



# Japan Value Equity Value Focus

December 2025

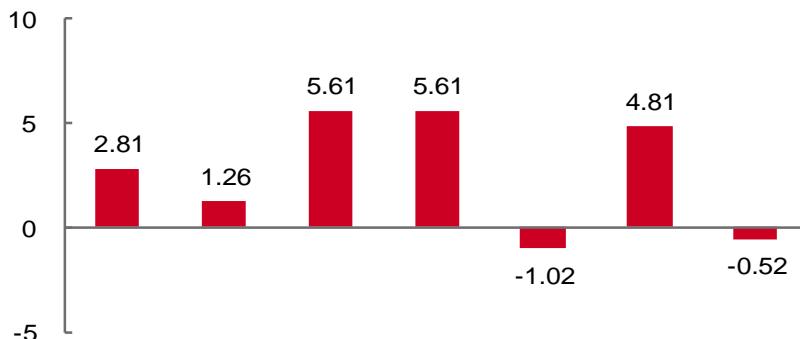
## Strategy

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

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.

### Fund Performance (%) Excess Return\*



	Dec	QTD	YTD	1Y	3Y	5Y	SI
Fund	3.81	10.85	30.33	30.33	23.91	21.11	11.81
Benchmark	1.00	9.59	24.72	24.72	24.93	16.30	12.32

### Fund Summary

Fund Name	Japan Value Equity Focus		
Benchmark	MSCI Japan**		
Inception Date	March 2018		
Number of Holdings	54		
Assets Under Management	Domestic Overseas Strategy Total		

Top Ten Holdings	%	
KYOCERA CORP	4.18	
SUMITOMO MITSUI TRUST GROUP	4.16	
SUMCO CORP	4.12	
NTT INC	4.08	
KIRIN HOLDINGS CO LTD	4.04	
FANUC CORP	3.46	
OMRON CORP	3.34	
TOYOTA MOTOR CORP	3.34	
KUBOTA CORP	3.25	
DAIKIN INDUSTRIES LTD	3.15	
Total	37.11	
Characteristics	Portfolio	Benchmark
P/E	15.31x	16.21x
P/B	1.08x	1.77x
ROE	7.07%	10.92%
Dividend Yield	2.91%	2.26%
Market Cap	Portfolio	Benchmark
Large	53.1%	85.8%
Mid	46.9%	13.6%
Small	0.0%	0.0%
Others	0.0%	0.7%

\* 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.

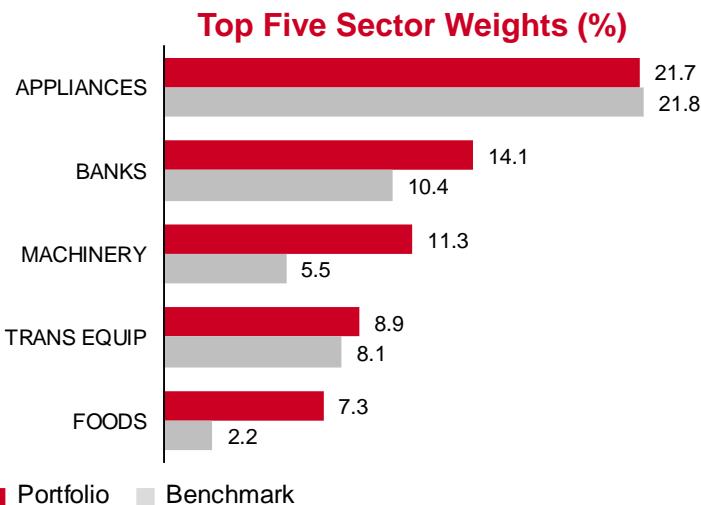
Performance is net of fees.

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 Value Focus

**Eitaro Tanaka, CMA**

Japanese Equity Group Head  
Senior Portfolio Manager  
22 years investment experience  
11 years at Sompo AM

### Attribution Analysis

Both sector allocation and stock selection contributed to performance. In sector allocation, overweighting (OW) of Metal Prod and Banks and underweighting (UW) of Other Prod contributed to performance, while OW of Foods and UW of Insurance and Wholesale detracted. In stock selection, OW of Fanuc and Sumco and UW of Sony Group contributed to performance, while UW of Mitsui & Co., and Recruit Holdings and OW of Kirin Holdings detracted. Last month we increased holdings of Denso, Asahi Group Holdings and Mitsubishi Chemical and decreased holdings of Fanuc, Astellas Pharma, and Taiyo Yuden.

### 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.

### Contact Information

Daniel Robbins  
+81 3 5290 3414

Group email: [global@sompo-am.co.jp](mailto: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.