

Japan Value Equity Green

January 2026

Strategy

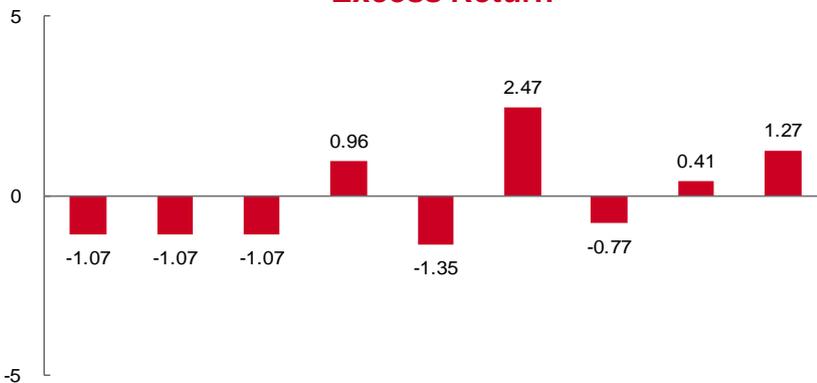
Green Strategy invests in Japanese equities that meet environmental management and investment value criteria, and aims to achieve above-benchmark return in the mid- to long-term. We use a bottom-up approach. The Japanese equity research team analyzes intrinsic value of individual stocks and compares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

Market Review

Expectations for aggressive fiscal policy pushed the market up following reports of a snap general election. The non-ferrous and oil & coal products sectors rose on heightened expectations for earnings improvements following the increase in commodity prices. The services and information & communication sectors fell because of their high percentage of growth stocks when interest rate increases were creating headwinds.

The Japanese equity market rose in the first part of the month because of expectations for expansionary fiscal policy driven by the outlook that the Takaichi administration would call a snap general election. Share prices then fell in the middle of the month despite prospects for an LDP majority as long-term interest rates rose rapidly on alarm over fiscal expansion and oversupply of super-longes as well as tensions between Europe and the US concerning Greenland. The market fell further in the latter part of the month despite brief rises as JPY appreciated against USD on heightened concerns of currency intervention from Japanese and US authorities. Share prices then saw upside resistance through the end of the month as investors held off in the run-up to earnings season for both Japan and the US.

Composite Performance (%) Excess Return*



	Jan	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	3.55	3.55	3.55	32.03	23.41	19.81	14.46	12.56	7.73
Benchmark	4.62	4.62	4.62	31.07	24.76	17.34	15.22	12.15	6.46

Composite Summary

Composite Name	Sampo Japan Green Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	July 2006	
Number of Holdings	69	
Bloomberg Code	SNAMGRN	
Assets Under Management	Strategy Total	JPY 61.6B (USD 399M)

Top Ten Holdings	%
TOYOTA MOTOR CORP	4.53
MITSUBISHI UFJ FINANCIAL GRO	3.83
SUMITOMO MITSUI FINANCIAL GR	3.58
NTT INC	3.10
MURATA MANUFACTURING CO LTD	3.08
SHIN-ETSU CHEMICAL CO LTD	3.08
MITSUBISHI ESTATE CO LTD	2.72
PANASONIC HOLDINGS CORP	2.60
SUMCO CORP	2.59
KYOCERA CORP	2.45
Total	31.57

Characteristics

	Portfolio	Benchmark
P/E	14.77x	15.92x
P/B	1.28x	1.65x
ROE	8.63%	10.38%
Dividend Yield	2.79%	2.31%

Market Cap

	Portfolio	Benchmark
Large	54.0%	68.0%
Mid	39.2%	24.9%
Small	6.4%	7.1%
Others	0.0%	-

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

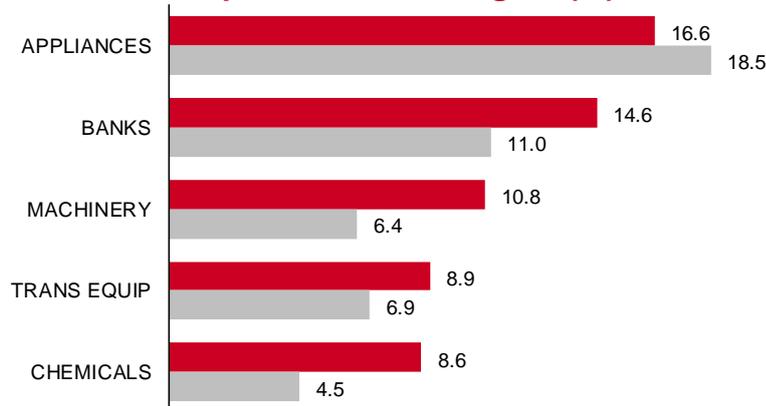
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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



Attribution Analysis

Sector allocation contributed to performance while stock selection detracted. In sector allocation, overweighting (OW) of Machinery and Banks, and underweighting (UW) of Services contributed to performance, while UW of Wholesale and Nonferrous, and OW of Metal Prod detracted. In stock selection, UW of Sony Group and Recruit Holdings and OW of Sumco contributed to performance, while UW of Advantest and Tokyo Electron and OW of Daikin detracted. Last month we increased holdings of KDDI, Daiseiki, and Iwatani Corporation and decreased holdings of Kyushu Financial Group, Taikisha, and Isuzu Motor.

Outlook

We expect the market to fluctuate. Corporate earnings forecasts have been rising since Japan and the US came to agreement on trade talks and it looks highly likely that earnings will continue to rise in the coming fiscal year as well. However, we believe caution is needed over the near term as valuations (forward P/E, etc) are already at historical highs, driven by strong corporate earnings, prospects for a stable political situation following the general election, and expectations for increased investment in AI globally. That said, we believe market downside will be limited 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.

Contact Information

Daniel Robbins
 +81 3 5290 3414

Group email: global@sompo-am.co.jp

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