SOMPO ASSET MANAGEMENT

Japan Value Equity Large Cap

June 2025

Strategy

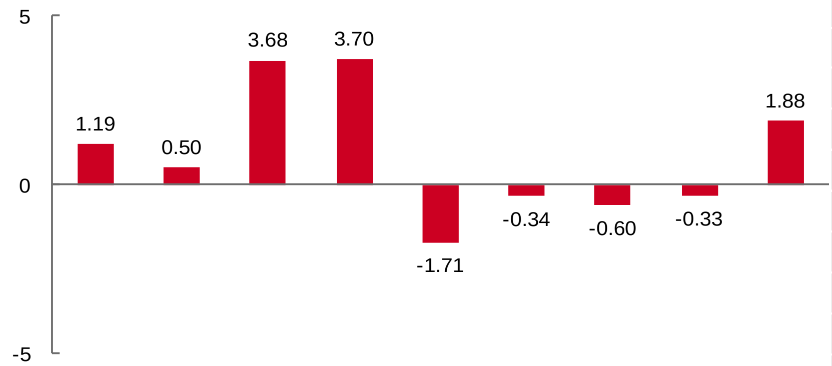
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity 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 rose on increased expectations for rate cuts in the US following the drop in geopolitical risk in the Middle East. Growth outperformed value as long-term interest rates fell on the increase in expectations for the Fed to cut rates.

The market ended the first half of the month little changed. It was weighed down by concern over harsher tariff policy out of the US but was supported by decreased concerns over a potential recession in the US following better-than-expected US jobs data. For most of the second half of the month the market continued to seesaw back and forth. While investors were negative on increased geopolitical risk in the Middle East following Israeli attacks on Iranian nuclear facilities, they were positive on progress in talks between the US and China to reduce trade tensions. The market then rose at the end of the month despite the US attacking Iran as investors were positive on the ceasefire agreement between Israel and Iran and a Fed official stating support for early rate cuts.

Composite Performance (%)
Excess Return*



	Jun	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	1.50	3.87	5.69	5.59	20.34	21.13	11.69	8.65	7.38
Benchmark	0.30	3.37	2.01	1.89	22.05	21.48	12.29	8.99	5.50

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 100.3B (USD 695M)

Top Ten Holdings	%
HACHIJUNI BANK LTD/THE	4.63
NIPPON TELEGRAPH & TELEPHONE	4.32
ASAHI KASEI CORP	3.95
TAIYO YUDEN CO LTD	3.73
SUMITOMO MITSUI TRUST GROUP	3.52
OJI HOLDINGS CORP	3.51
NIPPON EXPRESS HOLDINGS INC	3.45
MITSUBISHI ESTATE CO LTD	3.28
HONDA MOTOR CO LTD	3.08
KYOCERA CORP	2.94
Total	36.41

Characteristics	Portfolio	Benchmark
P/E	12.60x	11.31x
P/B	0.82x	0.97x
ROE	6.53%	8.54%
Dividend Yield	3.50%	3.40%

Market Cap	Portfolio	TOPIX
Large	43.4%	66.4%
Mid	54.7%	25.9%
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.

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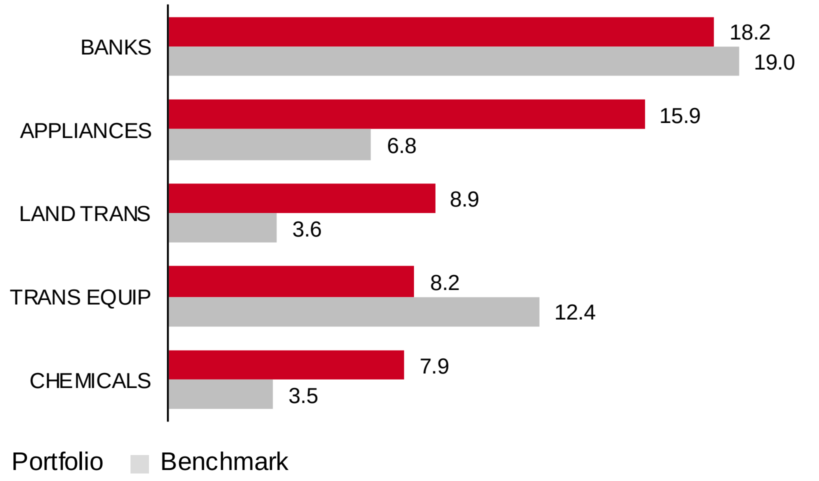
Top Five Sector Weights (%)



Kenji Ueno, CMA, CIIA
Senior Portfolio Manager
33 years investment experience
28 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, underweighting (UW) of Trans Equip and overweighting (OW) of Metal Prod and Machinery contributed to performance, while UW of Info & Comm, Securities, and Retail detracted. In stock selection, UW of Toyota Motor and OW of Sumco and Nippon Express contributed to performance, while UW of SoftBank Group and Mitsubishi Electric and OW of Yamato Holdings detracted. Last month we increased holdings of Toyota Motor, NTT, and Sumco and decreased holdings of Mitsubishi Estate, Takeda Pharmaceutical, and Toray.

Outlook

We expect the market will continue to face heavy upside resistance. There is an increasing likelihood that Japanese corporate earnings will enter a period of stagnation as despite positives from a recovery in domestic real wages and capital efficiency improvement measures implemented by companies following pressure from the Tokyo Stock Exchange (TSE), additional Trump tariffs are expected to have a negative impact. Valuation metrics like forward P/E are already above undervalued levels despite there still being no clear outlook on how tariffs will ultimately end up as the overall market has been pushed up by a small number of stocks. We believe caution is needed over the short term as there is a growing opinion amongst investors that the Fed will cut rates early to counter a slowdown in the US economy. 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.

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