

# First State Japan Equity Fund

- The Fund invests primarily in equity and equity related securities which are established or have significant operations in Japan and which are listed, traded or dealt in on regulated markets worldwide.
- The Fund's investments may be concentrated in Japan or a single sector which may have higher volatility or greater loss of capital than more diversified portfolios.
- Investing in small /mid-capitalisation securities may have lower liquidity and their prices are more volatile to adverse economic developments.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

Lead portfolio manager	Approx. no. of stocks	Benchmark	Maximum cash	Minimum market cap
Sophia Li	45 – 55	MSCI Japan Index	10%	All Cap

Minimum initial investment	US\$1,000
Minimum subsequent investment	US\$500
Share class	Class 1 (USD-Acc)
Inception date	6 September 2016

Initial charge	5.0%
Management fee	1.75% p.a.
NAV/share	US\$13.44
ISIN code	IE00BSJWP04

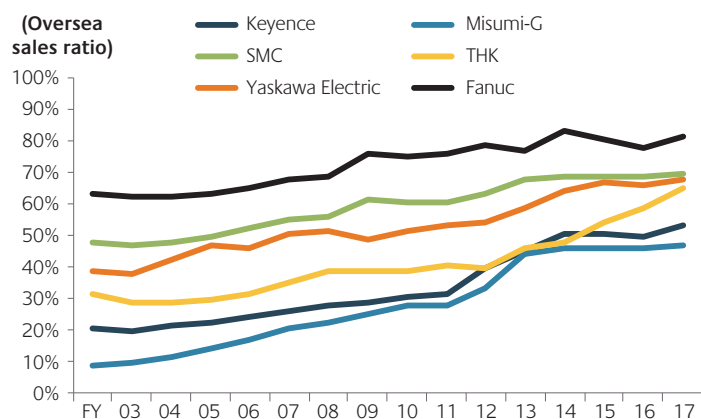
Source: First State Investments, as at 30 June 2019

## What does the First State Japan Equity Fund invest in?

### 1. An opportunity to invest in global factory automation and robotics leaders

- Keyence is one of the leading factory automation companies globally, focused in machine vision, laser technology and measurement systems. It is referred to as “Apple of the manufacturing industry,” thanks to its superior integration capabilities of hardware & software and user-friendly operating system
- The company operates in an unique business model – fabless and direct sales model contributing to its superior return and strong balance sheet
- Its engineering consultants proactively advise on product solutions wherever they see demand and maintain long-term relationship with clients. They also play a pivotal role of new idea generation for the internal R&D team

#### Keyence - sufficient room for overseas expansion



Source: Bloomberg, Alliance Bernstein & Company data

### 2. Tapping into Best-in-class Asian consumer franchise

- Pigeon is one of the leading baby bottle and consumable brands globally. As a pioneer in a niche market with consistent focus on R&D, Pigeon holds 80% share in its core domestic market
- As mothers want to provide the best for their children, Pigeon's trusted quality has successfully gained traction overseas. Along with its consolidated brand, Lansinoh, Pigeon holds significant share in the US, EU, and among the affluent consumer class in China (and still expanding). High exposure to e-commerce enhances profitability
- Run by a strong team of professional management; shareholder friendly with an increasing dividend payout ratio of 60%. ROE has improved consistently from 6% a decade ago to 27% in 2017, mainly driven by geographical mix and better margins. Net cash to equity continues to increase, now at 52%

#### Pigeon's product lineup



# First State Japan Equity Fund

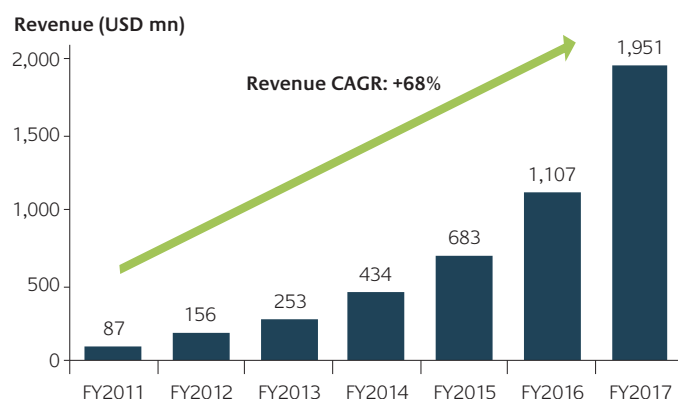
## Quarterly Fund Flyer



### 3. Invest in leading internal verticals that disrupt old-school industries

- Recruit Holdings is one of the largest HR and marketing media companies in the world. A leader in Japan, it also owns US-based Indeed, the world's largest careers-based search engine
- It is a well-balanced portfolio of cash-cow and high-growth businesses, supported by entrepreneurial corporate culture, decentralised organisational structure and prudent management execution capabilities
- It has a proven track-record of conducting overseas M&A and launching new niche-businesses that have grown into a platform with scale benefits, high ROIC and low capital intensity

### Resilient growth in fringe benefit membership base



Source: Company data, FactSet

### Cumulative performance in USD (%)

	3 months	YTD	1 year	Since inception
First State Japan Equity Fund	2.8	13.8	-8.7	34.4
MSCI Japan Index	1.0	7.7	-4.2	14.8

Source: First State Investments, data as at 30 June 2019. Since inception: 6 September 2016. The First State Japan Fund Class I (USD - Acc) is the non-dividend distributing class of the fund. The performance quoted are based on USD total return (non-dividend distributing). Nav-Nav (USD total return). The Fund's calendar year performance: -15.0% (2018); 42.9% (2017); -2.7% (since launch to 31 December 2016)

### About FSSA Investment Managers

FSSA Investment Managers is an autonomous investment management team within First State Investments, with dedicated investment professionals based in Hong Kong, Singapore and Edinburgh. We are specialists in Asia Pacific and Global Emerging Markets equity strategies, managing assets on behalf of clients globally.

We are bottom-up investors, using fundamental research and analysis to construct high-conviction portfolios. We conduct more than a thousand direct company meetings a year, seeking to identify high quality companies to invest in. We look for founders and management teams that act with integrity and risk awareness; and dominant franchises that have the ability to deliver sustainable and predictable returns over the long term. As responsible, long-term shareholders, we have integrated ESG analysis into our investment process and engage extensively on environmental, labour and governance issues.

### Disclaimer

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On 31 October 2018, MUFU's trust banking entity, Mitsubishi UFJ Trust and Banking Corporation (MUTB) announced its intentions to acquire 100% of Colonial First State Global Asset Management/First State Investments (CFSGAM/ FSI) from the Commonwealth Bank of Australia (Transaction). The Transaction is expected to complete in mid-2019, subject to regulatory approvals.