

Japan Value Equity Concentrated

March 2025

Strategy

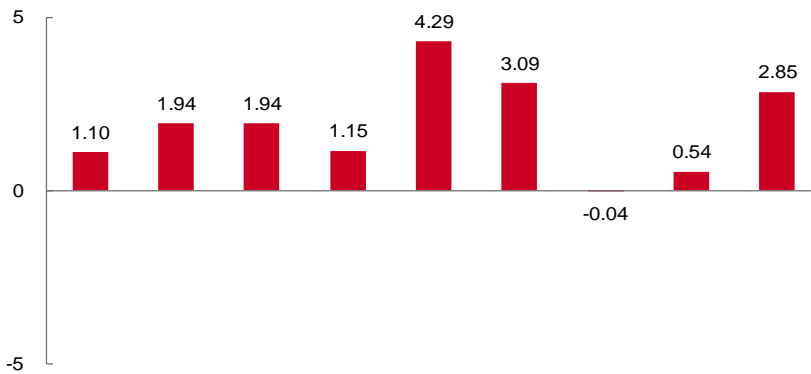
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team analyzes the intrinsic value of individual stocks and compares it with market price in order to identify undervalued names. The portfolio is not constrained by sector weights or market caps.

Market Review

Japanese market prices finished the month almost unchanged as concerns over US President Donald Trump's tariff policy and US stagflation weighed on sentiment. Value stocks outperformed growth stocks because of the increase in long-term US interest rates.

The market was little changed in the first half of the month as although there was a period of growth when US tariff fears receded on delays to tariffs on certain products from Mexico and Canada, falls in US semiconductor stocks weighed on the market. The market then shifted upwards despite investor negativity on Trump refusing to clearly deny the possibility of a US recession as US CPI undershot market expectations, US retail data did not indicate a recession, and JPY stopped appreciating versus USD. The market then dropped through the end of month to come back in line with its previous month-end on increased fears of stagflation following announcements from the Trump administration of 25% additional tariffs on all imported automobiles and economic indicators signalling weak consumer spending and high expected inflation.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
NIDEC CORP	3.96
KIRIN HOLDINGS CO LTD	3.91
FANUC CORP	3.74
TORAY INDUSTRIES INC	3.45
YAMATO HOLDINGS CO LTD	3.38
SUMITOMO MITSUI TRUST GROUP	3.12
KYOCERA CORP	3.08
MURATA MANUFACTURING CO LTD	3.04
NIPPON TELEGRAPH & TELEPHONE	3.02
MITSUBISHI ESTATE CO LTD	2.82
Total	33.52

	Mar	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	1.32	-1.50	-1.50	-0.39	18.06	19.46	9.02	8.61	9.49
Benchmark	0.22	-3.44	-3.44	-1.55	13.77	16.37	9.05	8.07	6.64

Composite Summary

Composite Name	SJAM Value Mother Fund		
Benchmark	TOPIX Total Return**		
Inception Date	January 2004		
Number of Holdings	69		
Bloomberg Code	SNAMCON		
Assets Under Management	Domestic	JPY 60.5B (USD 405M)	
	Overseas	JPY 2.9B (USD 20M)	
	Strategy Total	JPY 63.4B (USD 424M)	

Characteristics		
	Portfolio	Benchmark
P/E	11.10x	12.82x
P/B	0.84x	1.28x
ROE	7.58%	10.00%
Dividend Yield	3.35%	2.75%

Market Cap		
	Portfolio	Benchmark
Large	41.0%	66.5%
Mid	46.6%	25.8%
Small	10.1%	7.6%
Others	0.4%	-

* Excess return figures are annualized for three years and longer.

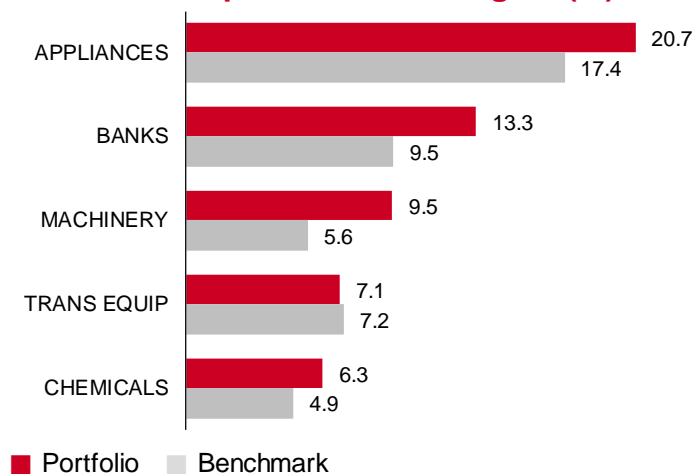
** TOPIX Total Return Index includes the dividends paid by the index constituents.

The data shown is of a representative account. Past performance is not a guarantee of future returns.

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Top Five Sector Weights (%)



Kenji Ueno, CMA
Senior Portfolio Manager
32 years investment experience
27 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, overweighting (OW) of Banks and Machinery and underweighting (UW) of Other Prod contributed to performance, while UW of Insurance and Wholesale and OW of Appliances detracted. In stock selection, OW of Hokuohoku Financial Group and Mitsubishi Estate and UW of Recruit Holdings contributed to performance, while OW of Sumco and Nidec and UW of Mitsubishi Heavy Industries detracted. Last month we increased holdings of Asahi Kasei, Nidec, and Omron and decreased holdings of Sumitomo Mitsui Financial Group, Makita Corporation, and Sumitomo Mitsui Trust Group.

Outlook

We expect the market will face heavy upside resistance over the near term.

Japanese corporate earnings will likely be positively impacted by a recovery in domestic real wages and capital efficiency improvement measures implemented by companies following pressure from the Tokyo Stock Exchange (TSE) but may stagnate because of larger-than-expected negative impacts from additional Trump tariffs. We expect it will take some time before we see a pickup in valuation metrics like forward P/E as market volatility (degree of movement in share prices) will likely increase as long as the full extent of tariffs impacts is unclear. That said, we believe downside will be limited as share prices already reflect drops in earnings forecasts, there is strong equity demand from the high level of large-scale share buybacks seen recently and the BoJ has relatively accommodative monetary policy compared to the US and Europe.

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