

Japan Value Equity Green

July 2025

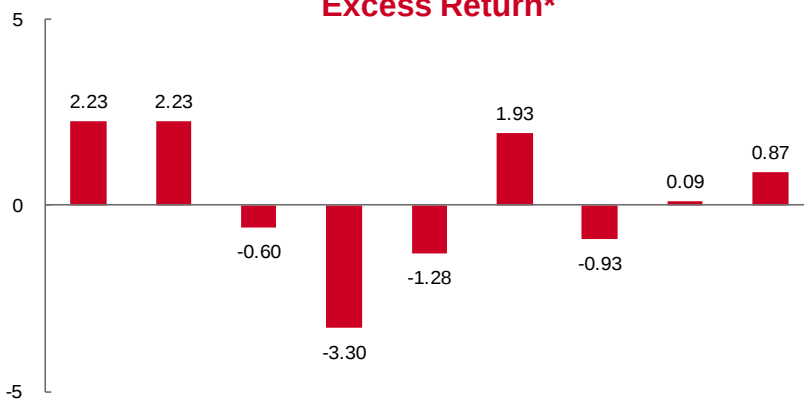
Strategy

Green Strategy invests in Japanese equities that meet environmental management and investment value criteria, and aims to achieve above-benchmark return in the mid- to long-term. We use a bottom-up approach. The Japanese equity research team analyzes intrinsic value of individual stocks and compares it with market price in order to identify undervalued stocks. Environmental research is conducted by Sompo Risk Management, a leading company in domestic ESG research.

Market Review

Japanese market prices rose as investors were positive on Japan-US trade talk finishing with a lower-than-expected tariff rate of 15%. Value stocks outperformed growth stocks as tariff talks came to an end and growth in Japanese long-term domestic rates. Share prices fell in the first half of the month because of increased uncertainty over tariffs following statements from US President Donald Trump that there would be additional tariffs on copper and pharmaceuticals and the market believed the ruling coalition would struggle in the upper house election. The market was largely unchanged in the middle of the month as despite support from strong earnings at global semiconductor manufacturers, tariff uncertainty and upper house election concerns continued to weigh on prices. The market did not move much in response to the results of the upper house election despite the ruling coalition losing its majority as that was what the market expected. Then going towards the end of the month share prices rose significantly, particularly for automakers, as Japan and the US lowered the final tariff rate to 15%, which would also include automobiles.

Composite Performance (%)
Excess Return*



Top Ten Holdings	%
MITSUBISHI UFJ FINANCIAL GRO	3.51
NTT INC	3.25
SUMITOMO MITSUI FINANCIAL GR	3.23
TOYOTA MOTOR CORP	3.21
DAIKIN INDUSTRIES LTD	2.70
MURATA MANUFACTURING CO LTD	2.68
KYOCERA CORP	2.31
HIROSE ELECTRIC CO LTD	2.25
ASAHI GROUP HOLDINGS LTD	2.23
MEBUKI FINANCIAL GROUP INC	2.04
Total	27.41

	Jul	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	5.40	5.40	6.52	4.68	16.51	19.20	9.39	8.48	6.38
Benchmark	3.17	3.17	7.12	7.98	17.79	17.27	10.31	8.39	5.50

Composite Summary

Composite Name	Sompo Japan Green Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	July 2006	
Number of Holdings	77	
Bloomberg Code	SNAMGRN	
Assets Under Management	Strategy Total	JPY 51.4B (USD 341M)

Characteristics		
	Portfolio	Benchmark
P/E	13.49x	14.79x
P/B	1.03x	1.43x
ROE	7.63%	9.67%
Dividend Yield	3.19%	2.57%

Market Cap		
	Portfolio	Benchmark
Large	47.7%	66.1%
Mid	43.2%	26.1%
Small	8.4%	7.8%
Others	0.0%	-

* 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).

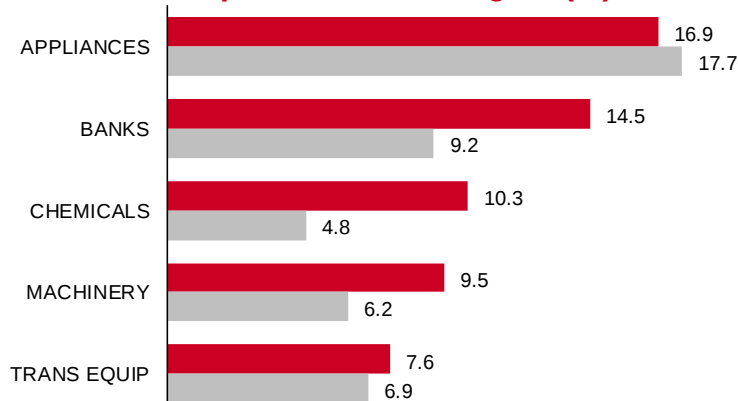
Performance is net of fees.

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



Yuya Harashima, CMA, CFA
Portfolio Manager
12 years investment experience
9 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, overweighting (OW) of Banks and underweighting (UW) of Other Prod and Retail contributed to performance, while UW of Wholesale and Nonferrous and OW of Chemicals detracted. In stock selection, UW of Nintendo and OW of Nippon Express Holdings and The Hachijuni Bank contributed to performance, while UW of Hitachi and Mizuho Financial Group and OW of Panasonic Holdings detracted. Last month we increased holdings of Lion, Nishi-Nippon Financial Holdings, and Toyota Moor and decreased holdings of Nippon Express Holdings, Mitsubishi UFJ Financial Group, and ADEKA.

Outlook

We expect the market will continue to face heavy upside resistance. Corporate earnings forecasts for this fiscal year have been weak, especially for foreign-demand, cyclical sectors, as they reflected the expected negative impacts of additional Trump tariffs. However, with trade talks now over and the final tariff rate coming in lower than initially expected we believe earnings forecasts will now rebound. Valuation metrics like forward P/E are already above undervalued levels, being overall pushed up by a small number of stocks from before the conclusion of trade talks. We believe that caution will be needed over the short term as expectations are increasing for the Fed to lower rates in response to the economic slowdown in the US. That said, we do not foresee any large fall in the Japanese market as there is strong equity demand from the high level of large-scale share buybacks seen recently and the BoJ has relatively accommodative monetary policy compared to the US and Europe.

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