

Japan Value Equity Concentrated

April 2025

Strategy

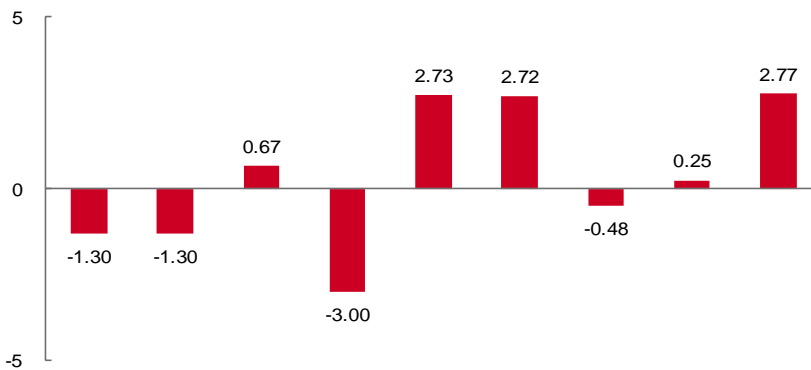
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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

The Japanese market underwent volatile swings in April because of moves from the US to raise tariffs. Domestic demand, defensive sectors, like construction, retail, and information & communications, rose on the back of increased uncertainty over the economy.

Japanese share prices fell sharply in the first half of the month as Trump tariffs coming in higher than the market expected increased the risk of a global economic recession and stoked concerns of a drop in corporate earnings. The Japanese market then rebounded as Trump announced a 90 day pause on tariffs above the base 10% for some countries. The market was positive on the drop in concerns over excessive tariff policy out of the US and the USD/JPY exchange rate not making it into tariff negotiations between Japan and the US. The market then rose further through the end of the month despite the market being negative on Trump claiming he could fire Fed chair Jerome Powell as he later went on to see he had no intention of doing this, hinted at the possibility of softening tariffs on China, and announced measures to soften tariffs on auto parts.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
NIDEC CORP	4.59
KIRIN HOLDINGS CO LTD	4.09
FANUC CORP	3.83
YAMATO HOLDINGS CO LTD	3.51
KYOCERA CORP	3.13
NIPPON TELEGRAPH & TELEPHONE	3.13
SUMITOMO MITSUI TRUST GROUP	2.98
MURATA MANUFACTURING CO LTD	2.94
TORAY INDUSTRIES INC	2.82
SUMCO CORP	2.73
Total	33.74

	Apr	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	-0.96	-0.96	-2.45	-3.31	17.55	18.18	8.08	8.02	9.40
Benchmark	0.33	0.33	-3.12	-0.31	14.82	15.46	8.56	7.77	6.63

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 54.5B (USD 382M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 54.5B (USD 382M)	

Characteristics		
	Portfolio	Benchmark
P/E	11.58x	12.98x
P/B	0.85x	1.31x
ROE	7.35%	10.11%
Dividend Yield	3.45%	2.75%

Market Cap		
	Portfolio	Benchmark
Large	41.5%	66.4%
Mid	46.2%	25.9%
Small	10.0%	7.6%
Others	0.4%	-

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

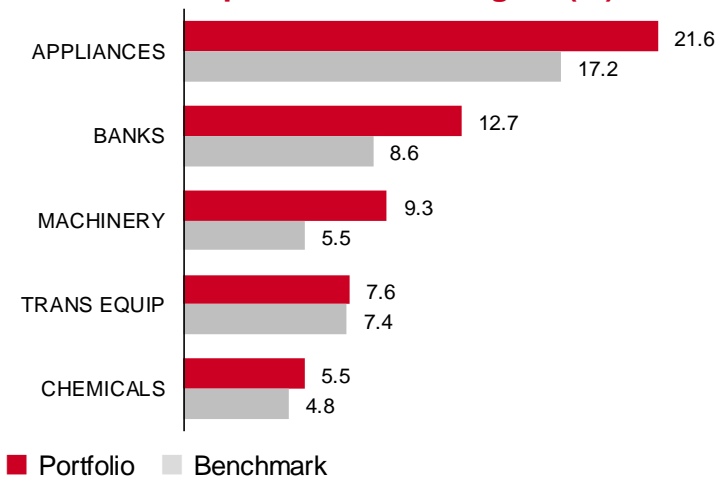
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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
33 years investment experience
27 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection detracted from performance. In sector allocation, overweighting (OW) of Foods and underweighting (UW) of Oil and Coal and Securities contributed to performance, while OW of Banks and Textiles and UW of Info & Comm detracted. In stock selection, UW of Mitsubishi UFJ Financial Group and Mizuho Financial Group and OW of Aisin Corporation contributed to performance, while OW of Fanuc and Toray and UW of Nintendo detracted. Last month we increased holdings of Sumco, Taiyo Yuden, and Nidec and decreased holdings of Hokuohoku Financial Group, Nippon Shokubai, and Mitsubishi Estate.

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 tariff impacts is unclear. We believe that share price will be supported by strong equity demand from the high level of large-scale share buybacks seen recently and the BoJ having relatively accommodative monetary policy compared to the US and Europe but that investor sentiment will unlikely rise until it is clear where Trump tariff policy will ultimately end up.

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