SOMPO ASSET MANAGEMENT

Japan Value Equity Concentrated

January 2026

Strategy

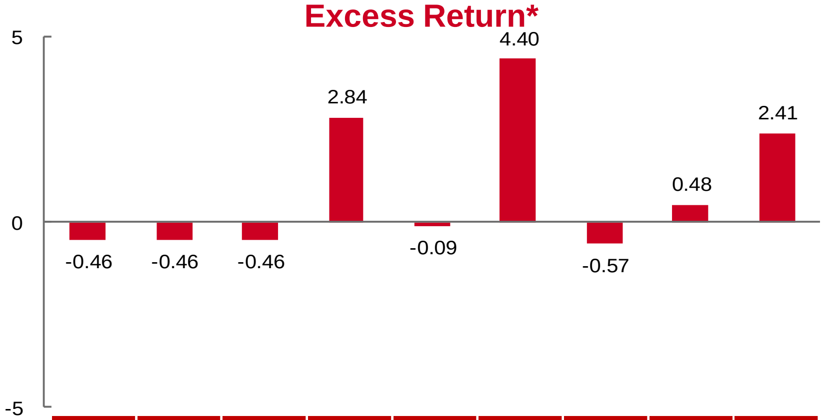
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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

Expectations for aggressive fiscal policy pushed the market up following reports of a snap general election. The non-ferrous and oil & coal products sectors rose on heightened expectations for earnings improvements following the increase in commodity prices. The services and information & communication sectors fell because of their high percentage of growth stocks when interest rate increases were creating headwinds.

The Japanese equity market rose in the first part of the month because of expectations for expansionary fiscal policy driven by the outlook that the Takaichi administration would call a snap general election. Share prices then fell in the middle of the month despite prospects for an LDP majority as long-term interest rates rose rapidly on alarm over fiscal expansion and oversupply of super-longs as well as tensions between Europe and the US concerning Greenland. The market fell further in the latter part of the month despite brief rises as JPY appreciated against USD on heightened concerns of currency intervention from Japanese and US authorities. Share prices then saw upside resistance through the end of the month as investors held off in the run-up to earnings season for both Japan and the US.

Composite Performance (%)
Excess Return*



	Jan	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.16	4.16	4.16	33.91	24.67	21.75	14.65	12.63	10.28
Benchmark	4.62	4.62	4.62	31.07	24.76	17.34	15.22	12.15	7.87

Composite Summary		
Composite Name	SJAM Value Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	January 2004	
Number of Holdings	67	
Bloomberg Code	SNAMCON	
Assets Under Management	Domestic	JPY 72B (USD 467M)
	Overseas	JPY 0B (USD 0M)
	Strategy Total	JPY 72B (USD 467M)

Top Ten Holdings	%
NTT INC	4.03
SUMCO CORP	3.76
KYOCERA CORP	3.66
MURATA MANUFACTURING CO LTD	3.66
KIRIN HOLDINGS CO LTD	3.49
OMRON CORP	3.40
FANUC CORP	3.37
HONDA MOTOR CO LTD	3.26
SUMITOMO MITSUI TRUST GROUP	3.21
DAIKIN INDUSTRIES LTD	3.06
Total	34.89

Characteristics	Portfolio	Benchmark
P/E	15.21x	15.92x
P/B	1.11x	1.65x
ROE	7.33%	10.38%
Dividend Yield	2.89%	2.31%

Market Cap	Portfolio	Benchmark
Large	41.5%	68.0%
Mid	48.5%	24.9%
Small	8.9%	7.1%
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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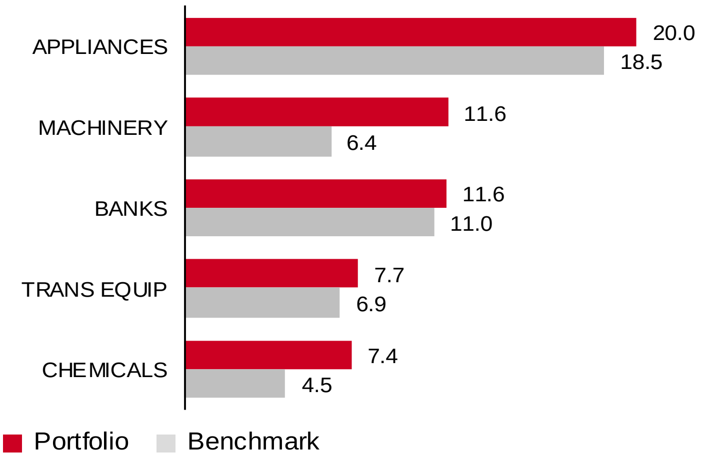
Top Five Sector Weights (%)



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

Attribution Analysis

Sector allocation contributed to performance, while stock selection detracted. In sector allocation, overweighting (OW) of Machinery and underweighting (UW) of Info & Comm and Insurance contributed to performance, while UW of Wholesale and OW of Metal Prod and Land Trans detracted. In stock selection, OW of Sumitomo Metal Mining and Sumco and UW of Sony Group contributed to performance, while OW of Yamato Holdings and Daikin, and UW of Advantest detracted. Last month we increased holdings of Denso, Daikin, and Honda Motor and decreased holdings of Sumitomo Metal Mining, NSK, and Fanuc.

Outlook

We expect the market to fluctuate. Corporate earnings forecasts have been rising since Japan and the US came to agreement on trade talks and it looks highly likely that earnings will continue to rise in the coming fiscal year as well. However, we believe caution is needed over the near term as valuations (forward P/E, etc) are already at historical highs, driven by strong corporate earnings, prospects for a stable political situation following the general election, and expectations for increased investment in AI globally. 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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