SOMPO ASSET MANAGEMENT

Japan Value Equity Sustainable

August 2025

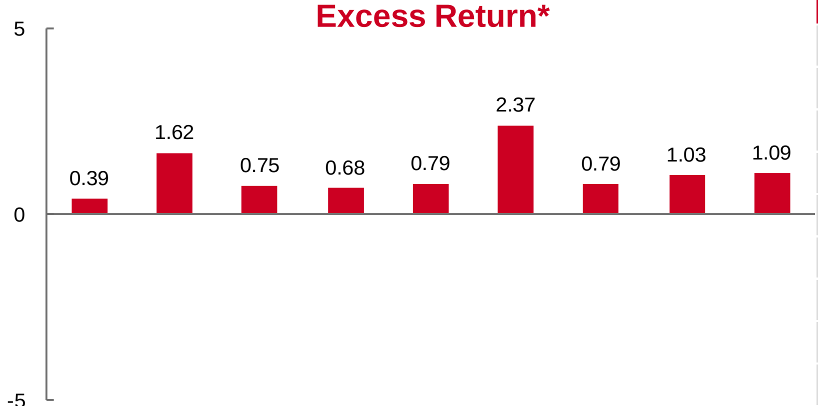
Strategy

Sustainable Strategy is a smart-beta Japanese equity strategy that tracks the proprietary Sompo 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 Sompo Risk Management, a leading domestic ESG research company.

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*



	Aug	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.91	9.45	12.70	16.91	19.85	18.83	11.96	10.73	15.31
Benchmark	4.52	7.83	11.95	16.23	19.06	16.46	11.17	9.71	14.23

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 41.2B (USD 280M)
	Discretionary Mandate	JPY 215.4B (USD 1467M)
	Strategy Total	JPY 256.5B (USD 1747M)

Top Ten Holdings	%
TOYOTA MOTOR CORP	2.30
MITSUBISHI UFJ FINANCIAL GRO	1.89
SUMITOMO MITSUI FINANCIAL GR	1.55
SONY GROUP CORP	1.33
MITSUBISHI CORP	1.29
NTT INC	1.27
MIZUHO FINANCIAL GROUP INC	1.25
ITOCHU CORP	1.16
HITACHI LTD	1.15
HONDA MOTOR CO LTD	1.03
Total	14.22

Characteristics

	Portfolio	TOPIX
P/E	13.80x	15.18x
P/B	1.19x	1.49x
ROE	8.64%	9.84%
Dividend Yield	2.94%	2.48%

Market Cap

	Portfolio	TOPIX
Large	46.3%	65.9%
Mid	43.9%	26.4%
Small	9.2%	7.7%
Others	0.0%	-

* Excess return figures are annualized for three years and longer.
** TOPIX Total Return Index includes the dividends paid by the index constituents.

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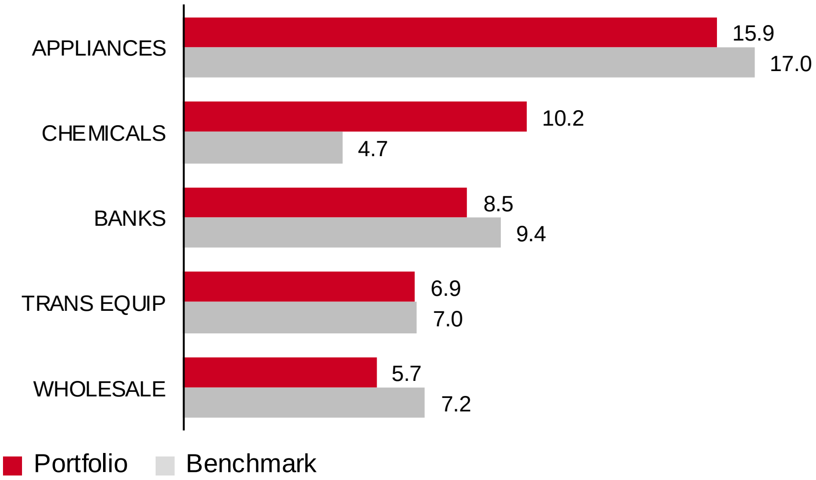
Top Five Sector Weights (%)



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 Mitsui Mining and Smelting Company, Toyota Motor, and Mitsubishi Corporation contributed to performance, while share price declines for Tokyo Electron, Hitachi, and Sysmex detracted.

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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