

## Fund Fact Sheet

29 January 2021

GBP Class S Dist<sup>1</sup>  
ISIN: IE00B6TBKM73



### NAV per Share

GBP Class S Dist<sup>1</sup> £1.70

### Fund Particulars

Fund Size	£126.4 million
Base Currency	JPY
Denominations	JPY / US\$ / GBP / EUR
Fund Structure	Open-ended UCITS
Domicile	Dublin, Ireland
Listing	Irish Stock Exchange
Launch Date	31 October 2012
Management	Polar Capital LLP

### Fund Manager



#### Gerard Cawley

##### Fund Manager

Gerard has managed the Fund since launch, he joined Polar Capital in 2005 and has 20 years of industry experience.



#### Chris Smith

##### Co-Manager

Chris has co-managed the Fund since 2018. He joined Polar Capital in 2012 and has 9 years of industry experience.

## Fund Profile

### Investment Objective

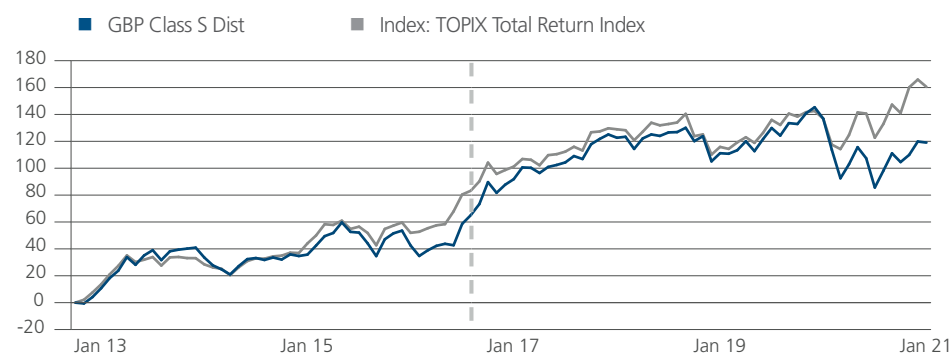
The Fund aims to generate long-term capital growth by investing in the shares of Japanese companies, or companies that generate a significant amount of their business in Japan. The Fund will apply a 'value' based stock picking approach, investing in a concentrated portfolio of large, medium and small capitalisation companies.

### Key Facts

- Team of 2 industry and investment specialists
- Typically 45-55 positions
- No benchmark or tracking error constraints
- Fundamentally-driven analysis and stock selection

## Share Class Performance

### Performance Since Launch (%)<sup>1,2</sup>



	1 month	3 month	YTD	1 year	3 years	5 years	Since Launch Ann.	Cum.
GBP Class S Dist	-0.37	7.07	-0.37	-7.52	-1.63	53.72	9.97	119.04
Index	-2.04	8.08	-2.04	10.00	13.80	71.49	12.30	160.53

### Discrete Annual Performance (%)

12 months to	29.01.21	31.01.20	31.01.19	31.01.18	31.01.17
GBP Class S Dist	-7.52	12.18	-5.17	16.05	34.65
Index	10.00	9.73	-5.72	13.78	32.44

Source: Northern Trust International Fund Administration Services (Ireland) Ltd, monthly percentage growth, GBP and has been calculated to account for the deduction of fees. Fund performance does not take account of any commissions or costs incurred by investors when subscribing for or redeeming shares. The GBP Class S Dist was launched on 31 October 2012. The index performance figures are sourced from Bloomberg and are in GBP terms. These figures refer to the past. Investments in funds are subject to risk. **Past performance is not a reliable indicator of future returns.** The money invested in a fund can increase and decrease in value and past performance is not a reliable indicator that you will get back the full amount invested. The performance calculation is based on GBP. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Please see the Important Information on the last page of this document for further information on the risks to your investment.

1. All institutional share classes of the Japan Value Fund were changed to S Classes as at 29 December 2016.

2. On 12 January 2018 the Polar Capital Japan Alpha Fund was renamed the Polar Capital Japan Value Fund. The Polar Capital Japan Value strategy change occurred as at 29 July 2016, denoted by the grey dotted line on the graph. Investors can review the Fund's prospectus for further information and a full explanation of the strategy for the Fund.

# Polar Capital Funds plc - Japan Value Fund

## Portfolio Exposure & Attribution

As at 29 January 2021

### Performance Attribution - 1 Month (%)

#### Top Contributors

Name	Active Weight	Attrib. Effect
Nikon	1.68	0.41
TV Asahi Holdings Corp	2.22	0.40
Toshiba Corp	2.08	0.37
Bridgestone	2.59	0.34
Toyota Motor	-3.41	0.33

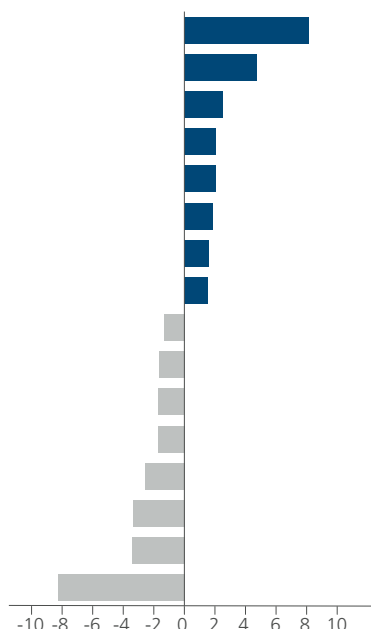
#### Top Detractors

Name	Active Weight	Attrib. Effect
Cosel Co	2.93	-0.31
San-A	2.53	-0.19
Topre	1.91	-0.17
Mirait Holdings Corp	2.46	-0.15
Maeda Corp	1.87	-0.13

Performance attribution is calculated in JPY on a relative basis.

### Sector Exposure - Top Overweights & Underweights Relative to Index (%)

	Fund (%)	Relative (%)
Information & Communication	17.4	8.2
Services	10.3	4.7
Rubber Products	3.1	2.5
Insurance	3.9	2.0
Real Estate	3.9	2.0
Construction	4.2	1.9
Mining	1.7	1.6
Precision Instruments	4.3	1.6
Electric Power & Gas	0.0	-1.4
Foods	1.9	-1.7
Pharmaceutical	4.3	-1.7
Banks	2.9	-1.7
Wholesale Trade	2.0	-2.6
Transportation Equipment	3.4	-3.4
Land Transportation	0.0	-3.4
Electric Appliances	9.9	-8.3



The column headed "Fund (%)" refers to the percentage of the Fund's assets invested in each sector. The column headed "Relative (%)" refers to the extent to which the Fund is overweight or underweight in each sector compared (relative) to the index.

## Share Class Information

### Codes & Fees

Share Class	Bloomberg	ISIN	SEDOL	OCF	Annual Fee
US\$ Class I Dist	POJAVIU ID	IE00BYW63S21	BYW63S2	1.16%	1.00%
JPY Class I Dist	PCJAIJY ID	IE00BYMD0W65	BYMD0W6	1.16%	1.00%
GBP Class I Dist	POJAVIG ID	IE00BYW63T38	BYW63T3	1.16%	1.00%
EUR Class I Dist	POJAVIE ID	IE00BYW63V59	BYW63V5	1.16%	1.00%
USD Class I Dist Hedged	POJAIUH ID	IE00BFX4HR96	BFX4HR9	1.16%	1.00%
GBP Class I Dist Hedged	POJAIGH ID	IE00BFX4HT11	BFX4HT1	1.16%	1.00%
EUR Class I Dist Hedged	POJVLRS ID	IE00BFX4HW40	BFX4HW4	1.16%	1.00%
CHF Class I Dist Hedged	POJVHIC ID	IE00BK63DF82	BK63DF8	1.16%	1.00%
US\$ Class R Dist	PCJARUI ID	IE00B3KK5164	B3KK516	1.51%	1.35%
JPY Class R Dist	PCJARJI ID	IE00B88S7N36	B88S7N3	1.51%	1.35%
GBP Class R Dist	POJVLRS ID	IE00BK63S973	BK63S97	1.51%	1.35%
EUR Class R Dist	POJVLRE ID	IE00BK63S866	BK63S86	1.51%	1.35%
US\$ Class R Dist Hedged	PCJARUH ID	IE00B88DDG32	B88DDG3	1.51%	1.35%
GBP Class R Dist Hedged	PCJARBH ID	IE00B4WY8142	B4WY814	1.51%	1.35%
EUR Class R Dist Hedged	PCJAREH ID	IE00B7G7VV19	B7G7VV1	1.51%	1.35%
CHF Class R Dist Hedged	POJVRHC ID	IE00BK63DD68	BK63DD6	1.51%	1.35%

For non-US professional investor use only

Page 2 of 4

### Top 10 Positions (%)

Daiwa Industries	4.8
Secom Joshinetsu	4.1
Tokio Marine Holdings	3.9
HI-Lex	3.4
Okinawa Cellular Telephone NPV	3.4
Bridgestone	3.1
KDDI	2.9
Sumitomo Mitsui Financial	2.9
Taisho Pharmaceutical Holdings	2.7
Alps Alpine	2.7

**Total** **33.9**

**Total Number of Positions** **42**

**Active Share** **95.36%**

### Market Capitalisation Exposure (%)

	Fund	Index
Large (Topix 100)	19.7	60.9
Medium (Topix mid 400)	29.8	29.8
Small (Topix small)	49.1	9.4
Cash	1.5	-

### Administrator Details

Northern Trust International Fund Administration Services (Ireland) Ltd

**Telephone** +353 1 434 5007

**Fax** +353 1 542 2889

**Dealing** Daily

**Cut-off** 15:00 Dublin time

### Additional Share Class Information

**Performance Fee** 10.00% of outperformance of TOPIX Total Return Index.

**Ongoing Charges Figure (OCF)** is the latest available, as per the date of this factsheet.

All Institutional share classes of the Japan Value Fund were changed to S share classes as at 29 December 2016. Please refer to the Prospectus for further information.

Note: Totals may not sum due to rounding. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.

## Fund Managers Comments

As at 29 January 2021

### Market review

After a strong finish to 2020, global equities struggled to make further gains in January as rising expectations of further US fiscal stimulus were offset by profit-taking on valuation concerns. Success in the Georgia run-off election by the Democrats gives the incoming Joe Biden administration a stronger mandate for broader fiscal stimulus measures which led to a rise in US bond yields and favoured reflationary strategies in the equity market. High-profile speculative retail investor activity centred around Reddit Forum users trading shares such as GameStop on the Robinhood app appeared to dampen institutional investor risk appetite towards month end.

Despite a weak start to the year on news, large parts of Japan entered a new state of emergency in order to control COVID-19 infection rates and the TOPIX managed to close the month marginally higher. The influence of the US election and resulting stimulus expectations were evident in market factor trends with a notable shift in favour of return reversal, value and yield strategies. At a sector level, leadership was more ambiguous with oil-related shares leading and steels, shippers and autos among the weakest areas. Elsewhere, technology shares remained in vogue on reports of semiconductor shortages in the auto industry while smaller companies continued to lag the broader market.

### Performance

The JPY S Share Class rose 1.9% versus a 0.2% increase in the TOPIX Total Return Index over the period. Clearly the shift in market leadership towards undervalued shares supported portfolio performance, however the ongoing underperformance of small caps remained a headwind. Relative outperformance was mainly driven by stock selection with notable success within information and communications (TV Asahi Holdings), precisions (Nikon) and services (Secom Joshinetsu) only partially offset by problems within construction (Mirait Holdings), metal products (Topre) and technology (Cosel). Sector allocation was broadly neutral with the benefit from our overweight in rubber products (tyres) offset by continued outperformance of technology where we are underweight.

### Portfolio turnover

**Medikit:** we elected to return to Medikit, a niche medical device manufacturer, given pronounced relative share price weakness since we sold our holding in August 2019. The business was somewhat impacted by the pandemic in 2020 but we expect a full recovery once hospitals return to normal activity levels post-COVID-19. The shares currently trade on 5x EV/EBITDA, with 50% of the market cap covered by net cash, a steep discount to the medical device sector's average valuation.

**Benesse Holdings:** a new position was taken in Benesse Holdings, a provider of education services, language schools and senior care homes, following a sharp derating of valuations. We believe the core education and senior home businesses will make a V-shaped recovery in the years ahead and await further action from management on the lossmaking language school business. Given the current depressed share price level, we also believe it is likely management will use their high cash reserves to conduct a share buyback in 2021.

**Denso:** the holding in Denso was sold as it approached our fair value target. Positive investor sentiment on the acceleration of penetration of electric vehicles and hybrid cars lead to Denso's share price doubling versus March 2020 lows. We agree the company is well positioned for the major technology transition occurring in the auto sector but would argue most of the good news is already discounted in the share price in the short term.

**JAFCO:** JAFCO, a leading Japanese venture capital business, was sold on share price strength as it achieved our target price level. Despite buoyant markets, the company has failed to generate significant gains this year given limited IPO activity within their portfolio of holdings, with the large unrealised gain on their holding in Nomura Research Institute a more significant driver of the share price.

**NTT Data:** Since the nadir of the pandemic-induced market selloff in April, its share price has subsequently risen around 50%. Given the parent company NTT appears less likely to buy in NTT Data, having recently acquired 100% of NTT Docomo, and with the government's plans for greater digitalisation of service already discounted, we decided to recycle the funds in NTT Data into higher conviction ideas including increased weightings in their smaller peers, NS Solutions and DTS.

### Outlook and strategy

Global equity markets appear to be looking through the current surge in worldwide coronavirus cases, despite the risk of a double dip in economic activity, given the prospects of a continuation of supportive monetary and fiscal policies until well after vaccine distribution has hopefully achieved herd immunity. Given President Biden's aggressive plans for further fiscal stimulus and developed world consumers' high savings rates in 2020 it is possible the world economy could enter another period of synchronised global growth in late 2021/early 2022 as pent-up demand is unleashed offering a very supportive environment for corporate profits.

At the time of writing, we are in the middle of the third quarter earnings season in Japan with results to date clearly surprising to the upside although share price reactions have been somewhat muted. The manufacturing sector appears to be leading the recovery in corporate profits with technology earnings at all-time highs in many cases and the auto sector generally positively surprising in terms of cost-cutting measures and operational leverage to the recovery in production volumes. The non-manufacturing sector is more exposed to the negative impact of social distancing measures so is likely to be more reliant on a successful vaccination programme allowing a full return to normal life later in the year. The Japanese government have decided to extend the current state of emergency through to early March and plans to start vaccination of healthcare personnel in the middle of February.

Portfolio turnover this month focused on profit-taking in winning shares which appeared more fully valued after a period of strong share price performance, with proceeds recycled into laggards more reliant on a full normalisation of economic activity to return profits to previous peak levels. We continue to believe the current portfolio offers broad exposure to an economic recovery at exceptional valuation levels given the unusual level of herding by investors in highly valued, quality large-cap shares in 2020.

### Gerard Cawley & Chris Smith

5 February 2021



©2020 Morningstar. All Rights Reserved. Rating representative of the S Yen Share Class, as at 31/12/2020. Ratings may vary between share classes.

The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about the Morningstar Rating or Morningstar Analyst rating, including its methodology, please go to: <http://corporate1.morningstar.com/AnalystRating/>.

FE Alpha Manager Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision. © 2020 FE. All rights reserved.

*It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request.*

# Polar Capital Funds plc - Japan Value Fund

## Important Information

**Important Information:** This document is provided for the sole use of the intended recipient and is not a financial promotion. Japan Value Fund (the "Fund") is a sub-fund of Polar Capital Funds plc - which is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. 352/2011), as amended. This document has been prepared by Polar Capital for informational purposes only for the sole use of the intended recipient. It does not seek to make any recommendation to buy or sell any particular security (including shares in the Fund) or to adopt any specific investment strategy. This document does not contain information material to an investor's decision to invest in the Fund. Shares in the Fund are offered only on the basis of information contained in the prospectus, key investor information document ("KIID"), and the latest annual audited accounts. Copies are available free of charge from Polar Capital at the below address or on [www.polarcapital.co.uk](http://www.polarcapital.co.uk). The KIID is available in Danish, Dutch, English, French, German, Italian, Norwegian, Spanish and Swedish. The prospectus is available in English.

**Regulatory Status:** Polar Capital LLP is a limited liability partnership (OC314700), authorised and regulated by the UK Financial Conduct Authority and is registered as an investment adviser with the US Securities & Exchange Commission. A list of members is open to inspection at 16 Palace Street, London, SW1E 5JD. FCA authorised and regulated Investment Managers are expected to write to investors in funds they manage with details of any side letters they have entered into. The FCA considers a side letter to be an arrangement known to the investment manager which can reasonably be expected to provide one investor with more materially favourable rights, than those afforded to other investors. These rights may, for example, include enhanced redemption rights, capacity commitments or the provision of portfolio transparency information which are not generally available. The Fund and the Investment Manager are not aware of, or party to, any such arrangement whereby an investor has any preferential redemption rights. However, in exceptional circumstances, such as where an investor seeds a new fund or expresses a wish to invest in the Fund over time, certain investors have been or may be provided with portfolio transparency information and/or capacity commitments which are not generally available. Investors who have any questions concerning side letters or related arrangements should contact the Polar Capital Desk at the Administrator on (+353) 1 434 5007. The Fund is prepared to instruct the custodian of the Fund, upon request, to make available to investors portfolio custody position balance reports monthly in arrears.

**Third-party Data:** Some information contained herein has been obtained from third party sources and has not been independently verified by Polar Capital. Neither Polar Capital nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any data contained herein.

**Holdings:** Portfolio data is "as at" the date indicated and should not be relied upon as a complete or current listing of the holdings (or top holdings) of the fund. The holdings may represent only a small percentage of the aggregate portfolio holdings, are subject to change without notice, and may not represent current or future portfolio composition. Information on particular holdings may be withheld if it is in the fund's best interest to do so. A historic complete list of the portfolio holdings may be made available upon request. It should not be assumed that recommendations made in future will be profitable or will equal performance of the securities in this document. A list of all recommendations made within the immediately preceding 12 months is available upon request. This document is designed to provide updated information to professional investors to enable them to monitor the Fund. No other persons should rely upon it. The information provided in this document should not be considered a recommendation to purchase or sell any particular security.

**Information Subject to Change:** The information contained herein is subject to change, without notice, at the discretion of Polar Capital and Polar Capital does not undertake to revise or update this information in any way.

**Forecasts:** References to future returns are not promises or estimates of actual returns Polar Capital may achieve, and should not be relied upon. The forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. Forecasts are based upon subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never do so.

**Statements/Opinions/Views:** All opinions and estimates constitute the best judgment of Polar Capital as of the date hereof, but are subject to change without notice, and do not necessarily represent the views of Polar Capital. This material does not constitute legal or accounting advice; readers should contact their legal and accounting professionals for such information. All sources are Polar Capital unless otherwise stated.

**Benchmark:** The Fund is actively managed and uses the TOPIX Total Return Index as a performance target and to calculate the performance fee. The benchmark has been chosen as it is generally considered to be representative of the investment universe in which the Fund invests. The performance of the Fund is likely to differ from the performance of the benchmark as the holdings, weightings and asset allocation will be different. Investors should carefully consider these differences when making comparisons. Further information about the benchmark can be found <http://www.jpix.co.jp/english/markets/indices/topix>. The benchmark is provided by an administrator on the European Securities and Markets Authority (ESMA) register of benchmarks which includes details of all authorised, registered, recognised and endorsed EU and third country benchmark administrators together with their national competent authorities.

**Performance:** The performance shown has been calculated to account for the deduction of fees and expenses and includes the reinvestment of dividends and capital gain distributions. £ or GBP/US\$/JPY/EUR/CHF = Currency abbreviations of: British Pound sterling/US Dollar/Japanese Yen/Euro/Swiss Franc, respectively.

**Allocations:** The strategy allocation percentages set forth in this document are estimates and actual percentages may vary from time-to-time. The types of investments presented herein will not always have the same comparable risks and returns. Please see the private placement memorandum for a description of the investment allocations as well as the risks associated therewith. Please note that the Fund may elect to invest assets in different investment sectors from those depicted herein, which may entail additional and/or different risks. Performance of the Fund is dependent on the Investment Manager's

ability to identify and access appropriate investments, and balance assets to maximize return to the Fund while minimizing its risk. The actual investments in the Fund may or may not be the same or in the same proportion as those shown herein.

**Risk: Factors affecting fund performance may include changes in market conditions (including currency risk) and interest rates, as well as other economic, political, or financial developments. The Fund's investment policy allows for it to enter into derivatives contracts. Leverage may be generated through the use of such financial instruments and investors must be aware that the use of derivatives may expose the Fund to greater risks, including, but not limited to, unanticipated market developments and risks of illiquidity, and is not suitable for all investors. Past performance is not a guide to or indicative of future results. Future returns are not guaranteed and a loss of principal may occur. Polar Capital may also receive a performance fee based on the appreciation in the NAV per share and accordingly the performance fee will increase with regard to unrealised appreciation, as well as realised gains. The performance fee may create an incentive for Polar Capital to make investments for Polar Capital Funds plc which are riskier than would be the case in the absence of a fee based on the performance of Polar Capital Funds plc.**

**Country Specific Disclaimers:** It is the responsibility of any person/s in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Neither Polar Capital nor Polar Capital Funds plc shall be liable for, and accept no liability for, the use or misuse of this document. If such a person considers an investment in Shares of the Fund, they should ensure that they have been properly advised about the suitability of an investment. Please be aware that not every sub-fund of Polar Capital Funds plc or share class is available in all jurisdictions.

**Australia:** Neither Polar Capital nor Polar Capital Funds plc are registered as a foreign company in Australia. The provision of this document to any person does not constitute an offer of shares of Polar Capital Funds plc to any person or an invitation to any person to apply for shares of Polar Capital Funds plc. Any such offer or invitation will only be extended to a person in Australia if that person is a sophisticated or professional investor for the purposes of section 708 of the Corporations Act 2001 of Australia ("Corporations Act") and a "wholesale client" for the purposes of section 761G of the Corporations Act. This document is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia. This document is not a disclosure document under Chapter 6D of the Corporations Act or a Product Disclosure Statement under Part 7.9 of the Corporations Act. It is not required to, and does not, contain all the information which would be required in a disclosure document or a Product Disclosure Statement. It has not been lodged with the Australian Securities and Investments Commission. Any person to whom shares of Polar Capital Funds plc are issued or sold must not, within 12 months after the issue, offer, transfer or assign those shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act.

**Hong Kong:** The Fund is a collective investment scheme as defined in the Securities and Futures Ordinance (Cap. 571) (the "SFO") but is not authorised under Section 104 of the SFO by the Securities and Futures Commission of Hong Kong ("SFC"). This document does not constitute an offer or invitation to the public in Hong Kong to acquire interests in the Fund. In addition, this document has not been approved by the SFC nor has a copy of it been registered with the Registrar of Companies in Hong Kong, and therefore may only be issued or possessed for the purpose of issue to persons who are "professional investors" under the SFO and any rules made under that Ordinance or as otherwise permitted by the SFO.

**The Netherlands:** This factsheet is for professional client use only in the Netherlands and it is intended that the Fund will only be marketed to professional clients in the Netherlands. Polar Capital Funds plc is authorized to offer shares in the Japan Value Fund to investors in the Netherlands on a cross border basis and is registered as such in the register kept by the Dutch Authority for the Financial Markets ("AFM") [www.afm.nl](http://www.afm.nl).

**Portugal:** The Japan Value Fund has been passported into Portuguese jurisdiction pursuant to Directive 65/2009/EU of the European Parliament and of the Council, of 13 July 2009 and Regulation 584/2010, of 1 July 2010, and are registered with the Portuguese Securities Commission (CMVM) for marketing in Portugal.

**Spain:** The Fund is registered in Spain with the Comisión Nacional del Mercado de Valores ("CNMV") under registration number 771.

**Switzerland:** The principal fund documents (the prospectus, KIIDs, memorandum and articles of association, annual report and semi-annual report) of the Fund may be obtained free of charge from the Swiss Representative. In respect of the shares distributed in Switzerland, the place of performance and the place of jurisdiction is at the registered office of the Swiss Representative. The Fund is domiciled in Ireland. The Swiss representative and paying agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, CH-8002 Zurich, Switzerland.

**Austria / Denmark (professional only) / Finland / Germany / Ireland / Italy (professional only) / Luxembourg / Norway / Spain / Sweden and the United Kingdom:** The Fund is registered for sale to all investors in these countries. Investors should make themselves aware of the relevant financial, legal and tax implications if they choose to invest.