

# EASTSPRING INVESTMENTS JAPAN DYNAMIC MY FUND

## QUARTERLY REPORT

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2023  
TO 31 DECEMBER 2023



**Dear Valued Investor,**

Greetings from Eastspring Investments Berhad!

First and foremost, we would like to take this opportunity to thank you for choosing to invest with Eastspring Investments Berhad.

**We are pleased to enclose a copy of the Annual/Semi-annual/Quarterly Fund Reports of Eastspring Investments Berhad's fund(s) for the reporting period ended 31 December 2023.**

You may also download these reports from our website at [www.eastspring.com/my](http://www.eastspring.com/my)

Should you require any assistance, please do not hesitate to contact our Client Services at 03-2778 1000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Raymond Tang Chee Kin', written in a cursive style.

**Raymond Tang Chee Kin**

Non-Independent, Executive Director and Chief Executive Officer

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## FUND INFORMATION

<b>Name of Fund</b>	Eastspring Investments Japan Dynamic MY Fund (the “Fund”)
<b>Fund Category/ Type</b>	Wholesale (feeder)/growth
<b>Fund Objective</b>	<p>The Fund aims to generate long-term capital appreciation by investing in the Eastspring Investments - Japan Dynamic Fund, which invests primarily<sup>^</sup> in securities of companies in Japan.</p> <p><sup>^</sup> primarily means at least 66% of the Target Fund’s net asset value.</p>
<b>Performance Benchmark</b>	<p>Morgan Stanley Capital International Japan Index (“MSCI Japan Index”) (Net)</p> <p><b>Source:</b> Eastspring Investments (Singapore) Limited and Bloomberg.</p>
<b>Fund Income Distribution Policy</b>	Distribution of income (if any) is incidental.

## KEY PERFORMANCE DATA

FOR THE FINANCIAL PERIOD/YEAR ENDED

Category	Second quarter from 1.10.2023 to 31.12.2023	First quarter from 1.7.2023 to 30.9.2023	30.6.2023
	(%)	(%)	(%)
Collective investment scheme	96.00	93.07	90.52
Derivatives	0.02	0.95	0.87
Cash and other assets	3.98	5.98	8.61
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Net Asset Value (NAV) (JPY'000)			
RM Hedged-class	3,462,331	1,933,647	859,552
Units In Circulation (Units '000)			
RM Hedged-class	119,341	60,580	29,864
Net Asset Value Per Unit (JPY)			
RM Hedged-class	29.0121	31.9191	28.7818
Net Asset Value Per Unit in respective currencies			
RM Hedged-class	0.9443	1.0038	0.9286
Highest Net Asset Value Per Unit in respective currencies			
RM Hedged-class	0.9965	1.0370	0.9286
Lowest Net Asset Value Per Unit in respective currencies			
RM Hedged-class	0.9244	0.9156	0.7010
Capital Growth (%)			
RM Hedged-class	(5.92)	8.09	30.11
Income Distribution (%)			
RM Hedged-class	-	-	-

## KEY PERFORMANCE DATA (CONTINUED)

Category	Second quarter from 1.10.2023 to 31.12.2023	First quarter from 1.7.2023 to 30.9.2023	30.6.2023
Total Return (%)			
RM Hedged-class	(5.92)	8.09	30.11
Gross Distribution Per Unit in respective currencies			
RM Hedged-class	-	-	-
Net Distribution Per Unit in respective currencies			
RM Hedged-class	-	-	-
Total Expense Ratio (TER) (%)	-	-	2.11
Portfolio Turnover Ratio (PTR) (times)	-	-	2.01

## KEY PERFORMANCE DATA (CONTINUED)

	1 year 1.1.2023 to 31.12.2023	3 years 1.1.2021 to 31.12.2023	5 years 1.1.2019 to 30.9.2023
	(%)	(%)	(%)
Average total return			
RM Hedged-class	24.51	21.99	13.81

Year ended	1.7.2022 to 30.6.2023	1.7.2021 to 30.6.2022	1.7.2020 to 30.6.2021	1.7.2019 to 30.6.2020	1.7.2018 to 30.6.2019
	(%)	(%)	(%)	(%)	(%)
Annual total return					
RM Hedged-class	30.11	7.08	49.27	(13.60)	(9.01)

**Source:** The above total return of the Fund was sourced from Lipper for Investment Management

**Bases of calculation and assumptions made in calculating returns:**

$$\text{Percentage growth} = \frac{\text{NAV}_t - \text{NAV}_0}{\text{NAV}_0}$$

$\text{NAV}_t$  = NAV at the end of the period

$\text{NAV}_0$  = NAV at the beginning of the period

$$\text{Performance annualised} = (1 + \text{Percentage Growth})^{1/n} - 1$$

Adjusted for unit split and distribution paid out for the period

$n$  = Number of years

**Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.**

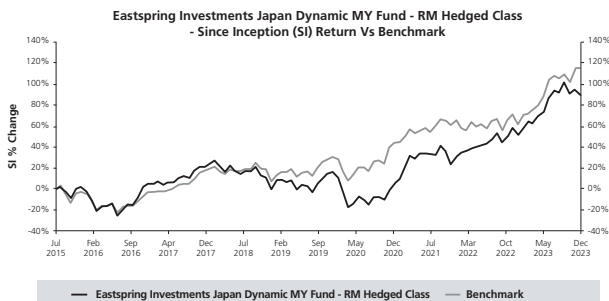
## MANAGER'S REPORT

### Fund Performance

Over the 5-year period, the Fund recorded a return of 91.00%, underperforming the benchmark return of 100.75% by 9.75%.

During the period under review, the Fund registered a return of -5.92%, underperforming the benchmark return of 3.18% by 9.10%.

Quarter-to-date, the key absolute detractors from the Fund's performance were Ricoh, Panasonic and Takeda Pharmaceutical. The key absolute contributors to the Fund's performance were Asahi Kasei, Credit Saison and Sumco.



**The performance is calculated on NAV-to-NAV basis with gross income or dividend reinvested.**

**Benchmark:** MSCI Japan Index (Net)

**Source:** Lipper for Investment Management, Eastspring Investments (Singapore) Limited and Bloomberg, as at 31 December 2023.

**Past performance of the Fund is not necessarily indicative of its future performance.**



## MANAGER'S REPORT (CONTINUED)

**Analysis of Fund Performance**

For the financial period ended 31 December 2023:

Currency Class	Income Return	Capital Return*	Total Return	Total Return of Benchmark
	(%)	(%)	(%)	(%)
RM Hedged-class	0.00	(5.92)	(5.92)	3.18

\* Capital return components (NAV per unit to NAV per unit).

**Distribution/ Unit Split**

No distribution or unit split were declared for the financial period ended 31 December 2023.

**Investment Strategy During the Period Under Review**

The largest detractors to relative performance during the quarter were a combination of some stocks the fund owns and some large benchmark stocks that the fund doesn't own, especially in the technology space. Overweight positions in Auto and Chemical stocks detracted in particular, as well as some of the top 10 positions like Ricoh and Panasonic, where quarterly earnings were weak. Not owning stocks like Sony (tech/media), Recruit (media services), Tokyo Electron (semi equipment) and Shin-Etsu (semi wafers) also significantly impacted relative performance, however these stocks simply do not meet our criteria of being undervalued (we focus on best ideas where there is a substantial disconnect between value and price).

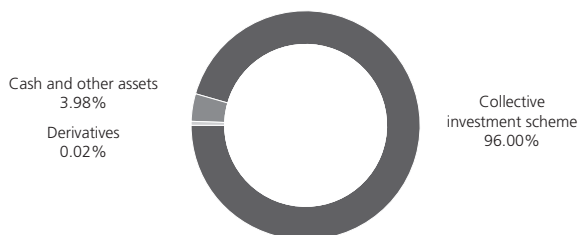
There has been a significant tailwind for technology names since October and the fund doesn't have much exposure to areas such as the semiconductor value chain given our contrarian approach with strong valuation discipline. While during 2023 we discovered some fallen growth names like Sumco (semiconductor wafers) and Nabtesco (factory automation), where the margin of safety was big enough for us to invest, we have generally struggled to find good valuation opportunities in large growth stocks and obviously won't be chasing the momentum.

## MANAGER'S REPORT (CONTINUED)

## Asset Allocation

Asset Allocation	31-Dec 2023	30-Sep 2023	Changes
	(%)	(%)	(%)
Collective investment scheme	96.00	93.07	2.93
Derivatives	0.02	0.95	(0.93)
Cash and other assets	3.98	5.98	(2.00)

## Asset Allocation as at 31 December 2023



There were no significant changes in asset allocation of the Fund for the period under review.

## State of Affairs of the Fund

There have been neither significant change to the state of affairs of the Fund nor any circumstances that materially affect any interests of the unit holders during the period under review.

## MARKET REVIEW

Despite some weakness in October and December, the gain in November brought the positive total return of Japanese equity market during Q4 by 2.2% for the MSCI Japan index. Over the quarter, there was significant changes in the market trend. In October, worries that US interest rates may remain higher for longer given still strong inflation weighed on market sentiment. Additionally, heightened geopolitical risks, such as renewed conflict in the Middle East, were a cause for concern. However, investor sentiment improved, primarily due to weaker-than-expected macroeconomic figures in the US leading to expectation of US rate cuts.

Although the US market continued to rise in December, the Japanese equity market lagged as investors became concerned about yen appreciation. Due to a reversal of the market trend, the growth style performed stronger than value stocks over the quarter and small caps also regained from the material underperformance against large cap.

From a corporate fundamentals viewpoint, the first half of the fiscal year concluded with reasonably strong earnings results. While yen weakness certainly played a role, pricing power held up well. More companies disclosed management plans to address lower valuations, such as a price-to-book ratio below 1x. Another positive development was the steady progress in unwinding cross-shareholdings.

The overall macroeconomic conditions in Japan continued to improve. Somewhat sluggish Q3 GDP data was driven by higher inflation associated with slower wage growth. However, the Bank of Japan ("BOJ") tankan survey released in December showed continuous improvement in business sentiment for both the manufacturing and non-manufacturing sectors. Capital expenditure plans also suggested that there would continue to be strong demand in machinery and IT service companies. The BOJ made gradual steps to normalise its extraordinary monetary easing policy at October end and continued to hint that they are likely to take further actions early 2024.

## REBATES AND SOFT COMMISSIONS

During the period under review, the Manager and its delegates (if any) did not receive any soft commissions from stockbrokers.

## SECURITIES LENDING OR REPURCHASE TRANSACTIONS

No securities lending or repurchase transaction have been carried out during the financial period under review.

# EASTSPRING INVESTMENTS JAPAN DYNAMIC MY FUND

## CONDENSED FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2023  
TO 31 DECEMBER 2023

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

	Financial period from 1.10.2023 to 31.12.2023	Financial period from 1.10.2022 to 31.12.2022
	JPY	JPY
<b>INVESTMENT (LOSS)/INCOME</b>		
Net (loss)/gain on financial assets at fair value through profit or loss	(70,167,052)	14,464,853
Net loss on forward foreign currency contracts	(26,407,270)	(10,107,184)
Net foreign currency exchange gain/(loss)	5,335,726	(163,057)
	<u>(91,238,596)</u>	<u>4,194,612</u>
<b>EXPENSES</b>		
Management fee	(11,055,676)	(1,354,245)
Trustee fee	(368,521)	(101,108)
Audit fee	(59,064)	(59,243)
Tax agent fee	(27,672)	(27,708)
Other expenses	(143,108)	(89,547)
	<u>(11,654,041)</u>	<u>(1,631,851)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	(102,892,637)	2,562,761
<b>TAXATION</b>	-	-
<b>(LOSS)/PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE (LOSS)/INCOME</b>	<u>(102,892,637)</u>	<u>2,562,761</u>
(Loss)/profit after taxation is made up of the following:		
Realised amount	49,693,696	1,916,716
Unrealised amount	(152,586,333)	646,045
	<u>(102,892,637)</u>	<u>2,562,761</u>

# CONDENSED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	31.12.2023	30.6.2023
	JPY	JPY
<b>ASSETS</b>		
Cash and cash equivalents	7,211,106	18,815,136
Financial assets at fair value through profit or loss	3,323,683,184	778,051,284
Forward foreign currency contracts at fair value through profit or loss	2,085,777	7,456,809
Amount due from Manager	338,475,319	223,270,942
Management fee rebate receivable	3,324,347	649,670
<b>TOTAL ASSETS</b>	<u>3,674,779,733</u>	<u>1,028,243,841</u>
<b>LIABILITIES</b>		
Forward foreign currency contracts at fair value through profit or loss	1,324,622	15,853
Accrued management fee	4,166,243	833,121
Amount due to Manager	16,409,912	21,185,803
Amount due to Trustee	138,873	33,733
Amount due to broker	190,000,000	146,000,000
Other payables and accruals	408,613	623,253
<b>TOTAL LIABILITIES</b>	<u>212,448,263</u>	<u>168,691,763</u>
<b>NET ASSET VALUE OF THE FUND</b>	<u>3,462,331,470</u>	<u>859,552,078</u>
<b>EQUITY</b>		
Unit holders' capital	3,680,366,631	1,150,352,832
Accumulated losses	(218,035,161)	(290,800,754)
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>	<u>3,462,331,470</u>	<u>859,552,078</u>
<b>NUMBER OF UNITS IN CIRCULATION (UNITS)</b>		
RM Hedged-class	<u>119,341,148</u>	<u>29,864,423</u>
<b>NET ASSET VALUE PER UNIT IN JPY</b>		
RM Hedged-class	<u>29.0121</u>	<u>28.7818</u>
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>		
RM Hedged-class	<u>MYR 0.9443</u>	<u>MYR 0.9286</u>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

	Unit holders' capital	Accumulated losses	Total
	JPY	JPY	JPY
Balance as at 1 October 2023	2,048,789,626	(115,142,524)	1,933,647,102
Movement in unit holders' contribution:			
Creation of units from applications	3,720,622,767	-	3,720,622,767
Cancellation of units	(2,089,045,762)	-	(2,089,045,762)
Total comprehensive loss for the financial period	-	(102,892,637)	(102,892,637)
Balance as at 31 December 2023	<u>3,680,366,631</u>	<u>(218,035,161)</u>	<u>3,462,331,470</u>
Balance as at 1 October 2022	701,977,681	(397,460,603)	304,517,078
Movement in unit holders' contribution:			
Creation of units from applications	102,278,624	-	102,278,624
Cancellation of units	(126,988,263)	-	(126,988,263)
Total comprehensive income for the financial period	-	2,562,761	2,562,761
Balance as at 31 December 2022	<u>677,268,042</u>	<u>(394,897,842)</u>	<u>282,370,200</u>

# CONDENSED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2023 TO 31 DECEMBER 2023

	Financial period from 1.10.2023 to 31.12.2023	Financial period from 1.10.2022 to 31.12.2022
	JPY	JPY
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of investments	1,712,000,000	77,500,000
Purchase of investments	(3,245,000,000)	(71,000,000)
Realised loss on forward foreign currency contracts	(8,887,035)	(12,412,206)
Management fee rebate received	7,535,121	1,134,860
Management fee paid	(9,410,734)	(1,377,463)
Trustee fee paid	(313,694)	(100,009)
Payment for other fees and expenses	(66,725)	(749,468)
Net realised foreign currency exchange gain/(loss)	4,815,124	(245,546)
Net cash used in operating activities	<u>(1,539,327,943)</u>	<u>(7,249,832)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from units created	3,664,521,717	140,615,544
Payments for cancellation of units	<u>(2,118,289,375)</u>	<u>(151,346,362)</u>
Net cash generated from/(used in) financing activities	<u>1,546,232,342</u>	<u>(10,730,818)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,904,399	(17,980,650)
<b>EFFECTS OF FOREIGN EXCHANGE DIFFERENCES</b>	-	82,489
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>306,707</u>	<u>22,190,916</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>7,211,106</u>	<u>4,292,755</u>



## CORPORATE DIRECTORY

### **THE MANAGER**

NAME

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COMPANY NO.

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FAX NO.

603-2053 7526

### **SALE & PURCHASE OF UNITS**

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55188 Tun Razak Exchange

Kuala Lumpur

TELEPHONE NO.

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**ENQUIRIES**

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