

Japan Value Equity Large Cap

July 2026

Strategy

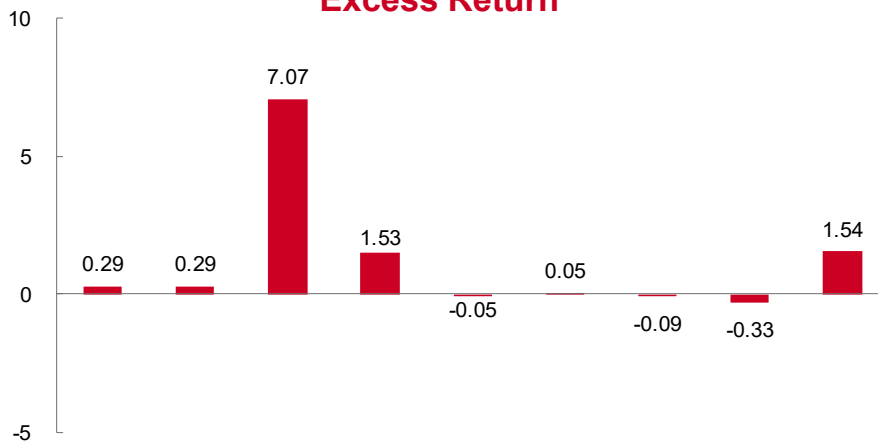
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity 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

Despite tech names' underperformance due to fears of excessive investments in AI, other names supported the market. Amid the volatile market, the marine transportation and rubber sectors rose as the market responded positively to their high dividend yields. Meanwhile, the nonferrous metal and glass & ceramic sectors fell as they included AI and semiconductor-related names that had undergone a correction.

In the first part of the month, the Japanese market rose due to diminished expectations for early US rate hikes following the worse-than-expected US jobs data. The market was supported by the BoJ's Tankan survey, which indicated an improvement in domestic business sentiment. Subsequently, major Korean semiconductor names plummeted after the release of their financial results, and this selling spilled over into the domestic market. In the middle of the month, the market's upside was capped by remarks from Fed officials about possible rate hikes. Tech stocks experienced a selloff due to the market fears over the new generative AI model developed by a Chinese company and excessive investments in AI by the US tech giants. In the latter part of the month, the market bounced back, driven by solid earnings results in Japan and the US. As the month drew to a close, the market adopted a wait-and-see stance ahead of the monetary policy meetings in Japan and the US, ending the month below the mid-month high.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
HONDA MOTOR CO LTD	5.00
TOYOTA MOTOR CORP	4.66
NTT INC	4.45
SUMITOMO MITSUI TRUST GROUP	4.34
WEST JAPAN RAILWAY CO	3.82
DENSO CORP	3.50
ASAHI GROUP HOLDINGS LTD	3.41
mitsui chemicals inc	3.32
mitsubishi ufj financial gro	3.31
JFE HOLDINGS INC	3.29
Total	39.10

Characteristics

	Portfolio	Benchmark
P/E	12.99x	13.41x
P/B	1.03x	1.29x
ROE	7.92%	9.59%
Dividend Yield	3.10%	2.78%

Market Cap

	Portfolio	TOPIX***
Large	59.8%	68.4%
Mid	39.4%	24.6%
Small	0.0%	7.0%
Others	0.0%	-

	Jul	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.89	4.89	29.30	54.49	29.24	26.77	21.39	17.14	9.21
Benchmark	4.60	4.60	22.23	52.97	29.29	26.71	21.48	17.47	7.68

Composite Summary

Composite Name	SJAM Large Cap Value Mother Fund								
Benchmark	Russell/Nomura Large Cap Value**								
Inception Date	April 2006								
Number of Holdings	44								
Bloomberg Code	SNAMLGC								
Assets Under Management	Composite (T9893)		JPY 109.5B (USD 688M)						

* 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.

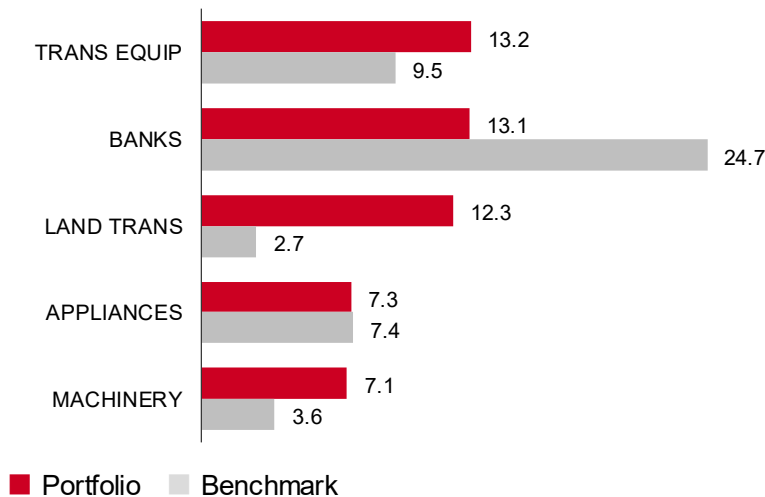
Performance is net of fees.

The data shown is of a representative account. Past performance is not a guarantee of future returns.

This document has been prepared solely for informational purposes and does not constitute an offer to sell securities in any jurisdiction. Actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, duration and timing of participation as a client, and a client portfolio's risk tolerance, investment objectives and investment time horizon. The returns presented above are net of a model fee of 35bps, which is the highest fee charged to investors.

Japan Value Equity Large Cap

Top Five Sector Weights (%)



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

Attribution Analysis

Stock selection contributed to performance, while sector allocation detracted. In sector allocation, overweighting (OW) of Land Trans, Iron & Steel, Trans Equip contributed to performance, while UW of Wholesale, Insurance, and Banks detracted. In stock selection, UW of Sumitomo Electric Industries, Renesas Electronics, and OW of JFE Holdings contributed to performance, while UW of Mitsubishi UFJ Financial Group, and OW of Omron and AGC detracted. Last month we increased holdings of Hirose Electric, Sumitomo Metal Mining, and Mitsui Chemicals and decreased holdings of Asahi Kasei, Nippon Express Holdings, and Kyocera.

Outlook

We expect the market to remain firm. Valuations (forward P/E), which reflect overall market expectations, are currently at a high level compared to historical averages, primarily driven by optimism surrounding AI and semiconductor names. This market optimism is likely to be sustained given the outlook for continued strong demand for semiconductors and AI-related investments. However, the market could experience short-term volatility due to uncertainty surrounding the monetization of AI investments. We expect the market to remain robust, led by an improvement in fundamentals, not limited to AI and semiconductor-related names. While FY26 earnings forecasts may see some impact from rising costs, stemming from the Middle East situation, the situation has eased more than initially anticipated. We should remain vigilant about a potential market correction, given that share prices have risen rapidly so far. That said, we don't expect a large market correction 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

Important Notice

This material is being made available to you by SOMPO ASSET MANAGEMENT CO., LTD, "Sompo AM". You are not permitted to copy this material or pass it to anyone else. This material does not constitute an offer to sell securities in any jurisdiction. This material is not, and must not be treated as, investment advice or investment recommendations. Before making any investment decision, you should seek independent investment, legal, tax, accounting or other professional advice as appropriate, none of which is offered to you by Sompo AM. No investment service will be provided in or into any jurisdiction except to the extent permitted by local law. Sompo AM makes no representation or warranty, express or implied, except as required by law or in the case of fraud, regarding the accuracy, completeness or adequacy of the information in this material. Past performance is not a guarantee of future results.

For the attention of investors in the US

This report is for the use of non-U.S. persons.

For the attention of investors in the United Kingdom:

To the extent that this material is being issued by any persons who are not authorised under the Financial Services and Markets Act 2000 (the "Act"), it is being issued in the United Kingdom only to, and/or is directed only at, persons who are of a kind to whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorised under the Act ("authorised persons"), certain persons having professional experience in matters relating to investments, high net worth companies and high net worth unincorporated associations or partnerships. This material is only available to such persons in the United Kingdom and this material must not be copied or distributed to any other person without seeking prior consent from Sompo AM.

For the attention of investors in Abu Dhabi:

This material and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities or other form of investments in the UAE and accordingly should not be construed as such. The portfolio management services detailed herein are only being offered to a limited number of sophisticated investors in the UAE: (a) who are willing and able to conduct an independent investigation of the risks involved in the related investments and (b) upon their specific request. The investments and services detailed herein have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This material is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the investments and services detailed herein should be made to Sompo AM.

Sompo AM is a registered Financial Instruments Firm with the Director General of Kanto Local Finance Bureau ("KLFB") of the Japan Ministry of Finance, KLFB (KINSYO) No. 351, and is a member of the Japan Investment Advisers Association, and The Investment Trusts Association, Japan. The firm is also registered as an investment adviser with the U.S. Securities and Exchange Commission. Such registration does not imply any specific skill or training.