

# Japan Value Equity Concentrated

May 2025

## Strategy

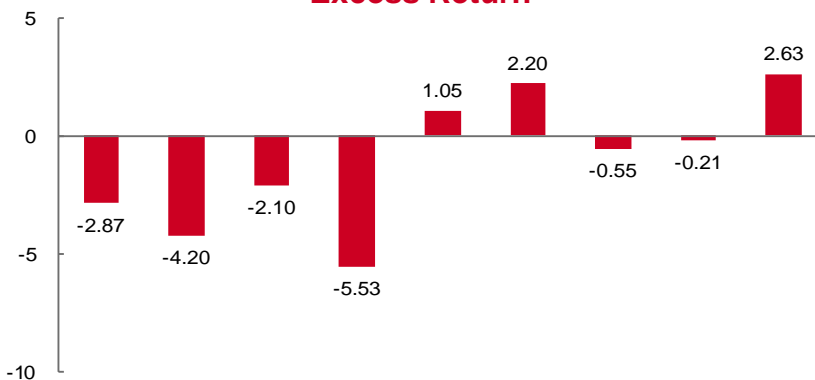
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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 rose in May on expectations for softer tariff policy out of the Trump administration in the US. The rise was led by the non-ferrous sector, which grew on expectations for increased demand for telecommunication cables following the announcement of a large data centre construction project in the Middle East, and the banks sector, which grew on expectations for wider net interest margins following the increase in Japanese interest rates.

The market rose in the first half of the month as the BoJ left rates unchanged at its monetary policy meeting and Trump tariff policy fears weakened following the US and the UK coming to a trade deal. The market then rocked back and forth through the middle of the month despite the US and China agreeing to lower the additional tariffs they had imposed on each other as conservative earnings guidance weighed on sentiment. Share prices then rose again through the end of the month despite US long-term rates rising on the back of concerns over worsening fiscal conditions as the US agreed to postpone the imposition of tariffs on the EU and Nvidia released strong earnings results.

### Composite Performance (%) Excess Return\*



	May	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.24	1.25	-0.27	-1.95	17.49	17.29	9.05	7.56	9.48
Benchmark	5.10	5.45	1.83	3.58	16.44	15.09	9.60	7.77	6.85

### 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 54.3B (USD 376M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 54.3B (USD 376M)	

Top Ten Holdings	%
NIDEC CORP	4.48
FANUC CORP	3.93
KIRIN HOLDINGS CO LTD	3.81
NIPPON TELEGRAPH & TELEPHONE	3.76
YAMATO HOLDINGS CO LTD	3.37
SUMITOMO MITSUI TRUST GROUP	3.22
KYOCERA CORP	3.17
MURATA MANUFACTURING CO LTD	3.08
SUMCO CORP	2.95
ASTELLAS PHARMA INC	2.62
Total	34.40

### Characteristics

	Portfolio	Benchmark
P/E	12.71x	13.96x
P/B	0.88x	1.36x
ROE	6.94%	9.74%
Dividend Yield	3.39%	2.65%

### Market Cap

	Portfolio	Benchmark
Large	42.3%	66.7%
Mid	45.4%	25.7%
Small	10.1%	7.5%
Others	0.4%	-

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

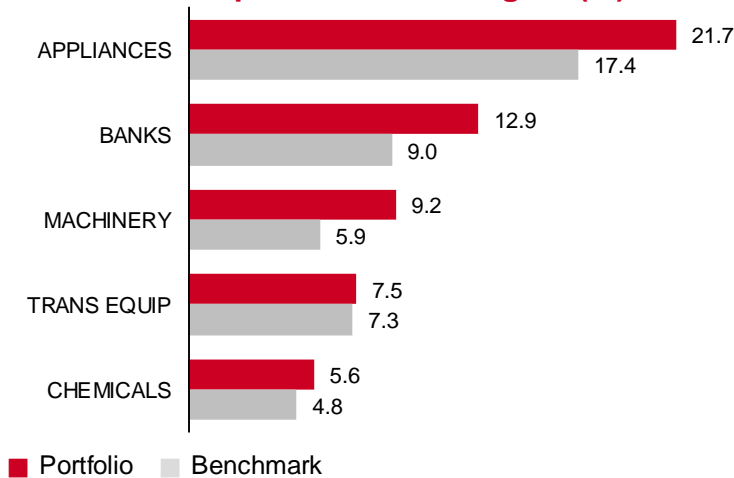
\*\* TOPIX Total Return Index includes the dividends paid by the index constituents.

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

This document has been prepared solely for informational purposes and does not constitute an offer to sell securities in any jurisdiction. Actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a client, and a client portfolio's risk tolerance, investment objectives and investment time horizon. The returns presented above are gross and do not reflect the deduction of investment advisory fees which will reduce returns.

# Japan Value Equity Concentrated

## Top Five Sector Weights (%)



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

## Attribution Analysis

Sector allocation contributed to performance while and stock selection detracted. In sector allocation, overweighting (OW) of Machinery and Banks and underweighting (UW) of Precision Instr contributed to performance, while OW of Paper, Foods, and Land Trans detracted. In stock selection, OW of Nidec, Nihon M&A Center, and Sumitomo Mitsui Trust Group contributed to performance, while OW of Omron, Kirin Holdings, and Sawai Group Holdings detracted. Last month we increased holdings of Otsuka Corporation, NTT, and Murata Manufacturing and decreased holdings of Hokuho Financial Group, Toray, and Nidec.

## Outlook

We expect the market will continue to 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 negative impacts from additional Trump tariffs. Valuation metrics like forward P/E fell significantly on concerns over additional tariffs but have already recovered from this because of expectations over negotiations between the US and individual countries. The market will now likely bounce back and forth according to news flow concerning the tariffs. 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.

## Contact Information

Daniel Robbins  
+81 3 5290 3414

Group email: [global@sompo-am.co.jp](mailto:global@sompo-am.co.jp)

### Important Notice

This material is being made available to you by SOMPO ASSET MANAGEMENT CO., LTD, "Sompo AM". Sompo AM is not licensed or registered in any jurisdiction except in Japan. You are not permitted to copy this material or pass it to anyone else. This material does not constitute an offer to sell securities in any jurisdiction. This material is not, and must not be treated as, investment advice or investment recommendations. Before making any investment decision, you should seek independent investment, legal, tax, accounting or other professional advice as appropriate, none of which is offered to you by Sompo AM. No investment service will be provided in or into any jurisdiction except to the extent permitted by local law. Sompo AM makes no representation or warranty, express or implied, except as required by law or in the case of fraud, regarding the accuracy, completeness or adequacy of the information in this material. Past performance is not a guarantee of future results.

### For the attention of investors in the US

This report is for the use of non-U.S. persons.

### For the attention of investors in the United Kingdom:

To the extent that this material is being issued by any persons who are not authorised under the Financial Services and Markets Act 2000 (the "Act"), it is being issued in the United Kingdom only to, and/or is directed only at, persons who are of a kind to whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorised under the Act ("authorised persons"), certain persons having professional experience in matters relating to investments, high net worth companies and high net worth unincorporated associations or partnerships. This material is only available to such persons in the United Kingdom and this material must not be copied or distributed to any other person without seeking prior consent from Sompo AM.

### For the attention of investors in Abu Dhabi:

This material and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities or other form of investments in the UAE and accordingly should not be construed as such. The portfolio management services detailed herein are only being offered to a limited number of sophisticated investors in the UAE: (a) who are willing and able to conduct an independent investigation of the risks involved in the related investments and (b) upon their specific request. The investments and services detailed herein have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This material is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the investments and services detailed herein should be made to Sompo AM.

Sompo AM is a registered Financial Instruments Firm with the Director General of Kanto Local Finance Bureau ("KLFB") of the Japan Ministry of Finance, KLFB (KINSYO) No. 351, and is a member of the Japan Investment Advisers Association, and The Investment Trusts Association, Japan.