SOMPO ASSET MANAGEMENT

Japan Value Equity Concentrated

November 2025

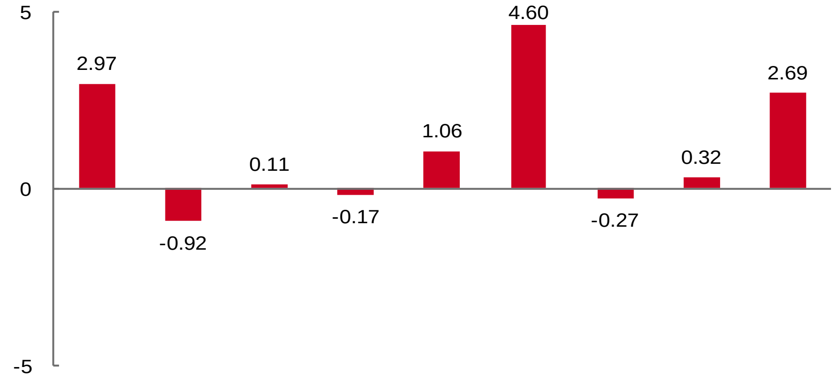
Strategy

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 remained firm in November, despite alarm over the high prices of AI and data centre stocks putting downward pressure on prices as expectations for a rate cut by the Fed in December supported sentiment. The mining and real estate sectors saw growth because of strong Jul–Sep earnings and the announcement of bolstered shareholder returns. The info & Comms sector fell because of heightened concerns of increased competition in the AI space. In the first half of the month, fears of an economic slowdown receded following the end of the US government shutdown. The Japanese market rose on the back of strong Jul–Sep earnings results. Share prices then fell as investors stood back in anticipation of results announcements from US semiconductor majors and top US finance professionals began to sound the alarm on stretched valuations. The market then bounced back upwards through the end of the month as expectations for a rate cut grew on comments from top Fed officials that they will support a cut at the December FOMC meeting. Long-term rates rose in Japan because of increased concerns over government finances caused by the Takaichi cabinet's economic support measures. Subsequent JPY depreciation focused investors buying activity mainly on exporters, leading to growth in the Japanese market.

Composite Performance (%)
Excess Return*



	Nov	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.39	6.79	24.29	29.00	23.40	21.39	13.08	10.78	10.36
Benchmark	1.42	7.71	24.18	29.17	22.33	16.78	13.34	10.46	7.66

Composite Summary

Composite Name	SJAM Value Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	January 2004	
Number of Holdings	65	
Bloomberg Code	SNAMCON	
Assets Under Management	Domestic	JPY 66.7B (USD 427M)
	Overseas	JPY 0B (USD 0M)
	Strategy Total	JPY 66.7B (USD 427M)

Top Ten Holdings	%
FANUC CORP	4.40
MURATA MANUFACTURING CO LTD	3.99
KIRIN HOLDINGS CO LTD	3.81
NTT INC	3.73
KYOCERA CORP	3.61
OMRON CORP	3.19
YAMATO HOLDINGS CO LTD	3.08
DAIKIN INDUSTRIES LTD	3.08
SUMCO CORP	3.07
SUMITOMO MITSUI TRUST GROUP	3.02
Total	35.00

Characteristics

	Portfolio	Benchmark
P/E	14.99x	15.57x
P/B	1.05x	1.58x
ROE	6.98%	10.12%
Dividend Yield	2.98%	2.37%

Market Cap

	Portfolio	Benchmark
Large	42.4%	67.8%
Mid	45.6%	25.0%
Small	9.7%	7.2%
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.

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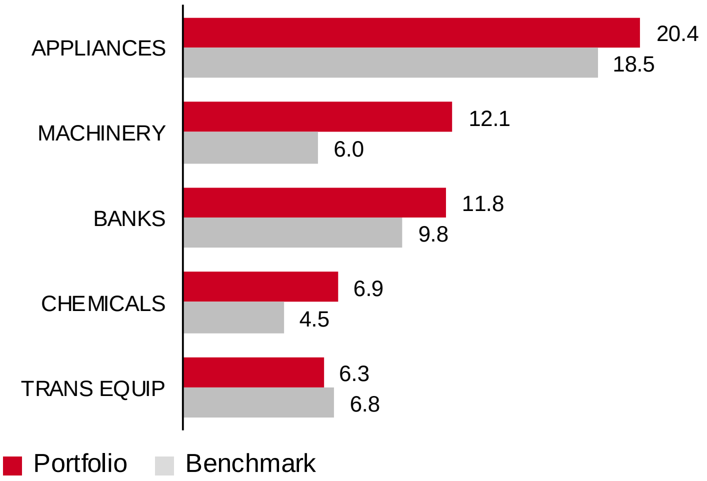
Top Five Sector Weights (%)



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

Attribution Analysis

Sector allocation detracted from performance, while stock selection contributed. In sector allocation, underweighting (UW) of Info & Comm and overweighting (OW) of Banks and Paper contributed to performance, while OW of Machinery and UW of Wholesale and Elec Power & Gas detracted. In stock selection, UW of SoftBank Group and OW of JGC Holdings and Astellas Pharma contributed to performance, while OW of Sumco, Omron, and Murata Manufacturing detracted. Last month we increased holdings of Denso, Nitori Holdings, and Omron and decreased holdings of JGC Holdings, Mitsubishi Estate, and Astellas Pharma.

Outlook

We urge caution over the near term given that despite the recent market correction centring on some overvalued AI stocks, valuation metrics like forward P/E are still not at undervalued levels given continued expectations around further rate cuts in the US and increased investment in AI. However, corporate earnings forecasts have been recovering since the Japan and the US came to an agreement on tariffs and we expect further improvements as companies revise their conservative assumptions. We do not foresee any large fall in the Japanese market as there is strong equity demand from a high level of large-scale share buybacks and the BoJ has relatively accommodative monetary policy compared to the US and Europe. We believe it will still take some time before we see serious fundamentals-driven market growth but given forecasts for earnings growth next year and beyond, we believe we are currently in the midst of a medium to long-term growth period.

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