



Japan Equity High Conviction

Monthly Commentary - May 2025

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

Over the month of April, the SMD-AM Japan Equity High Conviction Fund Class I2 JPY returned 6.79% versus the TOPIX TR JPY of 5.10%.*

At the beginning of the month, the full-year earnings announcements for the fiscal year 2024 were released by domestic companies. These generally reflected conservative outlooks due to the impact of U.S. tariff policies, although the market still rose due to the depreciation of the yen against the dollar. This depreciation was caused by decreased expectations for additional rate hikes by the Bank of Japan, as well as expectations of progress in trade negotiations between the U.S. and other countries.

In the middle of the month, while the significant reduction of tariffs between the U.S. and China was welcomed, the downgrade of U.S. Treasury bonds weighed on the market, resulting in mixed performance.

At the end of the month, the market rose again due to a pause in the rise of long-term interest rates in Japan and the U.S., the postponement of additional tariffs by the U.S. on the European Union (EU), and favorable earnings reports from U.S. semiconductor companies. By industry, non-ferrous metals, warehouse and transportation-related industries, and machinery outperformed the market, while electric power and gas, pulp and paper, and steel underperformed.

Our fund outperformed the market thanks to the positive contribution from stock selection.

As for our outlook, we expect the Japan stock market to experience back-and-forth movement within a relatively stable range in June. Although uncertainties remain regarding the future of trade negotiations between the U.S. and other countries, there are signs that the U.S. administration may not enact the most extreme version of their tariff measures.

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.

* For further information on performance please refer to page 4.

Buy

Mitsui OSK Lines Ltd - Mitsui OSK Lines Ltd is a prominent shipping company. It operates a diverse fleet that includes container ships, bulk carriers, car carriers, tankers, LNG carriers, and specialized vessels. We purchased it due to the rising container shipping rates by rapid increase in demand for container ships from China to the United States.

Sell

Sysmex Corporation - Sysmex Corporation is one of the global leader in the field of clinical laboratory testing and health information technology. We sold it due to the increasing likelihood that the sales and profit growth rates of the

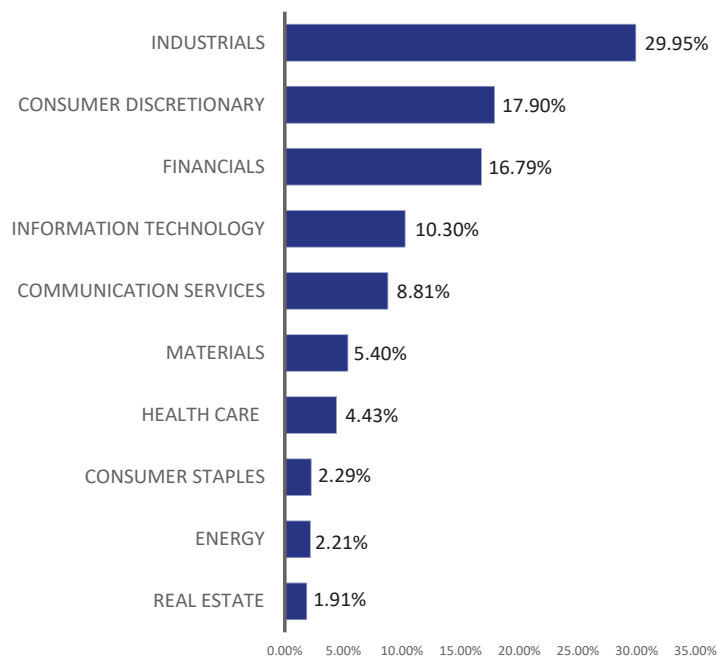
Top Buys

Share Name
MITSUI OSK LINES LTD
NIDEC CORP
MITSUBISHI UFJ FINANCIAL GROUP

Top Sells

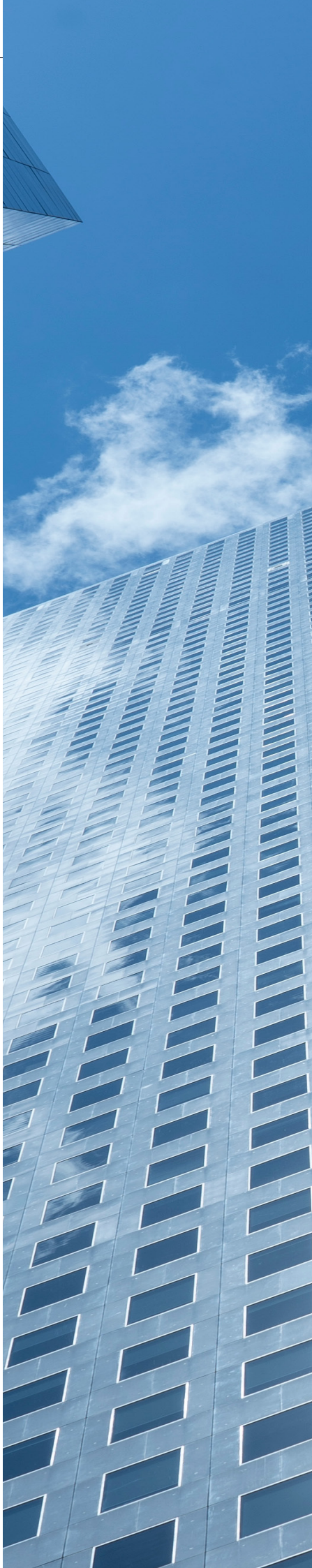
Share Name
SYSMEX CORP
SECOM CO LTD
OTSUKA CORP

Sector Allocation



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Source: SMDAM, as at 31 May 2025



Top Holdings

Share Name	Portfolio Weight	MSCI Sector
MITSUBISHI UFJ FINANCIAL GROUP	7.50%	Financials
TOKIO MARINE HOLDINGS INC	6.53%	Financials
MITSUBISHI HEAVY INDUSTRIES	5.75%	Industrials
SONY GROUP CORP	5.58%	Consumer Discretionary
TOYOTA MOTOR CORP	5.21%	Consumer Discretionary

1. Mitsubishi UFJ Financial Group - The company is one of the leading financial group in Japan.

2. Tokio Marine Holdings Inc - The company is a major insurance holding company in Japan.

3. Mitsubishi Heavy Industries - Mitsubishi Heavy Industries is a diversified Japanese multinational conglomerate known for its broad range of industrial and engineering activities.

4. Sony Group - The company operates in various sectors including electronics, entertainment, gaming, and financial services.

5. Toyota Motor Corp - The company is one of the largest automobile manufacturers in the world, producing a wide range of vehicles including cars, trucks, and SUVs.

Top Performers

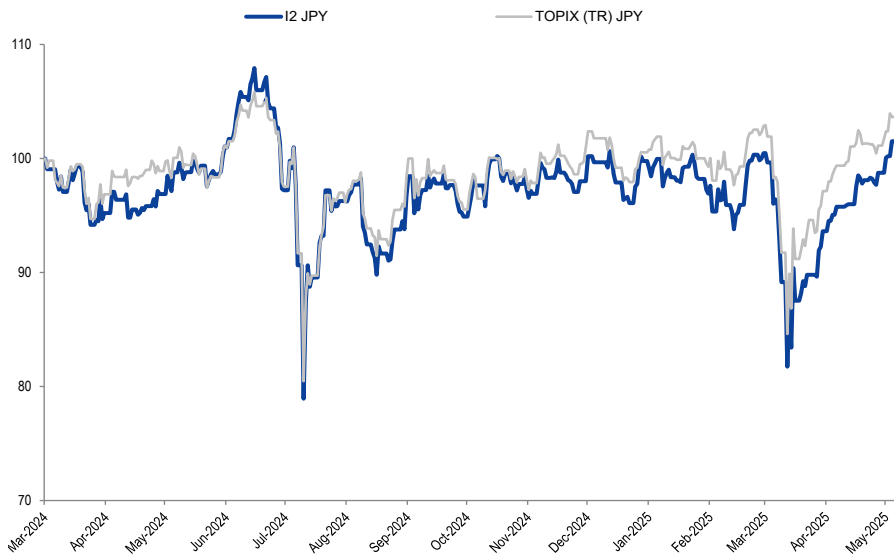
Share Name	Portfolio Weight	MSCI Sector
FURUKAWA ELECTRIC CO LTD	2.94%	Industrials
MITSUBISHI HEAVY INDUSTRIES	5.75%	Industrials
SCSK CORP	2.88%	Information Technology
HITACHI LTD	4.77%	Industrials
MITSUBISHI UFJ FINANCIAL GROUP	7.50%	Financials

Worst Performers

Share Name	Portfolio Weight	MSCI Sector
TOHO CO LTD	2.53%	Communication Services
MITSUI FUDOSAN CO LTD	1.91%	Real Estate
ASTELLAS PHARMA INC	1.91%	Health Care
SECOM CO LTD	1.54%	Industrials
SONY GROUP CORP	5.58%	Consumer Discretionary

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Performance



Source: SMDAM and Bloomberg, data as at 31 May 2025. Rebased to 100 at inception of the share class (27 March 2024). The chart above shows daily performance, in the currency stated for the UCITS Fund (JPY) against the reference benchmark TOPIX (with div) which is shown in JPY. Performance is illustrated net of fees.

Source: SMDAM, as at 31 May 2025

Fund Performance Share Class: (I2) JPY		
(Net of fees)	Fund %	TOPIX (with div) %
1m	6.79	5.10
3m	6.48	5.69
6m	4.78	5.92
12m	2.78	3.58
Since Inception p.a. (27/03/24)	1.52	3.64

Investment Information	
Investment Management Fee	Total Expense Ratio
Institutional (S) 0.45% p.a.	Institutional (S) 0.85% p.a.
Institutional (I, I2) 0.70% p.a.	Institutional (I, I2) 1.00% p.a.
Wholesale (A) 1.20% p.a	Wholesale (A) 1.50% p.a.
Trading Frequency: Weekly	
Dealing Cut Off Time: 16:00 CET	

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).





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Risk warning: On 1 January 2021 the UK left the EU transitional arrangements and no longer benefits from passporting rights into EEA countries.

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KID before making any final investment decisions. The Sub-Fund is making disclosures as an Article 8 fund for the purposes of the SFDR.