

Investment Strategy

We employ a thematic approach to identify attractive small cap stocks:

- Quantitative screening includes market cap and credit risk.
- Research and identify key structural and cyclical themes with the potential for superior long-term growth.
- Select small cap/micro cap companies best positioned to take advantage of these themes: companies that have pioneering business models, strength of position in industry value chain, strong management and attractive valuations.
- We apply a rigorous, ongoing sell discipline – when growth prospects weaken or stock price begins to reflect underlying value.

Strategy Facts

Composite Name: Japan Small Cap Equity Strategy–Small Focus Composite (Japan Small Cap Equity)

Advisor: Clearbrook Investment Consulting, LLC.

Sub-Advisor: Mitsubishi UFJ Trust and Banking Corporation

Composite Inception Date: October 1, 2005

Net Assets as of 04/30/2024: \$61.5M USD

Management Fee: 0.75%

Benchmark: Russell/Nomura Small Cap Index

Portfolio Characteristics

	Japan Small Cap Equity*	Russ/Nom Small Cap
Number of Holdings	122	1,096
Wtd. Avg. Mkt. Cap. (\$)	887.6M	1.55B
P/E	16.26	16.12
P/B	1.24	1.19
ROE %	9.94	10.11
Dividend Yield %	2.34	2.36

*Based on representative portfolio

All data as of 04/30/2024 unless noted

Contact Information

Natasha Koprivica

nkoprivica@clbrk.com or 857.919.1048

Clearbrook Investment Consulting

21 West 46th St, Suite 1507

New York NY, 10036

Performance (%) USD as of 04/30/2024

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7Yr	10Yr	Since Incept
Japan Small Cap Equity Gross	-7.08	-2.60	12.46	-1.82	5.77	-2.96	6.49	7.90	11.36	9.22
Japan Small Cap Equity Net	-7.14	-2.78	12.05	-2.06	4.99	-3.68	5.70	7.11	10.54	8.40
Russell/Nomura Small Cap	-4.94	-1.41	12.28	-0.95	9.01	-0.99	2.52	3.08	5.67	3.94
Excess Ret (Gross-Russ/Nom)	-2.14	-1.19	0.18	-0.87	-3.23	-1.98	3.97	4.83	5.69	5.27

*Returns for periods under one year are not annualized.

Performance data quoted represents past performance; past performance does not guarantee future results. Performance shown is for the Japan Small Cap Equity. 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. Fees charged are at the discretion of Clearbrook. The strategy does not invest in an index. The strategy uses the Russell/Nomura Small Cap Index as a comparative benchmark only. 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. 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.

Market and Strategy Commentary Q2: April 2024, USD Net

Japan Markets:

- Japanese equity market fell in April, with the Russell/Nomura Small Cap Index returning -4.94% USD.
- The market started on a negative note as the BOJ's March TANKAN survey showed a down sentiment among large manufacturing enterprises. Expectations for the FRB's delay in the beginning of rate cuts also weighed on the market. Solid figures in the U.S. employment statistics temporarily supported Japanese equities, however, the heightened tension in the Middle East capped gains.
- In mid-April, the market declined amid the FRB's receding prospects of early rate cuts, reflecting higher-than-expected U.S. consumer prices in March. Caution on rising U.S. long-term interest rates led to selling for a wide range of Japanese equities, especially semiconductor-related stocks, dragged down by disappointing earnings and cautious forecasts from leading global semiconductor manufacturers.
- Later in the month, the market recovered supported by the news that geopolitical turmoil in the Middle East had eased. Although the BOJ's decision to maintain its monetary policy accelerated yen depreciation, it did not drive external demand-related stocks higher.

MUFG Japan Small Cap Equity Strategy:

- The strategy returned -7.14% USD, underperforming the index by 2.20%.
- The top contributor was Hakudo Co., Ltd., one of the biggest metal and plastic distributors in Japan, specializing in cutting and processing materials. The share price gained as aluminum and copper prices rose in addition to the yen depreciation.
- Another notable contributor was Peptidream Inc., a biopharmaceutical company with competitive edges in generating non-standard peptides (i.e., amino acid polymers) by using its proprietary PDPS (Peptide Discovery Platform System) Technology, a drug-finding platform. On April 30th, the firm announced the expansion of its peptide discovery collaboration with Swiss-based Novartis Pharma AG. The share price reacted positively as the firm will receive an upfront payment from Novartis.
- Conversely, the bottom contributor was TOWA Corp., a leading manufacturer of semiconductor molding equipment. The share price declined as PHLX Semiconductor Sector Index (SOX) pulled back due to a series of major global semiconductor firm's poor earnings results and guidance.
- Terasaki Electric Co., Ltd., a manufacturer and seller of power distribution control systems for buildings, factories and commercial vessels besides various types of low voltage breakers also contributed negatively. As the share price rose rapidly after the upward revision of FY3/24 earnings guidance in mid-February due to robust earnings from marine and industrial systems, short-term share price adjustments weighed on the stock performance.

FOR INSTITUTIONAL INVESTOR USE ONLY, NOT FOR PUBLIC DISTRIBUTION

MUFG Japan Small Cap Equity Strategy

About the Strategy in USD as of 04/30/2023

Returns Based Statistics (vs Russell/Nomura Small Cap)

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return %	-3.23	-1.98	3.97	5.69
Beta	1.17	1.16	1.17	1.14
Information Ratio	-0.66	-0.27	0.57	0.82
Sharpe Ratio*	0.37	-0.17	0.35	0.67
Tracking Error %	4.90	7.24	6.95	6.94
Standard Deviation (Portfolio) %	15.69	17.40	18.72	16.89
Standard Deviation (BM) %	12.87	13.81	15.05	13.64

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

Sector Diversification (%)

	Japan Small Cap Equity*	Russ/Nom Small Cap
Industrials	23.49	26.01
Information Technology	21.75	14.21
Financials	13.24	9.18
Consumer Discretionary	12.72	15.60
Materials	10.09	11.36
Health Care	6.12	5.69
Communication Services	3.09	4.19
Consumer Staples	2.98	9.78
Real Estate	1.73	1.59
Utilities	0.70	1.86
Energy	0.00	0.54
Cash & Cash Equivalent	4.10	-

*Based on Representative Portfolio

Top Ten Holdings (%)*

Towa Corp.	3.38
Monex Group	2.22
Mitsui High-Tec, Inc.	1.98
Sanyo Denki	1.70
Jeol	1.67
MCJ	1.67
The 77 Bank	1.65
Kyoto Financial Group	1.61
Tocalo	1.61
Kaga Electronics	1.59
Total	19.08

*Based on Representative Portfolio ex-Cash. Portfolio holdings are subject to change and are not recommendations to buy or sell any security.

Our Small Cap Investment Team



Yoshiro Mizukami, CMA
Chief Portfolio Manager, Head of Japan Small Cap Equities Team
33 years experience



Yoshitaka Nagano, CMA
Small Cap Manager/Analyst
25 years experience



Kazunori Yanagimoto
Small Cap Analyst
5 years experience



Koichi Kano
Small Cap Analyst
4 years experience

*Clearbrook Investment Consulting is the investment advisor to the MUFG Japan Small Cap Equity Strategy.

This document is confidential, and may not be reproduced or provided to others without the prior written consent of MUFG. This document is for discussion purposes only. This document is not intended to form the basis of a decision to purchase or sell securities or enter into a transaction, and does not constitute an offer or a solicitation, nor any form of advice, opinion or recommendation. 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. **Past performance does not guarantee, and is not indicative of future results.** It is impossible to predict whether the value of any strategy or index will rise or fall over time. Actual performance may be lower or higher than the performance quoted. The strategy invests in small- and mid-cap companies, which may have more limited liquidity and greater price volatility than large-cap companies. 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.

Mitsubishi UFJ Trust and Banking Corporation (MUTB) claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance can be requested from Natasha Koprivica at nkoprivica@clbrk.com or 857.919.1048. Performance numbers have been provided by MUTB and have not been verified by Clearbrook Investment Consulting.

Please see the GIPS® Compliant Performance Report for further explanation. 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. **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.

*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.