

Japan Value Equity Concentrated

July 2025

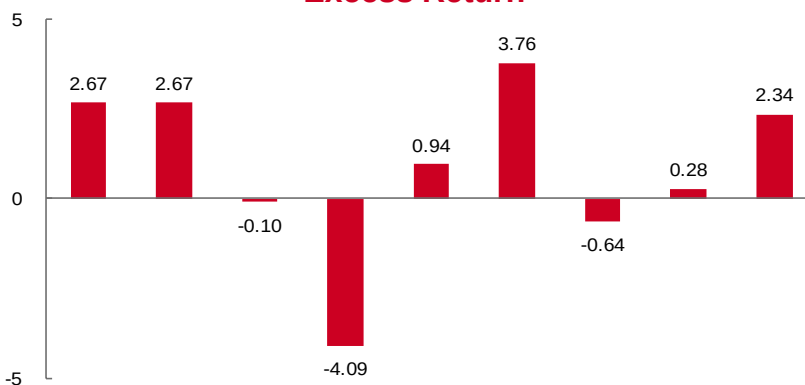
Strategy

Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team analyzes the intrinsic value of individual stocks and compares it with market price in order to identify undervalued names. The portfolio is not constrained by sector weights or market caps.

Market Review

Japanese market prices rose as investors were positive on Japan-US trade talk finishing with a lower-than-expected tariff rate of 15%. Value stocks outperformed growth stocks as tariff talks came to an end and growth in Japanese long-term domestic rates. Share prices fell in the first half of the month because of increased uncertainty over tariffs following statements from US President Donald Trump that there would be additional tariffs on copper and pharmaceuticals and the market believed the ruling coalition would struggle in the upper house election. The market was largely unchanged in the middle of the month as despite support from strong earnings at global semiconductor manufacturers, tariff uncertainty and upper house election concerns continued to weigh on prices. The market did not move much in response to the results of the upper house election despite the ruling coalition losing its majority as that was what the market expected. Then going towards the end of the month share prices rose significantly, particularly for automakers, as Japan and the US lowered the final tariff rate to 15%, which would also include automobiles.

Composite Performance (%) Excess Return*



	Jul	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	5.83	5.83	7.02	3.89	18.74	21.02	9.67	8.67	9.39
Benchmark	3.17	3.17	7.12	7.98	17.79	17.27	10.31	8.39	7.05

Composite Summary

Composite Name	SJAM Value Mother Fund							
Benchmark	TOPIX Total Return**							
Inception Date	January 2004							
Number of Holdings	68							
Bloomberg Code	SNAMCON							
Assets Under Management	Domestic	JPY 58.1B (USD 386M)						
	Overseas	JPY 0B (USD 0M)						
	Strategy Total	JPY 58.1B (USD 386M)						

Top Ten Holdings	%
NIDEC CORP	4.18
FANUC CORP	4.12
NTT INC	3.97
YAMATO HOLDINGS CO LTD	3.51
KIRIN HOLDINGS CO LTD	3.49
SUMCO CORP	3.42
KYOCERA CORP	3.35
MURATA MANUFACTURING CO LTD	3.11
SUMITOMO MITSUI TRUST GROUP	3.10
OMRON CORP	2.91
Total	35.17

Characteristics		
	Portfolio	Benchmark
P/E	13.92x	14.79x
P/B	0.94x	1.43x
ROE	6.79%	9.67%
Dividend Yield	3.24%	2.57%

Market Cap		
	Portfolio	Benchmark
Large	42.9%	66.1%
Mid	45.6%	26.1%
Small	10.5%	7.8%
Others	0.4%	-

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

** TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. This is a measure of the overall trend in the stock market, and is used as a benchmark for investment in Japan stocks. Dividends used in calculating the TOPIX Total Return Index are gross (i.e. before tax).

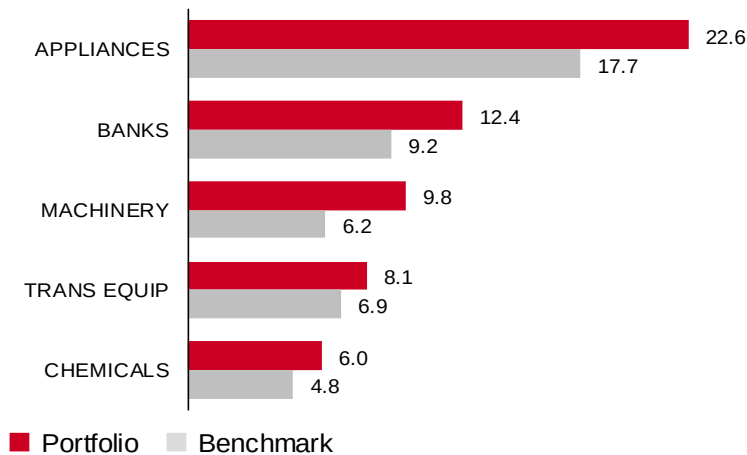
Performance is net of fees.

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
Senior Portfolio Manager
33 years investment experience
28 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, underweighting (UW) of Other Prod and Info & Comm and overweighting (OW) of Banks contributed to performance, while UW of Wholesale and OW of Foods and Appliances detracted. In stock selection, OW of Yamato Holdings and Aisin, and UW of Nintendo contributed to performance, while UW of Hitachi, Toyota Motor and OW of Kirin Holdings detracted. Last month we increased holdings of Omron, NTT, and Nitori and decreased holdings of Nippon Shinyaku, Hokuoh Chemical Industry Corp., and Osaka Gas.

Outlook

We expect the market will continue to face heavy upside resistance. Corporate earnings forecasts for this fiscal year have been weak, especially for foreign-demand, cyclical sectors, as they reflected the expected negative impacts of additional Trump tariffs. However, with trade talks now over and the final tariff rate coming in lower than initially expected we believe earnings forecasts will now rebound. Valuation metrics like forward P/E are already above undervalued levels, being overall pushed up by a small number of stocks from before the conclusion of trade talks. We believe that caution will be needed over the short term as expectations are increasing for the Fed to lower rates in response to the economic slowdown in the US. 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.

Contact Information

Daniel Robbins
+81 3 5290 3414

Group email: global@sompo-am.co.jp

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