SOMPO ASSET MANAGEMENT

Japan Value Equity Income

July 2025

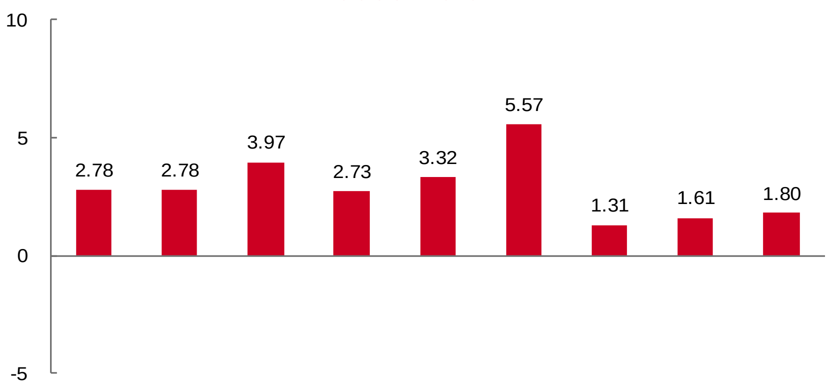
Strategy

Income Strategy invests in Japanese equities that pay above-market average dividends and aims to beat the benchmark in the mid- to long-term. The portfolio is built by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity research team analyzes the intrinsic value of individual stocks and compares it with the market price to identify undervalued stocks. The portfolio is not constrained by sector weights and market caps.

Market Review

Japanese market prices rose as investors were positive on Japan-US trade talk finishing with a lower-than-expected tariff rate of 15%. Value stocks outperformed growth stocks as tariff talks came to an end and growth in Japanese long-term domestic rates. Share prices fell in the first half of the month because of increased uncertainty over tariffs following statements from US President Donald Trump that there would be additional tariffs on copper and pharmaceuticals and the market believed the ruling coalition would struggle in the upper house election. The market was largely unchanged in the middle of the month as despite support from strong earnings at global semiconductor manufacturers, tariff uncertainty and upper house election concerns continued to weigh on prices. The market did not move much in response to the results of the upper house election despite the ruling coalition losing its majority as that was what the market expected. Then going towards the end of the month share prices rose significantly, particularly for automakers, as Japan and the US lowered the final tariff rate to 15%, which would also include automobiles.

Composite Performance (%)
Excess Return*



	Jul	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	5.95	5.95	11.09	10.72	21.11	22.84	11.62	10.00	8.65
Benchmark	3.17	3.17	7.12	7.98	17.79	17.27	10.31	8.39	6.86

Composite Summary

Composite Name	Sompo Japan High Dividend Japanese Equity Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	July 2005	
Number of Holdings	96	
Bloomberg Code	SNAMINC	
Assets Under Management	Composite (T9891)	JPY 56.3B (USD 374M)

Top Ten Holdings	%
NTT INC	2.97
SUMITOMO MITSUI TRUST GROUP	2.90
TAIYO YUDEN CO LTD	2.42
MITSUI CHEMICALS INC	2.38
HONDA MOTOR CO LTD	2.25
AGC INC	2.24
TOYOTA MOTOR CORP	2.24
JAPAN POST BANK CO LTD	2.15
NIPPON EXPRESS HOLDINGS INC	2.13
BELLSYSTEM24 HOLDINGS INC	2.06
Total	23.75

Characteristics

	Portfolio	Benchmark
P/E	11.81x	14.79x
P/B	0.87x	1.43x
ROE	7.34%	9.67%
Dividend Yield	4.00%	2.57%

Market Cap

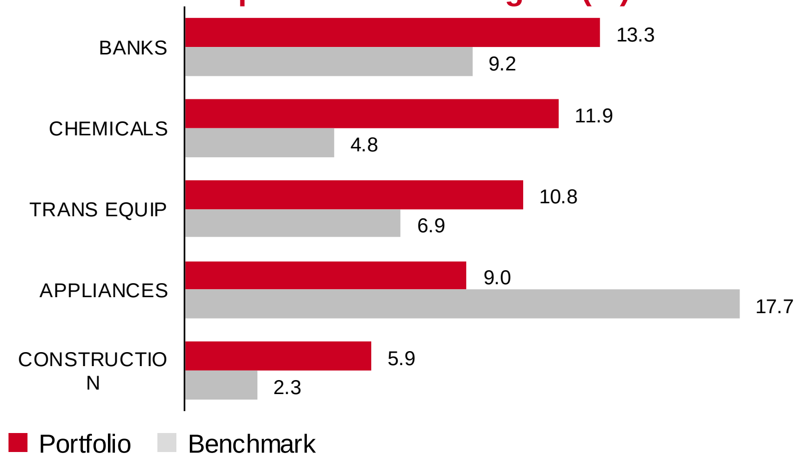
	Portfolio	Benchmark
Large	30.5%	66.1%
Mid	50.2%	26.1%
Small	18.6%	7.8%
Others	0.0%	-

* 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.
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 Income

Top Five Sector Weights (%)



Satoshi Sasaki, CMA
Portfolio Manager
9 years investment experience
9 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, overweighting (OW) of Nonferrous and Banks and underweighting (UW) of Other Prod contributed to performance, while OW of Chemicals and Foods and UW of Wholesale detracted. In stock selection, OW of Nippon Express Holdings and Taiyo Yuden and UW of Nintendo contributed to performance, while UW of Hitachi, Toyota Motor, and SoftBank Group detracted. Last month we increased holdings of Toyota Motor, Sumitomo Metal Mining, and Izumi and decreased holdings of Nippon Express Holdings, Persol Holdings, and Aisin.

Outlook

We expect the market will continue to face heavy upside resistance. Corporate earnings forecasts for this fiscal year have been weak, especially for foreign-demand, cyclical sectors, as they reflected the expected negative impacts of additional Trump tariffs. However, with trade talks now over and the final tariff rate coming in lower than initially expected we believe earnings forecasts will now rebound. Valuation metrics like forward P/E are already above undervalued levels, being overall pushed up by a small number of stocks from before the conclusion of trade talks. We believe that caution will be needed over the short term as expectations are increasing for the Fed to lower rates in response to the economic slowdown in the US. That said, 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.

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.

Copyright © 2013 SOMPO ASSET MANAGEMENT CO., LTD. All Rights Reserved.