

### 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 02/28/2025:** \$73.8M USD

**Management Fee:** 0.75%

**Benchmark:** Russell/Nomura Small Cap Index

### Portfolio Characteristics

	Japan Small Cap Equity*	Russ/Nom Small Cap
Number of Holdings	127	1,045
Wtd. Avg. Mkt. Cap. (\$)	873.9M	1.91B
P/E	12.91	14.06
P/B	1.06	1.07
ROE %	11.08	10.50
Dividend Yield %	2.82	2.84

\*Based on representative portfolio

All data as of 02/28/2025 unless noted

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### Performance (%) USD as of 02/28/25

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7Yr	10Yr	Since Incept
Japan Small Cap Equity Gross	-1.56	-1.93	-6.32	-0.13	-3.61	1.66	7.71	1.96	10.13	8.90
Japan Small Cap Equity Net	-1.62	-2.11	-6.67	-0.26	-4.34	0.90	6.91	1.20	9.31	8.09
Russell/Nomura Small Cap	-0.26	-0.26	-1.62	1.04	4.09	3.85	5.59	0.46	5.35	4.11
Excess Ret (Gross-Russ/Nom)	-1.30	-1.67	-4.71	-1.17	-7.70	-2.19	2.12	1.50	4.78	4.79

\*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 Q1: Feb 2025 (USD Net)

#### Japan Markets:

- Japanese small cap equities slightly retreated in February, with the Russell/Nomura Small Cap Index returning -0.26% 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 increased concerns about the global economy.

#### MUFG Japan Small Cap Equity Strategy:

- The strategy returned -1.62% USD, underperforming the Index by 1.36%.
- The notable contributor was Nippon Ceramic Co., Ltd., a manufacturer of ultrasonic sensors and pyroelectric infrared sensors as well as ferrite cores and gas sensors. The share price hiked as the firm released strong FY12/24 earnings results and an upward revision of its dividend forecast due to solid sales of in-vehicle safety products for ADAS.
- Open House Group Co., Ltd., a real estate company with strength in housing renovation and resale in the Tokyo area, also contributed positively. The share price rallied, supported by better-than-expected Q1 FY9/25 earnings results, mainly due to improved gross margins on the single-family home-related business.
- The worst contributor was TOWA Corp., a leading maker in the semiconductor molding equipment market. The share price was weighed down by worse-than-expected Q3 FY3/25 (Apr-Dec) earnings results and a downward revision of its full-year guidance, reflecting the slowdown in its Chinese business.
- Another large detractor was Techmatrix Corp., a systems integration company with strength in IT security and medical systems. Although its Q3 FY3/25 (Apr-Dec) earnings results, released at the end of January, beat market estimates, the share price reacted negatively to worse-than-expected orders in Q3.

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# MUFG Japan Small Cap Equity Strategy

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

## Returns Based Statistics (vs Russell/Nomura Small Cap)

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return %	-7.70	-2.19	2.12	4.78
Beta	0.92	1.10	1.17	1.13
Information Ratio	-1.77	-0.39	0.30	0.70
Sharpe Ratio*	-0.31	0.10	0.44	0.60
Tracking Error %	4.34	5.61	7.15	6.84
Standard Deviation (Portfolio) %	11.52	16.16	17.47	16.84
Standard Deviation (BM) %	11.64	13.34	13.79	13.66

\*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	24.88	25.47
Information Technology	21.39	12.48
Financials	14.48	9.95
Consumer Discretionary	12.55	17.42
Materials	9.85	10.77
Consumer Staples	4.23	10.33
Health Care	4.18	4.90
Communication Services	4.15	4.40
Real Estate	2.53	1.83
Utilities	0.31	1.69
Energy	0.00	0.77
Cash & Cash Equivalent	1.45	-

\*Based on Representative Portfolio

## Top Ten Holdings (%)\*

Techmatrix	1.98
The 77 Bank TOWA	1.78
Terasaki Electric	1.70
Tocalo	1.67
CTS	1.66
Kusuri No Aoki Holdings	1.65
Open House Group	1.63
MCJ	1.62
Iyogin Holdings	1.56
Vertex	1.54
<b>Total</b>	<b>16.79</b>

\*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.