Summary of Monthly Update November 2024

Outlook

Focus on Alpha, not Beta under Changing World

- Trump sweep in the US and defeat of ruling party in Japan, a beginning of something New
- Making directional bet on financial market would be risky entering "new world"
- We think best way to play equity market is to focus on business value (alpha)
- Whatever happens in the world, certain businesses grow as far as they add value
- Many Japanese companies showed strong growth even during lost 3 decades

Research

Opportunities related to "Change" even in "Changing" world

- Growing number of companies need to be more efficient with increasing headwinds by divesting "non-core business"
- Non-core assets include production facilities of non-core business as well as real estate holdings on balance sheet
- Beneficiary from the trend is property investigation and land cleaning operators since growing sellers are in position to verify clean-ness of the land these days
- Portfolio is well positioned to exploit different type of opportunities from such trends at inexpensive valuation

Portfolio Review

Another TOB announced In fact, all in the portfolio can be TARGET

- Biggest contribution to portfolio came from announcement of TOB of Macromill 3978 by private fund for c.45% premium
- Growing number of private equity funds are engaging in public market looking at large valuation gap between private and public market
- We would not be surprised to see any of our portfolio holdings be target of TOB going forward given our approach in stock selection in terms of business value and valuation
- Key is "scarcity" of business value

Four Seasons Asia Investment