FSSA Investment Managers

September 2023

For investment professionals only

Reasons-to-invest

Japan equities

Why invest in Japan?

Japan is a relatively under-researched and under-appreciated market. The stock market is characterised by low foreign ownership and often limited analyst coverage. This offers opportunities for bottom-up investors looking for companies, particularly those with prospects decoupled from the macro environment.

Niche industries
Many sectors with only one or two dominant competitors and greater sustainability of returns

Dominant consumer franchises
Strong brand loyalty for Japanese brands across regions. 'Made-in-Japan' a competitive advantage

Automation
More advanced and cheaper robots adopted by Japanese manufacturers will improve efficiency

Resilience
Wide universe of companies able to sustain earnings growth independent of macro factors

Strategy overview

Our Japan equity strategies have a focus on medium to long-term growth. Due to Japan being a relatively under-researched market, great emphasis is placed on fundamental research and 1-1 meetings with company management.

The strategy aims to deliver resilient returns to investors. Consequently it has a bias towards companies able to deliver sustainable, attractive returns irrespective of macro economic conditions.

Key strategy facts

- Aim: capital growth
- Universe: companies with primary listing or majority economic activity in Japan
- Exposure to any individual sector maximum 40%, combined consumer discretionary & staples, 55%
- Lead manager: Sophia Li, 13 years investment experience

Why FSSA?

FSSA Investment Managers are specialists in Asia Pacific and Global Emerging Markets equity strategies. Our investment strategies cover regional and single country portfolios across the universe of small, mid and large-cap stocks.

An autonomous team within the First Sentier Group, we are bottom-up investors using fundamental research to construct high-conviction portfolios. ESG analysis is core to our process as we seek to identify high-quality, long-term investment opportunities.

Investment approach

FSSA are long-term, fundamental bottom-up investors. Our investment approach is to research quality companies, buy them at a sensible price and hold for the long-term. We look for companies with proven management teams with a record of successfully managing their businesses across economic cycles.

The most attractive opportunities are likely to be companies with dominant franchises and an ability to deliver sustainable and predictable long-term returns. ESG engagement is core to our process as we believe companies with good or improving ESG standards are likely to be superior investments.

Long-term investors
Long-term investors. Promote improvement through active engagement

Bottom-up analysis
Bottom-up research. Ability to compound growth in excess of cost of capital

Quality companies
Strong management, high ESG standards, competitive advantage, record across cycles

Valuation discipline
Both financial and non-financial metrics to determine fair market value

Conservative approach
Resilient portfolios. Long term returns through consistent compounding of returns

Benchmark agnostic
Index considerations not part of portfolio construction. High-conviction portfolios

ESG integration
Sustainability issues viewed as investment issues. Active ESG engagement

For more information

www.fssaim.com

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