NOMURA ASSET MANAGEMENT

NOMURA

What's next for Japan – Short and Long Term Opportunities Investing in Japan

April 2026

Nomura Asset Management Co., Ltd.

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We aspire to create a better world by harnessing the power of financial markets

MARKETING MATERIAL

STRICTLY PRIVATE AND CONFIDENTIAL

Nomura Asset Management at a Glance

Year of establishment:

NOMURA ASSET MANAGEMENT

1959

AUM[*1]:

USD bil

630

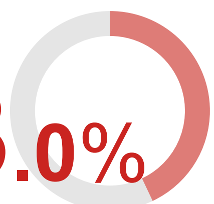
Number of global offices:

14

1,344 employees

#1 ETF provider in Japan, by share of AUM and trading volume[*2]

ETF market share in Japan:



43.0%

Japan equity AUM[*1] :

USD bil

337

Japan equity market share: **4.4%**

Average experience of investment professionals[*3] :

13.1 years

Source: NAM Tokyo as of December 31, 2025.

**1 based on NAM Global data as of December 31, 2025.*

**2 based on data from Nomura Research Institute Fundmark /DL, IDS-QE and Quick as of December 31, 2025.*

**3 as of April 1, 2025.*

Japan at a Glance

Economy:

3rd Largest Equity Market

4th Largest Economy

Population of **122.6M**

Prime Minister: Sanae **Takaichi**

- **Leader of the Liberal Democratic Party (LDP)**
- **Upper House: LDP and JIP Coalition**
- **Lower House: LDP has supermajority (2/3)**

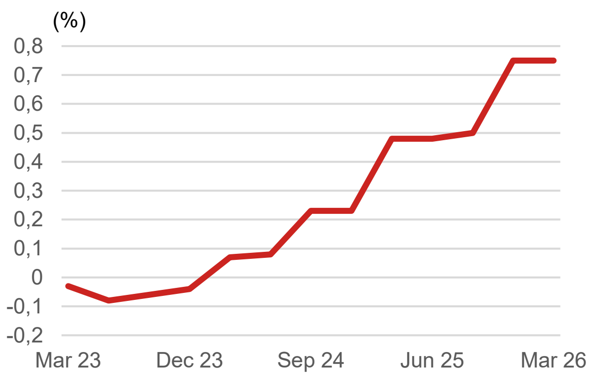
The current target: Primary surplus of the general government by end-FY2026, and **reduction in the debt-to-GDP ratio** to the level before the pandemic by end-FY2030

BOJ Governor: Kazuo **Ueda**

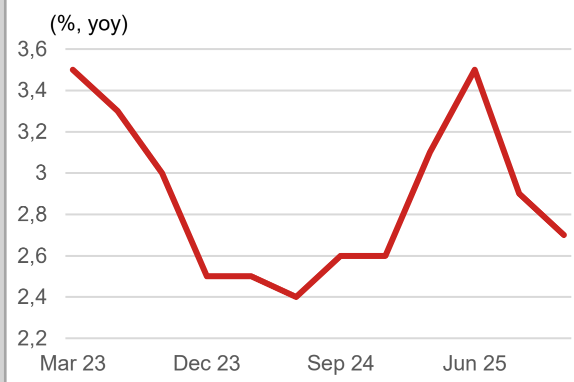
Outlook of BOJ's MPC members*

	(As of)	2025	2026	2027
GDP growth (%)	January	0.9	1.0	0.8
	October	0.7	0.7	1.0
Inflation (excl. fresh food, %)	January	2.7	1.9	2.0
	October	2.7	1.8	2.0
Inflation (excl. fresh food and energy, %)	January	3.0	2.2	2.1
	October	2.8	2.0	2.0

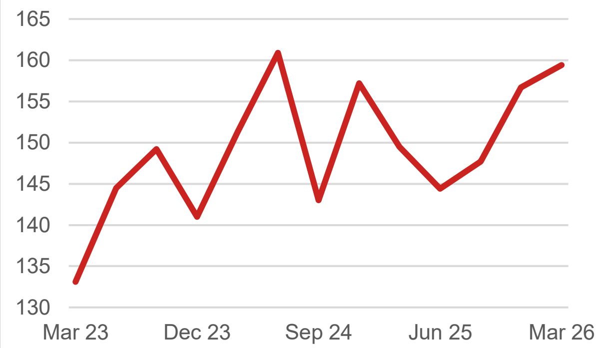
BOJ's Policy Rate:



Inflation:



JPY/USD:

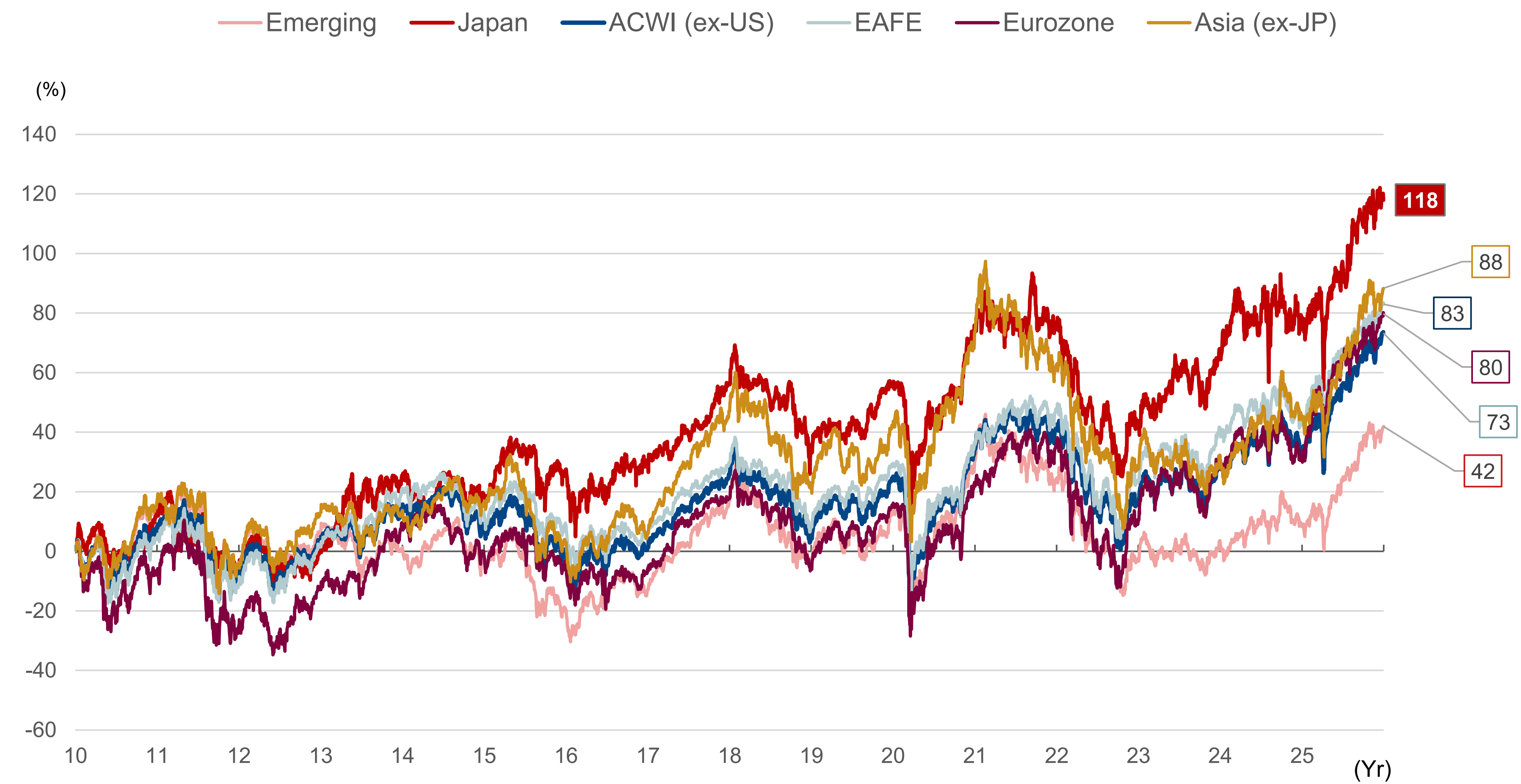


Source: Nomura Asset Management based on Cabinet Office, Bloomberg and BOJ as of March 30th, 2026 unless otherwise noted.

** Note: as of January 2026. Fiscal year (starting in April) basis. Figures represent the median of the members. Figures from 2025 to 2027 are outlook. Source: Nomura Asset Management based on Bank of Japan.*

Review of Equity Markets

- Japanese equities have performed solidly compared with other major non-US equity markets in recent years.



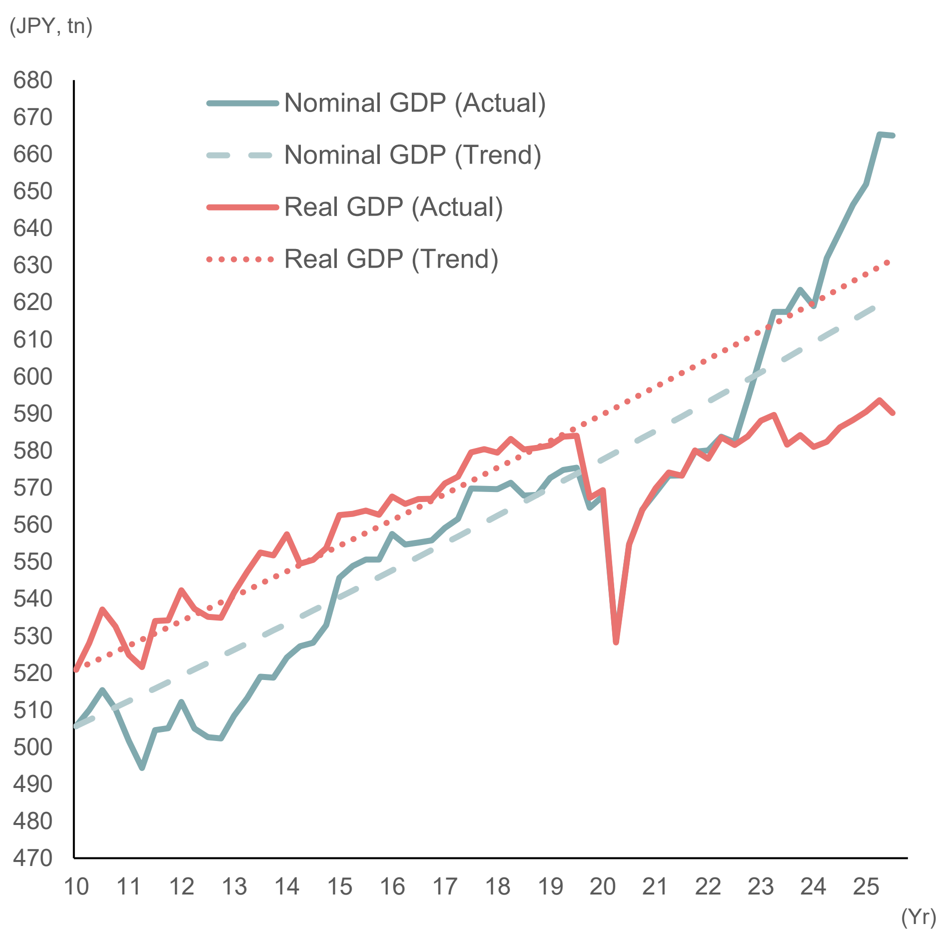
Note: MSCI country and regional based indexes (in USD terms).

Source: Nomura Asset Management based on data from LSEG Datastream

Japanese Economy on a Steady Recovery Track

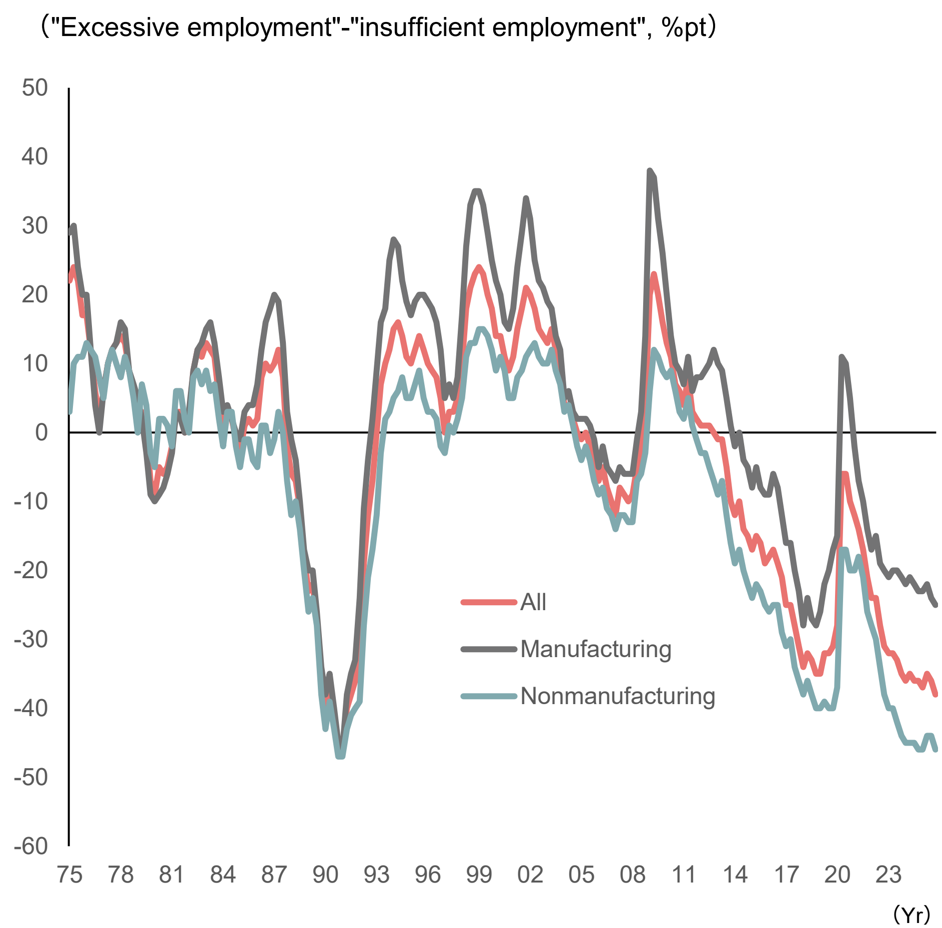
- The gap between Japanese nominal GDP and real GDP has continued to widen reflecting sustained inflationary environment.
- Employment Conditions Diffusion Index shows a shortage of labor supply that will structurally support

Japanese Nominal and Real GDP



Source: Nomura Asset Management based on Cabinet Office data.

Tankan Employment Conditions

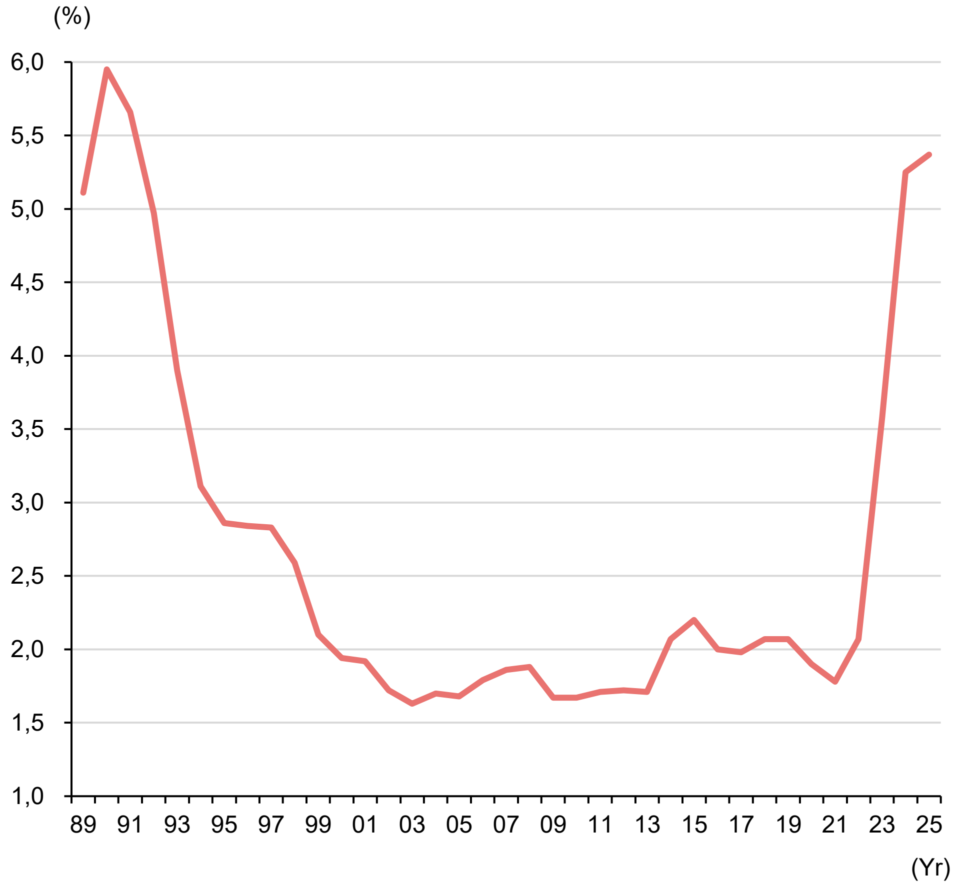


Source: Nomura Asset Management based on Bank of Japan Tankan Survey data.

Labor Shortage Drives Wages and Capital Expenditure

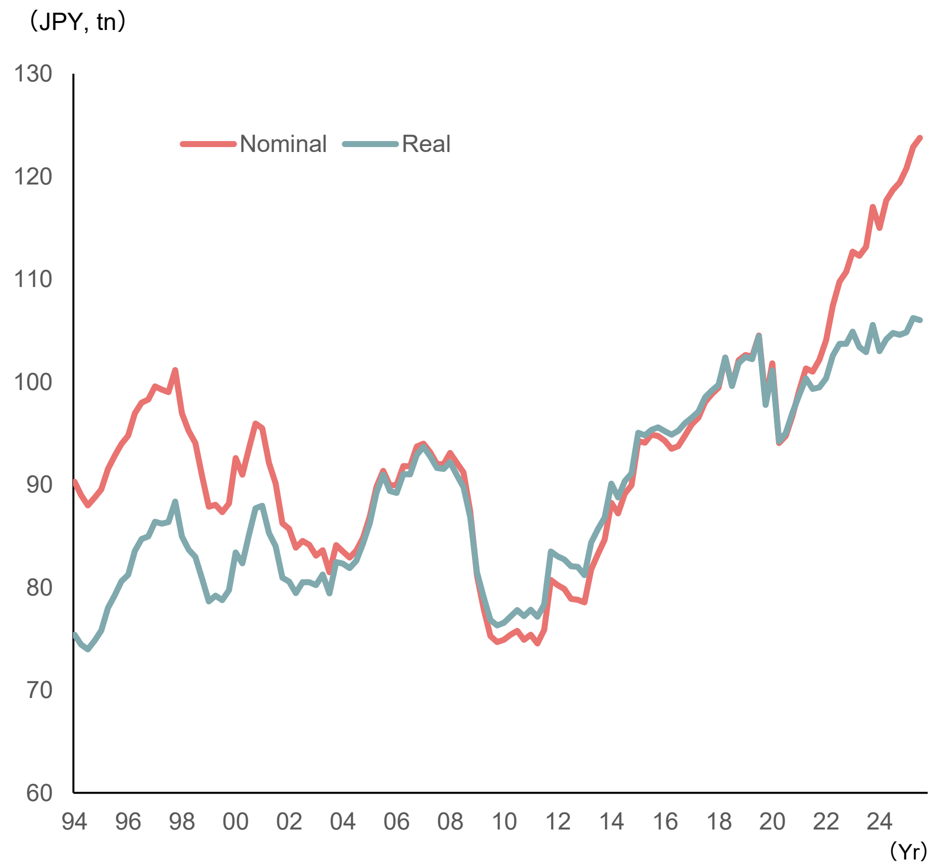
- "Shunto" wage negotiation in 2026 is likely to result in another round of decent wage increases.
- Capital expenditure will continue to be robust to deal with the shortage of labor force.

Negotiated Wage Covered by "Shunto" Wage Negotiations



Source: Nomura Asset Management based on Japanese Trade Union Confederation

Nominal and Real Capital Expenditure

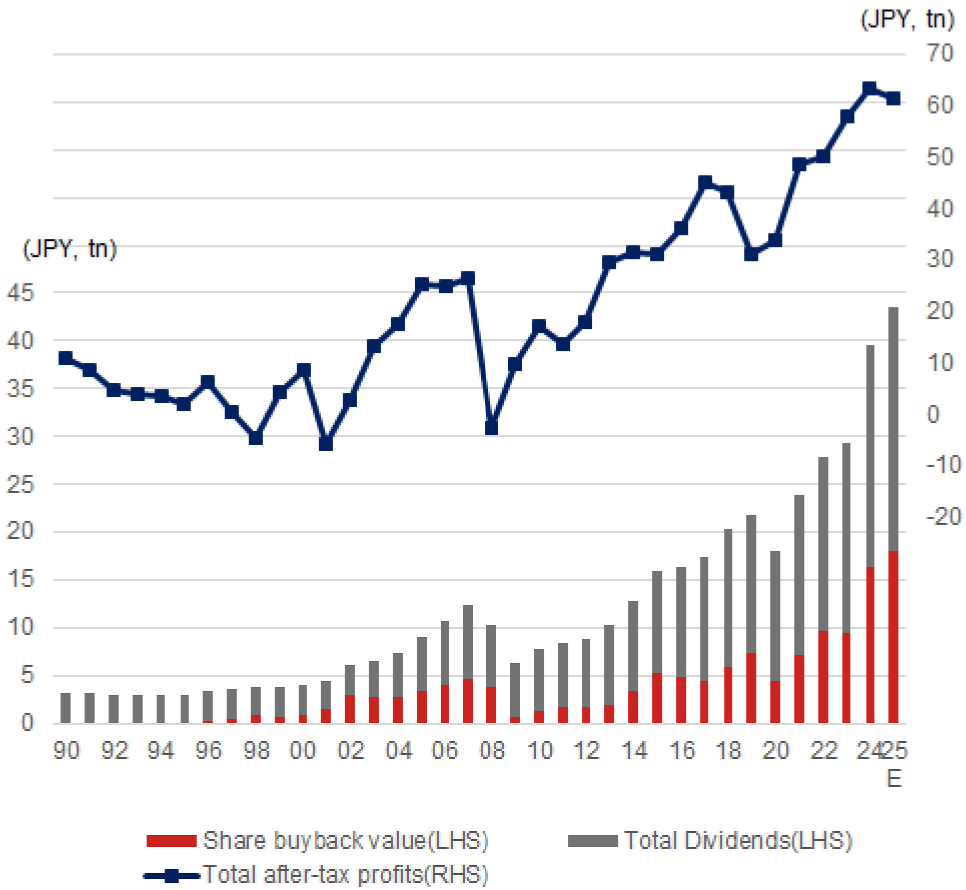


Source: Nomura Asset Management based on data from Cabinet Office

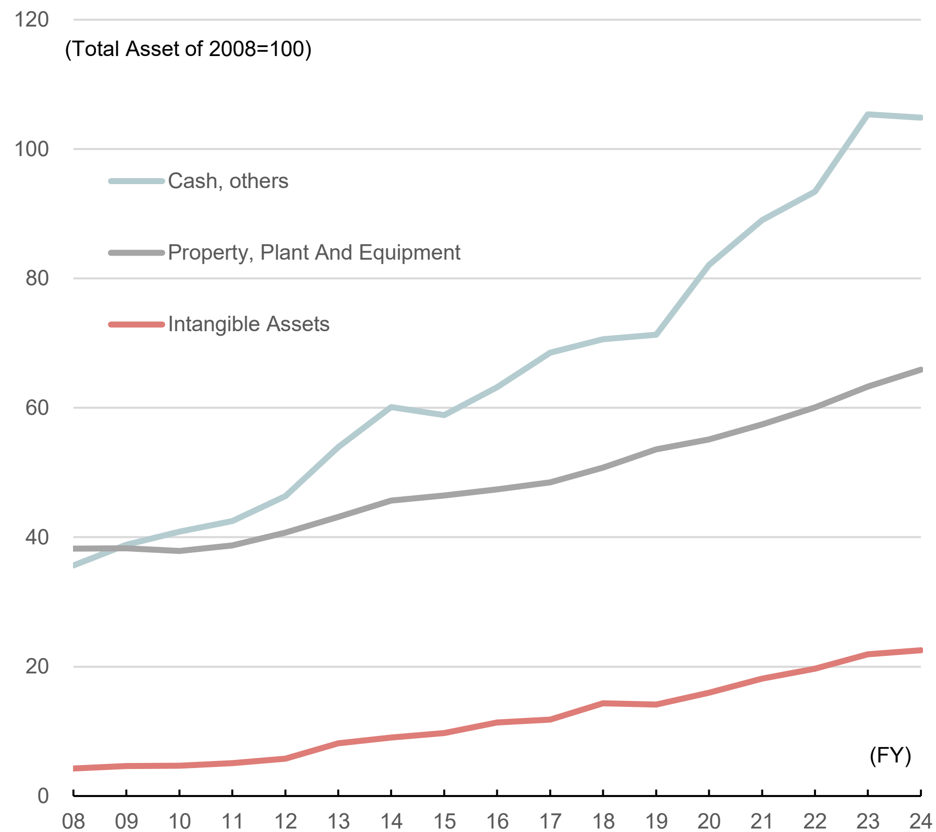
Improving Shareholder Returns Trends Should Continue

- Efforts to improve capital efficiency have continued since the introduction of the Corporate Governance Code.
- The pace of share buybacks are at historical highs, but balance sheets show ample levels of cash for further buybacks

Japanese Corporate Dividends, Share Buybacks and After-tax Profits



TOPIX 500 (ex Financials): Total Asset of 2008=100

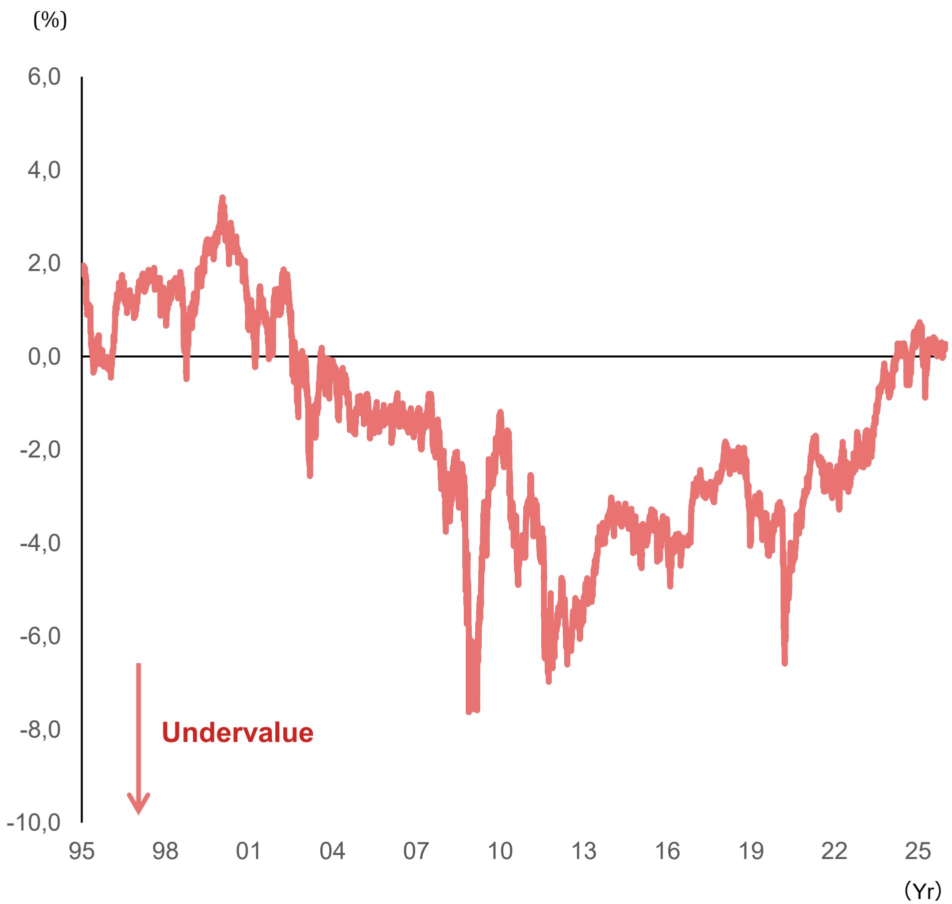


Source: (Left) Nomura Asset Management based on Nomura Securities Data as of end of September 2025; (Right) Nomura Asset Management based on data from LSEG Datastream, Factset as of end of March 2025

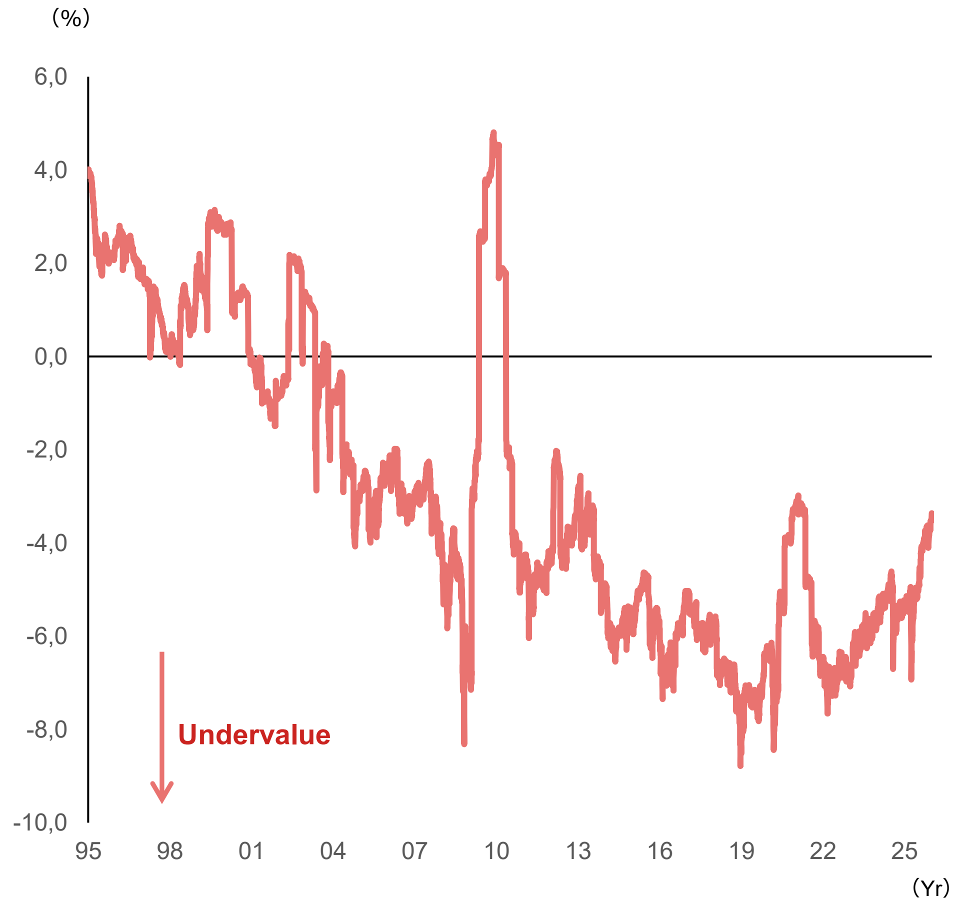
Yield Spread of US and Japan

- The U.S. and Japan yield spread (long-term bond yield minus equity earnings yield) indicates that, historically, TOPIX is still relatively undervalued against both the S&P 500 and JGBs.

Yield Spread S&P500

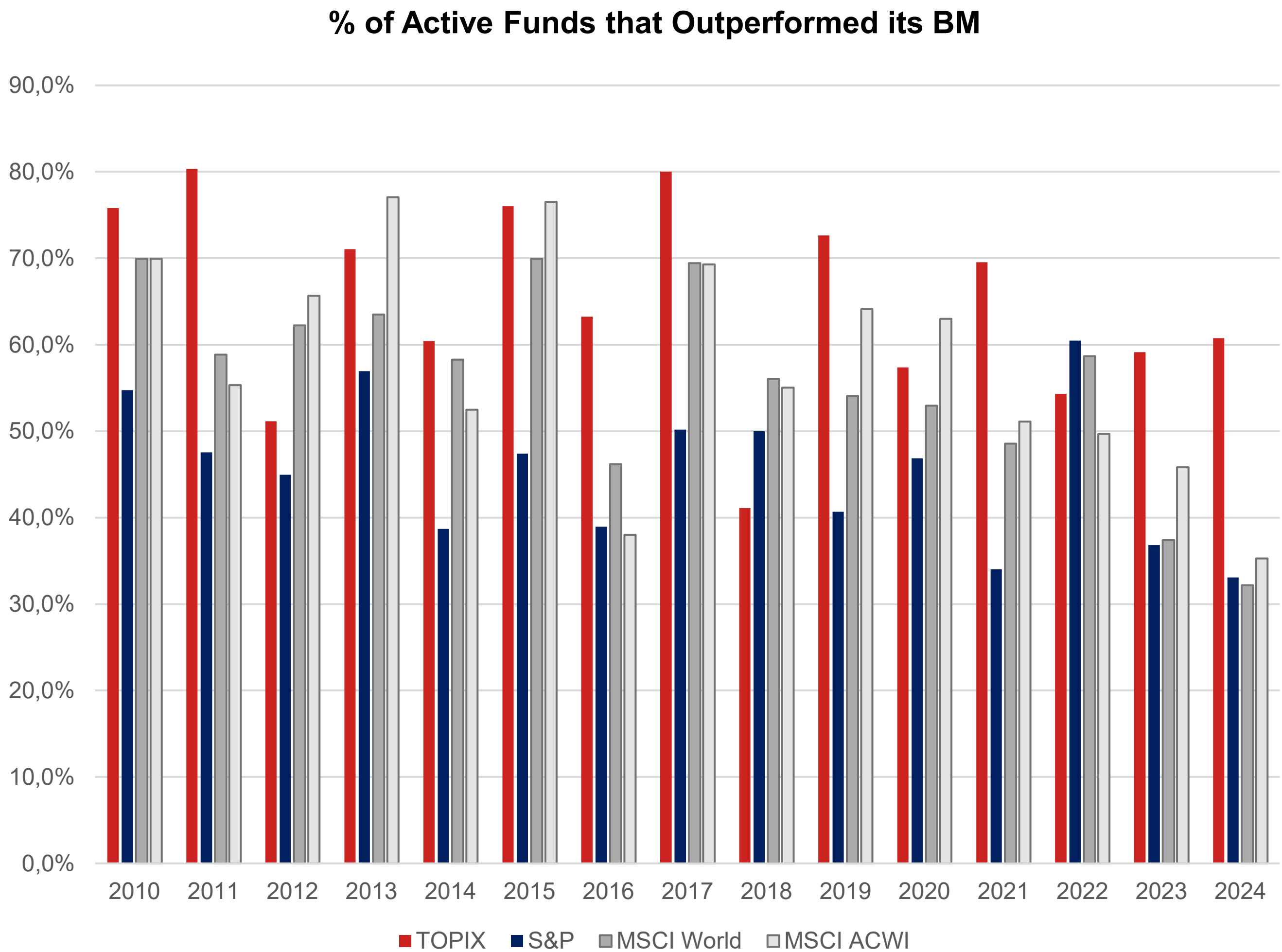


Yield Spread TOPIX



Source: Nomura Asset Management based on data from Bloomberg

Active Management: Japan vs USA vs Global



	TOPIX	S&P	MSCI World	MSCI ACWI
2010	75.8%	54.7%	69.9%	69.9%
2011	80.4%	47.5%	58.8%	55.3%
2012	51.1%	44.9%	62.2%	65.7%
2013	71.0%	57.0%	63.5%	77.1%
2014	60.4%	38.7%	58.3%	52.5%
2015	76.0%	47.4%	69.9%	76.5%
2016	63.2%	39.0%	46.2%	38.0%
2017	80.0%	50.2%	69.4%	69.3%
2018	41.1%	50.0%	56.1%	55.0%
2019	72.6%	40.7%	54.0%	64.1%
2020	57.4%	46.9%	52.9%	63.0%
2021	69.5%	34.0%	48.5%	51.1%
2022	54.3%	60.5%	58.7%	49.7%
2023	59.1%	36.8%	37.4%	45.8%
2024	60.8%	33.1%	32.2%	35.3%
3 yr avg	58.1%	43.5%	42.8%	43.6%
5 yr avg	60.2%	42.3%	45.9%	49.0%
10 yr avg	63.4%	43.8%	52.5%	54.8%
15 yr avg	64.9%	45.4%	55.9%	57.9%
Avg # of Funds	210	614	440	456

Source: eVestment, compiled by Nomura Asset Management. Data as of the end of 2024

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