# Japan Value Equity Concentrated

**June 2026**

## Strategy

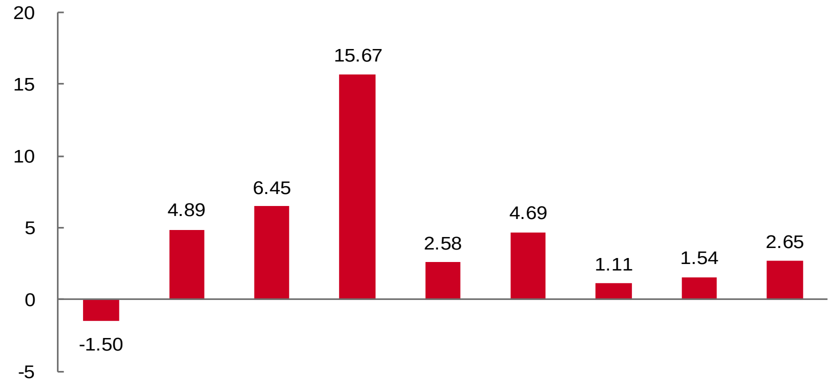
Concentrated Strategy is a focused Japanese equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio is constructed through investment in undervalued stocks, with careful consideration of risk/return. The strategy takes a bottom-up approach in which the research team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

The market lacked a clear sense of direction with mixed trading influenced by media reports of the Middle East situation and semiconductors for generative AI. The electric appliances sector rose on expectations for demand growth for generative AI, and the bank sector performed well as its profits are poised to improve from rising domestic interest rates. Meanwhile, the wholesale and mining sectors fell on reduced expectations for earnings growth given the eased tension in the Middle East.

In the first part of the month, the Japanese market fell due to heightened fears over the Middle East situation following an Israeli strike on Lebanon and expectations for early rate hikes stemming from the BoJ Governor Ueda’s speech. The market then bounced back, driven by tech stocks as reports of progress in ceasefire negotiations between the US and Iran improved investor sentiment. Subsequently, the market’s upside was capped by increased expectations for US rate hikes within the year after the release of the FOMC’s dot plot. In the latter part of the month, Asian stock markets saw a decline due to concerns over overheating in AI-related stocks, and this selling extended to the domestic market. As the month drew to a close, the market experienced choppy trading, primarily driven by position adjustments ahead of the quarter-end.

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




| | Jun | QTD | YTD | 1Y | 3Y | 5Y | 7Y | 10Y | SI |
|---|---|---|---|---|---|---|---|---|---|
| Composite | -0.45 | 19.29 | 25.01 | 58.93 | 25.84 | 23.03 | 18.36 | 16.57 | 10.97 |
| Benchmark | 1.05 | 14.40 | 18.56 | 43.26 | 23.27 | 18.34 | 17.25 | 15.03 | 8.32 |

| Composite Summary | | |
|---|---|---|
| **Composite Name** | SJAM Value Mother Fund | |
| **Benchmark** | TOPIX Total Return** | |
| **Inception Date** | January 2004 | |
| **Number of Holdings** | 69 | |
| **Bloomberg Code** | SNAMCON | |
| **Assets Under Management** | Domestic | JPY 86.4B (USD 531M) |
| | Overseas | JPY 0B (USD 0M) |
| | Strategy Total | JPY 86.4B (USD 531M) |

| Top Ten Holdings | % |
|---|---|
| SUMITOMO MITSUI TRUST GROUP | 4.22 |
| TOYOTA MOTOR CORP | 4.10 |
| NTT INC | 4.03 |
| DAIKIN INDUSTRIES LTD | 3.91 |
| OMRON CORP | 3.89 |
| DENSO CORP | 3.27 |
| HONDA MOTOR CO LTD | 2.99 |
| HIROSE ELECTRIC CO LTD | 2.88 |
| KYOCERA CORP | 2.83 |
| JTEKT CORP | 2.60 |
| Total | 34.74 |

| Characteristics | Portfolio | Benchmark |
|---|---|---|
| P/E | 14.30x | 16.30x |
| P/B | 1.14x | 1.75x |
| ROE | 7.96% | 10.74% |
| Dividend Yield | 2.95% | 2.23% |

| Market Cap | Portfolio | Benchmark |
|---|---|---|
| Large | 44.5% | 67.6% |
| Mid | 45.4% | 25.4% |
| Small | 7.6% | 6.9% |
| Others | 1.2% | - |

* 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.

SOMPO ASSET MANAGEMENT

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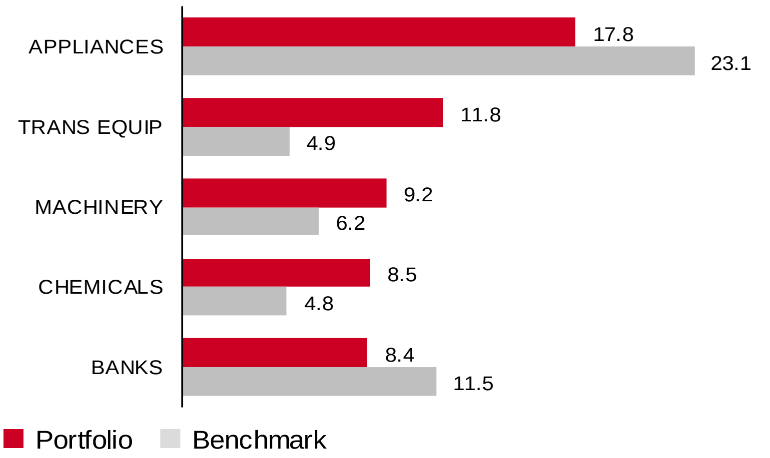
## Top Five Sector Weights (%)




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

## Attribution Analysis

Both sector allocation and stock selection detracted from performance. In sector allocation, underweighting (UW) of Wholesale and Pharms, and overweighting (OW) of Foods contributed to performance, while OW of Trans Equip and UW of Appliances and Banks detracted. In stock selection, UW of SoftBank Group, Hitachi, and OW of Sumitomo Mitsui Trust Group contributed to performance, while UW of Tokyo Electron, Advantest, and Murata Manufacturing detracted. Last month we increased holdings of NEC, Toyota Motor, Mitsui Chemicals and decreased holdings of Kyocera, Kirin Holdings, and OSG.

## Outlook

We expect the market to remain firm. Valuation (forward P/E), which reflects overall market expectations, is currently at a high level compared to historical averages, primarily driven by some AI and semiconductor names amid diminishing uncertainty in the Middle East. Although the market has already priced in expectations for AI and semiconductor names to a large extent, these expectations are likely to be sustained as there are no immediate signs of a decline in semiconductor demand and AI-related investments. We expect the market to remain robust, driven by improvement in earnings forecasts for FY26. Crude oil prices have now stabilized, and the situation has eased more than previously, despite likely cost increases stemming from the Middle East. We should remain vigilant about a potential market correction, given that share prices have risen rapidly so far. That said, we don’t expect a large market correction as there is strong equity demand from a high level of share buybacks and the BoJ has relatively accommodative monetary policy compared to the US and Europe.

## Contact Information

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