



Japan Value Equity Concentrated

December 2025

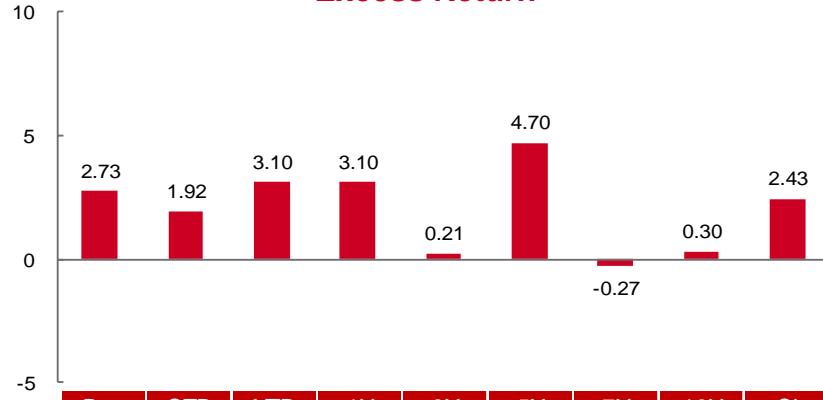
Strategy

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

Despite Japanese and US monetary policy creating reason for market movement, the reduction in market participants through the year-end kept TOPIX range-bound. By sector, insurance and banks rose on expectations for earnings improvements following the BoJ's decision to raise rates. The other products sector fell on concerns over earnings deterioration following the increase in price of semiconductors. The Japanese market was weak at the beginning of the month as expectations rose for a rate hike at the BoJ's December Monetary Policy Meeting following hints from Governor Kazuo Ueda. However, market prices then recovered on expectations for a Fed rate cut following the release of US economic data that hinted at an economic slowdown. Shares then fell again in the middle of the month despite a Fed rate cut due to a dry-up in catalysts. However, share prices held firm as expectations rose for further rate cuts in the US on weaker-than-expected US CPI. Buying activity was focused on exporters as despite the BoJ's decision to raise rates at its monetary policy meeting, comments from Ueda caused JPY to weaken versus USD. The market lacked any clear sense of direction through the end of the month given low trading volumes.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
NTT INC	4.27
MURATA MANUFACTURING CO LTD	3.94
FANUC CORP	3.74
KYOCERA CORP	3.62
KIRIN HOLDINGS CO LTD	3.56
SUMCO CORP	3.48
OMRON CORP	3.30
SUMITOMO MITSUI TRUST GROUP	3.12
DAIKIN INDUSTRIES LTD	3.01
HONDA MOTOR CO LTD	2.97
Total	35.03

Characteristics		
	Portfolio	Benchmark
P/E	15.09x	15.49x
P/B	1.07x	1.59x
ROE	7.11%	10.27%
Dividend Yield	2.94%	2.38%
Market Cap		
	Portfolio	Benchmark
Large	42.3%	68.0%
Mid	47.5%	24.8%
Small	9.0%	7.2%
Others	0.4%	-

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 69.2B (USD 442M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 69.2B (USD 442M)	

* 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.

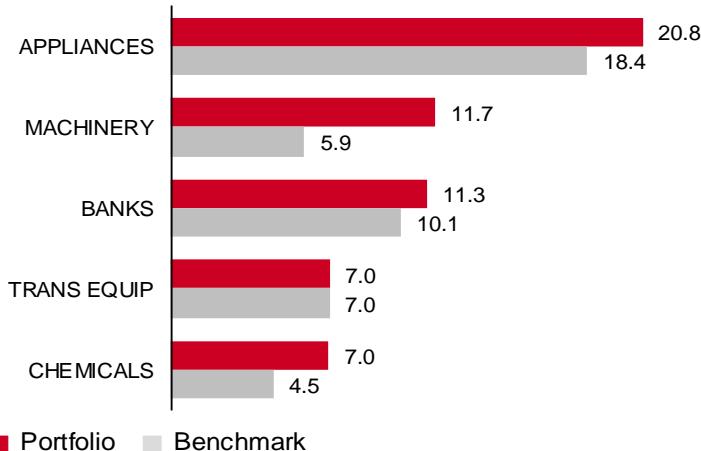
The data shown is of a representative account. Past performance is not a guarantee of future returns.

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Top Five Sector Weights (%)



■ Portfolio ■ Benchmark



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 Other Prod and Elec Power & Gas and overweighting (OW) of Banks contributed to performance, while UW of Wholesale and Insurance and OW of Machinery detracted. In stock selection, OW of Fanuc and Sumco and UW of Sony Group contributed to performance, while UW of Toyota Motor and Mitsui & Co. and OW of Kirin Holdings detracted. Last month we increased holdings of Hirose Electric, NTT, and Honda Motor and decreased holdings of Fanuc, Astellas Pharma, and North Pacific Bank.

Outlook

Corporate earnings forecasts have been rising since Japan and the US came to agreement on trade talks and it is looking likely that earnings will continue to rise in the coming fiscal year too. However, we believe caution is needed over the near term as valuations (forward P/E, etc) have been on a consistent upwards path recently, driven by positive factors like expectations for strong earnings, lower US rates, and increased investment in AI. That said, we believe market downside will be limited 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.

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