

## Investment Strategy

- Bottom-up stock picking strategy, based on company interviews and fundamental research/analysis.
- We focus on undervalued stocks with solid balance sheets, sustainable earnings, and potential for corporate actions.
- We build a strong relationship with management to ensure alignment of financial strategy, and unlock intrinsic value.
- A mid-to-long term investment strategy, with a concentrated portfolio of approximately 30 stocks.
- We apply a rigorous, ongoing sell discipline:
  - When the target price is achieved or becomes unrealistic
  - Management’s motivation to enhance corporate value decreases
  - Deteriorating business environment does not allow earnings to hit bottom despite the effort for value creation

## Strategy Facts

**Advisor:** Clearbrook Investment Consulting, LLC.

**Sub-Advisor:** Mitsubishi UFJ Trust and Banking Corporation

**Inception Date:** April 1, 2020

**Net Assets as of 02/28/2025:** \$240.1M USD

**Management Fee:** 0.75%

**Benchmark:** TOPIX Total Return Index

## Portfolio Characteristics

	Japan Value Creation Equity*	TOPIX Total Return
Number of Holdings	43	1,694
Wtd. Avg. Mkt. Cap. (\$)	11.34B	51.51B
P/E	10.59	14.90
P/B	0.84	1.39
ROE %	8.48	11.99
Dividend Yield %	3.34	2.54

\*Based on representative portfolio

**All data as of 02/28/2025 unless noted**

## Contact Information

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## Performance (%) USD as of 02/28/2025

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7Yr	10Yr	Since Incept
Japan Value Creation Gross	3.42	5.54	3.22	5.30	9.35	9.56	-	-	-	14.43
Japan Value Creation Net	3.35	5.35	2.84	5.17	8.53	8.76	-	-	-	13.59
TOPIX Total Return Index	-1.13	-0.12	-3.35	0.48	1.90	5.41	-	-	-	8.97
Excess Return (Gross-TOPIX)	4.55	5.66	6.57	4.82	7.45	4.16	-	-	-	5.46

\*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 Value Creation Equity Strategy.** Gross returns are presented before management and custodial fees, but after all trading expenses and reflect the re-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 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 Topix Total Return Index is also converted from JPY to USD using the same exchange rate source.

## Market and Strategy Commentary: Q1, 2025, (USD Net)

### Japan Markets:

- Japanese equities retreated in February, with the TOPIX Index returning -1.13% USD.
- Japanese equities fell early in the month. U.S. President Trump signed an executive order on February 1st, authorizing a new tariffs on imports from Mexico, Canada, and China, which led to a plunge in Japanese equity markets. However, the markets recovered when the U.S. announced that it would delay imposing the new tariff on Mexico and Canada.
- Japanese equities started to decline in the middle of the month. Japanese long-term interest rates rose on better-than-expected preliminary GDP for Oct-Dec 2024 and remarks by a BOJ Board member. The Japanese yen strengthened versus the U.S. dollar, which weighed on Japanese equity markets. U.S. President Trump’s repeated statements regarding additional tariffs further increasing concerns about the global economy.

### MUFG Japan Value Creation Equity Strategy:

- The strategy returned +3.35% USD, outperforming the Index by 4.48%.
- The top contributor was Panasonic Holdings Corp., a leading consumer electronics manufacturer in Japan. The share price reacted positively to the announcement of accelerated structural reforms, including personnel reductions, in its Q3 FY3/25 (Apr-Dec) earnings release.
- Another notable contributor was Kajima Corp., a general contractor. The stock price rose in the wake of a dividend increase and upward revisions to its FY2024 earnings guidance, supported by improved profit margin in the construction business and higher gains on property sales in the U.S. real estate development business.
- The largest detractor was Seven & i Holdings Co., Ltd., a holding company that engages in various business operations, including convenience stores, superstores, department stores, supermarkets, specialty stores, food services, financial services, and IT services. The share price plunged after its founding family abandoned the management buyout plan due to difficulty in securing financing.
- Nishimatsuya Chain Co., Ltd, a retailer of babies’ and children’s clothing and lifestyle sundry goods, also contributed negatively. February’s same-store sales decreased for the first time in four months as the cold temperature hurt the sales of spring clothes.

# MUFG Japan Value Creation Equity Strategy

About the Strategy in USD as of 02/28/2025

## Returns Based Statistics (vs TOPIX Total Return Index)

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return %	7.45	4.16	-	-
Beta	1.02	0.95	-	-
Information Ratio	1.22	0.83	-	-
Sharpe Ratio*	0.79	0.64	-	-
Tracking Error %	6.09	5.01	-	-
Standard Deviation (Portfolio) %	11.81	15.00	-	-
Standard Deviation (BM) %	9.95	14.95	-	-

\*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 Value Creation Equity*	TOPIX Total Return
Industrials	20.75	24.78
Consumer Discretionary	19.88	17.89
Financials	19.47	15.21
Information Technology	12.23	12.68
Materials	7.83	5.09
Energy	4.85	0.87
Communication Services	4.80	7.65
Real Estate	3.52	2.03
Consumer Staples	3.48	5.86
Utilities	2.46	1.29
Health Care	0.42	6.65
Cash & Cash Equivalent	0.33	-

\*Based on Representative Portfolio

## Top Ten Holdings (%)\*

Panasonic Holdings	4.34
T&D Holdings	4.22
Kajima	3.85
Nomura Real Estate Holdings	3.52
Japan Post Holdings	3.51
Yokohama Rubber	3.44
North Pacific Bank	3.41
KYB	3.36
Canon	3.24
Iyogin Holdings	3.20
<b>Total</b>	<b>36.09</b>

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

## Japan Value Creation Investment Team



**Shinichiro Hashimoto**  
Leas Fund Manager  
20 years experience



**Kosuke Tsuchida**  
Senior Fund Manager  
23 years experience



**Yuichi Yokoyama**  
Analyst  
9 years experience

\*Clearbrook Investment Consulting is the investment advisor to the MUFG Japan Value Creation 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](mailto: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 Value Creation 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 Value Creation 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 Value Creation 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.

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