

# Japan Value Equity Large Cap

March 2025

## Strategy

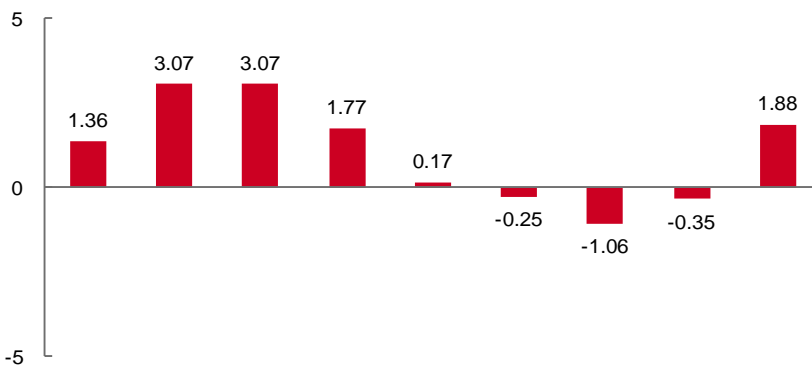
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity 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

Japanese market prices finished the month almost unchanged as concerns over US President Donald Trump's tariff policy and US stagflation weighed on sentiment. Value stocks outperformed growth stocks because of the increase in long-term US interest rates.

The market was little changed in the first half of the month as although there was a period of growth when US tariff fears receded on delays to tariffs on certain products from Mexico and Canada, falls in US semiconductor stocks weighed on the market. The market then shifted upwards despite investor negativity on Trump refusing to clearly deny the possibility of a US recession as US CPI undershot market expectations, US retail data did not indicate a recession, and JPY stopped appreciating versus USD. The market then dropped through the end of month to come back in line with its previous month-end on increased fears of stagflation following announcements from the Trump administration of 25% additional tariffs on all imported automobiles and economic indicators signalling weak consumer spending and high expected inflation.

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



	Mar	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.58	1.74	1.74	3.17	20.64	22.08	10.84	9.28	7.27
Benchmark	1.22	-1.32	-1.32	1.41	20.47	22.33	11.91	9.63	5.39

### Composite Summary

Composite Name	SJAM Large Cap Value Mother Fund	
Benchmark	Russell/Nomura Large Cap Value**	
Inception Date	April 2006	
Number of Holdings	45	
Bloomberg Code	SNAMLGC	
Assets Under Management	Composite (T9893)	JPY 83.2B (USD 556M)

Top Ten Holdings	%
HACHIJUNI BANK LTD/THE	4.35
ASAHI KASEI CORP	4.19
MITSUBISHI ESTATE CO LTD	3.96
NIPPON TELEGRAPH & TELEPHONE	3.75
SUMITOMO MITSUI TRUST GROUP	3.55
OJI HOLDINGS CORP	3.51
MITSUBISHI UFJ FINANCIAL GRO	3.48
TAIYO YUDEN CO LTD	3.44
NIPPON EXPRESS HOLDINGS INC	3.37
HONDA MOTOR CO LTD	3.09
Total	36.69

### Characteristics

	Portfolio	Benchmark
P/E	11.20x	10.25x
P/B	0.79x	0.92x
ROE	7.03%	8.99%
Dividend Yield	3.43%	3.45%

### Market Cap

	Portfolio	TOPIX
Large	44.9%	66.5%
Mid	53.3%	25.8%
Small	0.0%	7.6%
Others	0.0%	-

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

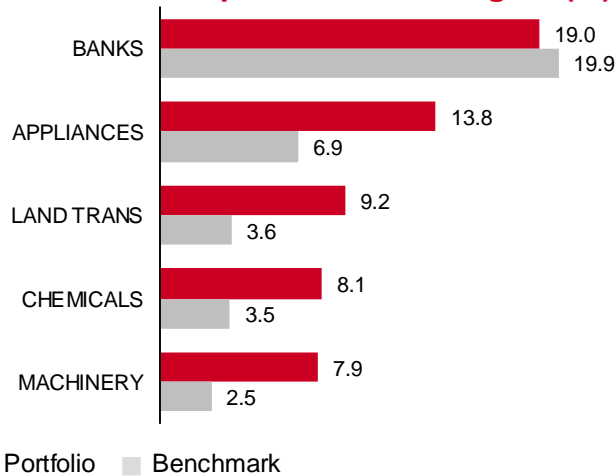
\*\* Russell/Nomura Large Cap Value Index includes the dividends paid by the index constituents.

The data shown is of a representative account. Past performance is not a guarantee of future returns.

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## Japan Value Equity Large Cap

### Top Five Sector Weights (%)



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

### Attribution Analysis

While sector allocation detracted from performance, stock selection contributed. In sector allocation, underweighting (UW) of Trans Equip, Info & Comm, and Securities contributed to performance, while UW of Wholesale and Insurance and overweighting (OW) of Chemicals detracted. In stock selection, OW of The Hachijuni Bank and Mebuki Financial Group and UW of SoftBank Group contributed to performance, while OW of Sumco and UW of Mitsubishi Electric and Mitsubishi UFJ Financial Group detracted. Last month we increased holdings of Toyota Motor, Asahi Kasai, and Omron and decreased holdings of Toray, THK, and Makita Corporation.

### Outlook

We expect the market will face heavy upside resistance over the near term.

Japanese corporate earnings will likely be positively impacted by a recovery in domestic real wages and capital efficiency improvement measures implemented by companies following pressure from the Tokyo Stock Exchange (TSE) but may stagnate because of larger-than-expected negative impacts from additional Trump tariffs. We expect it will take some time before we see a pickup in valuation metrics like forward P/E as market volatility (degree of movement in share prices) will likely increase as long as the full extent of tariffs impacts is unclear. That said, we believe downside will be limited as share prices already reflect drops in earnings forecasts, 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.

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