

**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 31st May 2022:

	2016	2017	2018	2019	2020	2021	2022
FTF Martin Currie Japan Equity Fund	29.19%	36.07%	-10.56%	24.88%	40.50%	-16.33%	-28.39%
TOPIX TR JPY	23.41%	15.60%	-8.36%	14.64%	9.55%	2.02%	-6.48%

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	-30.40%	-8.74%	11.45%	556.99%
TOPIX TR JPY	-2.32%	14.62%	20.56%	105.39%

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
17.24	0.44	96.39	123.77	179.66	36.11	1.17	(7.32)	Growth/Mid

LWM Consultants Ltd

Volatility Measurements	
3-Yr Std Dev (volatility)	24.69%
3-Yr Mean Return (average)	-3.00%

Investment Style Details	
Giant	3.65%
Large	24.84%
Medium	57.06%
Small	12.68%
Micro	0.00%

Top 5 Holdings – 38 Equity Holdings		
M3 Inc	Healthcare	8.92%
BayCurrent Consulting Inc	Industrials	8.90%
SMS Co Ltd	Healthcare	5.08%
GMO Payment Gateway Inc	Technology	5.01%
Pan Pacific International	Consumer Defensive	4.63%

Top 5 Sectors	
Healthcare	34.24%
Industrials	31.37%
Technology	12.05%
Consumer Defensive	7.95%
Communication Services	5.11%

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.

UPDATE....

This fund has been managed by Hideo Shiozumi since its launch and he is supported by Rena Sasaki. The strategy has delivered strong performance over the long term. However, it has recently gone through a period of underperformance.

To provide some insight, this invests in high growth companies. The valuation of these companies tends to be higher than the market average and although there are lower levels of debt, around 33% of the companies they invest in are not profitable yet. The strategy is also highly concentrated, with around 38 holdings, the top ten making up around 50% of the investments.

In an environment that is punishing high growth companies this strategy will struggle. They feel that the market is unfairly punishing companies without looking at fundamentals. As an example, M3 is seeing 20% growth in revenues but its shares are down 30%. Pan Pacific is one of their longest holdings and again remains fundamentally sound, but the share price is down. They stressed that during this time they remain focused on the process.

LWM Consultants Ltd

They are long term holders and therefore although the top ten has moved around they haven't made any changes to the portfolio. They believe patience is important and point to the long-term performance as proof that over the long term they can deliver.

The fund itself focuses on new Japan and three key mega trends – aging population, changing consumer lifestyles and internet empowerment. Japan is also going through Kishidanomics which has a focus on narrowing the gap between the rich and poor, digital transformation, and tax reforms. The companies they invest in will be beneficiaries of the changes happening in Japan.

In summary, investors should be aware this is a high growth strategy which naturally will carry additional risk, especially in periods like the one we are currently in. Whether the markets have reached the bottom or if there is more to come is the big question. The team urge patience and believe that performance will come back. We remain happy to hold the fund on our watchlist.

The source of information in this note has been provided by Martin Currie and is correct as of June 2022. 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.