

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 12/31/2024: \$75.6M USD

Management Fee: 0.75%

Benchmark: Russell/Nomura Small Cap Index

Portfolio Characteristics

	Japan Small Cap Equity*	Russ/Nom Small Cap
Number of Holdings	128	1,049
Wtd. Avg. Mkt. Cap. (\$)	877.4M	1.87B
P/E	13.98	14.71
P/B	1.13	1.12
ROE %	11.26	10.42
Dividend Yield %	2.59	2.64

*Based on representative portfolio

All data as of 12/31/2024 unless noted

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Performance (%) USD as of 12/31/2024

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7Yr	10Yr	Since Incept
Japan Small Cap Equity Gross	-1.80	-5.73	-0.44	0.06	0.06	-2.94	4.08	3.04	10.41	8.99
Japan Small Cap Equity Net	-1.86	-5.90	-0.81	-0.68	-0.68	-3.66	3.31	2.27	9.59	8.18
Russell/Nomura Small Cap	-1.29	-4.88	5.81	4.38	4.38	2.16	1.60	0.75	5.91	4.09
Excess Ret (Gross-Russ/Nom)	-0.51	-0.85	-6.24	-4.32	-4.32	-5.10	2.48	2.29	4.50	4.90

*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 Q4: Oct-Dec 2024, USD Net

Japan Markets:

- Japanese small-cap equities declined for the quarter, with the Russell/Nomura Small Cap Index returning (-4.88%) USD. Although the market advanced in the local currency base in October and December, the performance turned negative due to the depreciation of the Japanese yen.
- Japanese small-cap equities declined in October (-5.42%). Japanese equities declined as investor sentiment soured as Dutch SPE maker, ASML, announced sluggish earnings results, prompting a selloff of Japanese semiconductor-related stocks. Investor risk tolerance also declined due to political uncertainty ahead of the upcoming lower house election. After the election, the market rallied as the LDP's failure to achieve a coalition majority increased expectations for economic stimulus through possible policy coordination with opposition parties.
- Japanese small-cap equities gained in November (+1.89%). Japanese equities advanced as the Japanese yen depreciated against the U.S. dollar on the back of a report that Trump would likely win the presidential election. Later, Japanese equities declined after it was reported that president-elect Trump was planning to raise tariffs on all imported goods, which weighed on Japanese export-related stocks in the technology and automotive sectors.
- Japanese small-cap equities declined in December (-1.29%). Early in the month, Japanese equities gained as it was reported that GPIF may increase the weight of equities. In the middle of the month, the FRB made its third consecutive rate cut of 2024 by 25bps, causing further Japanese yen depreciation. The market rose thanks to the expectations of industry consolidation, announcements of large-scale share buybacks, and a news flow that Toyota Motor is targeting an ROE of 20%, which led to a sharp rise in auto stocks.

MUFG Japan Small Cap Equity Strategy:

- The strategy returned -5.90% USD, underperforming the Index by 1.02% in the quarter.
- The top contributor was Monex Group, Inc., a global financial services firm focused especially on online securities. In October, the firm released lower-than-expected Q2 FY3/25 (Jul-Sep) earnings results due to valuation losses from dollar-denominated securities and ad-hoc fee payment related to its subsidiary, Coincheck's preparation to be listed on the Nasdaq. However, the share price advanced in November on the back of the anticipated implementation of a crypto-friendly business policy during President-elect Trump's second presidency. The share price reached a historical high after the firm announced that registration statements for the Nasdaq listing of Coincheck Group N.V. became effective on November 12th.
- Another notable contributor was Daiichi Jitsugyo Co., Ltd. In November, the firm released solid Q2 FY 3/25 (Apr-Sep) earnings results on the back of the significant increase in sales of equipment sales for plants to overseas markets in the Plant & Energy Business, and large-scale projects such as lithium-ion battery manufacturing facilities for the U.S. in the Energy Solutions Business. Furthermore, in December, the firm revised its full-year earnings guidance upwards.
- Conversely, the bottom contributor was TOWA Corp. Although the firm's Q2 FY3/25 (Apr-Sep) earnings results released in November showed positive profit growth, the share price continued to decline as the market reacted negatively to the fact that the orders received in Q2 were below the firm's plan.
- Konoshima Chemical Co., Ltd. also contributed negatively. The share price declined sharply especially in December due to the release of disappointing Q2 FY4/25 (May-Oct) earnings results caused by the slowdown of the Chemicals Business and the Building Materials Business.

MUFG Japan Small Cap Equity Strategy

About the Strategy in USD as of 12/31/2024

Returns Based Statistics (vs Russell/Nomura Small Cap)

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return %	-4.32	-5.10	2.48	4.50
Beta	0.92	1.16	1.13	1.12
Information Ratio	-0.87	-0.73	0.35	0.65
Sharpe Ratio*	0.01	-0.17	0.22	0.62
Tracking Error %	4.97	7.00	7.12	6.95
Standard Deviation (Portfolio) %	11.73	17.77	18.51	16.83
Standard Deviation (BM) %	11.59	14.26	15.16	13.71

*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	24.50	25.47
Information Technology	21.29	12.90
Financials	13.61	9.62
Consumer Discretionary	11.82	17.51
Materials	9.64	10.63
Health Care	4.57	5.08
Consumer Staples	4.05	10.45
Communication Services	3.92	4.11
Real Estate	2.19	1.75
Utilities	0.64	1.69
Energy	0.00	0.78
Cash & Cash Equivalent	3.78	-

*Based on Representative Portfolio

Top Ten Holdings (%)*

Techmatrix Monex Group	2.03
CTS	1.76
The 77 Bank	1.70
Tocalo	1.67
Terasaki Electric	1.65
Kusuri No Aoki Holdings	1.62
MCJ	1.61
Daiichi Jitsugyo	1.60
DD Group	1.49
Open House Group	1.49
Total	16.62

*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
34 years experience



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



Kazunori Yanagimoto
Theme Analyst
6 years experience



Ryu Ota
Theme Analyst
6 years experience



Koichi Kano
Theme Analyst
4 years experience

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