

# TIBURON TAIKO FUND

Japan equity long-only

February 2018

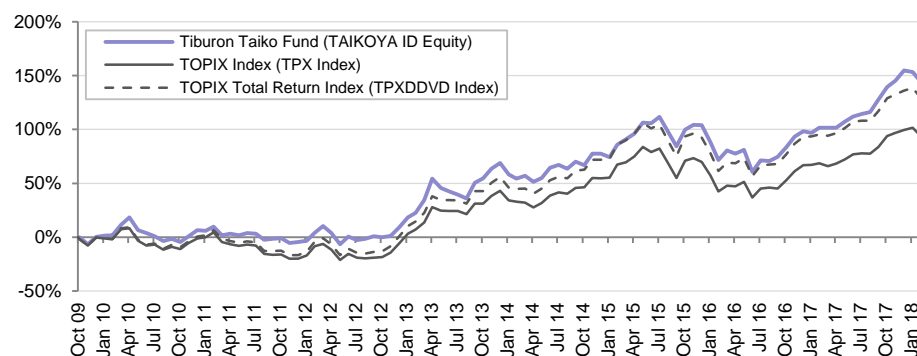
**TIBURON**  
PARTNERS

| Performance %            | YTD   | 1M    | 1Y    | 3Y    | 5Y     | 2017  | 2016  | 2015  | 2014  | 2013  | ITD    |
|--------------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|--------|
| Tiburon Taiko Fund       | -4.04 | -3.38 | 21.35 | 31.70 | 99.63  | 28.46 | -2.78 | 14.95 | 5.15  | 54.45 | 144.66 |
| TOPIX Index (TPX)        | -2.71 | -3.73 | 15.17 | 16.04 | 81.24  | 19.69 | -1.85 | 9.93  | 8.08  | 51.46 | 94.16  |
| TOPIX TR Index (TPXDDVD) | -2.68 | -3.70 | 17.59 | 23.48 | 100.57 | 22.23 | 0.31  | 12.06 | 10.27 | 54.41 | 129.74 |

Sources: Northern Trust and Bloomberg.

Notes: Tiburon Taiko Fund refers to Class A JPY (TAIKOYA ID Equity) returns which are net of all fees including management fee at 1.5% per annum. The performance for Class A JPY prior to 13<sup>th</sup> May 2010 has been simulated on the basis of the actual performance of Class B USD hedged.

The figures in the above table refer to past performance which is not a reliable indicator of future results. An investment in the Fund would place an investor's capital at risk. Figures shown are net of all fees.



Sources: Northern Trust and Bloomberg.

Notes: The performance for Class A JPY prior to 13th May 2010 has been simulated on the basis of the actual performance of Class B USD hedged.

The figures in the above chart refer to past performance which is not a reliable indicator of future results. An investment in the Fund would place an investor's capital at risk. Figures shown are net of all fees.

## Manager's Commentary

The arrival of several global macro factors has unnerved equity markets and inevitably that has affected Japan. It is important to evaluate whether the optimistic case for Japanese equities has changed and in our view the answer is absolutely not. On Japan-specific issues, much attention has focussed on the BOJ and the timeline for tapering by Kuroda and although there has been commentary pointing towards 2019, this remains all dependent on achieving a sustainable 2% CPI target which still looks way off.

From a corporate perspective little has changed except the exchange rate which will dilute some earnings growth and this may excite the earnings momentum investors, especially the hedge funds. However, from a domestic standpoint a stronger currency actually eases the cost pressures from imported materials. Given that the main investment rationale revolves around domestic companies and industry consolidation, the external environment is less important and were a global economic slowdown to materialise, history suggests that corporate managements will further reduce costs whilst industry realignments

actually accelerate. We see absolutely no sign that corporates will tone down their rhetoric on improving both operational and shareholder returns and the stronger companies taking market share should have little to worry about from external factors.

From a shareholder's perspective, investors are still not appreciating the potential of the potential for multi-year total returns of over 5% at many companies. There is a perception that improved FCF will be used to further pare down debt whereas in reality many company managements are at pains to point out that current debt to equity levels have fallen to appropriate levels. In the case of Kirin Brewery which recently announced a 5% share buyback, FCF in future years should allow management to buy-back at least 3% annually going forward. To our way of thinking these total returns, dividends and share buy-backs, provide a compelling argument in favour of Japanese equities. Corrections in stock markets vary in duration but given the valuations on offer we remain surprised that foreigners have sold so aggressively in recent weeks as the underlying investment case has not materially changed.

## KEY FACTS

### Investment Objective

The investment objective of the Fund is to achieve long-term capital growth by investing in listed Japanese companies.

### Fund Information

|                         |   |
|-------------------------|---|
| Strategy AUM            | US\$ 620m   |
| Fund AUM                | US\$ 73m  |
| Dealing                 | Daily   |
| Custodian               | Northern Trust  |
| Administrator           | Northern Trust  |
| Auditors                | PricewaterhouseCoopers  |
| Investment Manager      | Tiburon Partners LLP  |
| Management fee          | 1.5% (standard)<br>0.75% (institutional)  |
| Performance fee         | None  |
| Launch date             | 27 <sup>th</sup> October 2009   |
| Domiciled               | Ireland   |
| Type                    | UCITS   |
| Registered for sale in: | UK, Ireland, Sweden, Germany, Italy, Austria, Netherlands, France and Switzerland |

### NAV per Share

|                    |     |            |
|--------------------|-----|------------|
| Class A JPY        | JPY | 214,645.89 |
| Class B USD hedged | USD | 2,402.25   |
| Class C EUR hedged | EUR | 2,018.63   |
| Class D GBP hedged | GBP | 2,363.52   |
| Class E GBP        | GBP | 2,002.19   |
| Class I JPY        | JPY | 147,537.28 |
| Class I USD hedged | USD | 1,330.94   |
| Class I EUR hedged | EUR | 1,146.77   |
| Class I GBP hedged | GBP | 1,151.41   |
| Class I GBP        | GBP | 1,492.98   |

## Available Share Classes

| Name               | Currency | Bloomberg  | ISIN         | SEDOL   | Management fee |
|--------------------|----------|------------|--------------|---------|----------------|
| Class A JPY        | JPY      | TAIKOYA ID | IE00B4VCVG59 | B4VCVG5 | 1.50%          |
| Class B USD hedged | USD      | TAIKOUB ID | IE00B4V38347 | B4V3834 | 1.50%          |
| Class C EUR hedged | EUR      | TAIKOEC ID | IE00B4VBV950 | B4VBV95 | 1.50%          |
| Class D GBP hedged | GBP      | TAIKOSD ID | IE00B4V4QB19 | B4V4QB1 | 1.50%          |
| Class E GBP        | GBP      | TAIESUH ID | IE00B61DC471 | B61DC47 | 1.50%          |
| Class I JPY        | JPY      | TAIKOYI ID | IE00BYM6JL76 | BYM6JL7 | 0.75%          |
| Class I USD hedged | USD      | TAIKUIH ID | IE00BYM6JX98 | BYM6JX9 | 0.75%          |
| Class I EUR hedged | EUR      | TAIKEIH ID | IE00BYM6JN90 | BYM6JN9 | 0.75%          |
| Class I GBP hedged | GBP      | TAIKSIH ID | IE00BYM6JS46 | BYM6JS4 | 0.75%          |
| Class I GBP        | GBP      | TAIKOSI ID | IE00BYM6K695 | BYM6K69 | 0.75%          |

## PORTFOLIO STATISTICS

|                              |       |
|------------------------------|-------|
| <b>Net Market Exposure</b>   | 97.3% |
| <b>Positions</b>             | 28    |
| <b>Top Five Positions</b>    | (%)   |
| Broadleaf                    | 5.2   |
| Pasona Group                 | 5.0   |
| Tokio Marine Holdings        | 5.0   |
| Keyence Corp                 | 4.7   |
| Jaccs                        | 4.3   |
| <b>Fund Sector Breakdown</b> | (%)   |
| Chemicals                    | 9.3   |
| Construction                 | 2.5   |
| Electric Appliances          | 13.7  |
| Foods                        | 10.6  |
| Glass & Ceramics Products    | 3.9   |
| Info & Communication         | 8.6   |
| Insurance                    | 5.0   |
| Machinery                    | 8.5   |
| Metal Products               | 3.5   |
| Other Financial Business     | 7.4   |
| Retail Trade                 | 3.8   |
| Services                     | 11.6  |
| Textiles & Apparels          | 5.3   |
| Transport Equipment          | 3.7   |

## CONTACTS

### Investment Strategy

|                    |                     |
|--------------------|---------------------|
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### Dealing Enquiries

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## Important Information

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