



Japan Equity Small Cap Absolute Value

Monthly Commentary - February 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

Over the month of February, the Japan Equity Small Cap Absolute Value Fund Class P JPY returned 8.47% versus the Russell/Nomura Small Cap JPY (including dividends) return of 11.35%.*

The Japanese equity market rose in February. Theme-driven stocks, such as AI-related manufacturers and resource-related names, continued to attract strong investor interest. The Liberal Democratic Party's landslide victory in the Lower House election also helped accelerate the market's momentum. As our fund has limited exposure to these theme related areas, performance lagged behind both TOPIX (including dividends) and the Russell/Nomura Small Cap Index (including dividends). Nevertheless, the fund posted a solid gain for the month.

Since last autumn, investor attention has been heavily concentrated in a narrow group of stocks, creating significant distortions in the market. While the timing and catalyst for a market correction remains hard to predict, we expect any eventual reversal to be substantial. To maximise gains at such a turning point, the fund will continue to pursue a contrarian investment approach.

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

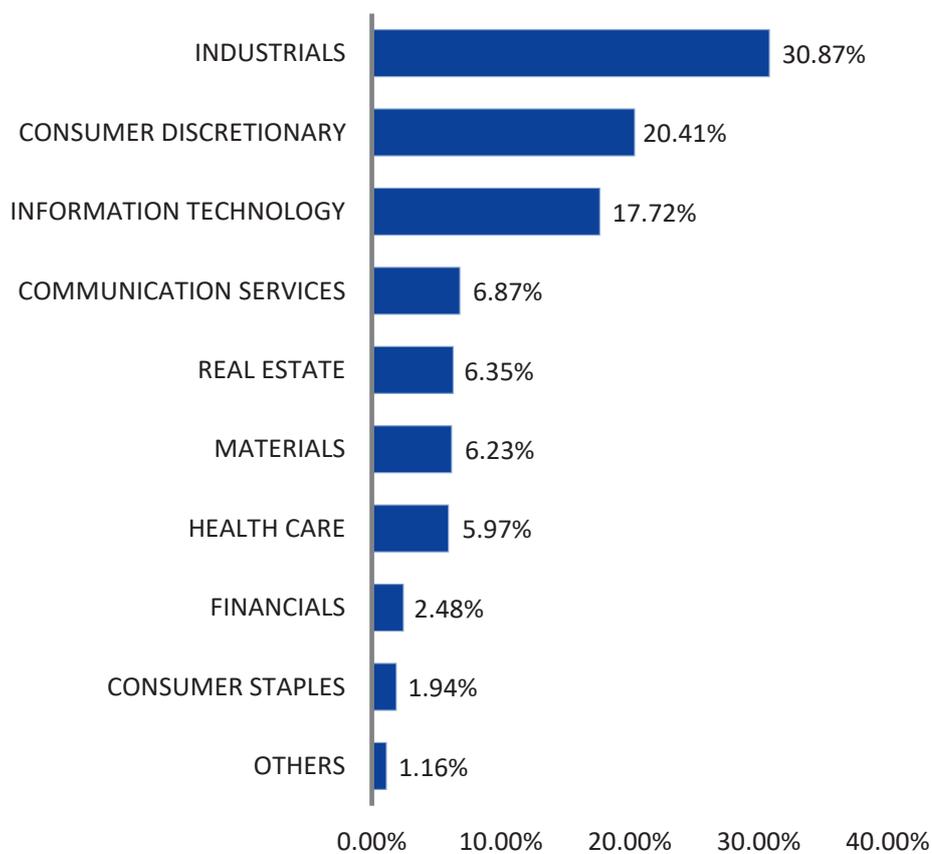
Top Buys

Share Name
M-UP HOLDINGS INC
TOYOKUMO INC
CELSYS INC

Top Sells

Share Name
SAKAI CHEMICAL INDUSTRY CO LTD
SEIBU GIKEN CO LTD
FUJIKURA COMPOSITES INC

Sector Allocation



Source: SMDAM, as at 28 February 2026

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Top Holdings

Share Name	Portfolio Weight	MSCI Sector
INTERMESTIC INC	3.22%	Consumer Discretionary
INABATA & CO LTD	3.02%	Industrials
KONOIKE TRANSPORT CO LTD	2.94%	Industrials
MIMAKI ENGINEERING CO LTD	2.56%	Information Technology
TENTIAL INC	2.55%	Consumer Discretionary

1. Interemestic Inc: Its key feature is the ability to offer low prices including standard lenses while maintaining a high quality, achieved by handling the entire process in-house from planning and manufacturing through to sales thereby reducing intermediate costs.

2. 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.

3. Konoike Transport Co Ltd: It is 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.

4. Mimaki Engineering Co Ltd: It's 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.

5. 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.

Top Contributors

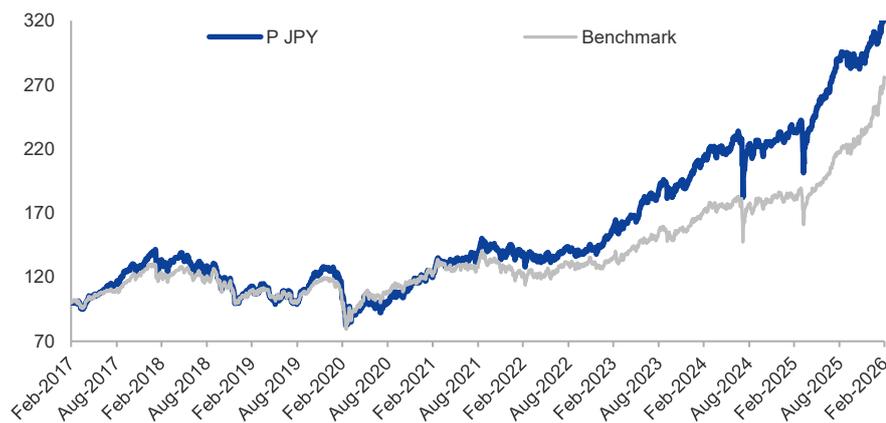
Share Name	Portfolio Weight	MSCI Sector
ICHIKEN CO LTD	2.49%	Industrials
NISSEI ASB MACHINE CO LTD	1.06%	Industrials
LOADSTAR CAPITAL KK	1.87%	Real Estate
OBARA GROUP INC	0.78%	Industrials
INABATA & CO LTD	3.02%	Industrials

Top Detractors

Share Name	Portfolio Weight	MSCI Sector
NORTHSAND INC	0.84%	Information Technology
M-UP HOLDINGS INC	0.86%	Information Technology
TOYOKUMO INC	0.62%	Information Technology
USONAR CO LTD	1.20%	Communication Services
PROGRIT INC	0.81%	Consumer Discretionary

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Performance



Source: SMDAM and Bloomberg, data as at 28 February 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	8.47	11.35
3m	11.84	17.24
12m	41.32	53.31
3yr p.a.	27.67	26.88
5yr p.a.	22.43	17.93
Since Inception p.a. (28/02/17)	14.15	11.93

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 28 February 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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