

HC Cadira Japan Sustainable Equity Fund



A sub-fund of the Harrington Cooper UCITS Funds ICAV

Fact sheet as of June 30, 2026

FUND DESCRIPTION

The Fund aims to achieve long term sustainable capital appreciation by investing primarily in equity securities issued by Japanese companies participating in the transition to a more sustainable economy, and by extension those capable of capturing sustainability-related value. The Fund is classified as SFDR Article 9 and invests primarily in sustainable investments by acquiring a selection of equity securities based on the companies issuing these equity securities' compliance with environmental, social and/or governance criteria.

MONTHLY COMMENTARY *1

Japanese equities posted a modest gain in June, with the TOPIX Total Return Index rising +1.05% as a historic mid-month rally was largely offset by yen-driven headwinds in the final weeks. The Nikkei 225 briefly eclipsed 70,000 for the first time on June 16, while the TOPIX recorded its 15th all-time high of 2026, yet the index still trades at a discount to global equities on a relative forward P/E basis.

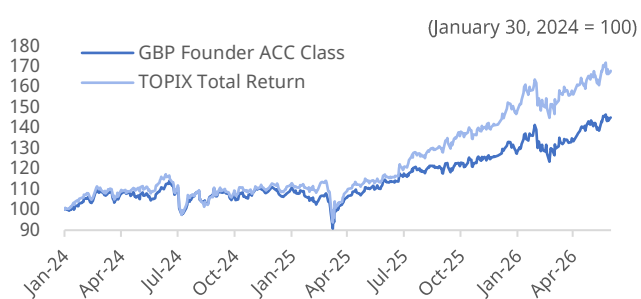
The month's defining event was the Bank of Japan's rate hike to 1.0%, the first 1% handle since 1995. The 7-1 decision was accompanied by a halt to JGB purchase tapering from April 2027, a compromise balancing normalisation against bond market stability. Deputy Governor Uchida, presiding in Governor Ueda's absence, warned that underlying consumer prices risk "overshooting" the 2% target. Despite the hike and a record \$74 billion intervention campaign, the yen weakened to ¥161.78 per dollar on June 22, its weakest since 1986, after a hawkish Federal Reserve signal reinforced that yen dynamics remain driven by US policy rather than Japanese action alone.

June also marked the peak of Japan's AGM season, with a record 139 shareholder proposals tabled, many targeting underperforming management. Buyback announcements reached ¥16.2 trillion in January to May, up 34% year-on-year, while the Corporate Governance Code revision due this summer, the first in five years, is expected to shift corporate focus from shareholder returns toward productive deployment of Japan's substantial cash balances.

Prime Minister Takaichi finalised her ¥370 trillion (\$2.3 trillion) strategic investment plan spanning 17 sectors over 14 years, anchored by ¥68 trillion in semiconductors. Macro data remained supportive, with real wages rising +1.9% in April, the fourth consecutive month of positive growth, and retail sales beating expectations for a third straight month..

Portfolio Managers	Yu Shimizu Toshiyuki Matsushita
Fund AUM (net, JPY billion) *3	24.7
Fund Inception	26-Oct-23
SFDR Classification *4	Article 9
Legal Structure	UCITS ICAV
Investment Style	All Cap, Core, ESG, Engagement, Impact
Reference Index *5	TOPIX (Total Return)
Dealing Frequency and Cut-off	Daily, T-1 at 12:00 (Ireland)
Investment Manager	Cadira Capital Management ("CCM")
Share Classes Available	JPY, USD, GBP, EUR

FUND PERFORMANCE *2



Discrete	1 month	3 months	1 year
GBP Founder ACC Class *2	1.00%	14.60%	26.43%
TOPIX Total Return *5	1.05%	14.40%	43.26%
Annualised	3 year	5 year	ITD
GBP Founder ACC Class *2	-	-	16.63%
TOPIX Total Return *5	-	-	23.90%

ESG & CLIMATE CHANGE *6

	Fund	TOPIX*5	vs TOPIX
ESG Risk Score	21.68	23.03	-6%
Carbon Intensity (C/R) Scope 1+2	20.81	47.21	-56%
Carbon Intensity (C/R) Scope 3	773.94	1,370.95	-44%

FUND CHARACTERISTICS *

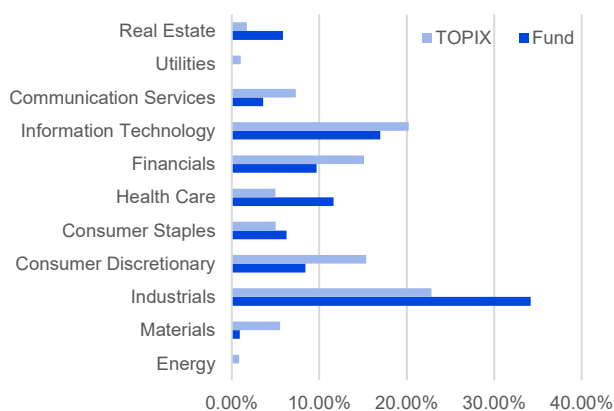
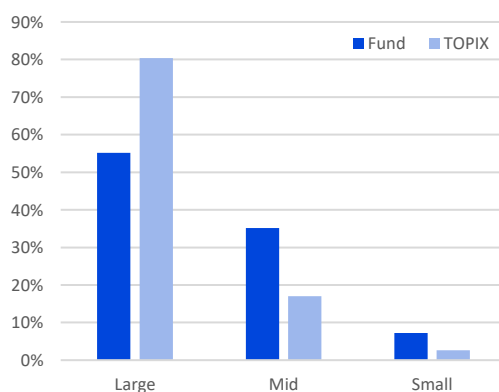
Annualised turnover	25.90%
Number of holdings	59
Cash	2.44%

*: Source: Cadira Capital Management Co. Ltd., internal estimates.

*1: For additional commentary, please see page 3. Please also visit our website for more information at <https://cadiracm.com/#news>. *2: GBP Founder ACC Class Shares. Performance shown is net of fees and in Japanese yen. Performance inception is as of January 31, 2024. (January 30, 2024 = 100). *3: Source: Northern Trust International Fund Administration Services (Ireland) Limited. *4: Sustainable Finance Disclosure Regulation ("SFDR") is part of the EU financial policy framework of regulatory measures aimed at providing consistent disclosure requirements in relation to sustainability. *5: TOPIX Total Return Index is a broad index of the Japanese equity market used for reference purposes only and does not necessarily represent the risk characteristics of the Fund. *6: Source: Sustainalytics. ESG Risk Score corresponds to the Sustainalytics ESG Risk Exposure Category of the Fund. This score is defined by Sustainalytics and considers a company's sensitivity or vulnerability to ESG risks. C/R is Carbon Emission to Revenue in Tonnes CO2e/JPY 100mn. These data providers may retroactively correct their data.

TOP 10 HOLDINGS (% OF NAV) **1,2,3

Ticker	Name	% NAV	GICS Sector	Market Cap	Theme	SDGs
1 8919 JP	KATITAS CO LTD	4.49%	Real Estate	1.68	Affordable, High-Quality Daily Essentials	11
2 6098 JP	RECRUIT HOLDINGS CO LTD	4.30%	Industrials	95.88	Talent Recruitment & Development Services	8
3 6762 JP	TDK CORP	4.11%	Information Technology	49.19	Energy Efficiency Enhancement Equipment	7
4 8035 JP	TOKYO ELECTRON LTD	4.02%	Information Technology	152.30	Energy Efficiency Enhancement Equipment	9
5 8766 JP	TOKIO MARINE HOLDINGS INC	3.59%	Financials	84.72	Disaster Prevention, Mitigation & Compensation	11
6 6383 JP	DAIFUKU CO LTD	3.54%	Industrials	17.11	Automation Equipment for Production Efficiency	8
7 6914 JP	OPTEX GROUP CO LTD	3.49%	Information Technology	0.99	Energy Efficiency Enhancement Equipment	9
8 2802 JP	AJINOMOTO CO INC	3.18%	Consumer Staples	31.03	Affordable, High-Quality Daily Essentials	3
9 4507 JP	SHIONOGI & CO LTD	2.74%	Health Care	16.44	Medical & Welfare Systems	3
10 6501 JP	HITACHI LTD	2.73%	Industrials	144.34	Energy Efficiency Enhancement Equipment	9
Total		36.41%				

GICS SECTOR WEIGHT (% OF NAV) **,1

MARKET CAP (% OF NAV) **,1,3

THEME ALIGNMENT (% OF NAV) **,1,2

Theme	Solution	%NAV
Climate Change Mitigation	New Energy Sources	0.00%
	Energy Efficiency Enhancement Equipment	27.89%
Ecosystem Preservation	Resource Recycling Systems	2.66%
	Ecosystem Management	0.00%
Social Order Maintenance	Disaster Prevention, Mitigation & Compensation	9.76%
	Medical & Welfare Systems	11.64%
	Affordable, High-Quality Daily Essentials	11.10%
	Solutions for Everyday Inconveniences	14.95%
	Automation Equipment for Production Efficiency	5.55%
Productivity Improvement	Office Automation Systems	2.00%
	Talent Recruitment & Development Services	7.52%
	Employee-Friendly Workspaces	4.48%

SDGs (% OF NAV) **,1,2

SDGs	%NAV
1. No poverty	0.00%
2. Zero hunger	0.00%
3. Good health and well-being	17.91%
4. Quality education	2.51%
5. Gender equality	0.00%
6. Clean water and sanitation	0.00%
7. Affordable and clean energy	10.99%
8. Decent work and economic growth	17.56%
9. Industry, innovation and infrastructure	21.66%
10. Reduced inequalities	0.00%
11. Sustainable cities and communities	19.39%
12. Responsible consumption & production	4.94%
13. Climate action	2.61%
14. Life below water	0.00%
15. Life on land	0.00%
16. Peace, justice, and strong institution	0.00%
17. Partnerships for the goals	0.00%

SHARE CLASS DETAILS *4

SHARE CLASS	ISIN CODE	OCF	Minimum Investment
GBP FOUNDER ACC	IE000IQFAU24	0.55%	GBP Equivalent of USD 300m
EUR FOUNDER ACC	IE000PNAGNK8	0.55%	EUR Equivalent of USD 300m
USD FOUNDER ACC	IE000G4CGOJ8	0.55%	USD 300m
JPY FOUNDER ACC	IE000TQGY8P2	0.55%	JPY Equivalent of USD 300m

*: Source: Cadira Capital Management Co. Ltd. internal estimates.

*1: Source: Northern Trust International Fund Administration Services (Ireland) Limited. *2: For the SDG and Theme category classifications, the Investment Management team assigns each company to the most appropriate category based on proprietary research. Themes were originally classified by issues; however, the classification was revised to focus on specific solutions. This shift enhances impact orientation and better aligns with our investment evaluation criteria. *3: Market Cap is in USD billions. Market size classifications are defined as follows: Small: Market capitalization of JPY 100 billion or less; Mid: Market capitalization between JPY 100 billion and JPY 1 trillion; Large: Market capitalization greater than JPY 1 trillion. USD/JPY = 159.28 *4: Source: Harrington Cooper Asset Management Limited

Performance Review

The Fund rose +1.00% (GBP Founder ACC Class) in June, slightly underperforming TOPIX (dividends reinvested) by -0.05%. Within sectors, Information Technology, Financials, and Consumer Staples were the standout performers, posting returns well ahead of the broader index. Conversely, Communication Services, Energy, and Materials were the weakest, declining sharply during the period.

The Fund's positive stock selection effect was offset by a negative sector allocation effect. At the sector level, the standout positive contributors to relative return were Communication Services, where a favourable underweight to one of the market's weakest sectors combined with strong stock selection; Industrials, where positive stock selection more than offset a negative allocation effect from an overweight to a declining sector; and Consumer Discretionary, which benefited from both a favourable underweight and positive stock selection. Conversely, the largest detractors from relative performance were Information Technology, where a sharply negative stock-selection effect overwhelmed a modest allocation drag, as the sector surged and the Fund's holdings lagged; Real Estate, where weak stock selection drove the shortfall; and Health Care, where an overweight to a declining sector weighed on allocation.

At the stock level, positive contributors included Tokyo Electron Limited (8035), Ajinomoto Co., Inc. (2802), and Timee, Inc. (215A). Conversely, sectors that detracted from performance included Healthcare, Industrials, and Real Estate. At the stock level, negative contributors included TDK Corporation (6762), Hitachi, Ltd. (6501), and Fuji Electric Co., Ltd. (6504).

Key Contributors

Tokyo Electron — Ranked third globally in semiconductor manufacturing equipment and the largest domestic player, with strength across a broad product lineup; potential for share gains in etching and cleaning equipment. Share price rose as semiconductor equipment stocks broadly benefited from expectations of expanded AI-related investment and upward revisions to semiconductor market forecasts.

Ajinomoto — The largest domestic seasoning maker with an active overseas presence; in addition to its stable food business, it has growth prospects in healthcare and semiconductor-related materials, and its sustainability efforts, including impact target-setting, are highly regarded. The stock performed steadily on growing expectations for demand in semiconductor-related materials.

Timee — Operates the "Timee" staffing platform, connecting "hours people want to work" with "hours employers need workers," a spot-work model. The market is expanding on strong support from both job seekers and employers, and the company holds a strong competitive position. Buying was driven by continued growth expectations linked to labor shortages.

Key Detractors

TDK — A major electronic components maker handling capacitors, HDD magnetic heads, secondary batteries, sensors, and more. Its globally top-share small batteries for smartphones are growing through capacity expansion, with additional growth potential in mid-size and all-solid-state batteries; its IR stance has also improved. Profit-taking dominated in part of the electronic components sector as a reaction to the stock's sharp rise in May.

Hitachi — Profit margins are improving through Lumada, its digital solutions business, while competitiveness in railway and power grid businesses is also improving. The stock fell on profit-taking after its earlier rally paused.

Fuji Electric — A heavy electrical equipment maker handling power semiconductors and power distribution/energy solutions. Growth is supported by demand tied to electrification, energy efficiency, and data center power needs, with additional stability from railway and electric furnace businesses; the company is also well-regarded for its proactive engagement stance. The stock saw adjustment-driven selling in part of the tech/electrical equipment sector.

Our Investment Activities

During the month, the Fund initiated a position in Pigeon Corporation (7956). Pigeon holds the top domestic share in childcare products such as baby bottles and baby skincare, with its strategy becoming clearer following a change in company president. Despite headwinds in the domestic market from the declining birthrate, the company is strengthening its overseas expansion of baby bottles in Europe and the U.S. We value its business foundation and brand strength in Asian markets including China, along with its high profitability and cash generation, as well as its contribution to reducing the burden of childcare.

The fund fully sold out of Mitsubishi Estate Co., Ltd. (8802) amid concerns over rising interest rates and construction costs.

Weight increases included Astellas Pharma Inc. (4503), Otsuka Holdings Co., Ltd. (4578), and Katitas Co., Ltd. (8919). Weight reductions included Kakaku.com, Inc. (2371), Mitsui Fudosan Co., Ltd. (8801), and SWCC Corporation (5805).

Engagement Activities

This month we introduce Optex Group Co., Ltd. (6914), including a company overview and Cadira's ongoing engagement activities with the firm.

Company Overview

Founded in 1979, Optex Group is a sensor maker that has built a global niche-top position, holding a 40% global share in outdoor security sensors, along with automatic door sensors and inspection LED lighting.

The company is currently shifting from simple product sales toward a "solution-proposal business" that provides an integrated offering spanning system design, data management, and maintenance, aiming to increase added value and profitability. In particular, high-precision security systems for data centers driven by major U.S. tech companies, and factory-use image inspection solutions addressing social needs for labor-saving and automation, are performing well and driving growth.

Addressing Social Issues Through Business

The company aims to create a safe, secure, and comfortable society through what it calls "work that sees the unseen." At its core is a distinctive approach it calls the "fu-toru" business — removing society's "anxiety, inconvenience, and dissatisfaction" ("fu") and converting them into "safety, security, convenience, and satisfaction." In the environmental domain, the company has set a target for its "avoided emissions" — the CO2 reduction its products enable for customers — to exceed four times its own Scope 1 and 2 emissions. It is contributing concretely to CO2 reduction through measures such as preventing unnecessary opening of automatic doors to improve air conditioning efficiency, and expanding sales of environmentally friendly inspection LED lighting. In addressing social challenges such as the declining working-age population, the company is building a track record of automation and AI-based solutions that directly contribute to improving societal sustainability, which is expected ultimately to strengthen its competitiveness and brand power.

Cadira's Dialogue with Optex Group

Cadira has engaged in ongoing dialogue with Optex Group. The company is at a major turning point: in 2023, Mr. Nakajima, formerly of Keyence, became president, and in 2024 the management structure was renewed, with Mr. Uemura, head of the Sensing Solutions business, appointed vice president alongside the announcement of a new medium-term management plan.

To confirm the company's vision and strategy, Cadira visited its head office in Otsu, Shiga Prefecture, and held a meeting directly with both President Nakajima and Vice President Uemura. The head office, located on the shore of Lake Biwa, maintained a notably bright, open space, with an office layout designed to encourage communication among employees — tangible evidence that the organization is changing positively under its new management structure.

Following the meeting and a product demonstration, we came away impressed that both executives had deep, hands-on familiarity with their respective businesses. At the same time, we identified issues of concern from an investor's perspective and raised them along with suggestions.

Specifically, in addition to a previously noted issue, that the business plan follows a rolling format and lacks disclosure with a medium-to long-term perspective, we pointed out that the relationship between the company's overall direction and each business unit's direction, and between the holding company and its subsidiaries, had become difficult to understand, and conveyed our expectation for the creation of more synergy. We also directly requested strengthened sustainability efforts: systematizing what had been limited non-financial disclosure, disclosing KPIs on GHG reduction and labor-saving contributions enabled by its products, and communicated the value of publishing an integrated report.

In response, the company engaged in rapid discussion at the management and board level, resulting in the formulation of its "2030 Vision," which sets clear thresholds for growth (average annual growth rate of 5% or more) and profitability (operating margin of 10% or more), with businesses falling short subject to review including potential withdrawal or downsizing. The company also began publishing its own "Sustainability Highlights," linked to its corporate strategy.

On the IR front in particular, disclosure materials improved significantly in response to investor feedback. With foundational materials now prepared for new investors, meeting time that was previously spent on basic business explanations can now be devoted to deeper dialogue. These improvements in management quality, along with a strengthened shareholder return policy, have contributed to a rising share price and growing interest from new institutional investors.

In our most recent meeting, we conveyed that the company should further highlight the strong growth of its data center business and evidence of group-wide synergies, including with M&A targets (such as joint development between a subsidiary's tracking technology and its security sensors/AI algorithms). The company maintains close proximity between management and its IR function, reflecting an open organizational culture that quickly reflects investor feedback in management decisions and disclosure materials. Cadira intends to continue ongoing dialogue with the company to keep encouraging enhancement of its corporate value.

Outlook: The Impact of AI's Evolution on Asset Management

AI Adoption: Rapid Spread, Gap in Results

The evolution of AI is bringing about a structural shift in the asset management industry. According to a survey of 200 major global asset managers, as of the end of 2024⁽¹⁾ only about 10% of firms were actively exploring and implementing AI tools, while the remaining 75% recognized its potential value but were still figuring out how to use it. Just one year later, by the end of 2025⁽²⁾, 70% of buy-side firms had moved to deploying AI in live front-office operations. However, only 17% of firms have reached a "mature" stage, i.e. deploying AI across multiple business areas with measurable ROI, meaning a substantial gap remains between "adoption" and "results." The industry as a whole has begun to embrace AI in earnest, even as its real effectiveness is only now being tested.

In Japan too, a survey conducted by the Financial Services Agency (FSA) in October–November 2024 found that only around 10% of firms were using generative AI to enhance asset management⁽³⁾. This figure is close to the global figure from the same period (end of 2024), suggesting Japan's market was at a similarly early stage as the rest of the world. While no updated survey exists yet, given the global figure's rapid rise to 70% by the end of 2025, it is plausible that a similar acceleration is occurring in Japan as well.

Lessons from the Past: How the Internet Shifted the Source of Differentiation

The earlier experience of internet adoption offers a useful reference point. Before the internet became widespread, obtaining financial information itself carried a cost.

In the U.S., until electronic disclosure via EDGAR became mandatory with the SEC in the mid-1990s, the only ways to access corporate disclosures were subscribing to commercial data feeds or physically visiting an SEC reference room, meaning only the largest institutional investors had timely access⁽⁴⁾. The same was true in Japan, where securities reports were purchased as printed booklets and data was entered manually; the number of companies that could be analyzed was inherently limited by shelf space and staffing resources. Whether or not to analyze a company was not just a matter of capability, but of whether resources could be devoted to it.

As the internet spread and electronic disclosure infrastructure matured, the cost of obtaining information fell sharply, and asset managers large and small gained access to the same information at the same time as their competitors. As the information advantage disappeared, the source of differentiation shifted from "obtaining information" to "how quickly and deeply that information could be processed and interpreted." AI may now bring about a similar leveling in this "processing and interpretation" stage.

Impact on the Investment Workflow: Automation of the Middle Steps, and the Growing Importance of Both Ends

The asset management workflow begins with establishing an investment philosophy, moves through middle steps such as building investment hypotheses, research, analysis, investment decisions, and portfolio management, and culminates in engagement with portfolio companies. Of these, the middle steps are relatively standardized and represent an area with particularly large scope for AI-driven efficiency and automation.

According to McKinsey estimates, high-impact use cases such as AI co-pilots for portfolio managers could deliver productivity gains of 25–40%⁽⁵⁾. As automation of the middle steps advances, the areas where humans should add the most value are likely to converge at both ends; upstream, in building investment philosophy, and downstream, in deep engagement with companies. This resembles the "smile curve" structure often seen in manufacturing industry analysis.

A Caution: The Gap Between Adoption and Results

At the same time, we should be careful not to be overly optimistic.

According to McKinsey, asset manager margins have fallen by 3 percentage points in North America and 5 percentage points in Europe over the past five years, even as technology investment has continued to rise — a rise that has not necessarily translated into productivity gains⁽⁵⁾. Simply adopting AI is not enough; real value emerges only when it is combined with a redesign of the workflow itself. As the source of differentiation shifts, what will be required of asset managers is to remain open to change, keep experimenting, and continue asking what constitutes genuine added value.

Closing Remarks

At this juncture, what is needed is for the diverse players across the investment chain, including asset managers, corporate IR, institutional investors, and others, is to pool their knowledge and explore how to build a better ecosystem by harnessing technological evolution. We too aim to remain open to change, keep experimenting, and continue improving the quality of our judgment as long-term investors.

(⁽¹⁾) SimCorp, "Perspectives from 200 Global Buy-Side Operations Leaders"
<https://www2.simcorp.com/investops2025>

(⁽²⁾) SimCorp, "The AI race in 2026: Building foundations for a lasting advantage"
<https://www2.simcorp.com/investops2026>

(⁽³⁾) Financial Services Agency of Japan, "AI Discussion Paper (Version 1.1)" (March 2026)
https://www.fsa.go.jp/news/r7/sonota/20260303/aidp_version1.1.pdf

(⁽⁴⁾) Chang, Ljungqvist, and Tseng, "Do Corporate Disclosures Constrain Strategic Analyst Behavior?" (The Review of Financial Studies, 2023)
<https://ssrn.com/abstract=3579466>

(⁽⁵⁾) McKinsey & Company, "How AI could reshape the economics of the asset management industry" (July 2025)
<https://www.mckinsey.com/industries/financial-services/our-insights/how-ai-could-reshape-the-economics-of-the-asset-management-industry>

Important Notice

The information on this document should be considered non-independent as Harrington Cooper 2025 LTD and Harrington Cooper Asset Management Limited have been retained by Cadira Capital Management Co., Ltd. ("CCM") for the promotion of the strategies and funds to professional investors in the United Kingdom and the European Union.

This document does not constitute or form part of any offer to issue or sell, or any solicitation by Harrington Cooper 2025 LTD , Harrington Cooper Asset Management Limited, CCM, or any of their affiliates, of any offer to subscribe or purchase any securities mentioned herein. The information in this document should not be construed as the making of a personal recommendation or the giving of investment advice or recommending the undertaking of any investment activity either within or outside the United Kingdom.

No investment decisions should be made without first reviewing the prospectus for the Harrington Cooper UCITS Funds ICAV, the key investor information document ("KIID") for the share class and any other supplementary information, which can be obtained free of charge from <http://harringtoncooper.com/harrington-cooperasset-management-funds/>. The Prospectus and supplements for the fund are available in English only. The KIID is available in English. The value of all investments and any income derived therefrom can decrease as well as increase and capital may be lost.

This information is not for use within any country or with respect to any person(s) where such use could constitute a violation of the applicable law. This document is only for professional clients or eligible counterparties (or such persons whom it may lawfully be issued or directed) In particular, any investment or services to which this document may relate are not intended for retail clients and will not be made available to retail clients.

No representation, warranty or undertaking, expressed or implied, is given as to the accuracy, timeliness or completeness of the information and no liability is accepted by Harrington Cooper 2025 LTD or Harrington Cooper Asset Management Limited or CCM or their affiliates for the information or opinions contained in this document.

Investment Manager: Cadira Capital Management Co., Ltd. is registered with the Financial Services Agency, Kanto Local Finance Bureau under registration number 3351 to conduct discretionary investment management business. Registered office: 603 Kabutocho Heiwa Bldg. No.2, 9-1 Nihonbashikabutocho, Chuo-ku, Tokyo 103-0026 Japan.

Management Company and Distributor (European Union): Harrington Cooper Asset Management Limited, which is regulated by the Central Bank of Ireland. Office: Block A, One Park Place, Upper Hatch Street, Dublin 2. Harrington Cooper UCITS Funds ICAV is authorised and regulated by the Central Bank of Ireland.

Harrington Cooper 2025 LTD is authorised and regulated by the Financial Conduct Authority (FRN 1042256). Harrington Cooper 2025 LTD is a limited liability company incorporated under the laws of England and Wales with registered office at 2 Royal Exchange, London EC3V 3DG.

Contact

Harrington Cooper 2025 LTD

Email: salesteam@harringtoncooper.com

Telephone: +44 (0) 20 7043 0500