Sumitomo Mitsui DS Asset Management

Japan Equity Small Cap Absolute Value

Monthly Commentary - August 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 August, the SMD-AM Japan Equity Small Cap Absolute Value Fund Class P JPY returned 5.84% versus the Russell/Nomura Small Cap (including dividends) JPY return of 4.00%*.

The stock market broadened further in terms of the types of stocks being bought. Profit-growth names and thematic stocks such as those related to autonomous driving also gained new popularity.

Because the market has been on a prolonged upward trend, many stocks are now trading near their highs. In particular, data center-related stocks such as semiconductors and electronic components, which had driven gains in the first half of the year, remain priced at levels that already reflect several years of expected earnings growth, even after correcting in July.

We therefore believe that the risk of another decline should be kept in mind.

Our fund will continue to focus strictly on value investing in order to limit downside risk while aiming for long-term gains.

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

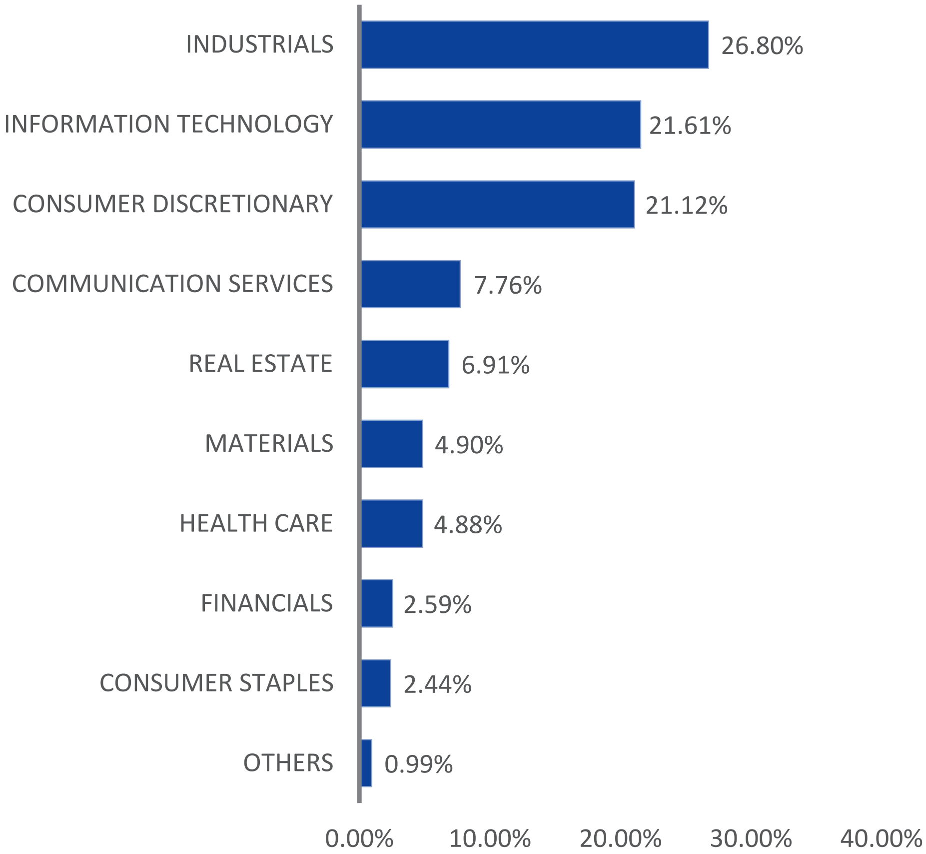
Top Buys

Share Name
TAKAMIYA CO LTD
DOSHISHA CO LTD
ASAHI PRINTING CO LTD

Top Sells

Share Name
HENNGE KK
KURASHIRU INC
I GRID SOLUTIONS INC

Sector Allocation



Source: SMDAM, as at 31 August 2026

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.

Top Holdings

Share Name	Portfolio Weight	MSCI Sector
INTERMESTIC INC	3.28%	Consumer Discretionary
TENTIAL INC	3.13%	Consumer Discretionary
ICHIKEN CO LTD	2.85%	Industrials
NORTHSAND INC	2.73%	Information Technology
KONOIKE TRANSPORT CO LTD	2.66%	Industrials

1. 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.

2. 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.

3. 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.

4. 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.

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

Top Contributors

Share Name	Portfolio Weight	MSCI Sector
NORTHSAND INC	2.73%	Information Technology
ICHIKEN CO LTD	2.85%	Industrials
TENTIAL INC	3.13%	Consumer Discretionary
USONAR CO LTD	1.88%	Communication Services
PRONI INC	0.91%	Not Available

Top Detractors

Share Name	Portfolio Weight	MSCI Sector
INTERMESTIC INC	3.28%	Consumer Discretionary
MIMAKI ENGINEERING CO LTD	2.55%	Information Technology
USER LOCAL INC	1.08%	Information Technology
PORT INC	1.25%	Communication Services
CUC INC	1.30%	Health Care

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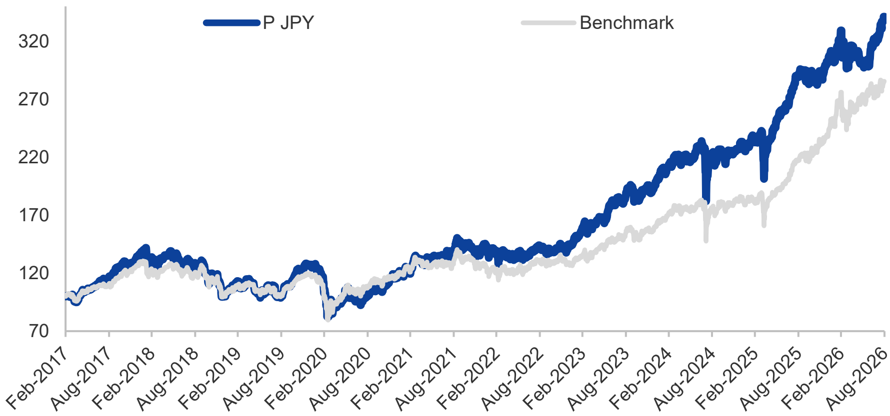
Source: SMDAM, as at 31 August 2026

Performance



Source: SMDAM and Bloomberg, data as at 31 August 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	5.84	4.00
3m	12.54	4.11
12m	17.15	31.37
3yr p.a.	21.93	22.44
5yr p.a.	19.64	16.99
Since Inception p.a. (28/02/17)	**13.77**	**11.66**

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 August 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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