

Japan Value Equity Green

August 2025

Strategy

Green Strategy invests in Japanese equities that meet environmental management and investment value criteria, and aims to achieve above-benchmark return in the mid- to long-term. We use a bottom-up approach. The Japanese equity research team analyzes intrinsic value of individual stocks and compares it with market price in order to identify undervalued stocks. Environmental research is conducted by Sompo Risk Management, a leading company in domestic ESG research.

Market Review

Japanese market prices rose on increased expectations for a fed rate cut and a drop in Trump tariff policy concerns. Value outperformed growth as Japanese long-term interest rates rose on the back of expectations for the BoJ to hike rates. Prices rose in the first half of the month despite a brief slip caused by weak US jobs data. Expectations rose for rate cuts in the US and investors were positive on the US promising Japan it will fix the double tariff oversight. The market rose further in the middle of the month as the US once again delayed the implementation of additional tariffs on China following US-China trade talks, easing investor concerns around Trump tariff policy. The market then seesawed through the end of the month, supported by comments from Fed chair Jerome Powell at the Jackson Hole symposium hinting at a rate cut, but buffeted by heightened concerns over Fed independence following the announcement from US President Donald Trump that he will fire Fed governor Lisa Cook.

Composite Performance (%) Excess Return*



	Aug	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	5.00	10.70	12.07	15.44	18.23	18.41	10.66	10.17	6.99
Benchmark	4.52	7.83	11.95	16.23	19.06	16.46	11.17	9.71	5.72

Composite Summary

Composite Name	Sompo Japan Green Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	July 2006	
Number of Holdings	75	
Bloomberg Code	SNAMGRN	
Assets Under Management	Strategy Total	JPY 53.6B (USD 365M)

Top Ten Holdings	%
MITSUBISHI UFJ FINANCIAL GRO	3.58
TOYOTA MOTOR CORP	3.56
SUMITOMO MITSUI FINANCIAL GR	3.23
NTT INC	3.16
SHIN-ETSU CHEMICAL CO LTD	2.93
MURATA MANUFACTURING CO LTD	2.74
DAIKIN INDUSTRIES LTD	2.57
KYOCERA CORP	2.41
SEKISUI HOUSE LTD	2.16
HIROSE ELECTRIC CO LTD	2.16
Total	28.50

Characteristics		
	Portfolio	Benchmark
P/E	13.90x	15.18x
P/B	1.10x	1.49x
ROE	7.93%	9.84%
Dividend Yield	3.07%	2.48%

Market Cap		
	Portfolio	Benchmark
Large	51.1%	65.9%
Mid	40.6%	26.4%
Small	7.8%	7.7%
Others	0.0%	-

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

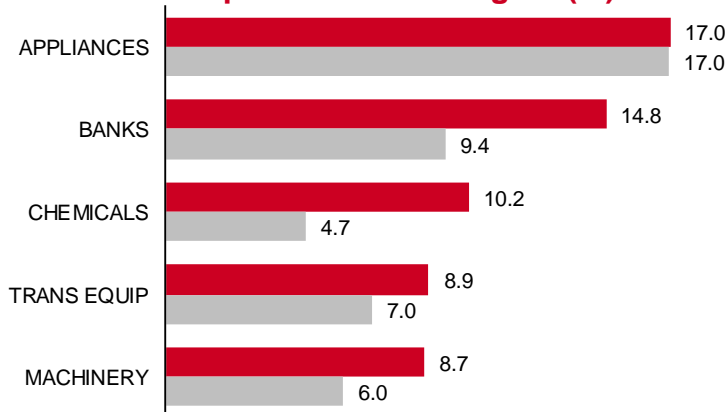
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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 (%)



■ Portfolio ■ Benchmark



Yuya Harashima, CMA, CFA
Portfolio Manager
12 years investment experience
9 years at Sompo AM

Attribution Analysis

Sector allocation detracted from performance, while stock selection contributed. In sector allocation, overweighting (OW) of Construction and Banks and underweighting (UW) of Services contributed to performance, while UW of Wholesale and Elec Power & Gas and OW of Machinery detracted. In stock selection, UW of Hitachi, Tokyo Electron, and Recruit Holdings contributed to performance, while UW of SoftBank Group and Sony Group and OW of Hamamatsu Photonics detracted. Last month we increased holdings of Shin-Etsu Chemical, Sumitomo Mitsui Trust Group, and Denso and decreased holdings of Nishi-Nippon Financial Holdings, Comsys, and Asahi Kasei.

Outlook

We expect the market will continue to face heavy upside resistance. We urge caution over the near term given that valuation metrics like forward P/E look overall somewhat overheated, having been pulled upwards by a small number of stocks. However, corporate earnings forecasts for this fiscal year may now be revised upwards given the heightened likelihood they will not fall as much as originally expected following the easing of Trump's tariffs. In addition, 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. While we do expect investors to more readily make predictions of earnings growth as the negative impacts of the Trump tariffs fade away in the second half of the coming fiscal year, we believe it will still take some time before we see serious fundamentals-driven market growth.

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