

Japan Value Equity Large Cap

February 2026

Strategy

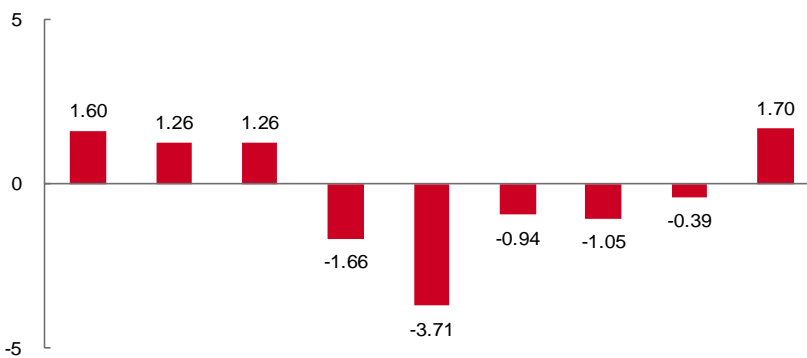
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity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

Expectations for large scale fiscal spending and accommodative monetary policy pushed the market up following the ruling Liberal Democratic Party (LDP)'s landslide victory at a general election. The non-ferrous sector rose on expectations for earnings growth from generative AI related demand. The services and information & communication sectors fell on fears that some of their business may be replaced by generative AI.

The Japanese equity market rose in the first part of the month on the back of political stability and expectations for aggressive economic measures following the LDP's big win at the lower house election. Share prices then saw upside resistance in the middle of the month as the market was showing signs of overheating with the lack of news flow after the earnings season for Japanese companies. The below-consensus GDP growth increased concerns over the Japanese economy and weighed on the market. The market rebounded on eased fears over global economy in the latter part of the month as the US Supreme Court struck down Trump's reciprocal tariffs. Share prices rose through the end of the month on reduced expectations for early rate hikes as the candidates for the BOJ board members proposed by the government were considered to be cautious for rate hikes.

Composite Performance (%) Excess Return*



	Feb	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	14.00	20.98	20.98	62.77	33.55	26.67	19.46	17.01	9.43
Benchmark	12.40	19.71	19.71	64.43	37.27	27.61	20.51	17.40	7.73

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 131.5B (USD 842M)

Top Ten Holdings	%
TAIYO YUDEN CO LTD	4.40
HONDA MOTOR CO LTD	4.27
TOYOTA MOTOR CORP	4.24
NTT INC	4.20
SUMITOMO METAL MINING CO LTD	3.85
SUMITOMO MITSUI TRUST GROUP	3.82
SUMCO CORP	3.56
KYOCERA CORP	3.45
mitsui chemicals inc	3.38
MITSUBISHI UFJ FINANCIAL GRO	2.92
Total	38.10

Characteristics

	Portfolio	Benchmark
P/E	15.28x	14.50x
P/B	1.14x	1.32x
ROE	7.45%	9.12%
Dividend Yield	2.64%	2.59%

Market Cap

	Portfolio	TOPIX
Large	48.5%	67.5%
Mid	51.1%	25.3%
Small	0.0%	7.2%
Others	0.0%	-

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

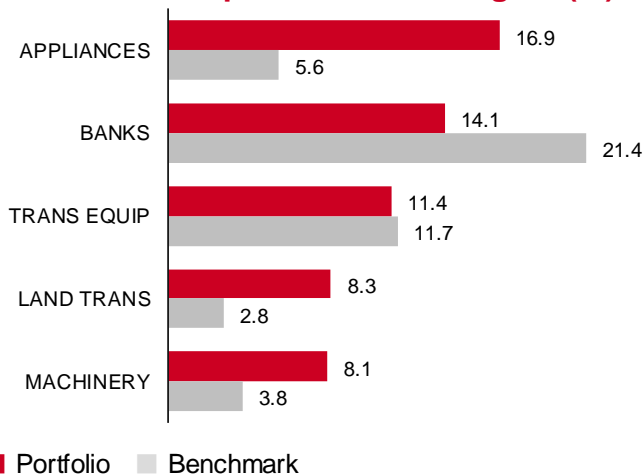
** Russell/Nomura Large Cap Value Index includes the dividends paid by the index constituents.

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
 29 years at Sompo AM

Attribution Analysis

Sector allocation detracted from performance while stock selection contributed. In sector allocation, overweighting (OW) of Machinery, Nonferrous, and Appliances contributed to performance, while underweighting (UW) of Wholesale and OW of Land Trans and Foods detracted. In stock selection, OW of Taiyo Yuden, Omron, and Sumitomo Metal Mining contributed to performance, while UW of Mitsubishi Corporation and Sumitomo Electric Industries and OW of Yamato Holdings detracted. Last month we increased holdings of Bridgestone, East Japan Railway, and Daikin and decreased holdings of NSK, Asahi Kasei, and Sumitomo Metal Mining.

Outlook

We expect the market will fluctuate around the recent bottom but show signs of a potential recovery. While we should watch the situation surrounding Iran, we expect the market will gradually regain a sense of calm as long as it doesn't lead to further escalation to the war and prolonged high energy prices. It looks highly likely that corporate earnings will continue to rise in the coming fiscal year given smaller negative impacts from Trump tariffs. We believe historically high valuations (forward P/E, etc) will be warranted, driven by strong corporate earnings, expectations for the Takaichi administration following the LDP's landslide victory at the lower house election and further improvement to corporate governance if the situation in the Middle East eases quickly. The market will be supported 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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