



Japan Equity Small Cap Absolute Value

Monthly Commentary - October 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

Over the month of October, the Japan Equity Small Cap Absolute Value Class P JPY returned -2.25% versus the Russell/Nomura Small Cap (with div) of 1.21%.*

Amid rapidly changing U.S. trade policies and Japan's evolving political landscape, a mix of optimism and pessimism could be observed. As a result, investors concentrated their focus on large AI-related stocks, leading to a significant rise in the TOPIX (including dividends), while the Russell/Nomura Small Cap Index (including dividends) saw only a slight increase. Our fund, which primarily includes smaller-cap stocks and holds few AI-related stocks, experienced a decline, contrary to the overall market trend.

Given the intense stock price fluctuations and the extreme style bias in investment trends, we feel that the optimistic market conditions that have persisted since April are now reaching their final phase. We believe the risk of a pullback is increasing, but once an adjustment occurs, the market is likely to shift towards stock picking based on company fundamentals.

We believe small-cap value stocks have been undervalued and left behind, and compared to large-cap stocks, they have greater potential to produce strong shareholder returns on a forward-looking basis. Therefore, we continue to consider them as promising investment targets.

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.

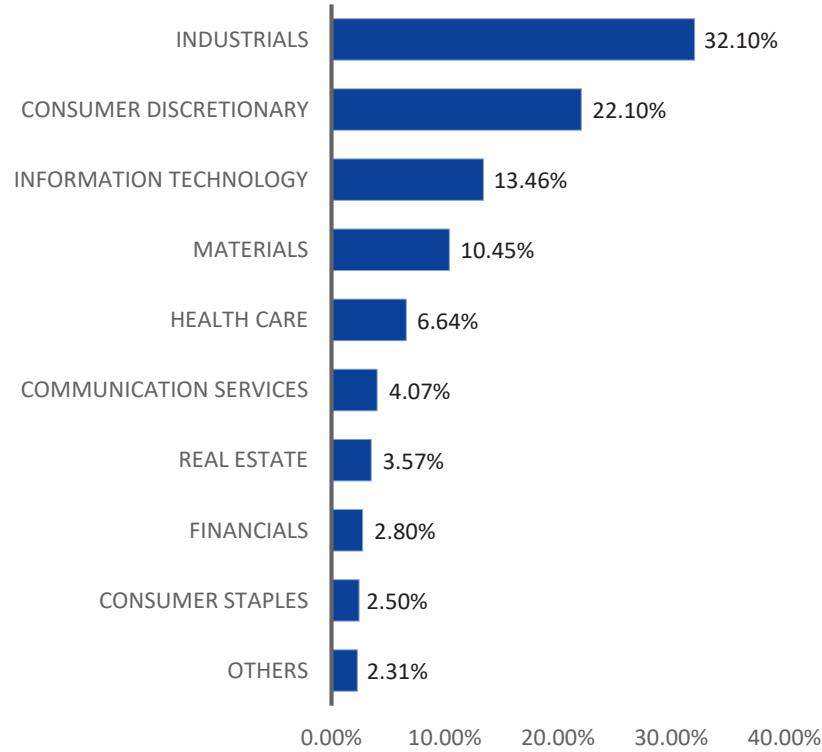
Top Buys

Share Name
USONAR CO LTD
J-LEASE CO LTD
SATORI ELECTRIC CO LTD

Top Sells

Share Name
MITSUBISHI KAKOKI KAISHA LTD
NORITAKE CO LTD
AB&COMPANY CO LTD

Sector Allocation



Source: SMDAM, as at 31 October 2025

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Top Holdings

Share Name	Portfolio Weight	MSCI Sector
KONOIKE TRANSPORT CO LTD	2.95%	Industrials
MIMAKI ENGINEERING CO LTD	2.63%	Information Technology
TENTIAL INC	2.62%	Consumer Discretionary
RAKSUL INC	2.44%	Industrials
INABATA & CO LTD	2.39%	Industrials

1. Konoike Transport Co Ltd: It is a comprehensive logistics company that operates a wide range of businesses both domestically and internationally. It focus on logistics operations within and outside Japan in a variety of services including production outsourcing, airport operations, and more.

2. Mimaki Engineering Co Ltd: The company is a global leader in the manufacture of wide-format inkjet printers and cutting plotters. The company is known for its innovation in digital printing technologies, including advancements in UV-curable, solvent, and dye-sublimation inks.

3. Tential Inc: The company is mainly engaged in the manufacture and sale of automotive parts. The company leverages its technological expertise, commitment to quality, and global reach to maintain its position as a key player in the automotive components industry.

4. Raksul Inc: It contributes to improve the efficiency of existing industries as well as serving its customers by offering a sharing-based platform across a wide range of areas, from printing to logistics and advertising.

5. Inabata & Co Ltd: The company is a comprehensive trading company with strengths in chemicals, resins, and electronic materials. Equipped with manufacturing and technical support functions, it operates globally not just as a distributor but as a development partner. Global bases, long-standing reliable relationships with manufacturers, and diversification are the sources of stable growth.

Top Contributors

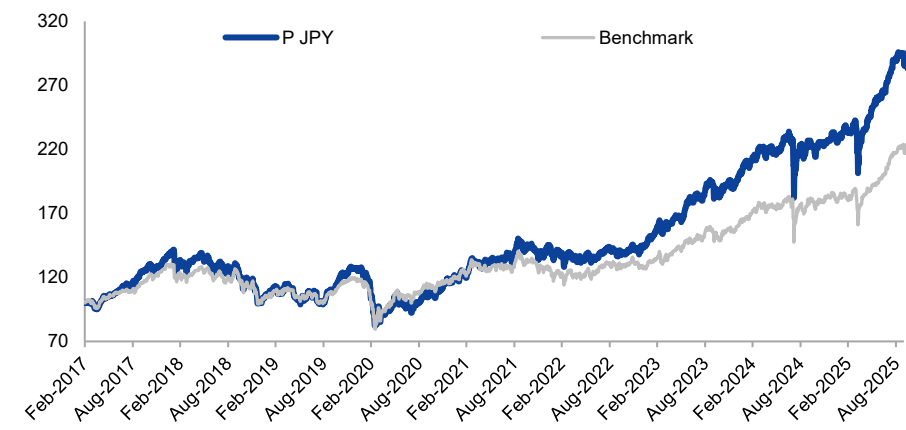
Share Name	Portfolio Weight	MSCI Sector
SOKEN CHEMICAL & ENGINEERING	1.32%	Materials
NIPPON SHARYO LTD	0.93%	Industrials
AISAN INDUSTRY CO LTD	1.21%	Consumer Discretionary
ICHIKEN CO LTD	1.74%	Industrials
HIGASHI HOLDINGS CO LTD	0.35%	Industrials

Worst Detractors

Share Name	Portfolio Weight	MSCI Sector
TENTIAL INC	2.62%	Consumer Discretionary
RAKSUL INC	2.44%	Industrials
PROGRIT INC	1.10%	Consumer Discretionary
INTERMESTIC INC	0.78%	Consumer Discretionary
LIPPS CO LTD	0.27%	Not Available

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Performance



Source: SMDAM and Bloomberg, data as at 31 October 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 Index (with div) which is shown in JPY. Performance is illustrated net of fees.

Fund Performance Share Class: (P) JPY		
(Net of fees)	Fund %	Benchmark %
1m	-2.25	1.21
3m	4.20	8.21
12m	28.63	25.30
3yr p.a.	27.12	19.84
5yr p.a.	22.51	15.58

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.
Dealing Frequency: Weekly	

Source: SMDAM, as at 31 October 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).



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