

Japan Value Equity Concentrated

June 2026

Strategy

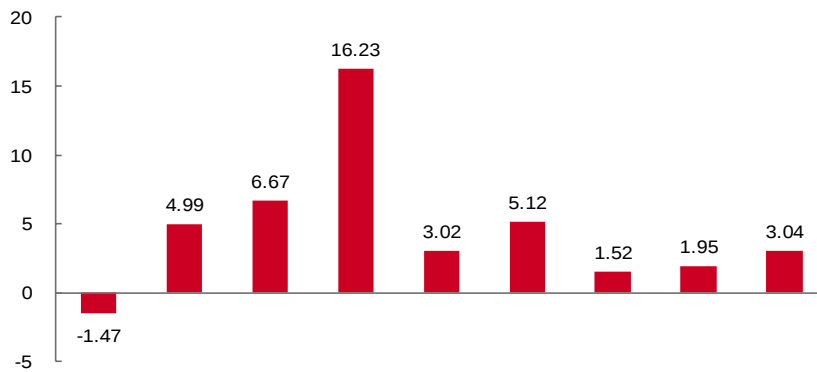
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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 market lacked a clear sense of direction with mixed trading influenced by media reports of the Middle East situation and semiconductors for generative AI. The electric appliances sector rose on expectations for demand growth for generative AI, and the bank sector performed well as its profits are poised to improve from rising domestic interest rates. Meanwhile, the wholesale and mining sectors fell on reduced expectations for earnings growth given the eased tension in the Middle East.

In the first part of the month, the Japanese market fell due to heightened fears over the Middle East situation following an Israeli strike on Lebanon and expectations for early rate hikes stemming from the BoJ Governor Ueda's speech. The market then bounced back, driven by tech stocks as reports of progress in ceasefire negotiations between the US and Iran improved investor sentiment. Subsequently, the market's upside was capped by increased expectations for US rate hikes within the year after the release of the FOMC's dot plot. In the latter part of the month, Asian stock markets saw a decline due to concerns over overheating in AI-related stocks, and this selling extended to the domestic market. As the month drew to a close, the market experienced choppy trading, primarily driven by position adjustments ahead of the quarter-end.

Composite Performance (%) Excess Return*



	Jun	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	-0.42	19.39	25.23	59.49	26.28	23.46	18.78	16.98	11.36
Benchmark	1.05	14.40	18.56	43.26	23.27	18.34	17.25	15.03	8.32

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 86.4B (USD 531M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 86.4B (USD 531M)	

Top Ten Holdings	%
SUMITOMO MITSUI TRUST GROUP	4.22
TOYOTA MOTOR CORP	4.10
NTT INC	4.03
DAIKIN INDUSTRIES LTD	3.91
OMRON CORP	3.89
DENSO CORP	3.27
HONDA MOTOR CO LTD	2.99
HIROSE ELECTRIC CO LTD	2.88
KYOCERA CORP	2.83
JTEKT CORP	2.60
Total	34.74

Characteristics

	Portfolio	Benchmark
P/E	14.30x	16.30x
P/B	1.14x	1.75x
ROE	7.96%	10.74%
Dividend Yield	2.95%	2.23%

Market Cap

	Portfolio	Benchmark
Large	44.5%	67.6%
Mid	45.4%	25.4%
Small	7.6%	6.9%
Others	1.2%	-

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

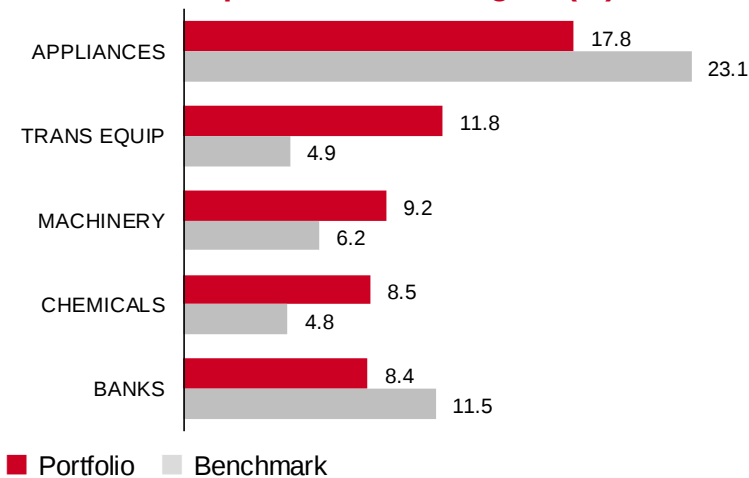
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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
34 years investment experience
29 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection detracted from performance. In sector allocation, underweighting (UW) of Wholesale and Pharms, and overweighting (OW) of Foods contributed to performance, while OW of Trans Equip and UW of Appliances and Banks detracted. In stock selection, UW of SoftBank Group, Hitachi, and OW of Sumitomo Mitsui Trust Group contributed to performance, while UW of Tokyo Electron, Advantest, and Murata Manufacturing detracted. Last month we increased holdings of NEC, Toyota Motor, Mitsui Chemicals and decreased holdings of Kyocera, Kirin Holdings, and OSG.

Outlook

We expect the market to remain firm. Valuation (forward P/E), which reflects overall market expectations, is currently at a high level compared to historical averages, primarily driven by some AI and semiconductor names amid diminishing uncertainty in the Middle East. Although the market has already priced in expectations for AI and semiconductor names to a large extent, these expectations are likely to be sustained as there are no immediate signs of a decline in semiconductor demand and AI-related investments. We expect the market to remain robust, driven by improvement in earnings forecasts for FY26. Crude oil prices have now stabilized, and the situation has eased more than previously, despite likely cost increases stemming from the Middle East. We should remain vigilant about a potential market correction, given that share prices have risen rapidly so far. That said, we don't expect a large market correction as there is strong equity demand from a high level of share buybacks and the BoJ has relatively accommodative monetary policy compared to the US and Europe.

Contact Information

Daniel Robbins
+81 3 5290 3414

Group email: 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.