

# Japan Value Equity Income

April 2026

## Strategy

Income Strategy invests in Japanese equities that pay above-market average dividends and aims to beat the benchmark in the mid- to long-term. The portfolio is built by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity research team analyzes the intrinsic value of individual stocks and compares it with the market price to identify undervalued stocks. The portfolio is not constrained by sector weights and market caps.

## 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\*



	Apr	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	3.91	3.91	11.45	49.88	28.41	22.43	17.25	14.76	9.53
Benchmark	6.57	6.57	10.44	43.01	24.81	17.27	15.41	13.39	7.93

### Composite Summary

<b>Composite Name</b>	Sompo Japan High Dividend Japanese Equity Mother Fund	
<b>Benchmark</b>	TOPIX Total Return**	
<b>Inception Date</b>	July 2005	
<b>Number of Holdings</b>	99	
<b>Bloomberg Code</b>	SNAMINC	
<b>Assets Under Management</b>	Composite (T9891)	JPY 72.8B (USD 457M)

Top Ten Holdings	%
TOYOTA MOTOR CORP	3.60
SUMITOMO MITSUI TRUST GROUP	3.32
NTT INC	3.27
OTSUKA CORP	2.35
AGC INC	2.34
mitsui chemicals inc	2.29
ASAHI GROUP HOLDINGS LTD	2.15
SEKISUI HOUSE LTD	2.13
OMRON CORP	2.01
NIPPON EXPRESS HOLDINGS INC	1.97
Total	25.44

### Characteristics

	Portfolio	Benchmark
P/E	12.84x	15.79x
P/B	1.08x	1.70x
ROE	8.41%	10.78%
Dividend Yield	3.56%	2.31%

### Market Cap

	Portfolio	Benchmark
Large	33.5%	67.8%
Mid	49.5%	25.0%
Small	14.7%	7.2%
Others	0.0%	-

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

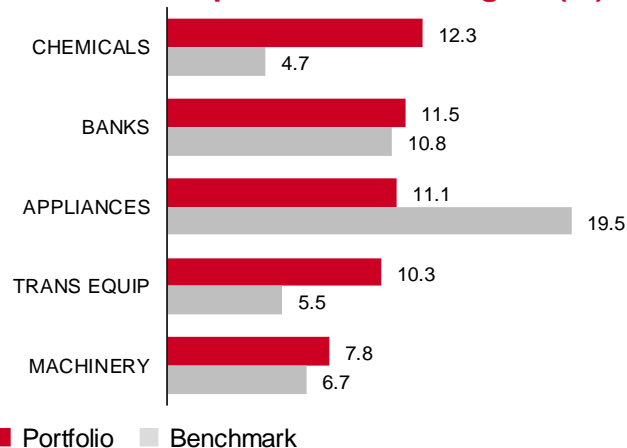
\*\* TOPIX is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. TOPIX shows the measure of current market capitalization assuming that market capitalization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



**Satoshi Sasaki, CMA**  
 Portfolio Manager  
 9 years investment experience  
 9 years at Sompo AM

## Attribution Analysis

Both sector allocation and stock selection detracted from performance. In sector allocation, underweighting (UW) of Wholesale and Insurance and overweighting (OW) of Glass & Ceramic contributed to performance, while UW of Appliances and Nonferrous, and OW of Trans Equip detracted. In stock selection, OW of Taiyo Yuden and Omron and UW of Mitsubishi Corporation contributed to performance, while UW of Softbank Group, Advantest, and Murata Manufacturing detracted. Last month we increased holdings of Suzuki Motor, Sumitomo Heavy Industries, and Bridgestone and decreased holdings of Taiyo Yuden, Nabtesco, and Nichicon.

## 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.

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