SOMPO ASSET MANAGEMENT

Japan Value Equity Concentrated

August 2025

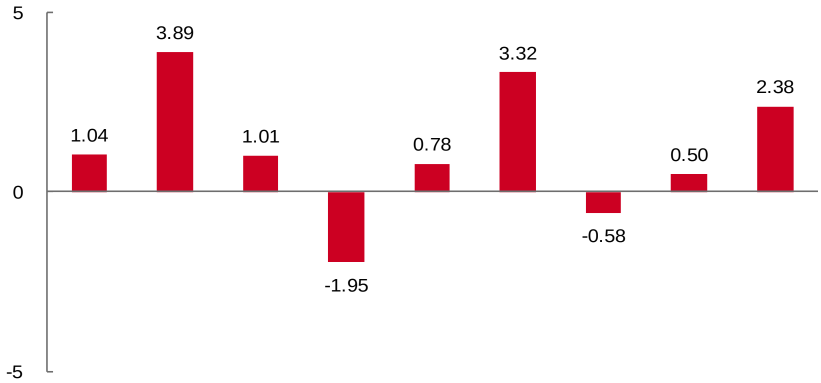
Strategy

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 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	5.56	11.72	12.97	14.28	19.85	19.78	10.59	10.20	9.62
Benchmark	4.52	7.83	11.95	16.23	19.06	16.46	11.17	9.71	7.24

Composite Summary		
Composite Name	SJAM Value Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	January 2004	
Number of Holdings	66	
Bloomberg Code	SNAMCON	
Assets Under Management	Domestic	JPY 61.3B (USD 417M)
	Overseas	JPY 0B (USD 0M)
	Strategy Total	JPY 61.3B (USD 417M)

Top Ten Holdings	%
NIDEC CORP	4.37
NTT INC	3.84
FANUC CORP	3.82
YAMATO HOLDINGS CO LTD	3.78
SUMCO CORP	3.64
KIRIN HOLDINGS CO LTD	3.53
KYOCERA CORP	3.48
MURATA MANUFACTURING CO LTD	3.17
SUMITOMO MITSUI TRUST GROUP	3.11
OMRON CORP	3.00
Total	35.74

Characteristics	Portfolio	Benchmark
P/E	14.48x	15.18x
P/B	1.01x	1.49x
ROE	6.94%	9.84%
Dividend Yield	3.08%	2.48%

Market Cap	Portfolio	Benchmark
Large	44.6%	65.9%
Mid	44.3%	26.4%
Small	10.2%	7.7%
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.

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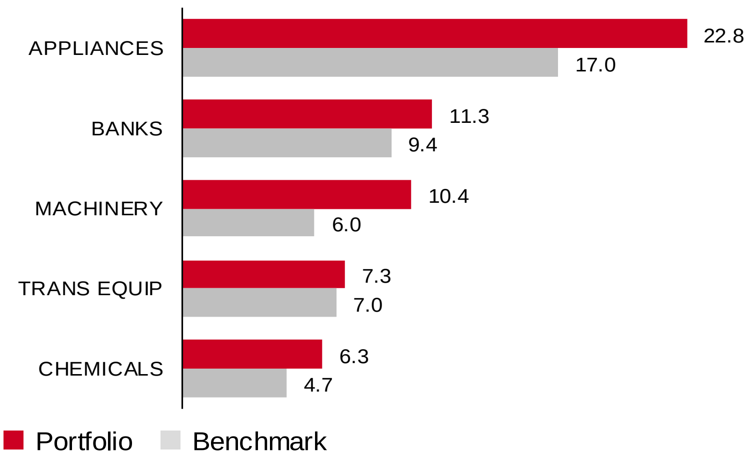
Top Five Sector Weights (%)



Kenji Ueno, CMA
Senior Portfolio Manager
33 years investment experience
28 years at Sompo AM

Attribution Analysis

Sector allocation detracted from performance, while stock selection contributed. In sector allocation, overweighting (OW) of Metal Prod, Banks, and Land Trans contributed to performance, while OW of Appliances and Machinery and underweighting (UW) of Wholesale detracted. In stock selection, UW of Hitachi and Tokyo Electron and OW of Yamato Holdings contributed to performance, while UW of SoftBank Group and OW of Fanuc and Omron detracted. Last month we increased holdings of Denso, Nitori Holdings, and Kubota and decreased holdings of Aisin, Mebuki Financial Group, and Makita.

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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