



RWC Nissay Japan Focus Fund

30th November 2020

Fund Aim

Through a process of close engagement with a small number of rigorously selected companies, we aim to capture and generate significant alpha.

Fund AUM ¥37,652.7m

Team AUM ¥60,062.0m

Firm AUM ¥2,256,220.5m

Fund Details

Manager	Yasuaki Kinoshita (Nissay)
Chief Analyst	Koji Nakatani (Nissay)
Investment Advisors	Nicola Takada Wood (RWC) Mike Connors (RWC)
Launch Date	30th March 2015
Structure	UCITS IV Lux SICAV
Domicile	Luxembourg
Share Classes	EUR, GBP, JPY, USD
Minimum Investment	All ex JPY JPY (000)
Share Class A	25,000 ¥4,000
Share Class B	10,000,000 ¥1,500,000
Share Class R	25,000 ¥4,000
Annual Management Charge	
Share Class A	1.80%
Share Class B	0.90%
Share Class R	0.90%
Performance Fee*	
Share Class A	15%
Share Class B	15%
Share Class R	15%
Distribution Frequency	Annual
XD Dates	30 Dec
Pay Dates	15 Jan
Dealing - Subscriptions	Daily
Dealing - Redemptions	Daily
Notice Period	3 Days
Dealing Cut Off	13:00 CET (Trade date-3)
Administrator	Brown Brothers Harriman
Auditor	PricewaterhouseCoopers (LUX)

Fund Codes

Share Class	ISIN	Sedol	Bloomberg
A EUR HDG	LU1212748765	BVXBRF0	RWNJAEH LX
A JPY	LU1212749227	BVXBRL6	RWCNJAJ LX
A USD HDG	LU1212749573	BVXBRLQ1	RNJFAUS LX
B EUR HDG	LU1212064981	BW4NJC3	RNJFBEH LX
B GBP	LU1209894218	BWH58M9	RWCNJBG LX
B GBP HDG	LU1212065442	BW4NNZ4	RNJFBGH LX
B JPY	LU1209895025	BWH58P2	RWCNJBK LX
B USD HDG	LU1212066416	BW4NP14	RNJFBUH LX
R EUR HDG	LU1751004588	BFWJL84	RWJFREH LX
R GBP	LU1209895967	BWH58R4	RWCNJRG LX
R GBP HDG	LU1212749144	BVXBRK5	RNJFRGH LX
R GBP Dist.	LU1348820694	BYW8MK3	RWNJRGH LX
R JPY	LU1751004745	BFWJL95	RWJAFRJ LX
R USD HDG	LU1751014389	BFWJLD9	RWJFRUH LX
R USD Dist.	LU1788848080	-	RWJFRUD LX
R USD Dist.	LU1966011717	BJVM687	RWNJRUI LX

Please note Firm AUM includes emulation account values from the previous month-end. Source: RWC, TOPIX

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

*Performance fee is only applied to performance over the relevant performance index. Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees.

Cumulative Performance - Class B JPY



Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	3Y	5Y	SI
B JPY	20,238.88	14.58	20.75	29.33	32.58	47.85	87.96	102.39
TOPIX TR		11.14	10.28	4.30	5.81	5.14	24.48	27.47

Discrete Monthly Performance - Class B JPY (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	-6.61	-13.25	-0.18	11.78	13.37	0.84	-2.18	5.95	5.57	-0.18	14.58	-	29.33
2019	5.26	5.08	1.44	3.73	-6.23	-0.03	4.90	-2.65	5.75	7.24	4.69	2.51	35.60
2018	1.87	-2.93	2.73	-1.81	3.22	0.21	0.24	0.22	5.88	-15.01	5.79	-16.29	-17.40

Historic Annual Returns (%)

	2015	2016	2017
	9.64	-5.76	35.23

Commentary

Summary

The strategy outperformed its TOPIX benchmark by 3.44% in November, a month which saw the TOPIX rise 11.14%, amidst sharp sentimental swings relating to the US presidential election and the announcements of three Covid-19 vaccines in late stages of development. The first vaccine announcement, by Pfizer, occasioned a sharp swing away from quality and growth stocks, towards value/cyclicals, although this manifested itself more in a bout of profit-taking in growth stocks than in a rush into shares with cheaper valuations but lesser prospects. This shift proved to be short-lived and, with geopolitical risks persisting and the outlook for 2021 remaining grim, investors once again sought safety in expensive, evergreen growth stocks, in which the strategy is heavily weighted. Large-cap (but not "value") issues were also favoured, a possible indication of foreign investors seeking security in a difficult environment, while banks and small-caps were weak.

Outperformers

M3 announced quarterly results which exceeded consensus expectations.

En-Japan produced better-than-expected results, raising hopes of a turnaround.

Fancl downgraded its full-year forecast but this was well expected, while the whole cosmetics sector, particularly suppliers of mid-to-lower-end products, such as **Fancl**, saw sales recovering sharply.

Nihon M&A Center fell after announcing disappointing results but rebounded in the flight to quality towards the end of the month

Asahi Intecc showed resilience, and an improving business background, despite the negative impact of Covid-19.

Underperformers

Ryohin Keikaku simply suffered a reversal movement having been a top performer in October due to the earlier (excellent) quarterly results.

Cosmos Pharma was weaker, as investors began to expect that tougher year-on-year comparisons would soon trigger profit-taking.

Yakult Honsha was weak on continued stagnation of its China business.

Outlook

In relative terms, Japan continues to represent a safe haven in troubled times, whilst equity valuations overall are undemanding by historical standards. Whether this will be reflected in a sustained reversal of the net selling by foreigners which has for so long been a damper on the market remains to be seen. However, as long as the world continues to seem a dangerous place, and investors continue to favour identifiable growth, as manifested in quarterly results, over (probably fading) prospects of a sharp cyclical recovery, the strategy looks well positioned. The portfolio also contains some more cyclical, high-conviction investments which have underperformed, but which should recover strongly in due course. This should help to reduce the volatility of the portfolio relative to its benchmark.

RWC Partners Limited - Verde 4th Floor, 10 Bressenden Place, London, SW1E 5DH

t. +44 (0)20 7227 6000 f. +44 (0)20 7227 6003 e. invest@rwcpartners.com

www.rwcpartners.com

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Income Distribution

Share Class	Period	Dist per share
R GBP Hedge Dist.	2019	£1.01
R USD Hedge Dist.	2019	\$0.48

Exposure Summary (%)

Equities	94.5
Index Futures	0.0
Cash	5.5

Financial Ratios

	Fund	Index
Dividend Yield**	0.8	2.2
P/E Ratio (FY1)	51.2	-
P/Book Value	5.1	-

Market Cap Breakdown (% of NAV)

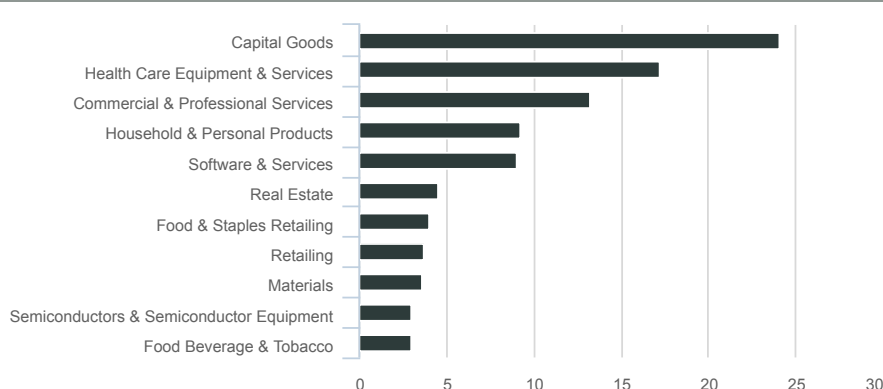
> \$25bn	8.7
\$5bn - \$25bn	60.3
\$1bn - \$5bn	27.2
< \$1bn	3.8

Statistical Analysis[^]

	Fund
Volatility (Annualised)	21.3
Sharpe Ratio	0.7
Beta	0.8

Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
A EUR HDG	191.21	14.43	27.48
A JPY	19,807.15	14.51	28.30
A USD HDG	206.26	14.53	28.88
B EUR HDG	193.38	14.51	28.27
B GBP	253.29	11.18	32.42
B GBP HDG	197.20	14.58	28.83
B JPY	20,238.88	14.58	29.33
B USD HDG	208.40	14.61	29.49
R EUR HDG	141.06	14.51	28.36
R GBP	256.47	11.14	33.24
R GBP HDG	184.44	14.59	28.92
R GBP Dist. HDG	193.47	14.59	28.86
R JPY	13,978.35	14.57	29.29
R USD HDG	150.57	14.45	29.60
R USD Dist.	118.68	14.99	11.11
R USD Dist. HDG	159.29	14.61	29.56

Sector Breakdown (%)


R USD Dist. share class relaunched on 02/10/2020.

**This is the historical portfolio yield.

[^]Relating to JPY share class using daily data.

Source: RWC, FactSet (using GICS Sector Classifications via MSCI), Morningstar.

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