

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 July, the stock market's trend shifted dramatically. Concerns emerged over the profitability and funding of U.S. data center investment, which had been driving the market up until then. As a result, related stocks such as semiconductors and electronic components sold off sharply, while capital flowed into domestic-demand sectors and automobile-related stocks that had previously been out of favor. Large-cap value stocks were bought as safe havens, pushing the TOPIX (including dividends) up by 0.22%. However, the inflow into small-cap value stocks was relatively limited, and the Russell/Nomura Small Cap Index (including dividends) fell by 0.97%.

In July, our fund outperformed the benchmark by 6.59%.

Because the shift in market rotation in July was so abrupt, semiconductors, electronic components, and other related stocks have shown a rebound since the start of August. Even so, these names remain significantly higher than at the beginning of the year, and if concerns about data center investment resurface, there is a risk that they could plunge again. Our fund will continue to focus strictly on value investing in order to limit downside risk while aiming for long-term gains.

Main contributors include the following names.

1. Northsand Inc

The share price remained in a high-range following strong progress in first- quarter financial results and expectations of record full-year profits. Demand in IT consulting and high utilization rates provided market confidence.

**SMD-AM Funds****DSBI Japan Equity Small Cap Absolute Value**

For Professional Investors Only

2. MIMAKI Engineering

There is no company-specific reason.

3. SANKO GOSEI LTD

The share price surged after the company reported full-year earnings that significantly exceeded initial projections. Market sentiment was strongly boosted by forecasts of continued record profits for the next fiscal year and a dividend increase.

Main detractors include the following names.

1. INTERMESTIC INC

There is no company-specific reason.

2. CELSYS INC

Despite releasing second-quarter results with an upward revision to full-year profit guidance and an increased dividend, share price dropped sharply. Strong sales of its flagship software contributed to the strong earnings.

3. BEAUTY GARAGE INC

There is no company-specific reason.

Top 3 Contributors

Share Name	MSCI Sector
NORTHSAND INC	Information Technology
MIMAKI ENGINEERING CO LTD	Information Technology
SANKO GOSEI LTD	Industrials

Top 3 Detractors

Share Name	MSCI Sector
INTERMESTIC INC	Consumer Discretionary
CELSYS INC	Information Technology
BEAUTY GARAGE INC	Consumer Discretionary

Source: SMDAM, as of 31/07/2026

SMD-AM Funds

DSBI Japan Equity Small Cap Absolute Value

For Professional Investors Only

Disclaimer:

This document is issued and distributed by Sumitomo Mitsui DS Asset Management (Hong Kong) Limited (“SMDAM(HK)”) exclusively intended for “Professional Investors” (as defined in the Securities and Futures Ordinance (Cap. 571) and/or the Securities and Futures (Professional Investors) Rules (Cap.571D) under the laws of Hong Kong) for informational purposes only, and is not intended for distribution to the general public. It is recommended that you seek the advice of a professional financial or legal advisor to assist in due diligence and determine the appropriateness and consequences of being treated as a Professional Investor. This document has not been reviewed by the Securities and Futures Commission of Hong Kong (“SFC”) or any other regulatory authority.

The information contained in this document has been obtained from sources that are deemed to be reliable and is made available solely for informational purposes. SMDAM(HK) makes no representations or warranties as to the information and does not guarantee its accuracy, timeliness, completeness or usefulness. You are advised to exercise caution in relation to this document, and if you are in any doubt about the contents of this document, it is recommended that you should seek the advice of an independent professional. This document and the information it contains are strictly confidential, the property of SMDAM(HK), and are intended exclusively for the intended recipients. The written consent of SMDAM(HK) is required before it can be replicated or distributed to third parties or used for any other purpose, except as required by law or regulatory requirements. It is not intended for distribution or use by any individual or entity in any jurisdiction or country where such distribution or use would be in violation of local law or regulation. SMDAM(HK) and its affiliated entities accept no liability whatsoever for any consequences, whether direct or indirect that may arise from any third party’s use of information contained in this document.

This document is not intended to serve as an invitation, offer, solicitation or recommendation for any investment strategy or the purchase or sale of securities, including shares or units of funds. Any views, analyses, perspectives expressed, and references to companies should not be construed as recommendations or endorsements by SMDAM(HK). All comments, opinions, data and forecasts in this document are based on the information available at the time of drafting, and are subject to change without prior notice in response to market and other conditions. The information provided does not constitute investment advice and should not be relied upon as such.

This document may contain certain statements that may be deemed to be forward-looking statements. Please note that any such statements are not guarantees of future performance and actual results or developments may differ significantly from those projected. No assurance can be given that the investment objective of any investment products will be achieved. No representation or promise as to the performance of any investment products or the return on an investment is made. This document does not have any regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this document.

Investment involves risk, including the possible loss of principal amount invested. The past performance information of the market, manager and investments and any forecasts on the economy, stock market, bond market or the economic trends of the markets are not indicative of future performance. Any investment decisions made by investors should not be solely based on this marketing material. Investors should refer to the fund’s offering document in order to fully understand the associated risk factors. The value of an investment may go down or up. The final decision in relation to any investment in any stock, companies or markets referred to in this document should be made by you. If investment returns are not denominated in HKD or USD, US/HK dollar-based investors will be exposed to exchange rate fluctuations.

The contents of this document are protected by copyright. Without SMDAM(HK)’s prior written consent, copying, reproduction or distribution of its contents in a hard copy and/or through the internet is strictly prohibited. Where the contents of this document have been translated into any language other than English and there is any inconsistency or ambiguity between the English version and the other version, the English version shall prevail. The above policies are subject to review and amendments by us from time to time. If you have any enquiries about the above, please contact our Compliance Officer at (852) 2521-8883 for further information.