

PROBUS INVESTMENT FUND UCITS

Saisei Japan Equity A - JPY



Fund fact sheet as of 30 June 2021

Quick facts

Fund category	Japan Equities
Reco. placement period	10 years
Last NAV (JPY)	5 406.73
NAV frequency	Daily
ISIN	LU1205057935
Distributed in	LU, CH, FR, UK
Risk and reward profile	<div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> <div>6</div> <div>7</div> </div> <div>Lower Risk Higher Risk</div>

Investment objective

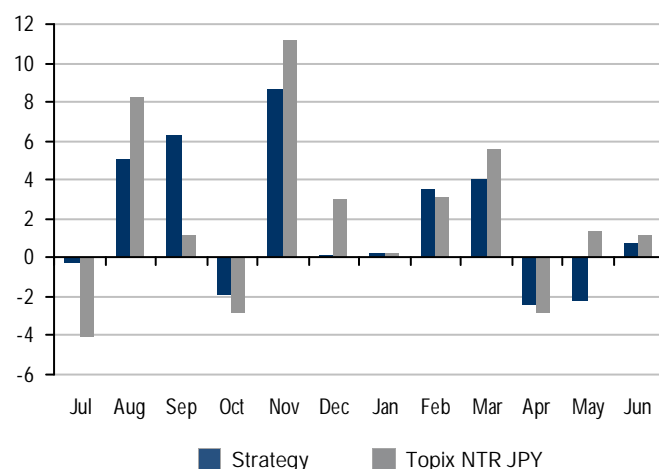
The Fund is a long-only open-ended fund incorporated in Luxembourg. Its objective is to carry out long-term investments and generate capital gains. The Fund seeks returns on an absolute basis in Japanese equities listed exclusively in Japan.

The approach is both thematic and bottom-up, with high conviction selection with between 35 and 40 names in the portfolio. It is benchmark and sector agnostic. The Fund offers great flexibility among market caps in which it has no limits, although it tries to keep a certain balance to capture market directions.

Cumulative performance



Monthly performances over 1 year (%)



Past performance (%) - Net returns

	Cumulative						Annualised	
	Month-to-date	Year-to-date	3 months	6 months	1 year	3 years	Origin	3 years
Fund	0.74%	3.81%	-3.84%	3.81%	23.30%	-0.56%	Origin	-0.19%
Benchmark	1.17%	8.71%	-0.36%	8.71%	26.93%	19.18%	34.69%	6.02%
Strategy	0.74%	3.81%	-3.84%	3.81%	23.30%	-0.56%	19.75%	-0.19%
								2.96%

Strategy: From 24/04/2015 to 30/11/2017, the Saisei Strategy (the "Strategy") has been applied to the sub-fund "IGNI Saisei Japan Opportunities Fund", existing under the laws of the Grand Duchy of Luxembourg, and registered under Part II of the law dated December 17, 2010 on Undertakings for Collective Investment (the "2010 Law"). From 01/12/2017, following the merger by way of absorption of the "IGNI Saisei Japan Opportunities Fund" to the new sub-fund "Probus Investment Fund UCITS - Saisei Japan Equity" (UCITS fund), existing under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law, the Saisei Strategy is continuously applied to this new sub-fund.

Fund information

Legal form	SICAV UCITS
Fund domicile	Luxembourg
Fund launch date	01/12/2017
Strategy launch date	24/04/2015
Total AUM (JPY)	3 813 621 270.00
Fiscal year end	December 31st
Fund currency	JPY
Reference index	Topix NTR JPY
Cut-off time	12pm Lux. Time
Investment manager	Probus Middle East Ltd
Investment advisor	Probus Compagnie SA
Custodian bank	Banque Degroof Petercam
Auditor	E&Y Luxembourg

Investment advisor

Frédéric Annoni

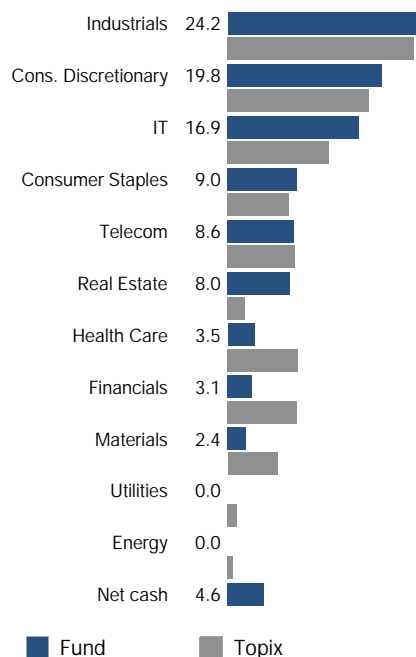
Frédéric joined Probus Group in 2016, bringing along his 32 years of experience in Japanese equities. Prior to Probus, Frédéric began his career at Nomura, spent 8 years at Nikko, where he helped set up the Japanese desk for Switzerland, and 9 years with Citigroup. He is currently in his 10th year managing the Saisei.

NAV analysis

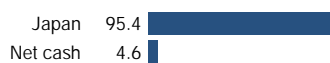
3 years figures (ann.)	Strategy	Index
Annual volatility	19.92	17.23
Beta	1.05	
Tracking error	8.21	
Sharpe	0.10	0.43
Information ratio	-0.80	

	Value	Date
52-week NAV high	5 749.29	16/02/2021
52-week NAV low	4 348.78	02/07/2020
Max drawdown (%)	-40.92	27/09/18-16/03/20

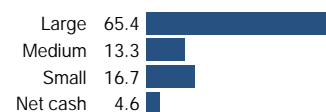
Sectorial allocation (%)



Geographical allocation (%)



Market cap breakdown (%)



Note: Allocations and Breakdowns are not adjusted from derivatives positions.

Top 10 holdings (%)

Kobe Bussan Co.,Ltd.	4.1	Renesas Electronics Co	3.5
Nikon Corporation	4.0	Bridgestone	3.3
Keyence Corporation	3.7	Daito Trust Constructio	3.3
Z Holdings Corporation	3.5	SBI Holdings	3.1
Hoya Corporation	3.5	Sumco	3.0
Top 5 positions	18.8	Top 10 positions (%)	35.1

Other information

ROE (weighted av.)	14.847%
P/E Ratio	20.689x
Price-to-book ratio	2.18x
Dividend yield	1.42
Number of holdings	38

Available share classes

Class Name	ISIN	BLMG ticker	Curr.	Type	Launch date	Min. invest.	Mgt. fees	Perf. fees	OGC	Front / back load
A - JPY	LU1205057935	SAISEIA LX	JPY	A	01/12/2017	JPY 10 000 000	1.75%	10% with HWM*	2.48%	Up to 3%/Nil
AH - CHF	LU1941828300	PRSJAH LX	CHF	A	22/11/2019	CHF 100 000	1.75%	10% with HWM*	2.55%	Up to 3%/Nil
AH - EUR	LU1205058156	IGSAAHE LX	EUR	A	01/12/2017	EUR 100 000	1.75%	10% with HWM*	2.58%	Up to 3%/Nil
AH - GBP	LU1941827914	PRSJAHG LX	GBP	A	10/10/2019	GBP 100 000	1.75%	10% with HWM*	2.49%	Up to 3%/Nil
AH - USD	LU1205058313	SAISEAH LX	USD	A	01/12/2017	USD 100 000	1.75%	10% with HWM*	2.58%	Up to 3%/Nil
I2H - CHF	LU1941828565	PRSI2HC LX	CHF	A	Not launched	CHF 2 000 000	1.10%	10% with HWM*		Up to 3%/Nil
I2H - EUR	LU1689249503	PRSI2HE LX	EUR	A	15/01/2018	EUR 2 000 000	1.10%	10% with HWM*	1.92%	Up to 3%/Nil
I2H - GBP	LU1941828219	PRSI2HG LX	GBP	A	Not launched	GBP 2 000 000	1.10%	10% with HWM*		Up to 3%/Nil
I2H - USD	LU1739245006	PRSI2HU LX	USD	A	25/01/2018	USD 2 000 000	1.10%	10% with HWM*	1.90%	Up to 3%/Nil

*HWM = High Water Mark, for more information please refer to the fund prospectus.

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Commentary

The divergence between the Nikkei 225 and the Topix was rather large this month, with the former losing a small -0.24% while the latter managed to gain +1.07% over the period. Meanwhile, as usual, the JPY-USD was very stable at 110.5. Shipping again was by far the largest gainer, with a strong +24% over the month, followed by Mining +8.2% and Rubber + 5.5%. On the other side of the coin, the main losers were Steel, which lost -6.3%, Brokers -5% and Non-Ferrous Metals -4.9%.

A somewhat dull month due to fear of a resurgence of Covid-19 and its "variants" were among the main counter arguments for a possibly more bullish market behaviour. Also, investors continue to have a balanced split argument whether inflation is durable in the US or just transitional. Even though it should not influence the Japanese market, it unfortunately did, as some macro HF (CTA's), seem to love using Japanese futures to balance their risk elsewhere.

The Fund made the following trades in June. It reduced its small cap exposure to take profits on Media DO, JMDC, Fuji Corp and Nippon Kodoshi and Autonomous Control. Meanwhile, Saisei also sold off ONO Pharma, as the government risk of price control over its best-selling drug, i.e. Opdivo, will most probably reduce Ono's margins.

Those selling were balanced with the following new entries: Keyence (13% ROE, 10% ROIC but 52% OP margin and 0 debt) - Growth shines for the 100 billion USD FA automation specialist. Recovery looming even outside China with further overseas growth. Renesas EI - Following the recent offering of new shares to finance the Dialog deal, the government sell-down will also reduce another long-standing overhang over the shares with passive funds needing to complete. Moreover, a decent re-rating shall take place with solid growth in analog devices due to datacentre related sales and others. Daito Trust (29% ROE, 18% ROIC, 7% OP margin) - The company real estate business is strong, while their mainstay occupancy rate for rental housing is steadily rising. With domestic vaccination progressing smoothly, the resumption of in-person sales, and online marketing shall contribute to order growth going forward. Those three new entries are part of Saisei's top 10 core holdings. Goldwin (ROE 20%, ROIC 17%, OP margin 17%) - A beneficiary of Japan's re-opening. Yet, with Covid-19 pandemic causing significant change in consumer sentiment and behaviour, there is certainly growing interest in initiatives for environmentally sensitive materials, etc. . . . Kose - Another potential beneficiary of global re-opening following Covid-19. Also, the company is guiding for 20% YoY growth for China onshore (online and offline). Although the company still faces some hurdles in Japan, it looks like its US business through their TARTE brand seems to pay-off, with more than 1'600 stores there over three years. Also, their expansion in Europe through Sephora will also be important. East Japan Rail - A pure domestic tactical bet, on re-opening thinking, as more Japanese travel again following progress in vaccination. Mitsubishi Electric - Saisei bought it as a "special situation". Although their new Medium-Term Plan (MTP) seems quite ambitious, Saisei believes this last "dinosaur" will eventually react the same way as Hitachi, Toshiba and Panasonic which have already begun to do some selling in non-core assets, to increase their profitability. Yet, being part of an extremely conservative "Keiretsu", Saisei will have the benefit of the doubt. Still the Plan calls for a doubling in ROIC and ROE from low levels of 5%. This can impressively increase, should the company go ahead with its plan on a more aggressive and successful manner.

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Source: Probus Group & MorningStar for performance figures.

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