

Saisei Japan Equity A - JPY

Fund fact sheet as of 30 August 2019

Quick facts

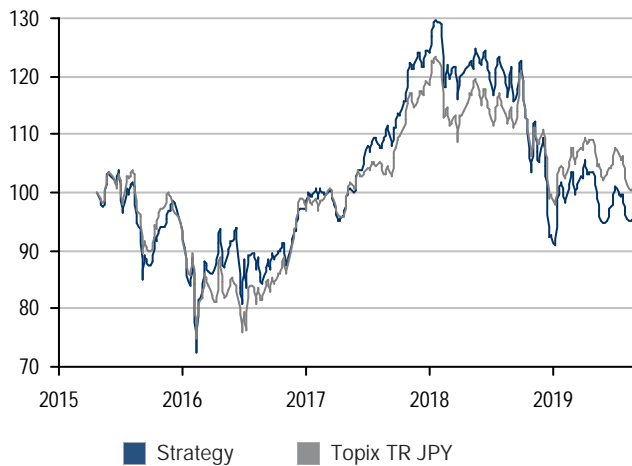
Fund category	Japan Equities
Reco. placement period	10 years
Last NAV (JPY)	4 358.00
NAV frequency	Daily
ISIN	LU1205057935
Distributed in	LU, CH, FR, UK
Risk and reward profile	 1 2 3 4 5 6 7 Lower Risk Higher Risk

Investment objective

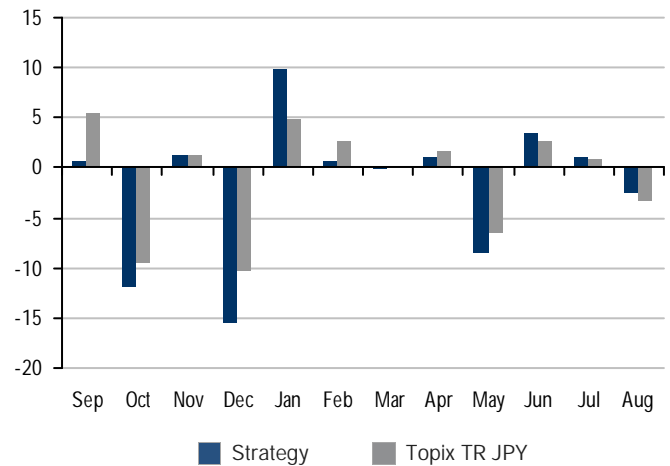
The Fund is a long-only open-ended fund incorporated in Luxembourg. Its objective is to carry out long-term investments and generate capital gains. The Fund seeks returns on an absolute basis in Japanese equities listed exclusively in Japan.

The approach is both thematic and bottom-up, with high conviction selection with between 35 and 40 names in the portfolio. It is benchmark and sector agnostic. The Fund offers great flexibility among market caps in which it has no limits, although it tries to keep a certain balance to capture market directions.

Cumulative performance



Monthly performances over 1 year (%)



Past performance (%) - Net returns

	Month-to-date	Year-to-date	3 months	Cumulative			3 years	Origin	Annualised	
				6 months	1 year	3 years			3 years	Origin
Fund	-2.59%	4.23%	2.01%	-5.83%	-20.75%					
Benchmark	-3.37%	2.59%	0.20%	-4.70%	-10.78%	21.53%	2.14%	6.72%	0.49%	
Strategy	-2.59%	4.23%	2.01%	-5.83%	-20.75%	11.17%	-3.48%	3.60%	-0.81%	

Strategy: From 24/04/2015 to 30/11/2017, the Saisei Strategy (the "Strategy") has been applied to the sub-fund "IGNI Saisei Japan Opportunities Fund", existing under the laws of the Grand Duchy of Luxembourg, and registered under Part II of the law dated December 17, 2010 on Undertakings for Collective Investment (the "2010 Law"). From 01/12/2017, following the merger by way of absorption of the "IGNI Saisei Japan Opportunities Fund" to the new sub-fund "Probus Investment Fund UCITS - Saisei Japan Equity" (UCITS fund), existing under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law, the Saisei Strategy is continuously applied to this new sub-fund.

Fund information

Legal form	SICAV UCITS
Fund domicile	Luxembourg
Fund launch date	01/12/2017
Strategy launch date	24/04/2015
Total AUM (JPY)	2 895 510 149.00
Fiscal year end	December 31st
Fund currency	JPY
Reference index	Topix TR JPY
Cut-off time	12pm Lux. Time
Investment manager	Probus Middle East Ltd
Investment advisor	Probus Compagnie SA
Custodian bank	Banque Degroof Petercam
Auditor	E&Y Luxembourg

Investment advisor

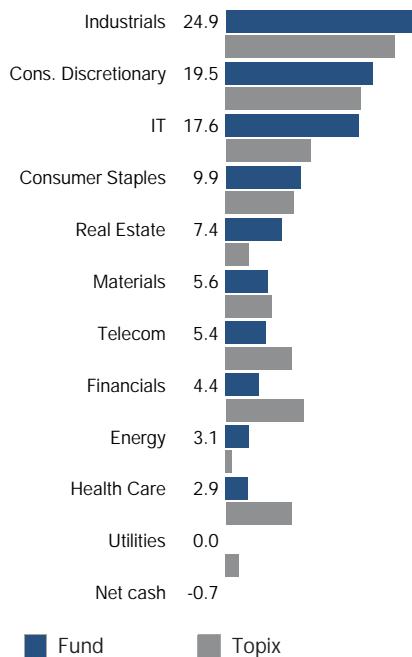
Frédéric Annoni

Frédéric joined Probus Group in 2016, bringing along his 32 years of experience in Japanese equities. Prior to Probus, Frédéric began his career at Nomura, spent 8 years at Nikko, where he helped set up the Japanese desk for Switzerland, and 9 years with Citigroup. He is currently in his 10th year managing the Saisei.

NAV analysis

1 year figures	Strategy	Index	Value	Date
Annual volatility	24.25	18.50	52-week NAV high	5 577.00 26/09/2018
Beta	1.23		52-week NAV low	4 099.00 04/01/2019
Tracking error	9.35		Max drawdown (%)	-30.97 25/06/15-04/01/19
Information ratio	-1.07			

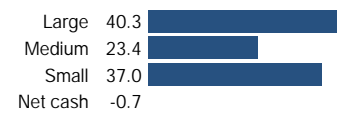
Sectorial allocation (%)



Geographical allocation (%)



Market cap breakdown (%)



Note: Allocations and Breakdowns are not adjusted from derivatives positions.

Top 10 holdings (%)

SBI Holdings	4.4	Hitachi	3.5
Katitas Co	4.1	Open House Co Ltd	3.3
Sony	4.0	Fuji Soft	3.3
Subaru	3.9	Asahi Group Holdings	3.3
Matsumotokiyoshi Holdi	3.7	Sushiro	3.2
Top 5 positions	20.0	Top 10 positions (%)	36.7

Other information

ROE (weighted av.)	17.28%
E2018 P/E Ratio	12.59x
Price-to-book ratio	1.52x
Dividend yield	2.19%
Number of holdings	34

Available share classes

Class Name	ISIN	BLMG ticker	Curr.	Type	Launch date	Min. invest.	Mgt. fees	Perf. fees	OGC	Front / back load
A - JPY	LU1205057935	SAISEIA LX	JPY	A	01/12/2017	JPY 10 000 000	1.75%	10% with HWM*	2.25%	Up to 3%/Nil
AH - EUR	LU1205058156	IGSAAHE LX	EUR	A	01/12/2017	EUR 100 000	1.75%	10% with HWM*	2.37%	Up to 3%/Nil
AH - USD	LU1205058313	SAISEAH LX	USD	A	01/12/2017	USD 100 000	1.75%	10% with HWM*	2.36%	Up to 3%/Nil
I2H - EUR	LU1689249503	PRSI2HE LX	EUR	A	15/01/2018	EUR 2 000 000	1.10%	10% with HWM*	1.73%	Up to 3%/Nil
I2H - USD	LU1739245006	PRSI2HU LX	USD	A	25/01/2018	USD 2 000 000	1.10%	10% with HWM*	1.75%	Up to 3%/Nil

*HWM = High Water Mark, for more information please refer to the fund prospectus.

Contact Probus Group

Geneva

Probus Funds S.A.
Place Saint Gervais 1
Case Postale 1988
CH-1211 Genève 1
+41 22 906 86 00

Dubai

Probus Middle East Limited
DIFC - Emirates Financial Towers
South Tower - Office 1101
P.O. Box 9519 - Dubai - UAE
+971 4 305 8000

Luxembourg

Probus Capital Management S.A.
16 rue Erasme
L-1468 Luxembourg
Luxembourg
+352 262 624 161

Commentary

The fear bubble continues with no signs of it abating. Market maniac behaviour caused by the usual rhetoric of Trump-China, Japan-Korea, UK, Italy and now a dose of Argentina sends bonds to absolute ridiculous levels inducing equities around the globe to plunge...again. In this harsh and hostile environment, Topix PBR fell below 1x on 2020 estimates. This was last seen during Lehman crisis, or in 2012 when the JPY reached 80 per US\$. Clearly the market is largely oversold (see below for more on short positions in Japan).

Meanwhile, with 15 trillion US\$ of world bond market in negative yield territory, it reminds Saisei that not long ago, only Japan was mired in its never-ending story of deflation, whereas the "Japanification" of negative yields has finally spread to all the countries in Europe.

Following the G-7 held in France, oddly enough (or not), the market seems to have totally disregarded the fact that Japan and the US have agreed in principle to a trade deal where Japan buys agricultural products while the US do not impose additional tariffs on autos. Still, to Saisei this seems a slight victory to Japan as it avoided the US president's threats of imposing additional punitive taxes on the Japanese automobile industry.

Thus, during the month, the Nikkei 225 lost -3.8%, while Topix lost -3.4%. Meanwhile, as always during market turmoil, the JPY traded in a range of 105-106.5 vs US\$ compared to 108.8 in July.

On the domestic front, Japan's GDP positively surprised economists with April-June annualised growth of +1.8%. The reading beat the average forecast of 0.7% gain made by private sector economists. During the quarter, the Japanese economy grew a real +0.4%. Not bad for a so-called moribund economy.

Japans' earnings season has delivered its Q1 results; and the picture seems not so bleak as first feared. Indeed, net profits (NP) fell just 1.1% YoY. Admittedly, this was supported by factors such as the valuation gain for Softbank's Vision Fund. Operating profits meanwhile dropped by -9.5% YoY for non-financials, albeit beating consensus by 4.1%. Still, since the end of June, full year NP guidance has been cut by 0.6% and consensus by 1.3%. They still forecast +2.4% and +6.3% YoY growth. Again, omitting catastrophic outcomes, such as a Lehman type crisis, Saisei continues to believe that Japanese shares are a bargain, as much as they were in 2012 and more recently in 2015-2016.

As for Saisei's monthly performance, the top three positive contributors in August were: Subaru (+38bp), Solasto (+30bp) and Matsumoto K (+27pb). While the top three disruptors were: SBI Holdings (-76bp), Sharingtechnology (-67bp) and Sumco (-58bp).

Saisei sold off its remaining position in Konica, SUMCO, AGC, Mitsubishi Motors and Japan Aviation. The former three were sold following a very poor earnings season, while guidance fell into the red. As for the latter two, the Fund believes that the interesting story for those stocks would be the "falling into bed" with their respective mother companies, i.e. NEC and Nissan do not seem to materialise in the foreseeable future. Meanwhile, the Fund built up a new position in Daikin. The world's leading A/C manufacturer has released very satisfactory results, and the structural story seems to remain in place for the next few years. The Fund also bought Lixil, where the long feud over the change of its CEO has finally ended up with the victory of the few activist funds which pushed to put the company's previous CEO back in place. Mr Seto seems to be extremely capable in returning the company to a stronger profit structure.

Finally, Saisei has learned from one of its contacts in Japan, that Tokyo arbitrage funds lift short positions to record. Arbitrage traders have built an unprecedented amount of bearish positions on Japanese shares. In fact, net short cash positions related to arbitrage trading reached 1.4 trillion JPY (13 billion US\$) on August 23, the highest on record, according to the Tokyo Stock Exchange. Its data tracks arbitrageurs who seek to profit from the difference in pricing between domestic stocks and futures and options derived from them. For almost 25 years (!), they have held net long exposure.

What will happen if a short squeeze materialises?

Disclaimer

General: This document is provided for information purposes only and does not constitute or form part of an offer for shares. The offering of the shares and the distribution of Fund's prospectus may be restricted outside of the Grand-Duchy of Luxembourg and is not available to residents and/or nationals of the USA. The value of an investment in the Fund can fall as well as rise. An investment in the Fund is subject to a high degree of risk including the possible loss of capital. There is no assurance that the Fund will meet its investment objective. This document does not take into account individual objectives, taxation position or financial needs and should not be relied upon as the sole factor in an investment making decision. For complete information on the fund, please refer to the Prospectus as well as the Annual and Semi-Annual Reports. Although reasonable care has been taken to ensure that the information is accurate, correct and complete no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. The latest available prospectus should be consulted before considering any investment in the fund.

Switzerland: The Fund is domiciled in Luxembourg and is compliant with Swiss law for distribution to qualified investors in Switzerland. The latest prospectus, the Articles of incorporation and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, 1204 Geneva. In respect of the units distributed in Switzerland, the competent Courts shall be at the registered office of the Representative in Switzerland. Each time performance data is published, it should be noted that the past performance is no indication of current or future performance.

DIFC: The use of any information contained in this document shall be at the sole discretion and risk of the user, being directed at Professional Clients as defined under the rules and regulation of the Dubai Financial Services Authority (DFSA). Probus Middle East Limited is regulated by the DFSA.

Source: Probus Capital Management S.A. & MorningStar for performance figures.

DATA PRIVACY POLICY IMPORTANT NOTICE

PROBUS recognizes the importance of keeping the personal data of its customers and other counter-parties confidential and protecting their privacy rights. As a consequence, PROBUS has adopted a global privacy policy consistent with applicable standards. Our Data Privacy Notice can be found using the following url: <https://www.probus-group.com/data-privacy-notice>.