



## FROM FOUR SEASONS ASIA INVESTMENT

### “CHANGE” puts sunshine onto companies under shadow for long time

In 2025, our strategy enjoyed one of best years in terms of absolute return as well as relative performance versus benchmark / peer groups. There was “CHANGE” behind the investment results, which we focus as source of return.

Net Return (JPY) as of 28th Nov 2025	YTD
<b>Long Only, UCITS (UI-Four Seasons Alpha Max Japan Fund)</b>	<b>+42.18%</b>
Topix Total Return Index	+24.18%
<i>Excess</i>	<i>+1800bps</i>

YTD return : No.1 among 88 UCITS JPY Japanese equity funds (based on screening by FSAI)

Until autumn of 2022, Nvidia used to be recognized as “gaming chip” manufacturer in equity market. As in below stock chart, the company changed its status in the market since the launch of ChatGPT. The company became “AI core stock” in the equity market and stock price sky-rocketed like releasing energy accumulated for long time.



Nvidia stock 15 year chart: source Bloomberg

In fact, there are growing number of Japanese stocks which show similar price actions like Nvidia these days. Below is the case for Mitsubishi Heavy Industry: 7011.



It's stock price started moving upward with changing geopolitical landscape and Japan's defense budget increase reaching above 2% of GDP, in early 2022.

There was decade's-long winter period for the company, which struggled to restructure business portfolio in order to turnaround profitability. Especially, defense business segment used to suffer with low growth and low profitability. It was quite rare to see research report prepared by sell-side analysts. However, all the sudden, the company became a major defense related stock in the equity market by reflecting the fact the company's fundamentals as top defense equipment manufacturer in Japan.

We are all in the period of "CHANGE". This "CHANGE" itself is giving spotlights onto the companies under shadow for long time. It is like rotation and revolution of the earth is creating day and night, four seasons. When it comes to equity market, the longer the stock is under shadow, the bigger the impact of spotlight will be. Why? The fact that no-one pays attention in the past would mean no-one owns the stock. This is what is described in the stock charts above.

We name ourselves as "FOUR SEASONS ASIA INVESTMENT" since our investment philosophy is to capture changes as source of return among neglected companies/industries. 2025 was the typical year that our investment philosophy was well realized in terms of investment results.

Below are signposts of "CHANGE" in equity market history with some focuses on Japanese equity for your reference to think about 2026 onwards. After all, all we can say about the financial market is that "CHANGE is the only constant".

1979 ; "Death of Equity" became the title of *Business Week* magazine to describe sluggish US equity market.

1990 ; Bank of Japan's discount rate reached 6% at the peak of Japanese bubble and retail investors scrambled for 10% yielding bank notes.

1996 ; FRB former chairman Greenspan described US equity market as "Irrational Exuberance". At that time, Dow Jone index was around 6,500 while current level is around 45,000 as of end of November 2025

1998-2000 ; Millenium internet bubble. Any stock related to "internet" became like rock-star and stock price went up very strongly. After the bubble burst, huge damage was made on equity portfolio although that was the time to see start of recovery of "Old Economy" stocks.

*2009 ; At the Lehman Shock, real estate stocks were disliked and some Japanese REITs were yielding above 20% due to concern over potential lack of support from banks.*

There was also earth quake disaster, Abenomics, COVID19 and Trump tariff. Simply, CHANGE is the only constant.

These “CHANGES” bring about day/night and seasons to all, including business companies. Some companies are under shadow for long time. Some companies need to wait for time being ripe. Like scouting young athletes who are not recognized well yet, it is stock picking skill to identify potential beneficiary companies from “CHANGE”. There are good amounts of companies which are sharpening their edges under shadow, preparing for spotlights in the future. Those will be ones which will generate robust return in the future.

We think that the current Japanese equity market contains good size of beneficiaries from “CHANGES” of the world. We know there are some conservative views on equity market outlook for 2026. Our view is a bit different. Given the fact that everyone can list up many potential risks for Year 2026, it would be the year that we would see surprises in positive manners. Opportunities are available for those who select stock right in terms of companies’ edges and exposure to CHANGES.

**We wish you and your family a pleasant and prosperous year in 2026.**

Shigeka Koda/Kahori Ando  
FOUR SEASONS ASIA INVESTMENT