



Japan Equity Small Cap Absolute Value

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 Japan Equity Small Cap Absolute Value Class P JPY returned 7.19% versus the Russell/Nomura Small Cap (with div) of 3.92%.*

The Japanese stock market rose in May. The optimistic mood that began in mid-April continued to be evident throughout the global markets. This resulted in strong performance for the TOPIX (including dividends).

Amid the rising market, small- and mid-cap value stocks, which had previously been performing well, lagged slightly. As a result, the Russell/Nomura Small Cap Index (including dividends) underperformed compared to the TOPIX (including dividends).

Although our fund, which is concentrated in small and mid-cap value stocks, faced headwinds as a result of the pattern outlined above, stock selection contributed positively.

Nissin (9066) became the target of a premium TOB. This led to the fund's performance surpassing the Russell/Nomura Small Cap Index (including dividends).

Historically, small- and mid-cap stocks have lagged large-cap stocks in terms of shareholder returns. However, in the latest earnings season, many of the companies we target announced significant dividend increases. In terms of future return potential, small- and mid-cap value stocks may actually have greater prospects. Their PER (price-to-earnings ratio) has been relatively low, suggesting they may be undervalued.

We expect that the impact of strengthened returns will be more significant for the small- and mid-cap value stocks we are focused on.

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.

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

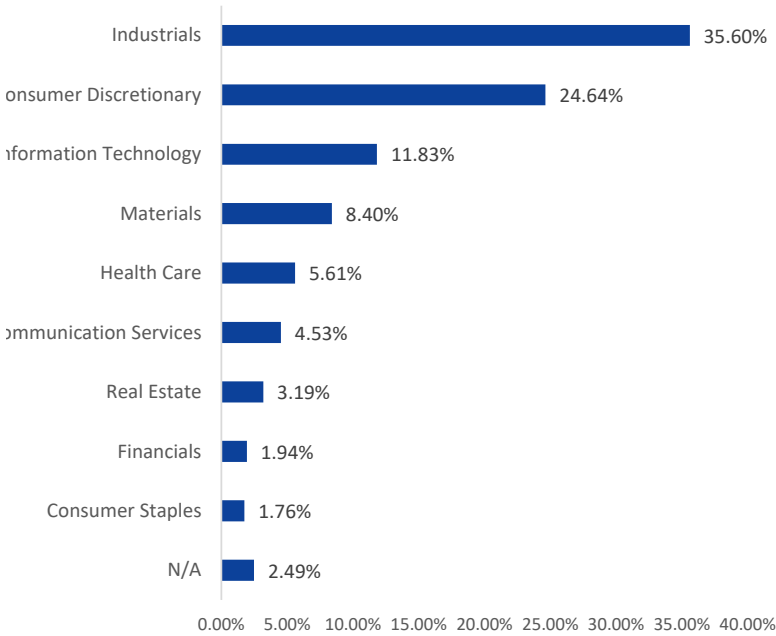
Top Buys

Share Name
TRE HOLDINGS CORP
MATSUOKA CORP
KOKEN LTD

Top Sells

Share Name
EWELL CO LTD/JP
VEGA CORP CO LTD
FREEBIT CO LTD

Sector Allocation



Source: SMDAM, as at 31 May 2025

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Top Holdings

Share Name	Portfolio Weight	MSCI Sector
MIMAKI ENGINEERING CO. LTD	3.22%	Information Technology
AISAN INDUSTRY CORP LTD	2.70%	Consumer Discretionary
NICHIAS CORP	2.56%	Industrials
BEAUTY GARAGE INC	2.46%	Consumer Discretionary
ICHIKEN CORP LTD	2.33%	Industrials

1. Mimaki Engineering Co. Ltd - The company is a global leader in the manufacture of wide-format inkjet printers and cutting plotters.

2. Aisan Industry Corp Ltd - The company is mainly engaged in the manufacture and sale of automotive parts.

3. Nichias Corp - Based on its roots in asbestos, the company is expanding its business into a wide range of fields, including fireproof insulation for plants and buildings, gaskets for automobile engines and more.

4. Beauty Garage Inc - The company launched the online trading site 'BEAUTY GARAGE Online Shop' for professional beauty products in 2003.

5. Ichiken Corp Ltd - The company has contributed to the development of many towns as an expert in commercial facility architecture.

Top Performers

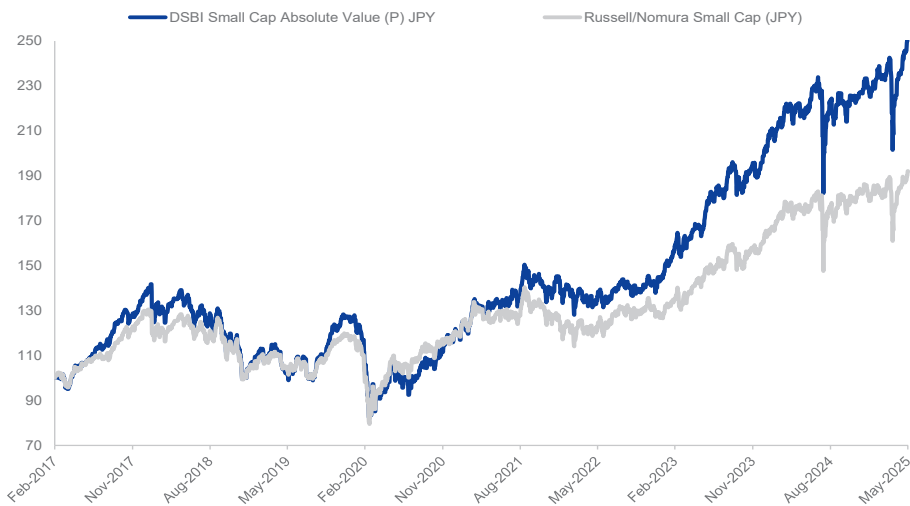
Share Name	Portfolio Weight	MSCI Sector
NIPPI INC	0.50%	Industrials
CAULIS INC	0.08%	Information Technology
MITSUBISHI KAKOKI KAISHA LTD	1.58%	Industrials
TENTIAL INC	2.23%	Consumer Discretionary
TERASAKI ELECTRIC CO LTD	0.72%	Industrials

Worst Performers

Share Name	Portfolio Weight	MSCI Sector
DAITO PHARMACEUTICAL CO LTD	0.00%	Health Care
SANYEI CORP	0.07%	Consumer Discretionary
NULAB INC/JAPAN	0.14%	Information Technology
MIRAI WORKS INC	0.06%	Industrials
WDB COCO CO LTD	0.06%	Health Care

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Performance



Source: SMDAM and Bloomberg, data as at 31 May 2025. Rebased to 100 at inception of the share class (28 February 2017). The chart above shows daily performance, in the currency stated for the UCITS Fund (JPY) against the reference benchmark Russell/Nomura Small Cap (with div) which is shown in JPY. Performance is illustrated net of fees.

Source: SMDAM, as at 31 May 2025

Fund Performance Share Class: (P) JPY		
(Net of fees)	Fund %	Russell/Nomura Small Cap (with div) %
1m	7.19	3.92
3m	8.52	6.72
12m	15.40	8.76
3yr p.a.	22.88	16.13
5yr p.a.	19.40	12.46
Since Inception p.a. (28/02/17)	11.88	8.23

Investment Information	
Investment Management Fee	Total Expense Ratio
Institutional (I) 0.80% p.a	Institutional (I) N/A p.a.
Institutional (P) 0.80% p.a.	Institutional (P) 1.00% p.a.
Institutional (S) 0.50% p.a.	Institutional (S) 0.95% p.a.
Wholesale (A) 1.20% p.a.	Wholesale (A) N/A 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.

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