

Investment Strategy

- Bottom up stock picking strategy, based on company interviews/fieldwork and fundamental research/analysis.
- We seek to identify exceptional companies able to sustain consistent earnings growth through economic cycles.
- The strategy seeks to outperform the market by selectively buying and holding stocks over the mid-to-long term, typically three to five years. Consequently, the turnover of our portfolio is low.
- We do not invest in stocks for purposes of managing risk against benchmarks.
- Stable earnings volatility of our holdings allows us to build a concentrated portfolio of 20-30 names.

Strategy Facts

Inception Date: October 1, 2011

Advisor: Clearbrook Investment Consulting, LLC.

Sub-Advisor: Mitsubishi UFJ Trust and Banking Corporation

Net Assets as of 08/31/2024: \$401.68M USD

Management Fee: 0.75%

Benchmark: TOPIX Total Return Index

Portfolio Characteristics

	Japan Focus Growth*	TOPIX Total Return Index
Number of Holdings	34	2,132
Wtd. Avg. Mkt. Cap. (\$)	45.8B	51.6B
P/E	20.19	15.73
P/B	2.37	1.41
ROE %	14.01	11.49
Dividend Yield %	1.67	2.37

*Based on representative portfolio

All data as of 08/31/2024 unless noted

Contact Information

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Performance (%) USD as of (08/31/2024)

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Incept
Focus Growth Gross	0.27	7.36	5.44	8.93	12.85	-5.29	5.58	5.24	7.54	8.03
Focus Growth Net	0.21	7.16	5.05	8.40	12.01	-6.00	4.80	4.46	6.74	7.23
TOPIX Total Return Index	0.34	5.75	5.43	12.34	18.97	3.96	8.09	5.92	6.62	7.36
Excess Return (Gross-TOPIX)	-0.07	1.61	0.01	-3.41	-6.13	-9.26	-2.51	-0.67	0.92	0.67

*Returns for periods under one year are not annualized.

Performance data quoted represents past performance; past performance does not guarantee future results. Gross returns are presented before management and custodial fees, but after all trading expenses and reflect the investment 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 (TOPIX) Total Return Index as a 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 TOPIX is also converted from JPY to USD using the same exchange rate source.

Market and Strategy Commentary: August 2024, USD Net

Japan Markets:

- Japanese equity market gained slightly in August, with the TOPIX Total Return Index returning +0.34% USD. Although the market declined in the local currency base, the performance turned positive due to Japanese yen appreciation.
- Early in the month, Japanese equities declined. As U.S. economic indicators deteriorated, expectations for a rate cut in September heightened, causing the Japanese yen to appreciate sharply on the 5th, which was one of the reasons for the market's sudden decline. The market volatility remained high, but following a dovish comment by BOJ deputy governor Uchida, the Japanese yen retreated against the U.S. dollar, adding support to the equity market.
- In mid-August, Japanese equities rebounded. Japanese companies releasing favorable earnings results led the market, while high market volatility persisted. Later in the month, Japanese equities continued to recover. Domestic demand-related stocks mainly supported the market. FRB Chair Powell at the Jackson Hole indicated the possibility of a September rate cut. While the Japanese yen appreciation weighed temporarily on the market, the sentiment remained solid in sympathy with strength in the U.S. market.

MUFG Japan Focus Growth Strategy:

- The strategy returned +0.21% USD, underperforming the Index by 0.14%.
- The top contributor was Hitachi, Ltd., one of the largest manufacturers of comprehensive electronic machinery. Its Q1 FY3/25 (Apr-Jun) earnings results were better than market expectations. The share price rose on the back of lesser concerns about the performance of overseas infrastructure, railways, and IT services, which are the main growth drivers.
- Another notable contributor was HOYA Corp., a manufacturer of electro-optics products. The share price rallied on the back of expectations towards future earnings growth, as the recovery of HDD substrates and EUV mask blanks was confirmed in its Q1 FY3/25 (Apr-Jun) earnings results.
- On the other hand, the largest detractor was Nissin Foods Holdings Co., Ltd., one of the world's largest manufacturers of instant noodles and processed food products. The share price fell as its Q1 FY3/25 (Apr-Jun) earnings results were unfavorable due to the decline in the balance of premium products and the increase of strategic marketing expenses in the overseas instant noodle business.
- Another detractor was Sumitomo Mitsui Financial Group, Inc., one of Japan's three mega bank groups. Although the Q1 FY3/25 (Apr-Jun) earnings results and an increase in loan margins both domestically and internationally were above the market expectations, concerns regarding the sharp decline in interest rates at the beginning of August and the rise in the Japanese yen weighed on the stock price.

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MUFG Japan Focus Growth Strategy

About the Portfolio (as of 08/31/2024)

Returns Based Statistics vs TOPIX Total Return Index

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return	-6.13	-9.26	-2.51	0.92
Beta	1.22	1.05	1.00	0.97
Information Ratio	-1.01	-1.31	-0.31	0.11
Sharpe Ratio*	0.75	-0.30	0.32	0.48
Tracking Error %	6.05	7.07	8.21	8.50
Std. Dev. (Portfolio) %	17.14	17.62	17.42	15.76
Std. Dev. (Benchmark) %	13.34	15.37	15.32	13.69

* 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 Focus Growth*	TOPIX Total Return
Industrials	25.70	25.03
Information Technology	16.52	13.48
Health Care	15.16	7.80
Financials	12.90	13.33
Consumer Staples	11.51	6.18
Consumer Discretionary	9.29	17.15
Materials	4.31	5.51
Real Estate	3.09	2.16
Communication Services	0.73	6.97
Utilities	0.00	1.47
Energy	0.00	0.92
Cash & Cash Equivalents	0.78	-

*Based on Representative Portfolio

Our Japan Focus Growth Investment Team



Shinichiro Hyogo
Lead Fund Manager
25 years experience



Kosuke Tsuchida
Senior Fund Manager
23 years experience



Shinichi Okada
Analyst
37 years experience



Yuichi Yokoyama
Analyst
9 years experience



Yusuke Michiwaki
Strategy Manager/
Analyst
13 years experience

*Clearbrook Investment Consulting is the investment advisor to the MUFG Japan Focus Growth Strategy.

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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 TOPIX Total Return Index. TOPIX is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section. TOPIX shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. **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 Focus Growth 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 Focus Growth 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 Focus Growth 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.