

JAPONICA PARTNERS

OVERVIEW

Since 1987, JAPONICA PARTNERS has built our track record by creating transformational investments with low risk high return.

Japonica Partners track record and culture are built on discovering systemic misconceptions, discovering massive undervaluations, and using “education-education-education” to create extraordinary value.

Japonica’s investment track record is the result of a highly selective number of transformational investment efforts: Greek government bonds (GGBs), Sunbeam-Oster Company, CNW Corp, Allegheny International, and Borden Inc. restructuring proposal.

Japonica Partners compares its two investment performance metrics against a Top 10 PE Index using the best practice Global Investment Performance Standards (GIPS). Since inception through fiscal year-end 2020, the performance metrics (PDF) are:

JAPONICA PARTNERS vs Top 10 PE Benchmarks: Investment Performance Metrics			
Key Performance Indicator (KPI)	JAPONICA PARTNERS	Top 10 PE Benchmarks	JAPONICA PARTNERS Greater than Top 10 PE Benchmarks
Cash Distributed to Cash Paid-In (DPI)	6.1X	1.6X	4.5X
Internal Rate of Return (IRR)	89%	13%	76%

Top 10 PE Benchmarks: Top 10 PE Index: Advent, Apollo, Blackstone, Carlyle, Cerberus, CVC, KKR, Silver Lake, TPG, and Warburg Pincus.

Japonica believes that its track record of low risk high return investments have benefited from “perfectly aligned” co-investor relationships that do not rely on debt to increase returns, do not have annual management fees, and do not have transactions fees, but after exceeding high ROI benchmarks do have an equal 50/50 profit sharing.

To date, Japonica has extensively educated, many through multiple and lengthy sessions, scores of leading steer investors, mega-institutional investors, and the senior-most leadership of 12 of the largest 14 sovereign wealth funds in the world, who collectively had assets under management of \$8.0 trillion with an approximate \$4.0 trillion in fixed income.

Through our relentless education on the GGB transformational investment, we have corrected the systemic misconceptions of senior most leadership of major international stakeholders, including prime ministries, finance ministries, parliaments throughout Europe and Asia, IMF, IIF, ECB, OECD, UN, World Bank, CDU, EWG, ESM, Paris Club, US SEC, IFAC, CIPFA, AHCC, CESifo, CEPS, ICAEW, BHCC, and credit rating agencies.

All Japonica transformational investments have a customized superstructure team and the following three (3) building blocks, which we call D-D-C:

1. Discover systemic misconceptions that do not reflect financial reality.
2. Discover massive undervaluations based on value gaps with specific nuggets-of-value.
3. Create extraordinary value using education-education-education to correct systemic misconceptions and change cultures to accomplish what others believe is impossible.

The two Ds emerge from our culture to see what others do not see, and the C emerges from our culture to use education-education-education to accomplish what others believe is impossible.

Changing cultures is a source of Japonica's high value creation and unquestionably essential to maximize a transformational investment success. Our experience is that value destructive cultures are deeply rooted, pervasive, and require relentless daily hands-on management and heavy investment in educational programs to change. Changing five value destructive culture traits has had the highest value creation impact: cultural arrogance, siloed-thinking, deficient research/flawed analyses, corruption, and the Kruger–Dunning Curve.

Japonica builds business plans with innovative technologies from across a highly diverse range of industry sectors to create extraordinary value in transformational investments. Upon acquiring control or a position of influence, Japonica creates extraordinary value by operationalizing its extensive portfolio of innovative technologies in high impact functional areas, including analytics, communications, financial systems, logistics, management, marketing, new products/services, procurement, production, and R&D. A Japonica core competency is to set new return on investment (ROI) global benchmarks on its investments in operations technology by innovatively managing both sides of the ROI equation: increasing revenue/profit and decreasing the investment/expense.

In the early 1980s, Japonica's founder, while in the corporate finance department at Goldman, Sachs & Co, created a powerfully insightful family of financial performance indicators called Value Created/Destroyed (VCD) using stock and flow financial statement numbers. VCD financial performance indicators were first used by our founder to brief Goldman's management committee on the firm's most challenging corporate and government capital commitment situations. VCD indicators have been at the heart of all Japonica's transformational investments. The public sector derivative of VCD, Citizens' Wealth, provides significantly better historical and comparative insights into sovereign government financial performance.

All of Japonica's transformational investments demonstrate a strong commitment to and track record of embracing environment, social, and corporate governance (ESG) global best practices.

Japonica Partners philanthropic affiliate, The Charles & Agnes Kazarian Foundation, is named after our founder's grandparents who were survivors of the Armenian genocide and has a core competency to improve public financial management (PFM) and financial literacy. The Kazarian Foundation is funded solely by affiliates of Japonica Partners and had spending since founding plus fiscal year-end 2024 assets of over a quarter-billion US dollars. JI-Analytics and Khachkar Studios are affiliates of the Kazarian Foundation.

Japonica is not a fund and does not provide investment advice.