

Japan Value Equity Concentrated

September 2025

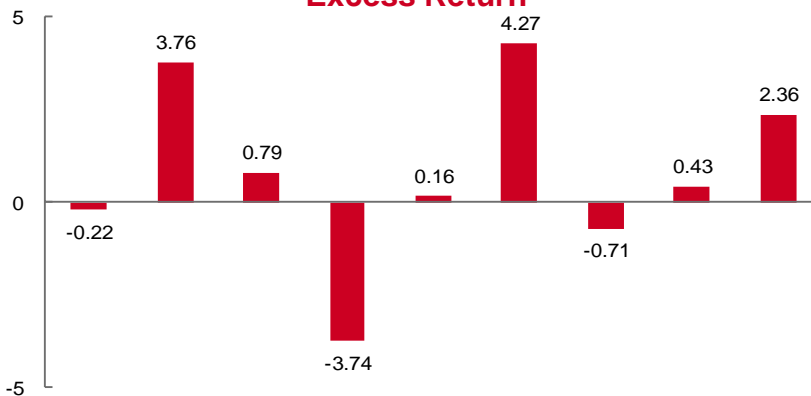
Strategy

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 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*



	Sep	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.76	14.80	16.08	17.81	22.68	21.11	10.07	11.32	9.72
Benchmark	2.98	11.04	15.29	21.55	22.52	16.85	10.78	10.89	7.35
Composite Summary									
Composite Name	SJAM Value Mother Fund								
Benchmark	TOPIX Total Return**								
Inception Date	January 2004								
Number of Holdings	65								
Bloomberg Code	SNAMCON								
Assets Under Management	Domestic					JPY 63.2B (USD 428M)			
	Overseas					JPY 0B (USD 0M)			
	Strategy Total					JPY 63.2B (USD 428M)			

Top Ten Holdings	%
SUMCO CORP	4.19
FANUC CORP	4.00
NTT INC	3.95
MURATA MANUFACTURING CO LTD	3.74
KIRIN HOLDINGS CO LTD	3.60
KYOCERA CORP	3.59
YAMATO HOLDINGS CO LTD	3.48
OMRON CORP	3.24
SUMITOMO MITSUI TRUST GROUP	3.09
HONDA MOTOR CO LTD	2.66
Total	35.54

Characteristics		
	Portfolio	Benchmark
P/E	14.38x	15.19x
P/B	1.01x	1.49x
ROE	7.02%	9.84%
Dividend Yield	3.10%	2.48%

Market Cap		
	Portfolio	Benchmark
Large	42.8%	66.3%
Mid	44.6%	26.0%
Small	10.4%	7.7%
Others	0.4%	-

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

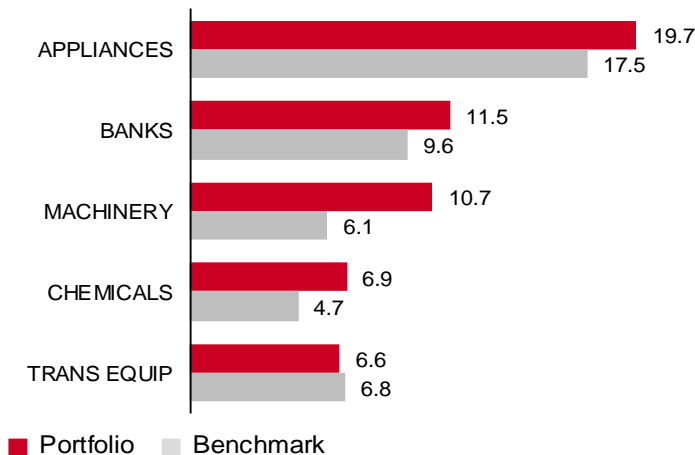
** TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization as 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.

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
29 years at Sompo AM

Attribution Analysis

Sector allocation contributed to performance, while stock selection detracted. In sector allocation, underweighting (UW) of Insurance, Other Prod, and Services contributed to performance, while UW of Wholesale and overweighting (OW) of Metal Prod, and Textiles detracted. In stock selection, OW of Sumco, Murata Manufacturing, and Sumitomo Metal Mining contributed to performance, while OW of Nidec and Yamato Holding and UW of Tokyo Electron detracted. Last month we increased holdings of Daikin Industries, Denso, and Asahi Group Holdings and decreased holdings of Nidec, Aisin, and Sumco.

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.

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