

## Profile

**Japonica Partners, an entrepreneurial co-investment firm**, makes concentrated investments in underperforming global large caps. Japonica provides entrepreneurial returns with low risk for accomplished money managers.

**Providing entrepreneurial returns with low risk** requires building “perfectly aligned” relationships with co-investors and Japonica’s other core competencies.

Japonica’s returns are entrepreneurial as are its core competencies, within our niche of concentrated investments in underperforming global large caps (UGLCs). Japonica’s UGLCs are companies with global signature brands offering transformational opportunities to create value in the diversified, consumer, and transportation sectors.

**Japonica’s “perfectly aligned” relationships** with its co-investors both cultivate entrepreneurial returns and are the foundation of low risk. Japonica’s best co-investors are strategic economic relationships, which include some of the most high value add investors in the world who individually had over \$500 million with Japonica.

Japonica’s relationships are “perfectly aligned” in all respects, including economics, structure, and governance. For example: Japonica has cash-based top quartile hurdle rate alternatives. There are no annual management fee or transaction fees. Our team members who assume positions with a control investment forego industry standard incentive compensation. And co-investors receive 100% return of capital and top quartile hurdle prior to profit participation.

**Japonica’s core competencies include high value add “D-C-C”:** *Discovering* Value Gaps, *Changing* cultures & operations, and *Creating* value through hands-on management.

*Discovering* Value Gaps: Japonica teams discover – through years of R&D – sizable ROIC and operating improvement opportunities. Japonica has consistently discovered value in situations where top quartile alternative asset managers have walked away.

*Changing* Cultures & Operations: Japonica creates value through changing both internal cultures as well as external expectations. Japonica has a successful track record of transitioning pre-control investments to control investments.

*Creating* Value through hands-on management: Japonica core management teams assume key corporate and operating positions in control investments to create value and manage the unexpected.

**Japonica's UGLC situations** include: successful reorganization of Fortune 200 Allegheny International; turnaround of Fortune 300 Sunbeam-Oster, Inc.; inaugural investment in one of the largest railroads in the Americas, Chicago Northwestern Corp; and investment proposal for Fortune 100 Borden, Inc.

Japonica has been independently verified as GIPS® compliant since our inception in 1987.