

## SuMi TRUST's Sakigake High Alpha - Japan Thematic Growth Fund marks three years of outperformance

Sumitomo Mitsui Trust Asset Management (SuMi TRUST), one of Asia's largest asset management groups with over USD 741 billion AUM\*, this month marks the three years anniversary of its Sakigake High Alpha Japan Thematic Growth fund, which launched in June 2018 and has over USD 42million assets under management (AUM)\*\*. Since its inception, the fund has outperformed its TOPIX benchmark index by +10.44% on a cumulative basis, returning 29.72% against the TOPIX's 19.28%\*\*\*.

Sakigake is the Japanese term for pioneer or 'people ahead of the curve.' The fund is aimed at institutional investors in EMEA and Asia and invests in handpicked mid and large-cap Japanese stocks seeking long-term capital growth. It combines a thematic top-down investment style, focusing on a number of global social and structural changes such as an increased move towards digitalization, the rise of e-commerce and increasing awareness of ESG with a bottom-up fundamental research approach to stock selection.

Compared to its benchmark index, the fund has a higher weighting in the information technology and industrial sectors where SuMi TRUST sees opportunities in the semiconductor, electronic and 5G spaces due to the global shift towards automation and digitisation.

Among the fund's top holdings are Tokyo Electron Limited, a leading semiconductor production equipment manufacturer, Keyence Corporation, which develops and manufactures automation sensors, such as vision systems and barcode readers; and Kawasaki Heavy Industries, a leading manufacturer with cutting edge technology in the field of hydrogen energy\*\*\*\*.

Katsunori Ogawa, a veteran portfolio manager with over 20 years' experience in Japanese equities, has been responsible for the overall Japan Sakigake strategy since its inception in 2003. During this time the strategy has delivered an excess return of 218.05% above the TOPIX and has over USD 2 billion assets under management (AUM).

Katsunori Ogawa, chief portfolio manager of SuMi TRUST's Sakigake High Alpha Japan Thematic Growth fund, said: "Japan is a market where it pays to invest in active management. The country plays host to a great number of strong innovative companies with excellent growth prospects but it also has more listed companies relative to the size of its economy than Europe or the US. With limited analysts' coverage of the market and wide pool of stocks, relying on passive tracker funds means missing significant opportunities.

"There are a number of promising Japanese mid and large caps that are set to benefit from a number of structural tailwinds in the country, including the government's digitisation drive and the ongoing shift to ecommerce. The nation also has a number of unique, specialised technology companies, which fulfil vital roles in the global semiconductor and electronic supply chains which are becoming increasingly important especially given recent shortages. Our investment strategy, which has proved highly successful since its inception, is to seek out quality companies ahead of the curve that are best able to take advantage of these trends and generate consistent medium to long-term growth using a unique combination of thematic top-down and bottom-up approaches. As more and more investors flock to Japan to seek alpha opportunities, we will continue in our quest to find the most attractive companies that are able to achieve strong returns over the long-term."

\*As of 31 March 2021.

\*\* As of 28 May 2021

\*\*\* As of 28 May 2021, for share class B JPY

\*\*\*\*The information is not encouraging you invest specific securities, etc. The fund doesn't warrant to invest specific securities. The information is past data and doesn't imply or warrant future result in asset management.

- Ends -

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<Points to Consider>

### **■ Risk of Loss**

Under an investment management agreement, based on the investment guideline provided by the client and discussion between the parties regarding the manner of the investment management, securities and other instruments which are subject to price fluctuations, including, without limitation, Japanese equity and fixed income, foreign currency denominated equity and fixed income, investment trusts, shares of collective investment schemes, loans, futures transactions, option transactions, swap transactions and foreign currency transactions, may be included in the investment portfolio. Price fluctuations in such investment assets may result in a loss in principal of the assets under management.

### **■ Price Fluctuations**

Assets which are managed by Sumitomo Mitsui Trust Asset Management Co., Ltd. pursuant to an investment management agreement are subject to various risks, including, without limitation:

#### **(1)Market Risk**

Risk of the price movements in the managed assets due to fluctuations in financial markets and other indices, including (but not limited to) fluctuations in equity markets, interest rate markets, foreign currency markets and financial indices.

#### **(2)Credit Risk**

Risk of the price movements in the managed assets due to changes in the financial and/or business conditions of issuers, counterparties to a transaction or the counterparties of the issuers.



### (3)Liquidity Risk

Risk of the trading of the any interests within the managed assets being restricted due to the market environment or the lack of trading volume. Similarly, there is a risk that the value of the managed assets being volatile due to the lack of market liquidity of such assets.

Furthermore, investments of the managed assets into hedge funds and securitized products may contain various risks related to investment approach and structure in of such investment in addition to the any of the risks mentioned above. For further information, please refer to the explanatory documents for each product.

### ■ Restrictions on Purchase and Redemption

To the extent permitted under the investment strategy as set forth in the investment management agreement, the managed assets may invest in other types of investment funds or financial products. Due to factors such as the nature of the target investments and/or investment structure, various restrictions, including, without limitation, restrictions on purchase and redemption, may be imposed in connection with certain investment products such as investments in hedge funds and/or securitized products. In particular, redemption of such investment product may require several months. For further information, please refer to the explanatory documents for each product. In addition, due to such factors as market liquidity, size of the purchase or redemption or other unavoidable reasons, redemptions of investment assets from such target investment funds may take some time, and the timing of the purchase of such investment assets may be limited.

### ■ Restrictions on Business Pertaining to Commodity Investment

In our commodity investment advisory business, we can not conduct transactions related to product investment with customers as opponents (excluding qualified institutional investors' customers). In addition, we and our affiliated companies (except Mitsui Sumitomo Trust and Banking Co., Ltd. which conducts banking business and trust business) cannot receive deposits of money or securities from customers in regard to the commodity investment advisory business, regardless of the nominal item.

### ■ Company Name and Other Information

Company Name: Sumitomo Mitsui Trust Asset Management Co., Ltd.

Financial Institution Registration Number: No.347 Kanto Finance Bureau of the Ministry of Finance

Commodity Trading Advisor License Number: #(1) No.25, the Minister of Economy, Trade and Industry

Participating Associations: The Investment Trusts Association, Japan, Japan Investment Advisers Association

### ■ Fees and Costs

(Management fees)

In principle, management fees are calculated on the basis of assets under management. However, the specific method of calculation for each transaction cannot be expressed in advance, as such method is determined through discussions and in consideration of the contents of the investment guidelines and the investment discussions between the parties. When entering into an investment management agreement, please be sure to confirm with our sales representatives the applicable calculation method of the management fee.

(Trading Costs)

A commission incurred through a trade of securities, overseas custody fees and other costs will be deducted from the entrusted assets under management. When investing in investment trust products organized and managed by other institutions, fees may be charged by the institutions concerned. Specific amounts and/or upper limits of costs cannot be expressed in advance, as such costs are determined, along with calculation methodology, based on type and volume of the assets under management.

(Securities Lending)

When entering into a security-lending agreement, a fee will be charged. This fee cannot be expressed in advance, as such fee will be determined based on separate discussion between the parties.

(Termination Fees)

When terminating an investment management agreement, a termination fee may be charged based on the terms and conditions set forth in such agreement.

(Other Expenses)

In addition to the above costs, other costs related to investment products, such as tax, levy, and/or operational costs may be deducted from the assets under management or be charged directly to the client.

(Cooling off Period)

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We would like to share certain information of our clients (excluding information which is subject to a confidentiality obligation under the agreement) within the Sumitomo Mitsui Trust Group and only to the extent that we believe to be necessary or required for this purpose.

Any client information shared within the Sumitomo Mitsui Trust Group will be used and treated with the utmost care to avoid any inappropriate disclosure.

If you do not wish to have your information shared within our group, please contact us at the e-mail or telephone number provided below. Thank you.

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- Product(s) sold and services rendered, transaction dates, balance of accounts, maturity of products, and general client transaction information.

#### (2) Common usage

Client information will only be shared amongst Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Mitsui Trust Asset Management Co., Ltd., Sumitomo Mitsui Trust Bank, Ltd. and its subsidiaries.

#### (3) Purpose

Research and development of various financial products

#### (4) Contact

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