate earnings have remained steady amid a recovery in inbound tourism and the continued depreciation of the yen, but the impact of the recent spike in crude oil prices on business performance must be closely monitored. We think it is important to continue to conduct due diligence and select companies that can expect medium- to long-term EPS growth.

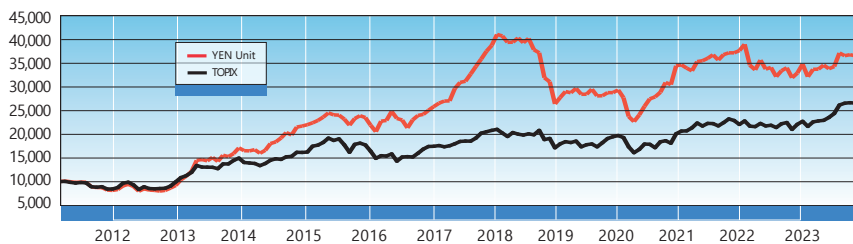
## Investment Themes

### WITH THIS IN MIND WE ARE BUILDING OUR PORTFOLIO AROUND THE FOLLOWING THEMES:

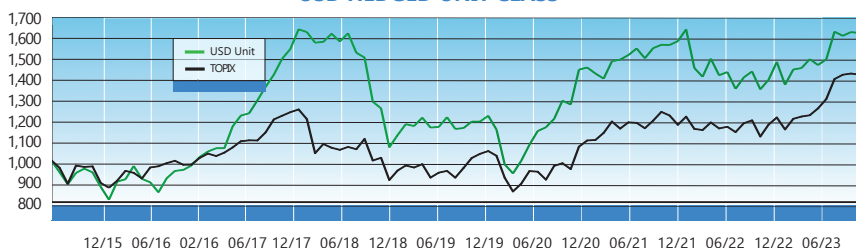
1. Companies that have established highly profitable business models that will enable them to achieve a high level of earnings growth over the medium to long term;
2. Companies with sustainable earnings growth over the medium to long term in the hardware and software fields that contribute to the actualization of IoT and 5G, which are part of the fourth industrial revolution;
3. Companies that offer the latest devices that utilize the infrastructure of the Fourth Industrial Revolution and take part in improving customer productivity;
4. Companies that respond to environmental regulations through EV and electrical equipment, which are next-generation themes of the automobile industry where supply and demand are tight;
5. Companies that are resistant to current inflation and maintain high profitability.

## PERFORMANCE CHART

YEN UNIT CLASS



USD HEDGED UNIT CLASS



## FUND FACTS

Market Coverage	Japanese Equities	
Currency	U.S. Dollar, Japanese Yen, or Euro	
Inception Date	19 August 2015	USD Hedged Unit Class
	30 March 2011	Yen Unit Class
	01 May 2018	EUR Hedged Unit Class
ISIN Code	IE00BVRZ9185	USD Hedged Unit Class
	IE00B3VGSP84	Yen Unit Class
	IE00BDRTDF67	EUR Hedged Unit Class
Bloomberg Code	YUKIUSD:ID	USD Hedged Unit Class
	YUKIJPY:ID	Yen Unit Class
	YUKIEUR:ID	EUR Hedged Unit Class
Total Net Asset	¥4,848 Million	
	-\$10.24 Million	USD Hedged Unit Class
	-¥3,764 Million	Yen Unit Class
	-€1.901 Million	EUR Hedged Unit Class
Unit NAV	\$1,608.18	USD Hedged Unit Class
	¥36,975	Yen Unit Class
	€913.40	EUR Hedged Unit Class
Legal Classification	UCITS regulated by Central Bank of Ireland	
Listed	Irish Stock Exchange	
Reporting Year End	July	
Subscription / Redemption	Daily	
Minimum Investment	\$10,000	USD Hedged Unit Class
	¥1,000,000	Yen Unit Class
	€10,000	EUR Hedged Unit Class
NAV Calculations	Daily	
Manager	Bridge Fund Management Ltd Dublin	
Trustee	BNY Mellon Trust Company (Ireland) Ltd Dublin	
Investment Manager	Yuki Management & Research Co. Ltd Tokyo	
Fund Manager	Magotaka Oshitani	
Administrator	BNY Mellon Fund Services (Ireland) DAC Dublin	
Auditor	Deloitte Dublin	
International Placing Agent	Yuki-Co, LLC	

## CONTACTS

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## FUND MANAGER'S COMMENT | REVIEW

Through company visits and participation in earnings announcement meetings, the fund manager added new positions, confirmed existing positions, and increased the weightings of some positions. One company of note is Sumitomo Riko (5191), which boasts the top global market share in anti-vibration rubber for automobiles. The company's sales are also expanding as automobile production for Japanese OEMs recovers. Around 2012, the company expanded its market share but found its profit margin declining due to low-priced orders. With a change in policy three years ago, they began working on winning orders for highly profitable projects and correcting prices, and the results from the sales price side are beginning to appear as the recent rise in raw material costs were passed on through pricing. Sumitomo Riko is also making progress in reducing fixed costs by reorganizing their production bases in Europe, which is expected to improve the operating profit margin in the medium to long term. In addition to the existing business centered on gasoline-powered vehicles, the company expects sales to expand as the shift to EVs progresses globally and its anti-vibration rubber is beginning to be used around motors to meet the requirement for quieter vehicles.

## PERFORMANCE DATA

### YEN UNIT CLASS

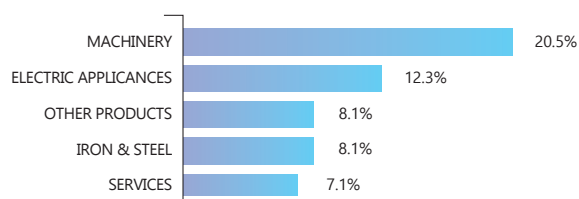
	YTD	1M	3M	1Y	3Y	5Y	10Y	Mar 2011
<b>FUND</b>	13.8%	-0.7%	-1.6%	14.6%	18.3%	-1.8%	136.2%	269.7%
<b>TOPIX</b> <small>(excl. dividends)</small>	22.8%	-0.4%	1.5%	26.6%	42.9%	27.9%	94.6%	168.3%

### USD HEDGED UNIT CLASS

	YTD	1M	3M	1Y	3Y	5Y	10Y	Aug 2015
<b>FUND</b>	18.2%	-0.3%	-0.4%	20.1%	25.1%	7.9%	NA	60.8%
<b>TOPIX</b> <small>(excl. dividends)</small>	22.8%	-0.4%	1.5%	26.6%	42.9%	27.9%	NA	40.9%

\*Note: TOPIX figures are stated in JPY.

## SECTOR BREAKDOWN



## FUND MANAGER'S COMMENT | Future Strategy

The market ended positive in September. Continuing from last month, companies with PBRs below 1x such as steel, resources, and banking, rose regardless of earnings. In contrast, profit-taking selling of growth companies and high PBR companies was noticeable during the month. Signs of change are beginning to appear, such as the beginning of a decline in trading companies, which had been rising since the beginning of the year, and the main movement to date has been the selection of companies with a focus on low PBR, and in our judgment, this has been a stronger factor than a focus on fundamentals. Until the U.S. stock market regains its footing through stabilization of economic activity in the face of high interest rates, we expect the Japanese market will move in an uncertain direction. Against the TOPIX's PER multiple of 15.6x, the PER of companies with good earnings that are trading at fair value has dropped to the 12.9x level, and when the market's upward trend is in place, we expect that these companies will rise significantly. Regardless of economic boom or bust, our analysis is that companies with unique business models and high market share will be able to sustain sales growth from the next fiscal year onward and will be able to pass on price increases even in the face of concerning inflationary conditions such as rising raw material prices, so EPS growth will also be sustainable. Our investment policy is to focus on fundamentals, building a portfolio focused on companies undergoing a high rate of change with a superior market advantage. We will adjust our position weightings based on target prices using our 3-year earnings estimates, and thoroughly analyze and evaluate company earnings to focus our investments on companies that we expect will improve profits over the medium to long term and have high EPS growth momentum based on unit sales growth.

## FEES

Manager	0.015%
Administrator	0.085% - 0.025%
Trustee	0.02%
Investment Manager & Placing Agent	1.50%
Hedge Cost	0.07%

Please see prospectus for details  
[minimum charge may apply]

## TOP HOLDINGS

<b>1</b> NEC Corp (6701)	4.5%
<b>2</b> Mitsubishi Heavy Industries (7011)	4.4%
<b>3</b> Kubota Corp (6326)	3.7%
<b>4</b> Kobe Steel Ltd (5406)	3.4%
<b>5</b> Panasonic Holdings Corp (6752)	3.3%
<b>6</b> Hitachi Construction Machine (6305)	3.2%
<b>7</b> Okamura Corp (7994)	3.2%
<b>8</b> JFE Holdings (5411)	3.2%
<b>9</b> Shibaura Electronics (6957)	3.1%
<b>10</b> Japan Steel Works Ltd (5631)	3.0%
<b>TOTAL</b>	<b>35.0%</b>

**DISCLAIMER:** This material is intended to report solely on the investment strategies and opportunities identified by Yuki. Additional information is available upon request. Information herein is believed to be reliable but Yuki does not warrant its completeness or accuracy. Opinions and estimates constitute Yuki's judgement and are subject to change without notice. Past performance is not indicative of future results. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Yuki and/or its affiliates and employees may hold a position or act as advisor to such issuer. The investments and strategies discussed herein may not be suitable for all investors; if you have any doubts you should consult your own advisor or broker. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. You should consult your tax or legal adviser about the issues discussed herein. The investments discussed may fluctuate in price or value. Investors may get back less than they invested. Changes in rates of exchange may have an adverse effect on the value, price or income of investments.