



Sumitomo Mitsui DS Asset Management

SMD-AM FUNDS

SMD-AM Japan Equity High Conviction Fund

Fund overview - April 2025

For informational purposes only.
SMD-AM (Hong Kong)

About us

Sumitomo Mitsui DS Asset Management

We have a global presence with offices in Tokyo, London, Hong Kong, Singapore and Shanghai. We are one of the largest investment management companies in Japan which provides asset management, advisory, investment trusts and other services to financial institutions, pension funds, government agencies and retail investors worldwide.

dl-salesandmarketing.hk@smd-am.co.jp

www.smd-am.hk

Source: SMDAM; AUM data as of 31 December 2024

USD 148+ bn
Assets Under Management

50+ years
Investment management experience

250+
Investment professionals worldwide

Important information

“SMD-AM Japan Equity High Conviction Fund” (the “Fund”) invests in Japanese equity securities (i.e. equities issued by companies which are established or have significant operations in Japan).

The Fund will be unrestricted in its choice of companies by sector or by size (including micro-capitalisation, small-capitalisation, mid-capitalisation and large-capitalisation companies). 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 micro-capitalisation / 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 high conviction strategy may not achieve the desired results under all circumstances and market conditions. The Fund’s investments are concentrated in Japanese 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 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)”.

The opinions, outlooks and estimates in this document do not guarantee future trends or results. They constitute SMDAM’s judgment as of the date of this material and are subject to change without notice.

SMD-AM Japan Equity High Conviction Fund

Investment objective

The SMD-AM Japan Equity High Conviction Fund aims to maximise total return over the medium-to-long term by adopting a high conviction strategy, i.e. by focusing on fundamentals and concentrate investments on stocks that differ significantly between strategy's analysis and market expectations.

Fund Inception Date	March 2024
Lead Manager	Hideyuki TANIUCHI
Style	Agnostic
Base Currency	JPY
Reference Benchmark	TOPIX Total Return Index
Holding Range	Around 30 stocks



Hideyuki TANIUCHI

Lead Fund Manager

27+ years Industry Experience

With an investment career spanning over 25+ years, Hideyuki Taniuchi started his financial career with Yamaichi Securities in 1996.

He joined Daiwa SB Investments (one of the SMDAM's former entities) in June 2008 to manage the Fundamental Active Strategy, and was promoted to Unit Leader in 2020.

Strong Research Collaboration



Key Strengths

Local Expertise

The ability to deal with the idiosyncrasies of the Japan market allows the portfolio managers to effectively pick attractive stocks.

Style Agnostic

Freedom to generate alpha in all market conditions and not be style led. This enables us to align with the incoming economic/ market phase.

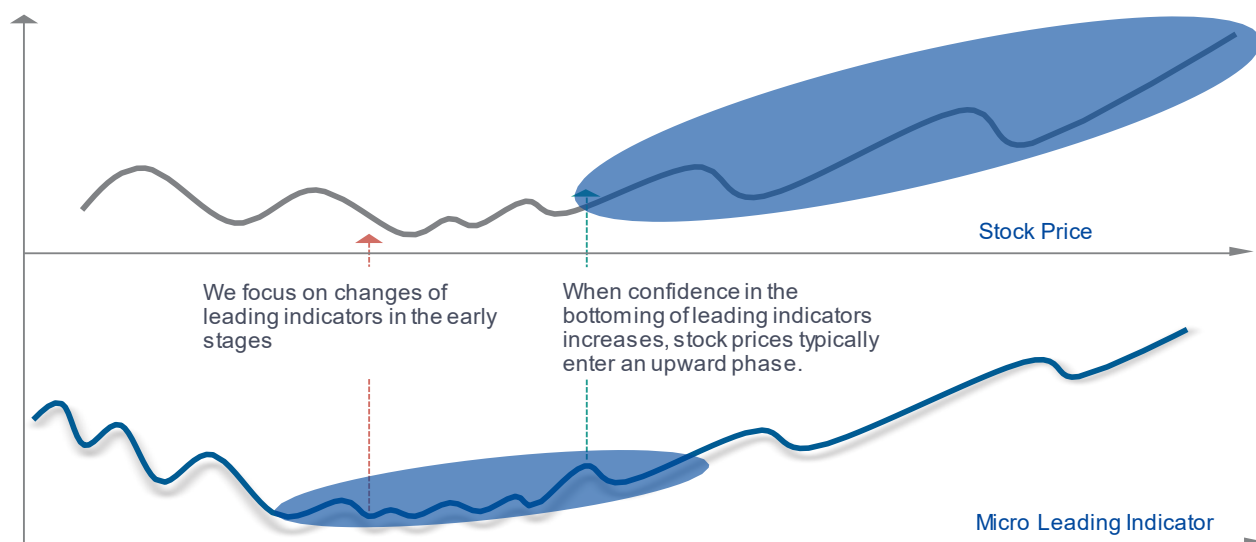
High Conviction

Allows a deeper level of understanding, including ESG factors and stock specific micro leading indicators, of the stocks held within the portfolio.

Micro Leading Indicator

The Micro Leading Indicator is the most predictive indicator of changes in company profitability.

- We pick the Micro Leading Indicator within the mass data of a company
- We study company's supply chain to estimate the sustainability and certainty when Micro Leading Indicator change
- Every company has one or more Micro Leading Indicator that deteriorate or improve at different time. By using Micro Leading Indicator always have suitable company to pick.

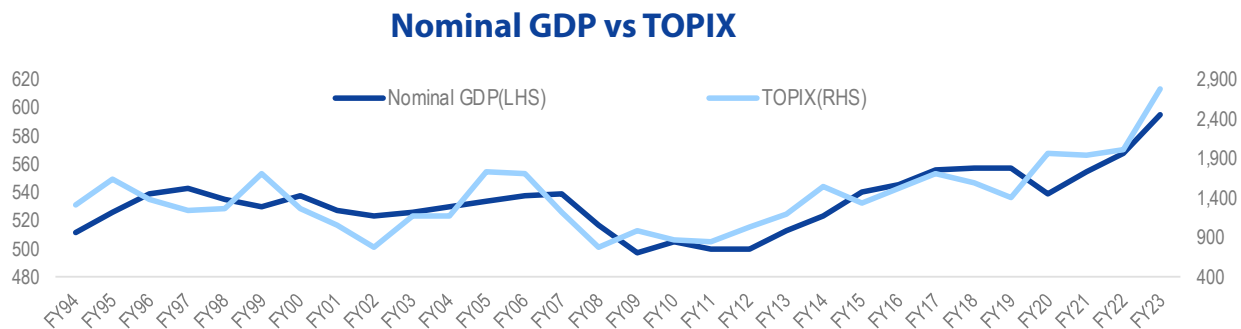


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Reasons for **Actively** investing in Japan

Economy Structure Change

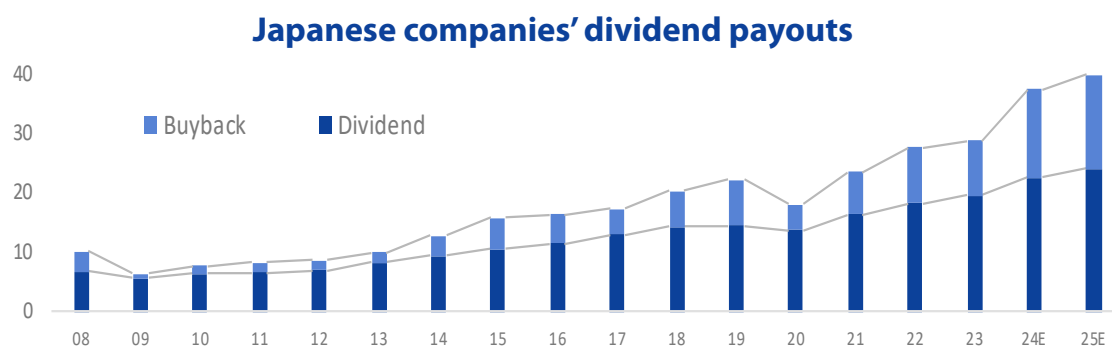
Japan has finally emerged from the vicious economic cycle caused by deflation. GDP as well as wages have begun to grow.



Source: Cabinet office and Bloomberg. Data as at end of March 2024.

Company Reforms Making Progress

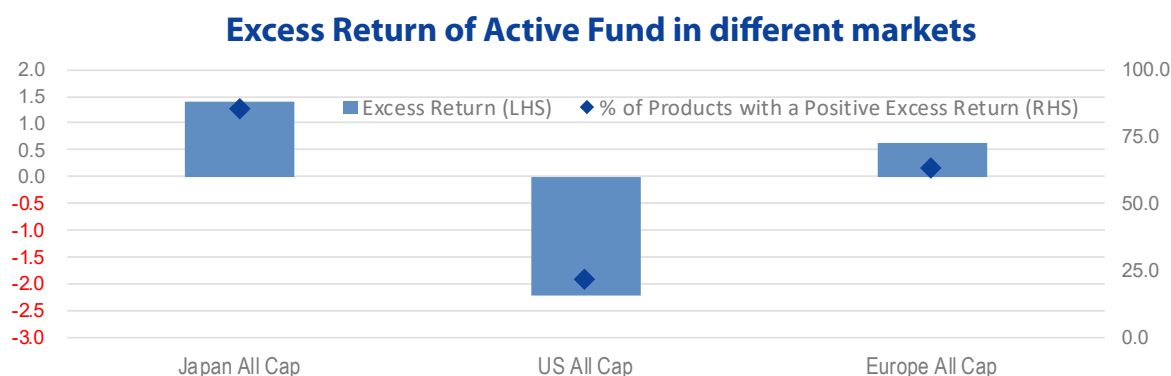
The company reforms promoted by the Tokyo Stock Exchange have been making progress, with improvements in ROE, capital return rate, and corporate governance.



Source: QUICK, Toyo Keizai, INDB and FactSet. Data as of March 2024.

Chance for Alpha Generation

Relatively low analyst coverage and limited information available.
First-hand insights on the ground are key to generate active return.



Source: SMDAM and Evestment as of 7/4/2025.

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