SOMPO ASSET MANAGEMENT

Japan Value Equity Concentrated

November 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

The Japanese market remained firm in November, despite alarm over the high prices of AI and data centre stocks putting downward pressure on prices as expectations for a rate cut by the Fed in December supported sentiment. The mining and real estate sectors saw growth because of strong Jul–Sep earnings and the announcement of bolstered shareholder returns. The info & Comms sector fell because of heightened concerns of increased competition in the AI space. In the first half of the month, fears of an economic slowdown receded following the end of the US government shutdown. The Japanese market rose on the back of strong Jul–Sep earnings results. Share prices then fell as investors stood back in anticipation of results announcements from US semiconductor majors and top US finance professionals began to sound the alarm on stretched valuations. The market then bounced back upwards through the end of the month as expectations for a rate cut grew on comments from top Fed officials that they will support a cut at the December FOMC meeting. Long-term rates rose in Japan because of increased concerns over government finances caused by the Takaichi cabinet's economic support measures. Subsequent JPY depreciation focused investors buying activity mainly on exporters, leading to growth in the Japanese market.

Composite Performance (%) Excess Return*

	Nov	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.36	6.73	23.89	28.55	22.96	20.96	12.68	10.39	9.97
Benchmark	1.42	7.71	24.18	29.17	22.33	16.78	13.34	10.46	7.66

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 66.7B (USD 427M)
	Overseas	JPY 0B (USD 0M)
	Strategy Total	JPY 66.7B (USD 427M)

Top Ten Holdings	%
FANUC CORP	4.40
MURATA MANUFACTURING CO LTD	3.99
KIRIN HOLDINGS CO LTD	3.81
NTT INC	3.73
KYOCERA CORP	3.61
OMRON CORP	3.19
YAMATO HOLDINGS CO LTD	3.08
DAIKIN INDUSTRIES LTD	3.08
SUMCO CORP	3.07
SUMITOMO MITSUI TRUST GROUP	3.02
Total	35.00

Characteristics	Portfolio	Benchmark
P/E	14.99x	15.57x
P/B	1.05x	1.58x
ROE	6.98%	10.12%
Dividend Yield	2.98%	2.37%

Market Cap	Portfolio	Benchmark
Large	42.4%	67.8%
Mid	45.6%	25.0%
Small	9.7%	7.2%
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).

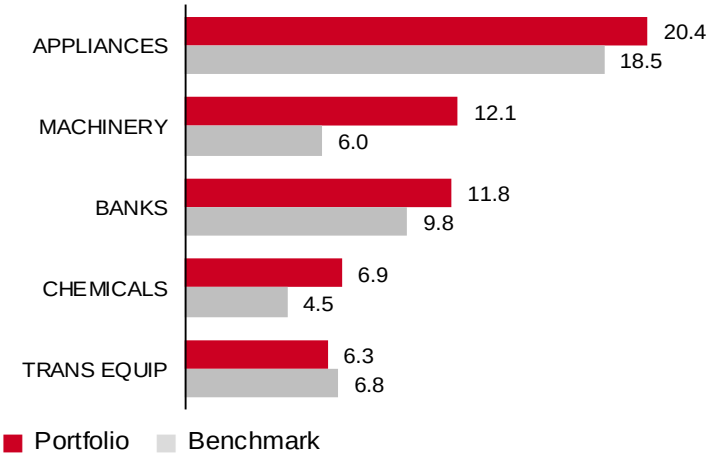
Performance is net of fees.

The data shown is of a representative account. Past performance is not a guarantee of future returns.
This document has been prepared solely for informational purposes and does not constitute an offer to sell securities in any jurisdiction. Actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a client, and a client portfolio's risk tolerance, investment objectives and investment time horizon. The returns presented above are net of a model fee of 35bps, which is the highest fee charged to investors.

SOMPO ASSET MANAGEMENT

Japan Value Equity Concentrated

Top Five Sector Weights (%)



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

Attribution Analysis

Sector allocation detracted from performance, while stock selection contributed. In sector allocation, underweighting (UW) of Info & Comm and overweighting (OW) of Banks and Paper contributed to performance, while OW of Machinery and UW of Wholesale and Elec Power & Gas detracted. In stock selection, UW of SoftBank Group and OW of JGC Holdings and Astellas Pharma contributed to performance, while OW of Sumco, Omron, and Murata Manufacturing detracted. Last month we increased holdings of Denso, Nitori Holdings, and Omron and decreased holdings of JGC Holdings, Mitsubishi Estate, and Astellas Pharma.

Outlook

We urge caution over the near term given that despite the recent market correction centring on some overvalued AI stocks, valuation metrics like forward P/E are still not at undervalued levels given continued expectations around further rate cuts in the US and increased investment in AI. However, corporate earnings forecasts have been recovering since the Japan and the US came to an agreement on tariffs and we expect further improvements as companies revise their conservative assumptions. We do not foresee any large fall in the Japanese market 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. We believe it will still take some time before we see serious fundamentals-driven market growth but given forecasts for earnings growth next year and beyond, we believe we are currently in the midst of a medium to long-term growth period.

Contact Information

Daniel Robbins
+81 3 5290 3414

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

Important Notice
This material is being made available to you by SOMPO ASSET MANAGEMENT CO., LTD, “Sompo AM”. You are not permitted to copy this material or pass it to anyone else. This material does not constitute an offer to sell securities in any jurisdiction. This material is not, and must not be treated as, investment advice or investment recommendations. Before making any investment decision, you should seek independent investment, legal, tax, accounting or other professional advice as appropriate, none of which is offered to you by Sompo AM. No investment service will be provided in or into any jurisdiction except to the extent permitted by local law. Sompo AM makes no representation or warranty, express or implied, except as required by law or in the case of fraud, regarding the accuracy, completeness or adequacy of the information in this material. Past performance is not a guarantee of future results.
For the attention of investors in the US
This report is for the use of non-U.S. persons.
For the attention of investors in the United Kingdom:
To the extent that this material is being issued by any persons who are not authorised under the Financial Services and Markets Act 2000 (the “Act”), it is being issued in the United Kingdom only to, and/or is directed only at, persons who are of a kind to whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorised under the Act (“authorised persons”), certain persons having professional experience in matters relating to investments, high net worth companies and high net worth unincorporated associations or partnerships. This material is only available to such persons in the United Kingdom and this material must not be copied or distributed to any other person without seeking prior consent from Sompo AM.
For the attention of investors in Abu Dhabi:
This material and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities or other form of investments in the UAE and accordingly should not be construed as such. The portfolio management services detailed herein are only being offered to a limited number of sophisticated investors in the UAE: (a) who are willing and able to conduct an independent investigation of the risks involved in the related investments and (b) upon their specific request. The investments and services detailed herein have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This material is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the investments and services detailed herein should be made to Sompo AM.
Sompo AM is a registered Financial Instruments Firm with the Director General of Kanto Local Finance Bureau ("KLFB") of the Japan Ministry of Finance, KLFB (KINSYO) No. 351, and is a member of the Japan Investment Advisers Association, and The Investment Trusts Association, Japan. The firm is also registered as an investment adviser with the U.S. Securities and Exchange Commission. Such registration does not imply any specific skill or training.

Copyright © 2013 SOMPO ASSET MANAGEMENT CO., LTD. All Rights Reserved.