

# Japan Value Equity Impact

April 2026

## Strategy

Impact Strategy takes concentrated and long-term positions in Japanese equities proactively rethinking traditional work practices, e.g. through the promotion of female participation in the workforce and diversification, and those with highly stable and profitable businesses top in value-add creation. These are important targets given Japan's declining population. Our equity investment takes a bottom-up approach in which the Japanese equity research team analyzes intrinsic value of individual stocks and compares it with market price in order to identify undervalued stocks.

## Market Review

Following a ceasefire between the US and Iran, the easing of excessive concerns over the situation in the Middle East supported the market. Nonferrous metal and electrical appliances sectors rose on expectations that they would benefit from growing demand for generative AI and data centers. Meanwhile, the mining and oil & coal sectors fell on reduced expectations for earnings growth due to a pause in rising crude oil prices.

In the first part of the month, the Japanese market rose significantly as fears over geopolitical risks eased following the ceasefire agreement between the US and Iran. In the middle of the month, share prices remained firm, supported by strong buying in high-priced stocks amid a rally in US tech stocks. However, fears over prolonged Middle East tensions, stemming from stalled negotiations between the US and Iran and Trump's indication to block the Strait of Hormuz capped market gains. The market rebounded in the latter part of the month as the BOJ kept policy rates unchanged at its policy meeting. Toward the end of the month, the market underwent a correction, weighed down by persistently high crude oil prices amid geopolitical uncertainties in the Middle East and long-term interest rates, which climbed to an all-time high.

### Composite Performance (%) Excess Return\*



	Apr	QTD	YTD	1Y	3Y	5Y	7Y	SI
<b>Composite</b>	6.33	6.33	11.76	44.35	21.04	15.74	15.34	13.54
<b>Benchmark</b>	6.57	6.57	10.44	43.01	24.81	17.27	15.41	13.56

## Composite Summary

<b>Composite Name</b>	Japan Value Equity Impact
<b>Benchmark</b>	TOPIX Total Return**
<b>Inception Date</b>	October 2016
<b>Number of Holdings</b>	40
<b>Assets Under Management</b>	JPY 7.2B (USD 46M)

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

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

Top Ten Holdings	%
TOYOTA MOTOR CORP	5.98
SHIN-ETSU CHEMICAL CO LTD	4.99
KDDI CORP	4.56
ITOCHU CORP	4.17
TOKYO ELECTRON LTD	3.82
DAIKIN INDUSTRIES LTD	3.78
MURATA MANUFACTURING CO LTD	3.77
DENSO CORP	3.56
FANUC CORP	3.25
ORIX CORP	2.72
Total	40.61

## Characteristics

	Portfolio	TOPIX
P/E	15.92x	15.79x
P/B	1.79x	1.70x
ROE	11.22%	10.78%
Dividend Yield	2.57%	2.31%

## Market Cap

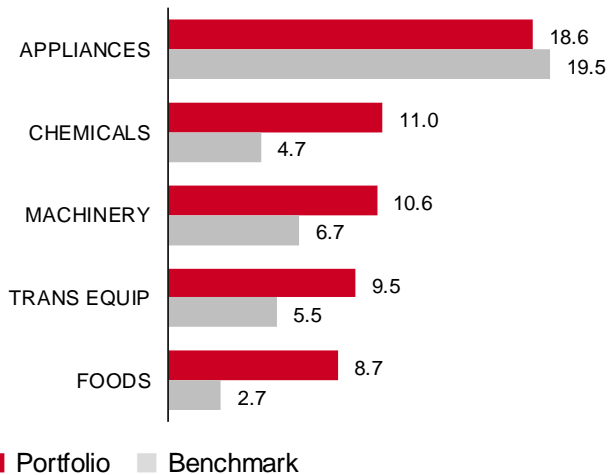
	Portfolio	TOPIX
Large	63.2%	67.8%
Mid	29.3%	25.0%
Small	4.3%	7.2%
Others	0.0%	-

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 Impact

### Top Five Sector Weights (%)



**Hiromasa Tatsuta, CMA**  
 Portfolio Manager  
 11 years investment experience  
 9 years at Sompo AM

### Attribution Analysis

In stock selection, share price increases for Murata Manufacturing, Fanuc, Anritsu contributed to performance, while share price declines for Astellas Pharma, Toyota Motor, and KDDI detracted.

### Outlook

We expect the market will face upside resistance. The ceasefire agreement between the US and Iran increased expectations for an easing of the situation in the Middle East. We previously expected the market would gradually regain a sense of calm as long as it didn't lead to further escalation of the conflict and a prolonged surge in energy prices. We believe historically high valuations (forward P/E, etc), primarily driven by some AI and semiconductor names, have already priced in the improved situation in the Middle East, robust corporate earnings, and further enhancements in corporate governance. The earnings season will go in full swing from May. We believe caution will be needed, as Japanese companies are highly likely to announce lackluster earnings guidance for FY2026 due to concerns over the Middle East situation. However, the market will be supported 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](mailto: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.