

Japan Equity Small Cap Absolute Value

Monthly Commentary - September 2026

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

In September, the SMD-AM Japan Equity Small Cap Absolute Value Fund Class P JPY returned 0.50% versus the Russell/ Nomura Small Cap (including dividends) JPY return of 0.03%*.

The market was in a correction phase in the first half of the month, and although it recovered in the latter half, the month as a whole saw TOPIX (including dividends) fall by 0.27%. As interest rates rose, bank stocks were bought in the small-cap market.

Because the market has been on an upward trend for an extended period, many stocks are now trading at elevated levels. In particular, data-center-related stocks such as semiconductors and electronic components, which led the gains in the first half of this year, remain priced at levels that already reflect several years of expected earnings growth, even after the correction in July.

We believe investors should remain aware of the risk of another pullback.

Our fund will continue to focus rigorously on value investing, aiming for long-term gains while keeping downside risk in check.

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

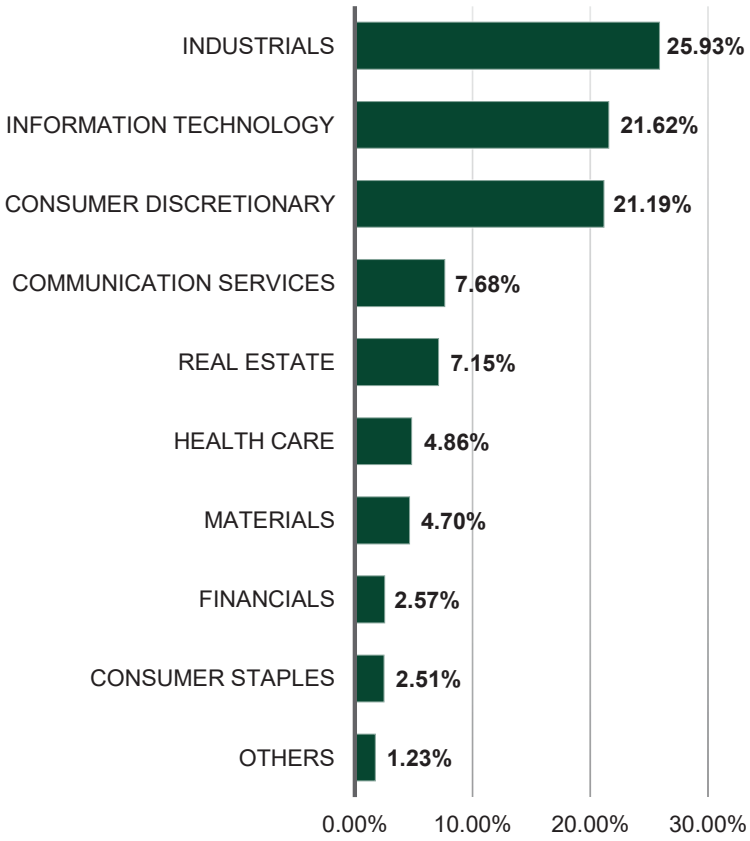
Top Buys

Share Name
KOMPEITO INC
VERTEX CO LTD
LAYERED INC

Top Sells

Share Name
TOMOKU CO LTD
BASE INC
EXTREME CO LTD

Sector Allocation



Source: SMDAM, as at 30 September 2026

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Top Holdings

Share Name	Portfolio Weight	MSCI Sector
TENTIAL INC	3.32%	Consumer Discretionary
INTERMESTIC INC	3.11%	Consumer Discretionary
NORTHSAND INC	3.09%	Information Technology
ICHIKEN CO LTD	2.82%	Industrials
MIMAKI ENGINEERING CO LTD	2.64%	Information Technology

1. Tential Inc: The company offers self-branded health and conditioning products, including insoles and recovery wear. By integrating D2C and B2B models, the company is able to enhance product functionality through sports science and data analytics, with the aim of growing its presence in the health management and sports market.

2. Interemestic Inc: An SPA-type eyewear retailer. Its key strength is in its ability to offer low prices, including for standard lenses, while maintaining high quality. This is achieved by handling the entire process in-house - from planning and manufacturing to sales - thereby reducing intermediary costs.

3. Northsand Inc: An IT and business consultancy specialising in digital transformation. Its distinctive feature is its human-centred philosophy that prioritises client relationships and teamwork, achieved by deploying highly collaborative consultants who excel in communication.

4. Ichiken Co Ltd: A Japanese general contractor specialising in the construction and interior design of commercial facilities. Founded in 1930, the company has built a strong reputation for developing retail stores, supermarkets, and entertainment venues across Japan. Listed on the Tokyo Stock Exchange Standard Market, Ichiken also engages in real estate operations.

5. Mimaki Engineering Co Ltd: 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.

Top Contributors

Share Name	Portfolio Weight	MSCI Sector
NORTHSAND INC	3.09%	Information Technology
MIMAKI ENGINEERING CO LTD	2.64%	Information Technology
TENTIAL INC	3.32%	Consumer Discretionary
NAKAMOTO PACKS CO LTD	0.83%	Industrials
MIRAINI HOLDINGS CO LTD	1.40%	Information Technology

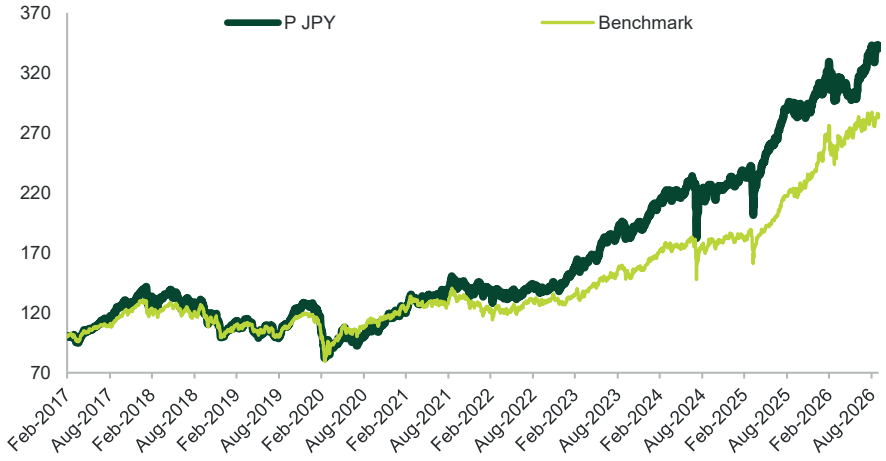
Top Detractors

Share Name	Portfolio Weight	MSCI Sector
INTERMESTIC INC	3.11%	Consumer Discretionary
NS GROUP INC	2.49%	Real Estate
TOYOKUMO INC	0.86%	Information Technology
KANAMIC NETWORK CO LTD	1.37%	Health Care
ISTYLE INC	0.61%	Consumer Discretionary

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Source: SMDAM, as at 30 September 2026

Performance



Source: SMDAM and Bloomberg, data as at 30 September 2026. 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 (including dividends) which is shown in JPY. Performance is illustrated net of fees.

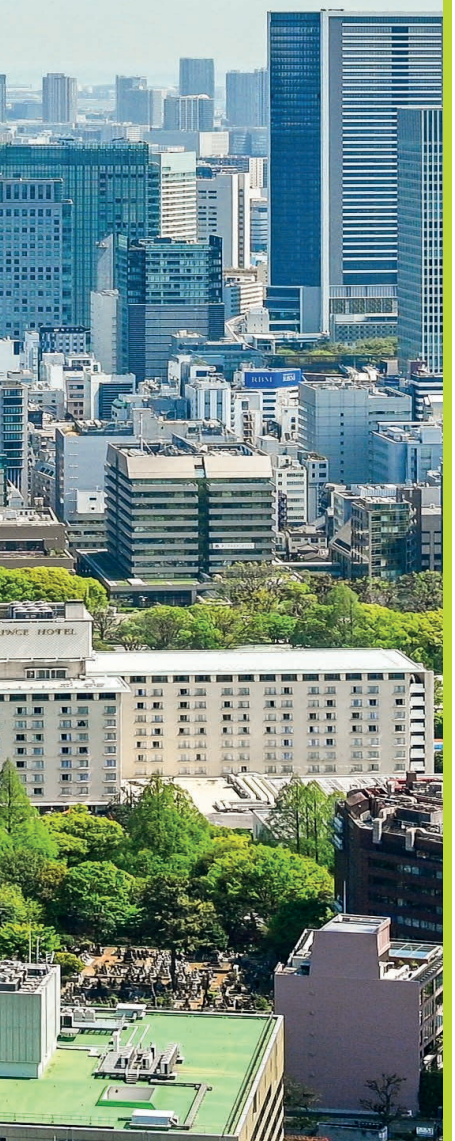
Fund Performance Share Class: (P) JPY		
(Net of fees)	**Fund %**	**Benchmark %**
1m	0.50	0.03
3m	12.41	3.02
12m	16.79	28.79
3yr p.a.	21.29	22.46
5yr p.a.	18.76	16.22
Since Inception p.a. (28/02/17)	**13.70**	**11.56**

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 30 September 2026

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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