

Fund fact sheet as of 28 February 2018

Quick facts

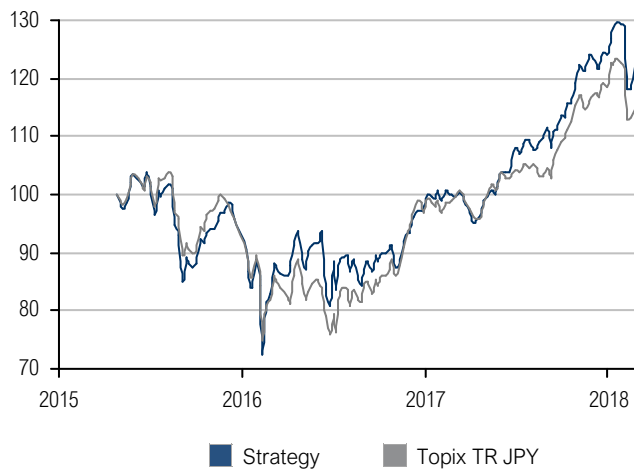
Fund category	Japan Equities
Reco. placement period	10 years
Last NAV (JPY)	5,562.00
NAV frequency	Daily
ISIN	LU1205057935
Distributed in	LU, CH
Risk and reward profile	 Lower Risk Higher Risk

Investment objective

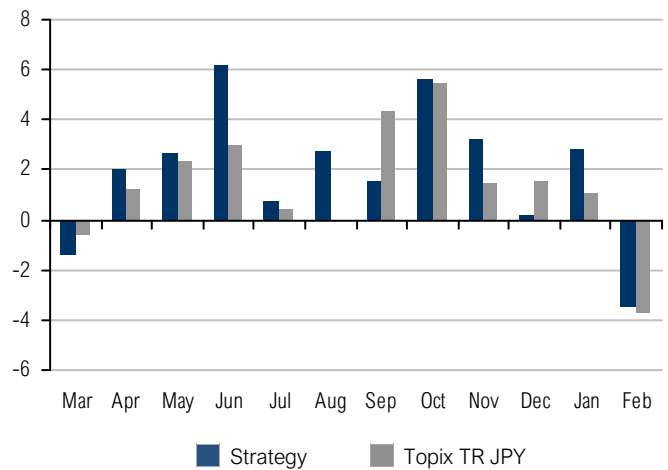
The Fund is a long-only open-ended fund incorporated in Luxembourg. Its objective is to carry out long-term investments and generate capital gains. The Fund seeks returns on an absolute basis in Japanese equities listed exclusively in Japan.

The approach is both thematic and bottom-up, with high conviction selection with between 35 and 40 names in the portfolio. It is benchmark and sector agnostic. The Fund offers great flexibility among market caps in which it has no limits, although it tries to keep a certain balance to capture market directions.

Cumulative performance



Monthly performances over 1 year (%)



Past performance (%) - Net returns

	Month-to-date	Year-to-date	Cumulative				Annualised		
			3 months	6 months	1 year	2 years	Origin	2 years	Origin
<i>Fund</i>	-3.42%	-0.70%							
<i>Benchmark</i>	-3.70%	-2.68%	-1.15%	10.38%	17.59%	40.75%	15.32%	18.63%	5.13%
<i>Strategy</i>	-3.42%	-0.70%	-0.50%	10.20%	24.99%	48.73%	23.19%	21.94%	7.59%

Strategy: From 24/04/2015 to 30/11/2017, the Saisei Strategy (the "Strategy") has been applied to the sub-fund "IGNI Saisei Japan Opportunities Fund", existing under the laws of the Grand Duchy of Luxembourg, and registered under Part II of the law dated December 17, 2010 on Undertakings for Collective Investment (the "2010 Law"). From 01/12/2017, following the merger by way of absorption of the "IGNI Saisei Japan Opportunities Fund" to the new sub-fund "Probus Investment Fund UCITS - Saisei Japan Equity" (UCITS fund), existing under the laws of the Grand Duchy of Luxembourg and registered under Part I of the 2010 Law, the Saisei Strategy is continuously applied to this new sub-fund.

Fund information

Legal form	SICAV UCITS
Fund domicile	Luxembourg
Fund launch date	01/12/2017
Strategy launch date	24/04/2015
Total AUM (JPY)	5,655,636,228.00
Fiscal year end	December 31st
Fund currency	JPY
Reference index	Topix TR JPY
Cut-off time	4pm Lux. Time
Investment manager	Probus Middle East Ltd
Investment advisor	Probus Compagnie SA
Custodian bank	Banque Degroof Petercam
Auditor	E&Y Luxembourg

Investment advisor

Frédéric Annoni

Frédéric joined Probus Group in 2016, bringing along his 32 years of experience in Japanese equities. Prior to Probus, Frédéric began his career at Nomura, spent 8 years at Nikko, where he helped set up the Japanese desk for Switzerland, and 9 years with Citigroup. He is currently in his 8th year managing the Saisei.

NAV analysis

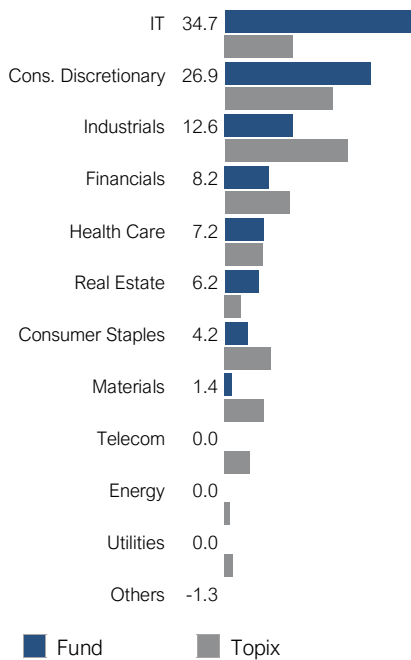
1 year figures	Strategy	Bench.	Value	Date
Annual volatility	9.32	8.20	52-week NAV high	5,938.00 23/01/2018
Beta	0.89		52-week NAV low	4,229.00 12/04/2017
Tracking error	5.90		Max drawdown (%)	-30.34 25/06/15-12/02/16
Information ratio	1.25			

PROBUS INVESTMENT FUND UCITS

Saisei Japan Equity A - JPY

February 2018

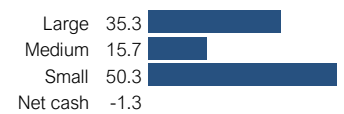
Sectorial allocation (%)



Geographical allocation (%)



Market cap breakdown (%)



Top 10 holdings (%)

Alps Electric Co Ltd	5.6	Investors Cloud	3.7
Sony	5.5	United Arrows	3.7
Sumitomo Mitsui Financ	5.3	V Technology	3.4
Murata Manufacturing	5.2	Konica Minolta	3.3
Gurunavi Inc	4.6	ABC-Mart	3.0
Top 5 positions	26.2	Top 10 positions (%)	43.3

Other information

ROE (weighted av.)	16.98
E2018 P/E Ratio	16.57x
Price-to-book ratio	1.78x
Dividend yield	1.51
Number of holdings	35

Available share classes

Class Name	ISIN	BLMG ticker	Curr.	Type	Launch date	Min. invest.	Mgt. fees	Perf. fees	OGC	Front / back load
A - JPY	LU1205057935	SAISEIA LX	JPY	A	01/12/2017	JPY 10 000 000	1.75%	10% with HWM*	2.21%**	Up to 3%/Nil
AH - EUR	LU1205058156	IGSAAHE LX	EUR	A	01/12/2017	EUR 100 000	1.75%	10% with HWM*	2.33%**	Up to 3%/Nil
AH - USD	LU1205058313	SAISEIAH LX	USD	A	01/12/2017	USD 100 000	1.75%	10% with HWM*	2.33%**	Up to 3%/Nil
I2H - EUR	LU1689249503	PRSI2HE LX	EUR	A	15/01/2018	EUR 2 000 000	1.10%	10% with HWM*	1.88%**	Up to 3%/Nil
I2H - USD	LU1739245006	PRSI2HU LX	USD	A	25/01/2018	USD 2 000 000	1.10%	10% with HWM*	1.88%**	Up to 3%/Nil

*HWM = High Water Mark, for more information please refer to the fund prospectus. **The above OGCs (Ongoing charges) are estimated.

Contact Probus Group

Geneva

Probus Compagnie S.A.
Place Saint Gervais 1
Case Postale 1988
CH-1211 Genève 1
+41 22 906 86 00

Dubai

Probus Middle East Limited
DIFC - Emirates Financial Towers
South Tower - Office 1101
P.O. Box 9519 - Dubai - UAE
+971 4 305 8000

Luxembourg

Probus Capital Management S.A.
16 rue Erasme
L-1468 Luxembourg
Luxembourg
+352 262 624 161

Disclaimer

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Switzerland: The Fund is compliant with Swiss law for distribution to qualified investors in Switzerland. The latest prospectus, the Articles of incorporation and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'île, 1204 Geneva. For the shares of the Fund distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva. Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account of the commissions and costs incurred on the issue and redemption of units.

Source: Probus Capital Management S.A. & MorningStar for performance figures.

Commentary

Following the large drop in US equity prices, Japanese indices witnessed a wave of selling orders which led to the largest fall since 2016. The Nikkei 225 dropped by a whopping -10% during the month, only to recoup more than half of the lost ground by the end the month, with a loss of -4.46% and a “milder” drop of -3.73% for the Topix. It is worth mentioning that the Topix Second Section has been more resilient, with a monthly performance of just -1.92%. Only two sectors finished the month on a positive note, i.e. Precision Instruments +1.91% and Pharmaceuticals +1.41%. The third best sector was Other Products (Nintendo) at -0.31%. The worst three sectors were to be found in Marine Transports -12.97%, Rubber (mostly Bridgestone) -9.16% and Mining -8.33%.

Of course, one of the corollaries of the nervousness witnessed in February was the weaker US\$ vs. the JPY, which ended the month at 107.11

It is usually not the intention of the Saisei monthly letter to comment the schizophrenic movements in the stock market, as the Fund finds it more relevant to analyse economic events, such as the recent earnings release by Corporate Japan and policy events such as the (expected?) re-appointment of BOJ governor aka Kuroda-san. On the former, Q3 (ending December 2017) showed a very good picture with Manufacturers leading the pack. Basically, the quarter blew up the consensus by an average of +33% globally. In more detail, net profits grew by a large +23.7% (+42.6% for Manufacturing), while overall sales and operating profits grew by 8.4% and 15.8% respectively. Also, the achievement ratio has reached an outstanding reading of 90.7% for the first 9 months. With only one quarter to go, it would take a disaster for Japanese earnings to prevent them from being revised upwards. Of course, all eyes will be on the financial year 2018 (March 2019 closing), and while it will be difficult to achieve the same kind of growth, Saisei believes that Corporate Japan will continue to show a solid earning's growth. Although the consensus seems to indicate EPS growth of approximately 9%, the Fund believes, all things being equal (i.e. no disruption in global growth, no JPY spike towards the mid-low 90 levels) that these numbers will eventually be revised-up again, like so often in the past. In the meantime, the market sells at even cheaper valuations, at around 14x forward PER. Admittedly, the market does not seem to be confident, as there is absolutely no multiple expansion so far. Saisei believes that once things settle down, investors will recognise this and finally put some premium on Japanese equities.

On the latter, BOJ governor Kuroda, has been re-elected by PM Abe and although this has still to be validated by the Diet, it seems like a done-deal. What are the implications? For one thing, pretty much of the same policy (until 2021?) is expected. And while other central banks, with different economic momentums seem already advanced in the so-called tapering process, Japan seems quietly but surely decided to continue with its current monetary policy. Although markets are always willing to know better, authorities in Japan do not seem ready to change the central bank's path. Meanwhile, BOJ's next deputy governor should not be underestimated; Mr. Wakatabe, age 52, is a prominent economic historian from the Waseda University who has published extensively. He has been a leading economist among Japan's tight group of deflationist economists for more than a decade, and remains a voice fully critical of the current conservative fiscal paradigm. A lot will probably be said about him going forward, but together with Mr. Amamiya, who is a highly competent technocrat from within the central bank, whom the governor relied upon to draw and design the policy measures, Saisei is pretty much convinced that the BOJ will ultimately be the last central bank to finally normalise its monetary policy. For sure not in the near future, especially when thinking about the possible increase in the VAT rate expected in October 2019.

As flagged in last month's letter, the Saisei Fund has its traditional higher volatility with the earnings season announcements. And this year, this was coupled with an extreme tension in the markets, courtesy to the US interest rates' rise and US equities' drop. Over the month, the Fund sold out all its position in Fuji Oil (no visibility), Stella Chemipha (disastrous earnings) and old darling Softbank (where it becomes more and more complicated to understand its business model?). On the other side, the Fund bought Capital Asset (a very interesting micro-cap, specialist in IT innovation for the financial industry and the life insurance industry in particular) and Daikyonishikawa (sole supplier of plastic parts for the Mazda group, with great valuations and ready to profit from Mazda's renewal models).

Over the month, the top three contributors were: V-Tech (which the Fund met in November 2017) +90bp, Investors Cloud (also met in November) +73bp and Peptidream +24bp. While the negative contributions were to be found in (old stars in battery theme) W-Scope -67bp, Stella Chemipha -62bp and Sosei -45bp.