Nippon Growth (UCITS) Fund

August 2021 Fund Commentary

Market Development

In early August, we saw a technical rebound from the decline witnessed at the end of last month, which was a result of an increase in COVID-19 infections. In addition, brisk Q1 results came out and the market continued the rally.

In mid-August, the COVID-19 situation worsened as new infections increased rapidly, causing the market to decline. Even though the Dow hit a record high on the back of the US senate passing the $1 trillion infrastructure package, the upside to Japan was limited. When Toyota announced a 40% production cut compared to its initial plan for September, the market reacted negatively, citing a risk of economic slowdown.

In late August, the Japanese market rallied, seemingly following the peak of new COVID-19 infections, and from following the US market which reacted positively to Fed Chair Powell's statement that it will not hurry to raise interest rates.

In August, the TOPIX closed the month at 1,960.70 (up 3.14% MoM) and the Nikkei 225 at 28,089.54 (up 2.95% MoM). 25 out of 33 sectors gained. The top five performers were Marine Transportation, Steel, Precision Instrument, Services and Pharmaceuticals. The bottom five performers were Oil, Pulp & Paper, Non-Ferrous Metals, Transportation Equipment and Other Products.

The 10-year JGB yield began the month at 0.022, and at one point declined to 0.006 as the US 10-year treasury yield declined. However, on 4th August, when the Fed vice chair commented that he was surprised by how much the US Treasury yields had fallen, JGB yields appreciated, along with US Treasury yields, to over 0.036 before settling and closing the month at 0.025. The JPY against the USD was 109.72 at the beginning of August, and ended the month at 110.02. The Crude oil price started at 73.95 and declined gradually as COVID-19 infections increased globally and concerns arose over the economic recovery. At one point, the price dipped below 62 following Toyota's announcement over production cuts, and economic sensitive names were subsequently sold off, before recovering quickly to end the month at 68.50.

Market Outlook

On 3rd September, Mr. Yoshihide Suga announced that he would step down as Prime Minister, and would not seek re-election in the Liberal Democratic Party leadership race, scheduled for 29th September. His approval ratio has fallen below 30% as he failed to rein in Japan's COVID-19 outbreak. Some commentators criticised his lack of leadership and communication skills. Although the LDP was defeated in a few by-elections this year, the Japanese stock market maintained its strong momentum following his announcement, as there is very little chance of the LDP coalition group losing the majority in the next general election, due to be held by the end of November 2021.

The economy remains lacklustre as the State of Emergency was extended to the end of September for Tokyo and many other prefectures. According to the Economy Watchers Survey of Business announced on 8th September, the overall current conditions Diffusion Index (DI) for August 2021 dropped sharply by 13.7 points to 34.7; the lowest since January 2021 (31.2). The business condition outlook DI also declined by 4.7 points to 43.7. That said, there are some positive signs emerging on COVID-19 in Japan. New daily infections in Japan for Monday 13th September have declined sharply to 4,163 from the peak of

Yutaka Uda

Portfolio Manager

Maiko Uda

Assistant Portfolio Manager

Investment Approach

Access to Mr. Yutaka Uda's 40 years' investment experience in Japanese equities. Portfolio construction combines the long term macroeconomic view of the Investment Adviser with a bottom up perspective of stock research based on fundamental analysis.

Investment Objective

To achieve long-term capital growth through active sector allocation and stock selection resulting from changes in economic conditions.

A sub-fund of E.I. Sturdza Funds plc.

Registered in Ireland.

Contact

E.I. Sturdza Strategic Management Limited

+44 1481 722 322

info@ericsturdza.com

ericsturdza.com

16,869 on Monday 23rd August, as vaccinations are rapidly increasing. Mr. Nishimura, the Minister of State for Economic and Fiscal Policy, reported on 12th September that the vaccination rate (double dose) in Japan exceeded 50% now and would be over 60% by the end of September.

Our World in Data states that as of 12th September, the vaccination rates (double dose) against total population were 65% in UK, 62% in Germany and 53% in the USA. Judging from national character, we expect that Japan's vaccination rate will rise to over 80% by the end of 2021, probably the highest level among major economies.

The Japanese economy is likely to gradually return to normal conditions from October 2021. One of the major reasons why the Japanese market has been underperforming the US and European markets between March and August 2021 is likely to disappear. In most cases, the general election should be a strong catalyst for the rally. The FRB in the US may start "tapering" within a few months, which could have a temporary impact on global markets, but the impact on the Japanese market should be limited. Instead, we continue to carefully watch the direction of the infrastructure bill in the US, as it could decide the direction of the global economy and market characteristics.

Portfolio Strategy

The net asset value per unit for the Nippon Growth (UCITS) Fund on a Japanese Yen basis as of 31st August 2021 went up 6.35%* compared with that of 30th July, whilst the TOPIX TR index rose 3.17% during the same period.

The Fund added one new name to the portfolio (JFE Holdings), with no stocks sold out.

The Fund continues to be overweight in economically sensitive sectors with cheap valuations such as Trading Companies, Marine Transportation, Iron & Steel and Banking, while defensive sectors such as Foods, Pharmaceuticals, Retail and Utilities continue to be avoided. The Fund takes a cautious stance on IT related sectors.

* A JPY Class. For detailed performance information based on complete 12-month periods since inception, please refer to page 3.

Performance Data As at end of August 2021

Annualised Returns %

	1M	1Y	3Y	5Y	10Y	15Y	Annualised Inception
A JPY Class	6.35	34.54	6.39	9.96	9.31	1.34	4.83
Benchmark	3.17	23.79	6.63	10.55	12.21	3.31	4.54

Calendar Year Returns %

	YTD 2021	2020	2019	2018	2017	2016	Fund Inception	Strategy Inception
A JPY Class	23.79	-5.55	19.10	-20.67	20.88	-2.21	111.57	157.01
Benchmark	9.90	7.39	18.12	-15.97	22.23	0.31	177.16	143.31

12 Month Returns %

	01/09/2020 - 31/08/2021	01/09/2019 - 31/08/2020	01/09/2018 - 31/08/2019	01/09/2017 - 31/08/2018	01/09/2016 - 31/08/2017
A JPY Class	34.54	2.22	-12.43	5.66	26.33
Benchmark	23.79	9.78	-10.78	9.58	24.31

Benchmark: TOPIX TR JPY

Source of graphs and tables: Morningstar.
Past performance may not be a reliable guide to future performance. Returns could be reduced, or losses incurred, due to currency fluctuations.
The performances presented are shown after deduction of ongoing charges and performance fees. Any entry or exit fees are excluded from this calculation. Dividends reinvested. Benchmark: TOPIX TR JPY. Same reference period as for the class: Net Return, dividend reinvested. The reference benchmark of this class is used for performance comparison purposes only. The performance of the benchmark is not indicative of past or future performance of the Fund. Reference periods:
- Annualised Returns as of the date of the reporting over the defined period. Data less than 1 year is not annualised.
- Calendar Year Returns: Annual Performance for the stated calendar year.
- 12 Month Returns: performance for the stated time frame.

When the currency presented differs from yours, there is a currency risk. Class currency hedging is used on non base currency classes aiming to reduce the impact of currency risk. The performance and NAVs of all classes may be obtained at ericsturdza.com. Please refer to the glossary at ericsturdza.com/glossary for further explanation on specific terminologies.

Risk & Reward Indicator ("SRRI") & Inherent Risks

1	2	3	4	5	**6**	7

< Lower Risk — Higher Risk >
Potentially lower rewards — Potentially higher rewards

The risk indicator is based on historical data and may not be a reliable indicator of the future risk profile of the Fund, is not guaranteed and may change over time. The lowest category does not mean risk free.
The risk indicator for the Fund is set as 6, which reflects the historic price behaviour of the Fund. The sub-fund may be subject to high volatility.
Factors that affect the indicator include: Investments in equity securities are subject to fluctuations in value dependent on market conditions which will directly affect the value of investments. The Fund invests with a focus on a single country which may increase the risk of investing when compared to a fund that invests in a globally diversified range of countries. The Fund invests in a concentrated portfolio that may potentially focus on one or more sectors or industries. The range of investments may increase the risk profile of the Fund compared to a more diversified portfolio across sectors and industries. Additional Risks: Currency, Custody and Settlement, Financial Derivatives, Liquidity, Operational and Taxation risks.
For more information about potential risks, please refer to the Key Investor Information Document (KIID), the Prospectus and Supplement available at www.ericsturdza.com/literature/.

Important Information - The views and statements contained herein are those of Evarich Asset Management in their capacity as Investment Advisers to the Funds as of 14/09/2021 and are based on internal research and modelling.

 The information contained herein where relative to Morningstar: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance may not be a reliable guide to future performance. Returns could be reduced, or losses incurred, due to currency fluctuations. Morningstar is an independent provider of investment analysis. The Morningstar rating is a quantitative assessment of past performance that takes into account risk and inputted costs. It does not take into account qualitative elements and is calculated on the basis of a (mathematical) formula. The classes are categorised and compared with similar funds in the asset class, based on their score and they are awarded one to five stars. In each category the top 10% receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the last 10% 1 star. The rating is calculated monthly on the basis of historical performance over 3, 5 and 10 years and does not take into account the future performance.

Warning - The contents of this document have neither been reviewed nor endorsed by the Central Bank of Ireland or any other regulatory authority. If you are in any doubt about any of the content of this document you should obtain independent professional advice.

Bloomberg® Disclaimer - Data presented herein is obtained via Bloomberg PORT where stated. Any such data is subject to change from the date of production of this document. Such changes may impact upon comparative data between the investment and benchmark presented. Such information therefore is provided for reference purposes only, is subject to change and should not be relied upon for an investment decision.

TOPIX Disclaimer - The TOPIX Index Value and the TOPIX Trademarks are subject to the intellectual property rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX Index such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Trademarks. The Tokyo Stock Exchange, Inc. shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Index Value or to change the TOPIX Trademarks or cease the use thereof. The Tokyo Stock Exchange, Inc. makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX Index Value and the TOPIX Trademarks or as to the figure at which the TOPIX Index Value stands on any particular day. The Tokyo Stock Exchange, Inc. gives no assurance regarding accuracy or completeness of the TOPIX Index Value and data contained therein. Further, the Tokyo Stock Exchange, Inc. shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value. The Licensed Products are not in any way sponsored, endorsed or promoted by the Tokyo Stock Exchange, Inc. The Tokyo Stock Exchange, Inc. shall not bear any obligation to give an explanation of the Products or an advice on investments to any purchaser of the Products or to the public. The Tokyo Stock Exchange, Inc. neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Products, for calculation of the TOPIX Value Index. Including but not limited to the foregoing, the Tokyo Stock Exchange, Inc. shall not be responsible for any damage resulting from the issue and sale of the Products.

General Disclaimer This Annualised Inception performance figures are from the strategy inception in 2001, when the Nippon Growth Fund was authorised by the Guernsey Financial Services Commission as an open ended collective investment scheme using the same strategy as the Fund. Performance since the 22 October 2009 is that of the Nippon Growth (UCITS) Fund. Strategy Inception performance is not annualised.

This marketing communication relates to E.I. Sturdza Funds Plc (the "Company") and its sub-fund the Nippon Growth UCITS Fund (the "Fund"), an open-ended umbrella investment company with variable capital and segregated liability between Funds incorporated with limited liability in Ireland under the Companies Act 2014 with registration number 461518 and established as an undertaking for collective investment in transferable securities (UCITS) pursuant to the European Directive no 2009/65/EC as amended (the "UCITS directive"). A decision may be taken at any time to terminate the arrangements made for the marketing of the Fund in any EEA Member State in which it is currently marketed. In such circumstances, Shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the Fund free of any charges or deductions for at least 30 working days from the date of such notification.

This document is issued by E.I. Sturdza Funds Plc, registered for distribution in the following countries: Austria, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. The Fund has appointed E.I. Sturdza Strategic Management Limited, as investment manager and global distributor which is regulated by the Guernsey Financial Services Commission and registered under Company Number: 35985. E.I. Sturdza Strategic Management Limited's registered office address is 3rd Floor, Maison Trinity, Rue du Pre, St Peter Port, Guernsey GY1 1LT. E.I. Sturdza Strategic Management Limited is part of the Eric Sturdza Banking Group. E.I. Sturdza Strategic Management Limited has appointed E.I. Sturdza Investments Limited as sub-distributor. This document is approved for issue in the United Kingdom to professional investors only by E.I. Sturdza Investments Limited, Claridge House, 32 Davies Street, London, W1K 4ND which is an appointed representative of Mirabella Advisers LLP which is authorised and regulated by the Financial Conduct Authority. The information contained herein is estimated, unaudited and may be subject to change.

This document is not intended for U.S Persons pursuant to Regulation S of the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended (https://www.sec.gov). The Fund presented in this document is not registered under United States federal securities laws or any other applicable law in the states, territories and possessions of the United States of America. Consequently, it cannot be marketed directly or indirectly in the United States (including its territories and possessions or areas subject to its jurisdiction) and to or for the benefit of U.S. Persons. This document is for information purposes only and does not constitute a recommendation to buy, sell or otherwise apply for shares in the Fund and any of the sub-funds, nor does it constitute investment, legal or tax advice. The information contained in this document reflects the opinion of E.I. Sturdza Strategic Management Limited and may change without notice.

The Fund is subject to tax laws and regulations of Ireland. Depending on your home country of residence, this might have an impact on your investment. In general, the tax treatment depends on the individual circumstances of each potential investor and may be subject to change in the future. E.I. Sturdza Strategic Management Limited has not considered the suitability of investment against your individual needs and risk tolerance. Any potential investor should assess the suitability of this investment solution to his/her risk profile. Investment in the Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved (as detailed under the section headed "Risk Factors" in the Prospectus and Supplement), can tolerate a high level of volatility and believe that the investment is suitable based on the investment objectives and financial needs. Please consult your financial and tax adviser.

Investing in the Fund and any other sub-funds involves risks including the possible loss of capital. There can be no assurance that a sub-fund's investment objective will be achieved or that there will be a return on capital. The value of an investment may go down as well as up and you may not get back the amount you originally invested. Past performance and forecasts are not reliable indicators of future results. Performance figures do not take into account commissions, costs incurred on the issue and redemption, nor local taxes. Please note that performance figures, reference benchmarks and asset allocation are provided for information purposes only. Before any investment decisions, you must read the Fund Prospectus, the relevant Key Investor Information Documents (KIID)s, the articles of incorporation as well as the annual and semi-annual reports, to find out about the inherent risks, fees and conditions of the Fund. A copy of the English version of the prospectus of the Fund and the KIID is available on www.ericsturdza.com/literature/ and may also be obtained from info@ericsturdza.com. Where required under national rules, the KIID is also made available in the local language of the relevant EEA Member State. KIIDs must be made available to the subscriber prior to subscription. A summary of investor rights associated with an investment in the Fund shall be available in English from Eric Sturdza Investments by contacting info@ericsturdza.com or via https://ericsturdza.com/shareholder-rights/.

Switzerland - The Fund is registered with the FINMA for public distribution to Swiss non-qualified investors. The Swiss Representative and Swiss Paying Agent are Banque Eric Sturdza SA, Rue du Rhône 112, P.O.Box 3024, CH-1211 Geneva 3. Copies of the Swiss Prospectus, Swiss KIIDs, Swiss articles of association, Swiss annual and semi-annual reports may be obtained free of charge in English and French at the Swiss representative or at www.ericsturdza.com. Publication of subscription/redemption prices and NAV: www.fundinfo.com

United Kingdom - The Fund is a Recognised fund in the United Kingdom under the Financial Services and Markets Act 2000. This document is a financial promotion and has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000, by E.I. Sturdza Strategic Management Limited, which is an Authorised Schedule 5 entity. UK regulation for the protection of retail clients in the UK and the compensation available under the UK Financial Services Compensation scheme does not apply in respect of any investment or services provided by an overseas person. FE Fundinfo (UK) Ltd – Facilities Agent.