SOMPO ASSET MANAGEMENT

Japan Value Equity Value Focus

November 2025

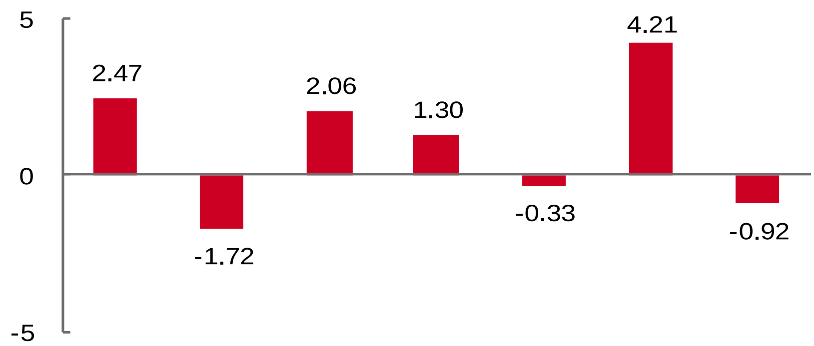
Strategy

Value Focus 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.

Fund Performance (%)
Excess Return*



	Nov	QTD	YTD	1Y	3Y	5Y	SI
Fund	3.07	6.78	25.55	30.10	22.00	21.00	11.40
Benchmark	0.60	8.50	23.48	28.80	22.33	16.79	12.32

Top Ten Holdings	%
KIRIN HOLDINGS CO LTD	4.38
SUMITOMO MITSUI TRUST GROUP	4.28
KYOCERA CORP	4.22
NTT INC	4.05
FANUC CORP	3.90
SUMCO CORP	3.68
MURATA MANUFACTURING CO LTD	3.63
HONDA MOTOR CO LTD	3.29
TOYOTA MOTOR CORP	3.24
KUBOTA CORP	3.15
Total	37.81

Fund Summary

Fund Name	Japan Value Equity Focus	
Benchmark	MSCI Japan**	
Inception Date	March 2018	
Number of Holdings	52	
Assets Under Management	Domestic	-
	Overseas	-
	Strategy Total	-

Characteristics

	Portfolio	Benchmark
P/E	15.32x	16.33x
P/B	1.06x	1.75x
ROE	6.93%	10.74%
Dividend Yield	2.96%	2.24%

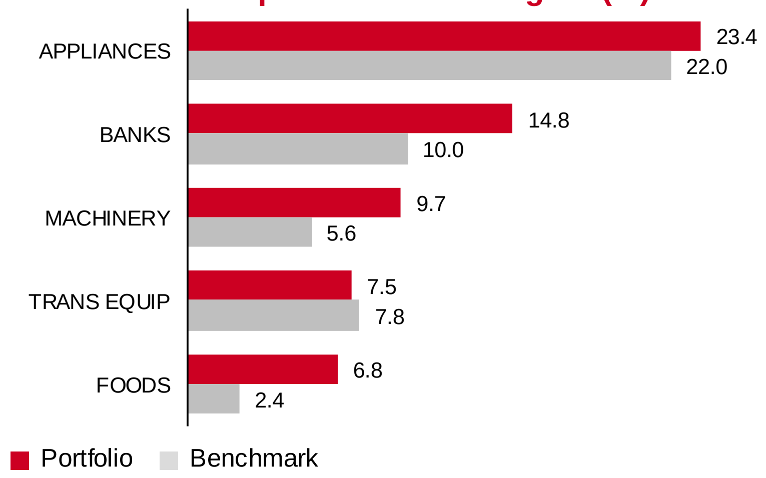
Market Cap

	Portfolio	Benchmark
Large	52.2%	85.6%
Mid	47.8%	13.8%
Small	0.0%	0.0%
Others	0.0%	0.6%

* Excess return figures are annualized for three years and longer.
** The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 180 constituents (as of October 31, 2025), the index covers approximately 85% of the free float-adjusted market capitalization in Japan.
Performance data etc. for October, 2025 onwards is based on model portfolio only.
Performance is net of fees.

Japan Value Equity Value Focus

Top Five Sector Weights (%)



Eitaro Tanaka, CMA
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Senior Portfolio Manager
21 years investment experience
11 years at Sompo AM

Attribution Analysis

Sector allocation detracted from performance while stock selection contributed. In sector allocation, underweighting (UW) of Info & Comm and overweighting (OW) of Bank and Land Trans contributed to performance, while OW of Metal Prod and Machinery and UW of Wholesale detracted. In stock selection, UW of SoftBank Group and OW of Kirin Holdings and Astellas Pharma contributed to performance, while OW of Sumco, Taiyo Yuden, and Hirose Electric detracted. Last month we increased holdings of Sumco, Taiyo Yuden, and Omron and decreased holdings of Subaru and Fanuc.

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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