

**SHINING A LIGHT ON THE.....
FTF Martin Currie Japan Equity Fund**

AT A GLANCE

Investment Objective
The Fund seeks to achieve its capital growth objective by investing principally in the securities of Japanese companies, which have above average growth prospects relative to the shares of Japanese companies as a whole. The Fund may also invest in other investments, to the extent permitted by the FCA Rules, as applicable from time to time and as explained in the Prospectus.

Inception Date	28/10/1996
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000PLVU

Management	
Manager Name	Start Date
Hideo Shiozumi	22 October 1996

FUND PERFORMANCE

Performance from 1st January 2016 to 30th September 2021:

	2016	2017	2018	2019	2020	2021
FTF Martin Currie Japan Equity Fund	29.19%	36.07%	-10.56%	24.88%	40.50%	-0.41%
TOPIX TR JPY	23.41%	15.60%	-8.36%	14.64%	9.55%	7.59%

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

	1 year	3 years	5 years	Since launch
FTF Martin Currie Japan Equity Fund	6.35%	38.01%	88.71%	992.13%
TOPIX TR JPY	15.64%	18.02%	50.17%	131.62%

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	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
14.46	0.39	94.40	156.84	140.60	47.22	1.21	5.57	Growth/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	23.21%
3-Yr Mean Return (average)	11.34%

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Investment Style Details	
Giant	18.63%
Large	30.98%
Medium	44.93%
Small	4.38%
Micro	0.00%

Top 5 Holdings – 44 Equity Holdings		
Nihon M&A Center Inc	Financial Services	8.22%
M3 Inc	Healthcare	7.60%
BayCurrent Consulting Inc	Technology	7.57%
FUJIFILM Holdings Corp	Industrials	5.64%
Benefit One Inc	Industrials	5.62%

Top 5 Sectors	
Healthcare	32.90%
Industrials	23.96%
Technology	17.64%
Financial Services	8.69%
Consumer Defensive	7.83%

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UPDATE....

This fund was previously under the Legg Mason brand but with the takeover by Templeton it has been renamed Martin Currie. The manager and philosophy have not changed. Hideo Shiozumi has managed Japanese equities for over 50 years, and this strategy since launch. This is a boutique franchise under the Templeton group. The strategy focuses on the changes in the Japanese economy and is a pure growth strategy.

They are long term holders of equities, some of which have been held for over 10 years. They believe patience is key and can lead to good investment returns over the long term. They are happy to hold companies if mistakes are made, where they believe they can turn things around. And they are happy to hold onto their convictions no matter what the market or other investing experts may be saying.

This is all about new Japan and therefore this will be very different to other funds and the index. 34.93% of the fund is healthcare related, 20.10% consumption, 15.9% human resources and outsourcing, 11.39% internet services, 8.22% elderly related and the remain in other related themes.

They are tracking around 100 companies and will hold between 30 and 60 stocks in the fund. The top ten are their highest conviction names. The value of the companies they hold are high based on P/E and PEG ratios. However, they feel this is justified based on the future earnings potential of the companies they hold.

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As an example, they have held M3 since 2005 and this has grown from a market cap of 582 million to 33.2 billion. Although the share price has dropped back recently, they believe the business model remains strong and they have a robust growth profile. Nihon is another example where mergers within Japan are increasing, and this directly benefits this business.

Although macro isn't part of the strategy, the new Prime Minister wants to continue on the path of reform and to revitalise Japan. This will cover areas like working hours, equal pay for equal work and improving conditions of non-regular workers. Another area is to make government departments more efficient and BayCurrent is at the forefront of digitisation. The opportunity for Japan therefore remains and is growing.

COVID has also had an impact. There has been a sharp increase in internet penetration, and where telemedicine was previously banned, this has now opened and is growing rapidly. Ecommerce has gone from around 10% to 18%.

In terms of performance, the push towards value (cheap companies) has damaged the performance of the strategy. The companies they hold will be more expensive compared to the index but they believe these are on the right side of changes within Japan and have the greatest opportunities to benefit from these.

In summary, this fund has a staple management team who have delivered excellent performance over the last 25 years. The strategy is not immune to periods of underperformance, and with the shift to value this has hurt the performance in the short term. However, they believe that the focus on creating a new Japan means that the companies they are invested in are at the forefront of change and therefore over the long term this fund will continue to provide investors opportunities.

The source of information in this note has been provided by Martin Currie and is correct as of October 2021. 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.