

# GAM STAR JAPAN LEADERS

Marketing Material for professional / institutional investors

GAM Star Japan Leaders seeks sustainable, long-term capital appreciation by actively investing in a concentrated portfolio of Japanese companies that have a leading position in their sector. Portfolio manager, Ernst Glanzmann, and his team aim to identify high quality companies that are inexpensively valued at the time of purchase, and they believe will deliver attractive returns over the long term.

## Reasons to invest

- **Japanese growth:** many Japanese companies are delivering strong growth while at low price-earnings multiples, meaning valuations are attractive especially compared to other developed markets.
- **Improved corporate governance:** an evolving corporate culture and a growing number of activist shareholders have prompted companies to refocus on returns on equity and distribution of capital.
- **Solid investments:** high quality equity investing focuses on successful businesses, which are growing solidly and are backed up by strong financial balance sheets and capable management.
- **Potential for attractive returns:** selecting value stocks that are considered undervalued by the market creates an opportunity to outperform the market.

## Our edge

- **Highly experienced team:** the specialist investment team has over 20 years' experience investing in Japanese equities.
- **Disciplined process:** the team focuses only on businesses which they believe have superior long-term growth potential and show a high return on equity and low leverage. Such stocks are selected only at a significant discount to calculated fair value.
- **Equal weighting approach:** the concentrated portfolio is equally weighted by NAV and rebalanced on an annual basis to ensure diversification across business models and mitigate single position risk.
- **Long-term horizon:** the team's investment horizon is typically more than five years, in a bid to maximise returns by investing in companies believed capable of achieving long-term, sustainable growth.

## Investment team



GAM Star Japan Leaders is managed by the Japan equity team, led by Ernst Glanzmann. Ernst has built an outstanding track record of strong returns versus the benchmark, during his 25 years of analysing and investing in Japanese equities. The team also comprises portfolio manager Reiko Mito and junior portfolio manager Lukas Knüppel.

The team has in-depth knowledge of the Japanese corporate sector, equity market and economy, based on many years of continuous analysis, supported by company visits and meetings with senior management.

The team is responsible for research, stock selection, trading and risk management. However, an additional risk oversight function is performed independently by GAM's risk teams.

Find out more [gam.com/en/featured-funds](http://gam.com/en/featured-funds)

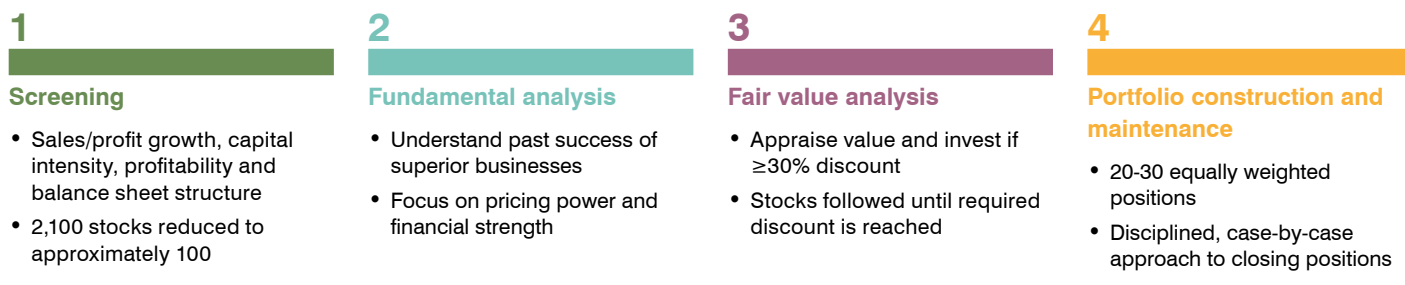
\* Full legal name: GAM Star Fund plc. - GAM Star Japan Leaders

## Investment philosophy

The team believes that a small number of leading companies deliver superior portfolio returns over the long term, if purchased for ‘good value’. For this buy-and-hold strategy, the team applies key success factors including stringent selection based on financial criteria; deep analysis of a business model’s risks and benefits (including pricing power and financial strength); buying ‘good value’ stocks when valuations are cheap; and patience (holding stocks as long as no valid reason exists to sell). Through this approach, the team believes it is possible to participate in the value creation process of superior business models and deliver attractive returns for investors.

## Investment process

The team uses a disciplined, bottom-up process, which starts with a quantitative screening of the Topix universe. Using four financial filters, around 100 successful businesses are identified. In-depth, fundamental company analysis is conducted, focusing on pricing power and financial strength, to understand the past success of these businesses. If the business model is sustainable, the team applies fair value analysis, using their own estimates. An investment is made when a company’s price offers a minimum of 30% discount versus its calculated fair value. The concentrated portfolio of 20-30 large and mid-cap stocks is diversified across business models and rebalanced annually to equal weights.



We believe that a small number of leading firms deliver superior portfolio returns over a longer holding period, if purchased for good value.”

**Ernst Glanzmann**  
Investment Director

For more information, please visit [GAM.com](http://GAM.com)

Please read the legal information on the following pages.

## Fund facts

Fund type	UCITS
Fund managers	Ernst Glanzmann and Reiko Mito (since 1 June 2015)
Inception date	4 Mar 1992
Currency classes <sup>1</sup>	JPY (base), CHF, GBP, EUR and USD classes are available
Index for comparison	Tokyo Stock Exchange (TOPIX) 1st section
Dealing	Each business day
Investment manager and sponsor fees <sup>2</sup>	Institutional shares: 0.85% Ordinary shares: 1.35%

<sup>1</sup> Currency hedging may be employed to protect against exchange rate risk. Please contact your client manager for an exhaustive list of currency classes available.

<sup>2</sup> Excludes fees related to the administration and the custody of the fund – please see Prospectus for further details on fees.

**Important legal information:**

**Currency Risk - Non Base Currency Share Class:** Non-base currency share classes may or may not be hedged to the base currency of the Fund. Changes in exchange rates will have an impact on the value of shares in the Fund which are not denominated in the base currency. Where hedging strategies are employed, they may not be fully effective.

**Concentration Risk:** Concentration in a limited number of securities and industry sectors may result in more volatility than investing in broadly diversified Funds.

**Single Country Risk:** Investment in companies of a single country may be subject to greater political, social, economic and tax risks and may be more volatile than investments in more broadly diversified funds. Local tax law may change retrospectively and without notice.

**Equity:** Investments in equities (directly or indirectly via derivatives) may be subject to significant fluctuations in value.

**Capital at risk:** All financial investments involve an element of risk. Therefore, the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed.

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