

# JUPITER JAPAN FUNDS – DARING TO BE DIFFERENT

## Jupiter Japan Select

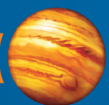
**Dan Carter, CFA**

Fund Manager

**Mitesh Patel, CFA**

Assistant Fund Manager

September 2018



ON THE PLANET TO PERFORM

For professional and institutional investors only. Not for retail investors.

  
**JUPITER**  
Asset Management

# Topics

What is the  
Jupiter Japan  
Select?

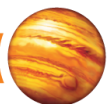
1

Why invest in  
Japan now?

2

How is the  
Jupiter Japan  
Select fund  
different?

3



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# Jupiter Japan team



## Dan Carter, CFA

Fund Manager  
15 years' experience\*  
UK domiciled Unit Trust  
Jupiter Japan Select

|                 |                |
|-----------------|----------------|
| Jupiter         | 2008 – present |
| Odey            | 2006 – 2008    |
| Baillie Gifford | 2003 – 2006    |



## Mitesh Patel, CFA

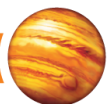
Assistant Fund Manager  
12 years' experience\*  
UK domiciled Unit Trust  
Jupiter Japan Select

|           |                |
|-----------|----------------|
| Jupiter   | 2016 – present |
| Barings   | 2009 – 2016    |
| Blackrock | 2006 – 2009    |

## Cross-team collaboration

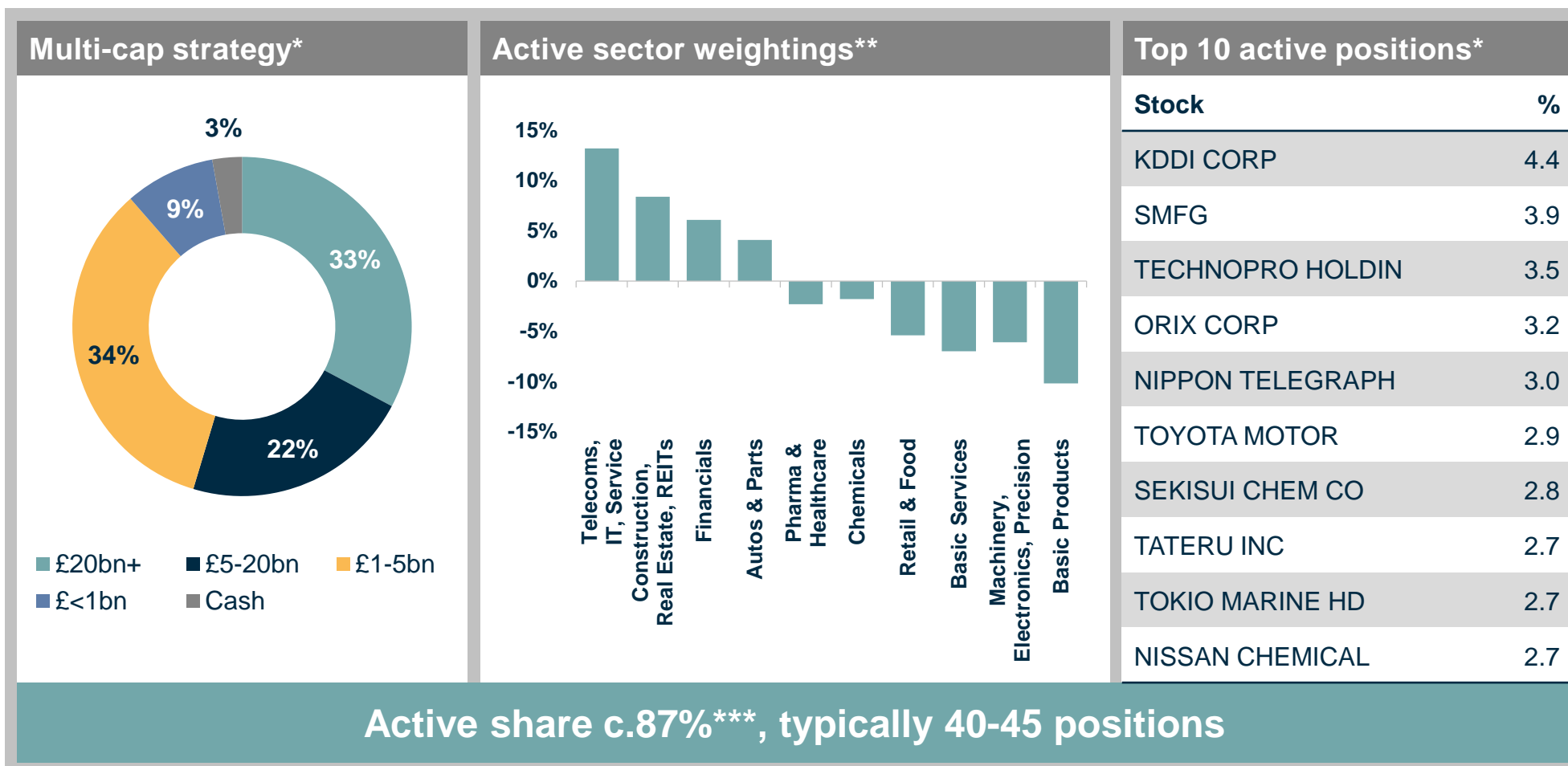
- Global Equities
  - Stuart Cox
- Global Value
  - Ben Whitmore, Dermot Murphy
- Global Financials
  - Guy de Blonay
- Absolute Return
  - James Clunie, Ivan Kralj
- Environment & Sustainability
  - Charles Thomas, Abbie Llewellyn-Waters, Jon Wallace, Mark Evans

\*Years of industry experience as at 30.06.18.



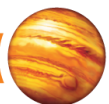
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# Jupiter Japan Select – Overview



Stock examples are for illustrative purposes only and are not a recommendation to buy or sell.

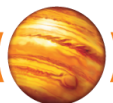
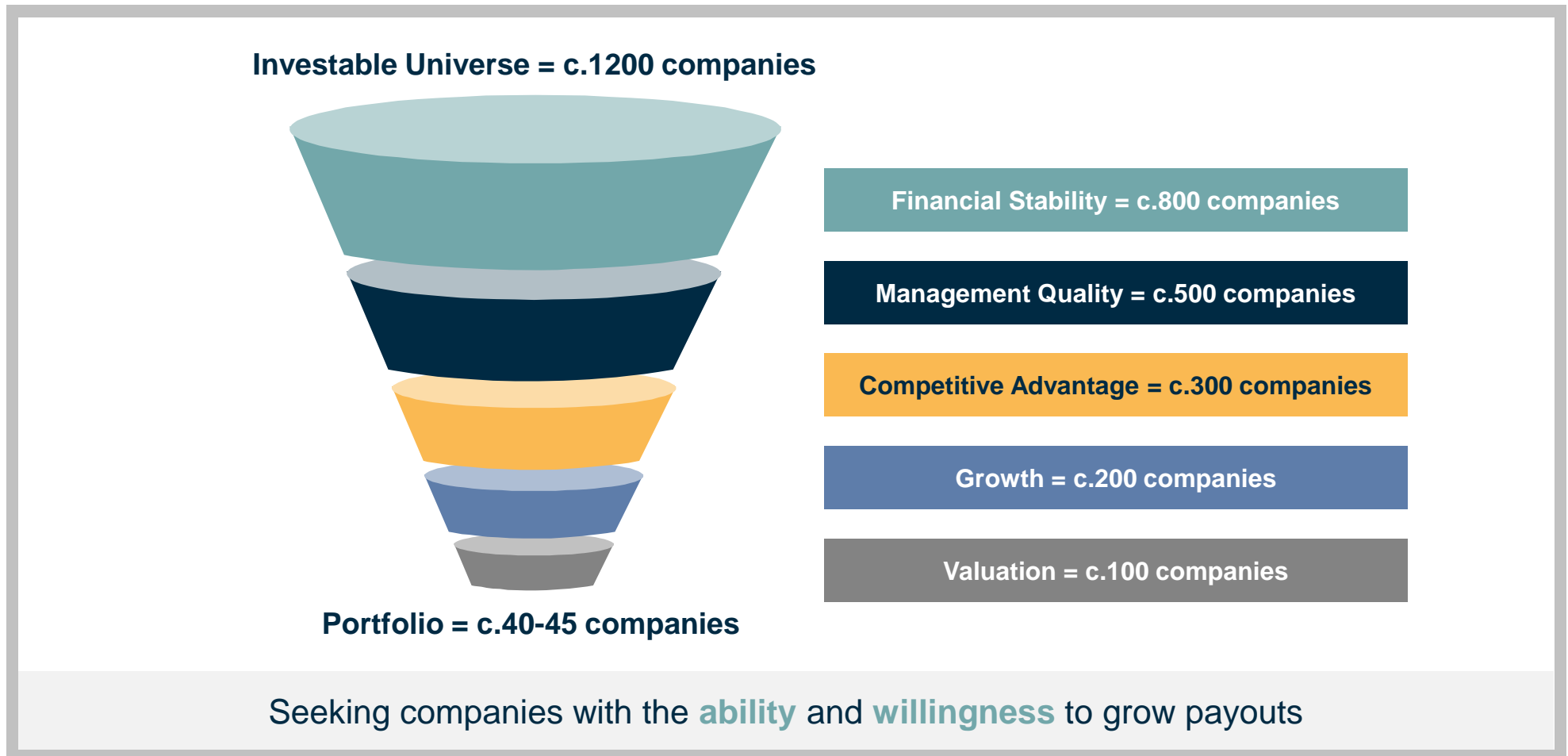
\*Source: FactSet, 30.06.18. \*\*Source: Jupiter, as at 30.06.18. Numbers may not add to 100% due to bankers rounding. \*\*\*Source: Jupiter, 30.06.18.



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# Investment process

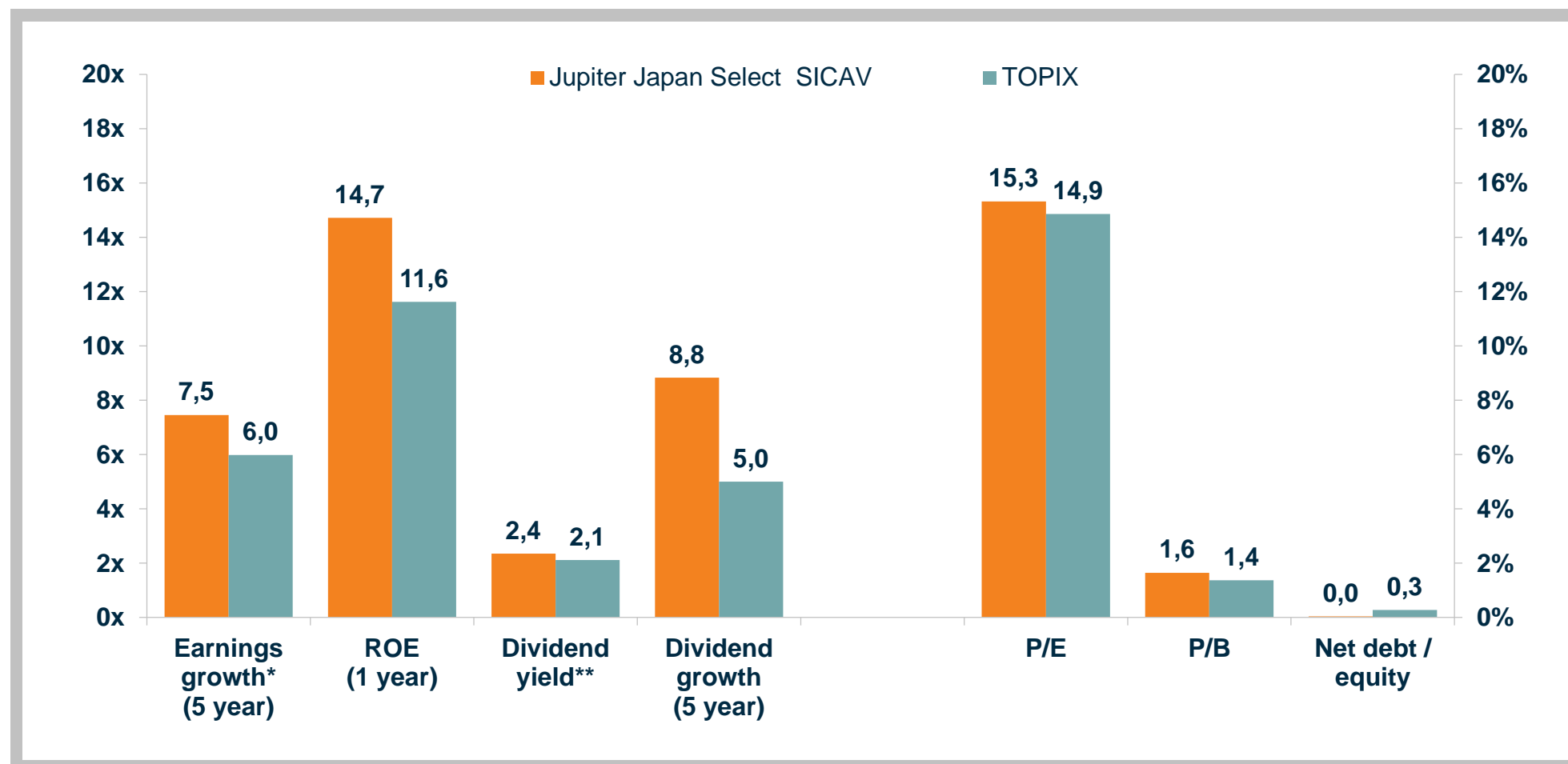
Clear, simple criteria, applied rigorously every time



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# Process

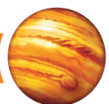
## Key portfolio characteristics which match the manager's philosophy and process



Yields quoted are not guaranteed and may change in the future.

\*Three-year historic, two years prospective EBITDA. \*\*Gross of fees – this is the simple weighted average of the yield of underlying stocks in the portfolios.

Source: Mizuho, 31.07.18.

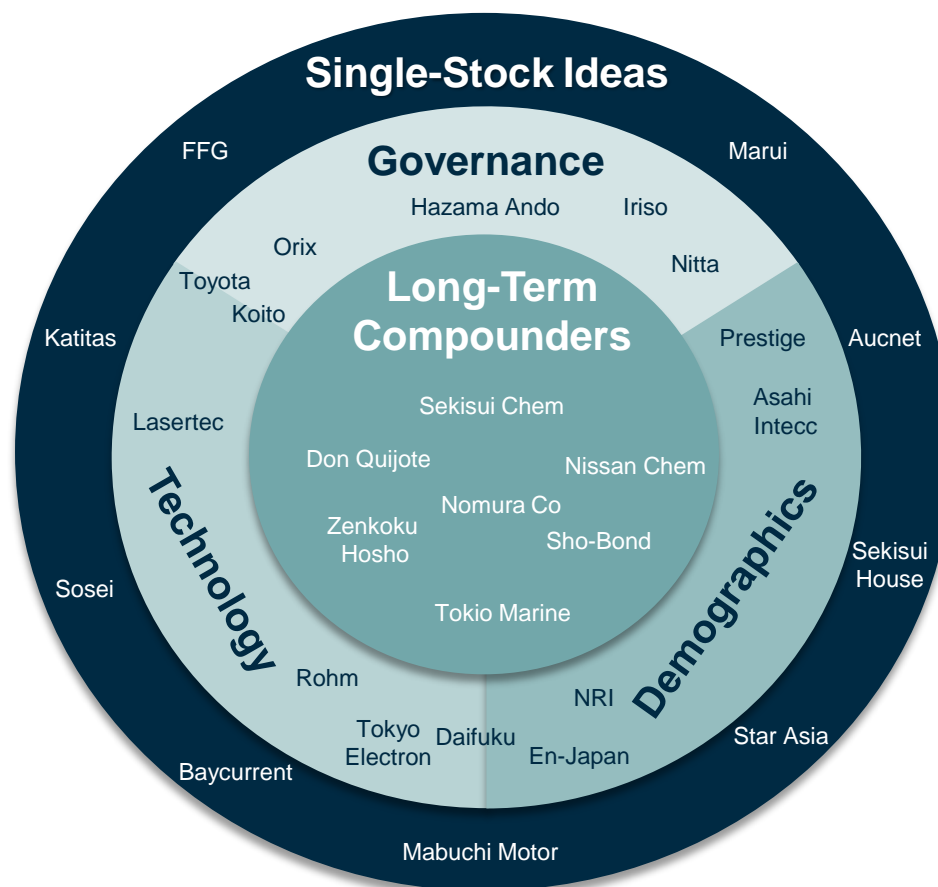


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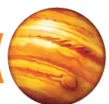
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# Fund composition

## Major investment themes and categories in the current portfolios



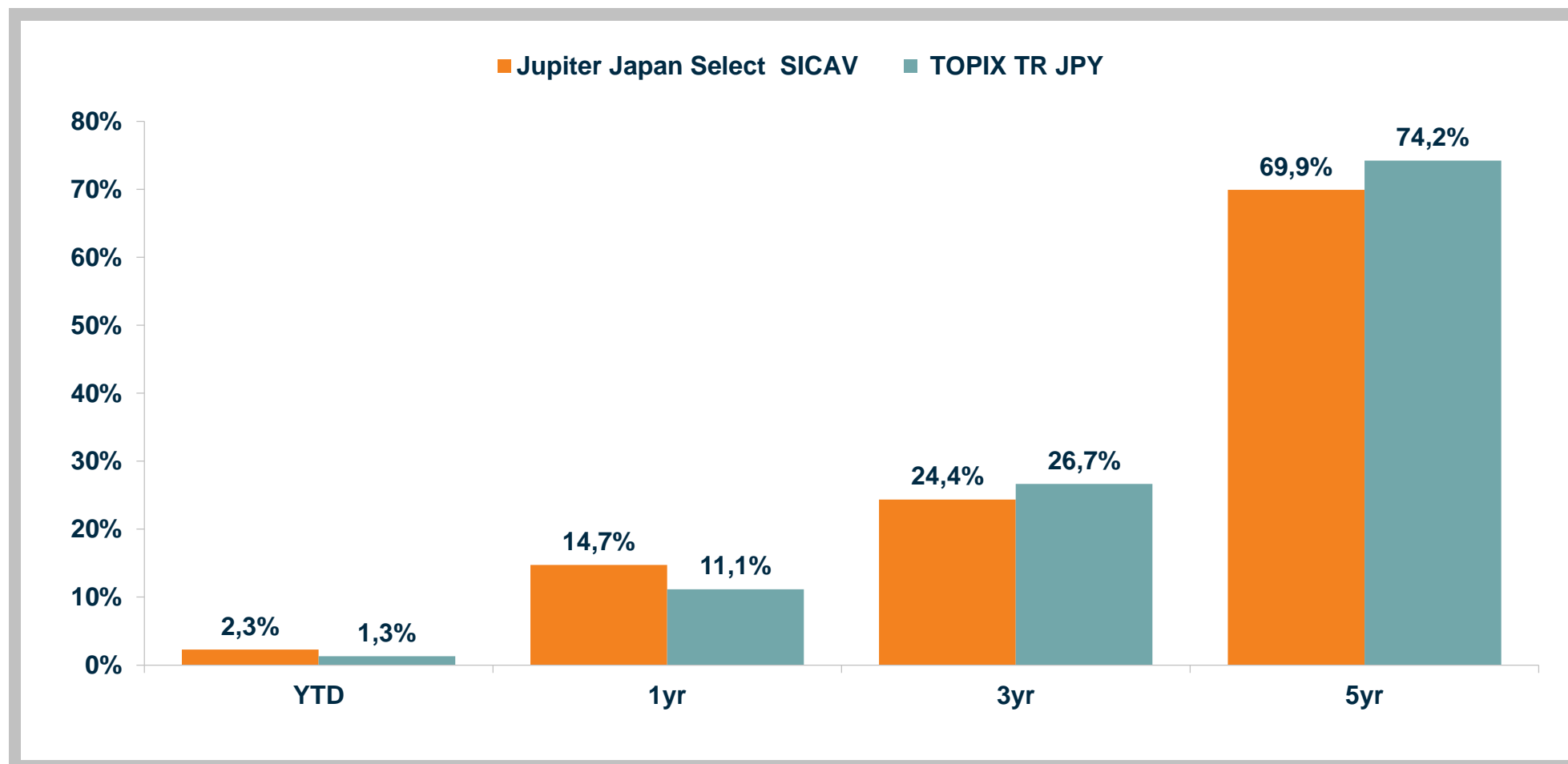
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# Investment performance

## Japan Select SICAV

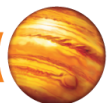


Past performance is no indication of current or future performance, doesn't take into account commissions and costs incurred on the issue/redemption of shares.

Source: Morningstar, net performance in EUR, as at 31.08.18.

Dan Carter has managed the strategy since 03.10.13. Prior to this he was Assistant Fund Manager from 2010 on Jupiter's Japanese Equities Strategy.

Base currency of the strategy is USD.

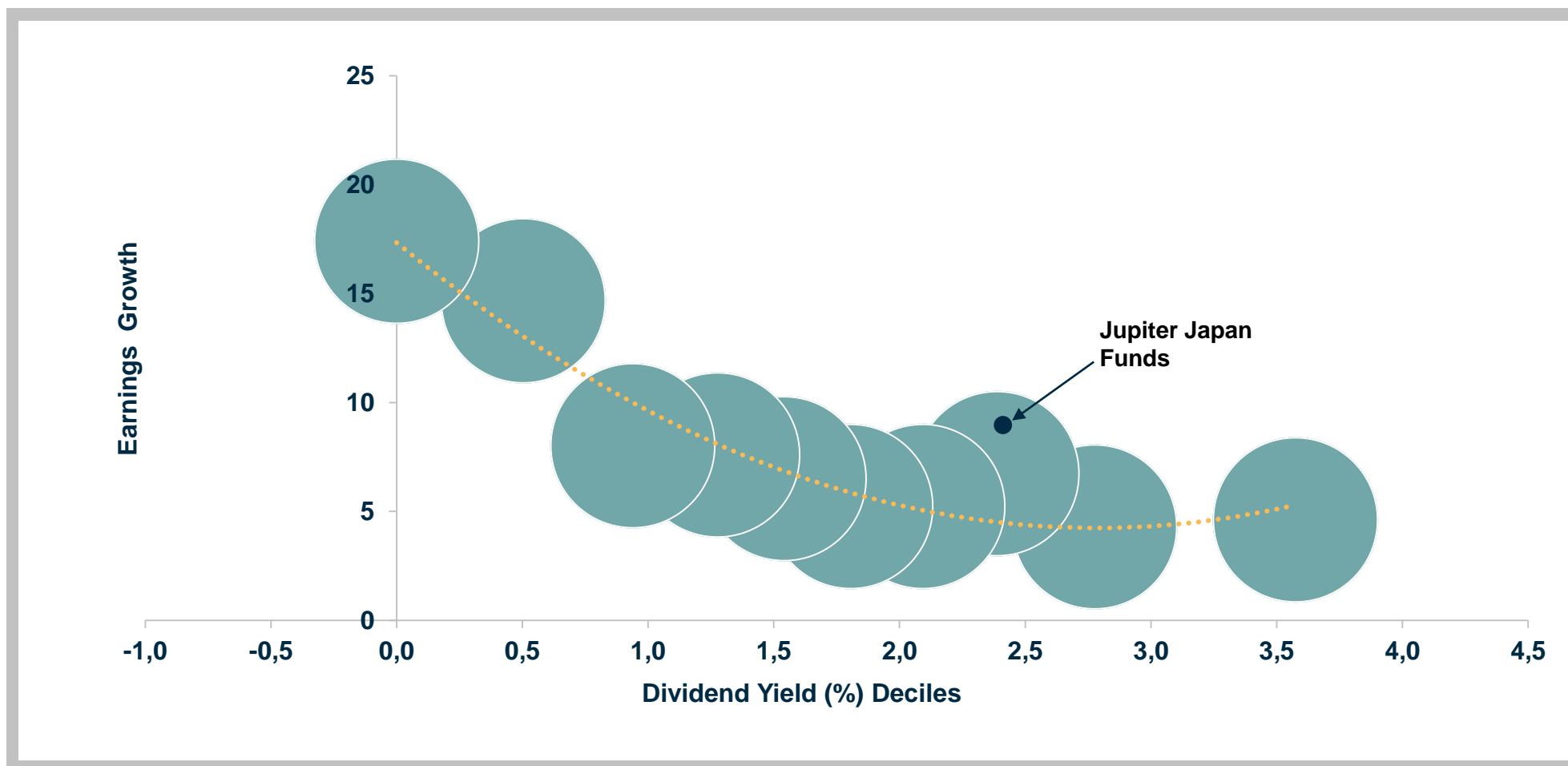


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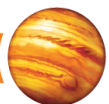
# Yield vs. growth

Jupiter Japan Funds aim to be higher yield and higher growth than the index



Quoted yields are not guaranteed and may change in the future.

Source: Nikkei and Toyokeizai.



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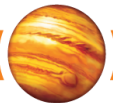
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# Fund summary

- A dedicated Japanese Equities Team
  - With the benefit of collaboration with other Jupiter teams
- High conviction, focused, multi-cap fund, which has provided a premium income over the market
  - No index-hugging, typically 40-45 positions, happy to zero-weight whole sectors
- Clear, simple process repeated every time
  - Seeking a portfolio of high quality, ungeared and growing businesses for little premium over the market
- Major themes focus on the structural over the cyclical
  - Structural mega-trends are **demographic shift**, **governance revolution** and **relentless technological progress**
- Solid long-term performance
  - With a premium yield over the market

Past performance is no guide to the future.

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# Topics

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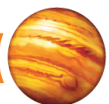
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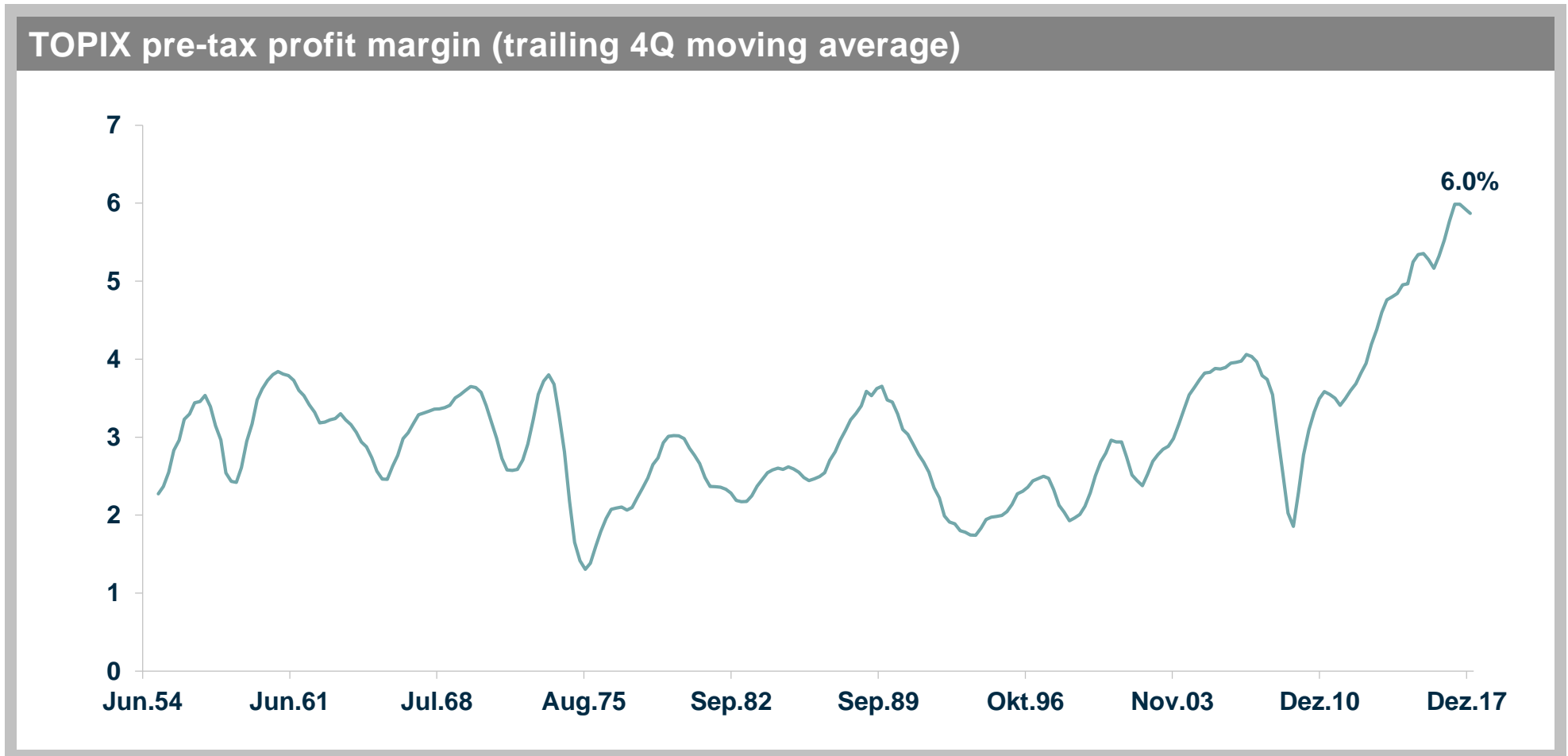


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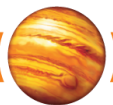
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# Profitability

Japan has never been more profitable



Source: Ministry of Finance compiled by Mizuho Securities, March 2018.  
Note: All Japan business companies (i.e. excluding financials)

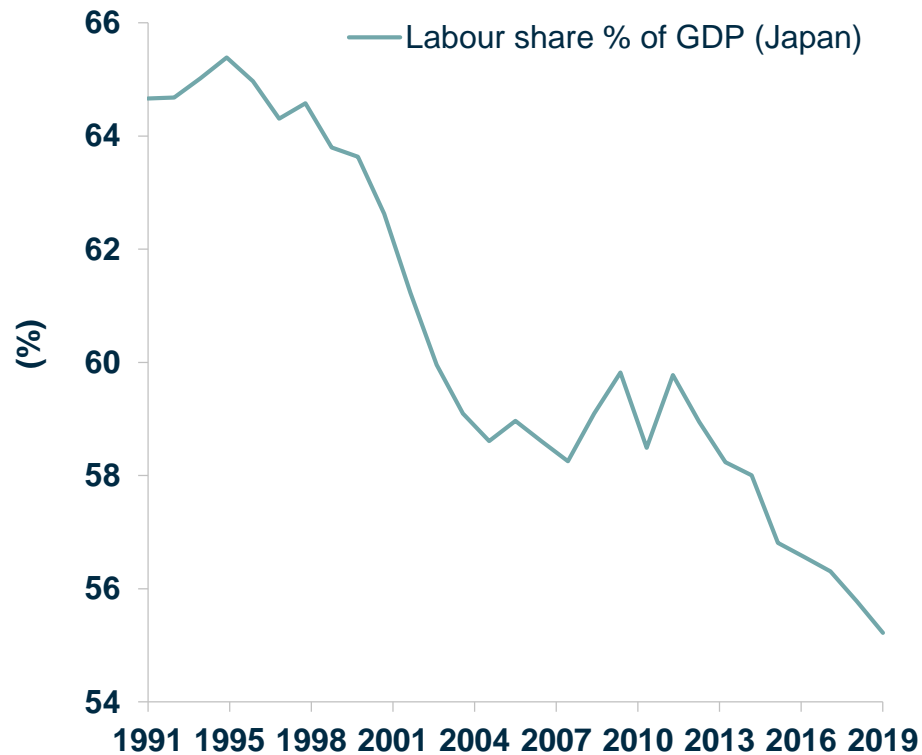


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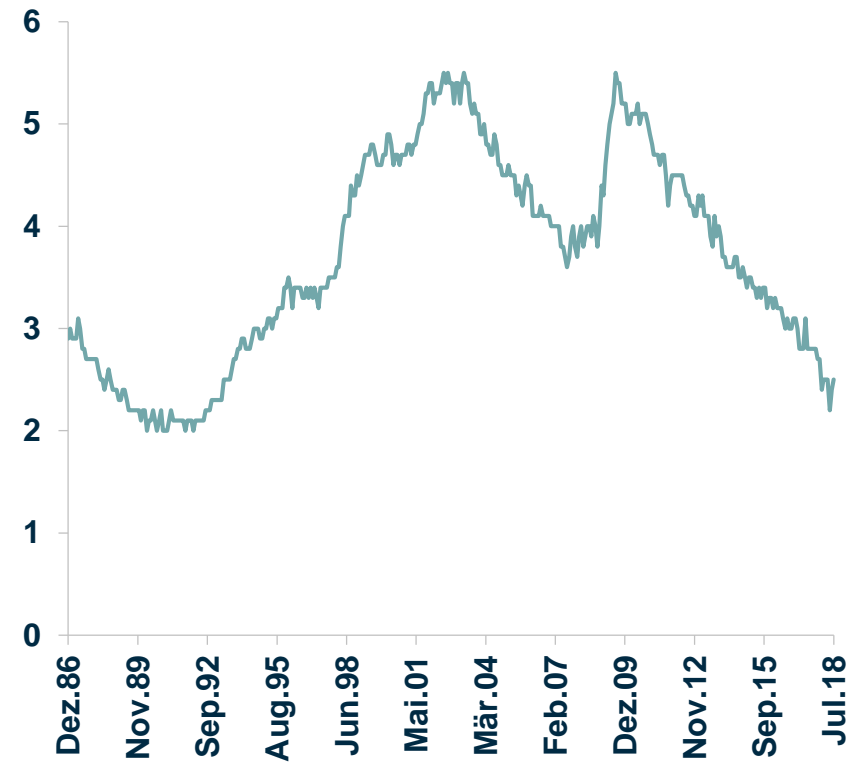
# Profitability

Ageing and shrinking population mean that labour is too precious to waste

Labour share of GDP – Japan

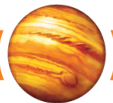


Unemployment rate (SA)\*



Source: CLSA, UN, 29.01.18.

\*Source: Bloomberg, 31.07.18.

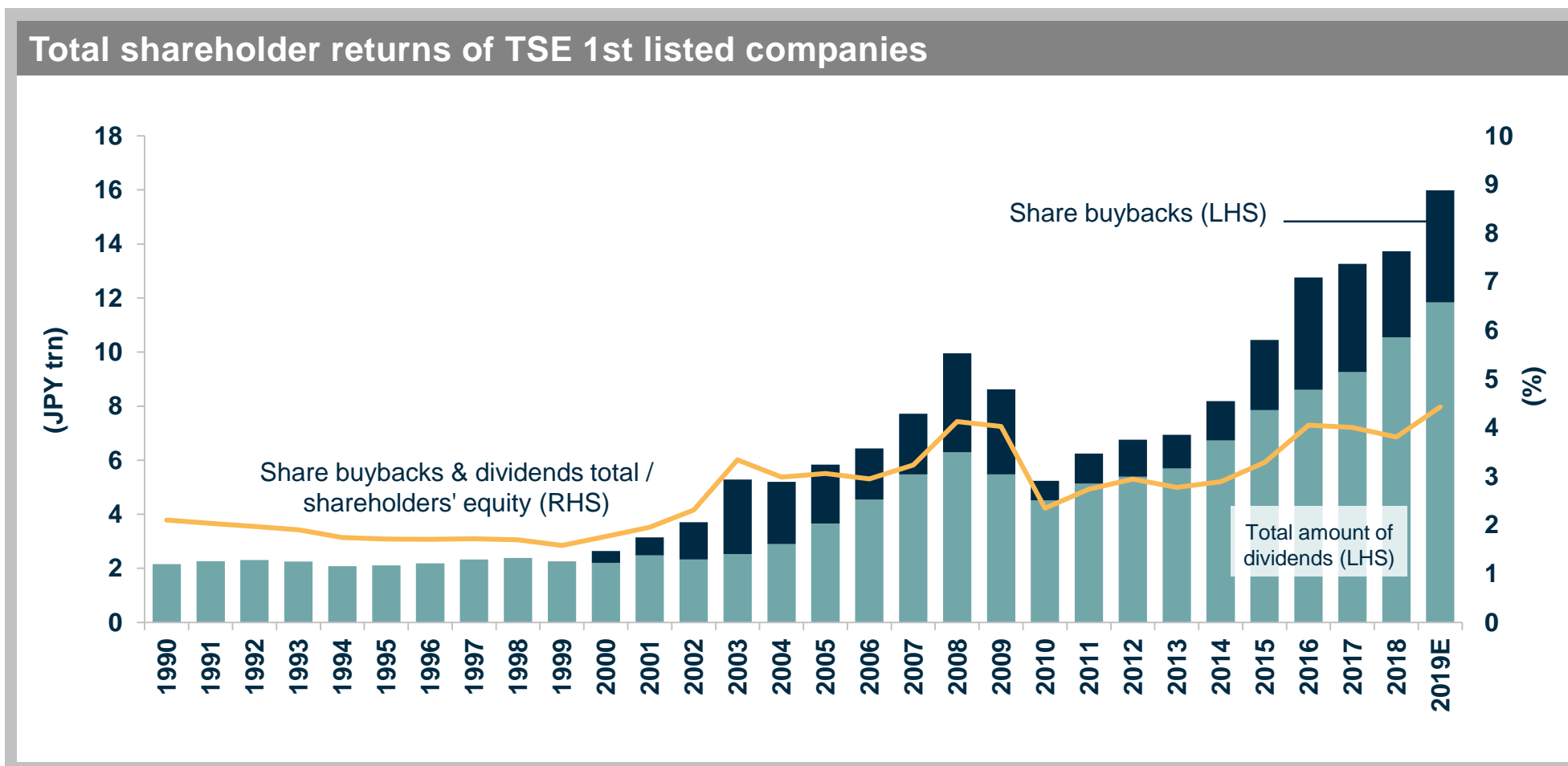


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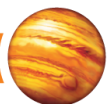
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# Shareholder returns

Never before have Japanese companies paid out more



Source: Mizuho, compiled by Jefferies Research, August 2018.

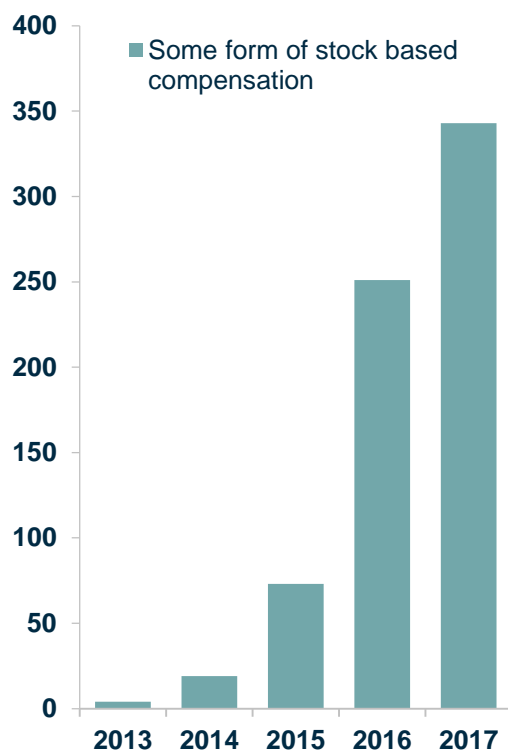


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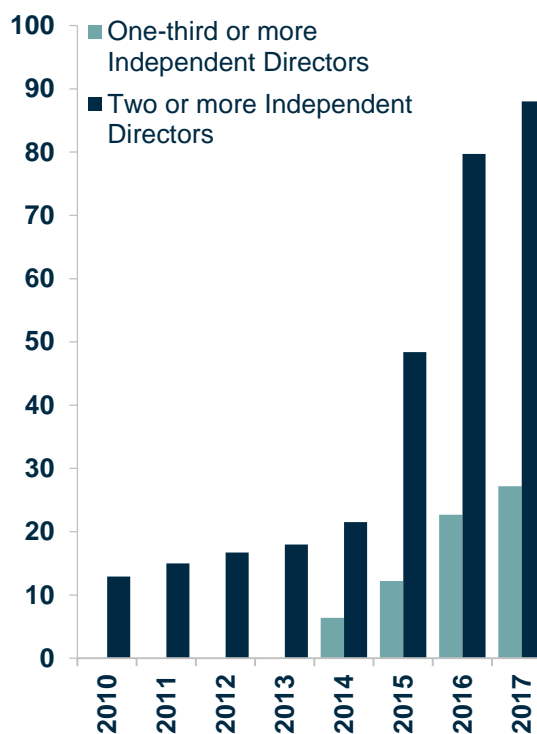
# Corporate governance

## Better governance is leading to more shareholder-friendly management

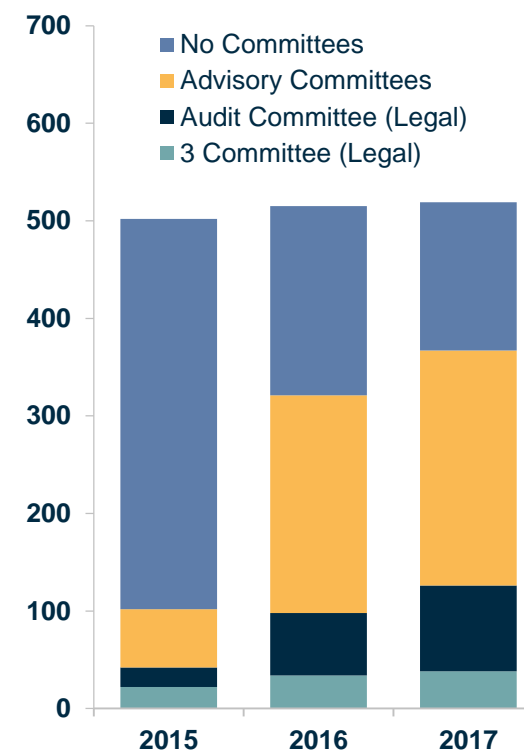
Topix companies with management stock compensation plans



Topix companies with multiple board outsiders\*



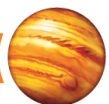
Topix 500 companies with committee structures\*\*



Source: 2016-17 Jefferies; 2013-15 Mitsubishi UFJ Trust / Towers Watson, August 2018.

\*Source: Tokyo Stock Exchange, August 2018.

\*\*Source: Jefferies, company data, August 2018.



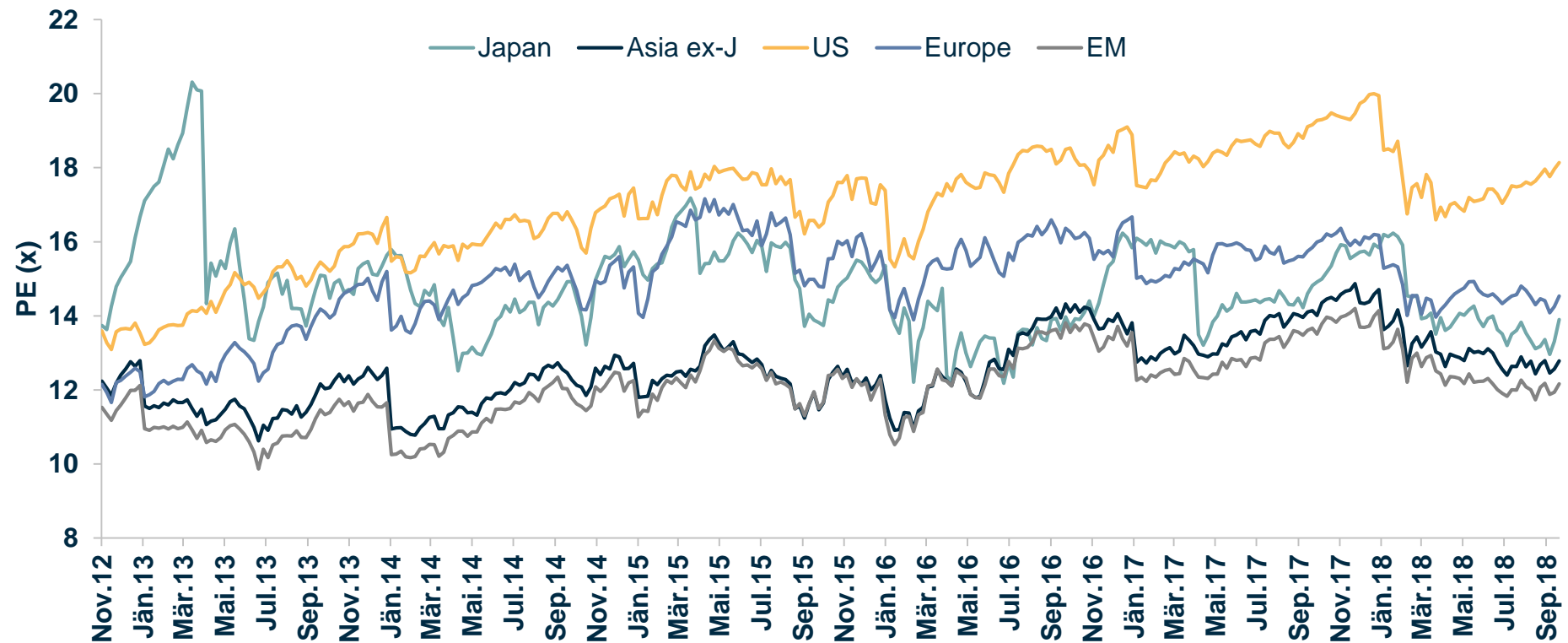
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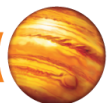
# Valuations

Market PE ratio has fallen over Abenomics period...

...and remains in the middle of the global pack



Source: Bloomberg, 21.09.18.  
Based on consensus forecasts for next fiscal year.

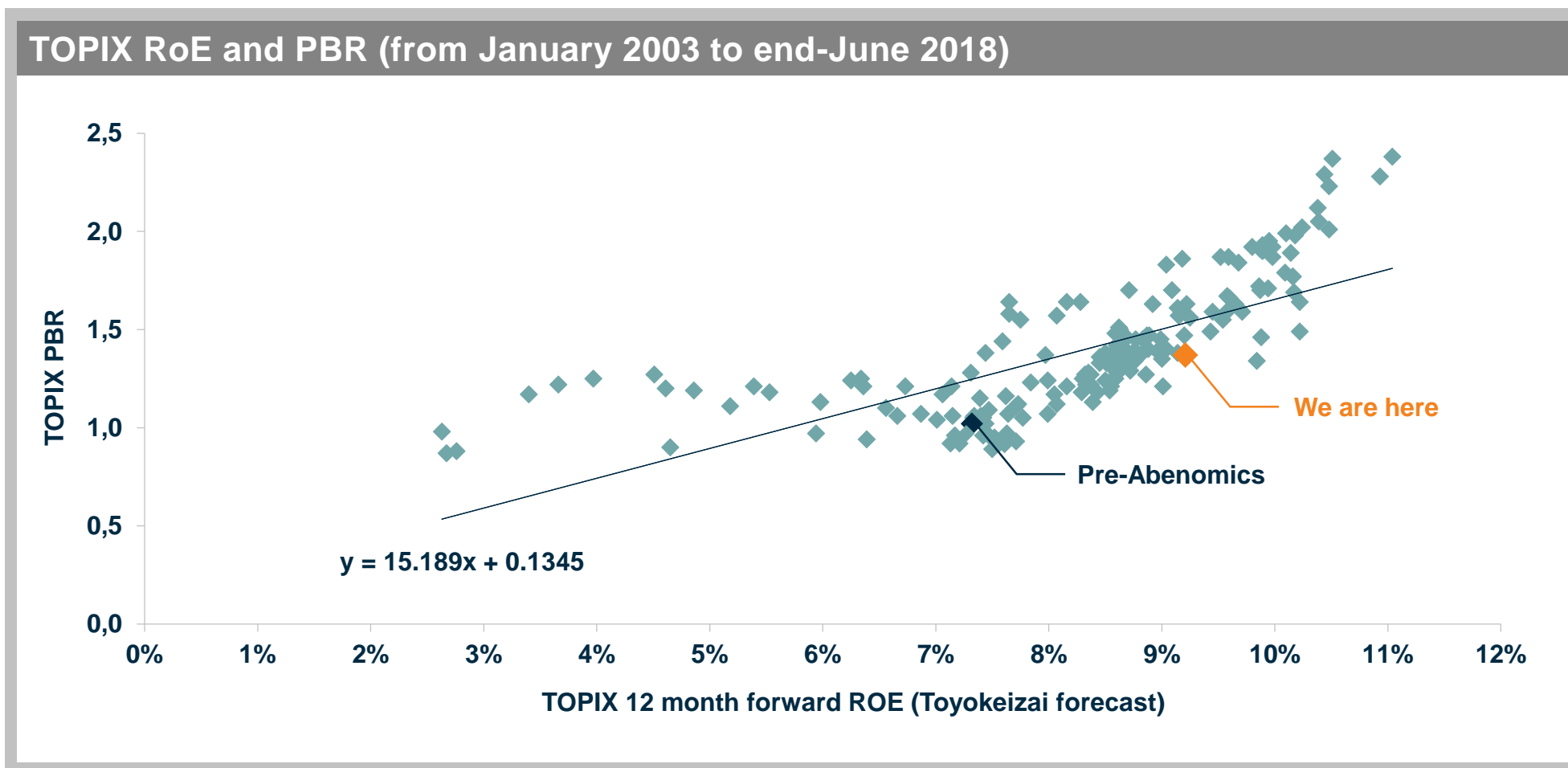


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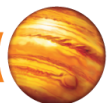


# Valuations

In absolute terms Japan is still not expensive despite its strong run



Source: Datastream compiled by Mizuho Securities Equity Quantitative Research, from 30.01.03 to 30.06.18.



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# Topics

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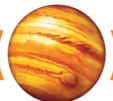
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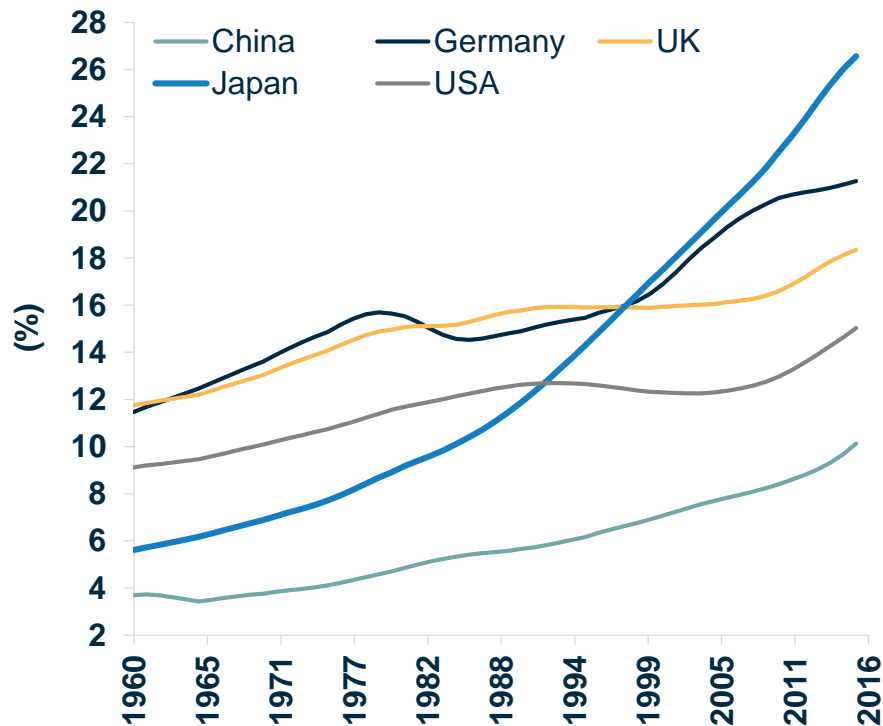


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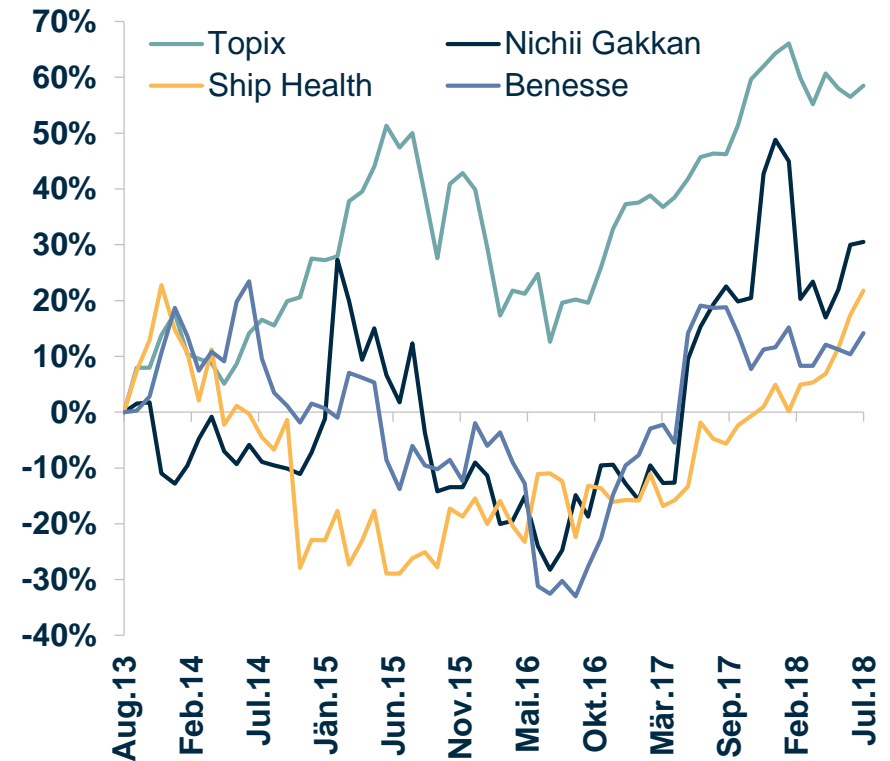
# Differentiation

## Demographics

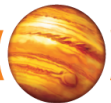
Proportion of population over 65 years old



Demographics plays\*



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# Stock example: Asahi Intecc (7747)



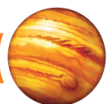
## 3 products indispensable for PTCA



- A global leader in guide wires and guiding/balloon catheters for catheter treatment
  - Coronary heart disease / CVD on the increase – closely linked to ageing
  - Minimally invasive treatment quickly becoming the main treatment method
    - A care method that saves governments money
- Expiration of US distribution JV with Abbott to lead to a more lucrative direct sales model
- Strong economic growth in developing countries resulting in significant expansion of TAM
- Strong o/s growth indicative of market share gains; active in 106 countries
- Scope for application growth e.g. Neurovascular

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Source: Bloomberg, August 2018.

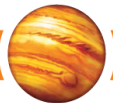
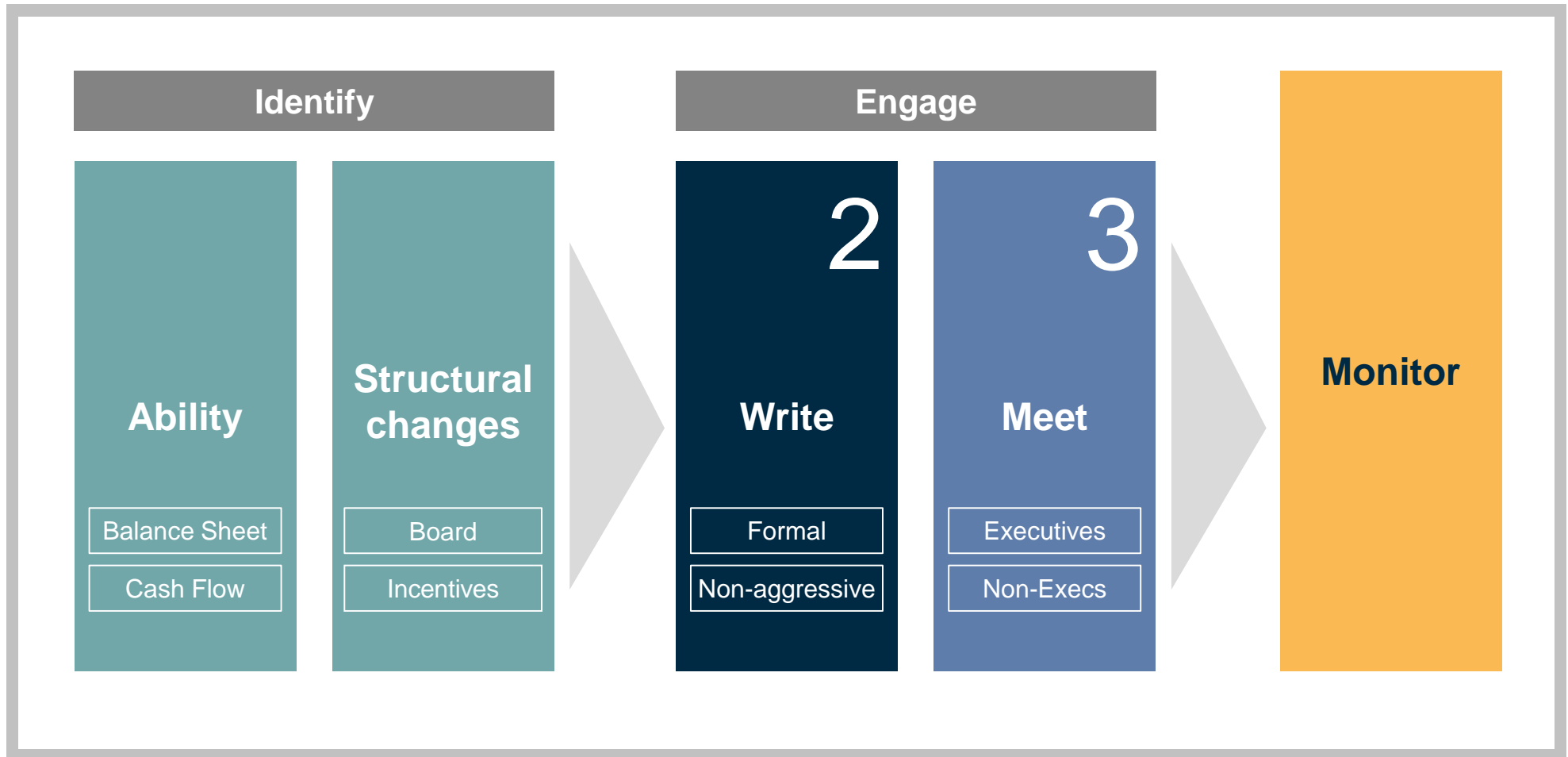
Image source: Jupiter has permission to use this image.



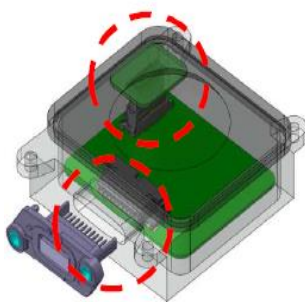
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# Differentiation

## Governance



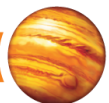
# Stock example: Iriiso Electronics (6908)



- Global leading maker of “floating board-to-board” connectors
  - Transformed the business from consumer to automotive
  - Automotive six-year sales CAGR +16%
- Balance sheet strength; 30% net cash / equity
  - Low pay-out ratio (17%) at time of initial investment
- Improving governance; increasing board independence
  - Jupiter Team contact with both Executive and Non-Executive Board Members
  - Founder alignment with minority investors with ~20% stake
- New Mid-Term Plan; raised pay-out to 30%

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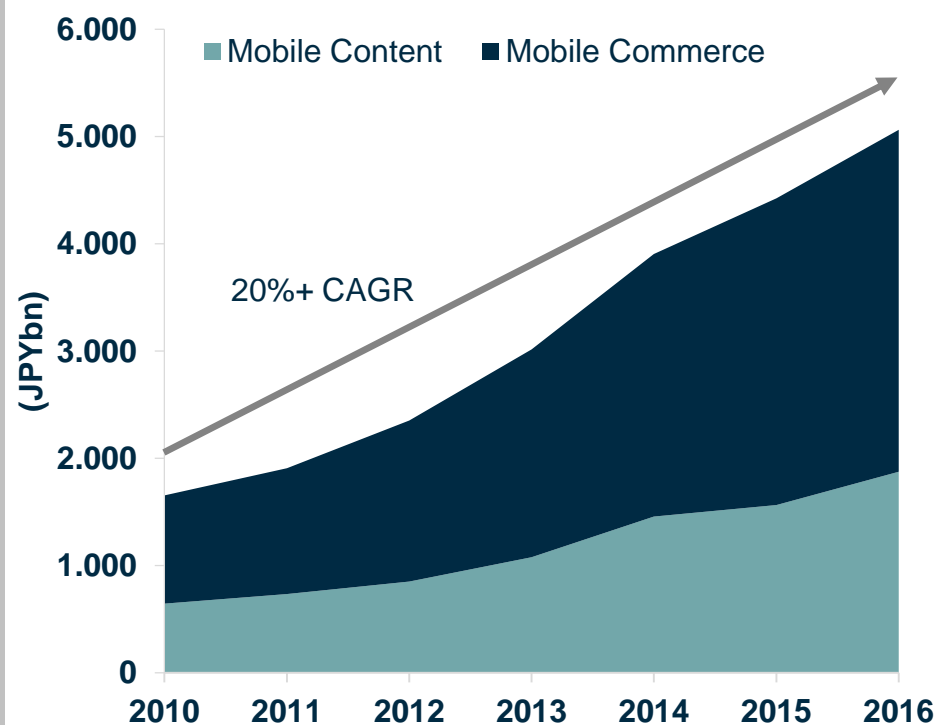


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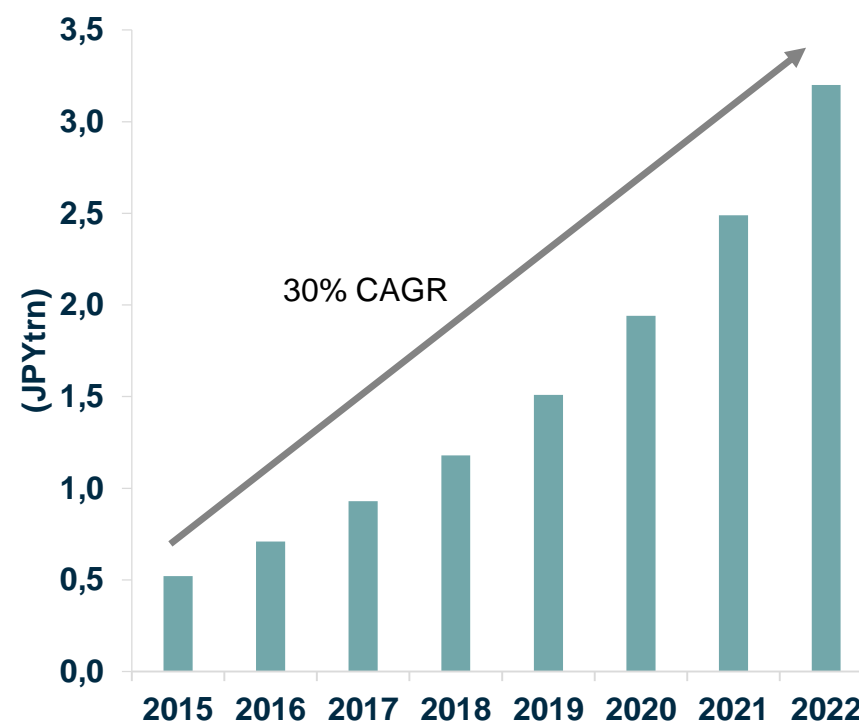
# Differentiation

## Technology - Sell

Japanese mobile content and commerce markets



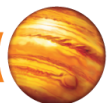
Scale of the IoT market



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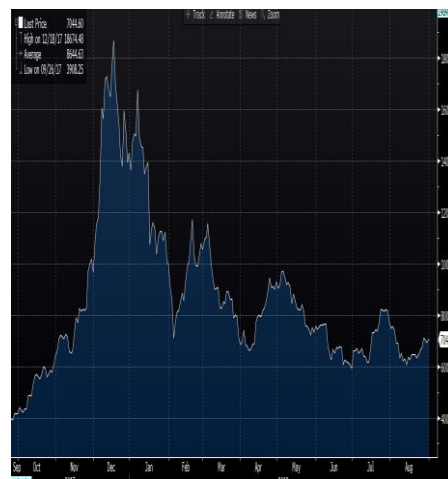
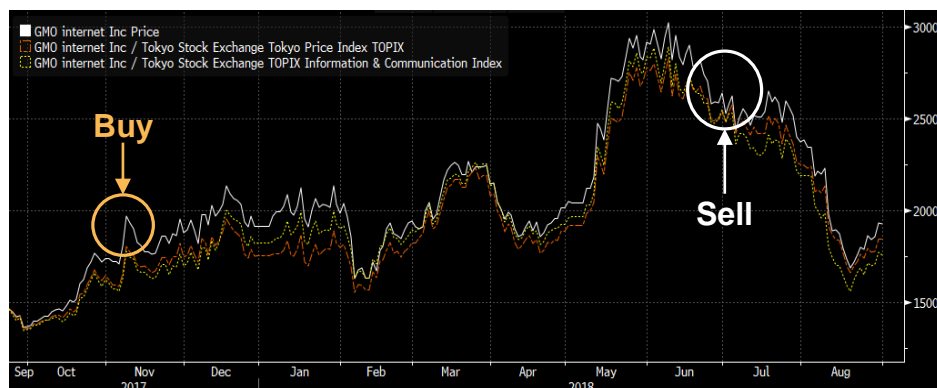
\*Source: Bank of Japan, January 2018; Cash & Deposits held by Private Non-financial corporations.

\*\*Source: TSE, compiled by Mizuho Securities Equity Research, January 2018.



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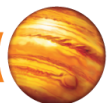
# Stock example: GMO Internet (9449)



- Diversified internet infrastructure business
  - Benefitting from economy-wide off-line to on-line migration
  - Rapid profit growth – 5 year OP CAGR 14%
  - Listed subsidiaries focus upon cashless payment, online trading and web hosting
- Highly aligned entrepreneur President owns 31% of the company
- Why sell?
  - Stretched valuations – close to all-time high PBR
  - Increasing focus upon unforecastable Bitcoin mining

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Source: Bloomberg, August 2018.

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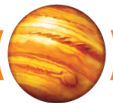


# Fund summary

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  - With the benefit of collaboration with other Jupiter teams
- High conviction, focused, multi-cap fund, which has provided a premium income over the market
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- Clear, simple process repeated every time
  - Seeking a portfolio of high quality, ungeared and growing businesses for little premium over the market
- Major themes focus on the structural over the cyclical
  - Structural mega-trends are **demographic shift**, **governance revolution** and **relentless technological progress**
- Solid long-term performance
  - With strong defensive characteristics

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# Performance

## Jupiter Japan Select

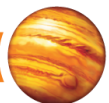
| (%)                            | 01 Sep '13 to<br>31 Aug '14 | 01 Sep '14 to<br>31 Aug '15 | 01 Sep '15 to<br>31 Aug '16 | 01 Sep '16 to<br>31 Aug '17 | 01 Sep '17 to<br>31 Aug '18 |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Jupiter Japan Select L EUR Acc | 7.2                         | 27.4                        | 0.2                         | 8.2                         | 14.7                        |
| Topix TR                       | 11.4                        | 23.5                        | 4.1                         | 9.4                         | 11.1                        |

| (%)                            | YTD | 1 month | 3<br>months | 1 year | 3 years | 5 years | Since<br>inception* | Fund<br>Manager<br>inception** |
|--------------------------------|-----|---------|-------------|--------|---------|---------|---------------------|--------------------------------|
| Jupiter Japan Select L EUR Acc | 2.3 | -1.5    | -4.7        | 14.7   | 24.4    | 69.9    | 128.2               | 62.7                           |
| Topix TR                       | 1.3 | 0.5     | -2.2        | 11.1   | 26.7    | 74.2    | 136.9               | 67.1                           |

Past performance is no indication of current or future performance, doesn't take into account commissions and costs incurred on the issue/redemption of shares.

Source: Morningstar, gross income reinvested, net of fees, in EUR, to 31.08.2018.

\*Since inception: 27.07.2009. \*\*Fund Manager inception: 03.10.2013



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# Jupiter Japan Select

- The KIID and Prospectus are available from Jupiter on request. This fund can invest more than 35% of its value in securities issued or guaranteed by an EEA state.



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# Disclosure

This presentation is intended for investment professionals and not for the benefit of retail investors. Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested. Initial charges are likely to have a greater proportionate effect on returns if investments are liquidated in the shorter term. Any data or views given should not be construed as investment advice.

Past performance is no indication of current or future performance. Performance data does not take into account commissions and costs incurred on the issue and redemption of shares. Company examples are for illustrative purposes only and are not a recommendation to buy or sell. Quoted yields are not guaranteed and may change in the future. Awards and ratings should not be taken as a recommendation.

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The sub fund may be subject to various other risk factors, please refer to the Prospectus for further information.

Prospective purchasers of shares of the sub fund(s) of the Company should inform themselves as to the legal requirements, exchange control regulations and applicable

taxes in the countries of their respective citizenship, residence or domicile. Subscriptions can only be made on the basis of the current prospectus and the KIID, accompanied by the most recent audited annual report and semi-annual report. These documents are available for download from [www.jupiteram.com](http://www.jupiteram.com). The KIID and, where required, the Prospectus, along with other advertising materials which have been approved for public distribution in accordance with the local regulations are available in English, Dutch, French, Finnish, German, Italian, Portuguese, Spanish and Swedish. Before subscribing, please read the Prospectus. Hard copies may be obtained free of charge upon request from any of:

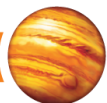
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