

# Japan Value Equity Concentrated

February 2026

## Strategy

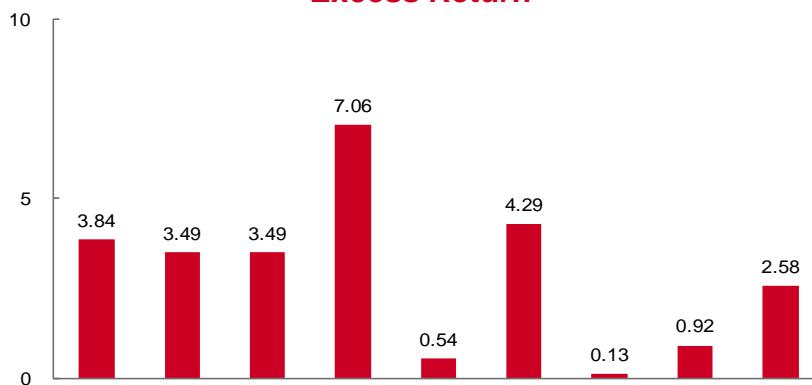
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team 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 large scale fiscal spending and accommodative monetary policy pushed the market up following the ruling Liberal Democratic Party (LDP)'s landslide victory at a general election. The non-ferrous sector rose on expectations for earnings growth from generative AI related demand. The services and information & communication sectors fell on fears that some of their business may be replaced by generative AI.

The Japanese equity market rose in the first part of the month on the back of political stability and expectations for aggressive economic measures following the LDP's big win at the lower house election. Share prices then saw upside resistance in the middle of the month as the market was showing signs of overheating with the lack of news flow after the earnings season for Japanese companies. The below-consensus GDP growth increased concerns over the Japanese economy and weighed on the market. The market rebounded on eased fears over global economy in the latter part of the month as the US Supreme Court struck down Trump's reciprocal tariffs. Share prices rose through the end of the month on reduced expectations for early rate hikes as the candidates for the BOJ board members proposed by the government were considered to be cautious for rate hikes.

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



	Feb	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	14.31	19.07	19.07	57.55	29.10	23.26	16.57	15.31	10.90
Benchmark	10.47	15.57	15.57	50.49	28.57	18.97	16.45	14.39	8.33

### Composite Summary

Composite Name	SJAM Value Mother Fund		
Benchmark	TOPIX Total Return**		
Inception Date	January 2004		
Number of Holdings	70		
Bloomberg Code	SNAMCON		
Assets Under Management	Domestic	JPY 82.3B (USD 527M)	
	Overseas	JPY 0B (USD 0M)	
	Strategy Total	JPY 82.3B (USD 527M)	

Top Ten Holdings	%
OMRON CORP	4.21
MURATA MANUFACTURING CO LTD	4.19
NTT INC	3.90
KYOCERA CORP	3.83
SUMCO CORP	3.72
KIRIN HOLDINGS CO LTD	3.45
HONDA MOTOR CO LTD	3.36
FANUC CORP	3.35
DAIKIN INDUSTRIES LTD	3.32
SUMITOMO MITSUI TRUST GROUP	3.01
Total	36.34

### Characteristics

	Portfolio	Benchmark
P/E	16.07x	17.20x
P/B	1.22x	1.77x
ROE	7.58%	10.27%
Dividend Yield	2.59%	2.12%

### Market Cap

	Portfolio	Benchmark
Large	43.4%	67.5%
Mid	47.1%	25.3%
Small	8.5%	7.2%
Others	0.5%	-

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

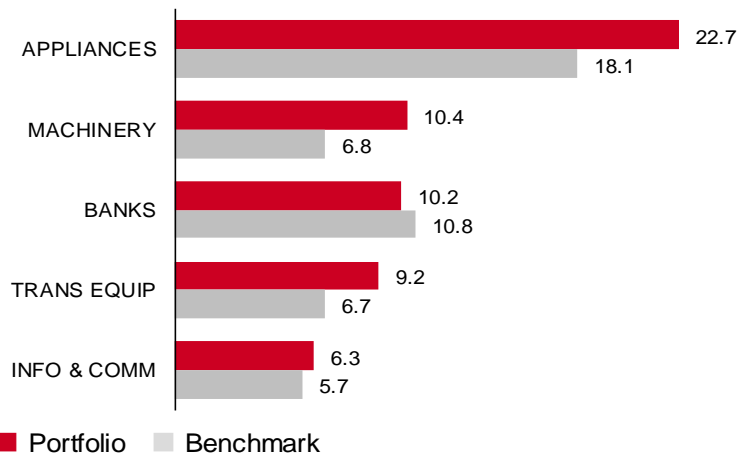
\*\* TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization 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 detracted from performance, while stock selection contributed. In sector allocation, overweighting (OW) of Machinery and Chemicals and underweighting (UW) of Info & Comm contributed to performance, while UW of Wholesale, Nonferrous, and Insurance detracted. In stock selection, OW of Omron, Murata Manufacturing, and NSK contributed to performance, while OW of Yamato Holdings and NTT and UW of Mitsubishi Corporation detracted. Last month we increased holdings of Toyota Motor, Nomura Research Institute, and Shin-Etsu Chemicals and decreased holdings of NSK, Asahi Kasei, and Mitsubishi Estate.

## Outlook

We expect the market will fluctuate around the recent bottom but show signs of a potential recovery. While we should watch the situation surrounding Iran, we expect the market will gradually regain a sense of calm as long as it doesn't lead to further escalation to the war and prolonged high energy prices. It looks highly likely that corporate earnings will continue to rise in the coming fiscal year given smaller negative impacts from Trump tariffs. We believe historically high valuations (forward P/E, etc) will be warranted, driven by strong corporate earnings, expectations for the Takaichi administration following the LDP's landslide victory at the lower house election and further improvement to corporate governance if the situation in the Middle East eases quickly. The market will be supported 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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