

# Yuki Asia Umbrella Fund Yuki Japan Rebounding Growth Fund

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



## MARKETING COMMUNICATION

PLEASE SEE PROSPECTUS FOR DETAILS BEFORE INVESTING

30 SEPTEMBER 2024 | PAGE 1 OF 2

## 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** Intensive bottom-up research (company visits, interviews and fundamental analysis) with utilization of proprietary database of over 3,800 companies

**SUITABILITY** Institutional investors with a long term view

## FUND MANAGER'S COMMENT | OVERVIEW

Our outlook as of September 30 for corporate performance for the fiscal year ending March 2025 (for the 2,053 companies that actually announced their forecasts) is as follows: operating income of ¥64.2 trillion up 5.8% from March 2024, ordinary income of ¥81.5 trillion up 1.9% from the previous year, net income of ¥55.7 trillion up 0.4% from the previous year, and gross dividends of ¥19.9 trillion up 4.8% from the previous year. Although the corporate results for the April-June period showed a gradual recovery trend due to an expansion in capex spending, the stock market was weak at the beginning of the month due to a decline in semiconductor-related stocks in response to Nvidia's financial results, US forecasts for which had been overly optimistic, and the appreciation of the yen. After that, the U.S. stock market rose due to the FOMC's significant interest rate cut, and the Japanese stock market also rose, but toward the end of the month, export-related stocks fell mainly due to the appreciation of the yen following the results of the LDP presidential election. In terms of corporate performance, we can expect an increase in earnings for the next fiscal year due to the recovery of the manufacturing industry with an increase in capital investment and expectations for an economic recovery in China. We think it is important to continue to conduct due diligence and select companies that can expect medium- to long-term EPS growth.

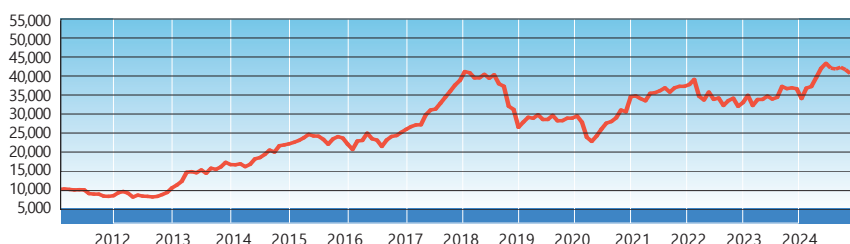
## Investment Themes

### 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



## FUND FACTS

|                             |   |
|-----------------------------|---|
| Market Coverage             | Actively Managed Japanese Equity Fund   |
| Currency                    | Japanese Yen, U.S. Dollar, or Euro  |
| Inception Date              | 30 March 2011 Yen Unit Class<br>19 August 2015 USD Hedged Unit Class<br>01 May 2018 EUR Hedged Unit Class |
| ISIN Code                   | IE00B3VGGSP84 Yen Unit Class<br>IE00BVRZ9185 USD Hedged Unit Class<br>IE00BDRTDF67 EUR Hedged Unit Class  |
| Bloomberg Code              | YUKJJPY:ID Yen Unit Class<br>YUKIUSD:ID USD Hedged Unit Class<br>YUKIEUR:ID EUR Hedged Unit Class         |
| Total Net Asset             | ¥4,415 Million  |
| Unit NAV                    | ¥41,424 Yen Unit Class<br>\$1,895.15 USD Hedged Unit Class<br>€ 1,058.44 EUR Hedged Unit Class            |
| Legal Classification        | UCITS regulated by<br>Central Bank of Ireland   |
| Listed                      | Irish Stock Exchange  |
| Reporting Year End          | July  |
| Subscription / Redemption   | Daily   |
| Minimum Investment          | ¥1,000,000 Yen Unit Class<br>\$10,000 USD Hedged Unit Class<br>€10,000 EUR Hedged Unit Class              |
| NAV Calculations            | Daily   |
| Manager                     | Bridge Fund Management Ltd.<br>Dublin   |
| Trustee                     | BNY Mellon Trust Company (Ireland) Ltd<br>Dublin  |
| Investment Manager          | Yuki Management & Research Co. Ltd<br>Tokyo   |
| Fund Manager                | Magotaka Oshitani   |
| Administrator               | BNY Mellon Fund Services (Ireland) DAC<br>Dublin  |
| Auditor                     | Deloitte<br>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, Sumitomo Forestry (1911), is enjoying strong sales of detached houses in the U.S. For people in their 30s and 40s who aim to own a home, developers in the U.S. that have squeezed supply since Lehman Shock, are continuing to operate cautiously while taking into account trends in interest rates. In addition, demand has remained high due to the need for housing in the suburbs triggered by COVID-19, and the favorable environment continues. The company is targeting the middle class with a house price of around \$500,000, and by making a local developer a subsidiary, has succeeded in expanding its annual supply to around 12,000 units. The decline in U.S. interest rates is also a favorable environment for U.S. home buying, and the expansion of the U.S. business can be expected due to the rise in sales prices and the increase in the number of units. We will continue to hold our position in the stock because there is room for a rise in the stock price with a nearly double-digit EPS growth due to the increasing weight of the highly profitable U.S. business in the company's operations (60% of sales).

## FEES

|   |                 |
|---|-----------------|
| Manager                                   | 0.015%          |
| Administrator                             | 0.085% - 0.025% |
| Trustee                                   | 0.02%           |
| Investment Manager and Placing Agent      | 1.50%           |
| Plus hedge cost for USD Hedged Unit Class |                 |

## PERFORMANCE DATA

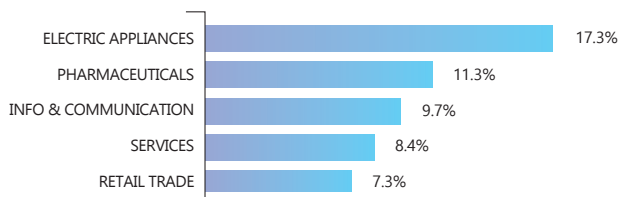
PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS

|      | YTD   | 1M   | 3M    | 1Y    | 3Y    | 5Y    | 10Y    | Since Inception |
|------|-------|------|-------|-------|-------|-------|--------|-----------------|
| FUND | 10.3% | 0.9% | -3.1% | 12.0% | 10.1% | 45.8% | 101.9% | 11.1% p.a.      |

## TOP HOLDINGS

|                                       |              |
|---------------------------------------|--------------|
| 1 Sumitomo Forestry Co (1911)         | 4.5%         |
| 2 Tsumura & Co (4540)                 | 4.2%         |
| 3 NEC Corp (6701)                     | 4.0%         |
| 4 Fujitsu Ltd (6702)                  | 3.6%         |
| 5 Hitachi Ltd (6501)                  | 3.4%         |
| 6 Tamron Co (7740)                    | 3.1%         |
| 7 Peptidream Inc (4587)               | 3.1%         |
| 8 Kagome Co Ltd (2811)                | 2.9%         |
| 9 Kawasaki Heavy Industries (7012)    | 2.7%         |
| 10 Mitsubishi Heavy Industries (7011) | 2.6%         |
| <b>TOTAL</b>                          | <b>34.0%</b> |

## SECTOR BREAKDOWN



## FUND MANAGER'S COMMENT | Future Strategy

Stock prices continued to recover in September from the sharp decline in stock prices in August, but following the results of the LDP presidential election, they fell sharply on the last day, resulting in overall negative results for the month. It is noteworthy that the movement continues to focus on fundamentals as it did last month. The drop in low-PBR stocks was even more pronounced in the market as a whole. By sector, the decline of low-profit companies that are sensitive to interest rate hikes, especially low-PBR stocks in sectors like banking, insurance and securities, as well as defensive sectors like pharmaceuticals, electricity and gas, was notable. On the other hand, food, retail, and textiles rose. We assume that stock picking that emphasizes fundamentals and high PBR will continue to find favor going forward. Although concerns remain unresolved about an economic slowdown centered on China, our analysis suggests that the US stock market is regaining efficiency due to stabilization of U.S. economic activity. There is great potential for growth companies in the Japanese market when global investors choose to focus on fundamentals, and 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 13.4x level. Within that fair value group of growth companies, small-cap growth companies are trading at a PER of 13.5x, 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.

**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.

**ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND:** The Fund, including its sub-fund, is compliant with Swiss law for offering to qualified investors in Switzerland. The Swiss representative is REYL & Cie S.A., 4, rue du Rhône, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Geneve, 17, quai de l'Île, 1204 Geneva, Switzerland. Investors in Switzerland can obtain the documents of the Fund, such as the Prospectus, the Trust Deed, the Key Information Documents ("KIDs"), and the financial reports free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative.