

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 03/31/2024: \$65.8M USD

Management Fee: 0.75%

Benchmark: Russell/Nomura Small Cap Index

Portfolio Characteristics

	Japan Small Cap Equity*	Russ/Nom Small Cap
Number of Holdings	122	1,098
Wtd. Avg. Mkt. Cap. (\$)	955.8M	1.64B
P/E	16.07	16.08
P/B	1.31	1.23
ROE %	13.25	10.43
Dividend Yield %	2.20	2.28

*Based on representative portfolio

All data as of 03/31/2024 unless noted

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Performance (%) USD as of 03/31/2024

Composite	1 Mon*	3 Mon*	6 Mon*	YTD*	1 Yr	3 Yr	5 Yr	7Yr	10Yr	Since Incept
Japan Small Cap Equity Gross	1.92	5.67	14.20	5.67	13.69	-0.30	8.55	9.27	11.91	9.69
Japan Small Cap Equity Net	1.86	5.48	13.78	5.48	12.86	-1.04	7.75	8.46	11.09	8.88
Russell/Nomura Small Cap	2.84	4.21	13.29	5.67	13.69	-0.30	8.55	9.27	11.91	9.69
Excess Ret (Gross-Russ/Nom)	-0.92	1.46	0.92	1.46	-1.32	-0.35	4.77	5.19	5.93	5.45

*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: Jan-Mar 2024, USD Net

Japan Markets:

- Japanese small-cap equities rallied this quarter, with the Russell/Nomura Small Cap index up +4.21% USD.
- Japanese small-cap equities were up slightly in January (+0.47%). The Japanese equity market was supported by the rally in U.S. tech stocks and cash inflows from foreign investors. The sharp yen depreciation also provided a positive backdrop for the market amid expectations that the interest rate spread between the U.S. and Japan would not narrow as much as expected.
- Japanese small-cap equities gained in February (+0.86%). The market moved sideways in the first half of the month, dominated by the outlook for monetary policies in the U.S. and Japan. Later in the month, the market advanced as NVIDIA's strong earnings results led a rally in semiconductor-related stocks. A weaker yen and cash inflows from foreign investors continued to support Japanese shares through out the month.
- Japanese small-cap equities advanced in March (+2.84%). After a rise in the wake of bullish U.S. technology stocks, speculations of the BOJ's policy shift weighed on Japanese equities. However, the market rebounded in mid-month as the BOJ decided to lift the negative interest rate after the release of solid wage growth in the initial tally from spring wage talks. Amid expectations for an end to deflation, the BOJ's statement to maintain an accommodative monetary policy led to yen depreciation.

MUFG Japan Small Cap Equity Strategy:

- The strategy returned +5.48% USD, outperforming the index by 1.27%.
- The top contributor was TOWA Corp., a leading manufacturer of semiconductor molding equipment. The share price rallied in line with the rise in the PHLX Semiconductor Sector Index (SOX) due to a series of major global semiconductor firms' robust earnings results.
- Another notable contributor was Terasaki Electric Co., Ltd., a manufacturer and seller of power distribution control systems for buildings, factories and commercial vessels, and various types of low voltage breakers. The market reacted positively to its upwards revision of their FY3/24 earnings guidance in mid-February due to robust earnings from marine and industrial systems and engineering & life cycle services segments in addition to the weaker yen trend.
- Conversely, the bottom contributor was IRISO Electronics Co., Ltd., a leading manufacturer of high-tech connectors widely used in automobiles. The share price tumbled in early February due to weak Q3 FY3/24 (Apr-Dec) earnings results and the downward revision in its full-year earnings guidance mainly reflecting sales slowdown in China and EU.
- CMK Corp., a manufacturer of printed wiring boards (PWBs) for the automotive industry, also contributed negatively. After a rise in response to the positive Q3 FY3/24 (Apr-Dec) earnings results in early February, the share price dropped due to the announcement of their public offering, which aims to raise capital for the construction of the new factory in Thailand and the expansion of its business portfolio.

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MUFG Japan Small Cap Equity Strategy

About the Strategy in USD as of 03/31/2023

Returns Based Statistics (vs Russell/Nomura Small Cap)

	One Yr	Three Yr	Five Yr	Ten Yr
Excess Return %	-1.32	-0.35	4.77	5.93
Beta	1.13	1.13	1.16	1.13
Information Ratio	-0.30	-0.05	0.70	0.86
Sharpe Ratio*	1.01	-0.02	0.46	0.71
Tracking Error %	4.49	7.31	6.86	6.89
Standard Deviation (Portfolio) %	13.57	16.93	18.40	16.73
Standard Deviation (BM) %	11.43	13.56	14.86	13.55

*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	23.79	25.91
Information Technology	22.30	14.48
Consumer Discretionary	13.10	15.64
Financials	12.90	9.09
Materials	9.68	11.26
Health Care	5.91	5.65
Communication Services	3.01	4.35
Consumer Staples	2.92	9.82
Real Estate	1.52	1.58
Utilities	0.66	1.70
Energy	0.00	0.54
Cash & Cash Equivalent	4.21	-

*Based on Representative Portfolio

Top Ten Holdings (%)*

Towa Corp.	3.76
Monex Group	2.36
Mitsui High-Tec, Inc.	2.32
Jeol	1.71
Terasaki Electric	1.61
Techmatrix	1.60
Kaga Electronics	1.58
Japan Electronic Materials	1.57
MCJ	1.54
Kusuri No Aoki Holdings	1.54
Total	19.59

*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
27 years experience



Koichiro Ishii, CMA
Small Cap Analyst
10 years experience



Kazunori Yanagimoto
Small Cap Analyst
5 years experience



Koichi Kano
Small Cap Analyst
3 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.