

Aug  
2019

# ASI Japanese Growth Equity Fund

31 August 2019

Aberdeen Standard  
Investments

To generate growth over the long term (5 years or more) by investing in Japanese equities (company shares).

Please note: Our factsheets will be fully updated to reflect the 7 August 2019 changes to the Investment Objective and Policy, including benchmark use, shortly. In the interim, please see the KIID which can be found at <https://www.aberdeenstandard.com/en/uk/investor/fund-centre#literature> for full up to date information.

OEIC Fund

Equity Fund

Monthly

Fund Manager Sumitomo Mitsui Trust Asset Management

Fund Manager Start 27 Oct 2010

Launch Date 16 Nov 1998

IA Sector IA Japan

Benchmark IA Japan Sector

Current Fund Size £289.0m

Base Currency GBP

No. of Holdings 45

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com).

Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

## Fund Information \*

### Composition by Sector

	Fund %
Information Technology	26.0
Consumer Discretionary	16.2
Industrials	15.8
Health Care	10.6
Consumer Staples	10.1
Communication Services	7.4
Financials	4.9
Real Estate	3.2
Materials	3.0
Cash and Other	2.8

### Top Ten Holdings

Stocks	Fund %
Sony	5.1
Keyence	4.5
Softbank	3.8
Hitachi	3.3
Mitsui Fudosan	3.2
Daiichi Sankyo Pharmaceutical	3.2
Asahi Breweries	3.1
Shin-Etsu	3.0
Recruit	2.9
Mitsubishi UFJ Financial	2.8
Assets in top ten holdings	34.9

## Fund Performance \*

### Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown is based on an Annual Management Charge (AMC) of 0.75%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown on the next page. For details of your actual charges please contact your financial adviser or refer to the product documentation.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

### Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	Year to 30/06/2019 (%)	Year to 30/06/2018 (%)	Year to 30/06/2017 (%)	Year to 30/06/2016 (%)	Year to 30/06/2015 (%)
Retail Fund Performance	-8.6	12.4	19.8	8.8	12.9
Institutional Fund Performance	-8.2	12.9	20.3	9.6	13.7
Platform One	-8.3	12.9	20.2	9.5	13.7
IA Japan Sector	-3.4	10.7	24.9	7.9	17.1

### Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	9.5	-7.9	23.4	54.1
Institutional Fund Performance	9.8	-7.5	25.0	58.4
Platform One	9.7	-7.5	24.9	58.1
IA Japan Sector	8.7	-2.2	26.6	71.2

Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

The fund does not have an index-tracking objective.

#### Definitions

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

## Market review

The MSCI Japan Index fell by 3.2% in yen terms. The weakness of sterling helped to reduce this to a loss of 0.5% (in GBP).

Global recession, trade friction and competitive currency devaluation were the themes that dominated investor sentiment. The market was unsettled by these worries despite the Federal Reserve cutting interest rates on 31 July for the first time in ten years. The announcement by President Trump of additional tariffs and depreciation of the Chinese currency added to an already nervous market. Because of ongoing uncertainty surrounding the direction of US-China trade negotiations, investors have preferred to stay on the side-lines with trading volumes remaining low. In general, there was a clear polarisation in the equity market as defensive companies, such as real estate and consumer staples, outperformed the more economically sensitive energy and materials sectors.

## Activity

We purchased mobile games company Square Enix. The gaming company's growth potential has increased, driven by its pipeline of promising games that have multi-platform appeal. Net One Systems was also added to the Fund. It benefits from growing demand for public IT infrastructure upgrades and companies investing in IT to improve productivity. Elsewhere, a holding in JCR Pharma was established. The company should see growth from its new drugs for rare neurological diseases. It is a beneficiary of J-Brain Cargo, a drug delivery technology. This

allows medication to be delivered through the difficult blood-brain barrier.

Sales included exiting M3 after strong performance. We see little scope for further upside. Resona Holdings was also sold. The lender's profitability has been negatively impacted by falling domestic interest rates following a shift in US monetary policy. This environment is challenging for the bank's profit margins. Lastly, we reduced our position in Mitsubishi Corporation. We have concerns about the effect of falling demand on commodity prices, and coking coal pricing in particular, given global growth concerns.

## Performance

The Fund slightly underperformed its benchmark index.

The medical device-maker Asahi Intecc weighed on performance. The company posted disappointing results and lower earnings guidance as its business expansion was hit by higher costs. The employment specialist Recruit Holdings was another to disappoint. Its weakness came from falling international sales, a data breach of candidates' information and the unwinding of cross holdings as corporate Japan refocuses on balance sheet efficiency. Yamaha also detracted from the Fund's return. Investors marked the shares lower on falling sales of musical instruments in China, which was made worse by renminbi weakness.

On the upside, Nomura Research Institute added value. The business

consultancy and technology solutions firm benefited from increased corporate spending on information technology. This has translated into robust profit growth with the expectation of improving capital returns. Elsewhere, Matsumotokiyoshi Holdings was another good performer. The discount pharmacy-retail chain entered merger talks with its main competitor, Cocokara Fine. If successful, it will be the largest player in the market. The shares rose on the prospect of scale benefits from reduced costs and improving returns.

## Outlook and Strategy

The equity market continues to be sensitive to the ebb and flow of US-China trade negotiations. The spat between the two is leading to companies adopting a wait-and-see stance, as they monitor the dialogue between the Trump and Xi governments for progress. Notwithstanding this, recent data indicate the inventory and shipment cycle looks close to hitting a bottom in some export sectors. The valuation of the Japanese equity market is cheap on a historical basis. Domestic investment demand is holding up relatively well, limiting the downside.

We continue to focus on uncovering the improving ability of Japanese companies to grow through corporate reforms or through business strategies. At the same time, we are paying attention to areas that benefit from a turning investment cycle. We are also monitoring for industrial shifts and changes in companies sparked by global trade uncertainty in related sectors.

## Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	60011525	n/a	60011524	n/a
Bloomberg	STJEQGR LN	n/a	STJEQGI LN	n/a
ISIN	GB0004483656	n/a	GB0004483219	n/a
SEDOL	0448365	n/a	0448321	n/a

	Platform One Acc	Platform One Inc
Lipper	68165278	n/a
Bloomberg	STJRPLT LN	n/a
ISIN	GB00B76C7M93	n/a
SEDOL	B76C7M9	n/a

	Interim	Annual	Valuation Point	12:00 (UK time)
Reporting Dates	31 Aug	28 (29) Feb	Type of Share	Accumulation
XD Dates	n/a	28 (29) Feb	ISA Option	Yes
Payment Dates (Income)	n/a	30 Apr		

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.30%	0.75%	0.75%
Ongoing Charges Figure	1.34%	0.87%	0.92%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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