

# Japan Value Equity Sustainable

September 2025

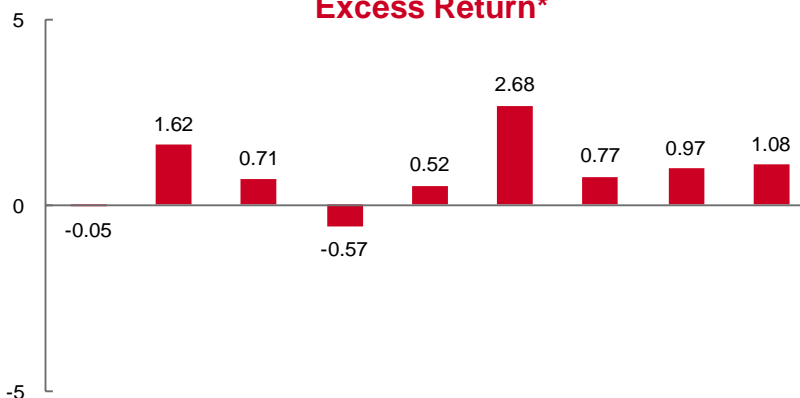
## Strategy

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 heightened expectations for Fed rate cuts and expansionary fiscal policy following the change in Prime Minister in Japan. Growth in the nonferrous and electric appliances, driven by increased expectations for AI investment expansion, pulled the overall market up. Share prices rose in the beginning of the month as expectations rose for rate cuts in the US following employment data undershooting market expectations and investors came to believe there could be an expansion in fiscal policy following the resignation announcement from standing Prime Minister Shigeru Ishiba. The market then remained strong through the middle of the month on the back of expectations for expanded investment in AI and forecasts for two Fed rate cuts in 2025. The market did briefly decline on the announcement that the BoJ will be selling its ETF and J-REIT holdings but then recovered as the pace of selling will be extremely slow. The market then fell at the end of the month as JPY appreciated on comments from BoJ officials about the increased need for the BoJ to hike rates as well as concerns over the possibility of a government shutdown in the US if the Senate is not able to pass a government services funding bill.

### Composite Performance (%) Excess Return\*



Top Ten Holdings	%
TOYOTA MOTOR CORP	2.18
MITSUBISHI UFJ FINANCIAL GRO	1.91
SUMITOMO MITSUI FINANCIAL GR	1.55
SONY GROUP CORP	1.32
NTT INC	1.31
HITACHI LTD	1.31
MITSUBISHI CORP	1.28
TOKYO ELECTRON LTD	1.22
MIZUHO FINANCIAL GROUP INC	1.18
ITOCHU CORP	1.16
Total	14.41

	Sep	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.93	12.66	16.00	20.98	23.04	19.53	11.55	11.87	15.46
Benchmark	2.98	11.04	15.29	21.55	22.52	16.85	10.78	10.89	14.39

### Composite Summary

Composite Name	SNAM Sustainable Investment Mother Fund		
Benchmark	TOPIX Total Return**		
Inception Date	September 2012		
Number of Holdings	298		
Bloomberg Code	SNAMSUS		
Assets Under Management	Composite (T9915)	JPY 41.4B (USD 280M)	
	Discretionary Mandate	JPY 221.8B (USD 1502M)	
	Strategy Total	JPY 263.2B (USD 1782M)	

Characteristics		
	Portfolio	TOPIX
P/E	13.86x	15.19x
P/B	1.22x	1.49x
ROE	8.79%	9.84%
Dividend Yield	2.92%	2.48%
Market Cap		
	Portfolio	TOPIX
Large	46.5%	66.3%
Mid	42.9%	26.0%
Small	9.0%	7.7%
Others	0.0%	-

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

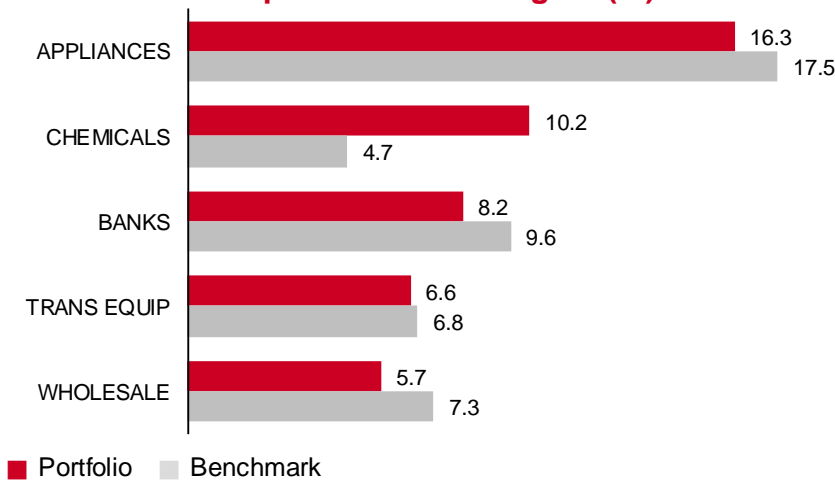
\*\* TOPIX Total Return Index includes the dividends paid by the index constituents.

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

This document has been prepared solely for informational purposes and does not constitute an offer to sell securities in any jurisdiction. Actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a client, and a client portfolio's risk tolerance, investment objectives and investment time horizon. The returns presented above are gross and do not reflect the deduction of investment advisory fees which will reduce returns.

# Japan Value Equity Sustainable

## 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, Mitsubishi UFJ Financial Group, and Murata Manufacturing contributed to performance, while share price declines for Nidec, Daikin Industries, and KDDI detracted.

## Outlook

We expect the market will face heavier upside resistance going forward. 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 on the back of the US rate cut and expectations for fiscal policy from the incoming government administration in Japan. 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.

## Contact Information

Daniel Robbins  
+81 3 5290 3414

Group email: [global@sompo-am.co.jp](mailto:global@sompo-am.co.jp)

### Important Notice

This material is being made available to you by SOMPO ASSET MANAGEMENT CO., LTD, "Sompo AM". Sompo AM is not licensed or registered in any jurisdiction except in Japan. You are not permitted to copy this material or pass it to anyone else. This material does not constitute an offer to sell securities in any jurisdiction. This material is not, and must not be treated as, investment advice or investment recommendations. Before making any investment decision, you should seek independent investment, legal, tax, accounting or other professional advice as appropriate, none of which is offered to you by Sompo AM. No investment service will be provided in or into any jurisdiction except to the extent permitted by local law. Sompo AM makes no representation or warranty, express or implied, except as required by law or in the case of fraud, regarding the accuracy, completeness or adequacy of the information in this material. Past performance is not a guarantee of future results.

### For the attention of investors in the US

This report is for the use of non-U.S. persons.

### For the attention of investors in the United Kingdom:

To the extent that this material is being issued by any persons who are not authorised under the Financial Services and Markets Act 2000 (the "Act"), it is being issued in the United Kingdom only to, and/or is directed only at, persons who are of a kind to whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorised under the Act ("authorised persons"), certain persons having professional experience in matters relating to investments, high net worth companies and high net worth unincorporated associations or partnerships. This material is only available to such persons in the United Kingdom and this material must not be copied or distributed to any other person without seeking prior consent from Sompo AM.

### For the attention of investors in Abu Dhabi:

This material and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities or other form of investments in the UAE and accordingly should not be construed as such. The portfolio management services detailed herein are only being offered to a limited number of sophisticated investors in the UAE: (a) who are willing and able to conduct an independent investigation of the risks involved in the related investments and (b) upon their specific request. The investments and services detailed herein have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This material is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the investments and services detailed herein should be made to Sompo AM.

Sompo AM is a registered Financial Instruments Firm with the Director General of Kanto Local Finance Bureau ("KLFB") of the Japan Ministry of Finance, KLFB (KINSYO) No. 351, and is a member of the Japan Investment Advisers Association, and The Investment Trusts Association, Japan.