

# Japan Value Equity Sustainable

December 2025

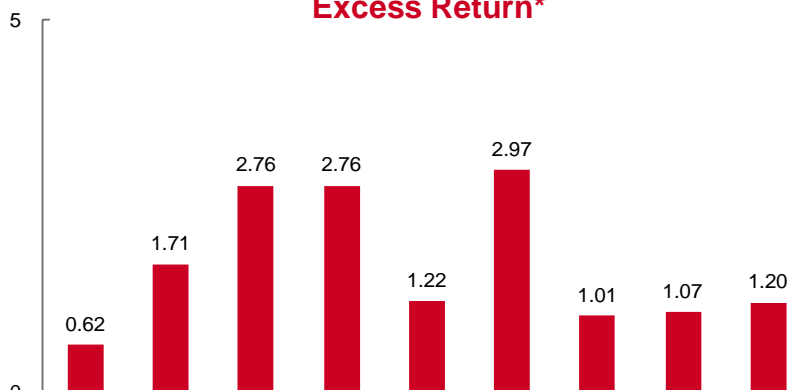
## Strategy

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

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\*



	Dec	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	1.66	10.54	28.22	28.22	25.90	19.31	16.28	11.85	16.02
Benchmark	1.03	8.82	25.46	25.46	24.68	16.34	15.27	10.79	14.82

## Composite Summary

Composite Name	SNAM Sustainable Investment Mother Fund		
Benchmark	TOPIX Total Return**		
Inception Date	September 2012		
Number of Holdings	297		
Bloomberg Code	SNAMSUS		
Assets Under Management	Composite (T9915)	JPY 64.8B (USD 415M)	
	Discretionary Mandate	JPY 245.5B (USD 1570M)	
	Strategy Total	JPY 310.3B (USD 1985M)	

Top Ten Holdings	%
TOYOTA MOTOR CORP	2.39
MITSUBISHI UFJ FINANCIAL GRO	1.81
SUMITOMO MITSUI FINANCIAL GR	1.73
MIZUHO FINANCIAL GROUP INC	1.28
MITSUBISHI CORP	1.28
HITACHI LTD	1.28
ITOCHU CORP	1.21
NTT INC	1.17
SONY GROUP CORP	1.11
TOKYO ELECTRON LTD	1.01
Total	14.28

## Characteristics

	Portfolio	TOPIX
P/E	14.18x	15.49x
P/B	1.28x	1.59x
ROE	9.05%	10.27%
Dividend Yield	2.79%	2.38%

## Market Cap

	Portfolio	TOPIX
Large	46.8%	68.0%
Mid	43.9%	24.8%
Small	8.8%	7.2%
Others	0.0%	-

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

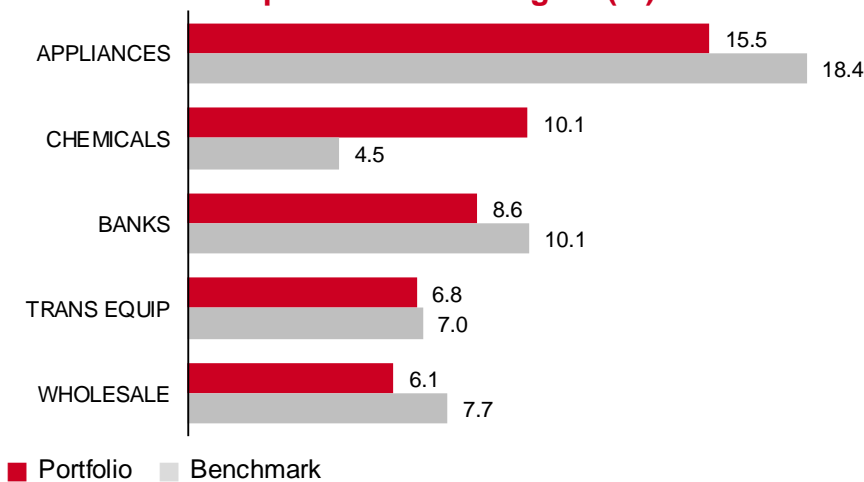
\*\* TOPIX Total Return Index includes the dividends paid by the index constituents.

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

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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 Toyota Motor, Nippon Shinyaku, and Sumitomo Mitsui Financial Group contributed to performance, while share price declines for Sony Group, Daiichi Sankyo, and TDK detracted.

## 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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