

SMD-AM Funds

DSBI Japan Equity Small Cap Absolute Value

For Professional Investors Only

Important Information

DSBI Japan Equity Small Cap Absolute Value's (the "Fund") investments are concentrated in Japan small-and-micro-cap equity securities 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 Fund's 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. Underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, 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 stock of micro-capitalisation / small-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 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. There can be no assurance that any currency hedging strategy employed by the Fund will fully and effectively eliminate the currency exposure of the Fund. Hedging strategies may preclude investors from benefiting from an increase in the value of the Fund's base currency. Any expenses arising from such hedging transactions will be borne by the Fund or the relevant currency hedged class.

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

In March, the stock market turned downward following the conflicts in the Middle East.

Tensions remained high throughout the month, and stock prices had already risen rapidly up to the previous month, resulting in sharp declines for both the TOPIX (including dividends), which fell 10.33%, and the Russell/Nomura Small Cap Index (including dividends), which fell 9.92%. Our fund also recorded a decline of 9.78%, roughly in line with the Russell/Nomura Small Cap Index (including dividends).

For the time being, the market is expected to remain sensitive and volatile, swayed by developments in the situation involving Iran. However, if the situation begins to stabilize, bargain-hunting—particularly in undervalued stocks—can be expected. Our fund will continue to maintain its disciplined focus on value investing.

Main contributors include the following names.

1. SUNCALL CORP

The share price rose sharply, as its US subsidiary signed a licensing agreement for the "SN Connector," a next-generation optical connector aimed at AI cloud and data center demand. Investors increasingly saw Suncall as a data center and AI infrastructure story.

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2. JSB CO LTD

First-quarter results showed improving earnings quality, The business was supported by expansion in managed rental properties and steady rental income. Its story remained tied to structural growth in student housing amid a tight rental market in Japan.

3. NORTHSAND INC

The company announced its first-ever dividend, highlighting growing confidence in its earnings base. Strong hiring, high consultant utilization, and solid digital transformation demand supported the growth story.

Main detractors include the following names.

1. ICHIKEN CO LTD

Despite the solid earnings result and upward revised guidance announced in February, the share price pulled back significantly due to market sentiment that conflicts in the Middle East could result in cost increases for construction.

2. TENTIAL INC

While there was no particular stock-specific news, Consumer Discretionary is one of the worst performing sectors due to weakening consumer sentiments over the conflicts in the Middle East.

3. KONOIKE TRANSPORT CO LTD

The share price dropped on the potential impact on its cost due to heightened energy cost.

Top 3 Contributors

Share Name	MSCI Sector
SUNCALL CORP	Consumer Discretionary
JSB CO LTD	Real Estate
NORTHSAND INC	Information Technology

Top 3 Detractors

Share Name	MSCI Sector
ICHIKEN CO LTD	Industrials
TENTIAL INC	Consumer Discretionary
KONOIKE TRANSPORT CO LTD	Industrials

Source: SMDAM, as of 31/03/2026

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