

Japan Value Equity Large Cap

July 2025

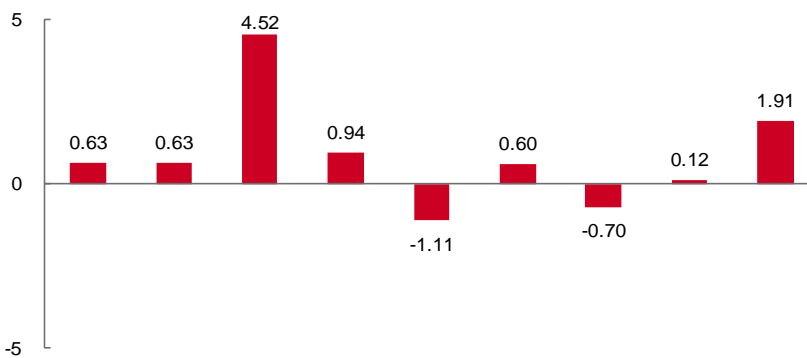
Strategy

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 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	5.52	5.52	11.52	8.51	22.39	24.55	12.03	9.39	7.65
Benchmark	4.89	4.89	7.00	7.57	23.50	23.95	12.74	9.27	5.74

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 105.6B (USD 701M)

Top Ten Holdings	%
NTT INC	4.27
TAIYO YUDEN CO LTD	4.00
SUMITOMO MITSUI TRUST GROUP	3.97
ASAHI KASEI CORP	3.87
TOYOTA MOTOR CORP	3.51
HONDA MOTOR CO LTD	3.30
ASAHI GROUP HOLDINGS LTD	3.30
NIPPON EXPRESS HOLDINGS INC	3.28
KYOCERA CORP	3.23
HACHIJUNI BANK LTD/THE	3.15
Total	35.88

Characteristics	Portfolio	Benchmark
P/E	13.14x	11.81x
P/B	0.88x	1.01x
ROE	6.70%	8.55%
Dividend Yield	3.33%	3.26%

Market Cap	Portfolio	TOPIX
Large	46.9%	66.1%
Mid	52.0%	26.1%
Small	0.0%	7.8%
Others	0.0%	-

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

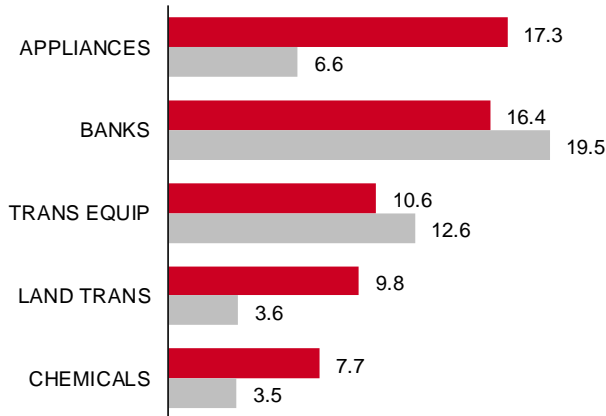
** Russell/Nomura Large Cap Value Index includes the dividends paid by the index constituents.

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



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

Attribution Analysis

While stock selection contributed to performance, sector allocation detracted. In sector allocation, underweighting (UW) of Retail and Pharms and overweighting (OW) of Nonferrous contributed to performance, while UW of Appliances, Foods, and Paper detracted. In stock selection, OW of The Hachijuni Bank, Nippon Express, and Taiyo Yuden contributed to performance, while UW of SoftBank Group and Mizuho Financial and OW of Sumitomo Metal Mining detracted. Last month we increased holdings of Toyota Motor, Murata Manufacturing, and Keisei Electric Railway and decreased holdings of The Hachijuni Bank, Mebuki Financial, and Takeda Pharmaceuticals.

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.

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