



# SMD-AM Japan Mid Small Cap Value

Monthly Commentary - August 2025

For professional investors only

## Japan Equity Research Team

SMDAM

*We are one of the largest investment management companies in Japan, offering discretionary investment management, investment trusts and advisory services to a range of institutional investors, pension funds, government agencies and retail investors worldwide.*

## Portfolio Update

The Japanese stock market rose in August.

In early August, it increased due to expectations of a U.S. interest rate cut driven by weak U.S. economic indicators and the fading of uncertainty surrounding mutual tariffs between Japan and the U.S. These developments raised expectations for improvement in the performance of domestic companies for the next fiscal year.

In mid-August, the market rose further, supported by the expectation of a U.S. interest rate cut and the strong preliminary GDP figures for the April-June 2025 period. In late August, despite the heightened expectations for a rate cut following the speech by the Chairman of the Federal Reserve Board (FRB), concerns over high stock prices and the announcement of the dismissal of FRB Board members by President Trump led to the market rallying on the expectation of further monetary easing.

By industry sector, non-ferrous metals, mining, and electricity & gas outperformed the market, while shipping, pharmaceuticals, and textiles underperformed.

Looking ahead we will pay attention to the companies that have increased or are likely to increase the market share of their products in Japan without resorting to a low-price strategy.

We will also maintain our focus on the companies that have increased shareholder returns as well as names with high free cash flow yields.

**Risk warning:** The organisations and/or financial instruments mentioned are for reference purposes only. Material content should not be construed as a recommendation for their purchase or sale. Past performance is not a reliable indicator of future performance and may not be repeated.

Focus Stock: Jimonty, Inc

The company manages a platform that provides information about second-hand goods in local areas. Previously, the business was entirely online and generated revenue through advertising, but they have recently begun opening physical reuse and recycling centers aimed at consumers. By collaborating with various local governments to promote reuse and the circular economy, we believe rapid expansion of these centers is possible.

Although the short-term costs for opening new centers could be high, we anticipate substantial growth in the medium to long term, driven by synergy with their existing business.

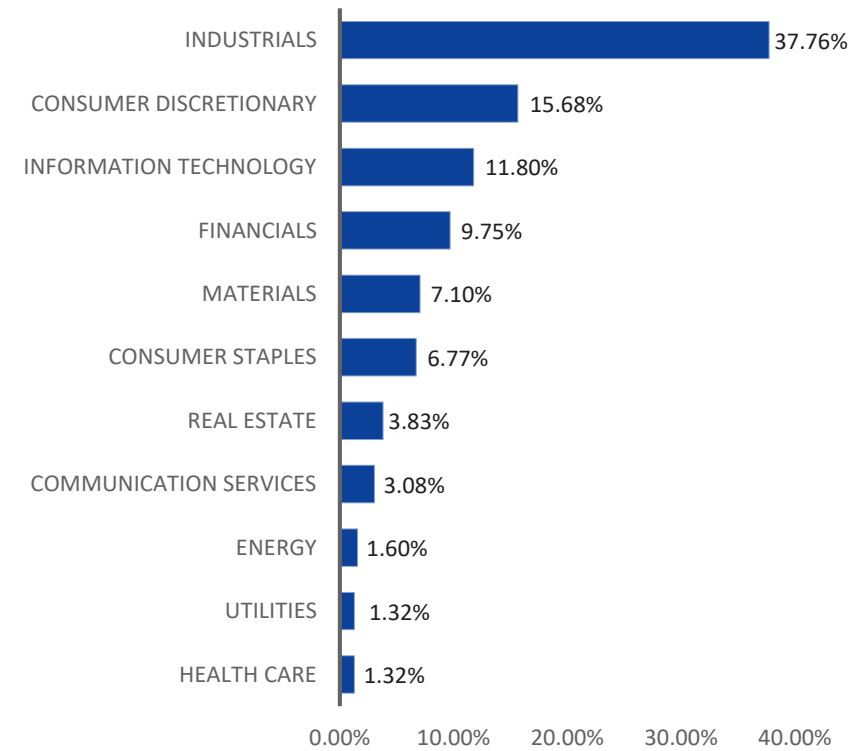
Top Buys

Share Name
FAST FITNESS JAPAN INC

Top Sells

Share Name
PACIFIC INDUSTRIAL CO LTD

Sector Allocation



Source: SMDAM, as at 31 August 2025

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## Top Holdings

Share Name	Portfolio Weight	MSCI Sector
FUJI ELECTRIC CO LTD	3.50%	Industrials
NEC CORP	3.40%	Information Technology
TOKYO TATEMONO CO LTD	2.96%	Real Estate
HOKKOKU FINANCIAL GROUP INC	2.68%	Financials
SUMITOMO ELECTRIC INDUSTRIES LTD	2.54%	Consumer Discretionary

**1. Fuji Electric Co Ltd:** It specializes in the manufacture and sale of electrical equipment and systems. Due to the increase in orders in the energy sector and the expansion of profit margins, the expectation for profit growth has been elevated.

**2. NEC Corp:** It has evolved into a global leader in providing IT and network solutions. We consider the company to be one of the leading stocks that will greatly benefit from the expansion of domestic demand in Japan.

**3. Tokyo Tatemono Co Ltd:** It is one of Japan's leading real estate companies deeply involved in various aspects of the real estate industry. The acquisition of a substantial interest in the real estate company by an activist fund will continue to result in an increase in the value of its shares.

**4. Hokkoku Financial Group Inc:** It is a prominent financial services institution. We believe that the current valuation levels are quite attractive given the company's business fundamentals.

**5. Sumitomo Electric Industries Ltd:** It specializes in the manufacture of electrical wires, optical fibers, and related products. We appreciate its ability to innovate and develop advanced technologies across various sectors, including automotive, information and communications, electronics, and energy.

## Top Contributors

Share Name	Portfolio Weight	MSCI Sector
FUJI ELECTRIC CO LTD	3.50%	Industrials
YONEX CO LTD	1.35%	Consumer Discretionary
JIMOTY INC	0.78%	Communication Services
JAPAN ENGINE CORP	1.05%	Industrials
MODEC INC	1.60%	Energy

## Top Detractors

Share Name	Portfolio Weight	MSCI Sector
SWCC CORP	0.99%	Industrials
THK CO LTD	1.13%	Industrials
NOF CORP	0.82%	Materials
NICHIREI CORP	0.87%	Consumer Staples
MIZUNO CORP	0.88%	Consumer Discretionary

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Source: SMDAM, as at 31 August 2025

## Performance

Performance data for 12 months is not available.  
Therefore, we cannot provide performance data as this would be deemed insufficient to provide a useful indication of past performance.

### Fund Performance Share Class: (P) JPY

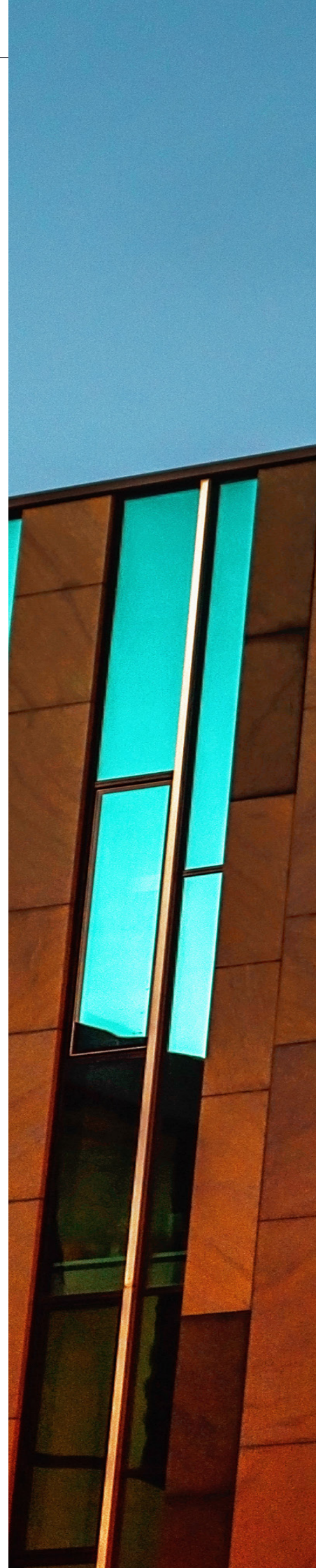
(Net of fees)	Fund %	Benchmark %
1m	-	-
3m	-	-
6m	-	-
12m	-	-
Since Inception p.a. (10/10/24)	-	-

### Investment Information

Investment Management Fee	Total Expense Ratio
Institutional (I) 0.80% p.a	Institutional (I) 1.10% p.a.
Institutional (P) 0.45% p.a.	Institutional (P) 0.50% p.a.
Wholesale (A) 1.50% p.a.	Wholesale (A) 1.80% p.a.
Trading Frequency: Weekly	
Dealing Cut Off Time: 16:00 CET	

Source: SMDAM, as at 31 August 2025

**Risk warning:** Past performance is not a reliable indicator of future performance and may not be repeated. An investment's value and the income deriving from it may fall, as well as rise, due to market fluctuations. Investors may not get back the amount originally invested. Any minor discrepancies are due to rounding. Performance is shown in JPY, the return may increase or decrease as a result of currency fluctuations and is net of fees (after trading expenses).





## Contact Details

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