

Japan Value Equity Green

April 2026

Strategy

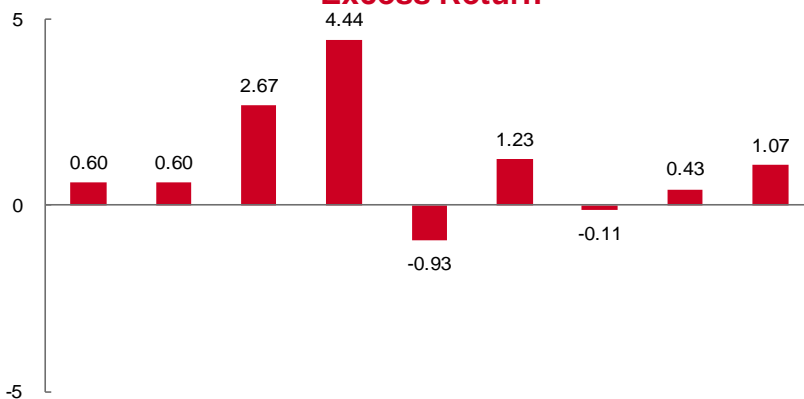
Green Strategy invests in Japanese equities that meet environmental management and investment value criteria, and aims to achieve above-benchmark return in the mid- to long-term. We use a bottom-up approach. The Japanese equity research team analyzes intrinsic value of individual stocks and compares 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

Following a ceasefire between the US and Iran, the easing of excessive concerns over the situation in the Middle East supported the market. Nonferrous metal and electrical appliances sectors rose on expectations that they would benefit from growing demand for generative AI and data centers. Meanwhile, the mining and oil & coal sectors fell on reduced expectations for earnings growth due to a pause in rising crude oil prices.

In the first part of the month, the Japanese market rose significantly as fears over geopolitical risks eased following the ceasefire agreement between the US and Iran. In the middle of the month, share prices remained firm, supported by strong buying in high-priced stocks amid a rally in US tech stocks. However, fears over prolonged Middle East tensions, stemming from stalled negotiations between the US and Iran and Trump's indication to block the Strait of Hormuz capped market gains. The market rebounded in the latter part of the month as the BOJ kept policy rates unchanged at its policy meeting. Toward the end of the month, the market underwent a correction, weighed down by persistently high crude oil prices amid geopolitical uncertainties in the Middle East and long-term interest rates, which climbed to an all-time high.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
TOYOTA MOTOR CORP	3.59
SHIN-ETSU CHEMICAL CO LTD	3.51
MITSUBISHI UFJ FINANCIAL GRO	3.45
SUMITOMO MITSUI FINANCIAL GR	3.30
MURATA MANUFACTURING CO LTD	3.09
DAIKIN INDUSTRIES LTD	2.82
NTT INC	2.80
KYOCERA CORP	2.64
MITSUBISHI ESTATE CO LTD	2.54
MEBUKI FINANCIAL GROUP INC	2.45
Total	30.19

	Apr	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	7.17	7.17	13.11	47.45	23.88	18.49	15.29	13.83	7.74
Benchmark	6.57	6.57	10.44	43.01	24.81	17.27	15.41	13.39	6.67

Characteristics		
	Portfolio	Benchmark
P/E	14.92x	15.79x
P/B	1.38x	1.70x
ROE	9.24%	10.78%
Dividend Yield	2.68%	2.31%

Composite Summary

Composite Name	Sompo Japan Green Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	July 2006	
Number of Holdings	76	
Bloomberg Code	SNAMGRN	
Assets Under Management	Strategy Total	JPY 66.9B (USD 427M)

Market Cap		
	Portfolio	Benchmark
Large	55.0%	67.8%
Mid	37.3%	25.0%
Small	6.3%	7.2%
Others	0.0%	-

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

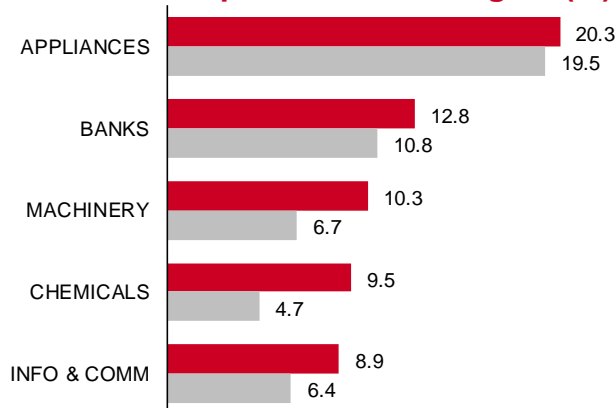
** TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization as 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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Top Five Sector Weights (%)



■ Portfolio ■ Benchmark



Attribution Analysis

Sector allocation contributed to performance, while stock selection detracted. In sector allocation, underweighting (UW) of Wholesale, Other Prod, and Insurance contributed to performance, while UW of Nonferrous and overweighting (OW) of Land Trans and Construction detracted. In stock selection, OW of Sumco, Murata Manufacturing, and Taiyo Yuden contributed to performance, while UW of Softbank Group, Advantest, and Fujikura detracted. Last month we increased holdings of Sony Group, Socionext, Pola Orbis, and decreased holdings of Sumco, Taiyo Yuden, and Murata Manufacturing.

Outlook

We expect the market will face upside resistance. The ceasefire agreement between the US and Iran increased expectations for an easing of the situation in the Middle East. We previously expected the market would gradually regain a sense of calm as long as it didn't lead to further escalation of the conflict and a prolonged surge in energy prices. We believe historically high valuations (forward P/E, etc), primarily driven by some AI and semiconductor names, have already priced in the improved situation in the Middle East, robust corporate earnings, and further enhancements in corporate governance. The earnings season will go in full swing from May. We believe caution will be needed, as Japanese companies are highly likely to announce lackluster earnings guidance for FY2026 due to concerns over the Middle East situation. However, the market will be supported 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

Daniel Robbins
 +81 3 5290 3414

Group email: global@sompo-am.co.jp

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