

Japan Value Equity Large Cap

August 2025

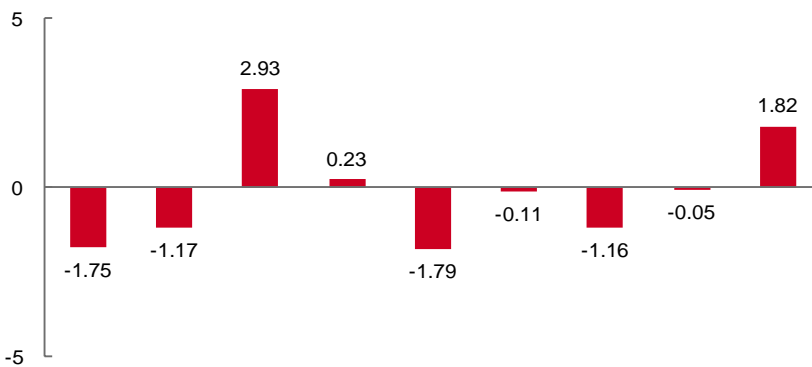
Strategy

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 a fed rate cut and a drop in Trump tariff policy concerns. Value outperformed growth as Japanese long-term interest rates rose on the back of expectations for the BoJ to hike rates. Prices rose in the first half of the month despite a brief slip caused by weak US jobs data. Expectations rose for rate cuts in the US and investors were positive on the US promising Japan it will fix the double tariff oversight. The market rose further in the middle of the month as the US once again delayed the implementation of additional tariffs on China following US-China trade talks, easing investor concerns around Trump tariff policy. The market then seesawed through the end of the month, supported by comments from Fed chair Jerome Powell at the Jackson Hole symposium hinting at a rate cut, but buffeted by heightened concerns over Fed independence following the announcement from US President Donald Trump that he will fire Fed governor Lisa Cook.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
NTT INC	4.57
ASAHI KASEI CORP	4.18
TAIYO YUDEN CO LTD	4.00
SUMITOMO MITSUI TRUST GROUP	3.96
TOYOTA MOTOR CORP	3.52
KYOCERA CORP	3.33
HONDA MOTOR CO LTD	3.25
ASAHI GROUP HOLDINGS LTD	3.24
NIPPON EXPRESS HOLDINGS INC	3.01
SUMCO CORP	3.00
Total	36.07

	Aug	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	6.23	12.09	18.47	22.87	24.03	23.26	13.09	11.01	7.95
Benchmark	7.98	13.27	15.54	22.64	25.82	23.37	14.25	11.06	6.13

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 111B (USD 756M)	

Characteristics		
	Portfolio	Benchmark
P/E	13.90x	12.47x
P/B	0.94x	1.09x
ROE	6.73%	8.75%
Dividend Yield	3.19%	3.06%

Market Cap		
	Portfolio	TOPIX
Large	47.5%	65.9%
Mid	51.6%	26.4%
Small	0.0%	7.7%
Others	0.0%	-

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

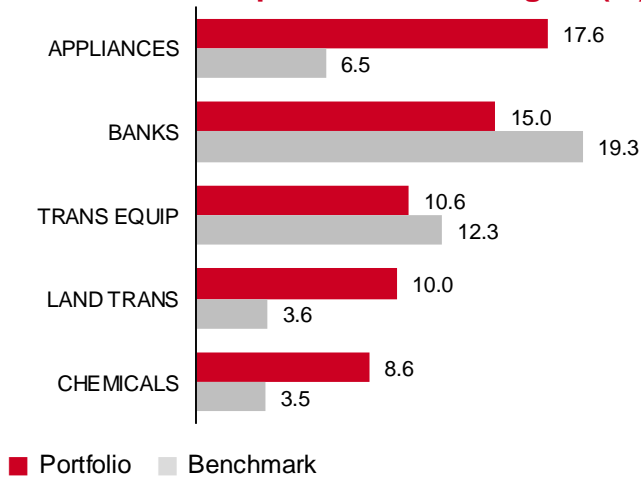
** Russell/Nomura Large Cap Value Index includes the dividends paid by the index constituents.

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 (%)



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

Attribution Analysis

Both stock selection and sector allocation detracted from performance. In sector allocation, underweighting (UW) of Insurance and Marine Trans and overweighting (OW) of Nonferrous contributed to performance, while UW of Info & Comm and OW of Foods and Appliances detracted. In stock selection, OW of Sumitomo Metal Mining, Asahi Kasei, and Yamato Holdings contributed to performance, while UW of SoftBank Group and OW of Nippon Express Holdings and Asahi Group Holdings detracted. Last month we increased holdings of JFE Holdings, Meiji Holdings, and Denso and decreased holdings of Osaka Gas, Mitsubishi Estate, and Aisin.

Outlook

We expect the market will continue to face heavy upside resistance. We urge caution over the near term given that valuation metrics like forward P/E look overall somewhat overheated, having been pulled upwards by a small number of stocks. However, corporate earnings forecasts for this fiscal year may now be revised upwards given the heightened likelihood they will not fall as much as originally expected following the easing of Trump's tariffs. In addition, 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. While we do expect investors to more readily make predictions of earnings growth as the negative impacts of the Trump tariffs fade away in the second half of the coming fiscal year, we believe it will still take some time before we see serious fundamentals-driven market growth.

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