SuMi TRUST

Market Review for August 2026

This is a marketing communication. Please note past performance information does not predict future returns.

MONTHLY REVIEW

In August, Japanese equities advanced as the TOPIX rose 3.8%, marking a fifth consecutive monthly gain, while the Nikkei 225 increased 3.0%, supported by strong domestic corporate earnings and easing concerns over excessive AI investment following US technology sector results. Semiconductor and AI-related stocks rebounded after July's sharp correction, while softer US economic data reduced expectations of near-term Federal Reserve tightening and further supported sentiment. Although equities briefly sold off in mid-August amid rising global bond yields and renewed uncertainty in the Middle East, strong earnings and easing geopolitical concerns helped the market recover into month-end. Services, Shipping, Non-ferrous Metals, Other Products and Mining were among the leading sectors, while Insurance, Glass & Ceramics, Warehousing & Transportation, Real Estate and Retail Trade were among the weakest performers. Small-cap stocks outperformed larger companies, and both value and growth stocks performed well, reflecting expectations of a potential Bank of Japan rate hike alongside continued investor preference for companies delivering strong earnings growth. Corporate share buybacks remained supportive, while foreign investors were net sellers in the main market for the first time in two months. Investor attention is increasingly focused on Bank of Japan policy normalisation, the sustainability of AI-related capital expenditure and whether economic growth can continue to support Japanese equities in a potentially stronger yen environment.

TABLE 1. MARKET PERFORMANCE (as at the end of August 2026)

	Index	Return	Year to Date
TOPIX	4,156.29	3.82%	21.92%
Nikkei 225	66,311.93	3.03%	31.73%
	Aug-26	Jul-26	End of 2025
USD/JPY*	159.74	157.40	156.71

*Bloomberg's preferred default source of generic FX data

FIGURE 1. TOPIX and USD/JPY

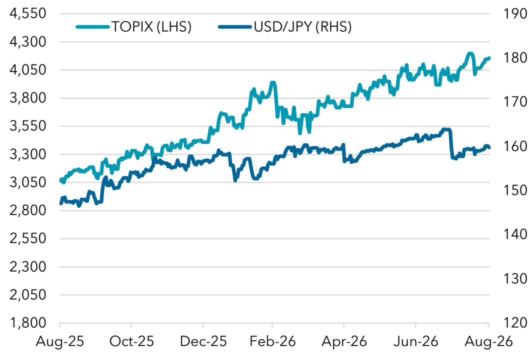


FIGURE 2. GLOBAL EQUITY MARKET MONTHLY PERFORMANCE
(as at the end of August 2026, local currency)

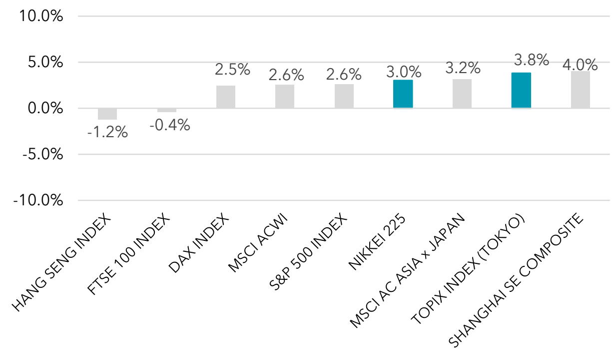


TABLE 2. TOP 5 PERFORMING SECTORS

Sector	Return
Services	20.16%
Marine Transportation	17.20%
Nonferrous Metals	16.77%
Other Products	11.04%
Mining	9.80%

TABLE 3. BOTTOM 5 PERFORMING SECTORS

Sector	Return
Insurance	-3.15%
Glass & Ceramics Products	-2.96%
Warehousing & Harbor Transportation Services	-2.15%
Real Estate	-1.58%
Retail Trade	-1.14%

TABLE 4. TOP 5 PERFORMING STOCKS*

Name	Ticker	Return
SEIKO GROUP	8050 JT Equity	48.74%
RECRUIT HOLDINGS	6098 JT Equity	45.14%
CASIO COMPUTER	6952 JT Equity	42.39%
YAMAHA MOTOR	7272 JT Equity	42.22%
SUMITOMO MET MINING	5713 JT Equity	35.80%

TABLE 5. BOTTOM 5 PERFORMING STOCKS*

Name	Ticker	Return
EBARA	6361 JT Equity	-15.78%
FANUC	6954 JT Equity	-15.14%
TOYO TIRE	5105 JT Equity	-11.99%
YOKOGAWA ELECTRIC	6841 JT Equity	-11.59%
ORGANO	6368 JT Equity	-11.48%

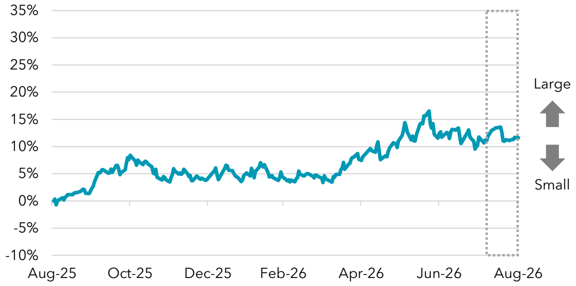
*Stocks with a market cap of over JPY 500 billion at the beginning of the month

Note. Figures on this sheet are from SuMi TRUST, Bloomberg, NEEDS, MSCI and Nomura (as at the end of August 2026)

FIGURE 3. VALUE-GROWTH SPREAD

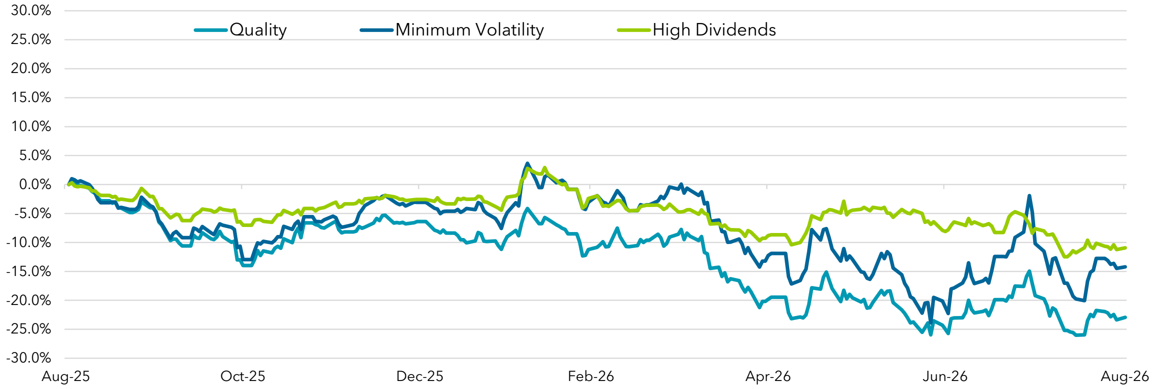
Note: The spread between the Russell/Nomura Value Index and the Growth Index (Positive figure means Value dominant)

FIGURE 4. LARGE-SMALL CAP SPREAD



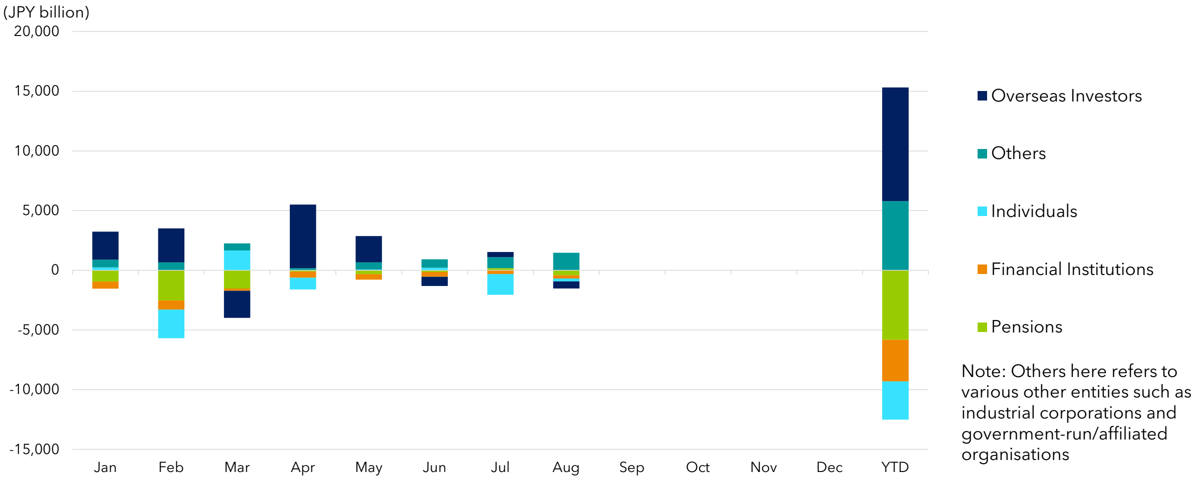
Note: The spread between the Russell/Nomura Large Cap Index and the Small Cap Index (Positive figure means Large Cap dominant)

FIGURE 5. MSCI JAPAN FACTOR INDEXES SPREAD AGAINST MSCI JAPAN*



*The measurement begins from the end of August 2025, starting from 0%.

FIGURE 6. MONTHLY INVESTMENT ACTIVITIES BY INVESTOR TYPE IN THE JAPANESE EQUITY MARKET**



Note: Others here refers to various other entities such as industrial corporations and government-run/affiliated organisations

**Latest month figures are until the 3rd week of the month

Note. Figures on this sheet are from SuMi TRUST, Bloomberg, NEEDS, MSCI and Nomura (as at the end of August 2026)

Disclaimer – UK

This marketing communication is issued by Sumitomo Mitsui Trust International Limited ("SMTI"). SMTI is authorised and regulated by the United Kingdom's Financial Conduct Authority (the "FCA"), whose address is 12 Endeavour Square, London, E20 1JN, United Kingdom.
This marketing communication has been made available to you only because SMTI has classified you as a professional client in accordance with the FCA's rules. If you have received this marketing communication from a source other than SMTI, you should contact SMTI before using it or relying on it. You must not send this marketing communication to any other person without first having received written approval from SMTI.
The information contained in this marketing communication (the "Material") is being made available for information purposes only and is designed to provide information on the investment services which SMTI may offer to clients.
Nothing in the Material amounts to or should be construed as an actual offer by SMTI to provide any investment services to any person. If SMTI agrees to provide any investment services to any person, those services will be the subject of a separate written agreement between SMTI and that person. Furthermore,
the Material has not been prepared with any consideration of the individual circumstances of any person to whom it is communicated.
Accordingly, it is not intended to, and does not, constitute a personnel recommendation in relation to the purchase or sale of, or exercise of any rights in relation to, any financial instruments or advice in relation to any investment policy or strategy to be followed. The Material also does not contain the results of any investment research carried out by SMTI and is not intended to amount to a financial promotion of any particular financial instrument which may be referred to in it.
While SMTI uses all reasonable endeavours to ensure the Material is accurate, it has not been prepared with a view to any person relying on it. Accordingly, SMTI accepts no responsibility for any loss caused to any recipient of this document as a result of any error, inaccuracy or incompleteness in the Material, nor for any error in the transmission or receipt of this communication.

Any enquiries regarding the products should be made to:
Kei Ohashi
Head of Investment Management Department
Sumitomo Mitsui Trust International Limited
155 Bishopsgate, London EC2M 3XU, United Kingdom
Direct: +44 (0)20 7562 8412
Email: imd@smtil.com
Sumitomo Mitsui Trust International Limited is authorised and regulated by the Financial Conduct Authority