

Nomura Alpha Japan Long Short Fund – Class A EUR

31 October 2018



NAIm

NOMURA ALTERNATIVE INVESTMENT MANAGEMENT (EUROPE) LTD

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Investment Objective

The Nomura Alpha Japan Long Short Fund aims to provide investors with a return linked to the performance of a portfolio of long and short positions in Japanese equities and Japanese equities indices

Overview

The Nomura Alpha Japan Long Short Fund is the result of a partnership between Nomura and Alpha Japan Asset Advisors Ltd³.

- It aims to have a net exposure comprised between +80%/ -50% of NAV
- It takes synthetic long and short positions across a broad universe of Japanese equities and Japanese equity indices
- It combines a bottom-up investment philosophy with an active trading approach
- It is based on proprietary research within a robust risk management framework

Key Facts

Share Class	Class A EUR
Regulated:	UCITS
Domicile:	Ireland
Format:	ICVC
Listing:	Irish Stock Exchange
Fund Inception Date:	08 June 2012
Share Class Inception Date:	10 January 2013
Fund AUM:	\$ 55.26m
Maturity:	Open ended
Liquidity:	Weekly
Deadline for NAV(T):	3:00 p.m. Dublin (T-3)
Settlement for NAV(T):	T+3
Base Currency:	USD
Minimum Initial Investment:	1,000
Management Fees⁴:	2.00%
Expected TER⁵:	2.23%
Performance Fee:	20% of Performance (subject to a high water mark)
Subscription Charge⁶:	Up to 5%
Redemption Charge⁶:	Up to 3%
ISIN:	IE00B70DMB28
Bloomberg:	NMPAJAE ID

Source: Bloomberg, NAIm and Alpha Japan (October 2018)

For more information on the Alpha Portfolio, the back-testing of results or Value-at-Risk (VaR) methodology or any other information on the Nomura Alpha Japan Long Short Fund please refer to the Nomura Investment Solutions plc Prospectus. Unless otherwise stated, the Fund's monthly performance is from the last business day of the previous month to the last business day of the month.

- The volatility shown herein is for indication and is calculated only using Fund weekly NAVs available from the latest of either 21st April 2015 or the launch date of this shareclass, to the date of this factsheet (and excluding month-end NAVs).
- Nomura Alpha Japan Long Short Fund was previously named Nomura Permal Alpha Japan Neutral Fund effective until 21st April 2015, at which point there was an expansion in investment objective from market neutral to long short equity. From 21st April 2015 onwards returns

reflect actual Fund performance implementing a long short strategy net of all fees and costs (advisor share class EUR). As of 1st October 2016, Permal Investment Management ceased acting as Investment Advisor.

- Alpha Japan was an advisor and A J Asset Management Ltd was the fund sub-investment manager prior to 30 May 2014
- Per annum, on Fund's assets under management.
- Expected Total Expense Ratio (TER): in percentage per annum, on Fund's assets under management determined in accordance with the Guidance Note 1/05 of the Central Bank of Ireland. For avoidance of doubt, this does not include swap costs (i.e. – transaction costs)

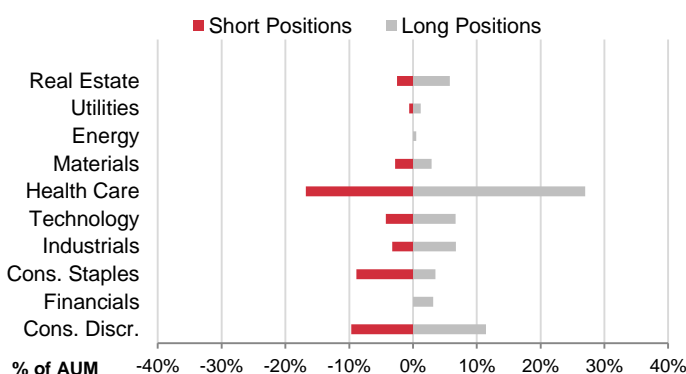
For more information on the UCITS Hedge Awards 2018 please refer to:

www.thehedgefundjournal.com/content/ucits-hedge-awards-2018

Performance

	NAV	1M	3M	6M	YTD	Volatility ^{1,2}
Class A EUR	109.50	-0.92%	-2.30%	-7.25%	-6.87%	5.50%

Alpha Portfolio, Top Sectors



Total Gross Short (% AUM)	Total Gross Long (% AUM)	Total Net (% AUM)
-58.39%	68.87%	10.47%

Top 5 Long Positions

Stock	Sector	Size (% of AUM)
Nojima Corp	Cons. Discr.	3.29%
Mitsubishi Estate Co Ltd	Real Estate	2.89%
Heiw a Real Estate Co Ltd	Real Estate	2.88%
Otsuka Holdings Co Ltd	Health Care	2.86%
Jcr Pharmaceuticals Co Ltd	Health Care	2.81%

6. Optional, for Distributors only. Subscription charge – upfront only; Redemption charge – on redemption only.

Past performance is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an Investor's shares, when redeemed, may be worth more or less than their original cost. The Nomura Alpha Japan Long Short Fund returns may differ from those of the Alpha Portfolio due to the characteristics of the exposure of the Fund.

Before you make an investment in the fund presented above, we recommend that you read the important information relating to potential conflicts of interest and other disclosures using the following link: <http://www.nomuranow.com/naim/naimdisclaimer>

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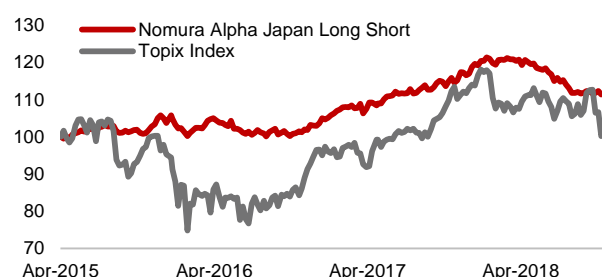
Market Commentary²

Global equities fell sharply in October due to the cumulated concerns from the fiscal situation in Italy, rising US interest rates, slowing growth in China and continued anxiety over trade frictions. In the process, the major equity indices suffered some of their largest one-day declines this year. The DJIA slumped by 831 points on 10 October, followed the day after by a 915-points plunge for the Nikkei225. Overall, the Topix collapsed 9.4% over the month while the Fund retreated by 0.66% (Class A USD). Against this backdrop, long positions in the portfolio generally registered abrupt corrections independently of their solid fundamentals. Nevertheless, some of the stocks we had selected managed to make telling positive contributions despite the market turmoil. Nojima (7419), a consumer electronic store chains operator, gained 7% after simultaneously revising upward its first half earnings, full year guidance and dividend forecast. Car equipment manufacturer Clarion (6796) also rallied 41% when Faurecia, one of the main global players in this field, announced its intention to acquire the entire company. On the other hand, Johnson & Johnson's takeover operation on CI:Z Holdings (4924), one of our short holdings, singlehandedly accounted for about half the Fund's entire drawdown in October. Aside from this exception however, the short side of the portfolio responded well to the environment with several positions producing high double digits returns. For instance, Nippon Gas (8174) crumbled 40% following a downward revision of its forecasts, as the company keeps struggling in its attempt to increase market share since the industry's deregulation. Given the current market mood, we will maintain balanced exposures in the portfolio while keeping our focus on individual stock opportunities arising from the recent volatility and in the midst of the FY18 Q2 corporate announcements.

Performance Summary¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Return
2015				0.07%	1.46%	0.27%	1.38%	-1.80%	0.26%	-0.81%	3.53%	1.02%	5.41%
2016	-2.36%	-0.95%	2.27%	-0.47%	-0.84%	-2.13%	1.32%	0.34%	-1.14%	-0.22%	2.12%	1.81%	-0.37%
2017	1.38%	0.91%	1.33%	0.35%	1.63%	0.24%	1.06%	1.15%	0.79%	1.24%	0.97%	2.15%	14.01%
2018	1.13%	-0.28%	0.03%	-0.46%	-1.72%	-0.94%	-2.50%	-1.99%	0.61%	-0.92%			-6.87%

Performance Graph^{1,3}



Risk Analysis

	Last 52 Weeks (Annualised) ¹	Last 26 Weeks (Annualised) ¹	Last 13 Weeks (Annualised) ¹	Since Shareclass Inception ¹
Fund IRR ³	-3.05%	-14.91%	-12.77%	11.31%
Volatility ³	5.37%	4.31%	4.00%	5.50%
Sharpe Ratio ³	-0.48	-3.63	-3.29	0.63
Best Month	2.15%	0.61%	0.61%	3.53%
Worst Month	-2.50%	-2.50%	-1.99%	-2.50%
Positive Months	42%	17%	33%	63%

Contacts

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Source: Bloomberg, NAIm and Alpha Japan (October 2018)

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2. This market commentary has been provided by Alpha Japan Asset Advisors Ltd. The information presented has been obtained from or based upon sources believed to be reliable, but none of NAIm or its employees represents or warrants its accuracy or completeness and is not responsible for losses or damages arising out of errors, omissions or changes in market factors.

3. Graph data, measures of Fund IRR, Volatility and Sharpe ratio shown herein are for indication and are calculated only using Fund weekly NAVs available (and excluding month-end NAVs).

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