

Japan Value Equity Concentrated

June 2025

Strategy

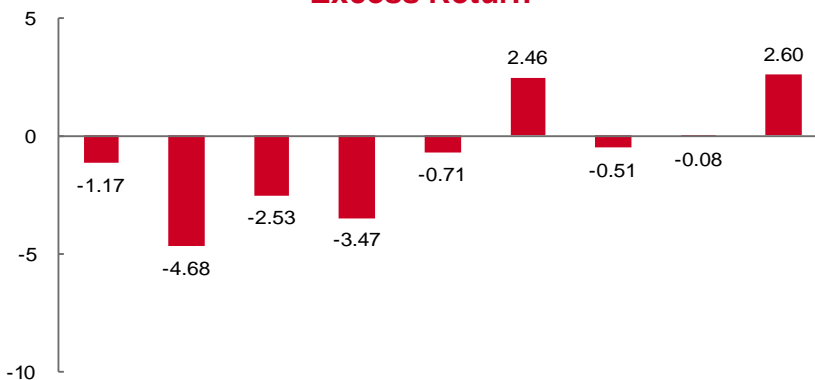
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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 rose on increased expectations for rate cuts in the US following the drop in geopolitical risk in the Middle East. Growth outperformed value as long-term interest rates fell on the increase in expectations for the Fed to cut rates.

The market ended the first half of the month little changed. It was weighed down by concern over harsher tariff policy out of the US but was supported by decreased concerns over a potential recession in the US following better-than-expected US jobs data. For most of the second half of the month the market continued to seesaw back and forth. While investors were negative on increased geopolitical risk in the Middle East following Israeli attacks on Iranian nuclear facilities, they were positive on progress in talks between the US and China to reduce trade tensions. The market then rose at the end of the month despite the US attacking Iran as investors were positive on the ceasefire agreement between Israel and Iran and a Fed official stating support for early rate cuts.

Composite Performance (%) Excess Return*



	Jun	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	0.79	2.84	1.29	0.63	17.29	18.04	9.51	8.17	9.52
Benchmark	1.96	7.52	3.83	4.10	18.00	15.58	10.02	8.25	6.92

Composite Summary

Composite Name	SJAM Value Mother Fund		
Benchmark	TOPIX Total Return**		
Inception Date	January 2004		
Number of Holdings	70		
Bloomberg Code	SNAMCON		
Assets Under Management	Domestic	JPY 55.3B (USD 383M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 55.3B (USD 383M)	

Top Ten Holdings	%
NIDEC CORP	4.23
FANUC CORP	4.00
NIPPON TELEGRAPH & TELEPHONE	3.84
KIRIN HOLDINGS CO LTD	3.71
SUMCO CORP	3.41
YAMATO HOLDINGS CO LTD	3.24
SUMITOMO MITSUI TRUST GROUP	3.15
MURATA MANUFACTURING CO LTD	3.11
KYOCERA CORP	3.11
ASTELLAS PHARMA INC	2.60
Total	34.40

Characteristics

	Portfolio	Benchmark
P/E	13.03x	14.44x
P/B	0.89x	1.39x
ROE	6.84%	9.62%
Dividend Yield	3.43%	2.62%

Market Cap

	Portfolio	Benchmark
Large	42.1%	66.4%
Mid	45.6%	25.9%
Small	10.5%	7.6%
Others	0.4%	-

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

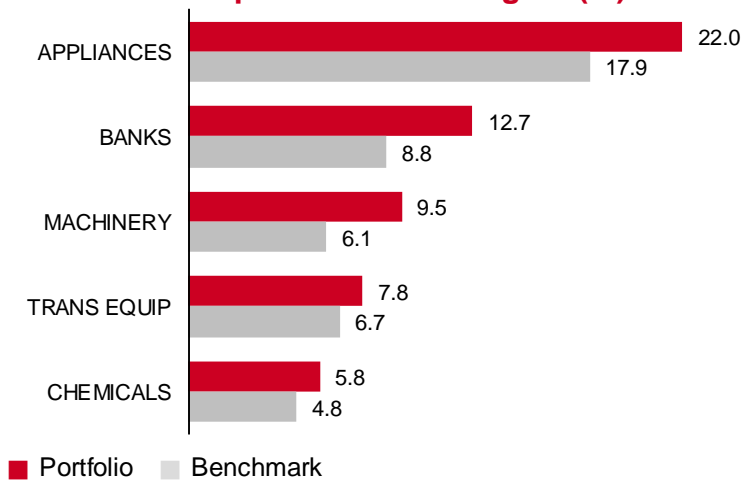
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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
28 years at Sompo AM

Attribution Analysis

Sector allocation contributed to performance while stock selection detracted. In sector allocation, overweighting (OW) of Machinery Appliances and underweighting (UW) of Insurance contributed to performance, while UW of Other Prod, Info & Comm and OW of Banks detracted. In stock selection, UW of Toyota Motor and Sony Group and OW of Sumco contributed to performance, while UW of SoftBank Group, Nintendo, and Advantest detracted. Last month we increased holdings of Denso, Otsuka Corporation, and Omron and decreased holdings of Toray, Hokuoh Chemicals, and Osaka Gas.

Outlook

We expect the market will continue to face heavy upside resistance. There is an increasing likelihood that Japanese corporate earnings will enter a period of stagnation as despite positives from a recovery in domestic real wages and capital efficiency improvement measures implemented by companies following pressure from the Tokyo Stock Exchange (TSE), additional Trump tariffs are expected to have a negative impact. Valuation metrics like forward P/E are already above undervalued levels despite there still being no clear outlook on how tariffs will ultimately end up as the overall market has been pushed up by a small number of stocks. We believe caution is needed over the short term as there is a growing opinion amongst investors that the Fed will cut rates early to counter a slowdown in the US economy. That said, we do not foresee any large fall in the Japanese market as 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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