

Japan Value Equity Sustainable

June 2025

Strategy

Sustainable Strategy is a smart-beta Japanese equity strategy that tracks the proprietary Sampo Sustainability Index. A bottom-up approach is used. The Japanese equity research team analyzes intrinsic value of individual stocks and compares it with market price in order to identify undervalued stocks. The portfolio invests in widely diversified stocks high in ESG-quality. ESG research is conducted by Sampo Risk Management, a leading domestic ESG research company.

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	1.48	5.67	2.97	4.33	17.84	17.42	10.57	9.03	14.72
Benchmark	1.96	7.52	3.83	4.10	18.00	15.58	10.02	8.25	13.75

Top Ten Holdings	%
TOYOTA MOTOR CORP	1.95
MITSUBISHI UFJ FINANCIAL GRO	1.78
SUMITOMO MITSUI FINANCIAL GR	1.48
HITACHI LTD	1.43
NIPPON TELEGRAPH & TELEPHONE	1.25
SONY GROUP CORP	1.22
MITSUBISHI CORP	1.17
TOKYO ELECTRON LTD	1.16
MIZUHO FINANCIAL GROUP INC	1.16
ITOCHU CORP	1.11
Total	13.71

Characteristics		
	Portfolio	TOPIX
P/E	12.96x	14.44x
P/B	1.10x	1.39x
ROE	8.50%	9.62%
Dividend Yield	3.13%	2.62%

Market Cap		
	Portfolio	TOPIX
Large	46.2%	66.4%
Mid	43.2%	25.9%
Small	9.0%	7.6%
Others	0.0%	-

Composite Summary

Composite Name	SNAM Sustainable Investment Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	September 2012	
Number of Holdings	299	
Bloomberg Code	SNAMSUS	
Assets Under Management	Composite (T9915)	JPY 38.1B (USD 264M)
	Discretionary Mandate	JPY 196.7B (USD 1362M)
	Strategy Total	JPY 234.8B (USD 1625M)

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

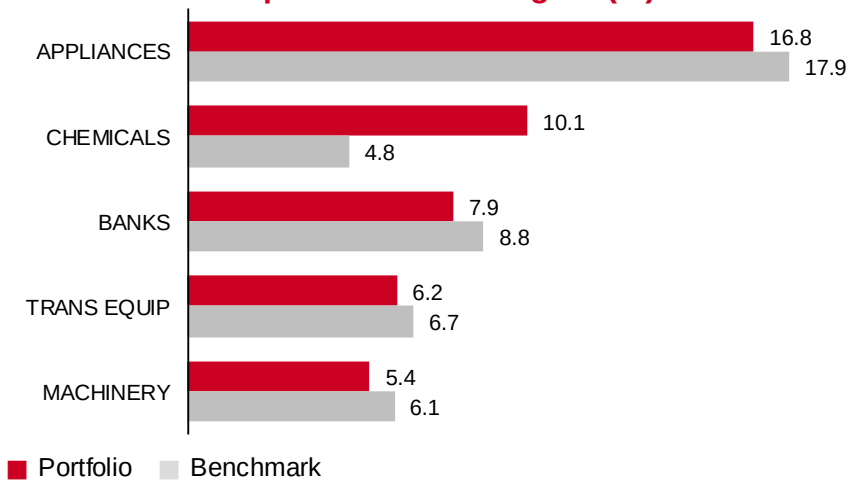
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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 (%)



Masako Chikuma, CMA, CFA
Senior Portfolio Manager
22 years investment experience
11 years at Sompo AM

Attribution Analysis

In stock selection, share price increases for Tokyo Electron, Advantest, and Disco contributed to performance, while share price declines for Toyota Motor, Daiichi Sankyo, and NTT.

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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