



Japan Value Equity Large Cap

December 2025

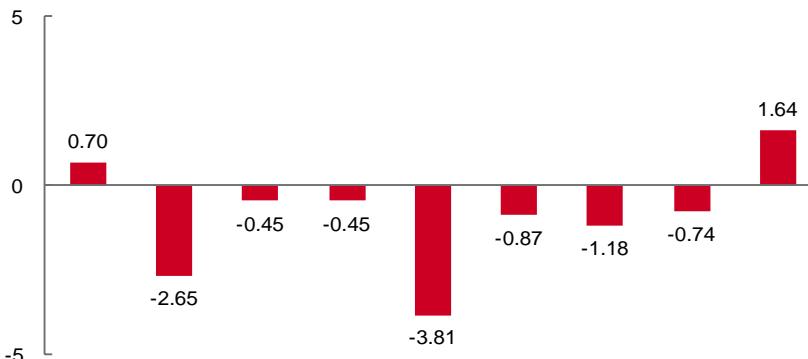
Strategy

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

Despite Japanese and US monetary policy creating reason for market movement, the reduction in market participants through the year-end kept TOPIX range-bound. By sector, insurance and banks rose on expectations for earnings improvements following the BoJ's decision to raise rates. The other products sector fell on concerns over earnings deterioration following the increase in price of semiconductors. The Japanese market was weak at the beginning of the month as expectations rose for a rate hike at the BoJ's December Monetary Policy Meeting following hints from Governor Kazuo Ueda. However, market prices then recovered on expectations for a Fed rate cut following the release of US economic data that hinted at an economic slowdown. Shares then fell again in the middle of the month despite a Fed rate cut due to a dry-up in catalysts. However, share prices held firm as expectations rose for further rate cuts in the US on weaker-than-expected US CPI. Buying activity was focused on exporters as despite the BoJ's decision to raise rates at its monetary policy meeting, comments from Ueda caused JPY to weaken versus USD. The market lacked any clear sense of direction through the end of the month given low trading volumes.

Composite Performance (%) Excess Return*



Top Ten Holdings		%
HONDA MOTOR CO LTD		4.23
NTT INC		4.15
SUMITOMO MITSUI TRUST GROUP		4.03
TOYOTA MOTOR CORP		4.00
TAIYO YUDEN CO LTD		3.94
SUMITOMO METAL MINING CO LTD		3.84
ASAHI KASEI CORP		3.71
MITSUI CHEMICALS INC		3.46
KYOCERA CORP		3.32
SUMCO CORP		3.12
Total		37.80
Characteristics		
	Portfolio	Benchmark
P/E	14.21x	12.69x
P/B	0.98x	1.15x
ROE	6.88%	9.06%
Dividend Yield	3.06%	3.02%
Market Cap		
	Portfolio	TOPIX
Large	46.9%	68.0%
Mid	52.4%	24.8%
Small	0.0%	7.2%
Others	0.0%	-

Composite Summary

Composite Name	SJAM Large Cap Value Mother Fund	
Benchmark	Russell/Nomura Large Cap Value**	
Inception Date	April 2006	
Number of Holdings	42	
Bloomberg Code	SNAMLC	
Assets Under Management	Composite (T9893)	JPY 114.1B (USD 730M)

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

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

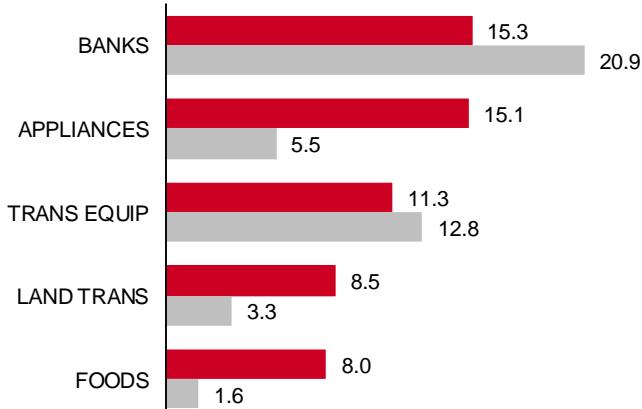
The data shown is of a representative account. Past performance is not a guarantee of future returns.

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Top Five Sector Weights (%)



■ Portfolio ■ Benchmark



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

Attribution Analysis

Sector allocation detracted from performance while stock selection contributed. In sector allocation, underweighting (UW) of Elec Power & Gas and overweighting (OW) of Metal Prod and Appliances contributed to performance, while OW of Foods and Machinery and UW of Wholesale detracted. In stock selection, OW of Sumitomo Metal Mining, Sumco, and Sawai Group Holdings contributed to performance, while OW of Asahi Group Holdings and Honda Motor and UW of Mitsui & Co. detracted. Last month we increased holdings of Nitori Holdings, Tohoku Electric Power, and Honda Motor and decreased holdings of Nabtesco, Panasonic, and Asahi Kasei.

Outlook

Corporate earnings forecasts have been rising since Japan and the US came to agreement on trade talks and it is looking likely that earnings will continue to rise in the coming fiscal year too. However, we believe caution is needed over the near term as valuations (forward P/E, etc) have been on a consistent upwards path recently, driven by positive factors like expectations for strong earnings, lower US rates, and increased investment in AI. That said, we believe market downside will be limited as there is strong equity demand from a high level of large-scale share buybacks and the BoJ has relatively accommodative monetary policy compared to the US and Europe.

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