

# PRE-CONTRACTUAL DISCLOSURE

# Japan Equity Small Cap Absolute Value

# Strategy

## Disclosure for Article 6 (Other Product)

### **The strategy not a financial product subject to Article 8 or Article 9 of SFDR.**

The Japan Equity Small Cap Absolute Value strategy has no objective or commitment to invest in companies that promote environmental or social characteristics or that qualify as 'sustainable investments' for the purposes of SFDR.

However, the strategy systematically integrates environmental, social, and governance ("ESG") factors alongside financial factors, treated holistically and managed from a risk-return perspective in the investment process as the Portfolio Manager considers that ESG issues can influence investment risk and return.

The Portfolio Managers integrate material sustainability risks into their investment decision-making processes in order to enhance their ability to manage risk more comprehensively and generate sustainable, long-term returns for investors.

The integration is conducted through one or more of the following methods:

1. Negative screening: The Portfolio Manager may exclude companies restricted by investment guidelines or companies which the Portfolio Manager considers ineligible.
2. Engagement activities: The Portfolio Manager may consider the need for engagement with ESG theme for each investee company, and may conduct engagement activity if necessary.
3. Consideration of sustainability: The Portfolio Manager may evaluate sustainability as one of important factors in investment decisions.

Sustainability risks mean an environmental, social, or governance event or condition that, if it occurs, could potentially or actually cause a material negative impact on the value of a Sub-Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Assessment of sustainability risks is complex and may be based on environmental, social, or governance data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

Sustainability risks may have a [more material] impact on the value of the Sub-Fund's investments in the [medium to long] term.

### **Derivatives:**

The strategy may use derivatives for hedging and efficient portfolio management. The derivatives are currently not specifically aligned with the E/S characteristics as defined in the Regulation EU 2019/2088 (SFDR) / EU Taxonomy.

## Resources

You can find more SFDR information about the Sumitomo Mitsui DS Asset Management policies and strategies:

- SMDAM policies on SFDR – see website
  - <https://www.smd-am.co.uk/sustainability>
  - **SMDAM Tokyo website:** [https://www.smd-am.co.jp/english/corporate/responsible\\_investment/esg/](https://www.smd-am.co.jp/english/corporate/responsible_investment/esg/)
- SICAV Prospectus – see for individual UCITS Funds at <https://www.smd-am.co.uk/wp-content/uploads/2021/03/Prospectus-Daiwa-SBI-Lux-Funds-SICAV-20210201-visaed.pdf>
- Corporate Responsibility 'Sustainability Report 2020' at: [https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/sustainability\\_report\\_2020\\_en.pdf](https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/sustainability_report_2020_en.pdf)
- 'Environment, Social And Governance Report' at: [https://www.smd-am.co.uk/wp-content/uploads/2021/03/SMDAM-ESG-Report-2H-2020\\_02032021.pdf](https://www.smd-am.co.uk/wp-content/uploads/2021/03/SMDAM-ESG-Report-2H-2020_02032021.pdf)

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**Risk warning: On 1 January 2021 the UK left the EU transitional arrangements and no longer benefits from passporting rights into EEA countries.**

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