

Japan Value Equity Large Cap

November 2025

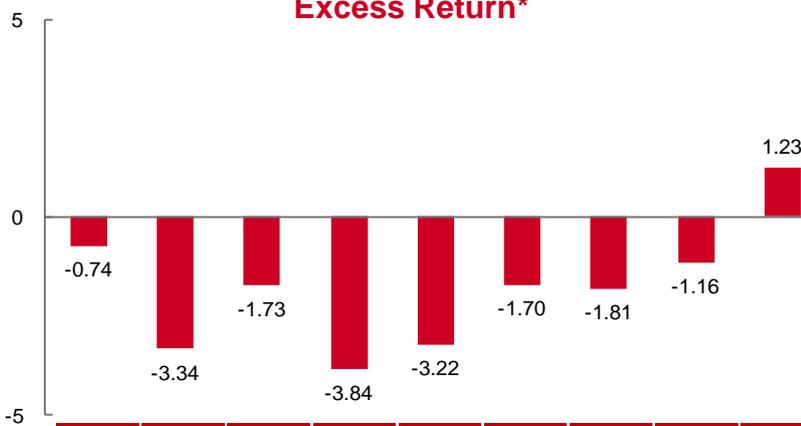
Strategy

Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio 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 market price to identify undervalued stocks. The portfolio is not constrained by sector weights.

Market Review

The Japanese market remained firm in November, despite alarm over the high prices of AI and data centre stocks putting downward pressure on prices as expectations for a rate cut by the Fed in December supported sentiment. The mining and real estate sectors saw growth because of strong Jul-Sep earnings and the announcement of bolstered shareholder returns. The info & Comms sector fell because of heightened concerns of increased competition in the AI space. In the first half of the month, fears of an economic slowdown receded following the end of the US government shutdown. The Japanese market rose on the back of strong Jul-Sep earnings results. Share prices then fell as investors stood back in anticipation of results announcements from US semiconductor majors and top US finance professionals began to sound the alarm on stretched valuations. The market then bounced back upwards through the end of the month as expectations for a rate cut grew on comments from top Fed officials that they will support a cut at the December FOMC meeting. Long-term rates rose in Japan because of increased concerns over government finances caused by the Takaichi cabinet's economic support measures. Subsequent JPY depreciation focused investors buying activity mainly on exporters, leading to growth in the Japanese market.

Composite Performance (%) Excess Return*



	Nov	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	2.30	4.76	28.00	31.94	26.22	23.70	14.58	10.97	7.91
Benchmark	3.04	8.10	29.73	35.78	29.44	25.40	16.39	12.13	6.68

Composite Summary

Composite Name	SJAM Large Cap Value Mother Fund	
Benchmark	Russell/Nomura Large Cap Value**	
Inception Date	April 2006	
Number of Holdings	42	
Bloomberg Code	SNAMLGC	
Assets Under Management	Composite (T9893)	JPY 110.9B (USD 711M)

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

** The Russell/Nomura Large Cap Value Index is the value investment style index of the Russell/Nomura Large Cap Index, which includes both value and growth investment styles. The Russell/Nomura Large Cap Index covers large cap stocks listed on Japanese stock exchanges, and this index contains the top 85% of the Russell/Nomura Total Market Index in terms of adjusted market capitalization. Value indexes are indexes made up of stocks with low adjusted Price Book-value Ratios and growth indexes are those made up of stocks with high adjusted Price Book-value Ratios, after determining style probability based on adjusted P/B.

*** 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. 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 Ten Holdings	%
NTT INC	4.22
ASAHI KASEI CORP	4.16
HONDA MOTOR CO LTD	3.96
SUMITOMO MITSUI TRUST GROUP	3.92
TOYOTA MOTOR CORP	3.85
TAIYO YUDEN CO LTD	3.73
ASAHI GROUP HOLDINGS LTD	3.52
KYOCERA CORP	3.33
SUMITOMO METAL MINING CO LTD	3.19
mitsui chemicals inc	2.98
Total	36.85

Characteristics

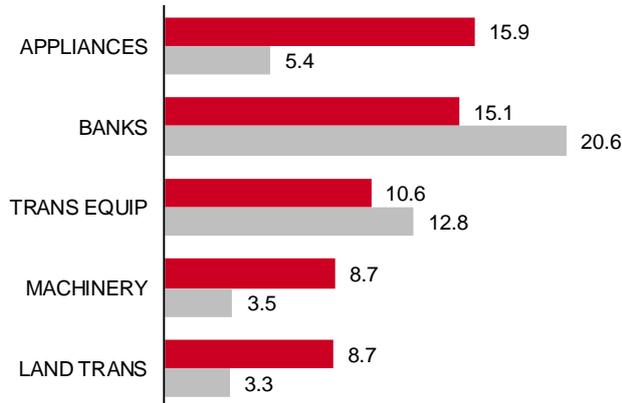
	Portfolio	Benchmark
P/E	14.24x	12.57x
P/B	0.95x	1.12x
ROE	6.70%	8.87%
Dividend Yield	3.10%	3.06%

Market Cap

	Portfolio	TOPIX***
Large	48.1%	67.8%
Mid	50.4%	25.0%
Small	0.0%	7.2%
Others	0.0%	-

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Top Five Sector Weights (%)



■ Portfolio ■ Benchmark



Kenji Ueno, CMA, CIIA
Senior Portfolio Manager
33 years investment experience
29 years at Sompo AM

Attribution Analysis

Sector allocation contributed to performance while stock selection detracted. In sector allocation, underweighting (UW) of Info & Comm and overweighting (OW) of Land Trans and Foods contributed to performance, while OW of Metal Prod and UW of Wholesale and Elec Power & Gas detracted. In stock selection, UW of SoftBank Group and OW of JGC Holdings and NSK contributed to performance, while OW of Taiyo Yuden, Sumco, and Omron detracted. Last month we increased holdings of Nitori Holdings, Makita, and JFE Holdings and decreased holdings of East Japan Railway Company and JGC Holdings.

Outlook

We urge caution over the near term given that despite the recent market correction centring on some overvalued AI stocks, valuation metrics like forward P/E are still not at undervalued levels given continued expectations around further rate cuts in the US and increased investment in AI. However, corporate earnings forecasts have been recovering since the Japan and the US came to an agreement on tariffs and we expect further improvements as companies revise their conservative assumptions. We do not foresee any large fall in the Japanese market 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. We believe it will still take some time before we see serious fundamentals-driven market growth but given forecasts for earnings growth next year and beyond, we believe we are currently in the midst of a medium to long-term growth period.

Contact Information

Daniel Robbins
+81 3 5290 3414

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

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