

iMGP Funds

iMGP Japan Opportunities

Share class : I EUR HP

ISIN : LU1158909215

For qualified investors only

Managed by
Eurizon Capital SGR S.p.A.

Investment objective

The objective of this Sub-fund is to provide its investors with capital growth; at least two thirds of the Sub-fund's assets are invested at all times in equities and other similar instruments issued by companies having their registered office in Japan. The Sub-fund may purchase securities traded on the regulated markets listed in section 13 "Investment restrictions" and in particular on the Jasdaq. The TOPIX Net TR index is used, in the appropriate currency of a given Share Class of the Sub-fund, for comparison mainly, including for performance comparison. Although the Sub-fund is actively managed and the Sub-Manager is not limited to investing in accordance with the composition of the index, the Sub-fund may be constrained by certain risk indicators or restrictions that refer to the index. The Sub-fund includes the integration of ESG factors into its investment selection process.

Risk/Return profile

LOWER RISK
(Typically lower rewards)

HIGHER RISK
(Typically higher rewards)

1 2 3 4 5 6 7

Performance & risk measures

Data as of 2023.03.31



Monthly returns	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	8.7%	4.5%	2.2%	1.8%	-	-	-	-	-	-	-	-	-
2022	2.8%	0.3%	-1.3%	3.2%	-2.3%	0.4%	-0.4%	3.0%	0.6%	-3.6%	3.7%	2.7%	-4.3%
2021	9.3%	0.1%	4.5%	7.0%	-2.9%	1.0%	0.3%	-2.1%	0.5%	4.5%	-1.1%	-4.7%	3.0%
2020	-6.1%	-1.3%	-10.8%	-9.0%	2.1%	5.7%	-0.6%	-6.1%	8.3%	1.7%	-3.9%	7.8%	1.9%
2019	18.8%	5.0%	3.6%	-1.7%	2.6%	-5.1%	2.7%	0.9%	-2.3%	6.1%	4.3%	-0.1%	1.9%
2018	-16.9%	-0.1%	-4.3%	-1.6%	4.0%	-0.6%	-0.5%	1.7%	-1.1%	3.0%	-8.5%	-0.1%	-9.4%

Cumulative performance	Fund	Index
1M	1.8%	1.8%
3M	8.7%	7.7%
6M	10.6%	11.4%
1Y	9.3%	6.5%
3Y	42.9%	51.1%
5Y	20.2%	26.5%
Since inception	36.4%	42.2%

Calendar year performance	Fund	Index
YTD	8.7%	7.7%
2022	2.8%	-2.8%
2021	9.3%	11.7%
2020	-6.1%	6.1%
2019	18.8%	16.9%
2018	-16.9%	-17.3%

Annualized risk measures	Fund	Index
Volatility	14.9%	15.9%
Sharpe ratio	1.0	1.1
Tracking error	5.3%	-
Information ratio	-0.4	-
Beta	0.9	-
Correlation	0.9	-

Annualized performance	Fund	Index
3Y	12.6%	14.7%
5Y	3.7%	4.8%
Since inception	4.3%	4.9%

Source: iM Global Partner Asset Management. Past performance does not guarantee or predict future performance. Annualized risk measures based on 3-year weekly returns if more than 3-year history or 1-year if less than 3-year history.

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Manager Comment

Highlights

- Tokyo headline CPI eased to 3.3% year on year
- Indicative wage to increase by 3.8%, the strongest growth over the last three decades
- Market trading close to decade median

Cumulative performance	Fund	Index
1M	1.8%	1.8%
YTD	8.7%	7.7%

Market Review

The TOPIX Net Total Return was up by +1.5%, returning better than global equities, up by +0.7% in yen terms. The market rotated into a growth style, reverting from the previous month. Mega-cap growth was up by +4% while mega-cap value was down by -1%. The TOPIX REIT index was down by -3%. The yen strengthened by 2% to JPY133 per US dollar. The Information Technology sector led the market gaining +5%, as the Semiconductor segment jumped by another +6% and became the best-performing industry for this quarter, returning +27%. The Financials sector tanked by -9% amidst the global banking turmoil in the US and in Europe but also expectations of lower inflation globally in the coming quarters, wiping out its year-to-date gain until mid-March. The Tokyo headline CPI slightly eased to 3.3% year on year but came in above the consensus. The Japanese Trade Union Confederation (Rengo) which covers less than 20% of workers announced its first round of wage rate revision. The headline increase was 3.8%, of which the base pay is set to increase by 2.3%, the strongest growth over the last three decades. BoJ’s manufacturing Tankan sharply declined on a weak demand outlook, while non-manufacturing continued to improve on belated reopening and expectation on inbound tourism recovery.

Fund Review

The fund outperformed the benchmark thanks to positive stock selection. Sector allocation was negative mainly due to an overweight in Financials which was offset by a good positioning within the sector. The overall impact of the tech rally was neutral thanks to semi materials exposure within Materials even though the exposure to the semiconductor industry was limited. The main contributors were Sumitomo Bakelite, Murata Manufacturing and East Japan Railway. Sumitomo Bakelite further gained +10%, surging by a third year-to-date. Murata also gained +10% as the market expects bottoming out of inventory adjustment. East Japan Railway +7% served its role as a defensive name during the banking turmoil. The main detractors were the banks Mizuho Financial Group and Resona Holdings as well as the life insurance company Japan Post Insurance that tanked by low teen percentages amidst the financial turmoil. Three names newly joined the portfolio. Kansai Paint, a mid-size painting company with a large presence in Japan, India and Europe, was initiated earlier in the month as auto production is expected to recover and the input cost to decline. The position was topped up at a public offering benefitting from a lower share price. Nomura Research Institute, one of the largest IT system integrators domestically, was initiated as the company is well-positioned to benefit from digital transformation/software investments. The share price tanked after its major shareholders reduced their stakes last November and remained at a similar level on weak results due to cost issues at its newly acquired overseas business. At the current level, the valuation looks attractive for a top-quality company. Mitsubishi Shokuhin, the largest food wholesaler in Japan, also join the portfolio for being a beneficiary of food inflation, its asset-light operation and attractive valuation. Amid continuous inflation, the team continues to favour companies with strong pricing power to absorb cost inflation and maintain prices beyond. Companies benefitting from lower raw material cost are also played. Cash is at the maintenance level. The ESG profile is broadly unchanged and continues to outperform the benchmark, comparing particularly favourable in its carbon emission intensity.

Outlook

Consensus earnings estimates for the TOPIX were down by 1% for FY22 & FY23 respectively. The EPS growth is expected to grow by 7% in FY23. Even if domestic activities are likely to pick up along with the border reopening, inflation should weigh on consumption. The visibility of the manufacturing sector is quite low due to the global economic outlook. TOPIX valuations are at 12.6x 12-month forward P/E, 1.18x P/B and 2.5% dividend yield. The Fund is trading at 13.4x, 1.25x and 2.5% respectively broadly in line with the market but focusing on reasonably priced free cash flow generators. The team is keeping eye on quality names with reasonable valuations that can weather the economic uncertainty.

Portfolio Breakdown

By Country		By Sector		Top 10	
JAPAN 97.0%		Industrials	26.2%	TOYOTA MOTOR CORP	4.9%
Cash & Others 3.0%		Technology	20.1%	KDDI CORPORATION	3.5%
		Consumer Discretionary	14.2%	MIZUHO FINANCIAL	3.5%
		Financials	12.0%	SONY CORP	3.3%
		Consumer Staples	8.9%	KAMIGUMI CO LTD	3.1%
		Communications	6.9%	RECRUIT HOLDINGS CO LTD	3.0%
		Health Care	4.4%	KOMATSU LTD	3.0%
		Materials	4.2%	SECOM	3.0%
		Cash & Others	3.0%	BRIDGESTONE	3.0%
				SUMITOMO BAKELITE	2.9%
					33.2%
By Currency		By Market Capitalization		Top 3 Contributors	
JPY 100.0%		Mega Cap > 30 bn	33.2%	SUMITOMO BAKELITE	0.3%
		Large Cap 5 bn - 30 bn	31.0%	MURATA MANUFACT	0.2%
		Mid Cap 1 bn - 5 bn	32.4%	SONY CORP	0.2%
		Small Cap < 1 bn	0.5%		
		Cash & Others	3.0%		
				Top 3 Detractors	
				MIZUHO FINANCIAL	-0.4%
				MITSUBISHI UFJ FINANCIAL	-0.3%
				JAPAN POST INSURANCE CO LTD	-0.2%

Source: iM Global Partner Asset Management



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Dealing information

Liquidity	Daily
Cut-off time	TD-1 12:00 Luxembourg
Minimum initial investment	1,000,000
Settlement	TD+2
ISIN	LU1158909215
CH Security Nr	26497573
Bloomberg	OYJOIE2 LX

Fees

Subscription fee	Max 0.00%
Redemption fee	Max 1.00%
Management fee	Max 0.75%
Performance fee	-

Administrative information

Central Administration	CACEIS Bank, Luxembourg Branch	Auditor	PwC Luxembourg
Transfert Agent	CACEIS Bank, Luxembourg Branch	Management company	iM Global Partner Asset Management S.A.
Custodian Bank	CACEIS Bank, Luxembourg Branch		

Important information

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