Sumitomo Mitsui DS Asset Management

Japan Equity Small Cap Absolute Value

Monthly Commentary - June 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 June, the SMD-AM Japan Equity Small Cap Absolute Value Fund Class P JPY returned 0.61% versus the Russell/Nomura Small Cap (including dividends) JPY return of 1.09%*.

The stock market continued to be buoyed by active data centre investment, following a trend seen both in April and May, and semiconductor and electronic component-related stocks were particularly strong. Since many of these stocks are large-caps, the market remained biased toward large-cap names. However, the TOPIX (including dividends) only gained +1.05% because Kioxia Holdings (285A), which rose sharply, had a low weight in the index. As a result, its performance was roughly on par with the Russell/Nomura Small Cap Index (including dividends), which rose +1.09%.

Our fund return was limited to +0.61% because our fund holds few semiconductor or electronic component-related stocks. In addition, small-cap and value were less favoured by the market.

Market volatility has increased in recent weeks. On a day-to-day basis, we are seeing signs of pullback against the market's heavy concentration in data centre-related stocks that has driven performance from April through June. We believe that stocks that have surged sharply may now face a greater risk of reversal. By maintaining a consistent focus on value-investing, our fund aims to generate long-term gains while reducing downside risk.

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. Any forecasts, figures, opinions, or investment techniques and strategies contained are for information purposes only, and are based on certain assumptions and current market conditions that are subject to change without prior notice.

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

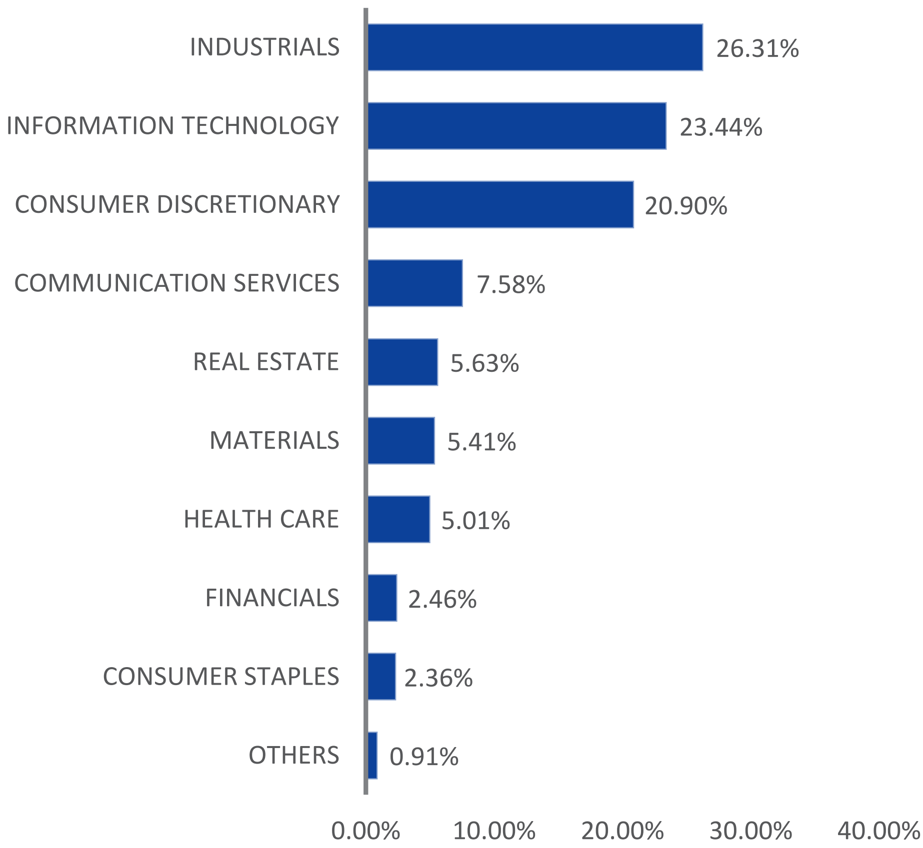
Top Buys

Share Name
H-ONE CO LTD
ISTYLE INC
BASE INC

Top Sells

Share Name
METALART CORP
ORICON INC
NULAB INC

Sector Allocation



Source: SMDAM, as at 30 June 2026

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Top Holdings

Share Name	Portfolio Weight	MSCI Sector
INTERMESTIC INC	3.92%	Consumer Discretionary
NORTHSAND INC	3.03%	Information Technology
TENTIAL INC	2.83%	Consumer Discretionary
MIMAKI ENGINEERING CO LTD	2.80%	Information Technology
KONOIKE TRANSPORT CO LTD	2.60%	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. 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.

3. 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.

4. 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.

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
TENTIAL INC	2.83%	Consumer Discretionary
INTERMESTIC INC	3.92%	Consumer Discretionary
MIRAINI HOLDINGS CO LTD	1.25%	Information Technology
M-UP HOLDINGS INC	1.44%	Information Technology
CELSYS INC	1.17%	Information Technology

Top Detractors

Share Name	Portfolio Weight	MSCI Sector
USONAR CO LTD	1.36%	Communication Services
LOADSTAR CAPITAL KK	1.70%	Real Estate
ENDO LIGHTING CORP	1.20%	Industrials
SEMITEC CORP	0.84%	Information Technology
MIMAKI ENGINEERING CO LTD	2.80%	Information Technology

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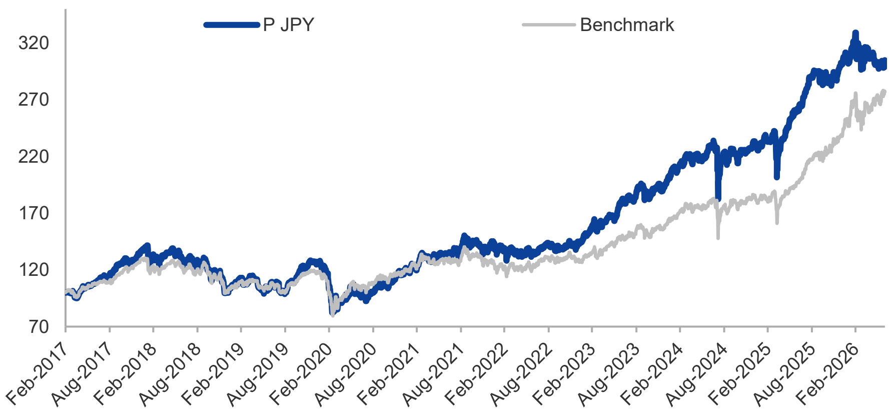
Source: SMDAM, as at 30 June 2026

Performance



Source: SMDAM and Bloomberg, data as at 30 June 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	0.61	1.09
3m	2.58	11.47
12m	16.27	40.29
3yr p.a.	19.07	23.00
5yr p.a.	18.04	16.52
Since Inception p.a. (28/02/17)	**12.68**	**11.53**

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 June 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).

Contact Details

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