

## SHINING A LIGHT ON THE..... Nomura Japan High Conviction Fund

### AT A GLANCE

Investment Objective	
The investment objective of the Sub-Fund is to achieve long-term capital growth through investment in a concentrated, actively managed portfolio of Japanese equity securities.	
Inception Date	7 <sup>th</sup> August 2013
Fund Factsheet Link	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VTUU">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VTUU</a>

Management	
Manager Name	Start Date
Shintaro Harada	7 <sup>th</sup> August 2013

### FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2015 to 30<sup>th</sup> September 2020:

	2015	2016	2017	2018	2019	2020
Nomura Fds Japan High Conviction Fund	19.15%	26.64%	19.87%	-5.35%	21.18%	25.32%
XTrackers MSCI Japan	14.20%	23.48%	13.19%	-8.64%	14.37%	3.27%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Nomura Fds Japan High Conviction Fund	26.12%	60.22%	156.97%	165.31%
XTrackers MSCI Japan	1.66%	16.41%	66.08%	66.16%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
8.86	149.40	88.68	72.22	1.11	12.07	Growth/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	17.06%
3-Yr Mean Return (average)	17.01%

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Investment Style Details	
Giant	44.80%
Large	33.80%
Medium	18.75%
Small	0.00%
Micro	0.00%

Top 5 Holdings – 31 holdings		
Nidec Corp	Industrials	7.31%
Keyence Corp	Technology	6.24%
Daikin Industries Ltd	Industrials	5.48%
Fast Retailing Co Ltd	Consumer Cyclical	5.32%
Unicharm Corp	Consumer Defensive	4.83%

Top 5 Sectors	
Industrials	35.67%
Technology	18.32%
Consumer Cyclical	15.54%
Healthcare	13.73%
Consumer Defensive	10.58%

## UPDATE....

**These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

This was our first introduction to the team. Just looking at the high-level data the fund does provide some downside protection, but significantly outperforms on the upside. The manager has also demonstrated his ability to pick the right stocks with a high betting average. All this feeds into the performance figures since launch.

Looking at the fund itself this is a highly focused strategy with around 31 holdings. They look to invest in the highest quality companies. They explained that investors need to separate corporate profits from the Japanese economy. Many of the holdings have increasing exposure to the global economy especially through M&A activity.

The team are based in Japan and there are 4 portfolio managers, 24 analysts and 7 ESG specialists. Between the team they cover around 3,000 company meetings a year. The aim is to identify those companies that can produce sustainable returns over the long term. Effectively this is about thinking beyond 5 years. These are likely to be companies with low levels of debt and involved in areas like factory automation, information society, energy saving, improving lifestyles, and aging society.

In summary, this was a very brief introduction to the strategy. At a high level they have been able to deliver strong performance. Clearly having the team on the ground is important and a focus on quality and long-term winners help. In follow up research we would be interested to discover more about how they choose companies, with examples, and the reasons to sell, especially as they seem to be long term investors.

*The source of information in this note has been provided by Nomura and is correct as at September 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*