

SMD-AM Funds

SMD-AM Japan Mid Small Cap Value

For Professional Investors Only

Important Information

SMD-AM Japan Mid Small Cap Value's (the "Fund") investments are concentrated in Japanese equity securities of small and mid-cap companies (i.e. equities issued by small and mid-cap companies which are established or have significant operations in Japan). The Fund will be unrestricted in its choice of companies by sector. The investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

A class of shares may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

The stock of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

The PBR-ROE approach may not achieve the desired results under all circumstances and market conditions.

The Fund's investments are concentrated in Japanese equity securities of small and mid-cap companies and may be concentrated in a specific industry sector. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Japanese market.

The Fund may use financial derivative instruments for hedging and/or efficient portfolio management purposes and/or to manage foreign exchange risks. There is however no guarantee that the financial derivative instruments employed by the manager will be successful. In an adverse situation, the Fund may suffer significant losses from its use of financial derivative instruments. Investors should refer to the Fund's offering document in order to fully understand the associated risk factors. Investors should not base any of their investment decisions solely on this marketing material alone.

Sumitomo Mitsui DS Asset Management Company, Limited hereinafter referred to as "SMDAM". And Sumitomo Mitsui DS Asset Management (UK) Limited hereinafter referred to as "SMDAM (UK)".

Monthly Review

The market opened higher after President Trump suggested an early end to military operations against Iran. It then extended its gains following a two-week ceasefire agreement. From the middle of the month onward, semiconductor and AI-related stocks led gains in Japan as well, supported by strong U.S. high-tech stocks. However, the market remained heavy at the top due to uncertainty over the outlook for the ceasefire and caution surrounding the future direction of Japanese and U.S. monetary policy. Toward the end of the month, as domestic companies began announcing earnings results, stock picking at the individual company level became more pronounced.

By sector, nonferrous metals, electric appliances, and glass & ceramics products outperformed the market, while mining, oil & coal products, and fisheries, agriculture & forestry underperformed.

Our fund underperformed Russell/Nomura Mid-Small Cap Index mainly due to our exposure to value factors.

Main contributors include the following stocks.

- FUJI ELECTRIC CO LTD
Share price rebounded significantly after March turmoil, appreciating the upside potential in its energy sector and power semiconductor sector for factory automation.
- GLTECHNO HOLDINGS INC

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Share price increased significantly together with other semiconductor production equipment names driven by strong demand by AI and Data center. Furthermore, the company further released a notice saying that they don't see the significant impact from Middle East yet.

- **EBARA CORP**

While there was no significant material regarding the company, share price increased together with other semiconductor production equipment names driven by strong demand by AI and Data center.

Main detractors include the following stocks.

- **Sojitz Corp**

Business exposures to Middle East make its stock highly sensitive to regional instability, and fear of major operational disruptions and market sentiment caused the further selloff in share price.

- **YONEX CO LTD**

While there was no stock-specific news, the stock is not favored by semiconductor-related and growth-oriented market sentiment in April.

- **KIMURA KOHKI CO LTD**

There were no significant materials on the company.

Top 3 Contributors

Share Name	MSCI Sector
FUJI ELECTRIC CO LTD	Industrials
GLTECHNO HOLDINGS INC	Information Technology
EBARA CORP	Industrials

Top 3 Detractors

Share Name	MSCI Sector
SOJITZ CORP	Industrials
YONEX CO LTD	Consumer Discretionary
KIMURA KOHKI CO LTD	Industrials

< Focus Stock >

Miura Co., Ltd.: It is a company with a strong position in industrial boilers. In particular, its products are differentiated by strong energy-saving performance and ease of maintenance. Reflecting the geopolitical situation in the Middle East, we believe that attention to energy efficiency could increase. In the previous fiscal year, the company accelerated its global expansion, including executing a major overseas acquisition. Through these initiatives, we expect earnings to expand over the medium to long term.

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Looking Ahead

We will pay attention to the companies that have increased or are likely to increase the market share of their products in Japan without resorting to a low-price strategy.

We will also maintain our focus on the companies that have increased shareholder returns as well as names with high free cash flow (FCF) yields.

Source: SMDAM, as of 30/04/2026

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