

# STRATEGIC JAPAN OPPORTUNITIES FUND

A SUB-FUND OF E.I.STURDZA FUNDS PLC. REGISTERED IN IRELAND.



**ERIC STURDZA**  
INVESTMENT FUNDS

JANUARY 2019 – MONTHLY COMMENTARY BY PORTFOLIO MANAGER MITSUHIRO YUASA

## FUND COMMENTARY

The Japanese equity market rebounded in January after deteriorating sharply the previous month. Trade tensions between the US and China have not eased but President Trump's domineering manner has, due to Nancy Pelosi, the Speaker of the US House of Representatives. The market has been supported on the back of no further bad news and stable currency markets. The dollar did weaken sharply to 104 on one occasion, but bounced back to 109 afterwards.

The Nidec Corporation, a world leading manufacturer of small precision motors mainly used in HDD and optical disk drives, announced a sizeable down-ward revision of earnings for FY2018. Although it was a surprise and a sizeable revision, investors remained calm and the share price of Nidec climbed afterwards.



The talks between Prime Minister Abe and President Putin achieved little. The Japanese market increased sharply along with the US markets, backed by the announcement by the US FED that interest rate rises are on hold.

Anritsu (6754) manufactures measurement instruments for telecommunication system manufacturers and device vendors. Their products are heavily related to 5G investments throughout the world. Anritsu announced a sizeable upward revision of earnings in January and its share price soared as a result. P/E 38x, PBR 3.6x, ROE 9.6%.

The Japanese equity market seems to have regained its sense of urgency to move forward, but it is lacking the traction of 2017 and 2018. The negative impact from the US and China trade dispute on Japanese corporate earnings is larger than the Investment Adviser expected. Earnings of domestic companies may recover in the January to March period compared to the deterioration of the last quarter when the dispute escalated aggressively. The Investment Adviser believes that the EPS of the Topix index, which represents broad range of Japanese market, could deteriorate to single digits this year. Due to the recent market decline, the P/E of the Topix index is around 13x based on current consensus earnings estimates, but it is not yet enough to attract global investors. Although global investors may not be attracted by the low valuation of the market, the Investment Adviser is able to search for potential growth companies selectively. There are companies that have the ability to grow regardless of the macro or external environment, and the Team aim to select such growth companies for inclusion in the portfolio.

## PORTFOLIO MANAGER



**MITSUHIRO YUASA**

Mitsuhiro has over 28 years investment experience and co-founded Rheos in 2003 following a career at Rothschild Asset Management and Gartmore Asset Management. He has extensive experience managing foreign institutional and domestic pension clients. Further Mitsuhiro has superior analytical, knowledge and management skills in relation to emerging growth stock portfolios and equity strategies, with a deep understanding of the Japanese and global asset management industry.

## FUND OBJECTIVE

The investment objective of the Fund is to out-perform the broad Japanese equity market over the long-term.

## CONTACT

E.I. Sturdza Strategic Management Limited

Telephone +44 1481 722 322

Email [info@eisturdza.com](mailto:info@eisturdza.com)

Website [eisturdza.com](http://eisturdza.com)

The views and statements contained herein are those of Rheos Capital Works Inc in their capacity as Investment Adviser to the Fund as of 14/02/19 and are based on internal research and modelling.

# STRATEGIC JAPAN OPPORTUNITIES FUND

A SUB-FUND OF E.I.STURDZA FUNDS PLC. REGISTERED IN IRELAND.



**ERIC STURDZA**  
INVESTMENT FUNDS

JANUARY 2019 – MONTHLY COMMENTARY BY PORTFOLIO MANAGER MITSUHIRO YUASA

---

## WARNING

The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the contents of this document you should obtain independent professional advice.

---

## BLOOMBERG DISCLAIMER

Data presented herein is obtained via Bloomberg PORT where stated. Any such data is subject to change from the date of production of this document. Such changes may impact upon comparative data between the investment and benchmark present. Such information therefore is provided for reference purposes only, is subject to change and should not be relied upon for an investment decision.

---

## TOPIX DISCLAIMER

The TOPIX Index Value and the TOPIX Trademarks are subject to the intellectual property rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX Index such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Trademarks. The Tokyo Stock Exchange, Inc. shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Index Value or to change the TOPIX Trademarks or cease the use thereof. The Tokyo Stock Exchange, Inc. makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX Index Value and the TOPIX Trademarks or as to the figure at which the TOPIX Index Value stands on any particular day. The Tokyo Stock Exchange, Inc. gives no assurance regarding accuracy or completeness of the TOPIX Index Value and data contained therein. Further, the Tokyo Stock Exchange, Inc. shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value. The Licensed Products are not in any way sponsored, endorsed or promoted by the Tokyo Stock Exchange, Inc. The Tokyo Stock Exchange, Inc. shall not bear any obligation to give an explanation of the Products or an advice on investments to any purchaser of the Products or to the public. The Tokyo Stock Exchange, Inc. neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Products, for calculation of the TOPIX Value Index. Including but not limited to the foregoing, the Tokyo Stock Exchange, Inc. shall not be responsible for any damage resulting from the issue and sale of the Products.

---

## GENERAL DISCLAIMER - APPLICABLE TO UK DOMICILED RECIPIENTS

This communication is issued in Guernsey by E.I. Sturdza Strategic Management Limited which is regulated by the Guernsey Financial Services Commission. Any investments or investment services mentioned in this communication are not intended for retail customers. Consequently, this communication is only made available to professional investors and eligible counterparties and should not be relied upon by any person that does not possess professional experience in relation to investments. If you are in any doubt as to whether you possess suitable experience in relation to investments please consult your financial adviser. Past performance is no guarantee of future results. Under no circumstances should this document be forwarded to anyone in the United Kingdom who is not a professional client or eligible counterparty as defined by the FCA. For the purpose of distribution in the United Kingdom this material has been issued by E.I. Sturdza Investments Limited, Claridge House, 32 Davies Street, London, W1K 4ND which is an appointed representative of Mirabella Advisers LLP which is authorised and regulated by the Financial Conduct Authority. Further this communication is not an offer or an invitation to purchase financial instruments but intended as information. Further the information contained in this communication does not represent a research report. E.I. Sturdza Strategic Management Limited has not considered the suitability of investment against your individual needs and risk tolerance. Shares in the Fund should only be purchased by persons with professional experience and investors should refer to the Fund Prospectus and/or KIID for detailed information about potential risks involved in investing in financial instruments as well as the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. The information contained herein is estimated, unaudited, may be subject to change and reflects the performance of the relevant fund offered by E.I. Sturdza Strategic Management Limited during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice; however no such opinions or estimates constitute legal, investment, tax, or other advice. Individual performance of the Fund may vary and historical data is not an indication of future results. The value of the Fund and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risk of a substantial impairment or loss of their entire investment. The Swiss Representative and Swiss Paying Agent is Banque Eric Sturdza SA, Rue du Rhône 112, P.O. Box 3024, CH-1211 Geneva 3. Copies of the Prospectus, KIID, articles of association, annual and semi-annual reports may be obtained free of charge at the seat of the Swiss representative. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell or otherwise apply for shares in the Fund. E.I. Sturdza Strategic Management Limited, 3rd Floor, Frances House, Sir William Place, St Peter Port, Guernsey GY1 1GX. Part of the Eric Sturdza Banking Group. Company Registration Number: 35985.

---

## DISCLAIMER - SWISS DOMICILED RECIPIENTS

E.I. Sturdza Funds Plc and its sub-funds are Irish funds authorized by the Irish Central Bank. They are approved for distribution in Switzerland by FINMA. The Swiss representative and paying agent is Banque Eric Sturdza SA, rue du Rhône 112, 1204 Geneva / Switzerland. Investors should refer to the fund prospectus and/or KIIDs for detailed information about potential risks associated with investments in financial instruments as well as the latest half yearly report and unaudited accounts and/or annual report and audited accounts. The prospectus, KIIDs, Articles of association, semi-annual and annual reports of E.I Sturdza Funds Plc can be obtained, free of charge, at the seat of the Swiss representative, Banque Eric Sturdza SA. The information contained herein is estimated, unaudited, may be subject to change and reflect the performance of the relevant funds during the period indicated. Any opinions or estimates expressed herein are at the date of preparation and are subject to change without notice. No such opinions or estimates constitute legal, investment, tax or other advice. Individual performance of the funds may vary and historical data is not an indication of future results. The value of the funds and the income which may be generated from it can go down as well as up and therefore investors must be able to bear the risks of a substantial impairment or loss of their entire investments. Past performance is no guarantee of future results. Performance data do not take into consideration commissions and costs charged at the time of issuance and/or redemption of the shares. This document is intended for information purposes only and is not intended as an offer or recommendation to buy, sell, or otherwise apply for shares in the funds.