



Japan Value Equity Green

December 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

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*



	Dec	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.98	9.96	26.98	26.98	23.11	18.82	14.43	10.78	7.20
Benchmark	1.03	8.82	25.46	25.46	24.68	16.34	15.27	10.79	6.24
Composite Summary									
Composite Name									
Sompo Japan Green Mother Fund									
Benchmark									
TOPIX Total Return**									
Inception Date									
July 2006									
Number of Holdings									
69									
Bloomberg Code									
SNAMGRN									
Assets Under Management									
Strategy Total		JPY 59.7B (USD 382M)							

Top Ten Holdings	%
TOYOTA MOTOR CORP	4.44
MITSUBISHI UFJ FINANCIAL GRO	3.48
SUMITOMO MITSUI FINANCIAL GR	3.37
MURATA MANUFACTURING CO LTD	3.26
NTT INC	3.22
SHIN-ETSU CHEMICAL CO LTD	2.99
MITSUBISHI ESTATE CO LTD	2.70
DAIKIN INDUSTRIES LTD	2.67
PANASONIC HOLDINGS CORP	2.54
KYOCERA CORP	2.39
Total	31.07

Characteristics	Portfolio	Benchmark
P/E	14.57x	15.49x
P/B	1.21x	1.59x
ROE	8.33%	10.27%
Dividend Yield	2.84%	2.38%
Market Cap	Portfolio	Benchmark
Large	52.8%	68.0%
Mid	38.9%	24.8%
Small	6.8%	7.2%
Others	0.0%	-

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

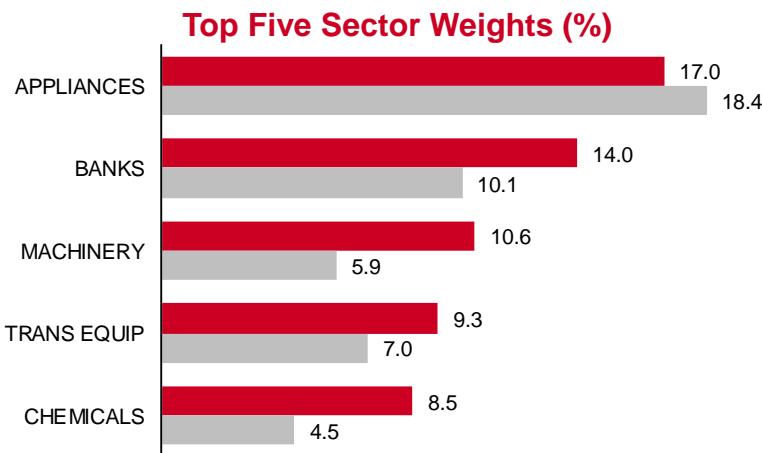
** TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization as 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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Japan Value Equity Green



■ Portfolio ■ Benchmark



Yuya Harashima, CMA, CFA

Portfolio Manager

13 years investment experience

10 years at Sompo AM

Attribution Analysis

Both sector allocation and stock selection contributed to performance. 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, UW of Sony Group and Nintendo and OW of Sumco contributed to performance, while UW of Mitsui & Co., and Recruit Holdings and OW of Asahi Group Holdings detracted. Last month we increased holdings of KDDI, Toray, and Rohm and decreased holdings of Lintec, Astellas Pharma, and ALSOK.

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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