



An Introduction to the  
**MUFG Japan Small Cap  
Equity Strategy**

December 31, 2024

MUFG Japan Small Cap Equity Strategy – Small Focus Composite (Japan Small Cap Equity). All data as of 12/31/2024, unless otherwise noted. **FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**





## MUFG – Our History

### **Mitsubishi UFJ Financial Group (MUFG) is One of the World's Leading Financial Groups**

- With roots that trace back over 360 years, MUFG has long been one of the most important companies in Japan.
- Our services include corporate banking, commercial banking, retail banking, wealth management, investment banking, capital markets, personal and corporate trust, and transaction banking.
- Headquartered in Tokyo, MUFG is a global network with 1,100 offices in more than 50 countries, 180,000 colleagues, and approximately 300 companies.
- MUFG's operating companies include MUFG Bank, Mitsubishi UFJ Trust and Banking Corporation (MUTB), and Mitsubishi UFJ Securities Holdings (MUS).
- Through close collaboration among our group members, MUFG aims to be the world's most trusted financial group, responding to all the financial needs of our corporate, commercial and institutional clients with a flexible approach, providing best in class service and products.



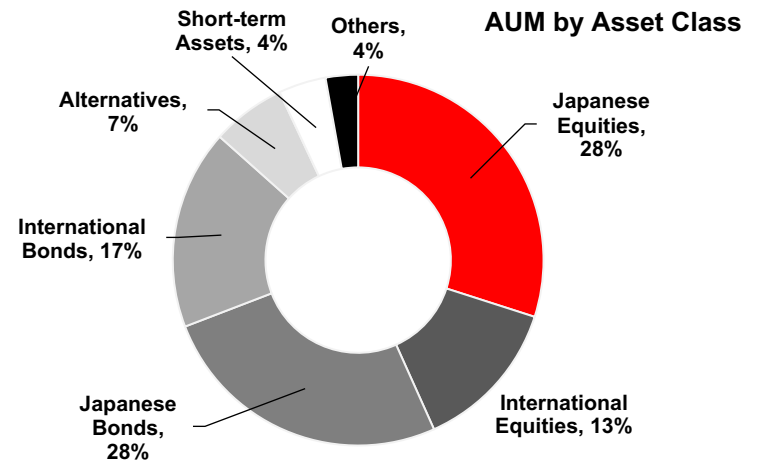
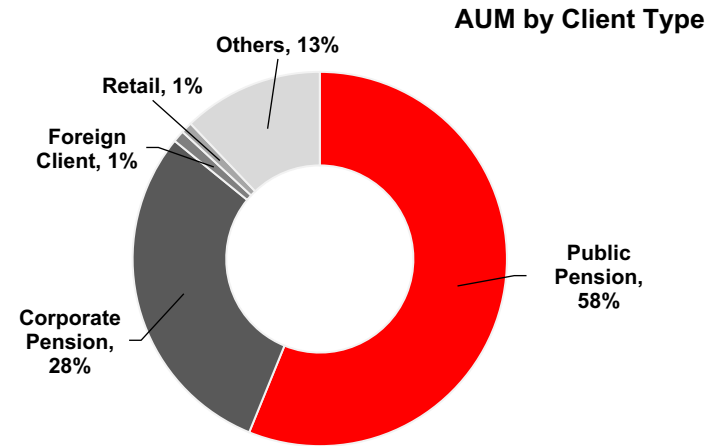
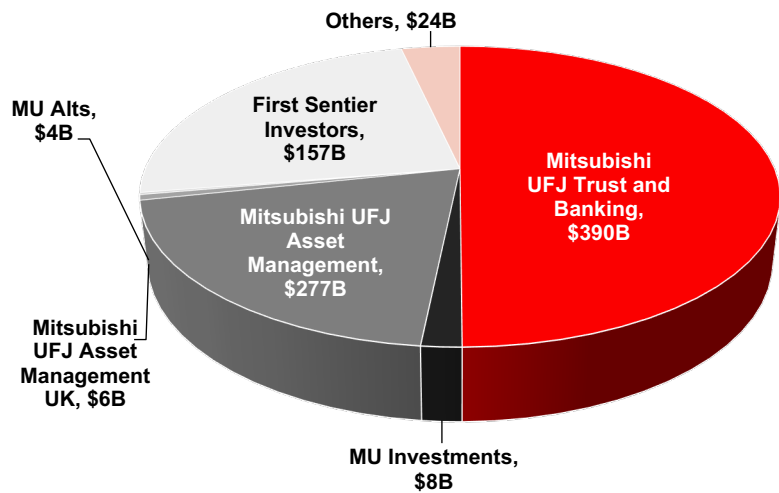
#### **Take Away:**

**MUFG has approx: \$861B in AUM as of (09/30/2024)**

# MUFG – Asset Management Related Business

## MUFG Total AUM: USD \$861B

MUFG's asset management related business, as of September 30, 2024

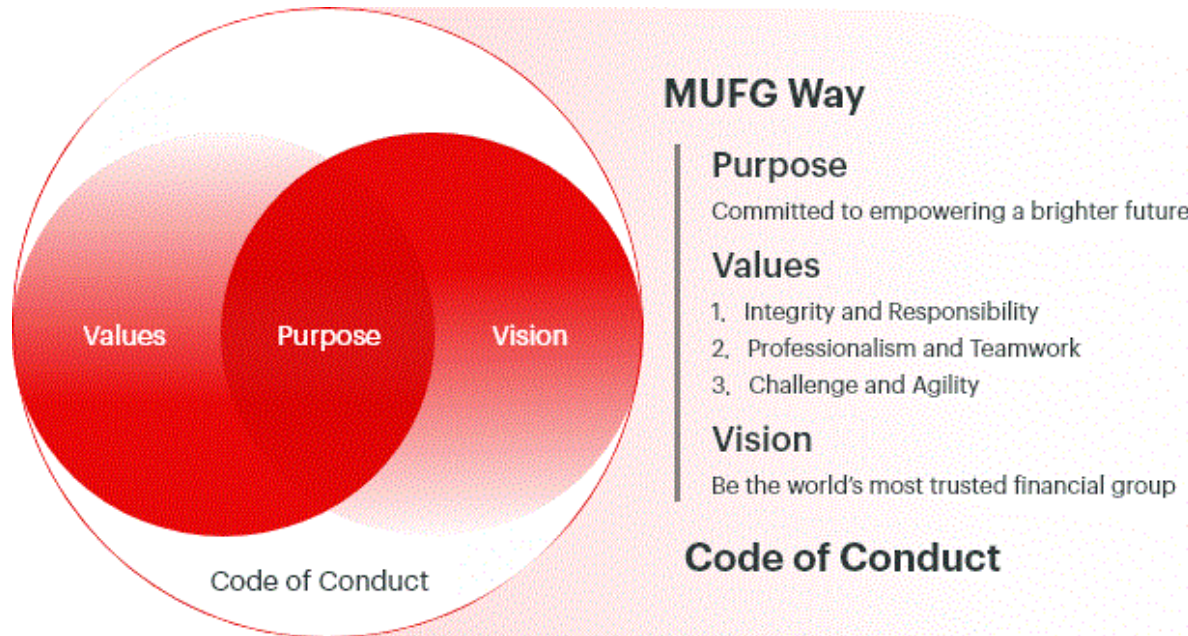


Source: Mitsubishi UFJ Trust and Banking Corporation

# MUFG Way

- MUFG Way serves as the basic policy in conducting our business activities and provides guidelines for all group activities.
- MUFG Way also is the foundation for management decisions, including the formulation of management strategies and management plans and serves as the core value for all employees.

We act on these values to nourish our growth and to support our longstanding commitment to serve customers and society at large.





# MUFG – Our Mission, Vision and Values

## **Our Mission, Vision and Values Make Us Unique and Provide the Foundation for Our Business**

- Strive to be a foundation of strength, committed to meeting the needs of our customers, serving society, and fostering shared and sustainable growth for a better world.
- Working together to achieve our vision of becoming the world's most trusted financial group.

## **Our values reflect who we are and guide how we behave:**

- **Integrity and responsibility**  
Strive to be fair, transparent, and honest. Always act responsibly in the best interests of customers and society, building long-term stakeholder relationships and giving back to our communities.
- **Professionalism and teamwork**  
Respect the diversity of our fellow workers and foster a strong spirit of teamwork. Expect the highest levels of professionalism.
- **Challenge ourselves to grow**  
Adopt a global perspective to anticipate trends and opportunities for growth. Create and sustain a responsive and dynamic workplace, where everyone can focus on providing outstanding customer service and embrace new challenges.

# The Small Cap Equity Market

- 1 Japanese Equity Markets are dominated by Small Cap/Micro-Cap companies – 3000 out of 3500 listed companies.
- 2 Historically, Small Cap/Micro-Cap stocks outperform Large Cap Stocks – nimble companies with a competitive edge can thrive even in mature markets, especially when backed by structural or cyclical growth factors.
- 3 But Small Cap/Micro-Cap markets tend to be inefficient – companies are under-researched and under-followed by sell-side analysts at major brokerage and advisory firms.

## Take Away:

The MUFG Japan Small Cap Equity team currently manages approximately \$1.2B USD\*

\*Including \$75.6 Million (USD) as of 12/31/2024 in the Japan Small Cap Equity Strategy – Small Cap Focus Composite. This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 06/30/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Philosophy

## Seeking Overlooked Value in Under Researched Categories

**Inefficiency: *Small cap equity market is inefficient, where many attractive companies are overlooked by investors***

- Lack of sell-side coverage

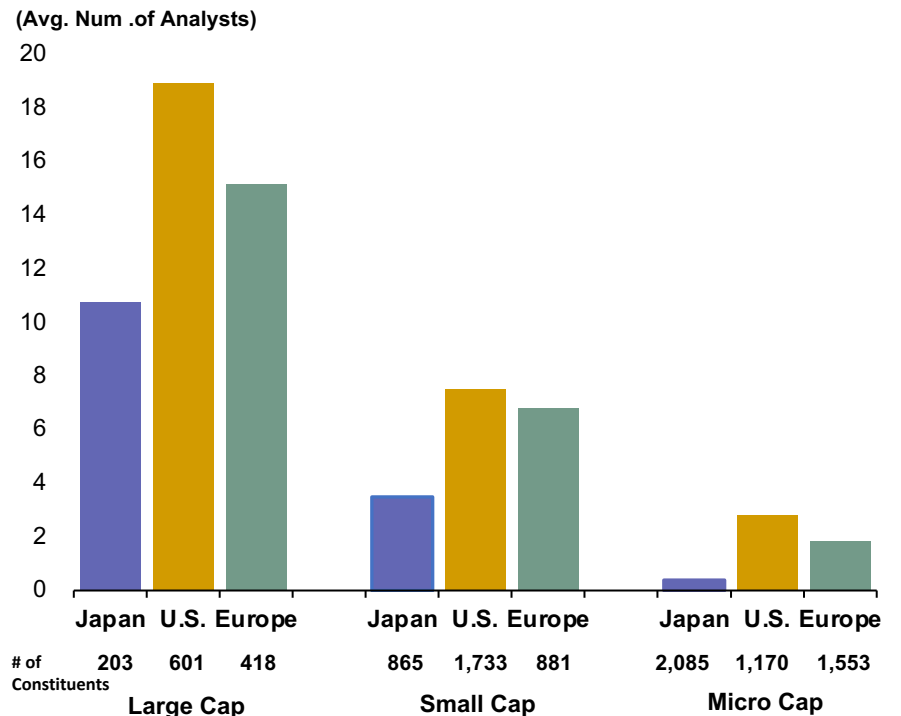
**Opportunities: *Supply chain analysis provides opportunities for investment in high-growth companies***

- Major source of investment ideas

**Competitiveness: *Companies with competitive advantages achieve solid earnings growth even in mature markets***

- Main source of alpha generation. We seek to initiate investments in companies before their competitive advantages and growth potential are recognized by the broader market.

### Number of Covering Analysts by Size in Major Region

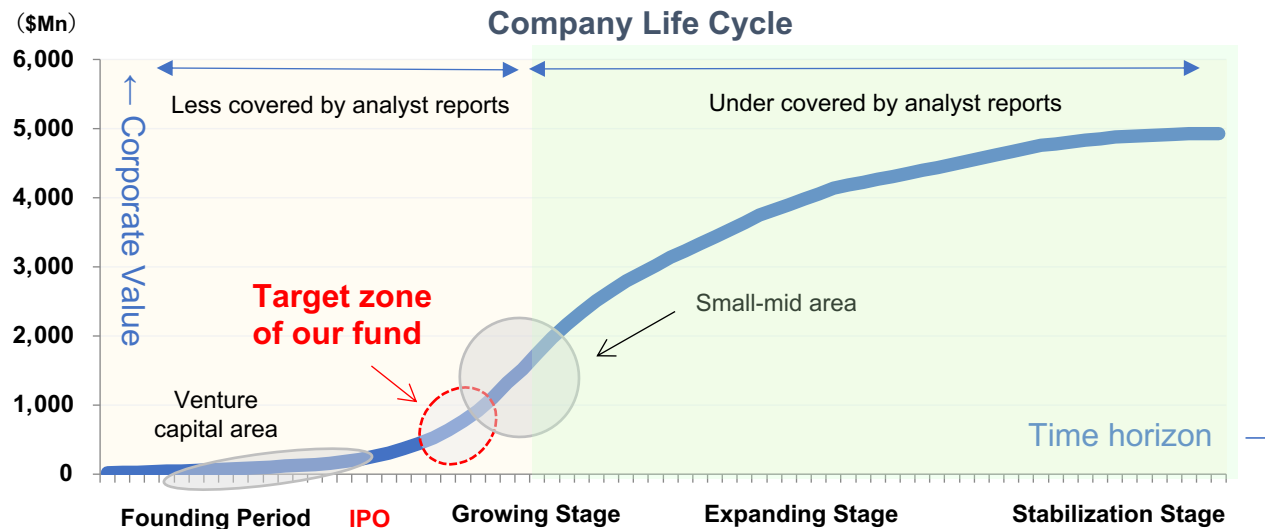


(Source) MUFG: Trust Bank, from MSCI, FactSet. Note: Universes are companies in MSCI USA Index, MSCI Europe Index and MSCI Japan Index; data as of Jun. 2024.

# Investment Philosophy

## The Small and Mid Cap investment team seeks to identify:

- Pioneering, market creating, innovative companies with long-term growth potential, attractive valuations and improving corporate governance
- Sustainable secular growth stories: ideally those which are shielded from economic cyclicality. Short-term cyclical themes that may grow in the early stage of an economic recovery; i.e., Financials and Real Estate are also considered
- Companies with limited to no sell-side coverage; thus, market inefficiencies can be exploited and 'hidden gems' uncovered



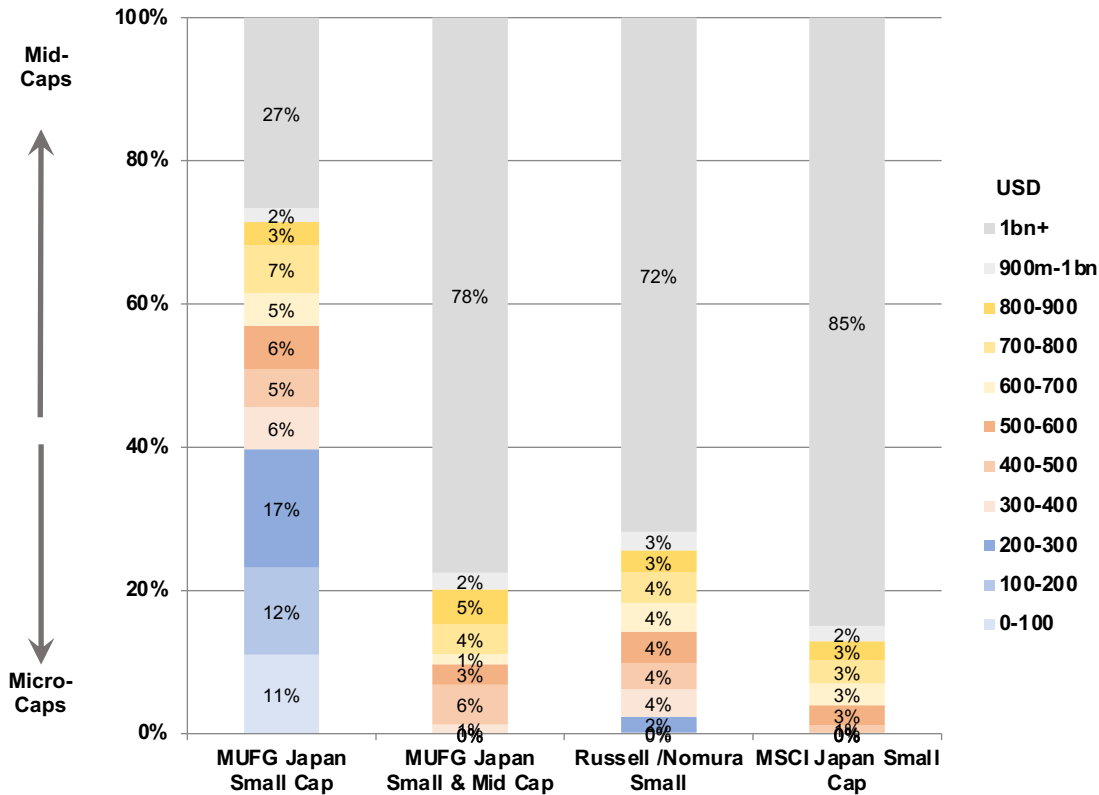
This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/30/2024, unless otherwise noted.  
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**



# Investment Philosophy – Early-Stage Entry

## Portfolio Composition by Market Cap

Japan Small Cap Equity vs. Russell/Nomura Small Cap Index and MSCI Japan Small Cap\*



Market Cap (USD mil)	MUFG	RNS	MSCI JPSC
Weighted Average	877.4	1,869.4	2,798.
Median	279.6	729.6	1,181.0
Max.	4,448.7	5,027.7	9,164.1
Min.	23.81	88.0	300.4
# of Stocks	128	1049	829

\*Based on representative portfolio. Total portfolio composition may not add up to 100% because of rounding. This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

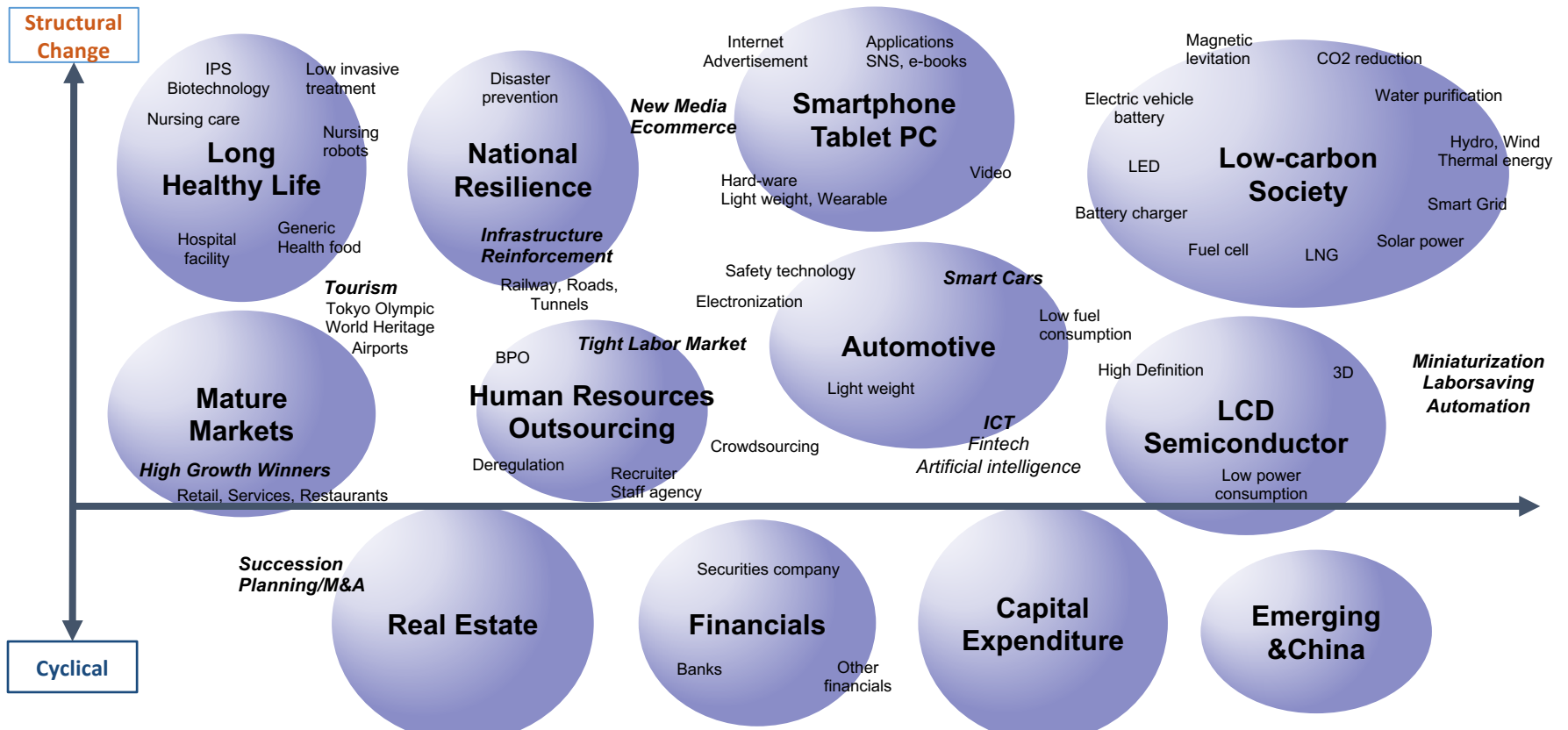
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Strategy – Investment Themes

We employ a “thematic approach” to efficiently identify attractive small-cap stocks.

- The investment team focuses on companies with pioneering business models and long-term growth potential through economic cycles at reasonable valuations.

## Investment Theme Overview

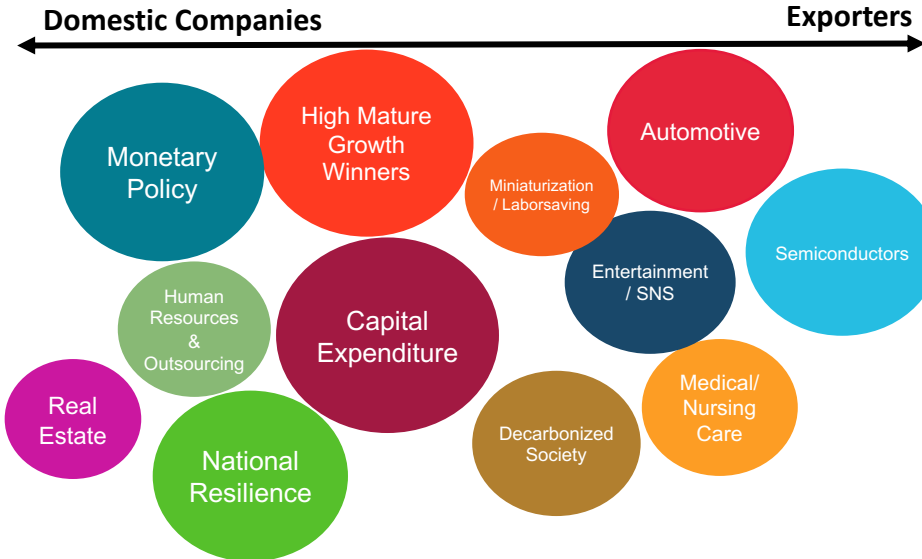


This material is intended as a broad overview of the Portfolio Manager’s style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/30/2024, unless otherwise noted.  
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Strategy – Theme Weight

## Weightings of Investment Themes

- The portfolio invests across **18 different themes**. Sub-themes are then utilized to diversify our holdings within a theme.
- The team **does not set a cap or floor on each theme** when constructing the portfolio, as the **allocation decision is a consequence of our bottom-up stock selection**.
- However, theme weights are monitored frequently to ensure the portfolio is truly diversified and to protect against correlated thematic risks.
- We do not intend to take additional risks against the benchmark in the domestic-overseas exposure and consider the domestic-overseas exposure neutral.

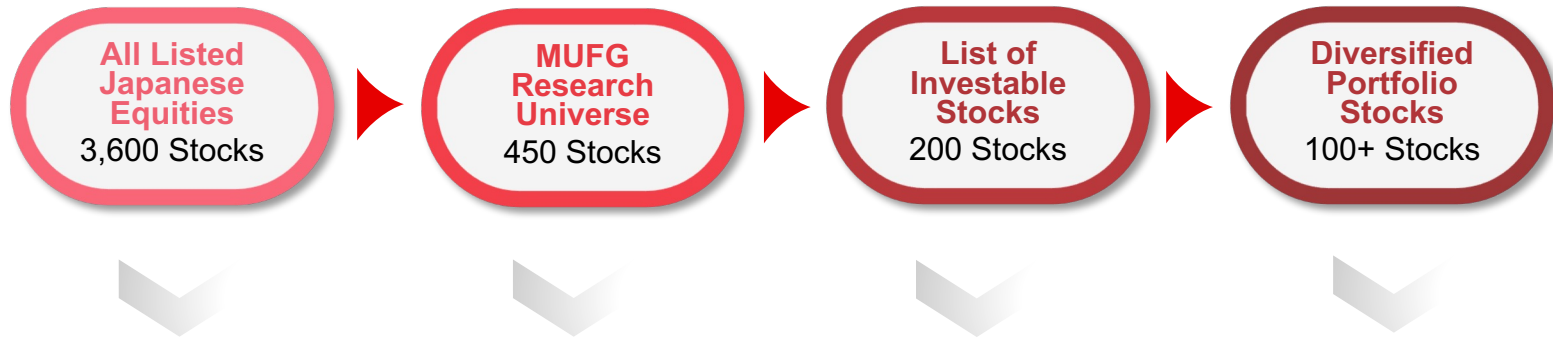


2018	2018	2018	2018	2018	2018	2018
Medical/Nursing Care	Medical/Nursing Care	Medical/Nursing Care	Automotive	Capital Expenditure	Automotive	Capital Expenditure
National Resilience	National Resilience	Entertainment/S NS	Semiconductors	Automotive	Capital Expenditure	High Mature Growth Winners
High Mature Growth Winners	High Mature Growth Winners	Semiconductors	Capital Expenditure	National Resilience	National Resilience	Monetary Policy
Semiconductors	Automotive	National Resilience	Entertainment/S NS	Medical/Nursing Care	Semiconductors	National Resilience
Capital Expenditure	Semiconductors	Automotive	National Resilience	Semiconductors	High Mature Growth Winners	Automotive
47.4%	47.7%	45.8%	48.4%	45.2%	45.1%	46.0%

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Process – Stock Selection



<p><b>Quantitative Screening</b></p> <ul style="list-style-type: none"> <li>➤ Criteria: Market-cap, credit risk, etc.</li> </ul> <p><b>Qualitative Screening</b></p> <ul style="list-style-type: none"> <li>➤ Criteria: Investment theme, earnings growth, profitability, etc.</li> <li>➤ Investment theme: Generated through an investment committee and ongoing dialogue/debate.</li> </ul>	<p><b>Company Interviews</b></p> <ul style="list-style-type: none"> <li>➤ Investment candidates: Selected based on conviction for earnings growth over economic cycles.</li> <li>➤ Fund manager/Analyst: Responsible for stock selection with his/her own theme coverage.</li> <li>➤ Over 1,000 company interviews a year.</li> </ul>	<p><b>Stock Selection</b></p> <ul style="list-style-type: none"> <li>➤ Long-term structural growth themes: To achieve higher return rate.</li> <li>➤ Short-term cyclical themes: To grow in an early stage of economic recovery (i.e., Financials/Real Estate).</li> </ul>	<p><b>Final Stock Selection</b></p> <ul style="list-style-type: none"> <li>➤ 100-130 stocks</li> <li>➤ +/- 20 investment themes: With numerous sub-themes for diversification.</li> <li>➤ Stock weightings: Fund manager's conviction level.</li> <li>➤ Daily return/attribution analysis: Conducted on each theme/sub-theme determining the validity.</li> </ul>
---	---	--	---

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.  
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Process – Our Approach to Valuations

- We look at valuation metrics in consideration to growth stage/speed, business model, theme, and sector
- Investment team sets and reviews a target price for each holding stock.
- Valuation metrics; PSR, PER, PBR, ROE, Payout Ratio, Dividend Yield etc.

## Classification by earnings growth pattern

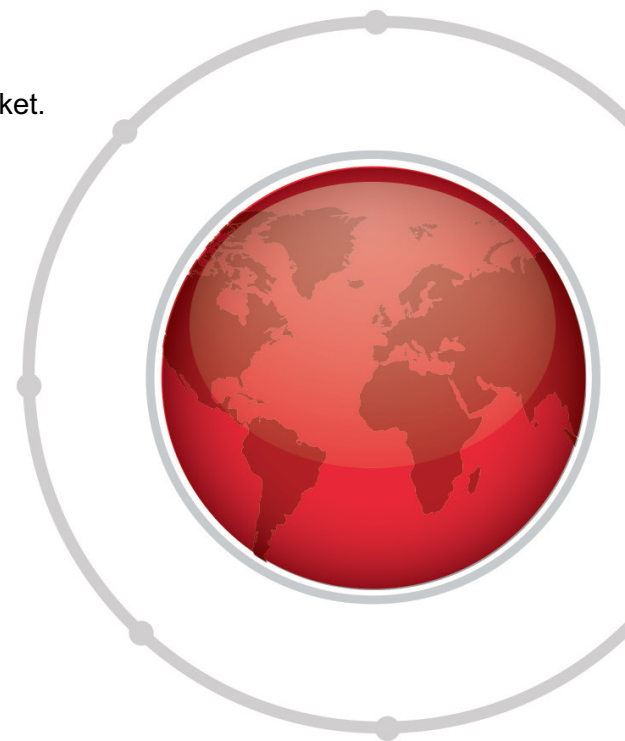
1. Initial/Early Investment	2. Long-term High Growth	3. Standard Growth	4. Cyclical Growth
<p>(Earnings Growth)</p> <p>0-5% (10+ Years)</p>	<p>(Earnings Growth)</p> <p>30% (5-10 Years)</p>	<p>(Earnings Growth)</p> <p>50% (3-5 Years)</p>	<p>(Earnings Growth)</p> <p>20% (1-2 Years)</p>
<p>Initial Investment with low liquidity (10-30 bps stock weight)</p> <p>Seeking investment timing</p>	<p>(A) High Quality Growth</p> <ul style="list-style-type: none"> <li>• High ROE, High sales growth</li> </ul> <p>(B) Strong Growth</p> <ul style="list-style-type: none"> <li>• Taking market shares regardless of profitability/deficits</li> </ul>	<p>Stable Growth with lower earnings volatility</p> <ul style="list-style-type: none"> <li>• Solid market share</li> <li>• Innovations</li> <li>• Advantages in niche markets</li> </ul>	<p>Investment at recovery phases</p> <p>Earnings fluctuate due to cyclical factors (e.g. Interest rate cycle, Capex cycle etc.)</p>



## Investment Process – Sell Discipline

### A stock holding is typically trimmed/sold when:

- The company is unable to adapt to macroeconomic/industry forces.
- The company repeatedly underperforms expectations and there is no specific reason why this will change.
- The long-term earning potential is recognized by other investors:
  - The company is upgraded from Standard/Growth Market to Prime Market.
  - Sell-side coverage is initiated that stretches the valuations.



This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Performance –Japan Small Cap Equity Strategy-Small Focus Composite

**Consistent Excess Return: Our Japan Small Cap Equity Strategy-Small Focus Composite has Outperformed the Market Through the Life of the Strategy**

Return (USD) % as of 12/31/2024	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Incept.
<b>Japan Small Cap Equity Gross**</b>	-1.80	-5.73	-0.44	0.06	0.06	-2.94	4.08	3.04	10.41	8.99
<b>Japan Small Cap Equity Net***</b>	-1.86	-5.90	-0.81	-0.68	-0.68	-3.66	3.31	2.27	9.59	8.18
<b>Russell/Nomura Small Cap Index</b>	-1.29	-4.88	5.81	4.38	4.38	2.16	1.60	0.75	5.91	4.09
<b>Excess Return (Net – Russell/Nomura)</b>	-0.57	-1.02	-6.62	-5.06	-5.06	-5.82	1.71	1.52	3.68	4.09
<b>Ex-Return (Gross - RNS)</b>	-0.51	-0.85	-6.24	-4.32	-4.32	-5.10	2.48	2.29	4.50	4.90

Source: Mitsubishi UFJ Trust and Banking Corporation, Bloomberg

\* Returns for periods under one year are not annualized.

\*\* Gross returns are presented before management and custodial fees, but after all trading expenses, and reflect the reinvestment of dividends and other income.

\*\*\*Net returns are net of investment management fees in effect for the respective time period and are derived using the maximum highest published rate.

+Composite inception date: October 1, 2005

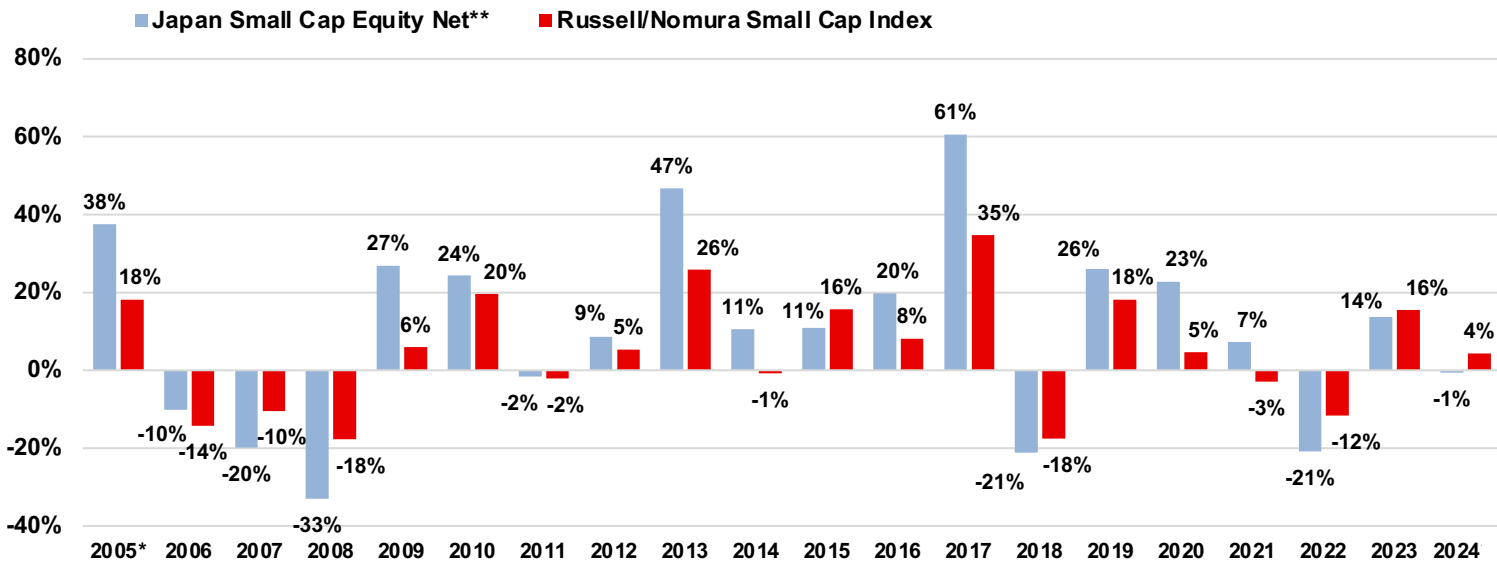
Please see the GIPS Compliant Presentation in the Appendix for more information on the Japan Small Cap Equity Strategy – Small Focus composite. All data as of 12/31/2024, unless otherwise noted. **This represents past performance which is not indicative of future results.** As with all investments, loss is possible. See Additional Disclosures at the end of this document, which are an important part of this presentation.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**



# Investment Performance –Japan Small Cap Equity Strategy-Small Focus Composite

## Annual Total Returns vs Russell/Nomura Small Cap Index



\*2005 represents 10/1/2005 - 9/30/2005.

\*\*Net returns are net of investment management fees in effect for the respective period and are derived using the maximum highest published rate.

Source: Mitsubishi UFJ Trust and Banking Corporation, Bloomberg

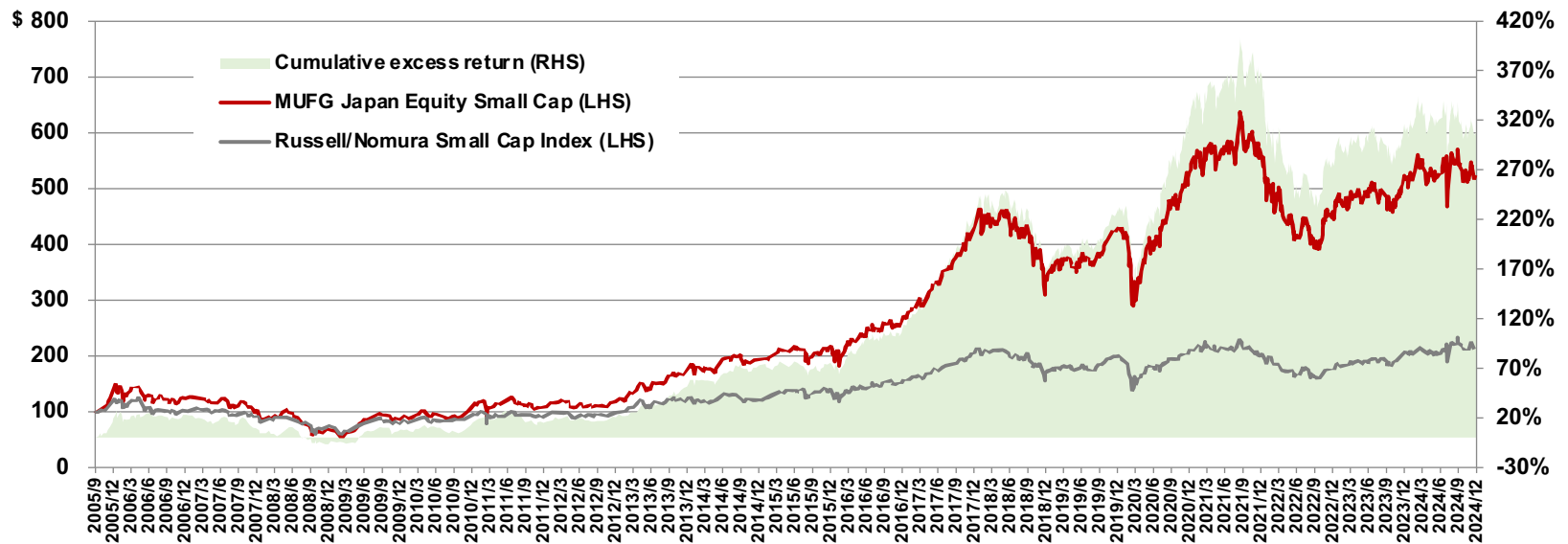
Please see the GIPS Compliant Presentation in the Appendix for more information on the Japan Small Cap Equity Strategy – Small Focus composite. All data as of 12/31/2024, unless otherwise noted. **This represents past performance which is not indicative of future results.** As with all investments, loss is possible. See Additional Disclosures at the end of this document, which are an important part of this presentation.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**



# Historical Performance – Cumulative Excess Returns (USD)

## Japan Small Cap Equity (Net\*) vs Russell/Nomura Small Cap Index



Source: Mitsubishi UFJ Trust and Banking Corporation, Bloomberg.

Note: Past performance is not necessarily a guide to future performance. The value of assets can go down.

\* Net returns are net of investment management fees in effect for the respective period and are derived using the maximum highest published rate.

Please see the GIPS Compliant Presentation in the Appendix for more information on the Japan Small Cap Equity Strategy – Small Focus composite. All data as of 12/31/2024, unless otherwise noted. **This represents past performance which is not indicative of future results.** As with all investments, loss is possible. See Additional Disclosures at the end of this document, which are an important part of this presentation.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Team



**Yoshiro Mizukami, CMA\***  
**Chief Portfolio Manager, Head of Japan Small Cap Equity Team**  
Mitsubishi UFJ Trust and Banking Corporation, Equity Investment Division  
**Investment Experience:** 31 years

### **Mr. Mizukami Structured the Current Small Cap Equity Team in October 2002**

- Charter member of the Securities Analysts Assoc. of Japan (CMA)
- Bachelors Degree in Science and Engineering from Waseda University

### **Previous Employment:**

**2005-Present:** Fund Manager, Japan Small Cap Equity, Mitsubishi UFJ Trust and Banking

**2002-2005:** Analyst, Japan Small Cap Equity, Mitsubishi Trust and Banking Corporation

**1999-2002:** Japan Equity Analyst, Mitsubishi Securities

**1997-1999:** Japan Equity Analyst

**1995-1997:** Systems

**1993-1995:** Quantitative Research

**1990-1993:** Administration, Mitsubishi UFJ Trust and Banking Corporation

\* Chartered Member of the Securities Analysts Association of Japan.  
Source: Mitsubishi UFJ Trust and Banking Corporation.



## Our Team's Experience and Expertise

### Leverage Our Small Cap/Micro-Cap Experience

- 20 years of experience analyzing and investing in Japanese Small Cap/Micro-Cap companies.
- Dedicated, “on-the-ground” research team in continuous contact with many companies in the category – 1,000 per year on average.
- Experience-based holistic understanding of the Japanese economy, Japanese companies and industry supply chains.
- Proprietary Small Cap/Micro-Cap research and industry supply chain analysis.
- Focus on strategic growth opportunities – companies in early stages of growth, those taking advantage of market inefficiencies, strong M&A candidates.

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Japan Small Cap Investment Team



**Yoshiro Mizukami,**  
CMA

**Yoshitaka Nagano,**  
CMA

**Kazunori  
Yanagimoto,**  
CMA

**Ryu Ota,**  
CMA

**Koichi Kano,**  
CMA

**Investment  
Experience**

33 years

25 years

6 years

6 years

4 years

**Role**

Chief Fund Manager  
/ Theme Analyst

Fund Manager /  
Theme Analyst

Theme Analyst

Theme Analyst

Theme Analyst

**Theme  
Coverage  
Examples**

- Semiconductors
- Automotive
- Human Resources & Outsourcing
- High Mature Growth Winners

- LCD TV/PC/Smart Phone
- Automotive
- National Resilience
- Real Estate

- Real Estate
- National Resilience
- Monetary Policy
- Capital Expenditure

- Succession Planning/M&A
- Medical/Nursing Care
- Human Resources & Outsourcing
- FinTech

- High Mature Growth Winners
- Medical/Nursing Care
- Entertainment /SNS

**GICS Sector  
Coverage  
Examples**

- IT
- Industrials
- Consumer Disc.
- Materials

- Materials
- Utilities
- Industrials
- Real Estate

- Real Estate
- Construction & Engineering
- Transportation
- Financials

- IT
- Materials
- Financials
- Consumer Disc.

- Health Care
- Consumer Disc.
- Consumer Staples
- Communication Services

## Further Investment Resources

Trading

Sector Analyst  
(Large- & Mid-caps)

Risk  
Management

Exercise voting  
rights

Economic  
Research

Performance  
Analytics

Stewardship  
Committee

ESG  
Development  
Department

ESG Database

Sustainability  
Committee

\* Chartered Member of the Securities Analysts Association of Japan. Source: Source: Mitsubishi UFJ Trust and Banking Corporation.  
Investment team subject to change.

All data as of 12/31/2024, unless otherwise noted. **FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Terms and Conditions

Japan Small Cap Equity Strategy Facts	
<b>Benchmark</b>	Russell/Nomura Small Cap*
<b>Tracking Error</b>	8.16% (since inception as of 12/31/2024)
<b>Target Return</b>	Around 5% excess return
<b>Number of Holdings</b>	128 (as of 12/31/2024)
<b>Active Share</b>	94.28% (as of 12/31/2024)
<b>Portfolio Turnover</b>	10.18% (Last 12M as of 12/31/2024)
<b>AUM</b>	Strategy AUM: \$1.23B USD (as of 12/31/2024) Composite AUM: \$75.57M USD (as of 12/31/2024)
<b>Advisor</b>	Clearbrook Investment Consulting
<b>Sub-Advisor</b>	Mitsubishi UFJ Trust and Banking Corporation

\* We use the Russell/Nomura Small Cap Index as a comparative index only

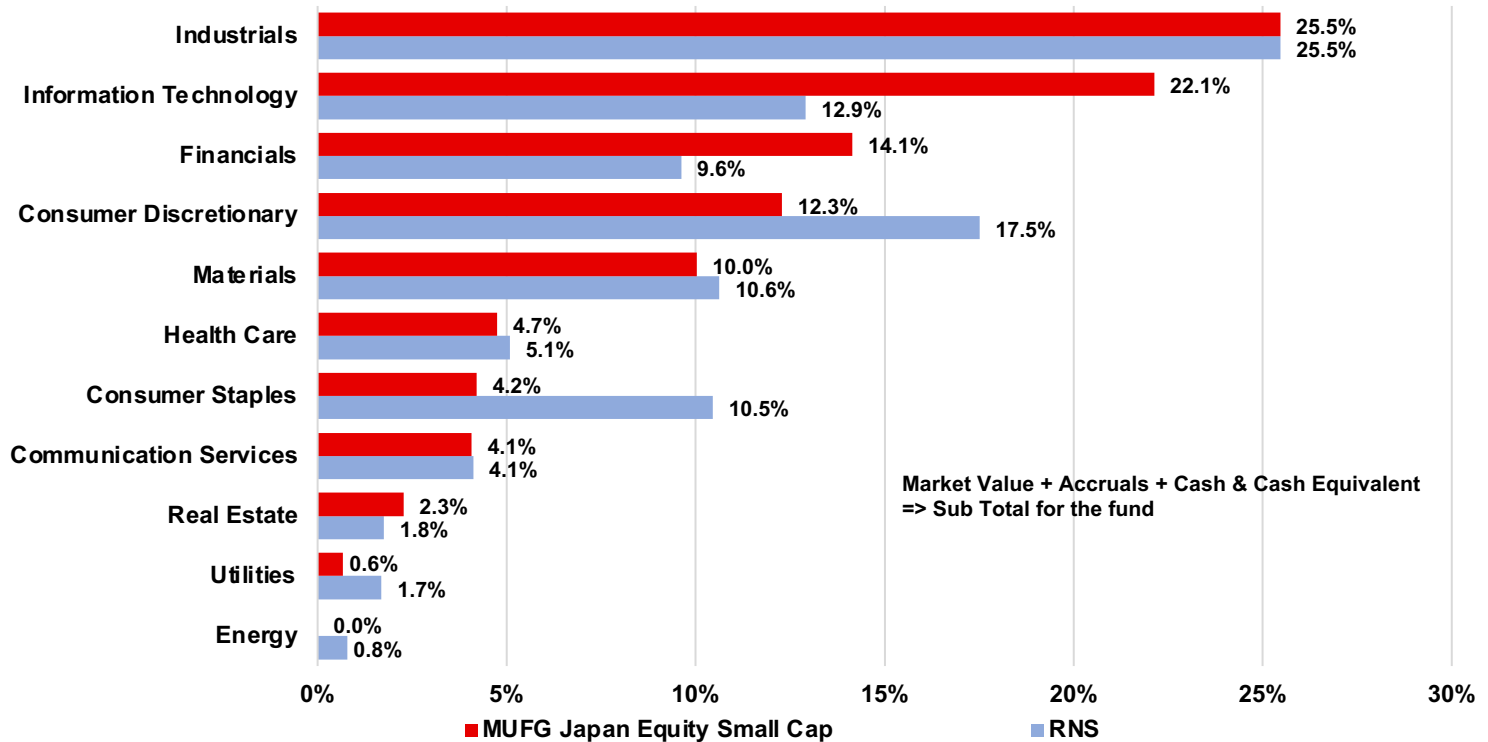
Separately Managed Accounts	
<b>Minimum Subscription</b>	\$50 Million (Negotiable)
<b>Management Fee</b>	75 Bps**
<b>Liquidation of Account</b>	One week

\*\* Management fee charged is at the discretion of Clearbrook Investment Consulting

# Appendix

# Sector Exposure

## Sector Exposure by Global Industry Classification Standard (GICS)



Source: Mahindra Insurance Brokers Ltd. (MIBL), Bloomberg

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Portfolio Characteristics

	Japan Small Cap Equity Strategy – Small Focus Composite*	Russell/Nomura Small Cap Index
<b>Number of Holdings</b>	128	1,049
<b>Weighted Avg. Market Cap. (\$)</b>	887.4M	1.87B
<b>P/E</b>	13.98	14.71
<b>P/B</b>	1.13	1.12
<b>ROE %</b>	11.26	10.42
<b>Dividend Yield %</b>	2.59	2.64

\* Based on representative portfolio.

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**



# Return Based Statistics

## Japan Small Cap Equity Strategy – Small Cap Composite vs. Russell/Nomura Small Cap Index

	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept.
<b>Excess Return (USD, Net) %</b>	-5.06	-5.82	1.71	3.68	4.09
<b>Beta</b>	0.92	1.16	1.13	1.12	1.20
<b>Information Ratio</b>	-1.02	-0.83	0.24	0.53	0.50
<b>Sharpe Ratio*</b>	-0.06	-0.21	0.18	0.57	0.43
<b>Tracking Error %</b>	4.97	7.00	7.12	6.95	8.16
<b>Standard Deviation (Portfolio) %</b>	11.72	17.77	18.50	16.83	19.06
<b>Standard Deviation (Index) %</b>	11.59	14.26	15.16	13.71	14.54
<b>Upside &amp; Downside Capture Ratios</b>					
	1 Yr	3 Yr	5 Yr	10 Yr	Since Incept.
<b>Upside Capture Ratio</b>	79.80	99.04	117.06	118.58	130.42
<b>Downside Capture Ratio</b>	113.26	122.21	105.09	99.58	106.28

\* Sharpe Ratio: the risk-free rate is not used in the calculation. The calculation shown here represents Portfolio Return divided by Portfolio Standard Deviation.

This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

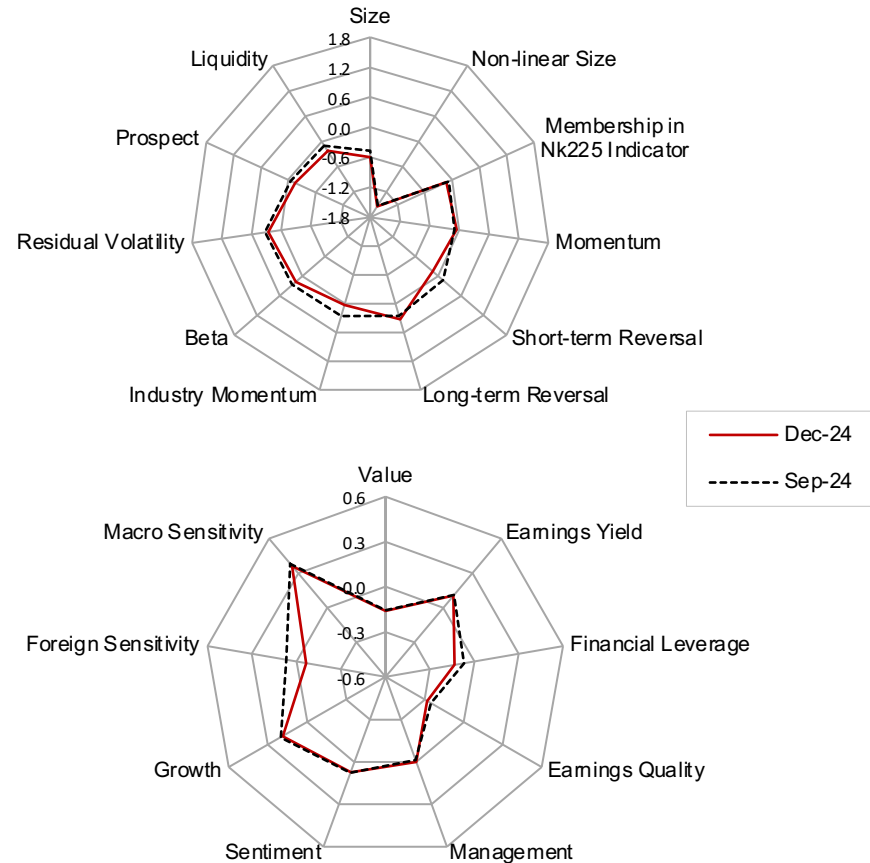
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Risk Profile

## Risk Profile on Barra Model Relative to the Russell/Nomura Small Cap Index

Size	-0.59
Non-Linear Size	-1.55
Membership in Nk225 indicator	-0.13
Momentum	-0.05
Short-Term Reversal	-0.15
Long-Term Reversal	0.33
Industry Momentum	0.03
Beta	0.18
Residual Volatility	0.26
Prospect	-0.15
Liquidity	-0.22
Value	-0.16
Earnings Yield	0.11
Financial Leverage	-0.13
Earnings Quality	-0.28
Management	0.00
Sentiment	0.07
Growth	0.19
Foreign Sensitivity	-0.07
Macro Sensitivity	0.36

Source: Barra



This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

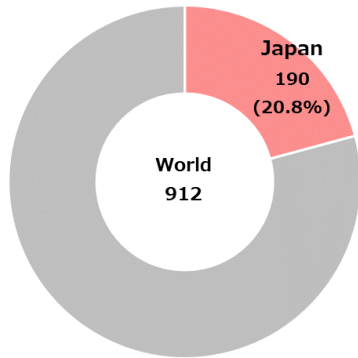
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Theme – National Resilience Plan

- In Japan, natural disasters such as earthquakes occur frequently. Disaster prevention and mitigation measures are required to minimize damage.
- **Social infrastructure, which plays a key role in disaster prevention and mitigation, is aging. The government is increasing its budget every year in order to promote national resilience.**

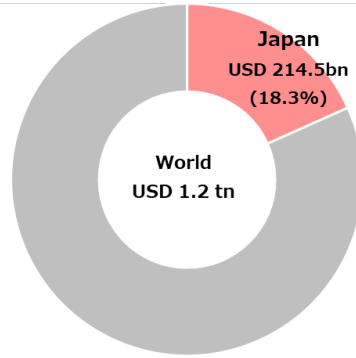
## Natural disasters in Japan

Number of earthquakes with magnitude 6 or more



total of 1996~2005

## Disaster Damage

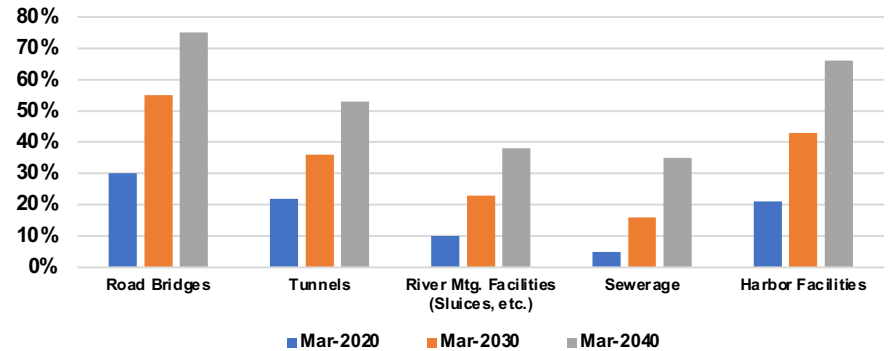


total of 1975~2004

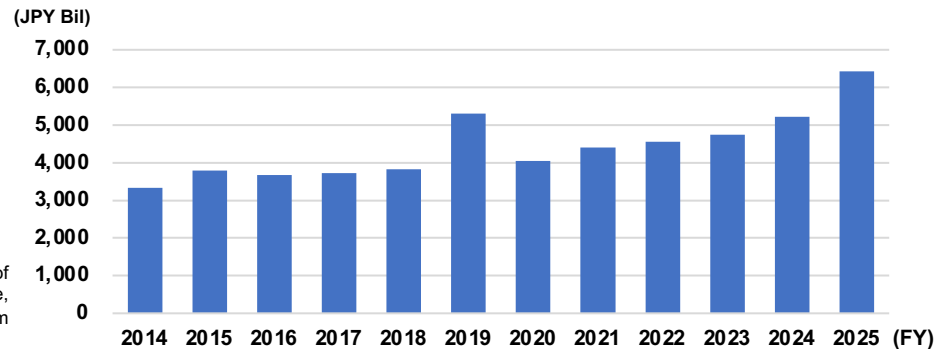
Source: Cabinet Office

Source: Ministry of Land, Infrastructure, Transport and Tourism

## Social infrastructure of more than 50 years old after construction



## Government budget for national resilience

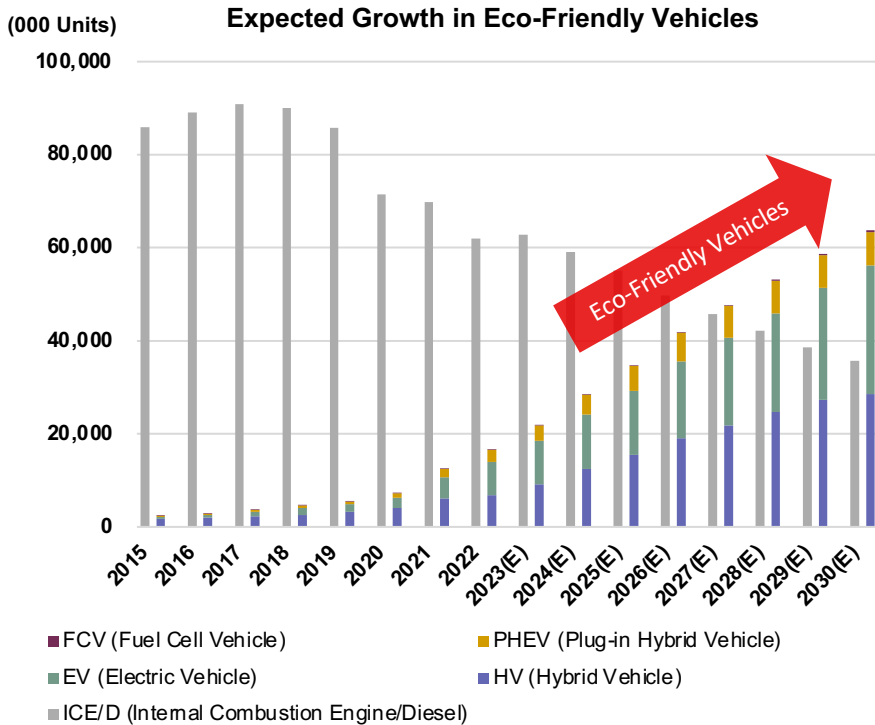


This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Theme – Automotive

## Smart Electronics, Including Safety Technology is a Key Growth Driver for our Holdings



Source: Mazda, Subaru, Nissan Motor, Volkswagen, Toyota Motor, Koito, Iriso Electronics, Source: Mitsubishi UFJ Trust and Banking Corporation

(Source) Nomura Securities Co., Ltd., MUFG: Trust Bank  
 (Note) Figures from 2023 to 2030 are estimated data.

## Expected Growth in Eco-Friendly Vehicles

**Weight saving/reduction**

- Plastic fasteners
- Hollow rack bars
- Aluminum Wheels

**Safety technologies**

- Connectors
- Ultrasonic sensors
- Electronic wires

**Low-fuel consumption (Hybrid technologies)**

- Electric motor cores
- Lithium-ion battery

**Power-saving technologies: (LED headlights)**

- Electronics Manufacturing Services (EMS)

*LEXUS LS600hL*

Source: Toyota, Source: Mitsubishi UFJ Trust and Banking Corporation

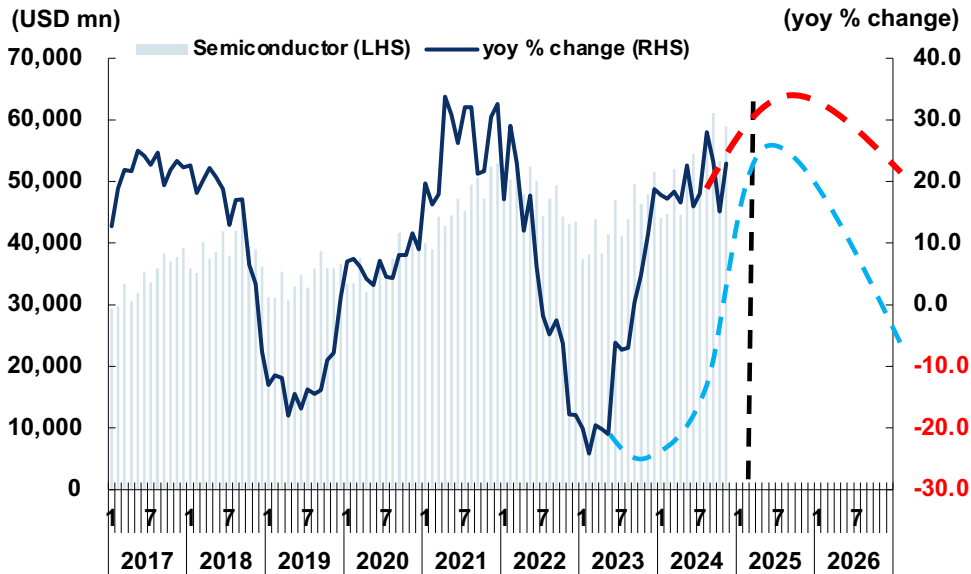
This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

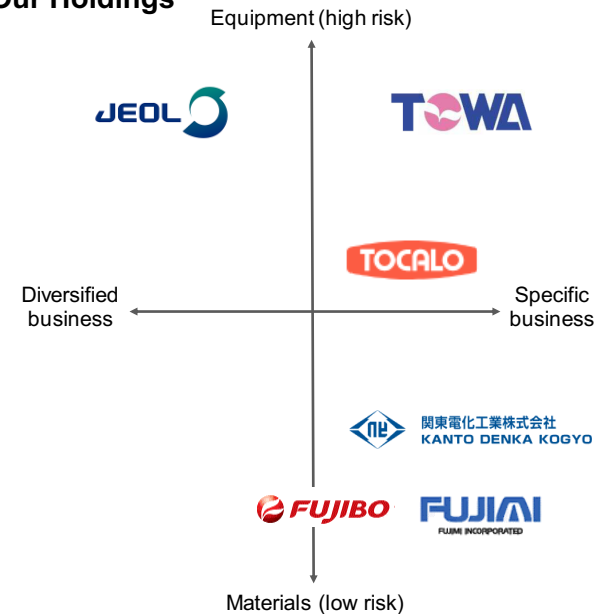
# Investment Theme – Semiconductors

- Once the demand in the existing applications, such as smart phones, PCs, and automotives recover, we believe the silicon cycle may peak in FY2025, with AI demand pushing the trend higher.
- Our semiconductor holdings can be categorized as in the chart below. In general, Equipment manufacturers, which are affected by capital investment, are volatile, while Material suppliers, which are affected by production capability, are relatively less volatile.
- Hence, Equipment manufacturers are relatively more affected than Material suppliers by external pressures such as the declining capital investment in China's in-house manufacturing and Trump's export restriction.

**Worldwide Total Semiconductor Shipments**



**Our Holdings**



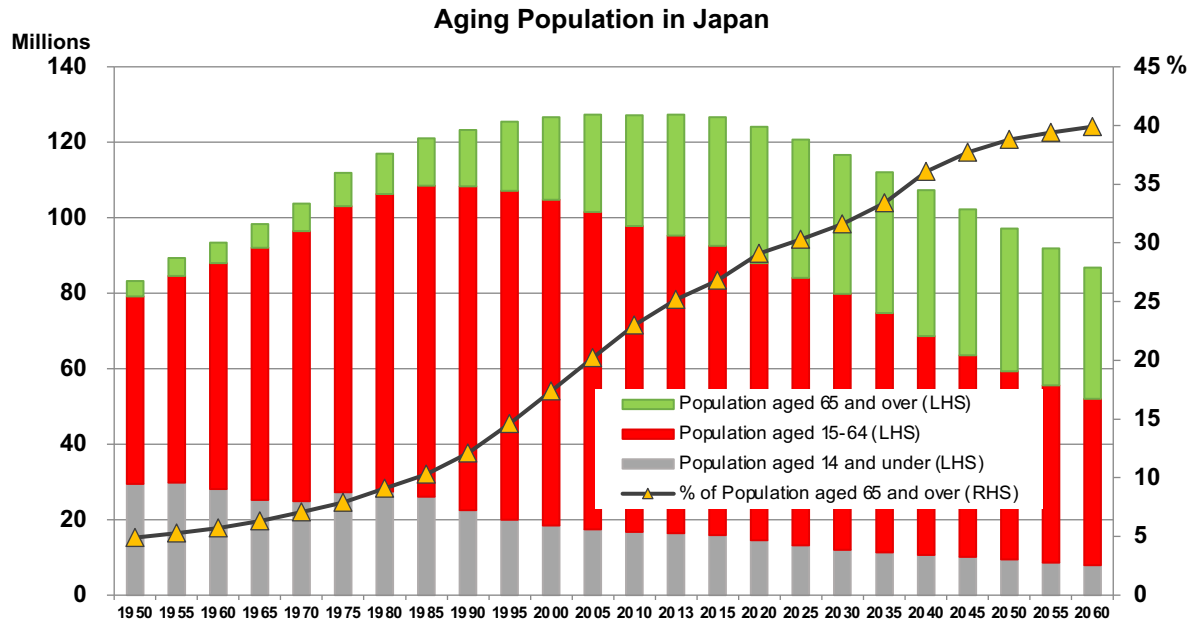
This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Theme – Human Resources and Outsourcing

## The Japanese Labor Market is Tight Due to Demographics of a Rapidly Aging Society

We focus on stocks that will benefit from a tight labor market and increased mobility of human resources: 1) Staffing agencies for manufacturers, 2) Professional placement firms, 3) Call centers/BPO, and 4) Job fairs for new recruits.



Source: Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ Trust and Banking Corporation

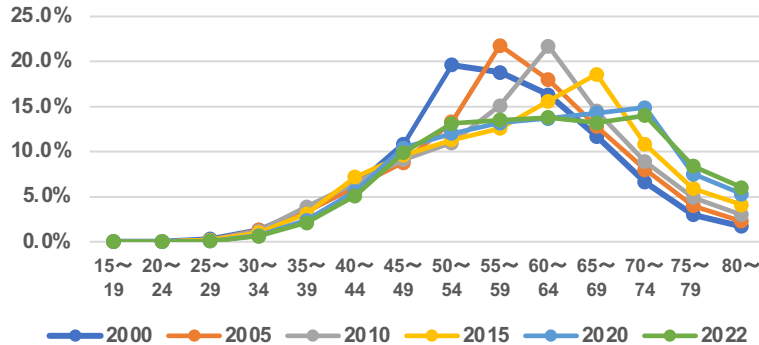
This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

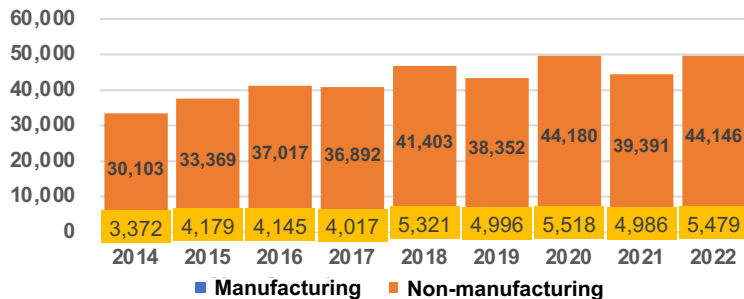
# Investment Theme – Succession Planning and M&A

- In Japan, the M&A intermediary market is expanding on the back of business succession needs due to the aging of management. The number of M&A transactions is expected to continue to increase as baby boomers approach the age of 70 and above, as they consider business succession.
- The M&A intermediary industry needs to be revitalized as a national policy. Although the revisions of the “SME M&A Guideline” in 2024 were within expectations, the M&A intermediary market is undergoing a re-evaluation phase.

Age distribution of SME owners by age group



Number of closed businesses



Regulatory discussions from the past

Nov 2020	The Small and Medium Enterprise Agency started "a study group on management resource consolidation of SMEs" to discuss about improving the industry environment of M&A transactions for SMEs.
Dec 2020	Taro Kono, Minister of State for Regulatory Reform at that time, pointed out that intermediary businesses that receive compensation from both the seller and the buyer have conflict of interest issues.
Apr 2021	A plan to promote SME M&A, including a registration system for intermediaries and the establishment of a self-regulatory organization, M&A Intermediaries Association, was compiled.
Mar 2024	Conflict of interest issues among the M&A intermediaries were brought up at "a New Form of Capitalism Meeting" by the government.
Jun 2024	The Small and Medium Enterprise Agency announced to revise the SME M&A guideline to include explanation of compensations, clarification of the prohibitions on conflict of interest, treatment of management guarantees, and prohibitions on excessive sales.
Aug 2024	The M&A Intermediaries Association announced to strengthen its initiatives to prevent unfair transactions.
	The Small and Medium Enterprise Agency revised the SME M&A guideline from the viewpoint of addressing issues such as conflict of interest, management guarantees, excessive sales and advertising.

Source: The Small and Medium Enterprise Agency

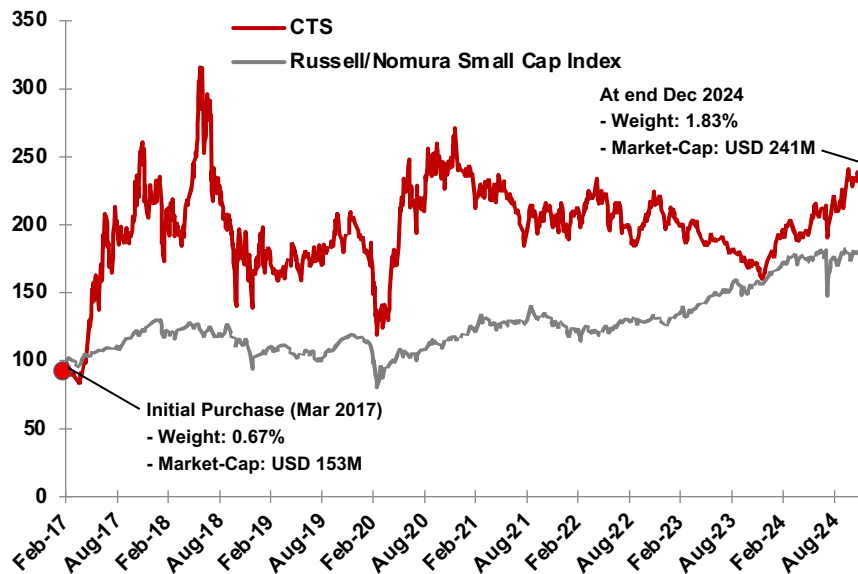
This material is intended as a broad overview of the Portfolio Manager's style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.

# Investment Case Study – Construction Total Support

## Theme: National Resilience

- **CTS service**, is a leading one-stop service provider of Information and Communication Technology (ICT) solutions to construction. It provides information sharing systems, high-tech land survey equipment with the use of Unmanned Aerial Vehicles (UAVs) and 3D mapping technologies.
- As Japan’s Ministry of Land, Infrastructure, Transport and Tourism announced “i-Construction 2.0” in April 2024 aiming for the automation in the construction industry, we expect the company to benefit from the increasing demand of digital transformation.



(Source) Bloomberg, MUFG: Trust Bank  
 (Note) Period: Mar 2017 to Dec 2024 (End Feb 2017 = 100)

## Firm’s main growth drivers

### 1. Digital Data Services (DDS)

Rental and sales of IT infrastructure services. One of its services, “fileforce”, is an evolutionary cloud storage for the construction industry.



### 2. Surveying Measurement System (SMS)

Rental and sales of surveying and measurement systems and OCT construction-related systems.



(Source) company website

This material is intended as a broad overview of the Portfolio Manager’s style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

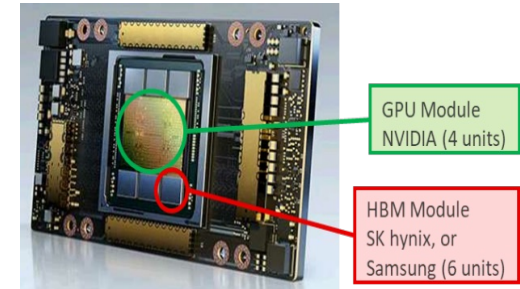
**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**



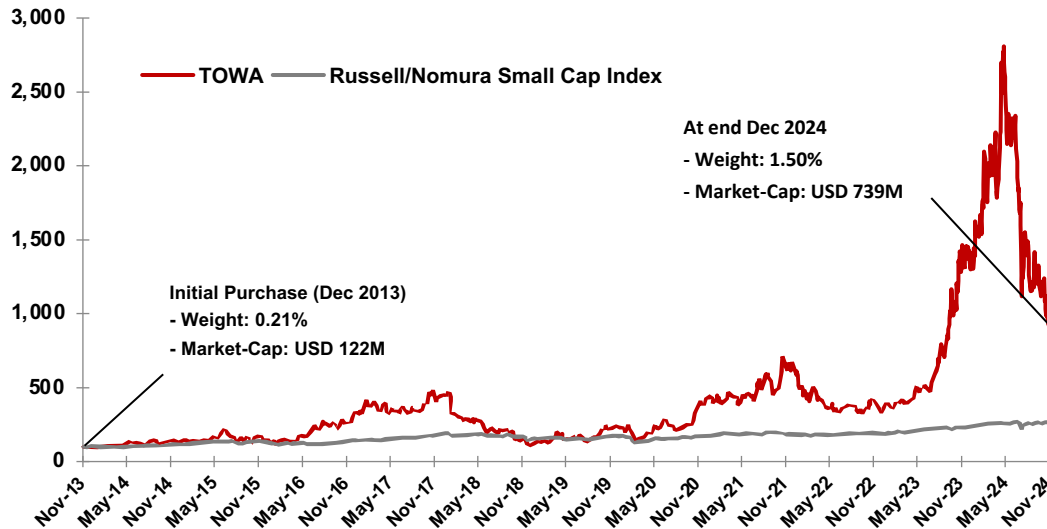
# Investment Case Study – Towa

- A leading manufacturer in the semiconductor molding equipment market. Molding technologies are for sealing semiconductors to ensure reliability by electrically insulating them from the outside using a resin.
- We continue to expect mid-to-long term growth in the molding equipment, buoyed by the surging demand for accelerated computing for generative AI applications.

[NVIDIA A100 GPU]



Source: NVIDIA website



(Source) Bloomberg, MUFG: Trust Bank  
 (Note) Period: Dec 2013 to December end 2024 (End Nov 2013 = 100)

- TOWA designs, manufactures, and distributes compression molding equipment for High Bandwidth Memory module manufacturers such as SK Hynix and Samsung. The firm has recently received numerous inquiries from HBM module manufacturers, due to the huge demand for graphics processing units (GPUs) manufactured by NVIDIA, a winner in the computing power race required for generative AI.
- In Sep 2023, TOWA introduced a new semiconductor molding equipment model to optimize the production of high-performance packages for generative AI. The new model is expected to have a productivity rate approximately three times higher than previous models.

This material is intended as a broad overview of the Portfolio Manager’s style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

# Investment Case Study – TechMatrix

## Theme: Capital Expenditure

- A systems integration company that has strength in IT systems, medical, and finance. The company name *TechMatrix* comes from the concept, “matrix of technologies and vertical markets.” The vertical axis of the matrix represents industry-specific markets (medical, call center, education, finance, automobile, etc.) and the horizontal axis represents technologies such as application, middleware, and infrastructure.
- TechMatrix is accelerating its growth through “alliances/M&As” and “strengthening of overseas business”. In particular, the merger with PSP Corporation in the Medical System Business conducted in 2023, provided a major impetus for expanding its market share in the core market of medical imaging systems PACS: (Picture Archiving and Communication System).

## Firm’s main growth drivers

### 1. Information Infrastructure Business

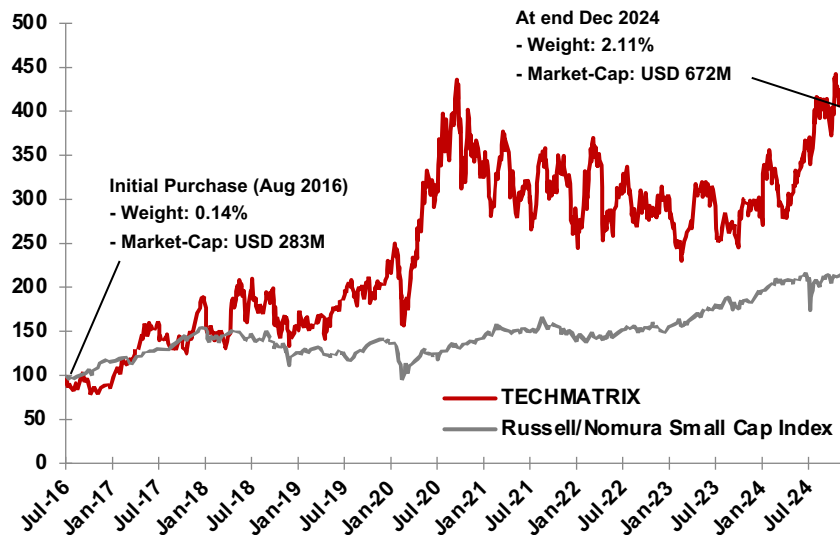
- Cutting-edge network and cybersecurity solutions
- Safe information infrastructure
- Around-the-clock operation monitoring service

### 2. Application Service Business

- Testing tools for quality assurance of embedded software of the IoT era
- Online services and solutions in the field of finance

### 3. Medical Systems Business

- Medical imaging system
- AI medical diagnosis support services
- Remote image reading platforms



(Source) Bloomberg, MUFG: Trust Bank  
 (Note) Period: Aug 2016 to Dec 2024 (End Jul 2016 = 100)

(Source) company website

This material is intended as a broad overview of the Portfolio Manager’s style and investment process and is subject to change without notice. See additional disclosures at the end of this document, which are an important part of this presentation. No downside protection or upside participation can be guaranteed. All data as of 12/31/2024, unless otherwise noted.

**FOR INSTITUTIONAL INVESTOR USE ONLY. NOT FOR PUBLIC DISTRIBUTION.**

## **Clearbrook Investment Consulting, LLC. is the advisor to Mitsubishi UFJ Trust and Banking Corporation’s Japan Small Cap Equity Strategy**

- Clearbrook Investment Consulting, LLC. is an SEC registered investment advisor that primarily provides non-discretionary consulting and distribution services to endowment and foundations, pensions, family offices and an international banking conglomerate.

Clearbrook Investment Consulting, LLC (“CIC”) is an SEC-registered investment adviser. CIC primarily provides pensions consulting and family office advisory services for a wide variety of for-profit and nonprofit organizations. All strategy, assets under management and performance data described above refer to professional advisory services which CIC has engaged MUTB to act as subadvisor for the MUFG Japan Small Cap Equity Strategy. Fees charged are at the discretion of CIC; investment advisory fees are described in CIC’s Form ADV Part 2, which is available upon request. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client’s investment needs and objectives. A complete list of all recommendations in the MUFG Japan Small Cap Equity Strategy, within the past year are available free of charge by contacting CIC. Actual securities held in any individual account will vary and are subject to change. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client’s investment needs and objectives. A complete list of all recommendations in the MUFG Japan Small Cap Equity Strategy, within the past year are available free of charge by contacting Clearbrook. Actual securities held in any individual account will vary and are subject to change.



## Contact Information

**Elliott Wislar**

Chief Executive Officer

**Clearbrook Investment Consulting**

21 West 46<sup>th</sup> St

Suite1507

New York, NY 10036

T: 609.529.0189

E: ewislar@clrbrk.com

**Natasha Koprivica**

Senior Advisor

**Clearbrook Investment Consulting**

21 West 46<sup>th</sup> St

Suite1507

New York, NY 10036

T: 857.919.1048

E: nkoprivica@clrbrk.com



## Disclaimers

The information contained in this document is for information purposes only and does not constitute an offer, or a solicitation of an offer, to buy or sell any security. Past performance is no guarantee of future performance. No representation is made that an investor will or is likely to achieve results like those shown herein. Principal and income of the Investments are subject to risk and there is no guarantee that the investment objectives will be achieved. The value of the investments can fall as well as rise and investors may not get back the full amount originally invested.

"Clearbrook Investment Consulting, LLC ("CIC") is an SEC-registered investment adviser. All strategy, assets under management and performance data described above refer to professional advisory services which CIC has engaged MUTB to act as subadvisor for the MUFG Japan Small Cap Equity Strategy."

Investing in securities, including Japanese equities, involves risk, and may result in the loss of the whole investment. Such risks include, but are not limited to:

- **Market risk:** the risk of price fluctuations of invested securities due to various market risk factors including movements in equity markets, interest rates and exchange rates.
- **Credit risk:** the risk of price fluctuations of invested securities due to the business and financial state of the issuer.

Information contained in this document has been taken from sources that we deem reliable and, while efforts were made to ensure that such information is accurate, we do not represent that such information is accurate or complete in part or in whole and we cannot accept responsibility for any errors that may occur.

The comparative benchmark is the Russell/Nomura Small Cap Index. The Russell/Nomura Small Cap Index contains those Russell/Nomura Small Cap securities with less-than-average growth characteristics. The index contains the bottom 15% of the Russell/Nomura Total Market Index in terms of float-adjusted market cap. One cannot invest directly in an index. **Beta:** systematic risk of a composite; represents sensitivity to the benchmark. **3-Year EPS Growth:** historical earnings per share growth over the last 3 years. **Excess Return (Gross):** amount that gross returns exceed relative benchmark return. **Information Ratio:** ratio of expected return to risk, as measured by standard deviation. **Price to Book (P/B):** ratio of stock price to book value. **Price to Earnings (P/E):** ratio of stock price to earnings. **Return on Equity (ROE):** net income divided by equity. **Standard Deviation:** measures dispersion of a set of data from its mean. **Tracking Error:** measures the active risk of the composite and the annualized standard deviation of the excess returns between the composite and its benchmark. **Weighted Average Market Cap:** total value of all outstanding shares weighted by market capitalization. **Upside Capture:** The up-market capture ratio is the statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. **Downside Capture:** The down-market capture ratio is a statistical measure of an investment manager's overall performance in down-markets. It is used to evaluate how well an investment manager performed relative to an index during periods when that index has dropped. **Active Share:** Active Share is the percentage of fund holdings that is different from the benchmark holding. **Portfolio Turnover:** is a measure of how frequently assets within a fund are bought and sold by the managers. Portfolio turnover is calculated by taking either the total amount of new securities purchased, or the number of securities sold (whichever is less) over a particular period, divided by the average total net asset value (NAV) of the fund over that same period. The measurement is usually reported for a 12-month period. **Dividend Yield:** The dividend yield is an estimate of the dividend-only return of a stock investment. Assuming the dividend is not raised or lowered, the yield will rise when the price of the stock falls, and it will fall when the price of the stock rises.

The information contained in this document should not be regarded by recipients as a substitute for the exercise of their own judgment or the judgment of the recipients' own advisors. We assume no fiduciary responsibility or liability for any consequences, financial or otherwise, arising from, an investment in any security or instrument described herein or from the implementation of any investment strategy. The material in this document should not be construed as Investment, legal, or tax advice. If you rely on this document, you do so at your own risk.



## Disclaimers

Any opinions expressed in this document reflect our judgment at this date and are subject to change without notice. Please be aware that the opinions expressed herein have not been prepared with a view toward public disclosure under applicable securities laws or otherwise, are intended for the benefit and use of the specific recipient and may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the prior written consent of Mitsubishi UFJ Trust and Banking Corporation.

**Unless otherwise noted, the investment returns shown in this document are gross of fees and commissions.** Investors should understand that, while not shown herein, investment management fees and commissions are payable, and will cause the investment returns to be lower than shown. The investment management fees charged by Mitsubishi UFJ Trust and Banking Corporation shall be mutually agreed upon and set forth in an investment management agreement.

Performance may be attributable to profits from IPO securities. IPO securities have no trading history, and the prices may be volatile. There is no guarantee this level of performance will be repeated. Japanese issuers and underwriters prioritize allocations of IPO securities to domestic investors; therefore, overseas investors (not based in Japan) may have less access to small and mid-cap IPO securities allocations than a domestic investor. The investment return and principal value of an investment will change so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the strategy may be lower or higher than the performance quoted. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. Such risks are particularly significant for a strategy that focuses on a single-country.

Composite data is calculated in JPY and converted to USD using the WM/Reuters Closing Spot Rates 4pm London close. The Russell/Nomura Small Cap Index is also converted from JPY to USD using the same exchange rate source.

You may not disclose any personal data concerning our employees obtained through this document to your employees or any third party, or otherwise abuse such data. You must obtain our permission in writing before disclosing such data to a third party and require any third party not to copy or duplicate it. When the original purpose for this data has been met, you must either return this document to us or destroy it.

**This document is confidential** and may not be reproduced or provided to others without the prior express consent of MUFG. Neither Mitsubishi UFJ Trust and Banking nor any of its affiliates, directors or employees accepts any liability towards any third party that has improperly obtained this document with respect to any loss or damage directly or indirectly arising out of the use of all or any part of this document.

\*Clearbrook Investment Consulting, LLC ("CIC") is an SEC-registered investment adviser. CIC primarily provides pensions consulting and family office advisory services for a wide variety of for-profit and nonprofit organizations. All strategy, assets under management and performance data described above refer to professional advisory services which CIC has engaged MUTB to act as subadvisor for the MUFG Japan Small Cap Equity Strategy. Fees charged are at the discretion of CIC; investment advisory fees are described in CIC's Form ADV Part 2, which is available upon request. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives.

A complete list of all recommendations in the MUFG Japan Small Cap Equity Strategy, within the past year are available free of charge by contacting CIC at 212.359.0260. Actual securities held in any individual account will vary and are subject to change.