

# Japan Value Equity Concentrated

October 2025

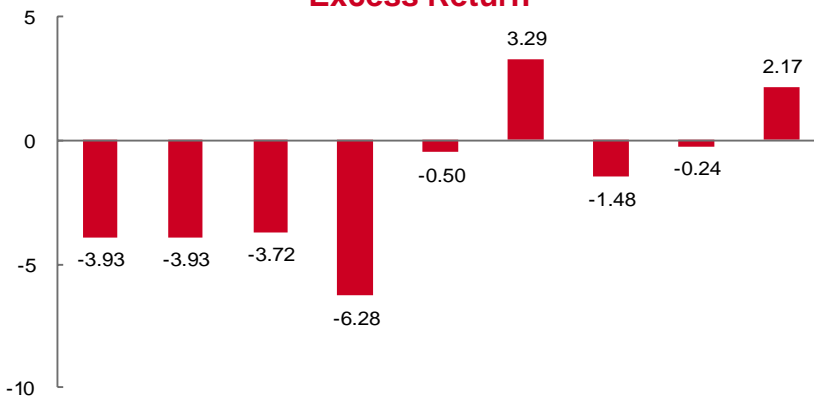
## Strategy

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 expectations for expansionary fiscal policy and economic security enhancements by the incoming administration following the change in leadership of the Liberal Democratic Party (LDP) in Japan. Growth in the nonferrous and electric appliances sectors, driven by continued expectations for expanded AI investment globally and expectations for increased investment in advanced technology by the Takaichi administration, pulled the overall market up. Share prices rose in the beginning of the month as expectations rose for expansionary fiscal policy following the election of Sanae Takaichi as LDP leader. The market then briefly declined on reignited fears over trade frictions between the US and China triggered by Trump's remarks indicating additional tariffs on China and political uncertainty in Japan following the media reports of parliament facing difficulties selecting a prime minister. The market then rose on receded political uncertainty following Sanae Takaichi becoming prime minister. The market then maintained solid growth on a weakened JPY versus USD, caused by the BoJ keeping the policy rate unchanged at its end-of-month policy meeting and Fed chairman Jerome Powell indicating a cautious stance on additional rate cuts.

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



Top Ten Holdings	%
FANUC CORP	4.49
MURATA MANUFACTURING CO LTD	4.40
NTT INC	3.96
SUMCO CORP	3.83
KYOCERA CORP	3.62
KIRIN HOLDINGS CO LTD	3.51
OMRON CORP	3.34
YAMATO HOLDINGS CO LTD	3.22
SUMITOMO MITSUI TRUST GROUP	2.95
DAIKIN INDUSTRIES LTD	2.85
Total	36.18

	Composite	Benchmark	Domestic	Overseas	Total	JPY	USD	Assets	Liabilities	Net Assets			
Composite	2.27	2.27	18.71	20.42	22.45	22.23	11.85	10.22	9.79	Characteristics			
Benchmark	6.20	6.20	22.43	26.70	22.95	18.94	13.32	10.46	7.62	PortfolioBenchmark			
Composite Summary											P/E	14.29x	15.87x
Composite Name			SJAM Value Mother Fund								P/B	1.02x	1.56x
Benchmark			TOPIX Total Return**								ROE	7.17%	9.84%
Inception Date			January 2004								Dividend Yield	3.07%	2.36%
Number of Holdings			65								Market Cap		
Bloomberg Code			SNAMCON									Portfolio	Benchmark
Assets Under Management			Domestic					JPY 63.9B (USD 415M)			Large	42.2%	68.7%
			Overseas					JPY 0B (USD 0M)			Mid	46.1%	24.4%
			Strategy Total					JPY 63.9B (USD 415M)			Small	9.4%	6.9%
											Others	0.4%	-

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

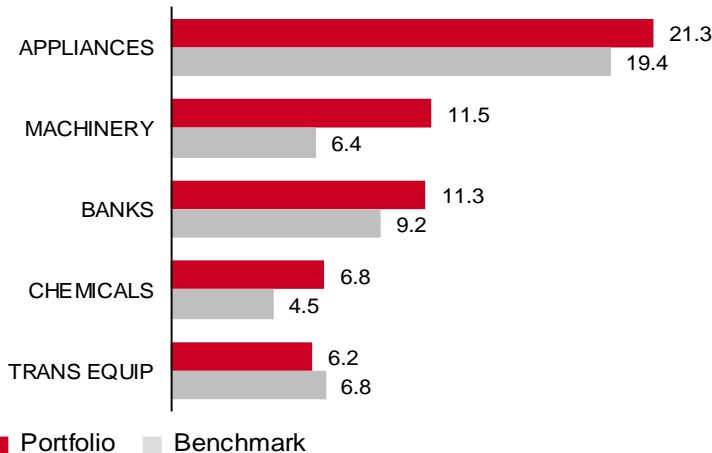
\*\* TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization 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 and overweighting (OW) of Appliances and Machinery contributed to performance, while OW of Land Trans and Paper and UW of Info and Comm detracted. In stock selection, OW of Murata Manufacturing and Fanuc, and UW of Mitsubishi UFJ Financial contributed to performance, while UW of SoftBank Group, Hitachi, and Advantest detracted. Last month we increased holdings of Daikin Industries, Asahi Group Holdings, and Keisei Electric Railway and decreased holdings of Mitsubishi Estate, Sumco, and Subaru.

## 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 are no longer at undervalued levels having been pulled upwards by a small number of stocks on the back of additional US rate cuts and expectations for fiscal policy from the Takaichi administration in Japan. Stock-picking has been heavily concentrated in thematic areas such as generative AI and these stock are now at overheated valuation levels. However, corporate earnings forecasts for this fiscal year are bottoming out on the back of the easing of Trump's tariffs and will likely be revised upwards. 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)

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