

Japan Value Equity Sustainable

December 2025

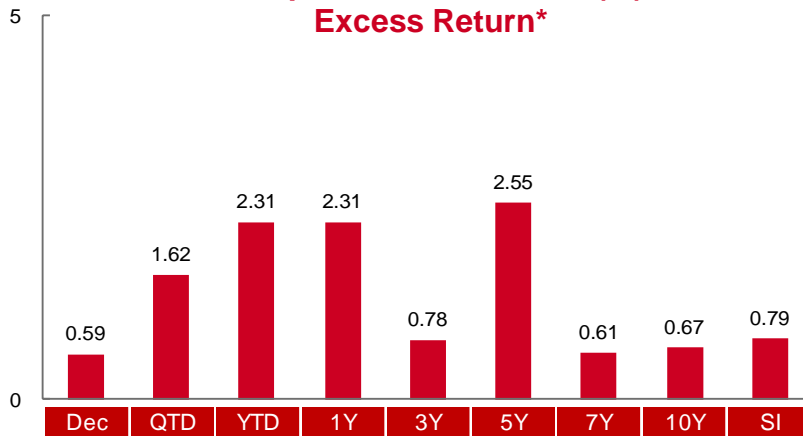
Strategy

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

Despite Japanese and US monetary policy creating reason for market movement, the reduction in market participants through the year-end kept TOPIX range-bound. By sector, insurance and banks rose on expectations for earnings improvements following the BoJ's decision to raise rates. The other products sector fell on concerns over earnings deterioration following the increase in price of semiconductors. The Japanese market was weak at the beginning of the month as expectations rose for a rate hike at the BoJ's December Monetary Policy Meeting following hints from Governor Kazuo Ueda. However, market prices then recovered on expectations for a Fed rate cut following the release of US economic data that hinted at an economic slowdown. Shares then fell again in the middle of the month despite a Fed rate cut due to a dry-up in catalysts. However, share prices held firm as expectations rose for further rate cuts in the US on weaker-than-expected US CPI. Buying activity was focused on exporters as despite the BoJ's decision to raise rates at its monetary policy meeting, comments from Ueda caused JPY to weaken versus USD. The market lacked any clear sense of direction through the end of the month given low trading volumes.

Composite Performance (%) Excess Return*



Top Ten Holdings	%
TOYOTA MOTOR CORP	2.39
MITSUBISHI UFJ FINANCIAL GRO	1.81
SUMITOMO MITSUI FINANCIAL GR	1.73
MIZUHO FINANCIAL GROUP INC	1.28
MITSUBISHI CORP	1.28
HITACHI LTD	1.28
ITOCHU CORP	1.21
NTT INC	1.17
SONY GROUP CORP	1.11
TOKYO ELECTRON LTD	1.01
Total	14.28

Composite	1.63	10.44	27.77	27.77	25.46	18.90	15.88	11.46	15.61
Benchmark	1.03	8.82	25.46	25.46	24.68	16.34	15.27	10.79	14.82

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 64.8B (USD 415M)	
	Discretionary Mandate	JPY 245.5B (USD 1570M)	
	Strategy Total	JPY 310.3B (USD 1985M)	

Characteristics		
	Portfolio	TOPIX
P/E	14.18x	15.49x
P/B	1.28x	1.59x
ROE	9.05%	10.27%
Dividend Yield	2.79%	2.38%
Market Cap		
	Portfolio	TOPIX
Large	46.8%	68.0%
Mid	43.9%	24.8%
Small	8.8%	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).

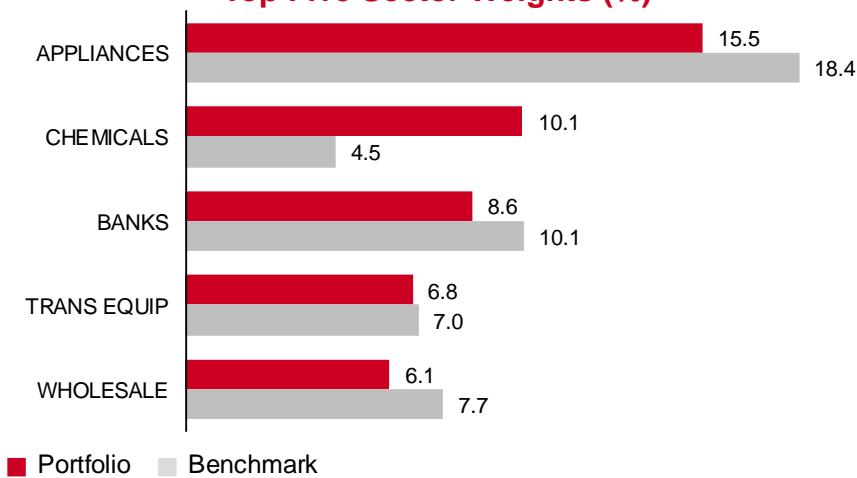
Performance is net of fees.

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 (%)



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 Toyota Motor, Nippon Shinyaku, and Sumitomo Mitsui Financial Group contributed to performance, while share price declines for Sony Group, Daiichi Sankyo, and TDK detracted.

Outlook

Corporate earnings forecasts have been rising since Japan and the US came to agreement on trade talks and it is looking likely that earnings will continue to rise in the coming fiscal year too. However, we believe caution is needed over the near term as valuations (forward P/E, etc) have been on a consistent upwards path recently, driven by positive factors like expectations for strong earnings, lower US rates, and increased investment in AI. That said, we believe market downside will be limited 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.

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