Japan Equity Market Outlook

Sumitomo Mitsui DS Asset Management

-June 2026-

Summary

Japan Equity Outlook

In May, Japanese equities reached record highs, with the tech-heavy Nikkei 225 surging 11.9%, outperforming the TOPIX (+6.2%). This rally was fueled by AI investment optimism and hopes for a US-Iran peace agreement. Looking ahead, tech demand remains robust, driven by US hyperscaler spending, but the Middle East remains a wild card. Even with early de-escalation, restoring energy infrastructure and shipping will take time, keeping supply-chain risks alive for the second half of 2026.

Economic and Monetary Policy

Our base case assumes continued economic recovery, provided oil stays within USD100-120/bbl and broad supply disruptions are averted, though we expect a cyclical peak out after 2027. Regarding monetary policy, central banks remain hawkish. We project the BOJ to resume hiking in June, reaching 2.00% by spring 2028, while the Fed likely pauses through 2026, though a pivot back to hikes remains a risk. Consequently, a gradual narrowing of the US-Japan yield differential limits rapid yen appreciation, while authorities will not tolerate extreme yen weakness, as demonstrated by their interventions in late April and May.

Key Drivers for Japan's Stock Market

Japan's medium-term backdrop remains supportive. Deflation is fading, corporate governance reform is advancing, and policies under the Takaichi administration should help reinforce both trends.

Risks and Events

Upside risks include stronger expectations for growth policy, foreign inflows linked to governance reform, and easing Middle East tensions. Downside risks include a sharp rise in Japanese long-term yields, U.S. credit stress, prolonged Japan-China tensions, and supply disruption from the Middle East. AI remains a two-sided factor: faster deployment and monetization would support equities, while delays could weigh on the market.

Outlook for the Japanese Economy

SMDAM Forecasts: Japanese Economy

Forecasts as of 19 May 2026		FY22 (A)	FY23 (A)	FY24 (A)	FY25 (E)	FY26 (E)	FY27 (E)
Real GDP	(yoy, %)	1.4	0.0	0.5	0.8	0.7	1.0
Private Consumption	(yoy, %)	2.5	▲ 1.0	0.1	1.2	0.6	1.2
Private Resid. Investment	(yoy, %)	0.6	1.8	▲ 0.7	▲ 3.4	0.0	▲ 0.1
Private Capex	(yoy, %)	3.9	▲ 0.1	0.8	2.3	1.5	2.1
Public Investment	(yoy, %)	▲ 4.5	▲ 0.1	0.1	▲ 0.6	1.0	0.6
Net Exports (contribution)	(%point)	▲ 0.6	1.2	▲ 0.3	▲ 0.1	0.1	▲ 0.2
Exports	(yoy, %)	4.7	3.1	2.7	1.9	0.8	2.1
Imports	(yoy, %)	7.3	▲ 2.2	4.0	2.6	0.2	3.5
Nominal GDP growth	(yoy, %)	2.6	4.7	3.7	4.2	2.3	2.8
GDP deflator	(yoy, %)	1.2	4.8	3.2	3.4	1.6	1.9
Industrial production	(yoy, %)	▲ 0.3	▲ 1.9	▲ 1.5	▲ 0.2	0.1	1.5
CPI (less fresh food & institutional factors)	(yoy, %)	4.0	3.2	2.2	2.7	3.3	2.0
Unemployment Rate	(%)	2.6	2.6	2.5	2.6	2.6	2.5
Policy Rate	(End of Period, %)	▲ 0.1	0-0.1	0.50	0.75	1.50	2.00

Note: Forecasts by SMDAM.
Source: SMDAM

Economic and Asset Price Outlook for Key Regions

SMDAM Forecasts: Major Economies, Rates and FX

Forecasts as of 19 May 2026		2025 Q3	Q4	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2
GDP Growth Rate									
United States	(saar, %)	4.4	0.5	2.0	1.5	2.0	1.8	2.0	1.9
Japan	(saar, %)	▲ 2.5	0.8	2.1	0.1	0.4	0.6	2.1	0.8
Euro Area	(saar, %)	1.2	0.8	0.6	0.6	1.1	1.2	1.4	1.5
China	(yoy,%)	4.8	4.5	5.0	4.5	4.5	4.6	4.5	4.6
Inflation									
United States	(core PCED, yoy, %)	2.9	2.8	3.1	3.3	3.2	3.1	2.6	2.3
Japan	(core CPI, yoy, %)	2.9	2.8	1.8	1.9	2.1	2.7	2.0	1.4
Euro Area	(yoy, %)	2.1	2.1	2.0	3.1	3.0	2.9	2.7	2.3
China	(yoy, %)	▲ 0.2	0.6	0.9	1.4	1.3	1.2	0.3	0.2
Policy Rates									
United States	(End of Period, %)	4.0-4.25	3.5-3.75	3.5-3.75	3.5-3.75	3.5-3.75	3.5-3.75	3.25-3.5	3.0-3.25
Japan	(End of Period, %)	0.50	0.75	0.75	1.00	1.00	1.25	1.50	1.50
Euro Area	(End of Period, %)	2.00	2.00	2.00	2.25	2.50	2.50	2.50	2.50
China	(End of Period, %)	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.30
Long-term Rates									
US 10Y	(End of Period, %)	4.15	4.17	4.32	4.60	4.40	4.20	4.10	4.00
Japan 10Y	(End of Period, %)	1.65	2.06	2.35	2.70	2.80	2.90	3.00	3.00
Germany 10Y	(End of Period, %)	2.71	2.86	3.00	3.10	3.10	3.00	3.00	3.00
FX									
USD/JPY	(End of Period)	147.7	156.7	158.7	159.5	159.5	159.5	159.0	158.5
EUR/JPY	(End of Period)	173.5	184.1	183.4	185.0	185.8	185.8	186.0	186.2
Stock Prices									
TOPIX	(End of Period)	3,138	3,409	3,498	3,950	4,100	4,150	4,150	4,050
Nikkei 225	(End of Period)	44,933	50,339	51,064	64,800	67,200	68,100	68,100	66,400

	2024 (yoy,%)	2025 (yoy,%)	2026 (yoy,%)	2027 (yoy,%)
GDP Growth Rate				
United States	2.8	2.1	2.0	1.8
Japan	0.5	0.8	0.7	1.0
Euro Area	0.9	1.5	0.8	1.3
China	5.0	5.0	4.6	4.5
Inflation				
United States	2.9	2.8	3.2	2.3
Japan	2.7	2.7	2.2	1.3
Euro Area	2.4	2.1	2.8	2.4
China	0.2	0.0	1.2	0.2

Note: Japan is FY-based.

Note: Forecasts by SMDAM.

Source: SMDAM

Where We Stand on the Eve of the June-July Policy Deluge

June and July will be a decisive stretch for the Takaichi administration, with its Basic Policy framework, growth strategy, and interim report on consumption-tax relief arriving in quick succession in a politically and market-sensitive period.

The government's political base remains firm. **Cabinet approval is high, and on May 21 a new pro-Takaichi LDP group—the National Power Study Group, or JiB—was launched by senior party figures**. Its 347 members represent more than 80% of LDP Diet lawmakers, strengthening the prime minister's hand heading into the summer policy season, though some see it as a check on her dominance and fiscal expansionism.

On fiscal policy, **Takaichi has signaled a supplementary budget of just over ¥3 trillion amid Middle East tensions**. The main items are support for electricity and gas bills from July to September and a new contingency reserve. Funding would come from additional deficit-covering bonds, offset by unused space in the FY2025 issuance plan so total market issuance does not rise. Still, another supplementary budget tied to the growth strategy may come in autumn, making further JGB issuance likely.

The Nikkei also reported that the government and the LDP plan to issue "bridging bonds" for growth and crisis-management investment. The aim is to raise funds early, accelerate priority spending, and signal multi-year state commitment. Because these bonds bridge temporary funding gaps backed by future redemption resources, they are excluded from official debt-to-GDP calculations. That is convenient for an administration focused on the debt ratio, but unless markets trust the repayment plan, the bonds may be viewed as little different from ordinary deficit bonds.

On tax policy, **debate is advancing over a reduced consumption tax on food and a refundable tax credit**. A 1% rate is reportedly gaining traction because register modifications would take six months, versus a year under a 0% rate. Resistance remains strong within the party and industry, and the fiscal picture is still fluid, but the prime minister remains positive on tax cuts. As for the refundable tax credit, discussion is moving toward direct transfers rather than immediate tax relief, targeted at low- and middle-income workers on an individual basis, with extra support for households with children also under consideration.

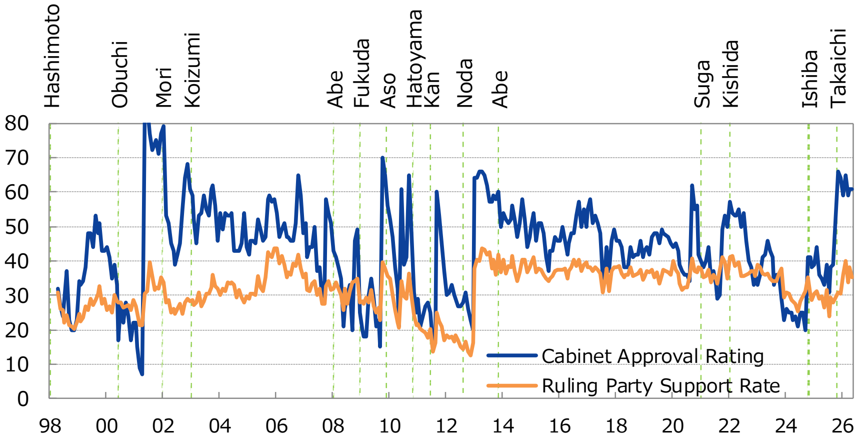
In defense, **the LDP has drafted recommendations for revising the three national security documents**, calling for budget support for military strengthening without setting the numerical targets debated in 2022, as Tokyo reassesses the regional threat environment.

On monetary policy, **the Bank of Japan has turned more hawkish**, **making a June rate hike and decisions on further JGB purchase reductions, or QT, live issues**. At their May 22 meeting, Prime Minister Takaichi is said to have urged Governor Ueda to conduct policy appropriately in light of inflation-relief measures, crisis-management investment, and growth investment, a message widely read as signaling the government's preference for greater stability in long-term interest rates as yields continue to climb.

In FX, **authorities disclosed ¥11.7 trillion of intervention** between April 28 and May 27, yet yen weakness persisted, highlighting how hard currency management has become despite repeated official signaling, amid oil-driven trade deterioration and renewed speculative yen shorts.

Where We Stand on the Eve of the June-July Policy Deluge

Cabinet Approval Rating and Ruling Party Support Rate (%)



Source: SMDAM and NHK

Note: Latest data are for May 2026

Seats in Lower and Upper Houses

Note: As of 29 May 2026

	Lower House seats	Upper House seats
Liberal Democratic Party	316	101
Nippon Ishin / Japan Innovation Party	36	19
Ruling parties	**352**	**120**
Centrist Reform Alliance / Constitutional Democratic Party	48	40
Centrist Reform Alliance / Komeito		21
Democratic Party For the People	28	25
Reiwa Shinsengumi	0	5
Japanese Communist Party	4	7
Sanseito	15	15
Team Mirai	11	2
Others + Vacancies	7	13
Majority	**233**	**125**
Total	**465**	**248**

Source: SMDAM, the House of Representatives and the House of Councillors

Political Calendar and Key Events

Feb 18	2nd Takaichi Cabinet launched
Feb 25	**Potential successors to BOJ's Noguchi (late Mar) and Nakagawa (late Jun) are both reflationists.**
Mar 19	Japan–U.S. summit
March?	**Growth Strategy Council drafts investment roadmap**
Early June	**Supplementary budget (¥3tn+) likely to pass**
Jun 16	**BOJ meeting: possible rate hike**
Mid-year	**Cabinet approves Basic Policy and Growth Strategy**
Mid-year	**Corporate Governance Code revised**
Mid-year	**Interim report on zero VAT for food**
Late Aug	FY2027 budget requests due
Autumn?	**Extraordinary Diet; FY2026 supplementary budget**
Oct 30	BOJ meeting: possible rate hike
Dec	**FY2027 budget draft and tax reform outline**
By year-end	**Three National Security Documents revised**

Source: SMDAM and various media reports

Outlook for the Takaichi Administration

Stronger political leverage	LDP holds 2/3 in Lower House; can override Upper House rejection
Political stability	No national elections until summer 2028 (Upper House)
Fiscal expansion risk	Pushing proactive fiscal policy will likely lead to a larger budget

Sanaenomics: Key Policy Outlook

Policy	Expected direction	Watchpoints
Responsible proactive fiscal policy	Fiscal targets loosen; drop single-year PB surplus; focus on debt/GDP	Basic Policy; FY26 supplementary budget
	Shift to main budget; **FY27 initial budget to expand sharply**	Basic Policy; FY2027 budget draft
Growth & resilience investment	Support AI/ship/space/energy/defense; **up to ¥10tn** potentially allocated	Roadmap; Growth Strategy; FY26 supp; FY27 budget
Revise security documents	Broaden defense exports; **defense/GDP target could rise 2%→3% (+¥6tn)**	Security docs revision; FY2027 budget
Two-year cut in food VAT	**Zero tax: ¥5T cut. 1% likely. Starts Apr 2027 if implemented. Key: funding**	Interim report; autumn extraordinary Diet

Note: As of 29 May 2026

Why Are Japan's Long-Term Yields Rising?

Japan's long-term rates have repriced rapidly: the 10-year JGB yield rose from 2.12% at end-February to an intraday 2.79% in mid-May. We had expected 3% to remain some distance away, but that gap has closed abruptly. The move reflects three shocks arriving together: a more hawkish Bank of Japan, a Middle East oil shock, and mounting concern about fiscal expansion at home and abroad.

The BoJ was the first catalyst. Hawkish March messaging lifted the market's estimate of the eventual policy-rate peak, pulling long yields higher. Yet the Bank then left rates unchanged in April, raising fears that it could fall behind the inflation curve. Oil complicates the reaction function: it pushes prices up while weighing on activity.

The Iran war, higher crude and yen weakness then lifted inflation expectations. With the Strait of Hormuz effectively constrained, investors priced persistently high energy costs; the 10-year breakeven inflation rate rose from 1.72% to 2.33%. As medium-term inflation expectations moved higher, nominal long yields faced renewed pressure. Globally, inflation concerns also eroded expectations of Fed cuts, with even hikes priced, transmitting higher overseas yields to Japan.

The deeper issue, however, is the fragile JGB supply-demand balance created by BoJ quantitative tightening. JGB purchases have fallen to about ¥2.7tn a month, or ¥8.1tn a quarter, while bonds accumulated under QE are maturing at roughly ¥20tn a quarter. The gap implies ¥12tn of effective quarterly supply, or ¥48tn annualized. Add net government issuance, and the market may need to absorb ¥70tn-80tn a year. Domestic investors cannot absorb that volume alone, raising reliance on foreign investors and their higher risk premia.

QT is troublesome because its tightening effect is powerful and persistent. Even if the BoJ stops reducing purchases, redemptions will keep returning bonds to the market unless purchases are increased. But increasing purchases as the inflation target comes into view would invite accusations of fiscal financing and could undermine confidence. QT is therefore both monetary tightening and a constraint on fiscal policy.

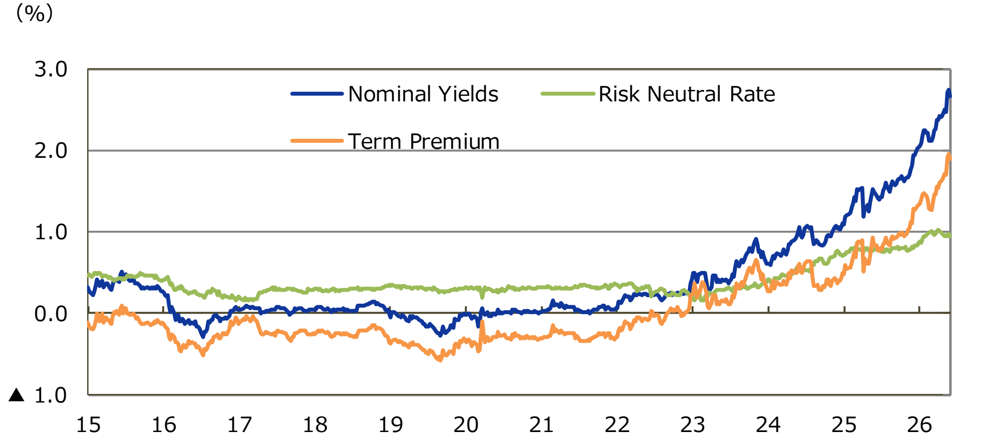
Japan also faces a busy fiscal calendar: energy subsidies, the Basic Policy framework, growth strategy, consumption-tax-cut debate and defense spending. If markets interpret the fiscal agenda as unchecked expansion, rather than disciplined, growth-oriented spending, concerns over additional JGB issuance will intensify. Globally, fiscal expansion has become entrenched, driven by defense needs and redistribution. Higher term premia in one market can now spill quickly into others through currencies and flows.

A de-escalation in the Middle East or overseas politics could temporarily calm yields. Still, QT-driven supply weakness will persist, so we believe Japan has entered a structurally yield-positive regime. **We view a 3% 10-year yield as a realistic upside risk, depending on fiscal developments.**

For Japanese equities, 3% long yields may look negative. Yet they are broadly consistent with roughly 3% nominal growth. **If higher rates come with stronger earnings, the equity impact need not be uniformly adverse**. **Based on historical averages of the yield spread between long rates and earnings yields, we consider Japanese equities to be relatively inexpensive**; higher rates do not immediately destroy their investment appeal.

Why Are Japan's Long-Term Yields Rising?

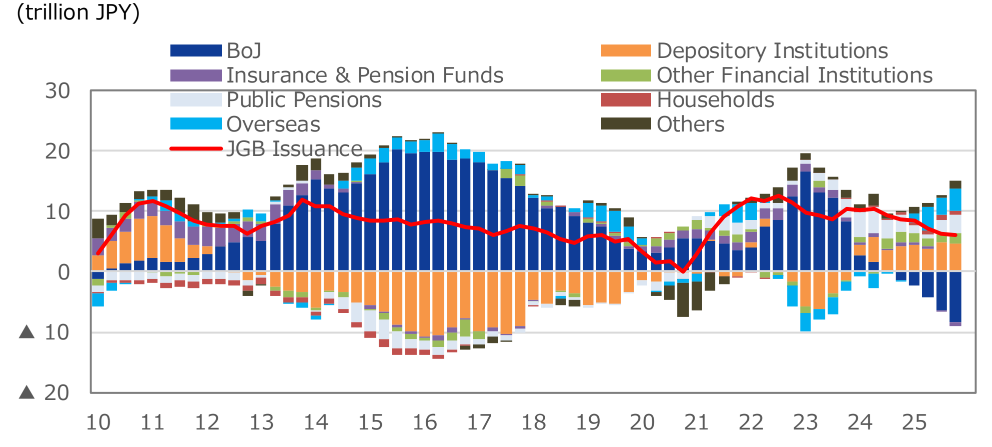
Japan's 10-year risk-neutral rate and term premium



Note: Latest data are for 29 May 2026

Source: SMDAM, Daiwa and Bloomberg

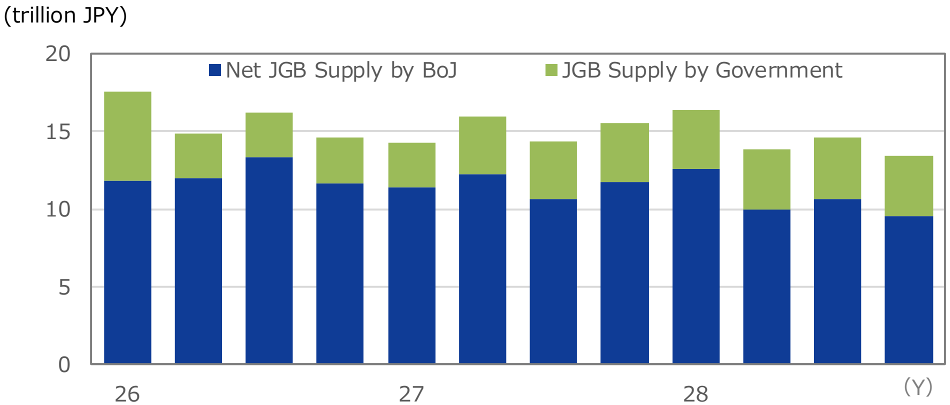
JGB Purchases by Sector (4-Quarter Moving Average, Flow Basis)



Note: Latest data are for Q4 2025

Source: SMDAM and BoJ

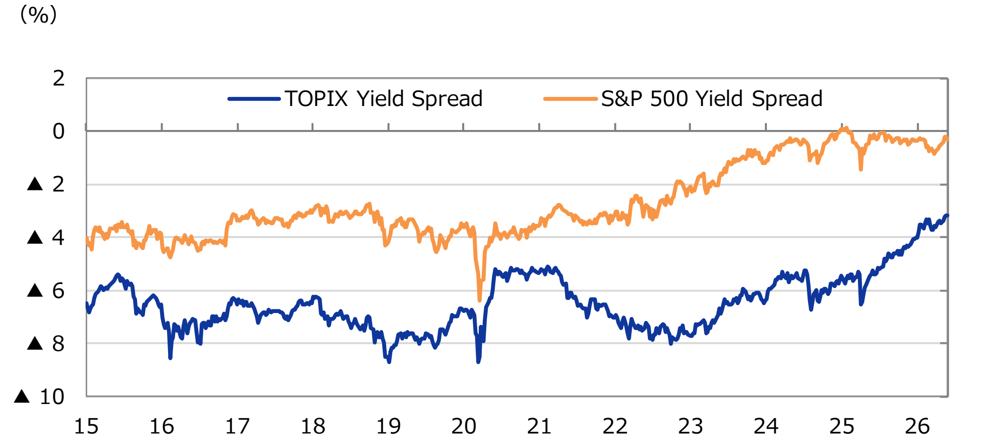
Net JGB Supply by the Government and BoJ



Note: Latest data are for Q4 2028. All figures are projections. Both BoJ net JGB supply and govt JGB supply are our projections based on BOJ, Cabinet Office, and MOF data.

Source: SMDAM, BoJ, MoF and Cabinet Office

TOPIX and S&P 500 Yield Spread（10Y Bond Yield − Equity Earnings Yield）



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

Japan Inc.'s Resilience Tested by a Middle East Supply Shock

The de facto closure of the Strait of Hormuz following the conflict in Iran poses a severe test for Japan, which relies heavily on the Middle East for energy and raw materials. The immediate concern is the shortage of naphtha—a key petrochemical feedstock—which is hitting the upstream supply chain and deepening fears that the economic drag will intensify.

Even if the Strait reopens, supply normalization will take time. Delayed cargoes will face lengthy transit to Japan, and damaged Middle Eastern energy infrastructure suggests a protracted recovery. Thus, a worst-case scenario with severe economic fallout cannot be ruled out.

The risks are threefold. First, cost pressures are reaching their limits. Petrochemical cutbacks will trigger a lagged cost pass-through to final goods, threatening household spending just as Japan glimpses an exit from deflation. Second, production bottlenecks will intensify. Prolonged disruptions in naphtha and aluminum will force output cuts in key sectors like automotive and construction. Third, the burden will fall hard on fragile SMEs, where raw-material shortages are already creating operational constraints that could trigger systemic supply-chain failures.

Yet, some Japanese companies are responding with notable flexibility. A symbolic example is the monochrome potato chip packaging now on store shelves. Facing unstable ink procurement, a major snack manufacturer shifted 14 flagship products to a simplified, two-color design, successfully avoiding sales suspensions and price hikes. A leading food and beverage company has likewise sharply reduced printing on its ketchup packaging. Meanwhile, the packaging industry has replaced polystyrene cushioning with cardboard alternatives, improving loading efficiency while reducing petroleum use. Across housing and manufacturing, companies are rapidly implementing a "material shift," redesigning plastic and aluminum components around substitute materials like steel.

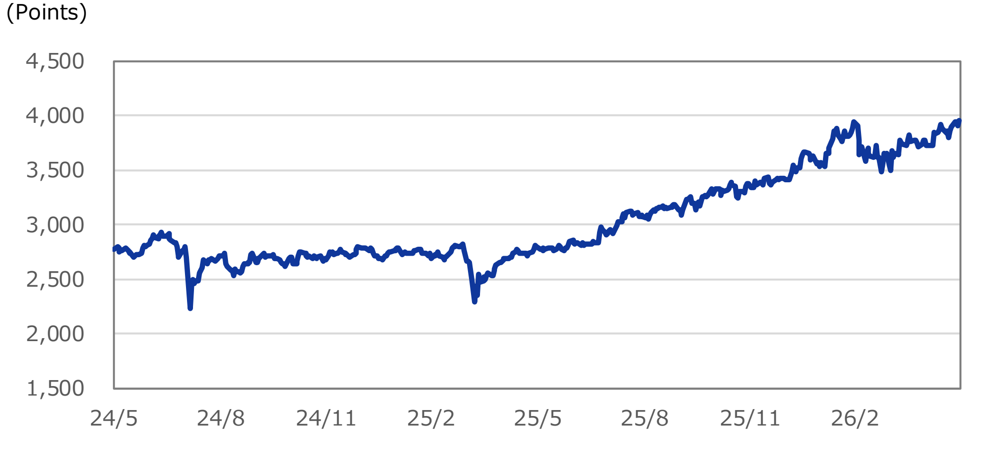
This adaptability reflects the ingenuity, networks, and technical know-how Japanese firms refined over decades of deflation to preserve both cost discipline and product quality. Today, this serves as a crisis-response capability. This exquisite balance between cost and quality springs from the exact same source of strength that allows brands like Uniqlo and MUJI to captivate global consumers.

While the prolonged Middle East crisis is a critical risk, this significant headwind also serves as a useful test of corporate resilience. It is a defining selection moment to identify truly high-quality companies capable of leveraging superior alternative procurement, rapid redesign, and supply-chain re-engineering.

Although individual securities are mentioned, this does not constitute a recommendation of such securities.

Trends in Major Asset Prices

TOPIX (Daily)



Note: Latest data are for 29 May 2026

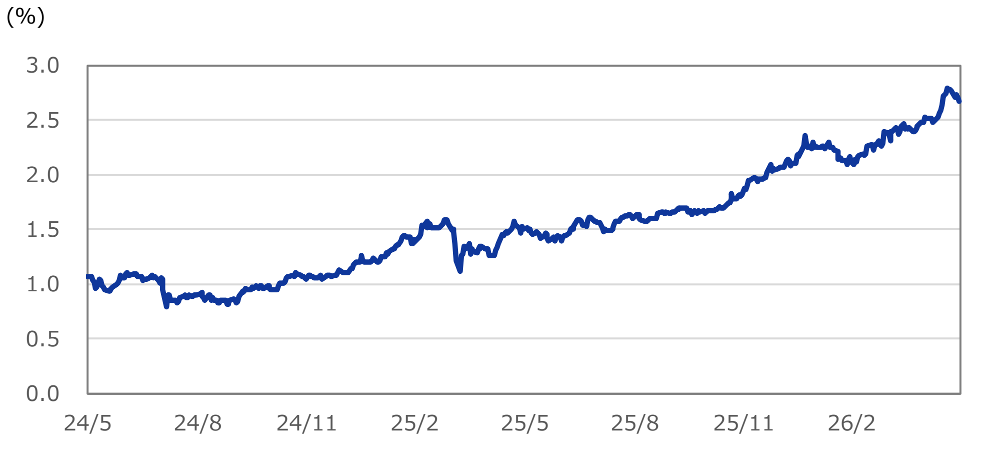
Source: SMDAM and Bloomberg

S&P500 (Daily)

Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

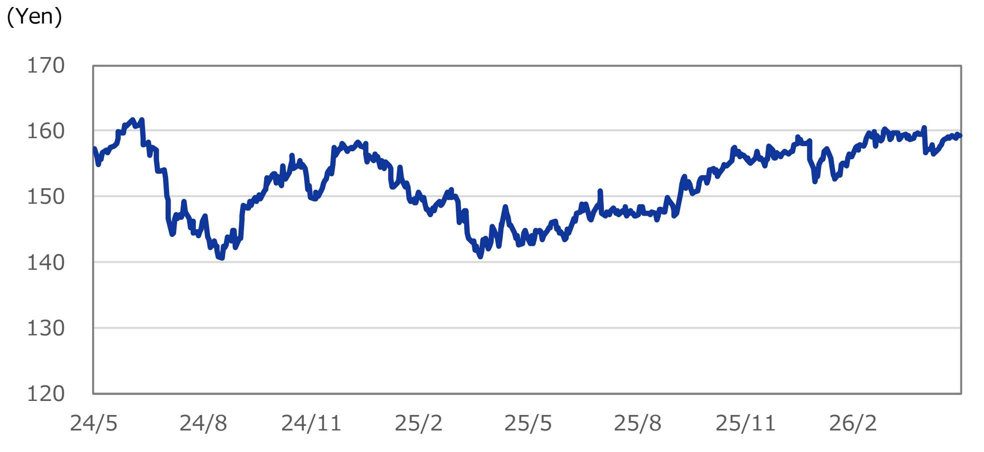
Japan 10-Year Government Bond Yield (Daily)



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

USD/JPY (Daily)



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

Trends in Value/Growth and Foreign/Domestic Demand for Japanese Stocks

Japanese Stocks: Value/Growth (Daily)

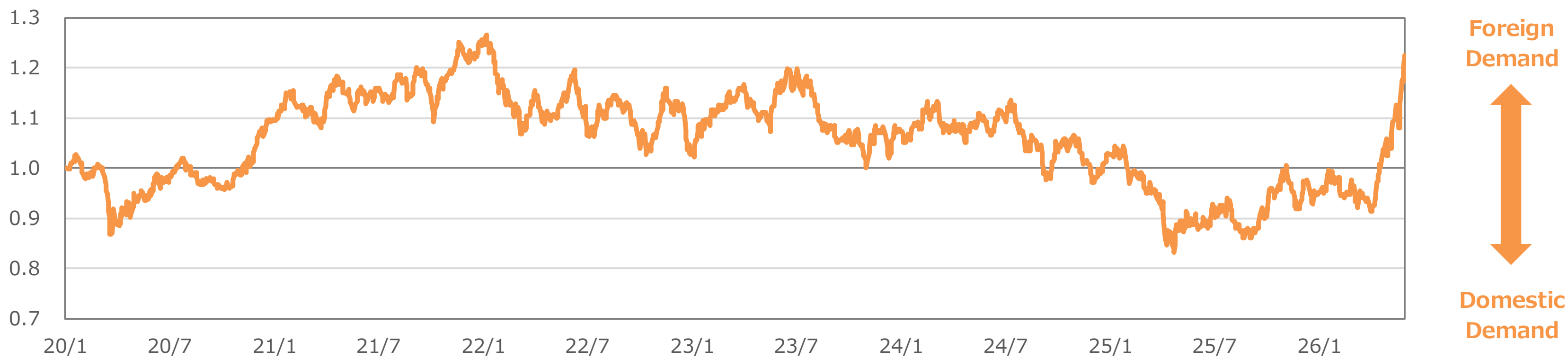
(30 Dec. 2019=1)

Note: Latest data are for 29 May 2026. Value/Growth represents Russell Nomura Total Market Value Index vs Growth with Dividend. (Y/M)

Source: SMDAM and Bloomberg

Japanese Stocks: Foreign Demand/Domestic Demand (Daily)

(30 Dec. 2019=1)



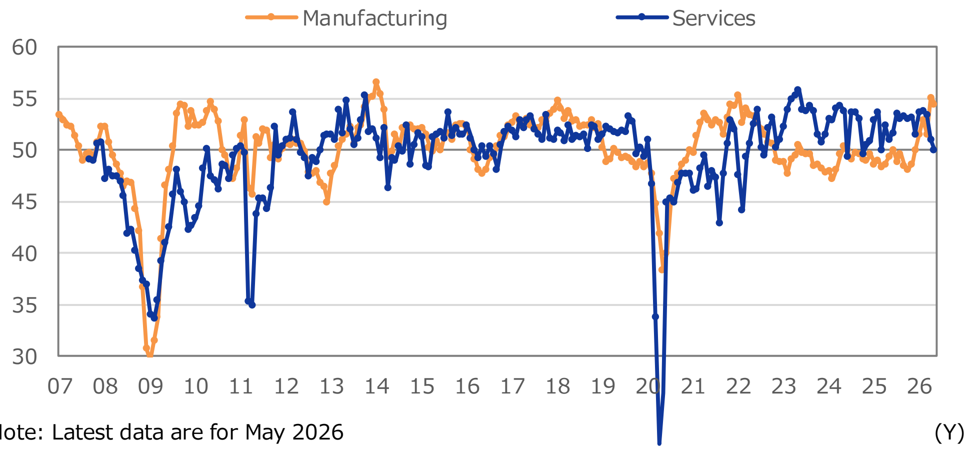
Note: Latest data are for 29 May 2026. Foreign/Domestic Demand represents Nikkei Global Exposure 50 vs Domestic. (Y/M)

Source: SMDAM and Bloomberg

Japanese Economic Indicators (1)

PMI

(sa, >50=improvement since previous month)

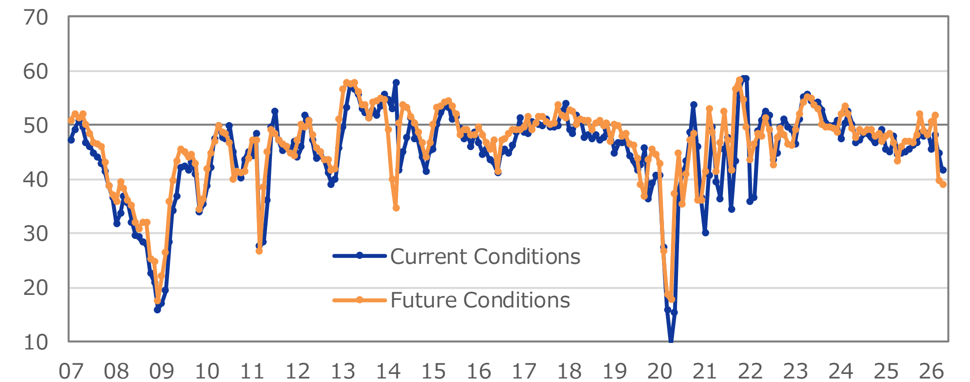


Note: Latest data are for May 2026

Source: SMDAM and S&P Global

Economy Watchers Survey

(sa, DI)

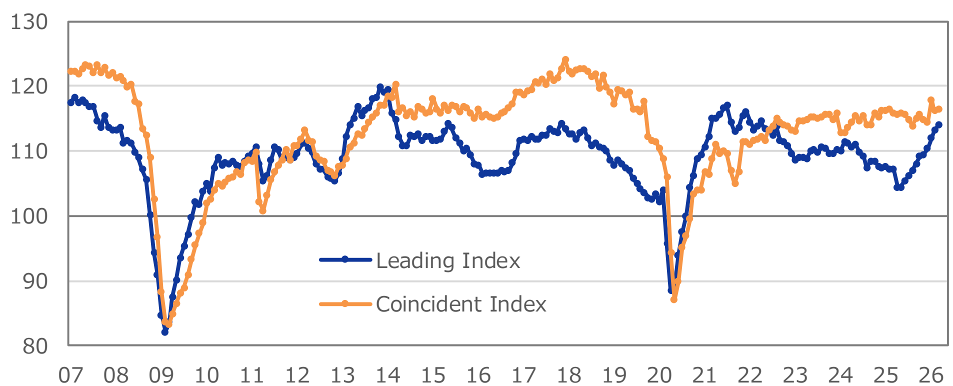


Note: Latest data are for Apr 2026 (Y)

Source: SMDAM and Cabinet Office

Index of Business Conditions

(sa, 2020=100)

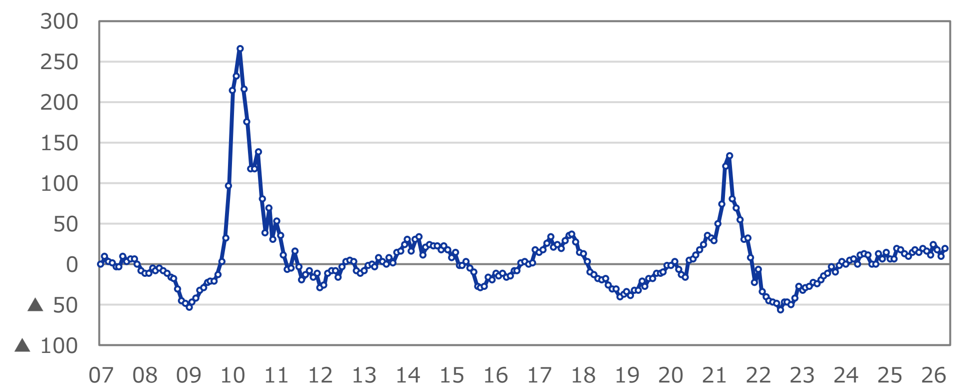


Note: Latest data are for Mar 2026 (Y)

Source: SMDAM and Cabinet Office

Machine Tools (Orders YoY - Order Backlogs YoY)

(%)



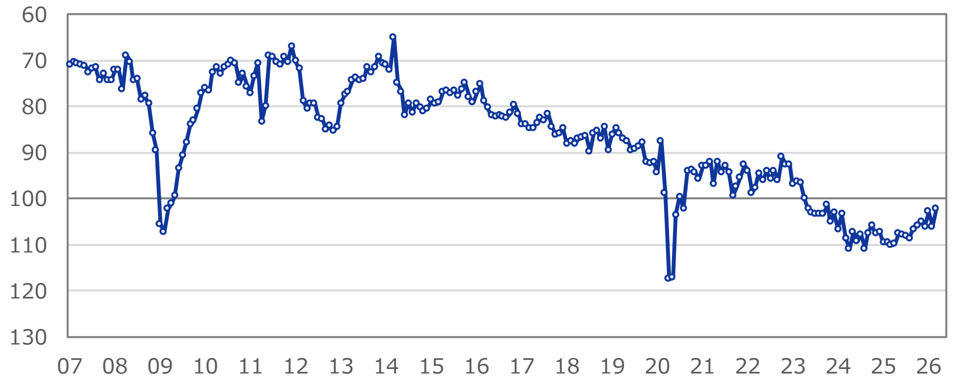
Note: Latest data are for Apr 2026 (Y)

Source: SMDAM and Japan Machine Tool Builders' Association

Japanese Economic Indicators (2)

Index of Producer's Inventory Ratio of Final Demand Goods

(sa, 2020=100, Inverted)

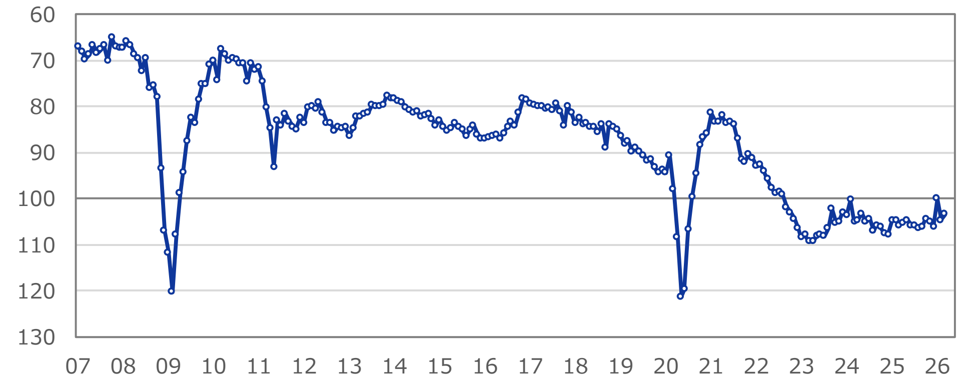


Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Index of Producer's Inventory Ratio of Producer Goods

(sa, 2020=100, Inverted)

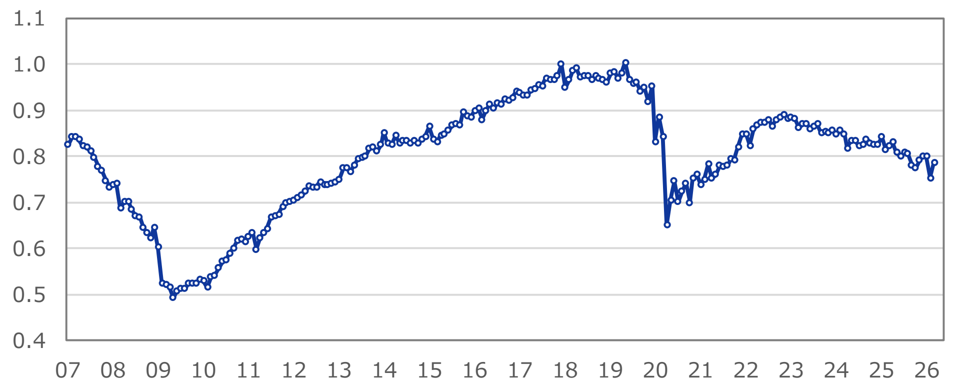


Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

New Job Offers (Excluding New School Graduates)

(sa, million persons)

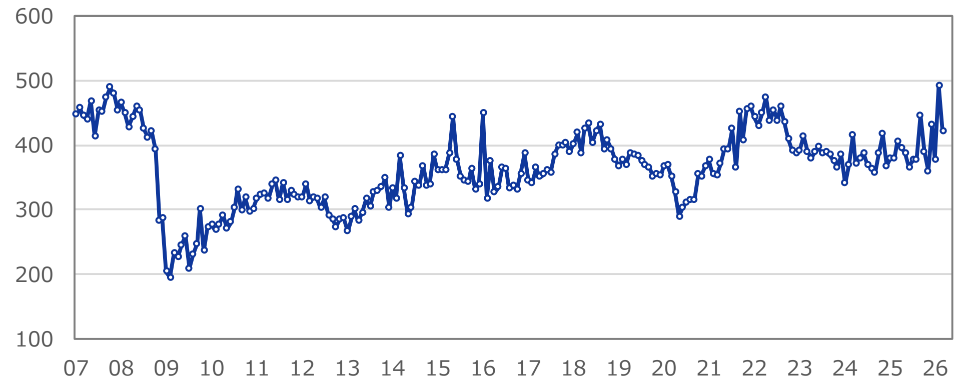


Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Machinery Orders at Constant Prices (Manufacturing)

(sa, billion JPY)



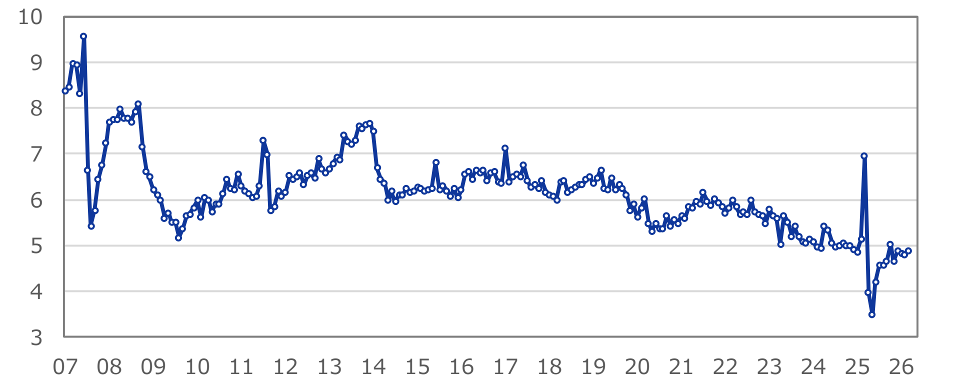
Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Japanese Economic Indicators (3)

Total Floor Area of New Housing Construction Started

(million m²)

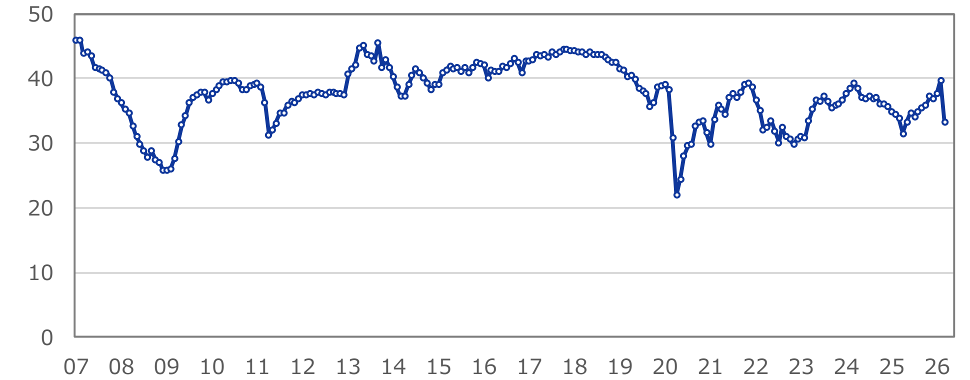


(Y)

Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Consumer Confidence Index



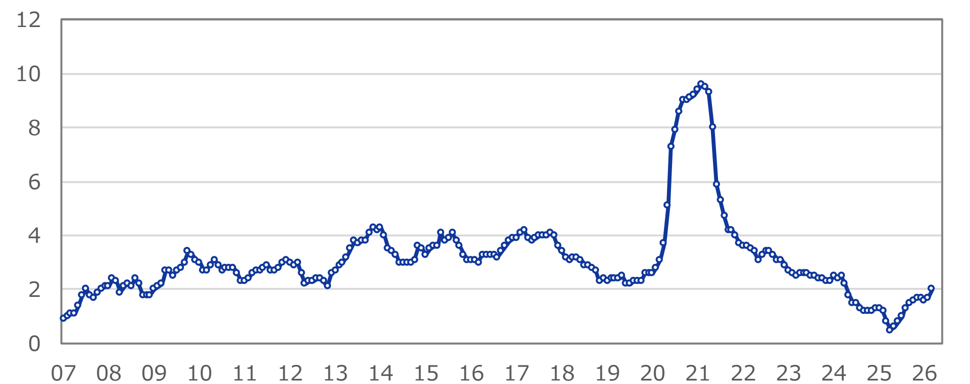
(Y)

Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

M2(YoY)

(%)



(Y)

Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Sales Forecast DI of Small Businesses

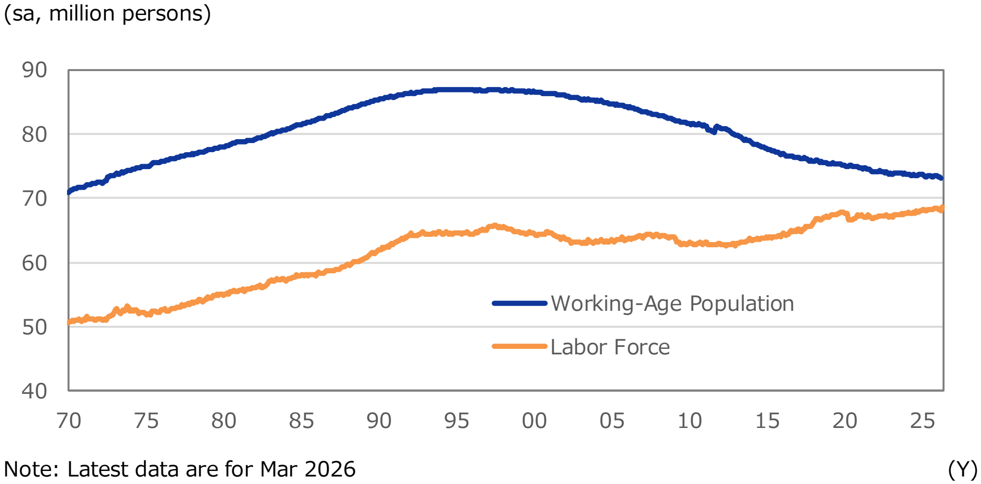
(Y)

Note: Latest data are for Mar 2026

Source: SMDAM and Cabinet Office

Japanese Economic Indicators (4)

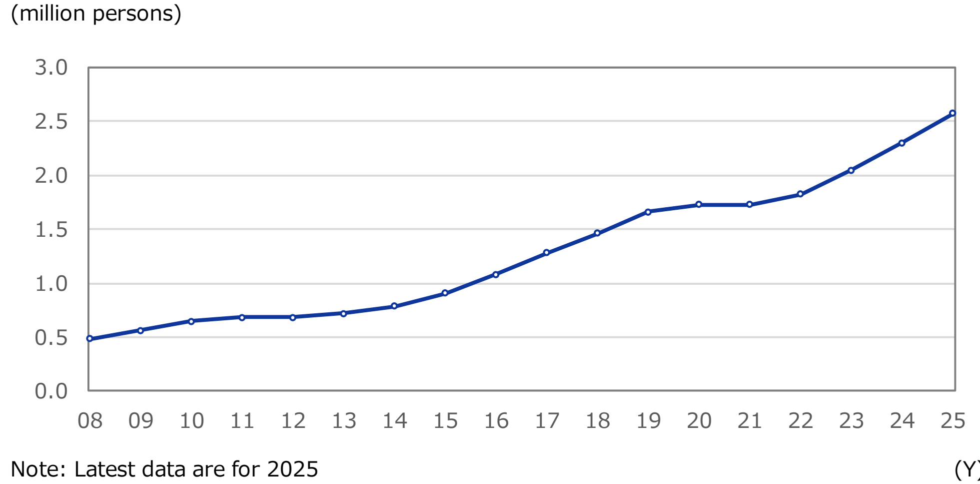
Working-Age Population and Labor Force



Note: Latest data are for Mar 2026

Source: SMDAM and MIC

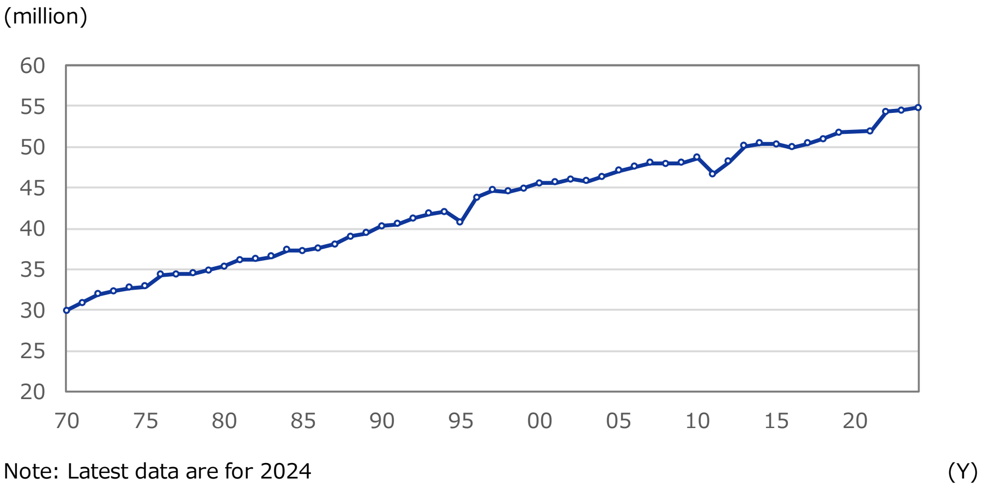
Number of Foreign Workers



Note: Latest data are for 2025

Source: SMDAM and MHLW

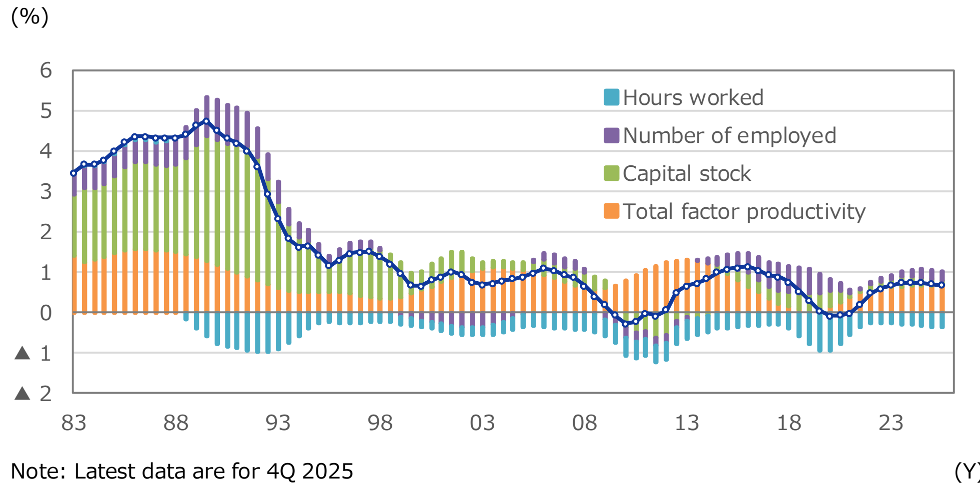
Number of Households



Note: Latest data are for 2024

Source: SMDAM and Cabinet Office

Potential Growth Rate

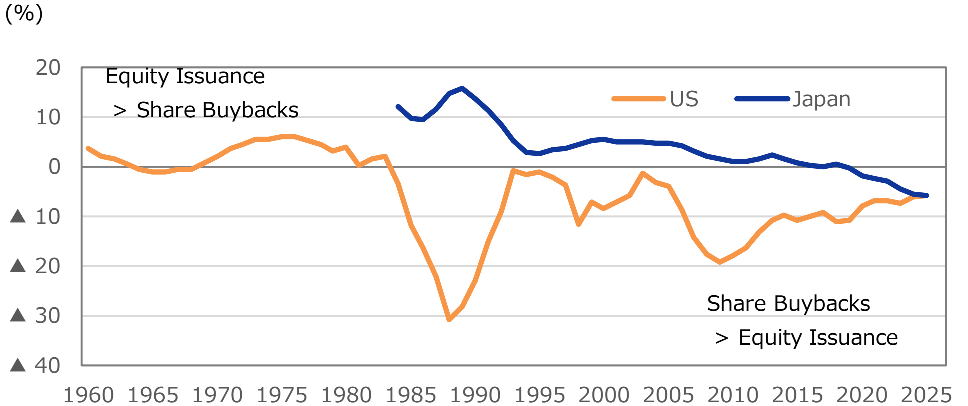


Note: Latest data are for 4Q 2025

Source: SMDAM and BoJ

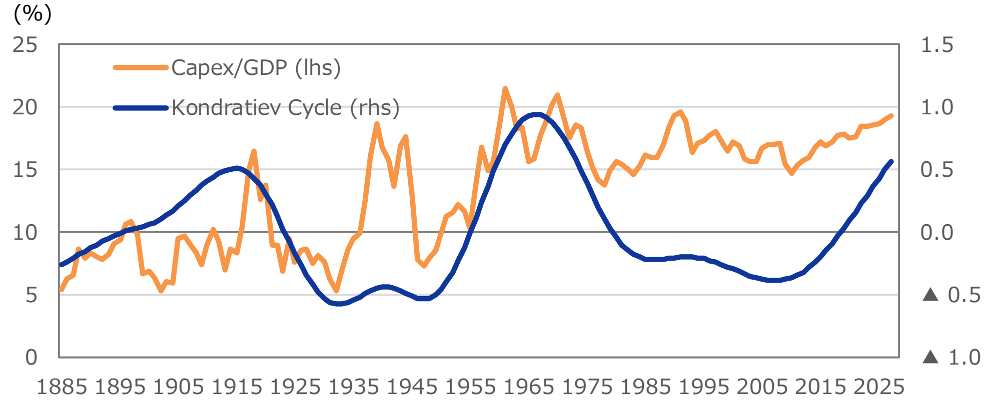
Japanese Economic Indicators (5)

Net Equity Issuance in Japan and the US



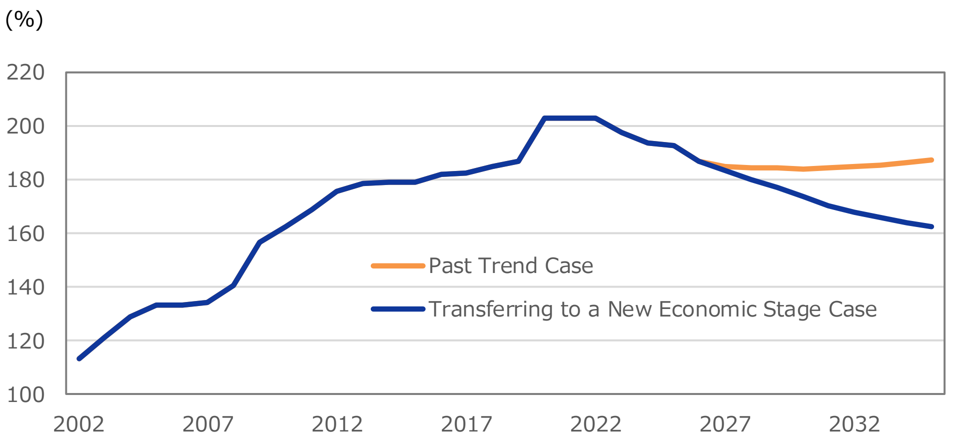
Note: Latest data are for 2025. Japan's 2025 value is for the calendar year.
Note: Net Equity Issuance / Market Cap (5Y MA)
Source: SMDAM, BoJ and FRB

Japan Capex/GDP Ratio (Long-Term Trend) and Kondratiev Cycle



Note: Latest data are for 2027 (including some forecasts)
Note: Kondratiev Cycle is statistically derived as a 40 to 70 year cycle from the Capex/GDP ratio.
Source: SMDAM and Cabinet Office

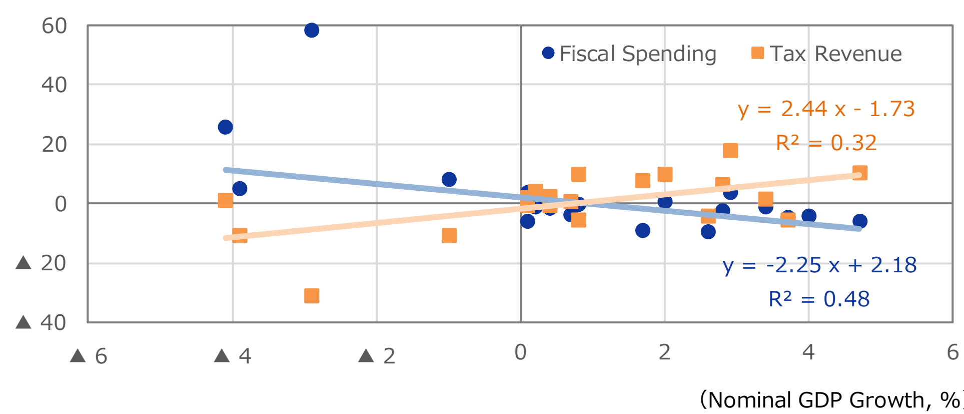
Debt-to-GDP Projection (Medium to Long Term) by Cabinet Office



Note: Latest data are for 2035 (including some forecasts)
Note: New Economic Stage assumes 3% nominal growth. Source: SMDAM and Cabinet Office

Fiscal Spending, Tax Revenue, and Nominal GDP Growth

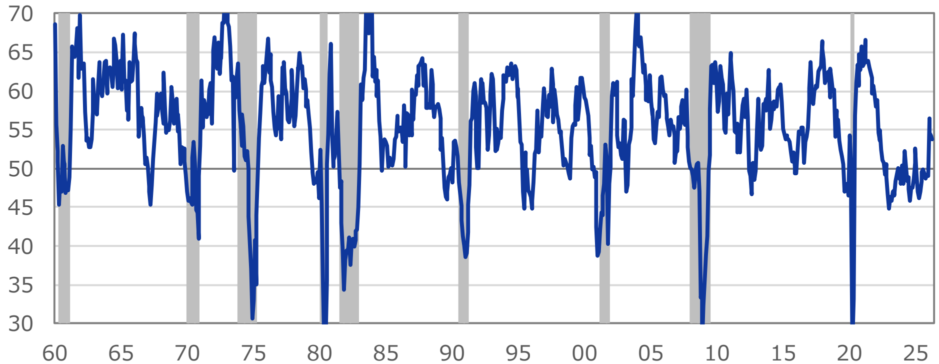
(Fiscal Spending (Primary Expenditure) and Tax Revenue Growth, %)



Note: The Data covers FY2003 to 24, and the regression line is calculated excluding outliers.
Source: SMDAM and Cabinet Office

US Economic Indicators

ISM Manufacturing PMI (Average of Production and New Orders)

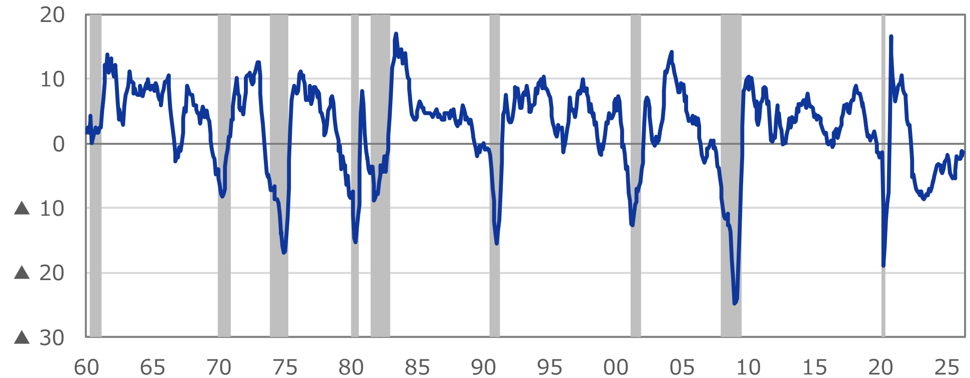


Note: Latest data are for Apr 2026. The shaded areas represent periods of recession. (Y)

Source: SMDAM and ISM

Conference Board Leading Economic Index

(6-Month Annual Change)

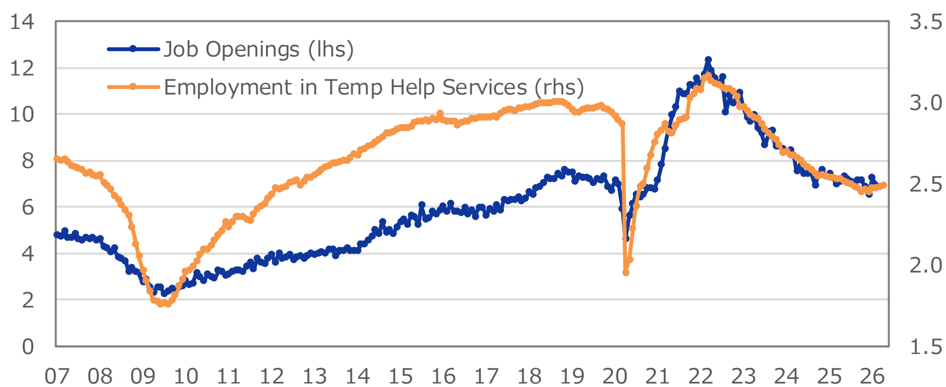


Note: Latest data are for Apr 2026. The shaded areas represent periods of recession. (Y)

Source: SMDAM and Conference Board

Job Openings and Employment in Temporary Help Services

(sa, million persons) (sa, million persons)

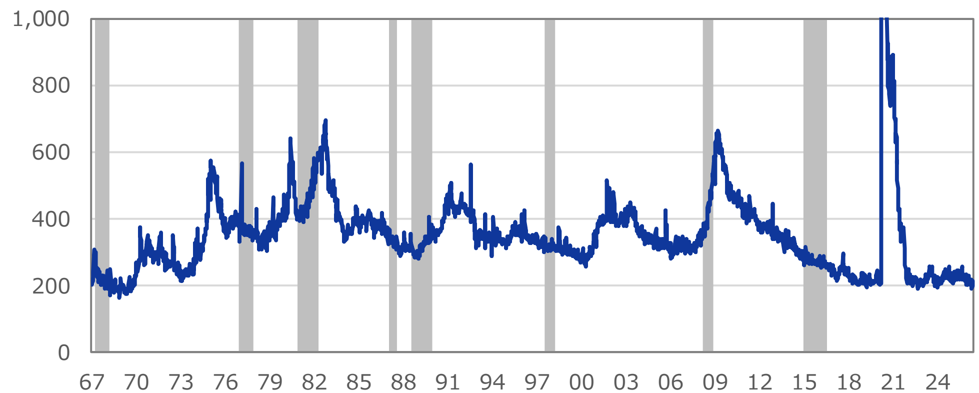


Note: Latest data are for Apr 2026 (Y)

Source: SMDAM and Bureau of Labor Statistics

Initial Jobless Claims

(sa, thousand persons)



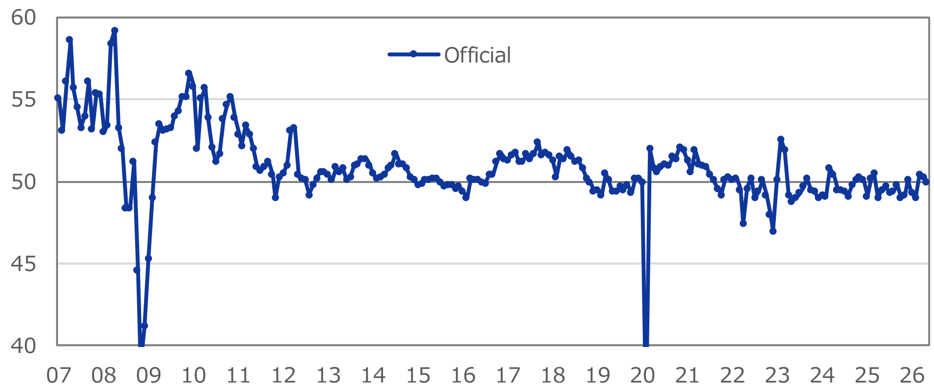
Note: Latest data are for 22 May 2026. The shaded areas represent periods of recession (Y)

Source: SMDAM and Department of Labor

Overseas Economic Indicators

China Manufacturing PMI

(sa, >50=improvement since previous month)

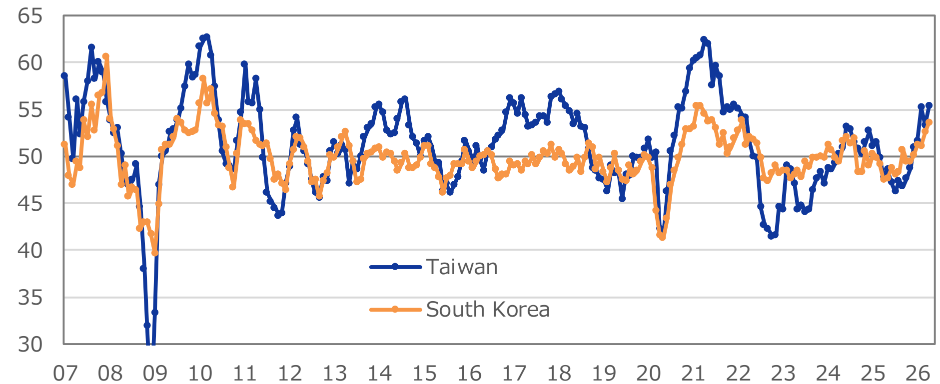


Note: Latest data are for May 2026

Source: SMDAM and China Federation of Logistics & Purchasing

Manufacturing PMI (Taiwan, South Korea)

(sa, >50=improvement since previous month)

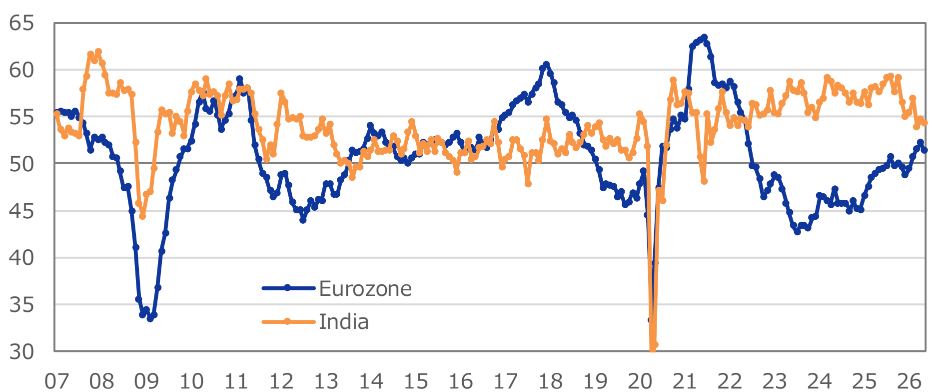


Note: Latest data are for Apr 2026

Source: SMDAM and S&P Global

Manufacturing PMI (Eurozone, India)

(sa, >50=improvement since previous month)

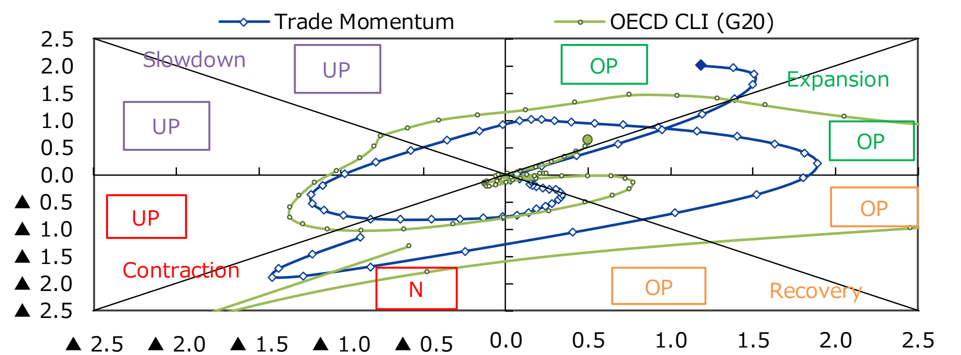


Note: Latest data are for May 2026

Source: SMDAM and S&P Global

Trade Momentum & OECD Composite Leading Indicator (CLI) Phases

Trade Momentum (Z-score) / OECD CLI Level (Index - 100)



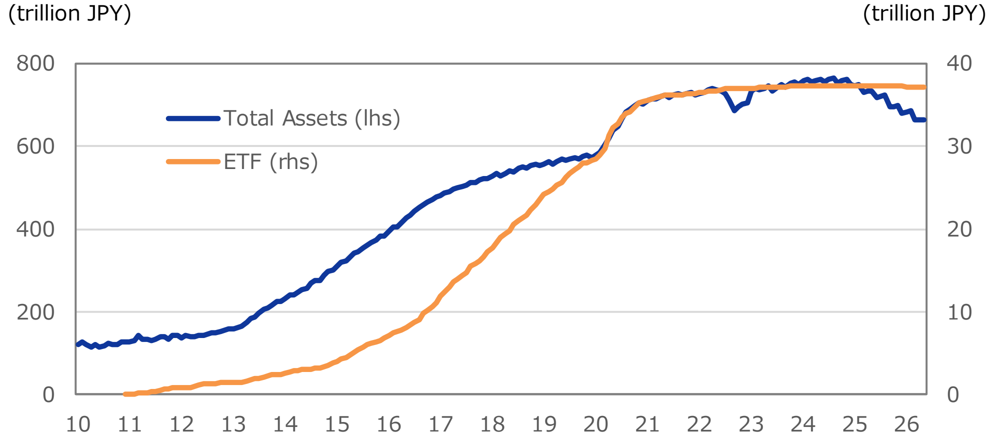
Note: Latest data are for Apr 2026

Note: Trade momentum shows cycles from indicators; OP/N/UP = past Japan stock performance

Source: SMDAM, OECD, S&P Global, LSEG and Bloomberg

BOJ Monetary Policy (1)

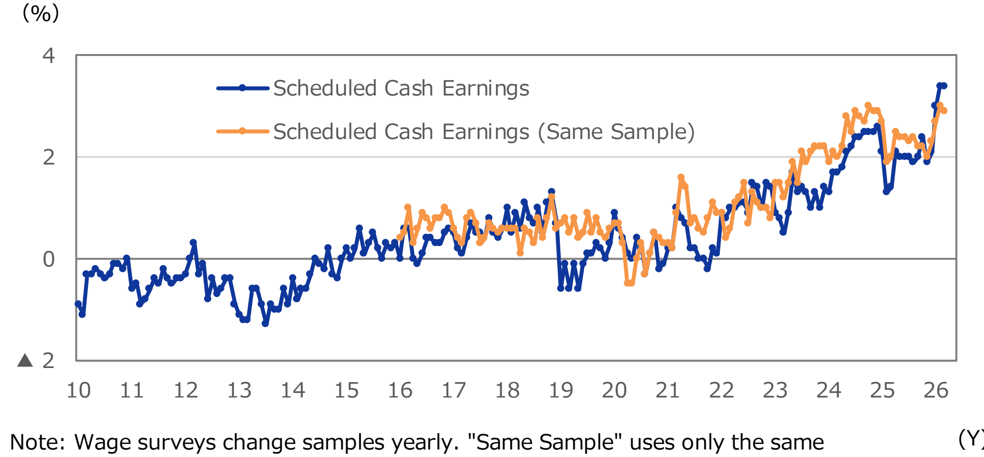
The Bank of Japan's Balance Sheet



Note: Latest data are for May 2026

Source: SMDAM and BoJ

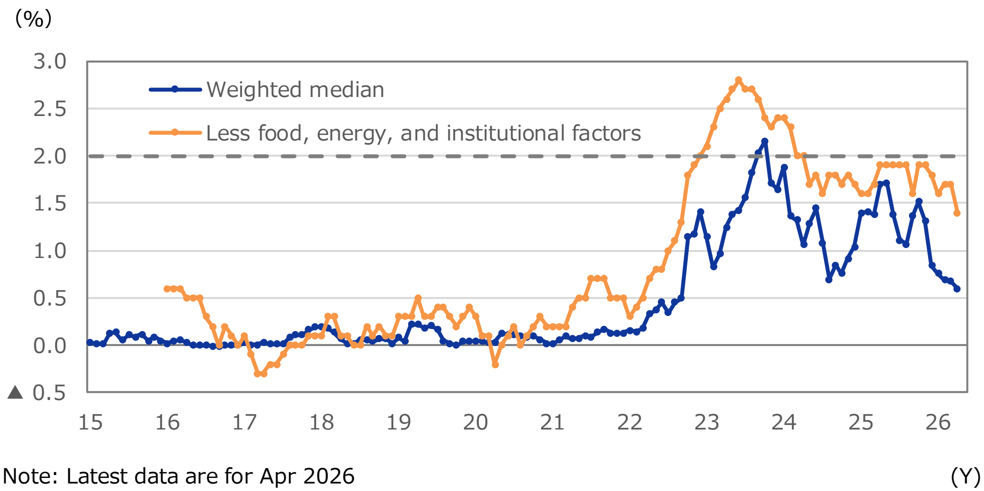
Nominal Wages (Scheduled Cash Earnings, YoY)



Note: Wage surveys change samples yearly. "Same Sample" uses only the same samples as the previous year to avoid gaps caused by such changes.

Note: Latest data are for Mar 2026 Source: SMDAM and MHLW

Indicators for Core CPI (YoY)



Note: Latest data are for Apr 2026

Source: SMDAM and BoJ

10-year Breakeven Inflation Rate

Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

Note: "Scheduled Cash Earnings" are based on different data samples for each survey conducted by MHLW. "Scheduled Cash Earnings (Same Sample)" refers to data based on the same surveyed companies. This data is published to provide a more accurate understanding of wage trends and started to be published by MHLW from 2016.

The above figures represent past performance and future forecasts, and do not guarantee the future market environment, etc.

BOJ Monetary Policy (2)

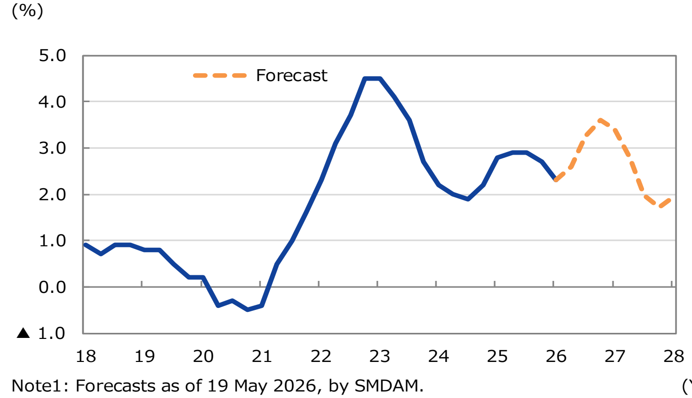
BOJ Monetary Policy Developments (Quarter-End and Latest)

	Dec 2025	Mar 2026	Apr 2026
O/N call rate	Around 0.75% (rate hike)	around 0.75%	around 0.75%
Rate on Deposit Facility	0.75%	0.75%	0.75%
Objection to the monetary policy guideline	None	Committee member Takata opposed the policy of maintaining the current level and proposed an increase to around 1.00%.	Committee members Nakagawa, Takata, and Tamura opposed maintaining the current level and proposed raising the rate to around 1.00%.
Conduct of Monetary Policy	Given that real interest rates are at significantly low levels, if the outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation.	Given that real interest rates are at significantly low levels, if the outlook for economic activity and prices will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation.	Given that underlying CPI inflation has been approaching 2 percent and real interest rates are at significantly low levels, the Bank will continue to raise the policy interest rate and adjust the degree of monetary accommodation, in response to developments in economic activity and prices as well as financial conditions. In this regard, it will consider the timing and pace of adjustment, while closely monitoring the impact of the future course of the situation in the Middle East on Japan's economic activity and prices and examining the likelihood of realizing the baseline scenario of the outlook for economic activity and prices and the risks to the outlook.
JGB purchases	No Change	No Change	No Change
ETF Purchases	No Change	No Change	No Change

Note: Data as of 29 May 2026

Source: SMDAM and BOJ

CPI (less fresh food & institutional factors, YoY)

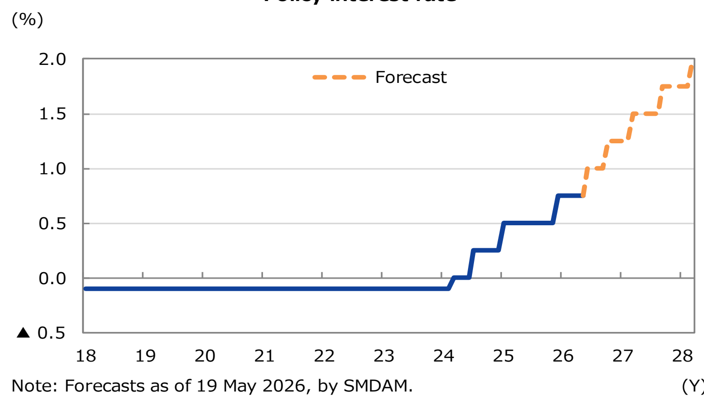


Note1: Forecasts as of 19 May 2026, by SMDAM.

Note2: Consumption tax-adjusted.

Source: SMDAM and BOJ

Policy interest rate

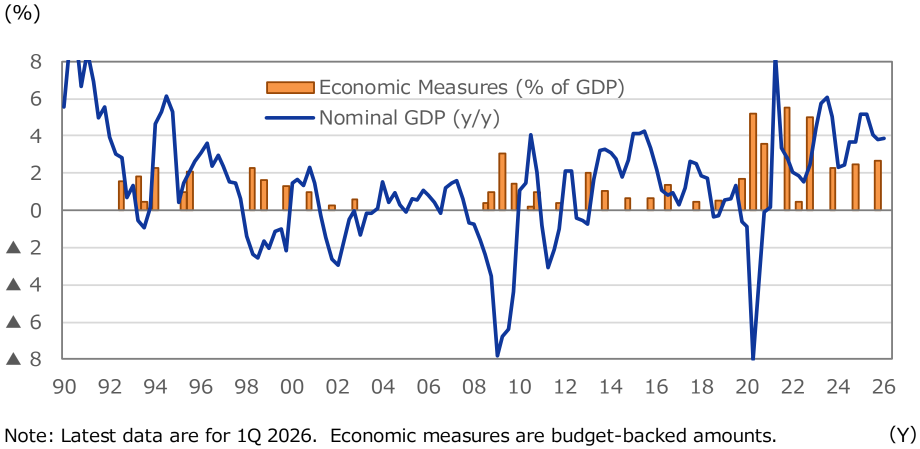


Note: Forecasts as of 19 May 2026, by SMDAM.

Source: SMDAM and BOJ

Japan's fiscal policy

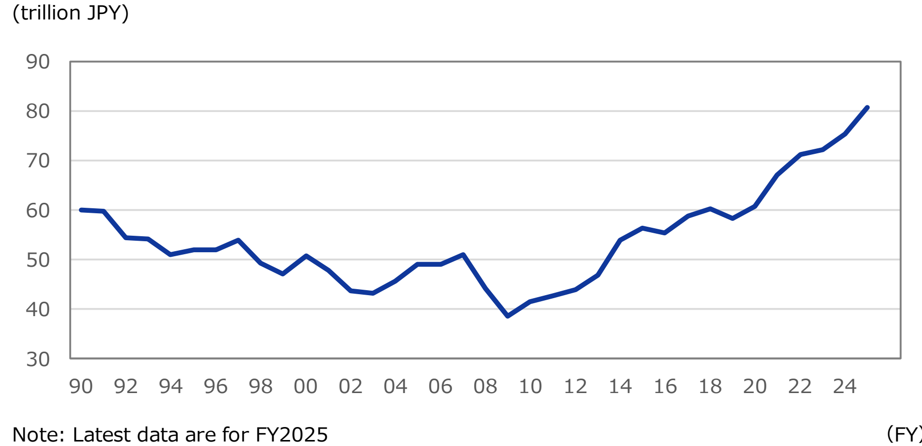
Government Economic Measures and Nominal GDP Growth Rate



Note: Latest data are for 1Q 2026. Economic measures are budget-backed amounts.

Source: SMDAM and Cabinet Office

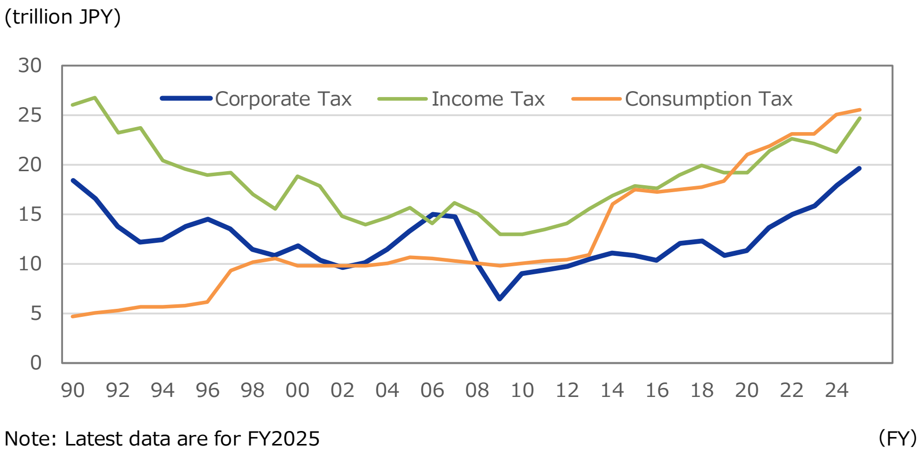
Japan's Tax Revenue



Note: Latest data are for FY2025

Source: SMDAM and MoF

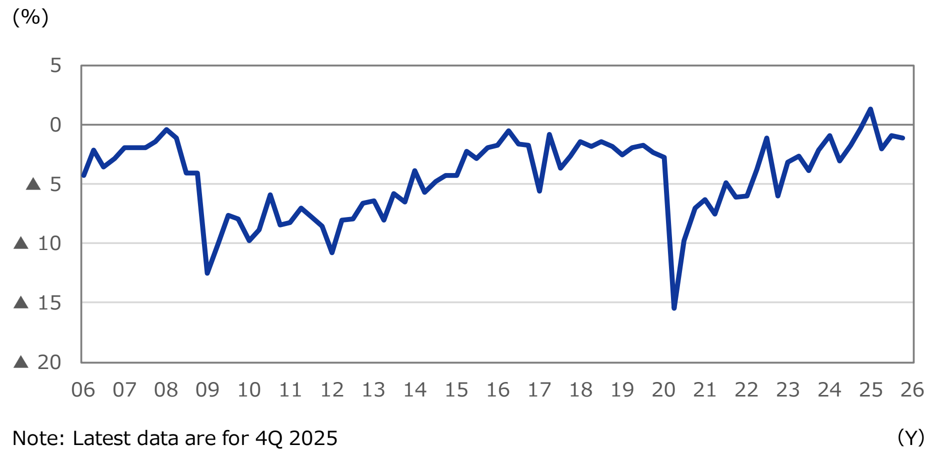
Breakdown of Tax Revenue



Note: Latest data are for FY2025

Source: SMDAM and MoF

Japan's Fiscal Balance (as a Percentage of GDP)



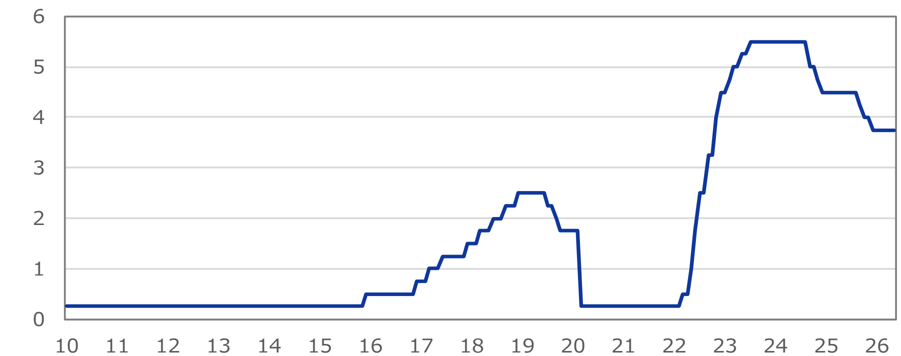
Note: Latest data are for 4Q 2025

Source: SMDAM and BoJ

Overseas Monetary Policy

Federal Funds Target Rate (Upper Bound)

(%)



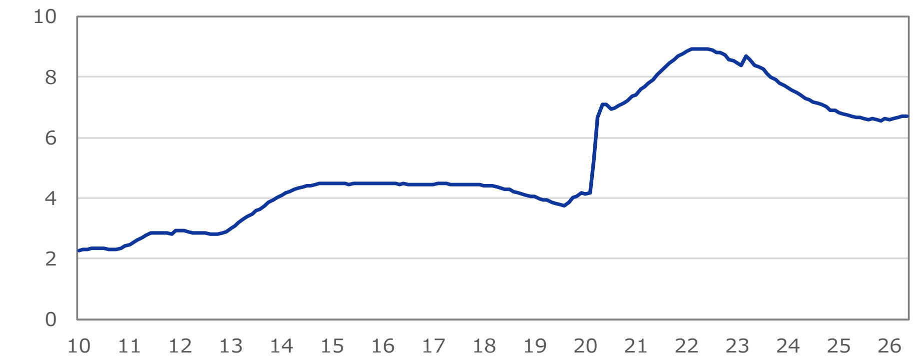
(Y)

Note: Latest data are for May 2026

Source: SMDAM and FRB

Federal Reserve Total Assets

(trillion USD)



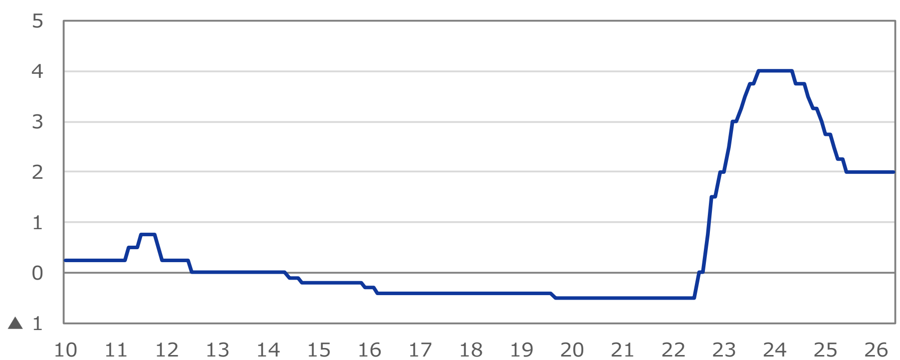
(Y)

Note: Latest data are for May 2026

Source: SMDAM and FRB

ECB Deposit Facility Announcement Rate

(%)



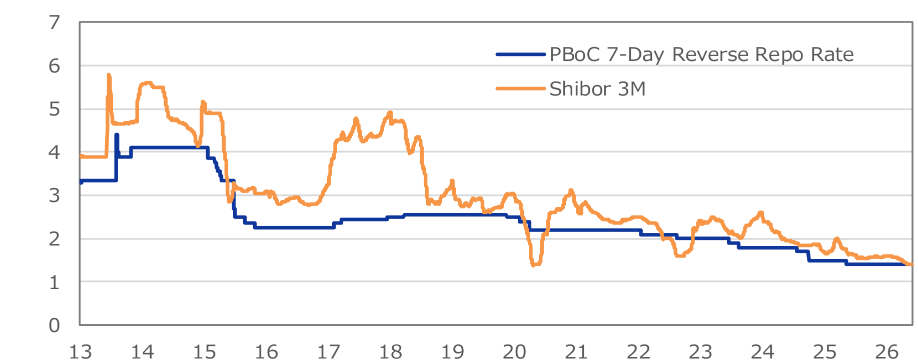
(Y)

Note: Latest data are for May 2026

Source: SMDAM and ECB

China's Short-Term Interest Rates

(%)



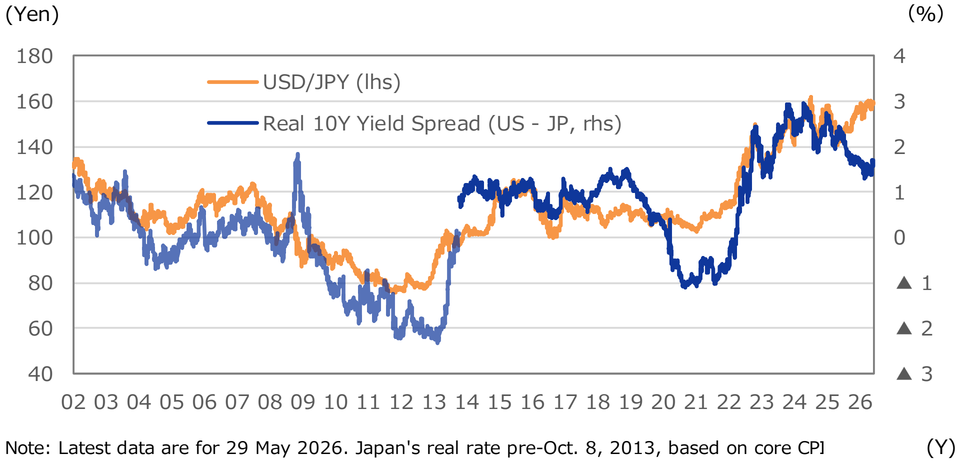
(Y)

Note: Latest data are for 29 May 2026

Source: SMDAM, PBoC and Bloomberg

USD/JPY

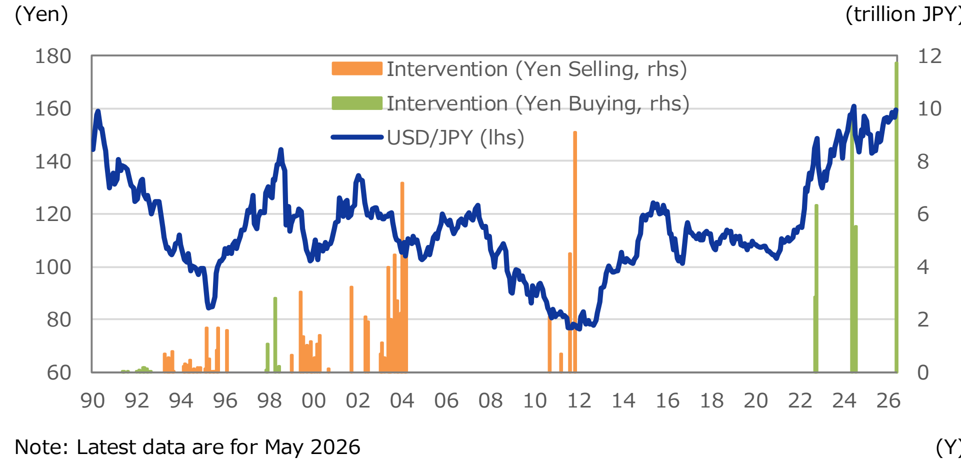
USD/JPY and Real Interest Rate Differential



Note: Latest data are for 29 May 2026. Japan's real rate pre-Oct. 8, 2013, based on core CPI

Source: SMDAM and Bloomberg

USD/JPY and Intervention



Note: Latest data are for May 2026

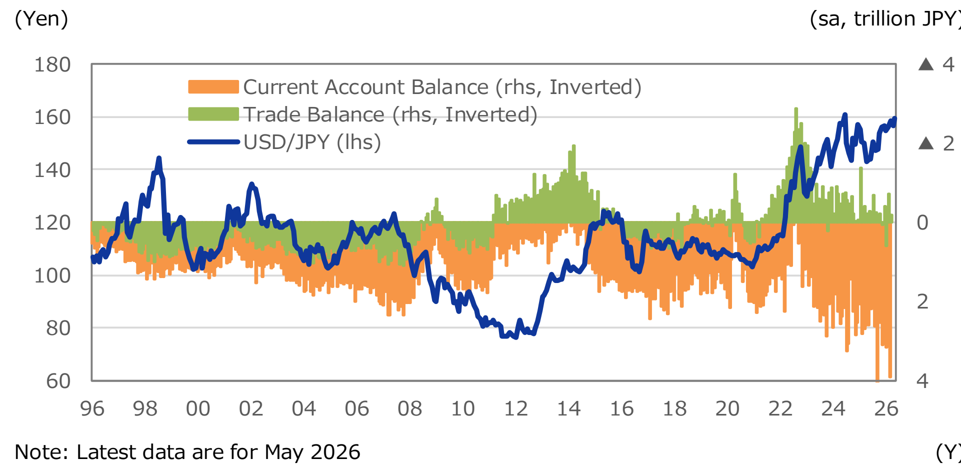
Source: SMDAM, MoF and Bloomberg

JPY Real Effective Exchange Rate

Note: Latest data are for Apr 2026

Source: SMDAM and BoJ

USD/JPY and External Balances



Note: Latest data are for May 2026

Source: SMDAM, MoF and Bloomberg

Earnings Forecast

Bottom-Up Corporate Earnings Forecast for Japan

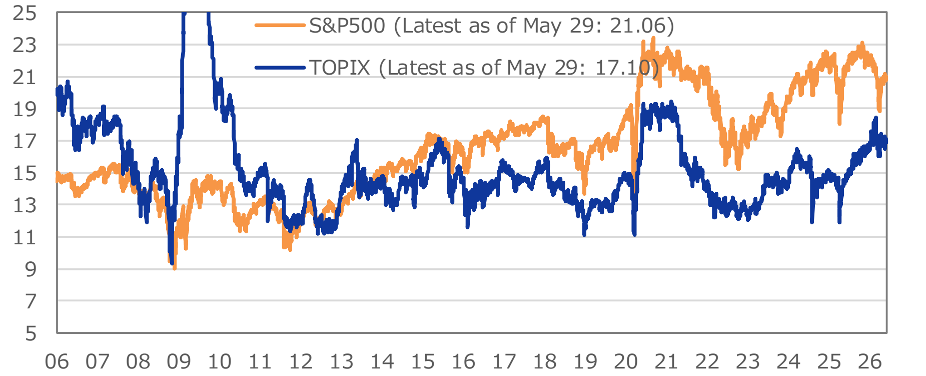
Forecasts as of 9 Mar 2026	FY23 billion JPY (A)	FY24 billion JPY (A)	FY25 billion JPY (E)	FY26 billion JPY (E)	FY24 YoY, % (A)	FY25 YoY, % (E)	FY26 YoY, % (E)
Revenue							
Total (Ex-Financials)	656,205	685,267	699,602	738,346	+4.4	+2.1	+5.5
Manufacturing	386,145	400,992	406,723	432,424	+3.8	+1.4	+6.3
Non-Manufacturing	270,060	284,275	292,879	305,922	+5.3	+3.0	+4.5
Total (Ex-Financials, Ex-SoftBank G)	649,449	678,023	691,782	729,862	+4.4	+2.0	+5.5
Operating Profit							
Total (Ex-Financials)	52,657	59,064	63,871	66,956	+12.2	+8.1	+4.8
Manufacturing	31,941	32,792	33,483	41,711	+2.7	+2.1	+24.6
Non-Manufacturing	20,716	26,272	30,388	25,245	+26.8	+15.7	▲ 16.9
Total (Ex-Financials, Ex-SoftBank G)	52,656	54,633	55,710	66,207	**+3.8**	**+2.0**	**+18.8**
Ordinary Profit							
Total (Ex-Financials)	58,881	61,465	68,963	71,671	+4.4	+12.2	+3.9
Manufacturing	35,311	35,160	36,515	44,219	▲ 0.4	+3.9	+21.1
Non-Manufacturing	23,570	26,306	32,448	27,452	+11.6	+23.4	▲ 15.4
Total (Ex-Financials, Ex-SoftBank G)	58,823	59,761	60,802	70,922	**+1.6**	**+1.7**	**+16.6**
Profit After Taxes							
Total (Incl. Financials)	47,652	51,255	57,214	59,463	+7.6	+11.6	+3.9
Total (Ex-Financials)	40,620	41,974	46,930	48,516	+3.3	+11.8	+3.4
Manufacturing	24,706	23,556	23,887	29,806	▲ 4.7	+1.4	+24.8
Non-Manufacturing	15,914	18,418	23,043	18,710	+15.7	+25.1	▲ 18.8
Total (Ex-Financials, Ex-SoftBank G)	40,848	40,821	40,257	48,596	▲ 0.1	▲ 1.4	+20.7

Note1: Forecasts by SMDAM.
Note2: FX assumptions are USD/JPY at 158 and EUR/JPY at 184. A 1 JPY depreciation vs. USD increases ordinary profit by approximately 0.5%.
Note3: Coverage includes 402 Total (Incl. Financials), 373 Total (Ex-Financials), 215 Manufacturing, and 158 Non-Manufacturing stocks.
Note4: Aggregated earnings figures are based on in-house corporate forecasts and provided for reference only. Accuracy is not fully guaranteed.

Valuation (1)

S&P 500 and TOPIX 12-Month Forward P/E Ratio

(times)

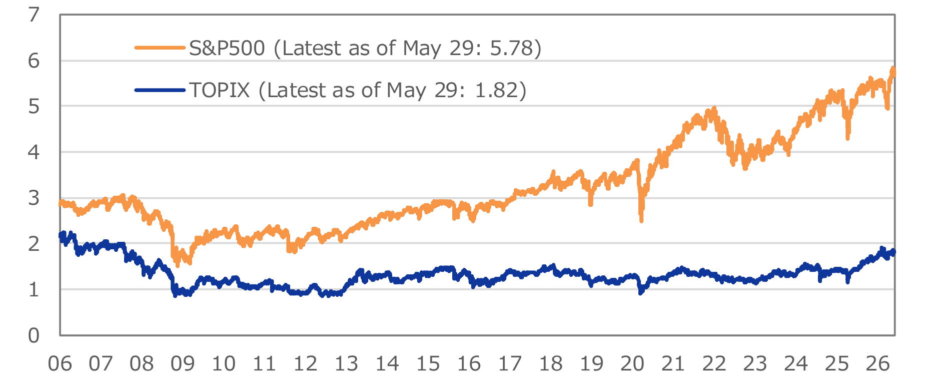


Note: Latest data are for 29 May 2026 (Y)

Source: SMDAM and Bloomberg

S&P 500 and TOPIX Historical P/B Ratio

(times)

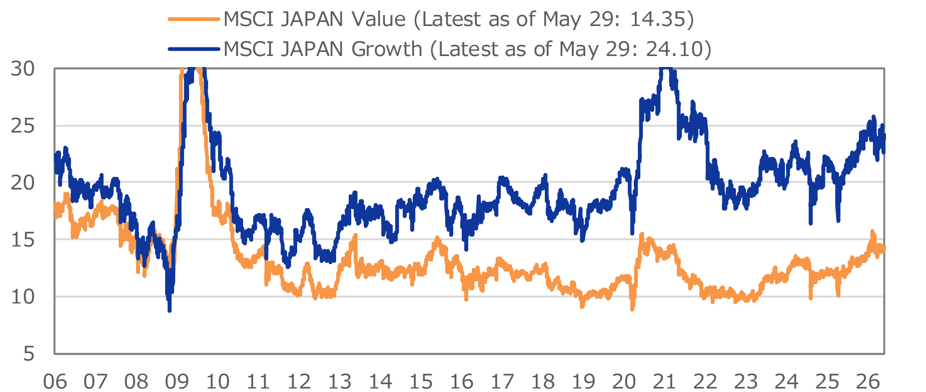


Note: Latest data are for 29 May 2026 (Y)

Source: SMDAM and Bloomberg

MSCI Japan 12-Month Forward P/E Ratio

(times)

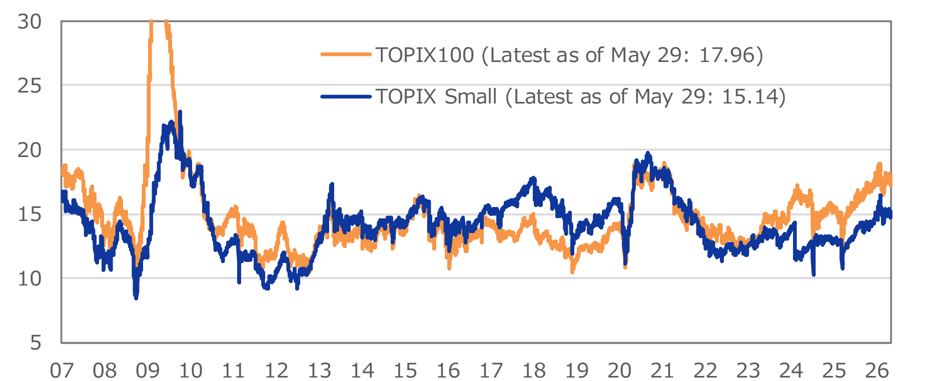


Note: Latest data are for 29 May 2026 (Y)

Source: SMDAM and Bloomberg

TOPIX 100 and TOPIX Small 12M Forward P/E Ratio

(times)

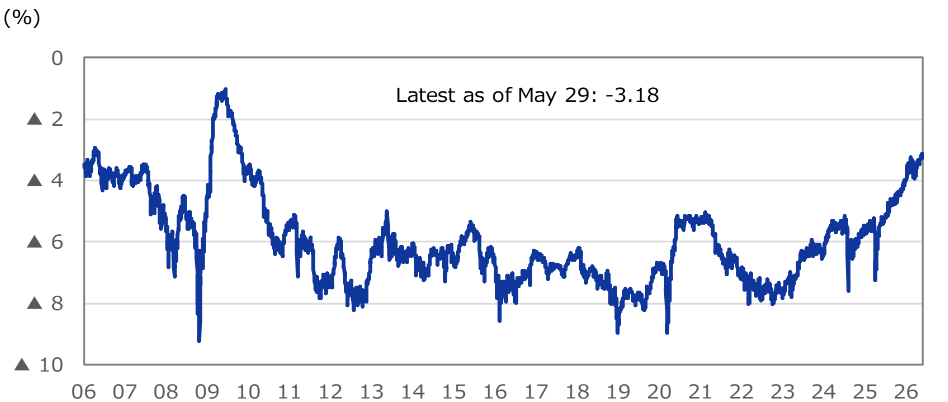


Note: Latest data are for 29 May 2026 (Y)

Source: SMDAM and Bloomberg

Valuation (2)

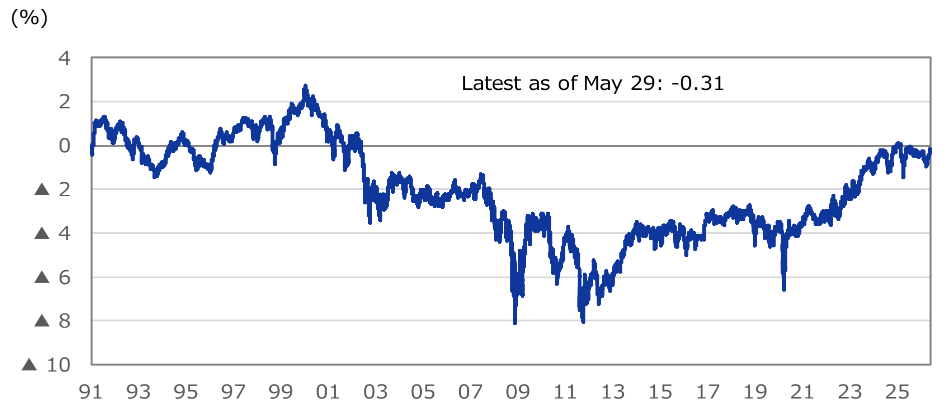
TOPIX Yield Spread (10Y JGB - Earnings Yield)



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

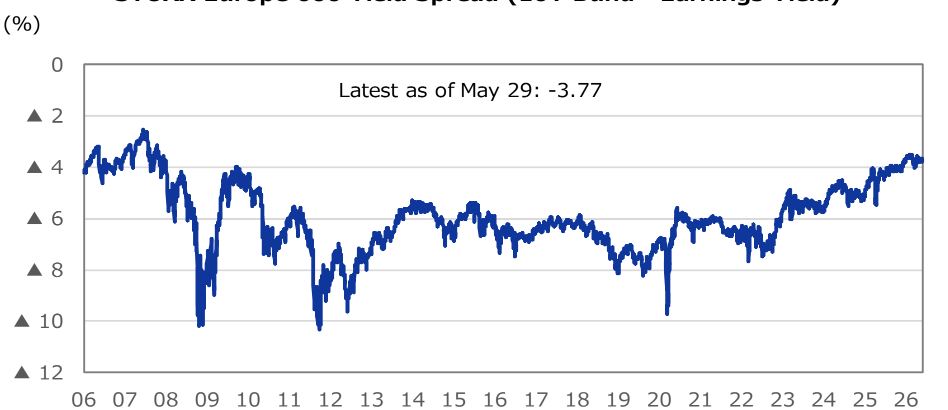
S&P 500 Yield Spread (10Y UST - Earnings Yield)



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

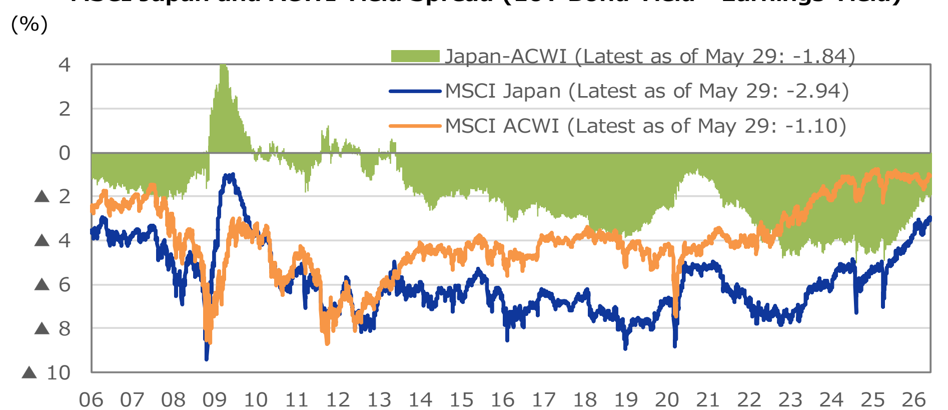
STOXX Europe 600 Yield Spread (10Y Bund - Earnings Yield)



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

MSCI Japan and ACWI Yield Spread (10Y Bond Yield - Earnings Yield)



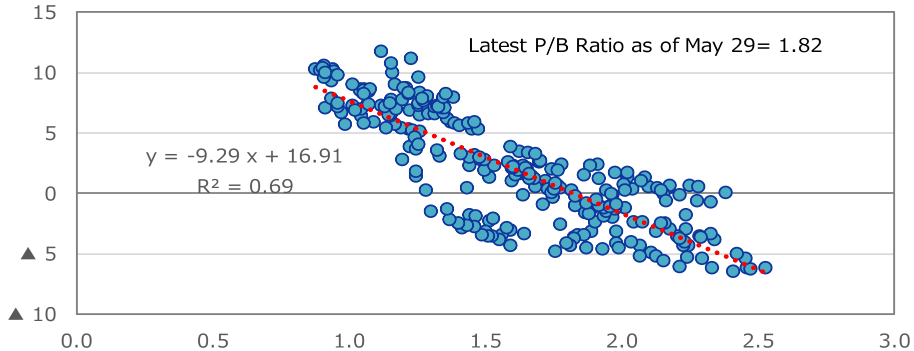
Note: Latest data are for 29 May 2026. For 10Y bond yield, Japan uses JGB, ACWI uses UST.

Source: SMDAM and Bloomberg

Valuation and Return

TOPIX Historical P/B Ratio and 10Y Annualized Return (From Oct. 1993)

10Y Annualized Return (%)

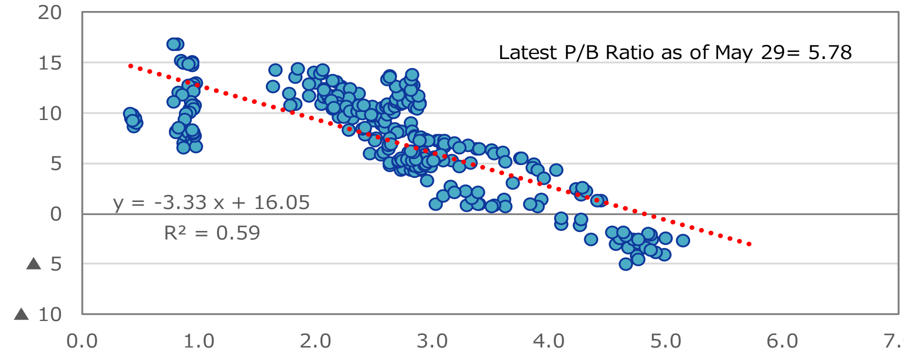


Note: Latest data are for May 2026 TOPIX Historical P/B Ratio (times)

Source: SMDAM and Bloomberg

S&P500 Historical P/B Ratio and 10Y Annualized Return (From May 1990)

10Y Annualized Return (%)

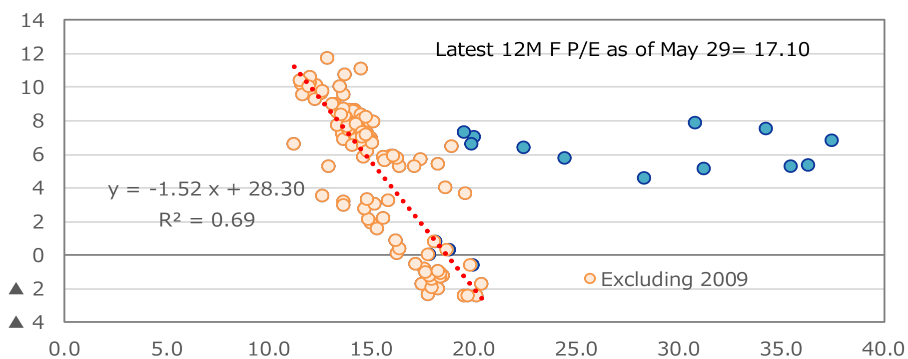


Note: Latest data are for May 2026 S&P500 Historical P/B Ratio (times)

Source: SMDAM and Bloomberg

TOPIX 12M Forward P/E and 10Y Annualized Return (From Jul. 2005)

10Y Annualized Return (%)

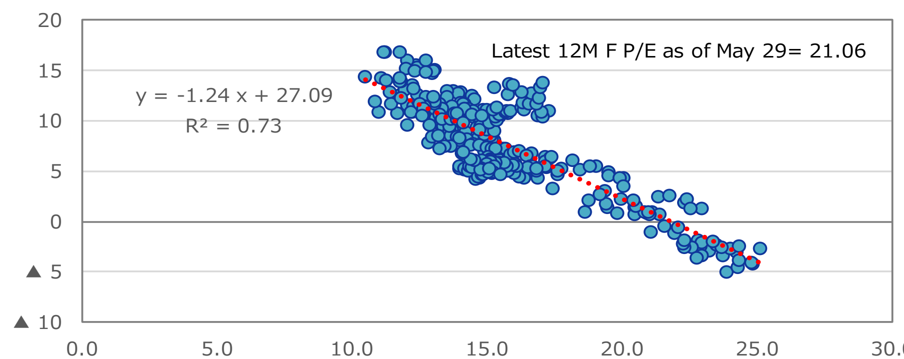


Note: Latest data are for May 2026. The blue dots show 2009 data. TOPIX 12M Forward P/E (times)

Source: SMDAM and Bloomberg

S&P500 12M Forward P/E and 10Y Annualized Return (From Jan. 1990)

10Y Annualized Return (%)

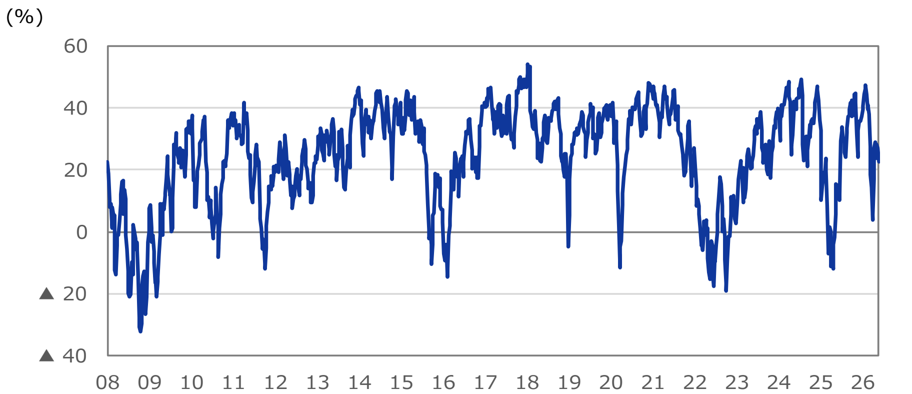


Note: Latest data are for May 2026 S&P500 12M Forward P/E (times)

Source: SMDAM and Bloomberg

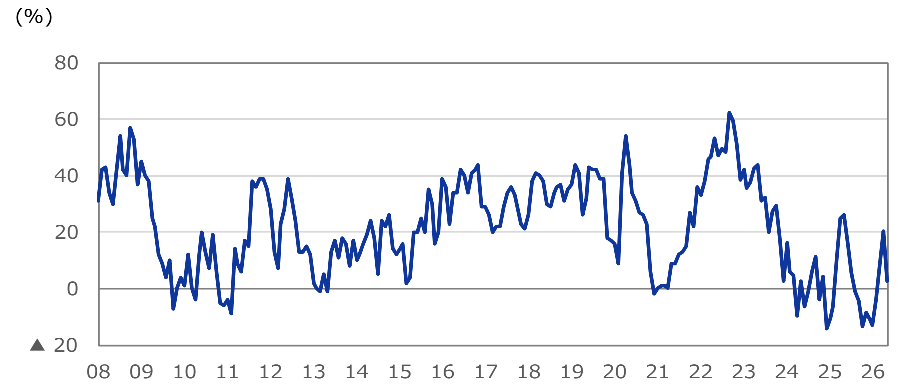
Stock Market Sentiment and Supply-Demand

Investors Intelligence Bull-Bear Spread



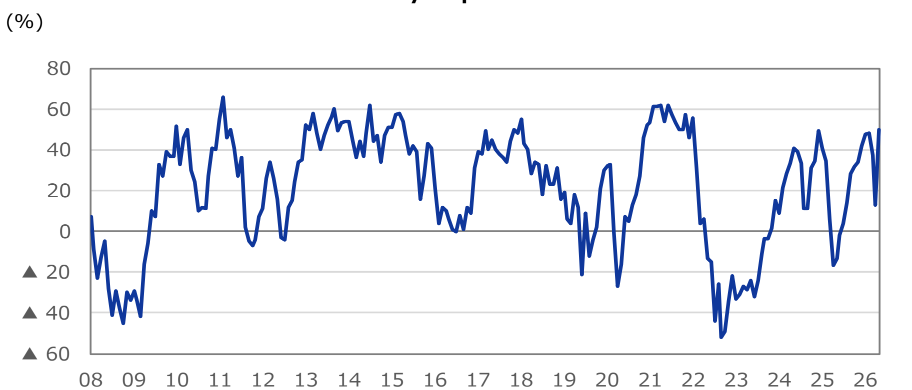
Note: Latest data are for 22 May 2026
Source: SMDAM and LSEG

FM Survey: Cash Net Balance



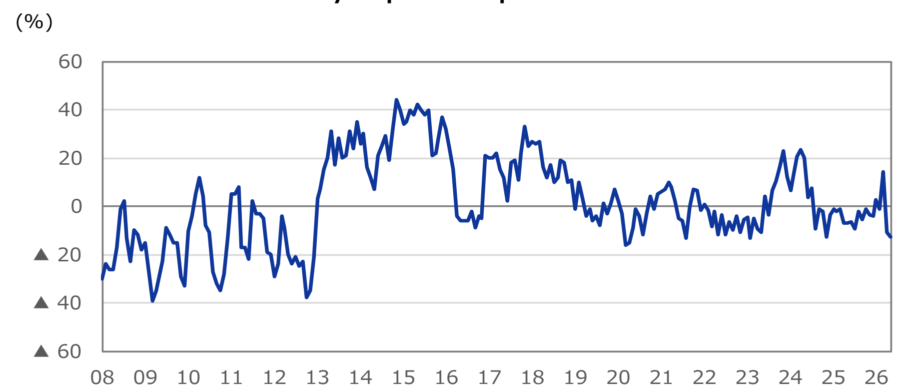
Note: Latest data are for May 2026
Source: SMDAM and BofA

FM Survey: Equities Net Balance



Note: Latest data are for May 2026
Source: SMDAM and BofA

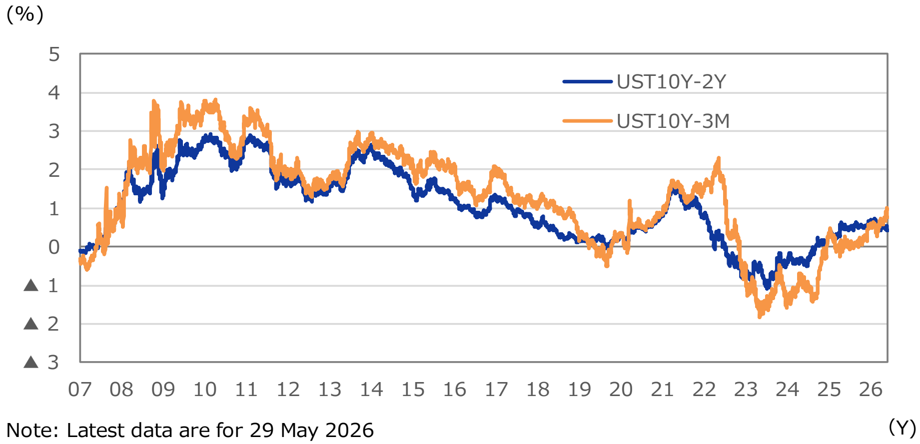
FM Survey: Japanese Equities Net Balance



Note: Latest data are for May 2026
Source: SMDAM and BofA

Risk Indicators

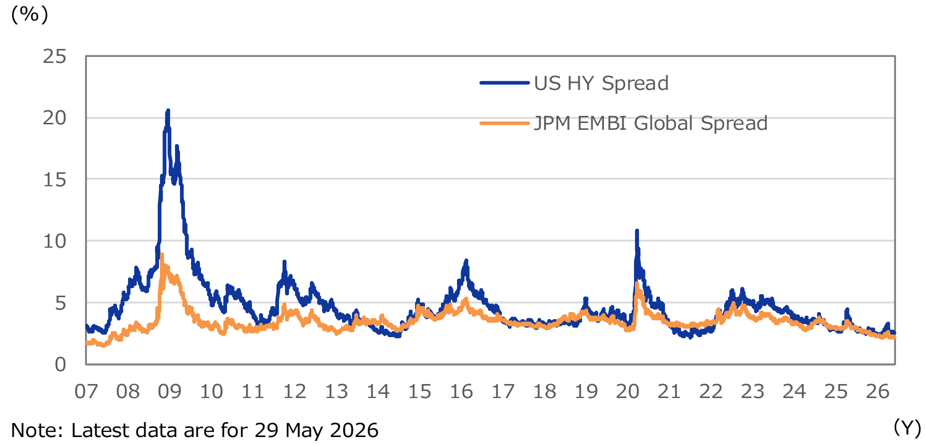
US Yield Curve Spread



Note: Latest data are for 29 May 2026

Source: SMDAM and Bloomberg

US HY Spread and EM Spread



Note: Latest data are for 29 May 2026

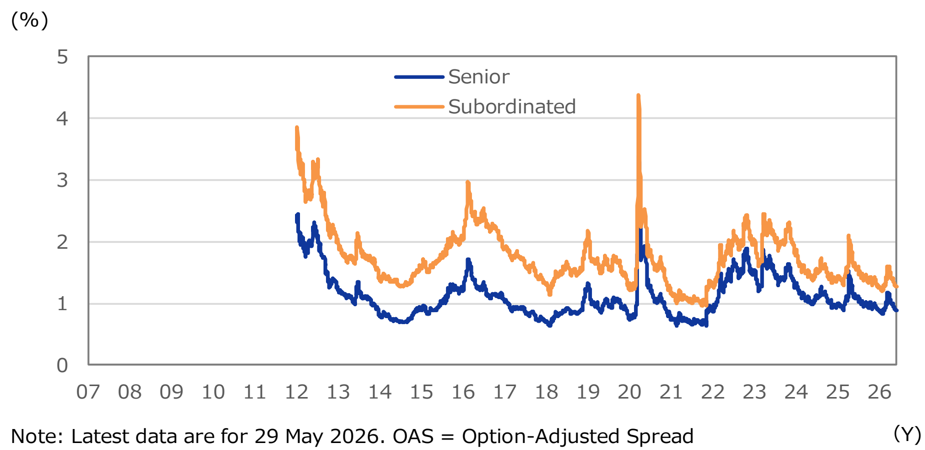
Source: SMDAM and Bloomberg

Chicago Fed Adjusted National Financial Conditions Index (ANFCI)

Note: Latest data are for 29 May 2026

Source: SMDAM, Chicago Fed and Bloomberg

USD IG Financials OAS



Note: Latest data are for 29 May 2026. OAS = Option-Adjusted Spread

Source: SMDAM and Bloomberg

Governance (1): Revised CG Code highlights the importance of growth investments

Overview of the Proposed Revisions to the Corporate Governance Code

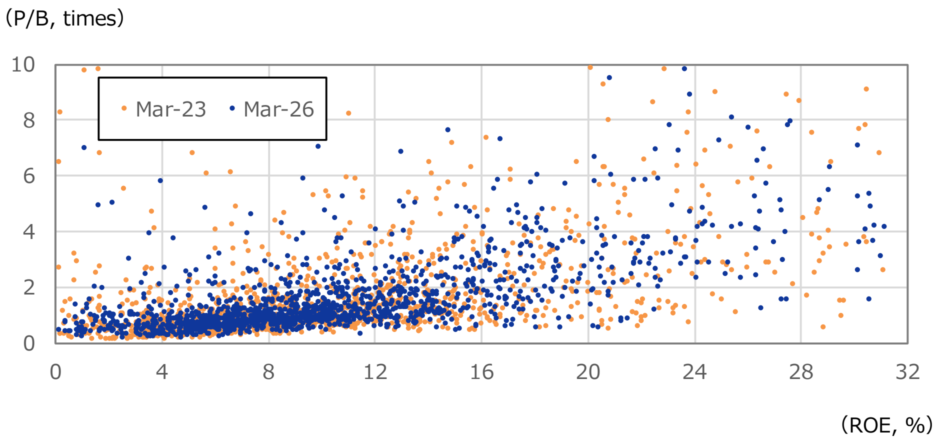
Note: Data as of 3 Apr 2026

Theme	Direction of the Proposed Revisions
Overall	To encourage companies to focus on essential initiatives for mid-to-long-term value creation (e.g., appropriate resource allocation for growth), the revisions limit "comply or explain" principles to abstract/conceptual ones. New "Interpretative Guidelines" were established with specific details and backgrounds to support effective implementation. **Aiming for the "substantiation of the Code" by returning to its original principle-based spirit**, listed companies are expected to implement practices aligned with each principle's intent based on their specific circumstances.
Promotion of Growth Investments	The revisions specify the importance of growth investment initiatives as the board's role/responsibility. Specific examples include: 1. Building a growth trajectory toward company goals. 2. **Explaining specific actions for resource allocation (e.g., capex, R&D, human/intellectual capital investments, and business portfolio reviews) to achieve growth.** 3. **Continuously verifying if resource allocation aligns with disclosed management strategies/plans for growth.** **The revisions cite verifying whether financial assets (like cash/deposits) and physical assets are effectively utilized for growth investments.** Holding such assets is not entirely denied; maintaining appropriate cash levels can be part of resource allocation if the company can explain its necessity and rationality.
Enhancement of Board Functions	Considering the increasing proportion of independent outside directors and the improving environment for their supervisory functions, the revisions emphasize the importance of their roles/responsibilities, securing quality/quantity, and ensuring independence to enhance their effectiveness. It also adds that the functions of the secretariat (e.g., corporate secretary), which plays a key role in supporting directors including the chair and outside directors, should be strengthened.
Pre-AGM Disclosure of Securities Report	The revised principles cite **submitting the Annual Securities Report before the general shareholder meeting (AGM) as a key example of securing an appropriate environment for exercising voting rights. The Interpretative Guidelines supplement that submitting the report at least 3 weeks before the AGM is most desirable, and pushing back the AGM date can be considered as an option.**
Application of the Revised Code	Listed companies will likely be required to submit Corporate Governance Reports reflecting the revised Code by July 2027 at the latest. The Tokyo Stock Exchange will consider specific submission timelines.

Source: SMDAM and FSA

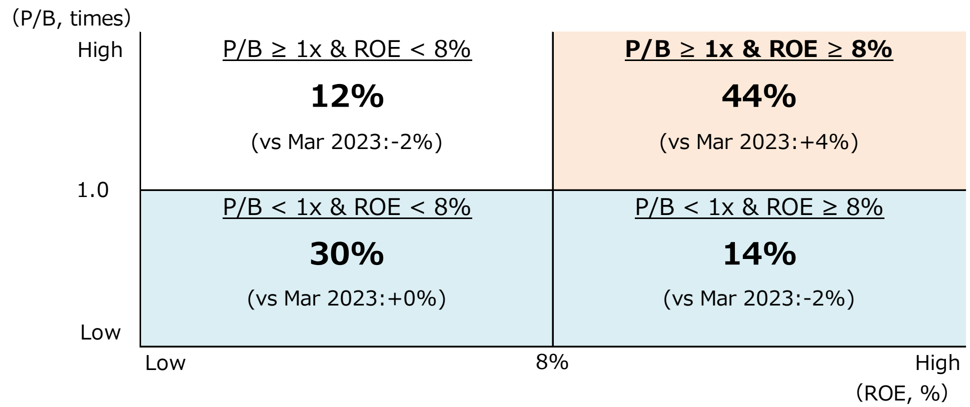
Governance (2): Corporate Response to TSE's Cost of Capital Conscious Management Request

Shifts in P/B and ROE Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



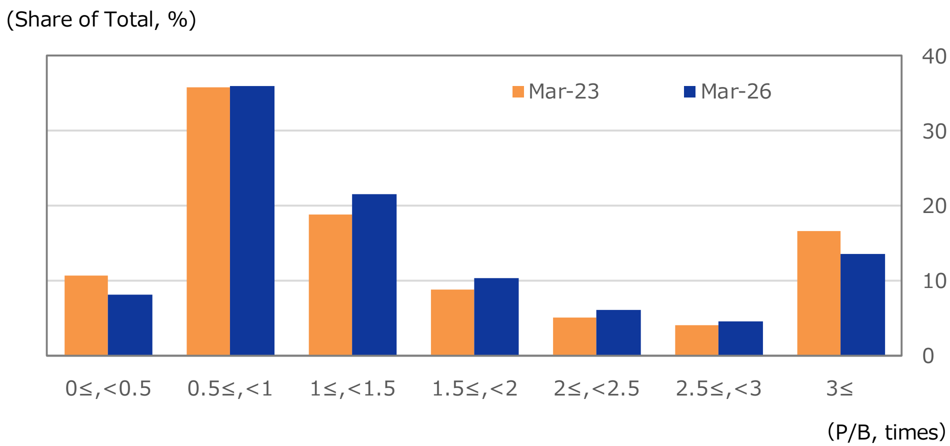
Source: SMDAM and Bloomberg

P/B & ROE Distribution in TSE Prime Companies Pre-/Post-Call for Capital Cost and Stock Price-Conscious Management (Mar 2026, Share of Total)



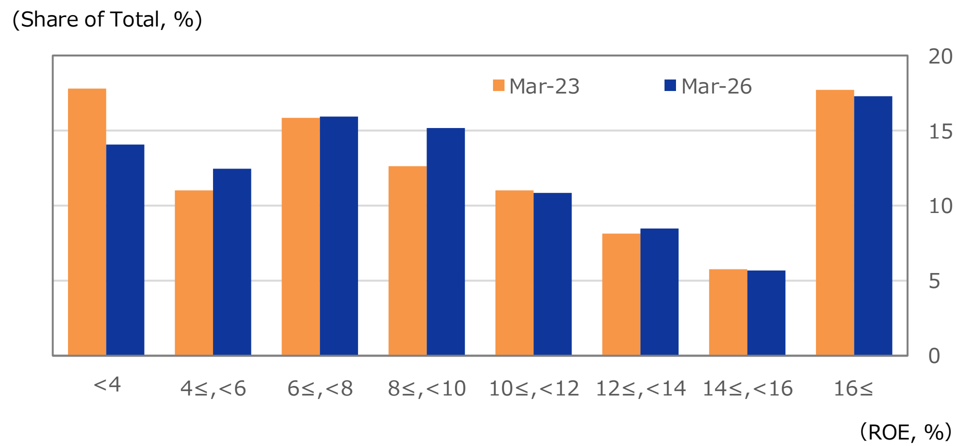
Source: SMDAM and Bloomberg

Shifts in P/B Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



Source: SMDAM and Bloomberg

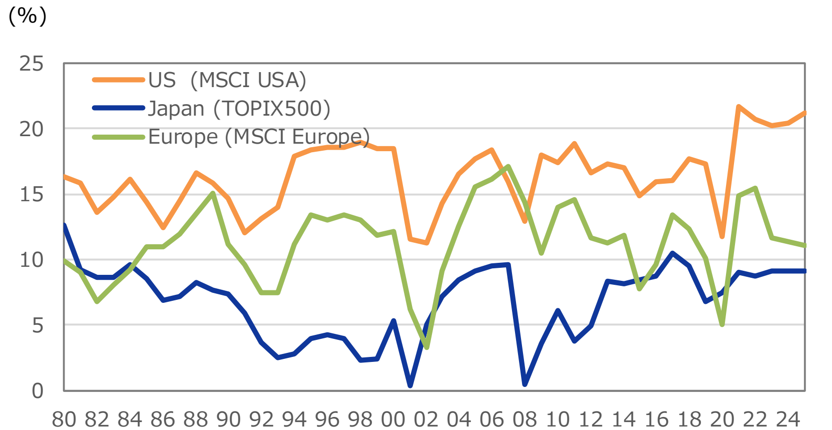
Shifts in ROE Distribution of TSE Prime Companies Before and After the Call for Capital Cost and Stock Price-Conscious Management



Source: SMDAM and Bloomberg

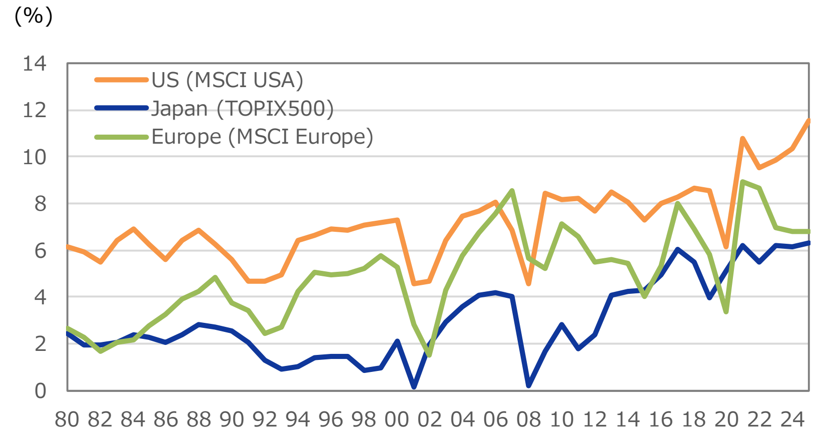
Governance (3): ROE

Long-term Trends of ROE in Japan, the US, and Europe



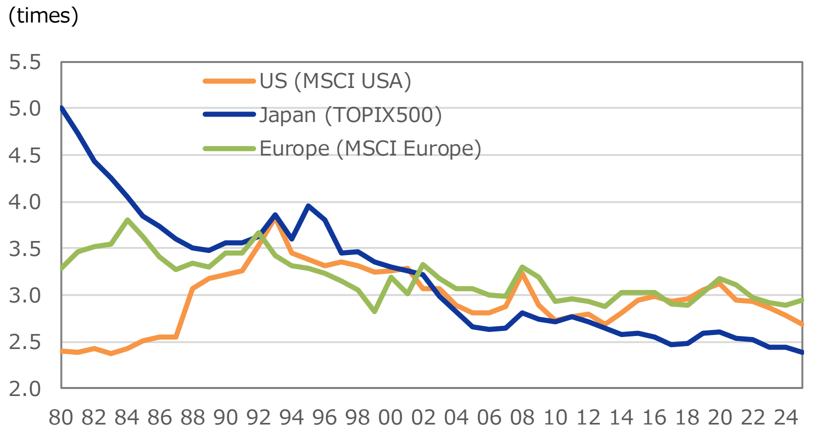
Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)
Source: SMDAM and Daiwa Securities

Long-term Trends of Net Profit Margins in Japan, US, and Europe



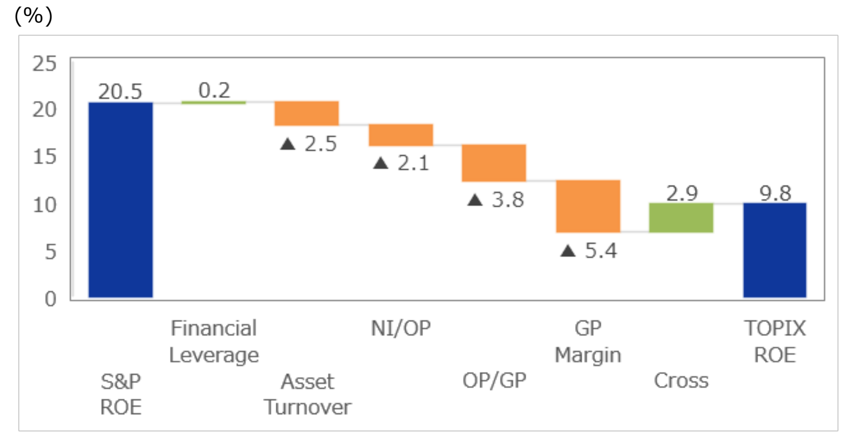
Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)
Source: SMDAM and Daiwa Securities

Long-term Trends of Financial Leverage in Japan, US, and Europe



Note: Latest data are 2025. Excl. Financials (Japan: also Trading Cos)
Source: SMDAM and Daiwa Securities

ROE Comparison: Japan vs US (TOPIX 500 vs S&P 500, Ex-Financials)



Note: Latest Data as of 29 May 2026
Source: SMDAM and Bloomberg

The above figures represent past performance and future forecasts, and do not guarantee the future market environment, etc.

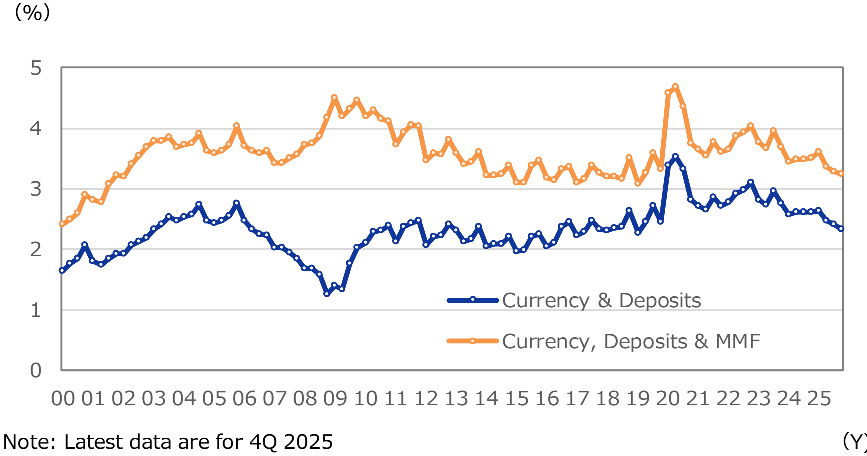
Governance (4): Effective Cash Utilization

Cash Ratio in B/S of Japanese Non-Financial Corporations

Note: Latest data are for 4Q 2025

Source: SMDAM and BoJ

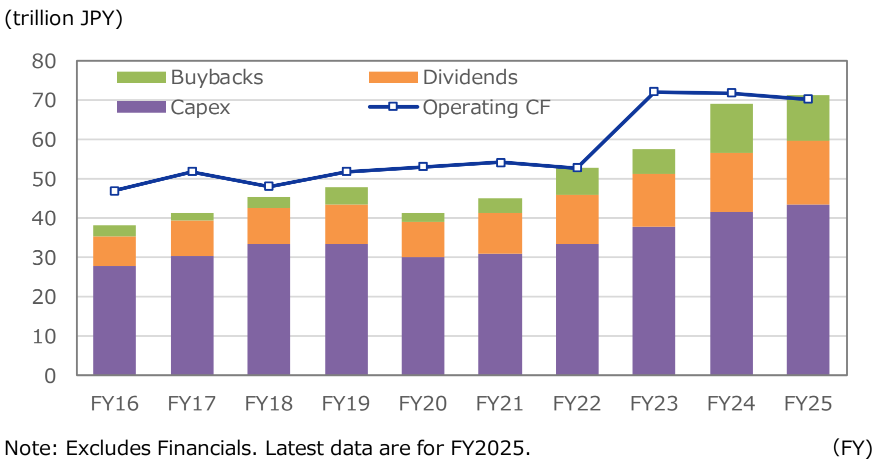
Cash Ratio in B/S of US Non-Financial Corporations



Note: Latest data are for 4Q 2025

Source: SMDAM and FRB

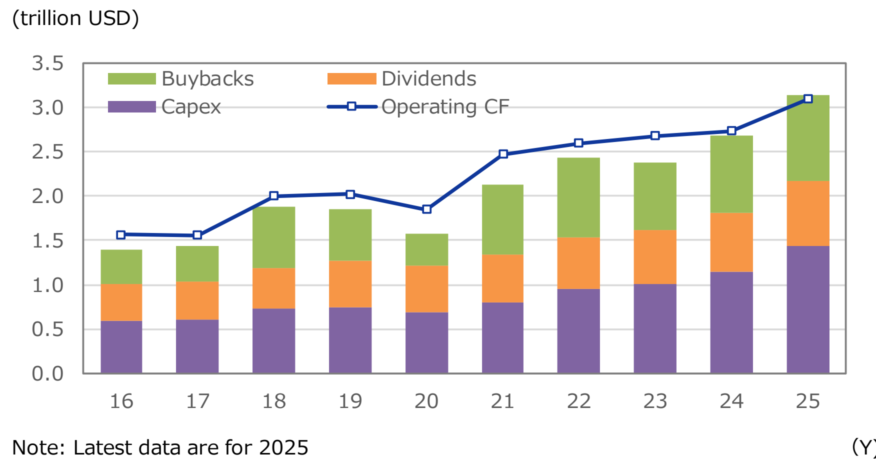
OCF, Investment, and Shareholder Returns for TOPIX 500 Companies



Note: Excludes Financials. Latest data are for FY2025.

Source: SMDAM and Bloomberg

OCF, Investment, and Shareholder Returns for S&P 500 Companies

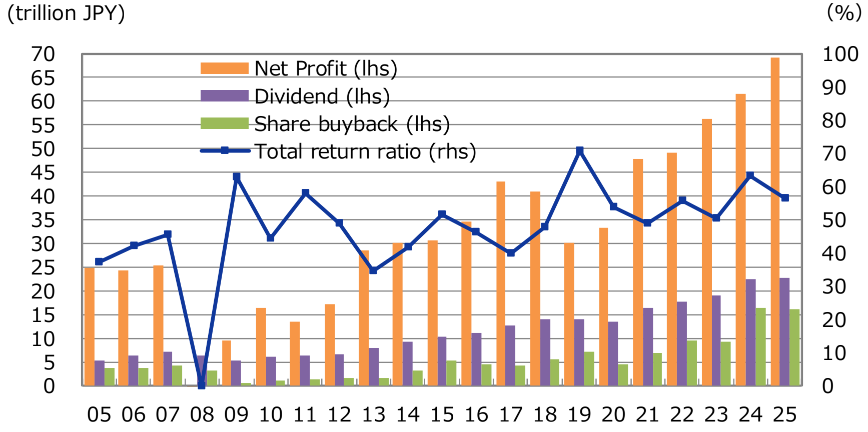


Note: Latest data are for 2025

Source: SMDAM and Bloomberg

Governance (5): Shareholder Returns

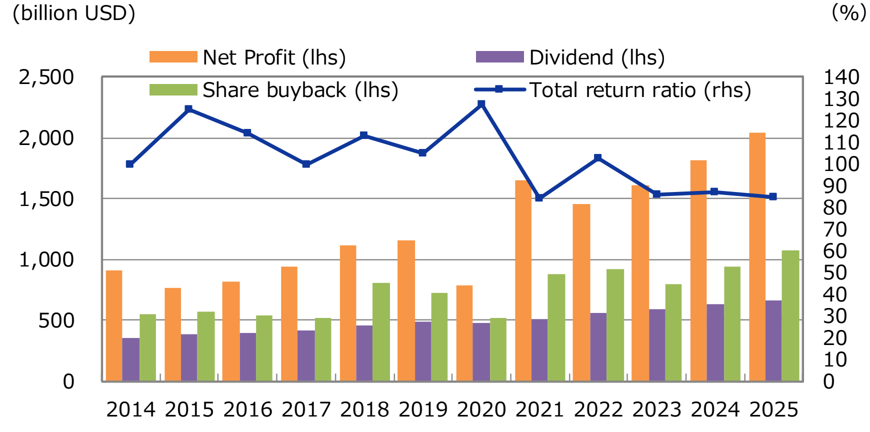
Total Shareholder Return Ratio (TOPIX)



Note: Latest data are for FY2025

Source: SMDAM, Tokai Tokyo Securities, and Bloomberg

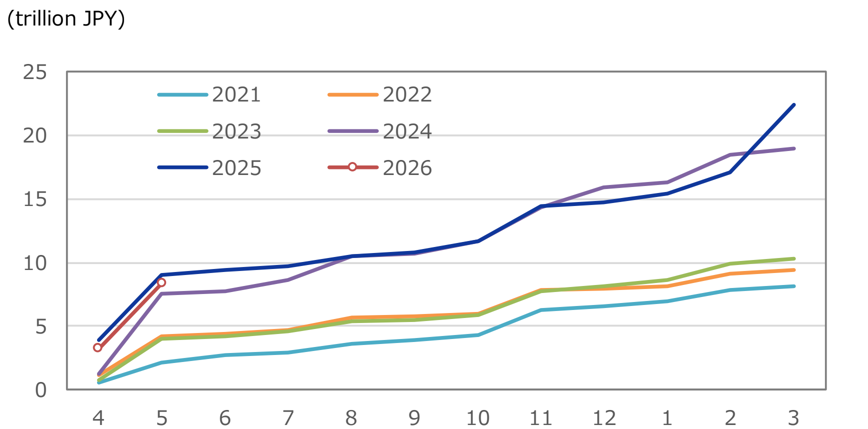
Total Shareholder Return Ratio (S&P500)



Note: Latest data are for 2025

Source: SMDAM, Tokai Tokyo Securities, and Bloomberg

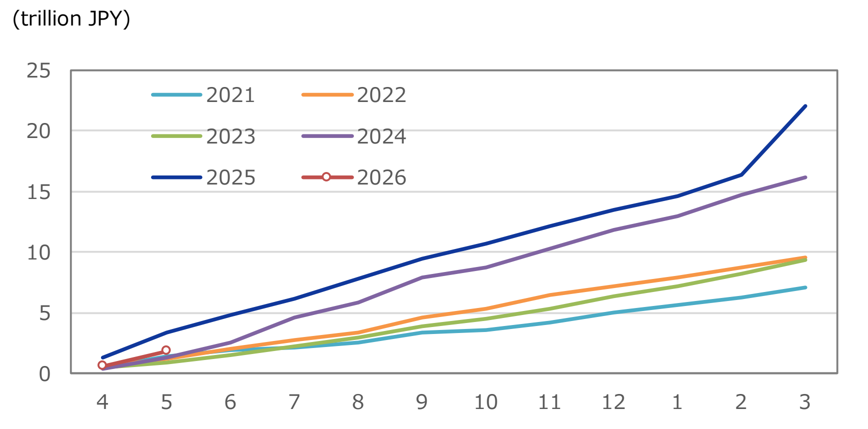
Share Buyback Programs by Japanese Companies (FY Cumulative)



Note: Latest data are for May 2026

Source: SMDAM and INDB

Share Buyback Activity by Japanese Companies (FY Cumulative)



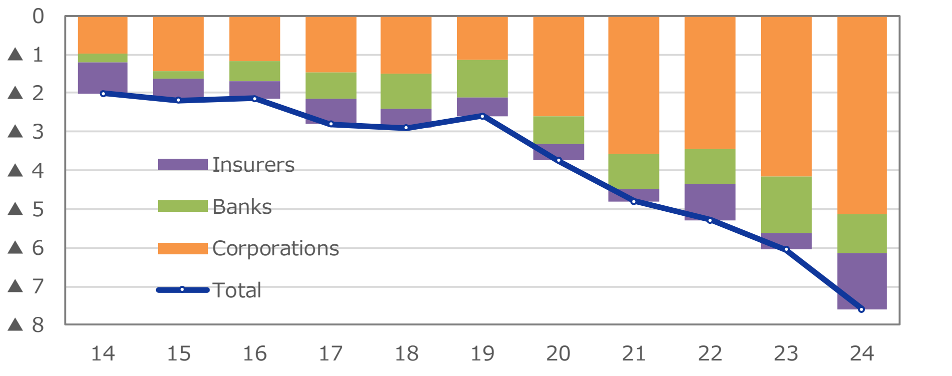
Note: Latest data are for May 2026

Source: SMDAM and INDB

Governance (6): Ownership Structure & Shareholder Meetings

Cross shareholding unwinding

(trillion JPY)

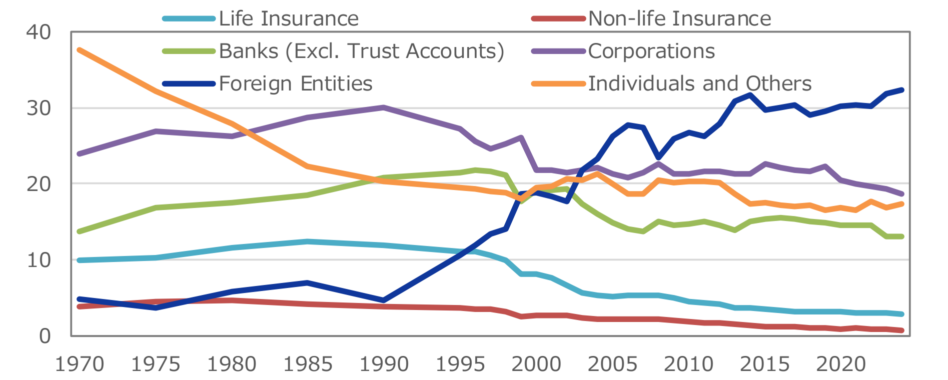


Note: Latest data are for FY2024

Source: SMDAM and Tokai Tokyo Securities

Distribution of Equity Ownership by Shareholder Type

(%)

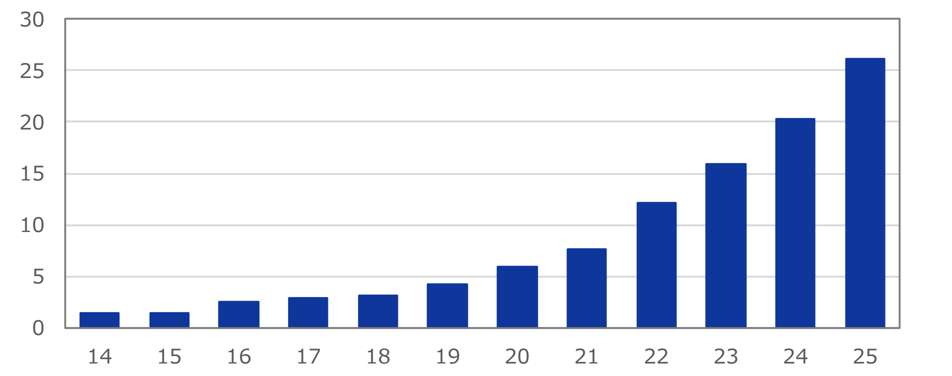


Note: Latest data are for FY2024

Source: SMDAM and JPX

Percentage of Companies with a Majority of Independent Outside Directors

(%)

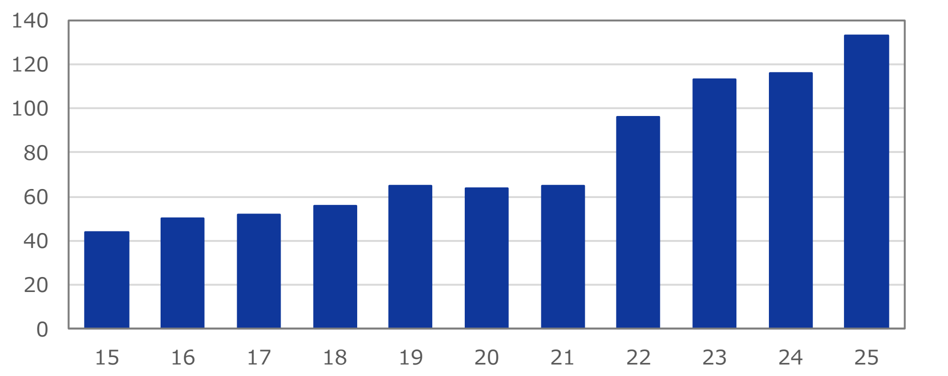


Note: Latest data are for FY2025

Source: SMDAM and JPX

Number of Shareholder Proposals

(Number of Companies)



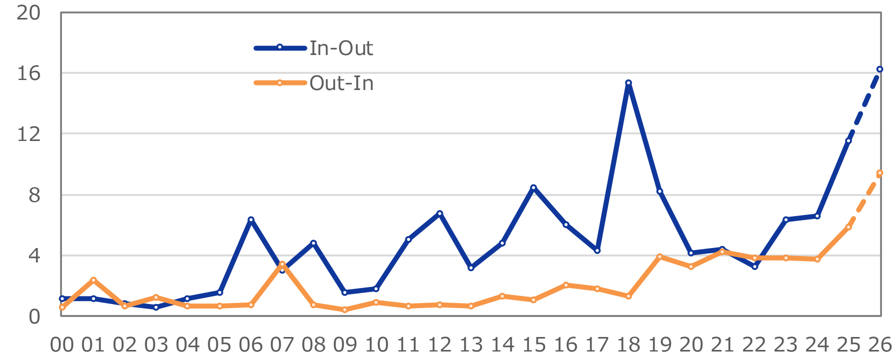
Note: Latest data are for FY2025

Source: SMDAM and Japan Institute of Business Law

Governance (7): Rising Takeover Risk

Trends in M&A Deal Value Involving Japanese Companies

(trillion JPY)

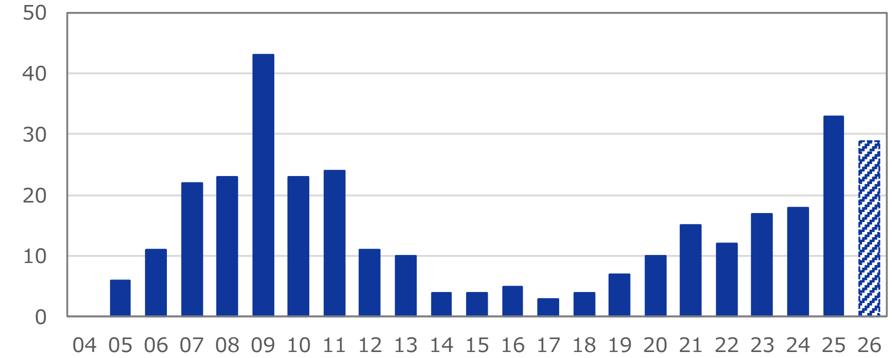


Note: Latest data are for 2026. 2026 is annualized through May (Y)

Source: SMDAM and Bloomberg

Trends in MBO Transactions

(Number of Cases)

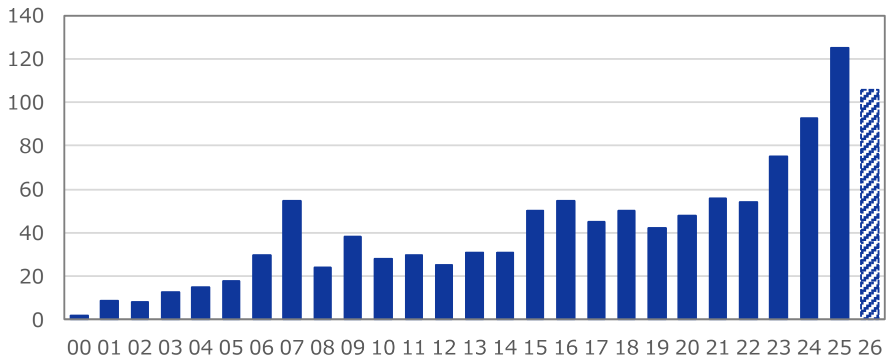


Note: Latest data are for 2026. 2026 is annualized through May (Y)

Source: SMDAM and Bloomberg

Trends in Number of TOBs (TSE Listed Companies)

(cases)

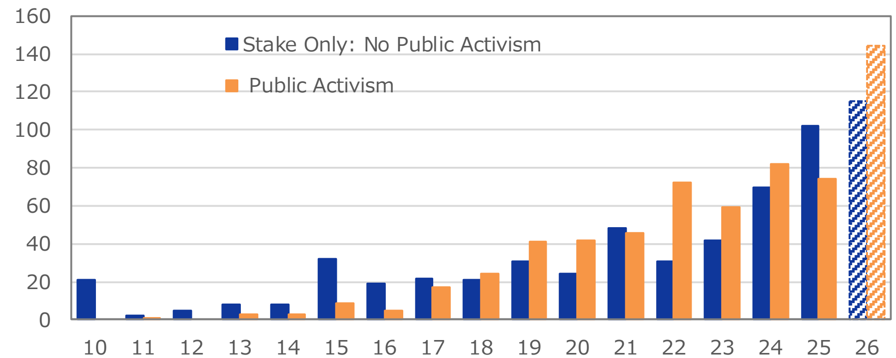


Note: Latest data are for 2026. 2026 is annualized through May (Y)

Source: SMDAM and Bloomberg

Activist investor activity

(Number of Cases)



Note: Latest data are for 2026. 2026 is annualized through May (Y)

Source: SMDAM and Bloomberg

NISA

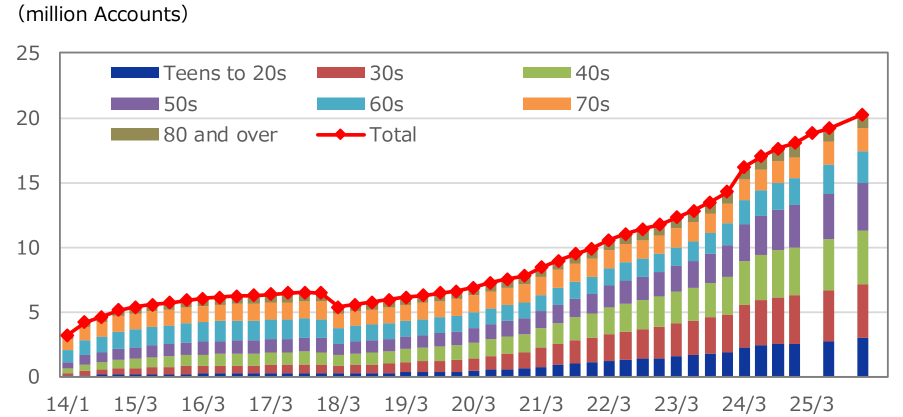
Comparison of old and new NISA (Tax free investing program like UK ISA)

	Old NISA		NEW NISA		
	Tsumitate NISA	General NISA	Tsumitate Quota	Growth Quota	Kodomo NISA
Lifetime Limit	JPY 8 mn	JPY 6 mn	JPY 18 mn (JPY 12 mn for Growth Quota)		JPY 6 mn
Annual Limit	JPY 0.4 mn	JPY 1.2 mn	JPY 1.2 mn	JPY 2.4 mn	JPY 0.6 mn
Tax Exemption Period	20 years	5 years	No Limit		No Limit
Availability for Combined Use	No		Yes		
Investment Option	FSA selected Investment trusts and ETFs	Listed stocks, ETFs, REITs and Investment trusts	FSA selected Investment trusts and ETFs	Listed stocks, ETFs, REITs and Investment trusts	FSA selected Investment trusts and ETFs
Target Age	18 and older		18 and older		0–17 years old

Source: SMDAM and FSA

Note: As of 29 May 2026

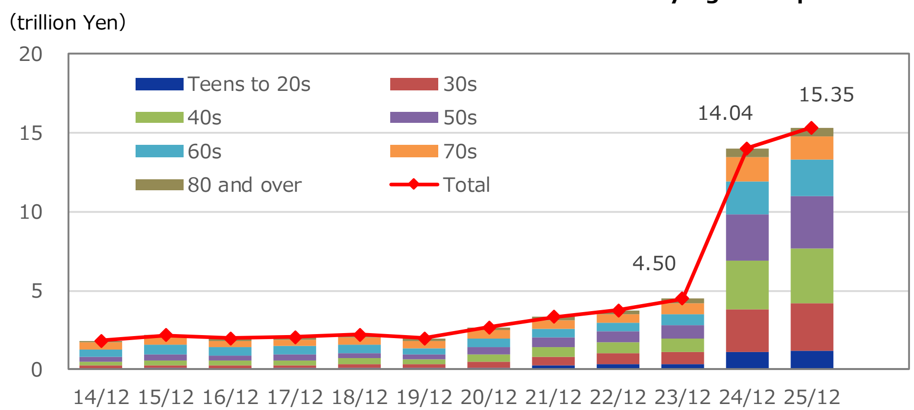
Number of NISA Accounts by Age Group



Note: Latest data are for end-Dec 2025; some age breakdowns unpublished. (Y/M)

Source: SMDAM and Japan Securities Dealers Association

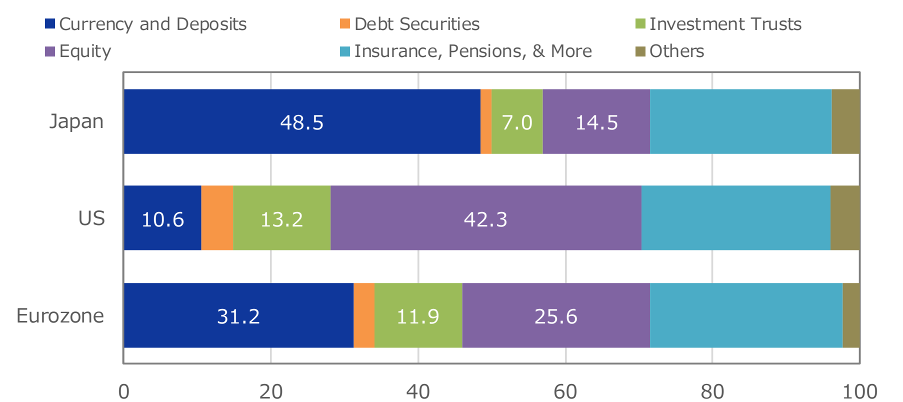
Annual Purchase Amount in NISA Accounts by Age Group



Note: Latest data are for end-Dec 2025. (Y/M)

Source: SMDAM and Japan Securities Dealers Association

Financial Assets held by Households (As of December 2025)



(%)

Source: SMDAM, BoJ, FRB and ECB

Event Schedule: Focus— Takaichi administration’s growth strategy, Basic Policy, and the potential consumption tax cut

	Date	Japan	Date	U.S.	Date	Other Regions
June 2026	Early Jun **Jun?** **Jun?** **Jun?** **Jun?** Jun 29	Passage of Middle East Response Extra Budget (¥3T+) **Cabinet's approval of the Basic Policy** **Cabinet's approval of the growth strategy** **Corporate Governance Code revision** **Interim summary on consumption-tax relief** Expiration of the Term of BoJ Policy Board Member Nakagawa			Jun 15	G7 Summit
July to September	Jul 17 Q3? Q3?	Closing of the Ordinary Diet Session Decision on zero tax for food products? Cabinet reshuffle?	Jul Aug	Congressional Testimony of the Federal Reserve Chair Jackson Hole Economic Symposium	Jul	IMF World Economic Outlook
October to December	**Dec** **By year-end?**	**Cabinet Approval of the 27 FY Budget Proposal and Tax Reform Outline** **Revision of the three key national security documents**	Oct? **Nov 3**	US Treasury Semi-annual Currency Report **U.S. midterm elections**		
January to March 2027	Jan Mid-Mar	Opening of the Ordinary Diet Session Key Response Day for Spring Wage Negotiations	Jan	The Opening of the U.S. Senate and House of Representatives	Jan Mar	IMF World Economic Outlook National People's Congress of China
April to June	Apr Q2? Jun? End-Jun	Unified local elections Successor nominations for BOJ Board Members Takata and Tamura (Terms expire Jul 23, 2027) Cabinet's approval of the Basic Policy Closing of the Ordinary Diet Session			Apr Apr Jun	IMF and World Bank Spring Meetings IMF World Economic Outlook G7 Summit

Source: Compiled by SMDAM

Disclaimer

Please read this disclaimer carefully.

- Please note that this financial product does not take into account the EU criteria for environmentally sustainable economic activities.
- This material is for non-Japanese institutional investors only.
- The research and analysis contained in this report, and the opinions and judgments based thereon, are intended to introduce or demonstrate the capabilities and expertise of Sumitomo Mitsui DS Asset Management Company, Limited (hereinafter “SMDAM”), or to provide information on investment strategies and opportunities. Therefore, this material is not intended to constitute an offer or solicitation of any investment, to provide investment advice or services, or to serve as a disclosure document under the Financial Instruments and Exchange Act of Japan.
- The expected returns and risks described in this report are calculated based on historical data and/or estimated based on the current economic outlook and should not be construed as a guarantee of future returns or risks.
- Past performance is not necessarily indicative of future results.
- Simulated data or returns in this report, other than the historical returns of the fund, do not reflect any investment management fees, transaction costs, rebalancing costs or other expenses.
- Investment products or strategies do not guarantee future results or the principal amount invested. Investments may incur losses, and any investment gains or losses shall be borne by the client.
- The recipients of this report must make their own independent investment decisions.
- The opinions, outlook and estimates in this report do not guarantee future trends or results. They constitute SMDAM’s judgment as of the date of this material and are subject to change without notice.
- Any awards referenced in this report are based on past achievements and do not guarantee future results.
- All intellectual property rights relating to the benchmarks and indices belong to their respective providers and other relevant right holders.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMDAM cannot and does not guarantee its completeness or accuracy.
- All rights, title and interest in this material and any content contained herein are the exclusive property of SMDAM, except as otherwise stated. No person may use this material for investment purposes, reproduce or copy this material without SMDAM’s authorization, or disclose this material to any third party.

Registration Number: The Director of Kanto Local Finance Bureau (FIBO) No.399
SEC File No.801-116710
Members of Investment Management Association of Japan and Type II Financial Instruments Firms Association