SOMPO ASSET MANAGEMENT

Japan Value Equity Large Cap

September 2026

Strategy

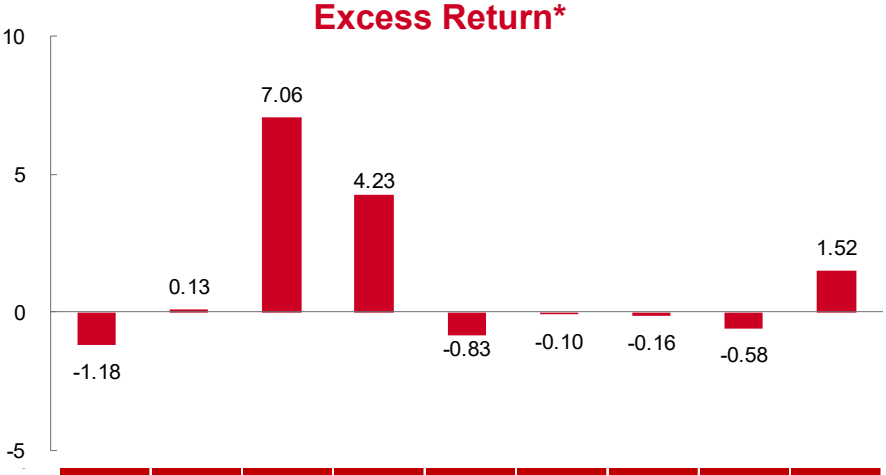
Large Cap Strategy is a focused, Japanese large/mid-cap equity strategy that aims for above-benchmark return in the mid- to long-term. The portfolio managers build the portfolio by investing in undervalued stocks with careful consideration of risk/return. A bottom-up approach is used. The Japanese equity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

Rising long-term interest rates and the situation in the Middle East capped the market. The oil and coal products sector gained following underperformance amid elevated crude oil prices. The bank sector also rose on heightened expectations of earnings improvement stemming from rising rates. Meanwhile, the other products sector faced selling, driven by profit-taking on names where expectations for new products and services had already been priced in. The mining sector saw a decline due to perceived overheating from the recent strong performance.

In the first part of the month, the market started lower as surging oil prices triggered by retaliatory strikes between the US and Iran and a subsequent rise in long-term rates globally weighed on the market. Yen appreciation against the US dollar driven by fears over the currency intervention also dragged the market. In the middle of the month, the market rebounded. The FOMC's decision to hike rates and its guidance to signal a prolonged tight monetary policy paused the strong yen, driving buybacks in export-related stocks. Towards the end of the month, the market was mixed. Tech stocks rallied on the back of hopes for continued investments in AI following an announcement of massive capital spending by a US generative AI company. Meanwhile, the gains were capped by concerns over prolonged negotiations between the US and Iran.

Composite Performance (%)
Excess Return*



	Sep	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	-1.60	7.74	32.81	44.54	27.61	25.56	21.36	16.96	9.28
Benchmark	-0.42	7.61	25.75	40.30	28.43	25.66	21.52	17.54	7.76

Top Ten Holdings	%
HONDA MOTOR CO LTD	5.04
NTT INC	4.88
SUMITOMO MITSUI TRUST GROUP	4.56
TOYOTA MOTOR CORP	4.56
WEST JAPAN RAILWAY CO	3.65
MITSUBISHI UFJ FINANCIAL GRO	3.34
MITSUI CHEMICALS INC	3.27
DENSO CORP	3.21
ASAHI GROUP HOLDINGS LTD	3.17
JFE HOLDINGS INC	3.11
Total	38.80

Composite Summary		
Composite Name	SJAM Large Cap Value Mother Fund	
Benchmark	Russell/Nomura Large Cap Value**	
Inception Date	April 2006	
Number of Holdings	43	
Bloomberg Code	SNAMLGC	
Assets Under Management	Composite (T9893)	JPY 108.6B (USD 691M)

Characteristics	Portfolio	Benchmark
P/E	12.78x	12.74x
P/B	1.03x	1.27x
ROE	8.08%	10.01%
Dividend Yield	3.13%	2.83%

Market Cap	Portfolio	TOPIX***
Large	60.2%	68.5%
Mid	38.1%	24.4%
Small	0.0%	7.2%
Others	0.0%	-

* 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.

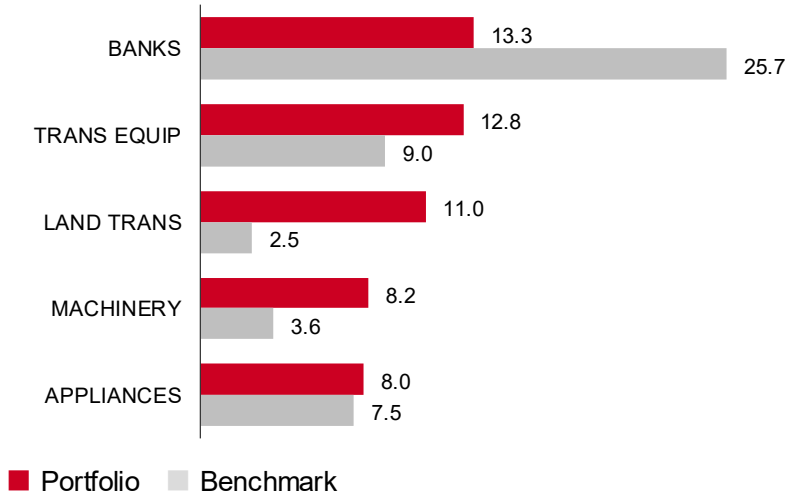
The data shown is of a representative account. Past performance is not a guarantee of future returns.

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Top Five Sector Weights (%)





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

Attribution Analysis

Both sector allocation and stock selection detracted from performance. In sector allocation, underweighting (UW) of Elec Power & Gas and Mining, and overweighting (OW) of Machinery contributed to performance, while UW of Banks and OW of Land Trans and Foods detracted. In stock selection, OW of Yamato Holdings, Sumitomo Mitsui Trust Group, and Tohoku Electric contributed to performance, while OW of Sumitomo Forestry, Sumitomo Metal Mining, and UW of Mizuho Financial Group detracted. Last month we increased holdings of Takeda Pharmaceutical, SUMCO, and Yamato Holdings and decreased holdings of Tohoku Electric, Sumitomo Metal Mining, and Mebuki Financial.

Outlook

We expect the market to remain firm. Valuations (forward P/E) already reflect market expectations to a considerable extent and suggest limited upside potential. FY26 earnings forecasts will likely be less impacted by rising costs driven by the Middle East situation than initially expected. We expect firm, earnings-driven market performance, with improvements

expected across a broad range of sectors beyond AI and semiconductors. We believe there is significant room for a re-rating of non-AI related stocks, while AI-related stocks have already priced in considerably high expectations. We should remain vigilant about a potential market correction, given that the recent rise in long-term rates could put downward pressure on valuations. 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.

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