

Japan Value Equity Large Cap

November 2024

Strategy

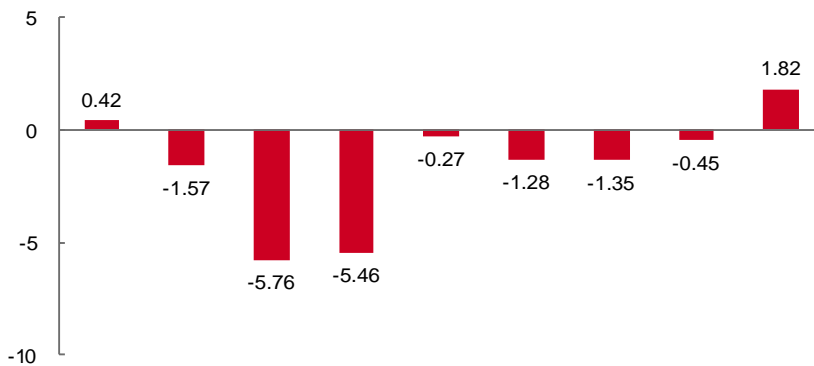
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity research team analyzes the intrinsic value of individual stocks and compares it with market price to identify undervalued stocks. The portfolio is not constrained by sector weights.

Market Review

Share prices were dragged on by JPY appreciation versus USD, which was caused by concerns over protectionist policies from President-elect Donald Trump, such as increased tariffs, and the shrinking interest rate gap between the two countries. The Banks, Securities, and Insurance sectors rose as investors were positive on increasing domestic interest rates, while the Transportation Equipment and Chemicals sectors fell as investors were negative on potential increased tariffs from Trump.

Share prices were up in the first half of the month as the market was positive on Trump's victory in the US election given his stimulus policies of lowering corporate and income tax. This was despite a slight downtick caused by concerns of additional rate hikes by the BoJ. Concerns over protectionist policies from Trump, such as increased tariffs, and domestic earnings results coming in below investor expectations then weighed on the market. Share prices continued to fall through the end of the month on the release of actual details of tariffs, the drop in US interest rates after Trump publicly picked fiscal hawk Scott Bessent as next Secretary of the Treasury, and JPY appreciating to below JPY150 to 1USD.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
TORAY INDUSTRIES INC	4.84
HACHIJUNI BANK LTD/THE	4.36
NIPPON TELEGRAPH & TELEPHONE	4.10
ASAHI KASEI CORP	4.10
MITSUBISHI UFJ FINANCIAL GRO	3.93
SUMITOMO MITSUI TRUST GROUP	3.69
MITSUBISHI ESTATE CO LTD	3.56
SUMITOMO MITSUI FINANCIAL GR	3.33
NIPPON EXPRESS HOLDINGS INC	3.32
MEBUKI FINANCIAL GROUP INC	3.19
Total	38.41

	Nov	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	0.94	1.80	16.61	14.76	23.52	14.71	9.39	9.83	7.13
Benchmark	0.52	3.37	22.37	20.22	23.79	15.99	10.74	10.28	5.31

Composite Summary

Composite Name	SJAM Large Cap Value Mother Fund	
Benchmark	Russell/Nomura Large Cap Value**	
Inception Date	April 2006	
Number of Holdings	44	
Bloomberg Code	SNAMLGC	
Assets Under Management	Composite (T9893)	JPY 66B (USD 439M)

Characteristics		
	Portfolio	Benchmark
P/E	11.90x	10.56x
P/B	0.78x	0.94x
ROE	6.59%	8.90%
Dividend Yield	3.41%	3.33%

Market Cap		
	Portfolio	TOPIX
Large	41.0%	67.0%
Mid	56.9%	25.4%
Small	0.0%	7.6%
Others	0.0%	-

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

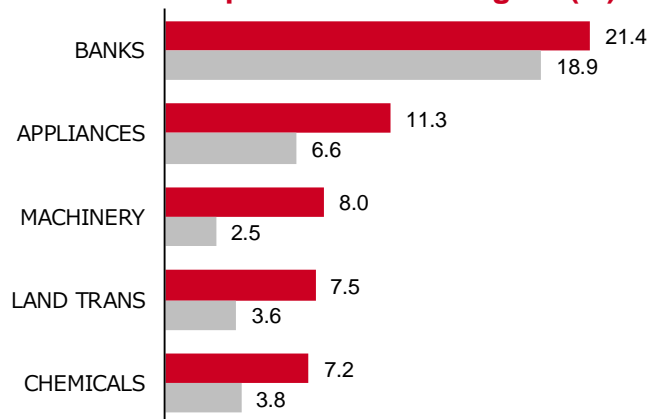
** Russell/Nomura Large Cap Value Index includes the dividends paid by the index constituents.

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



Yasuhiro Kano, CMA
Senior Portfolio Manager
31 years investment experience
27 years at Sampo AM

Attribution Analysis

While sector allocation contributed to performance, stock selection detracted. In sector allocation, overweighting (OW) of Textiles and underweighting (UW) of Wholesale and Trans Equip contributed to performance, while OW of Metal Prod and UW of Insurance and Retail detracted. In stock selection, OW of The Hachijuni Bank, Toray, and Mebuki Financial Group contributed to performance, while OW of Taiyo Yuden and Sumco and UW of Mizuho Financial Group detracted. Last month we increased holdings of Sumco, Taiyo Yuden, and Mitsui Chemicals and decreased holdings of Shimizu Corporation and Mitsubishi UFJ Financial Group.

Outlook

We expect the market will fluctuate around the recent bottom but show signs of a potential recovery.

While concerns about the slowing US economy remain, FY24 Japanese corporate earnings will likely grow on the back of Japan specific positive factors, such as a recovery in domestic real wages and capital efficiency improvement measures implemented by companies following pressures from the Tokyo Stock Exchange (TSE). Share prices do not look overvalued given their general valuation metrics such as forward P/E ratio. However, the Japanese market will unlikely see a full-scaled upward trend as long as uncertainty of policies of new governments in Japan and the US and fears over a sharp JPY appreciation linger. We believe that it is difficult to envision a large correction to the Japanese market given strong equity demand from the high level of large scale share buyback seen recently and the BoJ's relatively accommodative monetary policy compared to the US and Europe.

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