

Krungsri Asset Management continues penetrating into the fund industry,  
teaming up with MUFG, Japan's leading fund  
to select small caps with high growth potential for Thai investors  
through KF-JPSCAP and KF-JPSCAPD

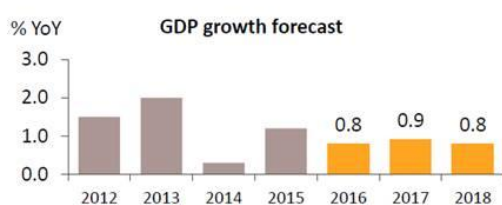


On 18 May 2017, Krungsri Asset Management Company Limited (KSAM) together with Krungsri Exclusive held a special seminar on the topic "Discover the Shining Opportunity in Japan, the Land of the Rising Sun," inviting investment gurus - Mr. Kenji Soejima, a representative from the analyst team of MUFG Japan Equity Small Cap Fund and Ms. Chatkaew Khrothong, KSAM's Director for Alternative Investment, to explain the investment situations in the Japanese stock market and provide MUFG Japan Equity Small Cap fund information. The fund's winning investment strategy and concept rely on careful selection of medium and small caps into its portfolio, allowing it to outperform the stock market consistently. This is to ensure Thai investors to make wise investment through either Krungsri Japan Small Cap Equity Fund (KF-JPSCAP) or Krungsri Japan Small Cap Equity Dividend Fund. These two open-ended funds will make their initial public offerings during 24-31 May, 2017.

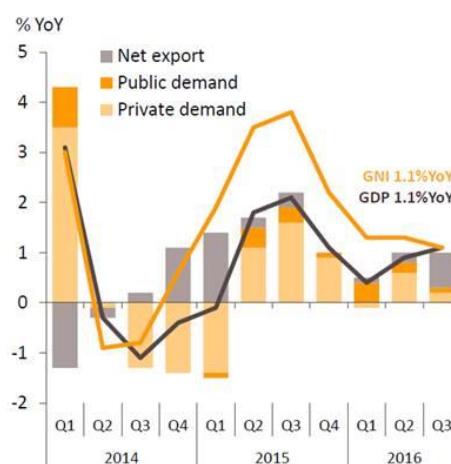
Ms. Chatkaew said that now is the right timing to invest in Japanese stock market, given the country's bright economic prospect and consistent economic recovery as a result of Japan's Prime Minister Shinzo Abe "Abenomics" the economic stimulus package which started from 2012 onwards. Since then, the Japanese economy has considerably gained its momentum. Although Japan's

economic recovery has not been highly certain, confidence has increased, driven by improvement in several key factors. The country's household spendings have risen, while its export has improved and the Japanese bourse is moving in a better direction. Japanese firms have paid less tax expenses as a result of the government policy slashing the corporate income tax from 40% to 30%, allowing them to make more profits and provide higher returns to their employees and shareholders. Employment rate has risen with wages increase, encouraging more domestic consumption. It is believed that the household consumption, which accounts for 80-100% of Japan's gross domestic product (GDP), will become the key factor to drive its economic growth.

## Japan economy remains in gradual recovery



- **GDP Growth has recovered gradually in 2016. In 2017, we expect to see GDP growth rate around 0.9%**
- **We see tailwinds from supportive policies, recovering external demand and continued momentum in consumption and public spending**



Source: Cabinet Office, IMF WEO Oct'16, Krungsri Research

**Remark: Please study fund features, performance, and risk before investing. Past performance is not an indicative of future performance.**

Besides, Japan's serious tourism promotion and being host of the Olympic Games in 2020 will play the key roles to drive the country's economic growth consistently. The number of foreign tourists travelling to Japan is forecast to reach 40 million in the year 2020 from 20 million last year. Based on the overall economic direction, most analysts overweigh more investment in Japan. For this reason, KSAM picks the leading equity fund in Japan - MUFG Japan Equity Small Cap Fund as an investment alternative for investors. This fund stands out with its specialization in selecting small and medium caps with high growth potential. Throughout the past years, the fund has outperformed the market's benchmark continuously.

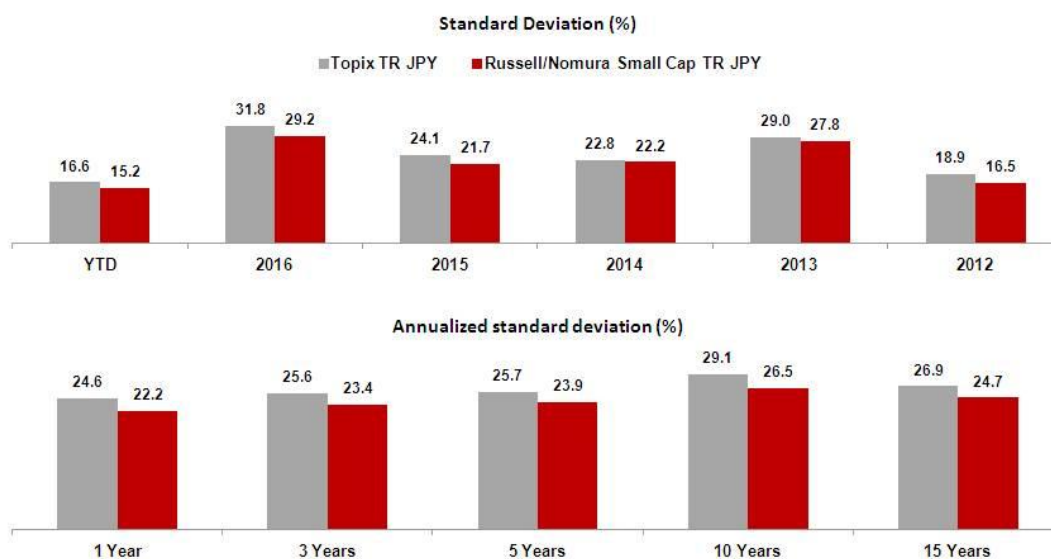
Mr. Soejima, who represents the fund's analyst team, explained that small and medium caps have potential for high growth with attractive returns, and high investment opportunity. Most investors

are more interested in big caps and there are only 150 firms in the stock market. However, 95.7% of the Japanese stock market or over 3,000 small and medium caps are still overlooked providing huge investment opportunity in small caps in Japan. Mr. Soejima noted that, in the longer term, small caps

## Why Japan Small Cap?

Lower volatility

Small caps have lower volatility than broad market over the time



Source: Morningstar as of 31 March 2016.

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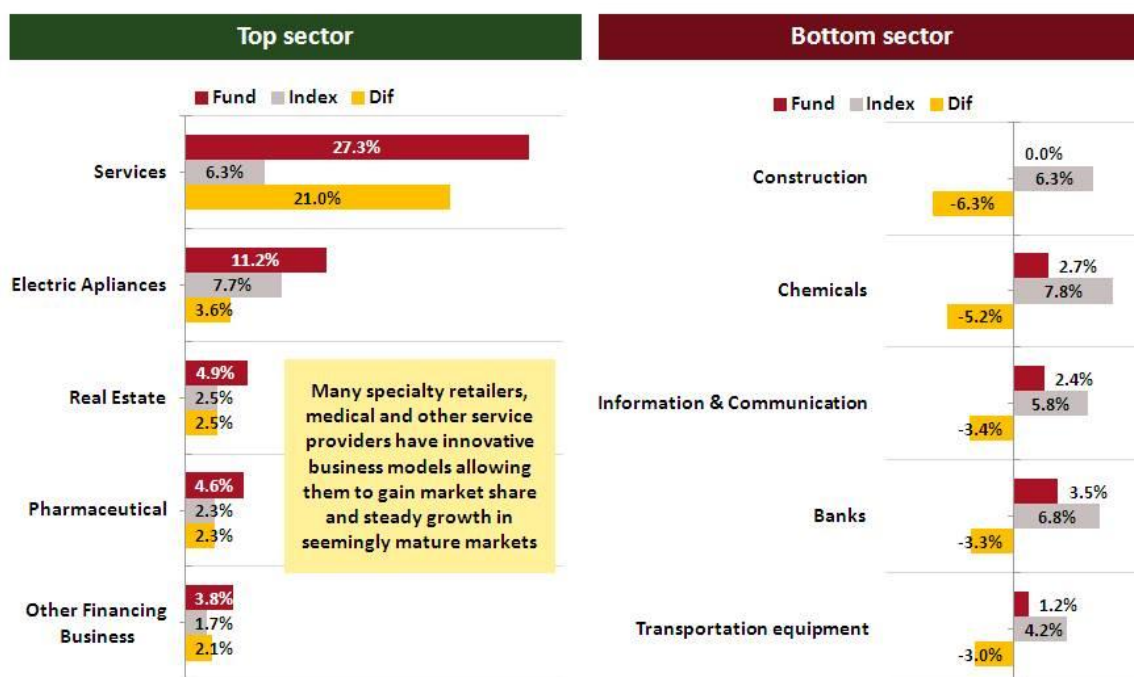
have chance to outperform and move with less volatility than big caps. Another key factor for the fund's excellent performance is its fund manager, Mr. Yoshiro Mizukami who has 26 years of investment experience, and his analyst team which deeply understands each listed firm's business characteristics and its industrial structure. They work together with the similar concept to intensively select stocks with resilient growth, are in the initial period for business expansion, and have sound fundamentals.

In addition, the fund's investment strategy differs from others, starting from defining investment themes. The fund will pick up outstanding firms in each theme and diversify its investment in potential businesses which grow in line with the economic situations. Currently, one interesting theme involves businesses which relate to solutions for labour shortage as a result of more aging population. For example, investment has been made in human resources management firms like Outsourcing!, JAC Recruitment and Relia Inc. which specialize in outsourcing and recruitment. The fund also invests in consulting firms doing succession plans and Mergers & Acquisitions (M&As), and businesses with

structural transformation like the automobile industry emphasizing on smart electronics and safety technologies. According to its analyses, many small-sized firms specialize in their industries and have promising growth potential in the future. The fund is also seeking the small and medium-sized companies which can grow along with the tourism industry, particularly those in the cosmetic products, pharmaceutical, food and beverages industries.

Presently, the fund has 98 small and medium caps from several industries in its portfolio, about 27.3% of which are stocks in services spanning from retailing, pharmaceutical to specialized consultancy services. Meanwhile, the fund holds no more than 3% of its portfolio in each stock for risk mitigation and investment diversification.

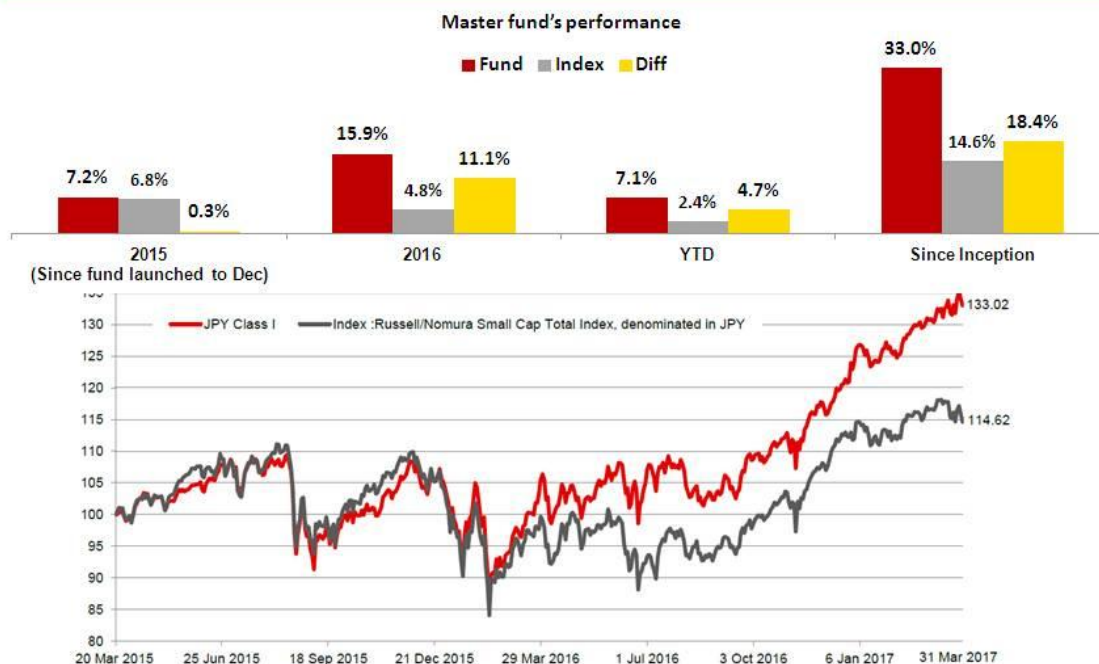
### Current Portfolio Positioning – Sector Allocation



Source: MUTB as of 31 Mar 17

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## Attractive track record of outperformance since inception



Source: MIBL, Bloomberg as of 31 Mar 17. Index: Russell/Nomura Small Cap Total Index. This shows the performance of the master fund, so it is not complied to AIMC's standard.

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With the said investment themes, the fund previously made excellent performance with an average return of 33%, above the market benchmark's at 18.4% from 2015 onwards. In 2016, the year of global challenges extending from Brexit and US presidential election with Mr. Donald Trump's victory, the fund's return was 16%, compared to the market return at merely 4.8%. From the beginning of this year to date, the fund's return is 14%, above the 7% return of the market for small caps and the 4% return of the Nikkei.

Investors who are interested in Japan's small caps may invest through either KF-JPSCAP or KF-JPSCAPD. KSAM hedges 90-95% of their portfolios against foreign exchange rates so that investors will gain returns as directly referred to the master fund and to ease concerns over foreign exchange risks arising from the depreciating yen. The Funds' IPO will be made during 24-31 May 2017.

For more details or to request for the Fund Prospectus, please contact:

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3. The fund may enter into a currency swap within discretion of fund manager which may incur transaction costs. The increased costs will reduce overall return. In absence of a currency swap, investors may lose or gain from foreign exchange or receive lower return than the amount initially invested.
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