



Eurizon Fund - Sustainable Japan Equity

April 2023



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Investing in the Japanese Market with a Focus on Sustainability

Eurizon Fund – Sustainable Japan Equity is actively managed, using a balanced approach with consideration to sustainability, valuation and Environmental, Social, Governance factors.



DIVERSIFIED PORTFOLIO WITH FOCUS ON VALUATION

A **balanced** composition of style, sector and size, combined with a focus on valuation aims to provide greater **resilience** in times of market rotations



SUSTAINABILITY APPROACH

The team considers financial and non-financial **sustainability** factors, including **Environmental, Social and Governance** criteria in every step of the investment process



TARGETING BETTER RISK ADJUSTED RETURN THAN THE BENCHMARK

The objective is to achieve excess return in the long term vs. the **TOPIX Net Total Return**

1 Investment Process

Investment Philosophy

The team believes that superior risk-adjusted returns can be achieved in Japanese equities through the combination of in-house research, ESG integration, and balanced portfolio.

A balanced approach with superior risk-reward profile

A balanced style, sector and size portfolio

Navigate through market rotations

Stock selection with focus on sustainability

Focus on long term value creation

Core selection with attention to valuation

Search for companies with upside potential

Engagement & active ownership

Unlock corporate value

The Manager of Eurizon Fund – Sustainable Japanese Equity

**Joël
Le Saux**
27 years of
experience

FUND MANAGER

- Joined Eurizon in September 2020. He has covered the Japanese market since 1996. Starting as a buy-side analyst in Tokyo, Joël then moved on as a fund manager at Amundi, Lazard, Credit Suisse Asset Management, and SYZ Asset Management. His funds achieved top decile performance during his tenure.
- Joël is a fluent Japanese speaker

**Yoko
Otsuka, CFA**
15 years of
experience

SENIOR ANALYST

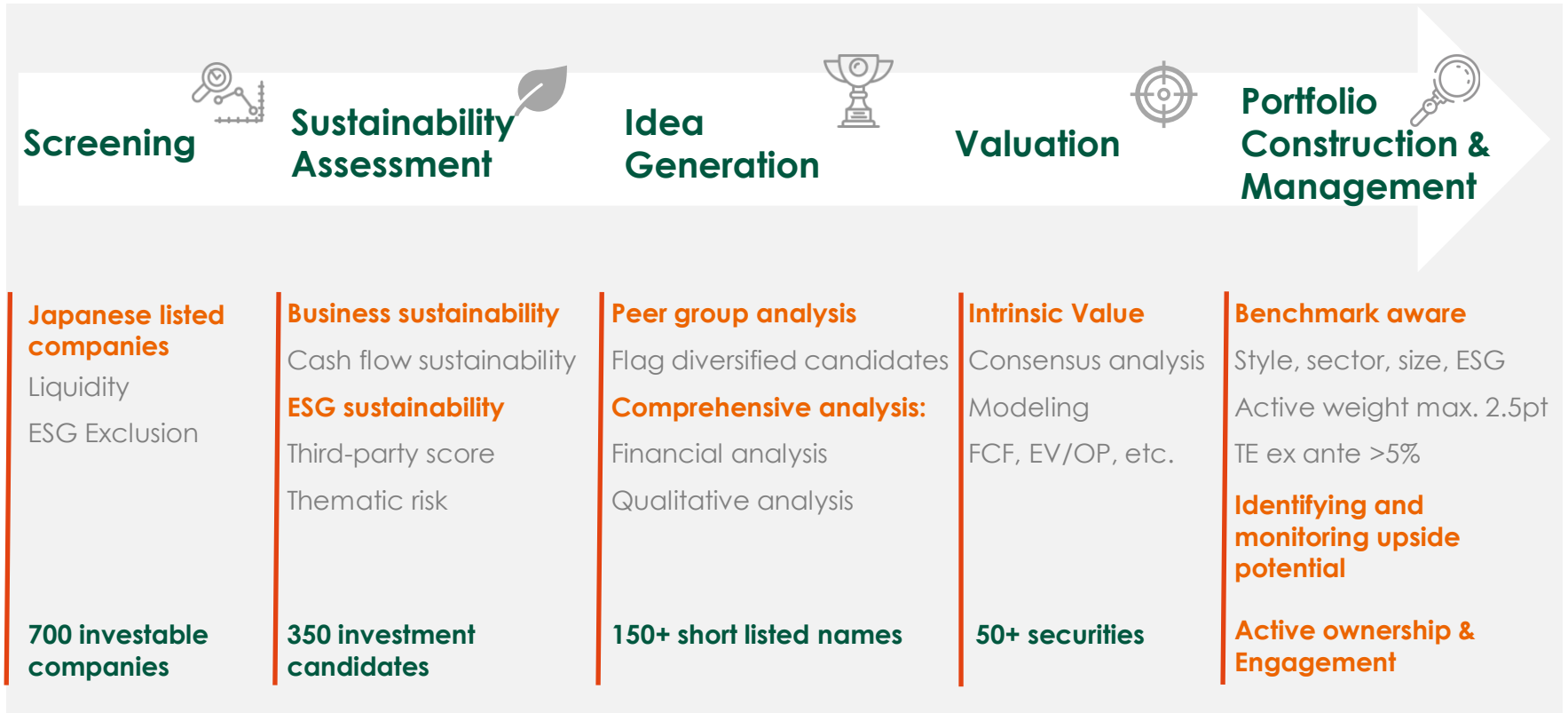
- Joined Eurizon in September 2020. She started in 2005 at Bank of Tokyo-Mitsubishi UFJ before joining Oddo Asset Management and SYZ Asset Management.
- Chartered Member of the Securities Analysts Association of Japan (CMA)

**Simeon
Baumeler**
3 years of
experience

ANALYST

- Joined Eurizon in March 2021. He started in 2019 at SYZ Asset Management as an ESG analyst (intern).
- Simeon has a Bachelor's and Master's degree in Japanese Studies from the University of Zürich.
- Simeon is fluent in Japanese

The Investment Process with an ESG Integrated Approach



The team has a considerable insight into the Japanese market and a very strong understanding of the specificities of Japanese companies.

Direct contact with company management and an assessment of corporate governance is an integral component of the investment research process

The team holds around 200 one-on-one meetings per year



For illustrative purposes only. Investment process is subject to change.

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Focus on ESG Sustainability Process

Preliminary negative ESG screening to eliminate highest risks

Exclusion criteria

- MSCI ESG “CCC” rated companies
- Companies with >10% thermal coal exposure
- Nuclear power plant operator
- Tobacco
- Companies involved in controversial weapons



Integrated in every step of the investment process, from analysis to portfolio construction

- Relative risk assessment using MSCI ESG
- In-house thematic analysis for absolute risk
- Qualitative assessment of management quality and other non-financial factors
- Valuation adjustment
- Portfolio construction: lower ESG risk than benchmark

The Importance of Unlocking Corporate Value Over Time

Eurizon attaches great importance to monitoring the companies it invests in and engaging with them, taking part in their Shareholders' Meetings, adopting an approach that focuses on corporate governance and participation in the meetings of selected companies.

ENGAGEMENT

Dialogue with the invested companies

- Promote better disclosure including ESG data
- Raise key ESG issues
- Encourage better corporate governance

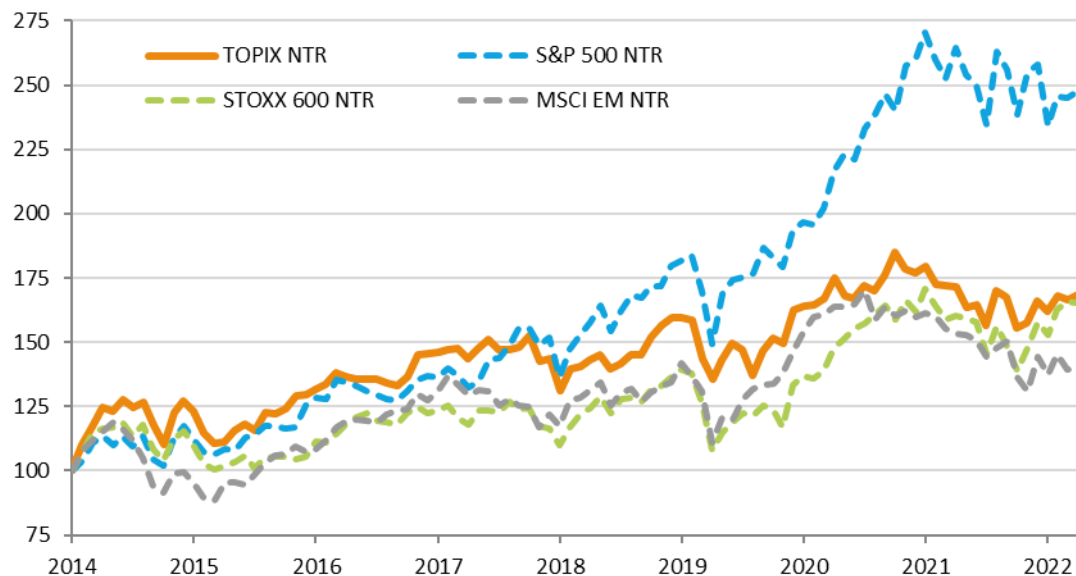
ACTIVE OWNERSHIP

Follow our own stewardship guidelines using ISS platform

- Case by case decision making considering country/industry practice
- Vote against management in case of failed engagement

2 Macro & Market Review

Stock Markets Performance



Historical performance, net total return in Euro

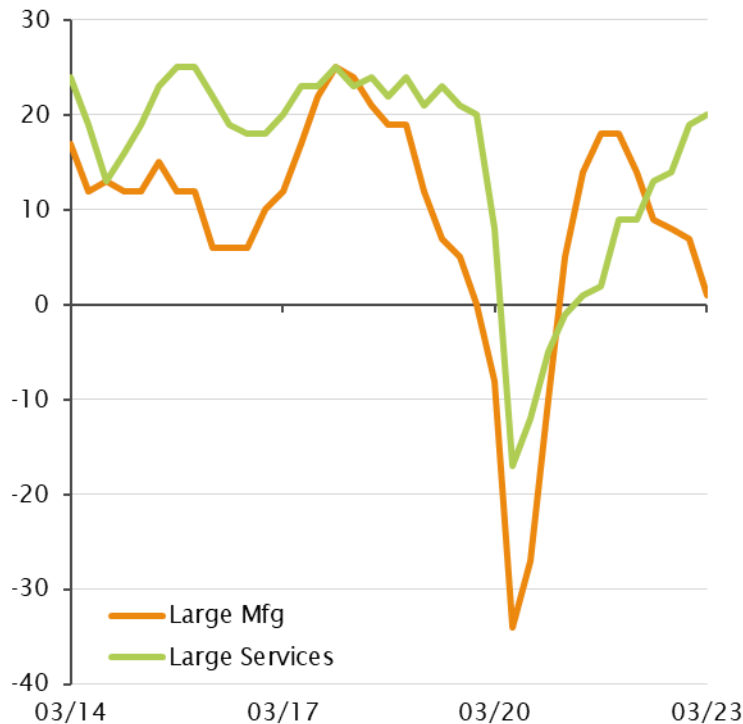
Annualized Performance	2015	2016	2017	2018	2019	2020	2021	2022	YTD
TOPIX NTR	23%	7%	11%	-10%	22%	3%	9%	-10%	4%
STOXX 600 NTR	10%	2%	11%	-11%	27%	-2%	25%	-11%	8%
MSCI EM NTR	-5%	15%	21%	-10%	21%	9%	5%	-15%	2%
S&P 500 NTR	12%	15%	6%	0%	33%	8%	38%	-13%	6%

Source: Bloomberg, data as of 31.03.2023

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Business Activity

BoJ Tankan DI



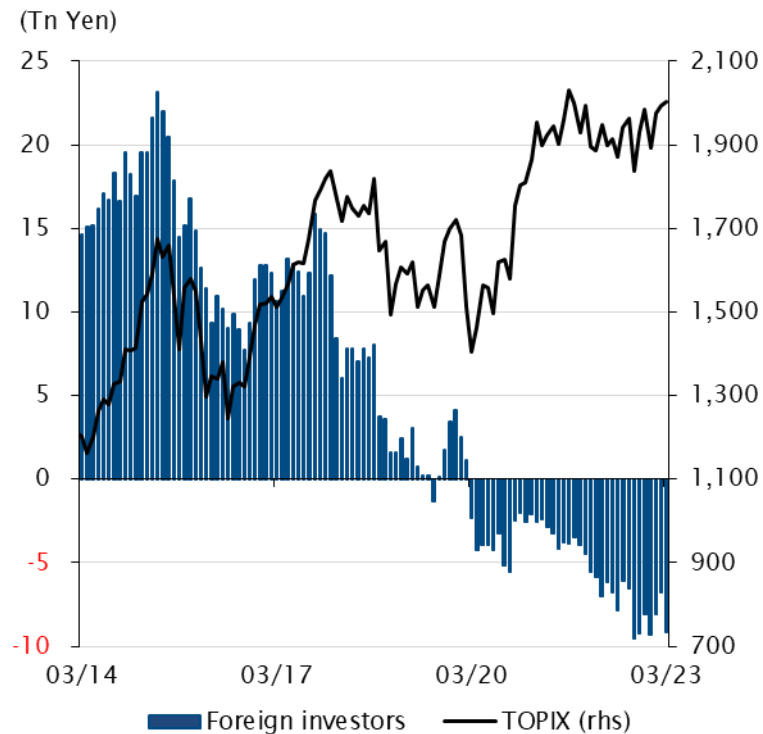
- Manufacturing sentiment deteriorating due to inflation and economic conditions
- Strong momentum for service sector
- A turning point

Source: Bank of Japan, data as of 31.03.2023..

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Foreigners Buying/Selling Activity

Cumulative foreign investors purchase



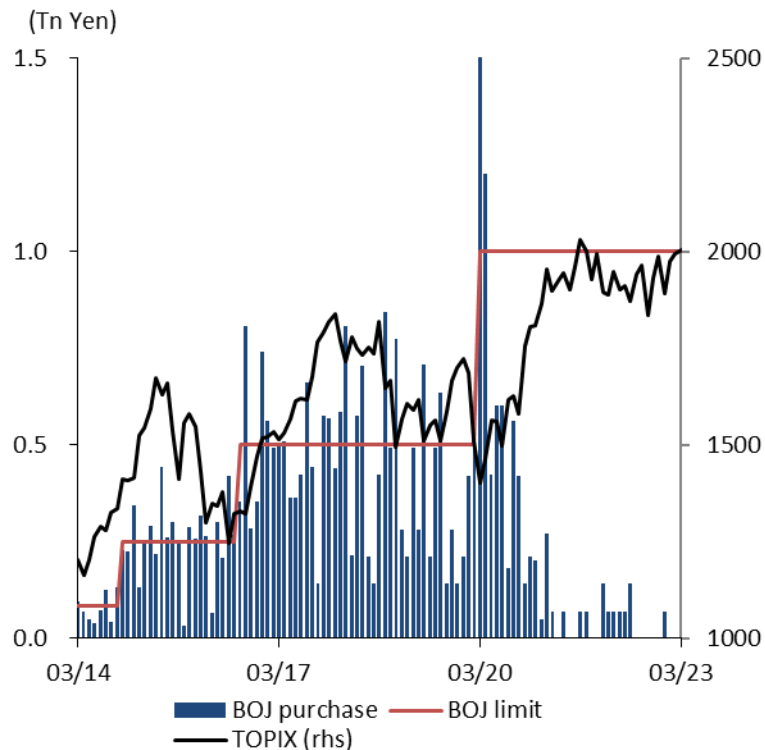
- Market remains close to its historical highs of 2021
- Continuous net-sellers without any market impact
- High optionality

Source: Bloomberg, Japan Exchange Group, data as of 31.03.2023

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Market Support by Bank of Japan

BoJ monthly purchase of ETFs



- Strongly supported the market in March 2020
- Limited purchases in 2021 and 2022
- Likely limited impact of a removal of BoJ programme

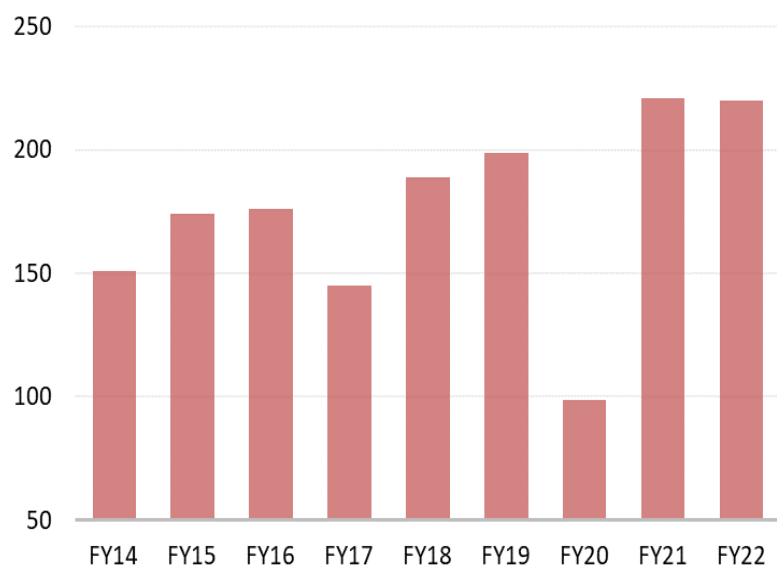
Source: Bloomberg, Bank of Japan, data as of 31.03.2023.

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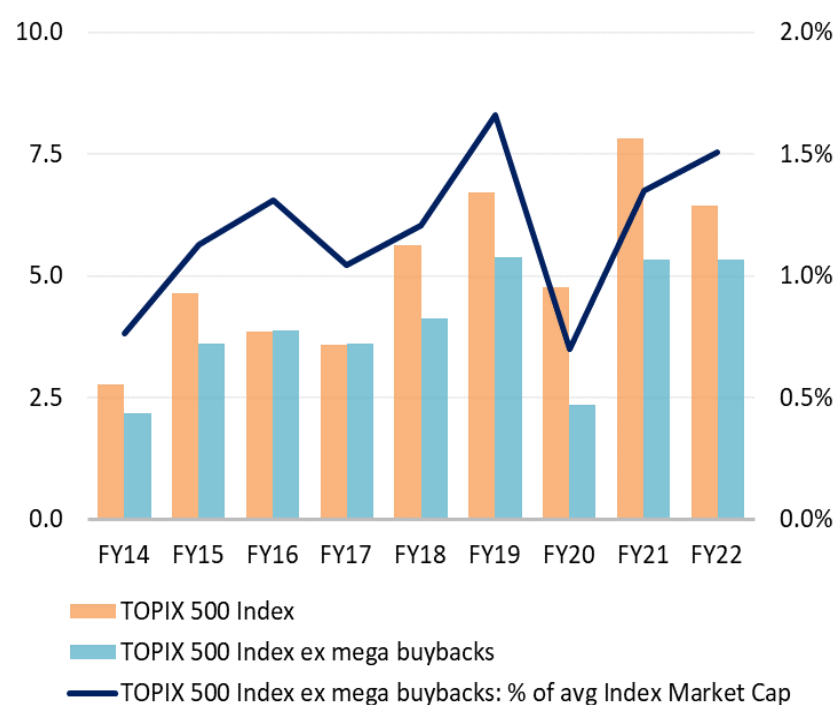
Share buybacks

Announced number of buybacks

For TPX500



Announced buyback value



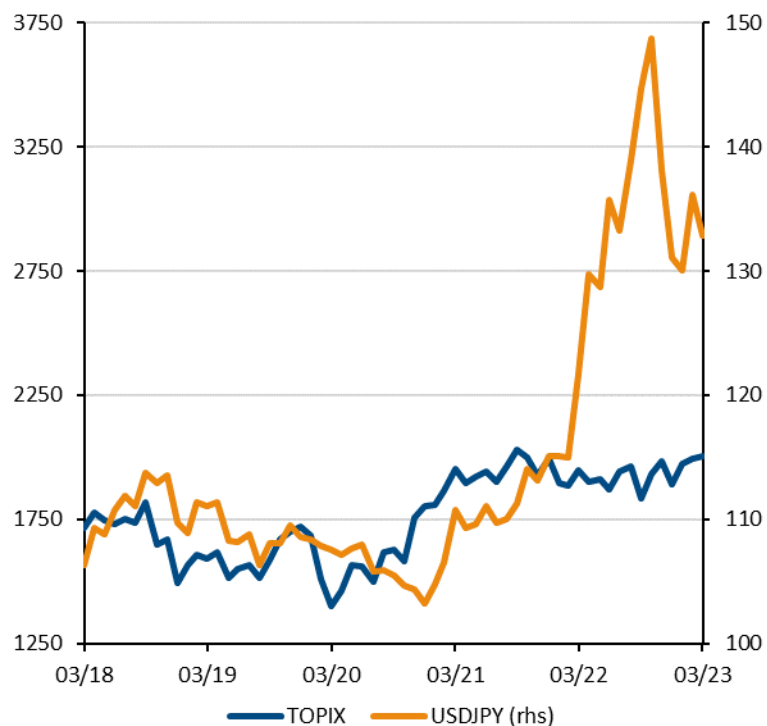
■ TOPIX 500 Index
■ TOPIX 500 Index ex mega buybacks
— TOPIX 500 Index ex mega buybacks: % of avg Index Market Cap

Source: Nikkei compiled by Mizuho Securities Equity Research, data as of 31.03.2023.

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TOPIX and YEN

TOPIX Index and USD/JPY



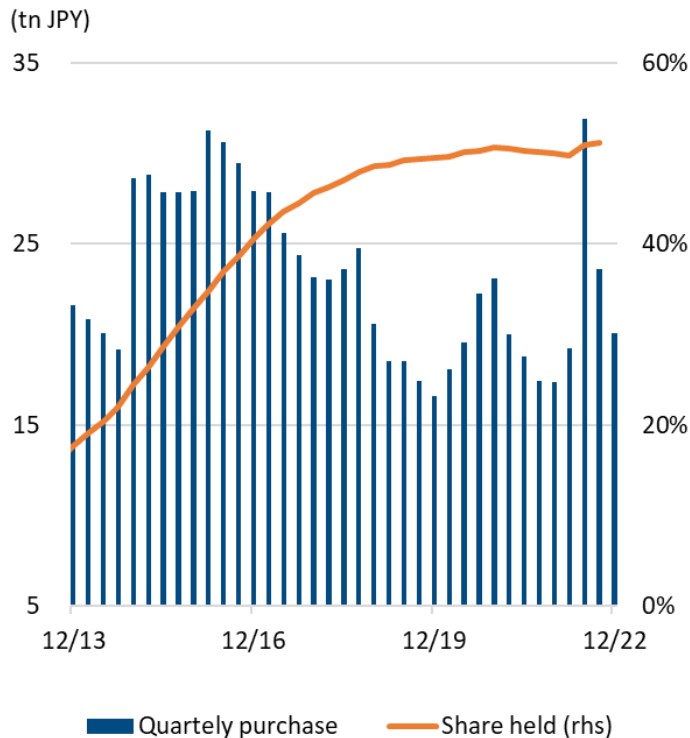
- Yen at weakest levels in more than two decades
- 14% depreciation in 2022
- Estimates for international companies coming down already

Source: Bloomberg, data as of 31.03.2023

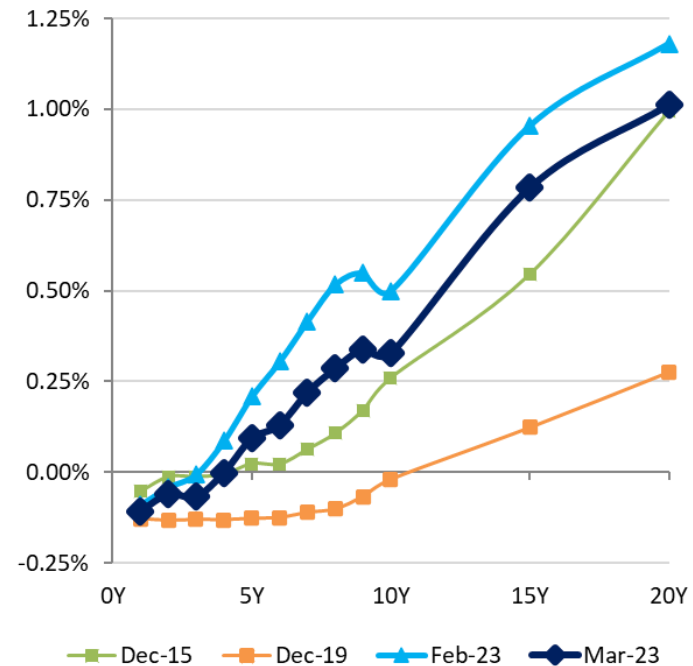
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Yield Curve Control

Bank of Japan purchase of JGBs



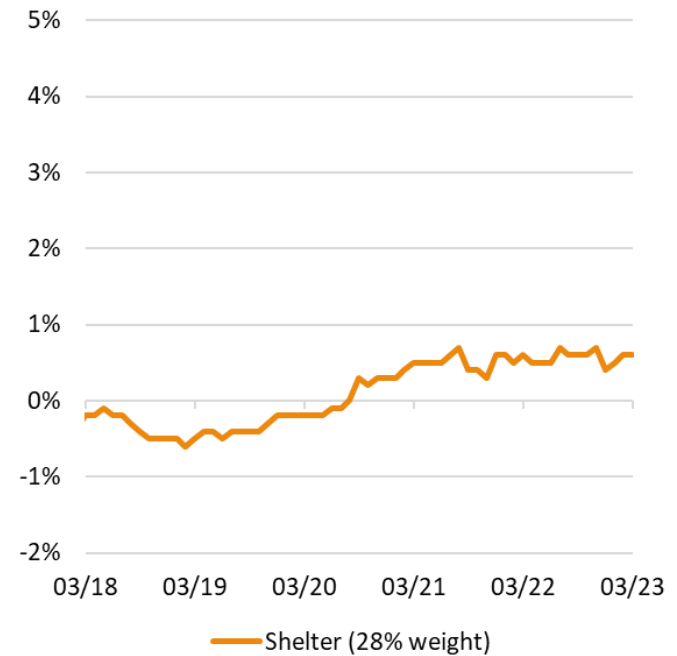
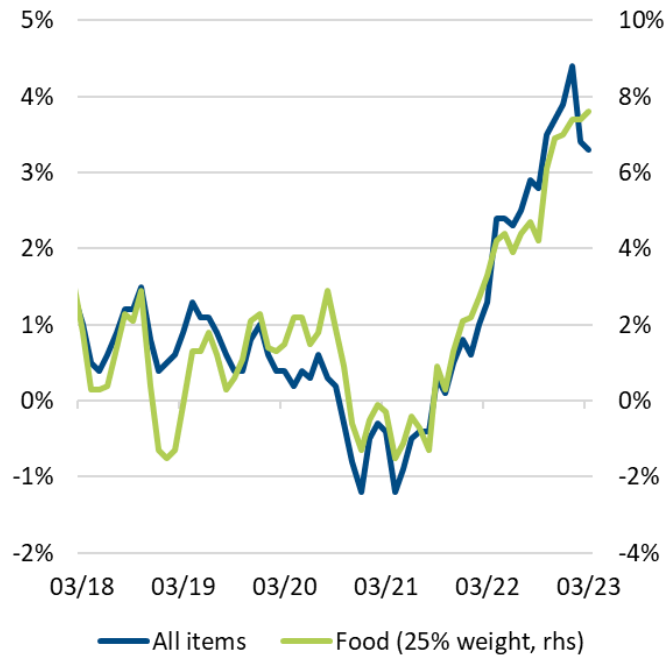
JGB yield curves by duration



Source: Bloomberg & BoJ, data as of 31.03.2023.

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Tokyo Inflation

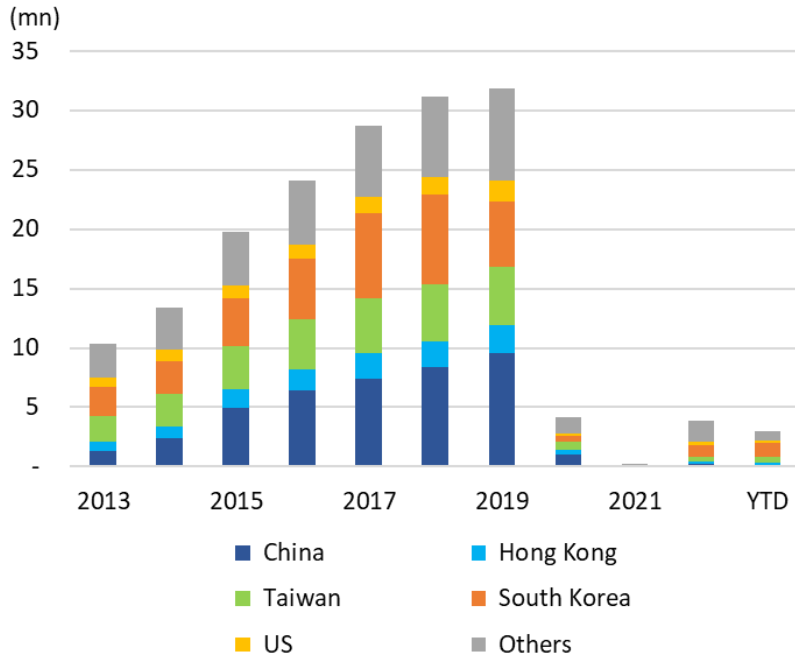


Source: Portal Site of Official Statistics of Japan, data s of 31.03.2023

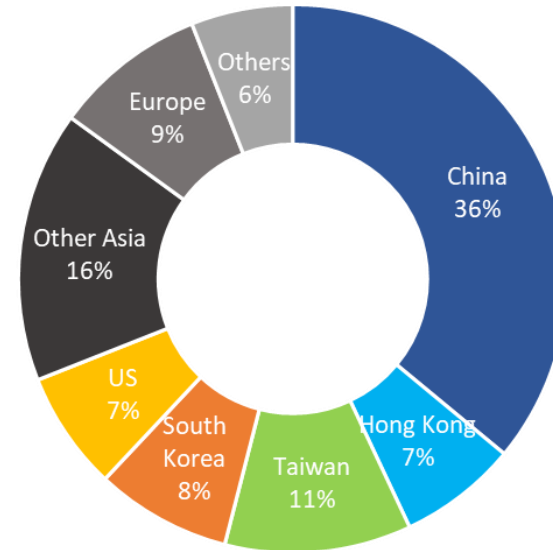
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Inbound

Arrivals by Country



Share of Spending by Nationality (in 2019)



Source: JNTO & BOJ, data as of 28.02.2023, 2023 data is preliminary numbers.

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Valuations

12-month forward Price Earnings multiples



12-month forward EPS estimates



Source: Bloomberg, data as of 31.03.2023

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Price to Book Multiple

TOPIX P/B multiple



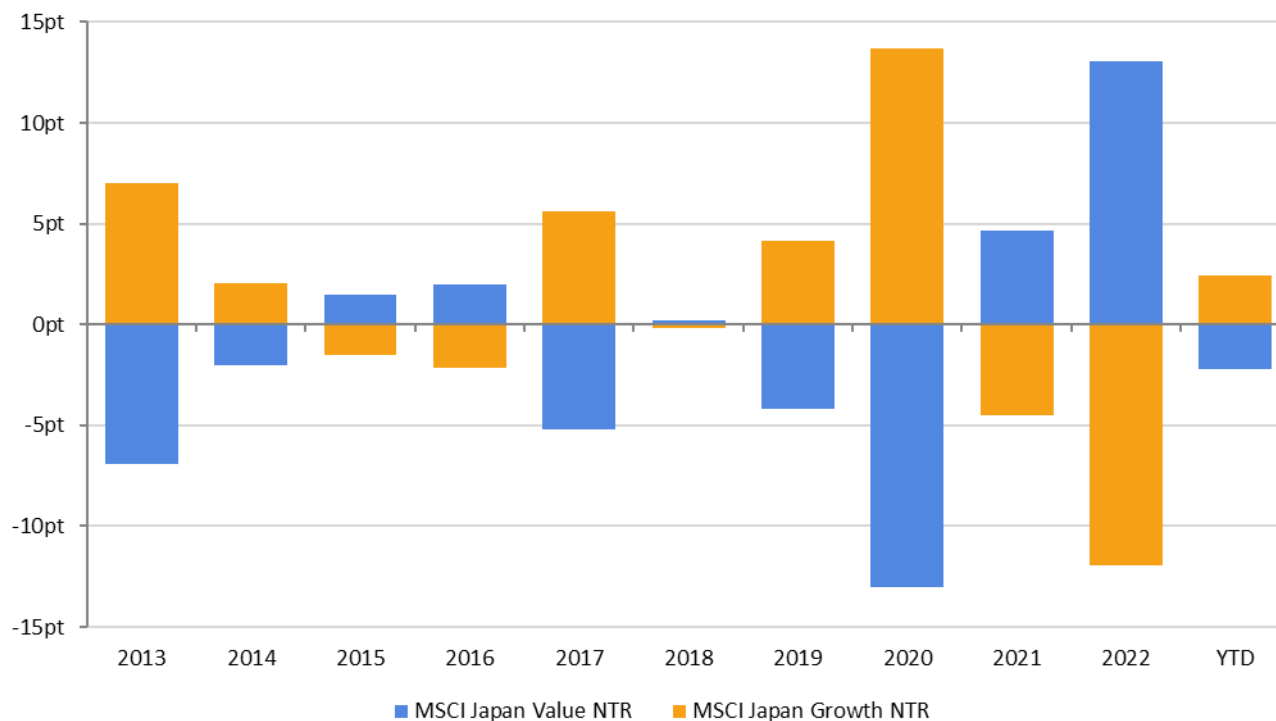
- Valuations close to median
- Lower earnings visibility for 2023
- Buyback activity back to pre-COVID period

Source: Bloomberg, data as of 31.03.2023

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Style: Value vs Growth

Relative performance to MSCI Japan



Source: Bloomberg, data as of 31.03.2023

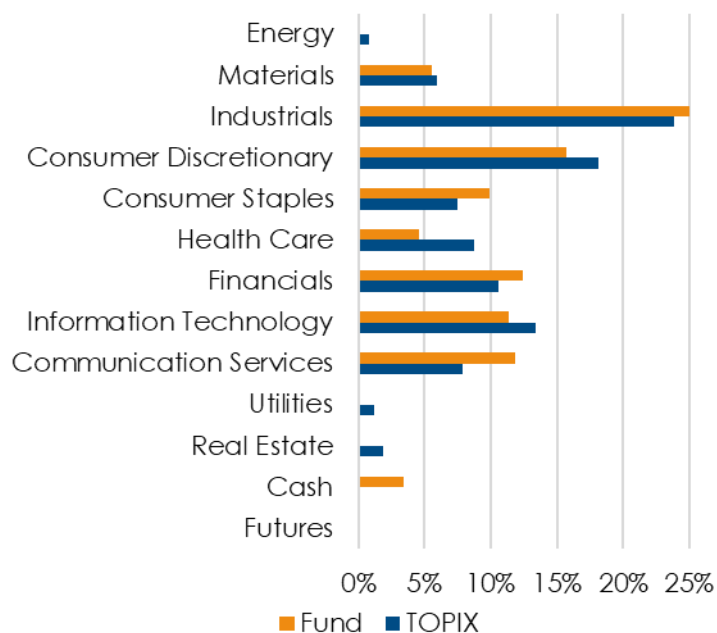
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3 Portfolio Review

Portfolio Breakdown

Eurizon Fund - Sustainable Japan Equity

GICS Sector Breakdown



Top 10

COMPANY	GICS SECTOR	WEIGHT%
TOYOTA MOTOR CORP	Consumer Discretionary	5.0
MIZUHO FINANCIAL GROUP INC	Financials	3.7
KDDI CORP	Communication Services	3.5
SONY GROUP CORP	Consumer Discretionary	3.2
RECRUIT HOLDINGS CO LTD	Industrials	3.2
BRIDGESTONE CORP	Consumer Discretionary	3.1
KOMATSU LTD	Industrials	3.0
SECOM CO LTD	Industrials	2.9
NINTENDO CO LTD	Communication Services	2.7
EAST JAPAN RAILWAY CO	Industrials	2.7

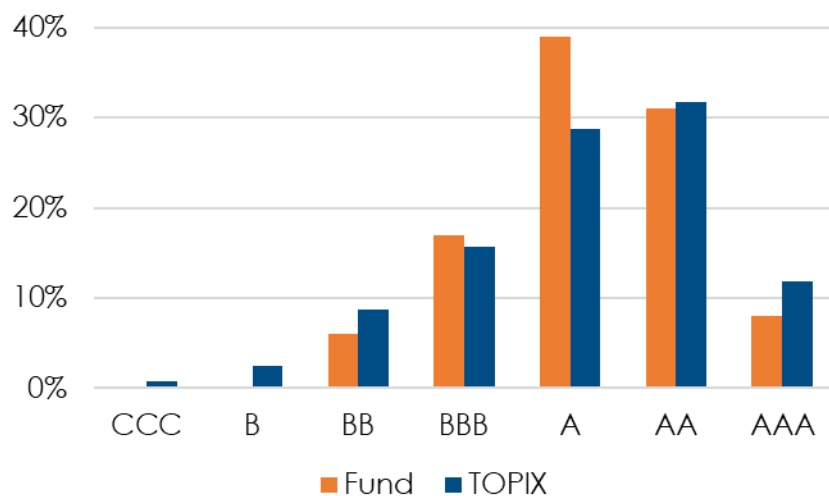
Source: Internal, data as of 31.03.2023

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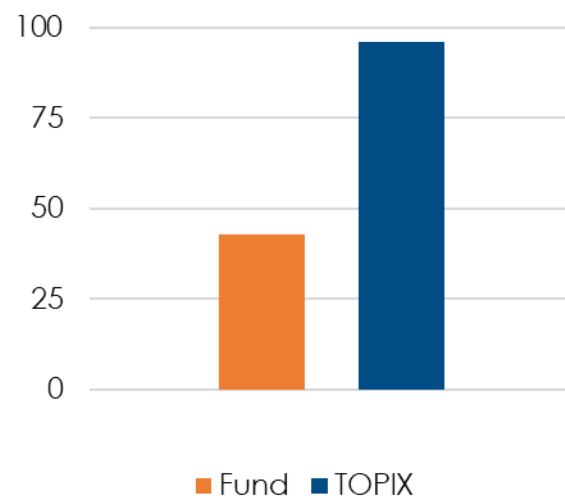
ESG Profile

The portfolio MSCI ESG Score is 7 vs. 6.9 for TOPIX

MSCI ESG Rating Distribution (ex cash.)



Carbon Intensity (t CO2/mn USD sales, Scope 1+2)



Source: MSCI ESG Manager, data as of 31.03.2023

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4 Appendix

Investment Guidelines



Investment universe

The fund mainly invests in Japanese equities. The fund generally favours direct investment but may at times invest through derivatives. Specifically, the fund normally invests at least 70% of total net assets in equities and equity-related instruments, including convertible bonds, that are traded or issued by companies that are located, or do most of their business, in Japan

Min 70%
Investment in equities and equity-related instruments traded or issued by companies located in Japan



Objective

To increase the value of your investment over time and to outperform Japanese equity markets, while focusing on environmental, social and governance (ESG) factors. The fund maintains an MSCI ESG score that is higher than that of its benchmark.



Benchmark

Topix Net Total Return Index



Active Weight

Individual security: +/- 2.5pt vs. benchmark



Tracking Error

Maximum 5% ex-ante

General Information



Legal Status	Fonds Commun de Placement (FCP) / UCITS
Home jurisdiction of the Fund	Luxemburg
ISIN Code	LU1543693680
Class Unit Inception Date	17/02/2017
Valuation	Daily
Bloomberg Code	EUREJRE LX
Entry Charge	-
Exit Charge	-
Ongoing Charge	0.87%
Management Fees	0.70%
Performance Fee	The performance fees are calculated in accordance with the methodology described in the prospectus using a participation rate of 20.00% of the positive difference between any returns the Fund achieves above the highest Net Asset Value per Unit reached at the end of the five previous calendar years starting from the one recorded at the end of the year 2018 and the TOPIX Index® per year.
Minimum initial subscription amount	3,000,000 EUR
Taxes	The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Please refer to your financial and tax advisor.
Management Company	Eurizon Capital S.A.
Investment Manager of the Sub-fund	Eurizon Capital SGR
Category	JAPAN EQUITY

Risks



The summary risk indicator is a guide to the level of risk of this product compared to other products.

It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class.

This rates the potential losses from future performance at a medium level, and poor market conditions could impact the capacity of Eurizon Capital S.A. to pay you.

This fund does not offer any form of capital protection against future negative market conditions and, as a consequence, you may lose part of or the entire amount originally invested.

If the fund is not able to pay you out what is due, you may lose your entire investment.

For more information about the risks as well as the fees and conditions, you must read Key Information Document (KID) and the Prospectus (please refer in particular to section 1.2 Investment Objective and Risks Factors)

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A Leading Player in the European Asset Management Space

Eurizon

Eurizon is the asset management company of the Intesa Sanpaolo Group. The company is specialized in managing products and services for retail and institutional customers and has continually innovated to grow and expand its business for 35 years. Benefiting of a widespread international presence, Eurizon speaks a worldwide language that keeps it up-to-date on all new investment scenarios.

Investment Philosophy

Eurizon interprets asset management by a diversified investment philosophy, relying on specific quality standards: an active management style, a structured asset management approach and a multi-strategy, multi-asset-class and multistyle portfolio management.

The Strategies

Eurizon adopts a diversified investment approach,, with recognized abilities in Euro Fixed Income, Multi-Asset and Quantitative Management.

The company manages three main strategies: Benchmark-driven management strategies, Flexible multi-asset and Multi-strategy strategies and Quantitative management strategies.

1985

FOUNDED IN

423

BN EUR AUM

189

INTERNATIONAL
TEAM MEMBERS

25

COUNTRIES CROSS-
BORDER ACTIVITY