SOMPO ASSET MANAGEMENT

Japan Value Equity Sustainable

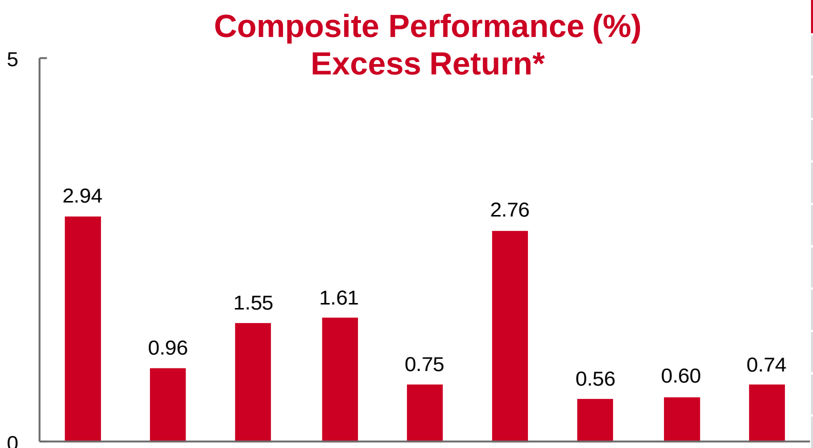
November 2025

Strategy

Sustainable Strategy is a smart-beta Japanese equity strategy that tracks the proprietary Sompo Sustainability Index. A bottom-up approach is used. The Japanese equity research team analyzes intrinsic value of individual stocks and compares it with market price in order to identify undervalued stocks. The portfolio invests in widely diversified stocks high in ESG-quality. ESG research is conducted by Sompo Risk Management, a leading domestic ESG research company.

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.



	Nov	QTD	YTD	1Y	3Y	5Y	7Y	10Y	SI
Composite	4.36	8.67	25.73	30.78	23.08	19.54	13.90	11.06	15.58
Benchmark	1.42	7.71	24.18	29.17	22.33	16.78	13.34	10.46	14.83

Composite Summary

Composite Name	SNAM Sustainable Investment Mother Fund	
Benchmark	TOPIX Total Return**	
Inception Date	September 2012	
Number of Holdings	297	
Bloomberg Code	SNAMSUS	
Assets Under Management	Composite (T9915)	JPY 54B (USD 346M)
	Discretionary Mandate	JPY 241.5B (USD 1547M)
	Strategy Total	JPY 295.5B (USD 1893M)

Top Ten Holdings	%
TOYOTA MOTOR CORP	2.18
MITSUBISHI UFJ FINANCIAL GRO	1.78
SUMITOMO MITSUI FINANCIAL GR	1.71
MITSUBISHI CORP	1.28
SONY GROUP CORP	1.28
MIZUHO FINANCIAL GROUP INC	1.25
HITACHI LTD	1.21
ITOCHU CORP	1.17
NTT INC	1.15
KDDI CORP	0.93
Total	13.94

Characteristics

	Portfolio	TOPIX
P/E	14.25x	15.57x
P/B	1.26x	1.58x
ROE	8.87%	10.12%
Dividend Yield	2.79%	2.37%

Market Cap

	Portfolio	TOPIX
Large	46.0%	67.8%
Mid	43.8%	25.0%
Small	8.7%	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.

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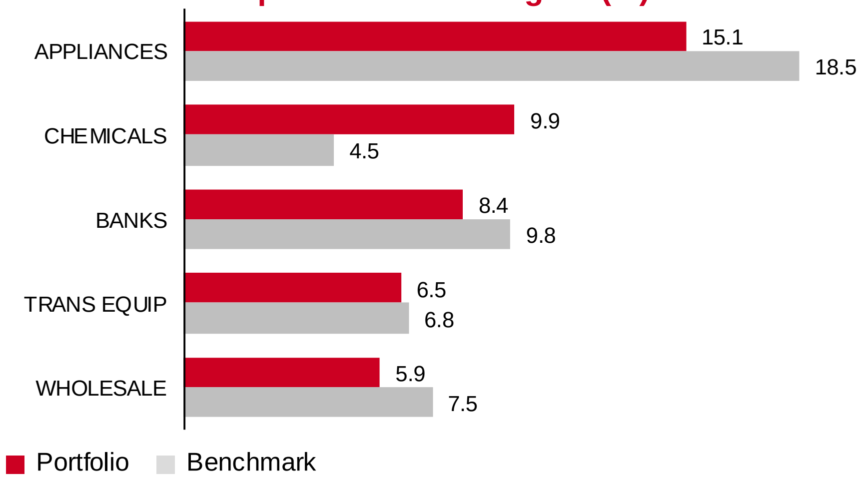
Top Five Sector Weights (%)



Masako Chikuma, CMA, CFA
Senior Portfolio Manager
22 years investment experience
11 years at Sompo AM

Attribution Analysis

In stock selection, share price increases for Sumitomo Mitsui Financial Group, Sumitomo Pharma, and Astellas Pharma contributed to performance, while share price declines for Hitachi, Socionext, and Ajinomoto detracted.

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.

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