



NOMURA

Connecting Markets East & West

**Nomura Asset Management
Investment Outlook
Autumn 2025**

NOMURA ASSET MANAGEMENT

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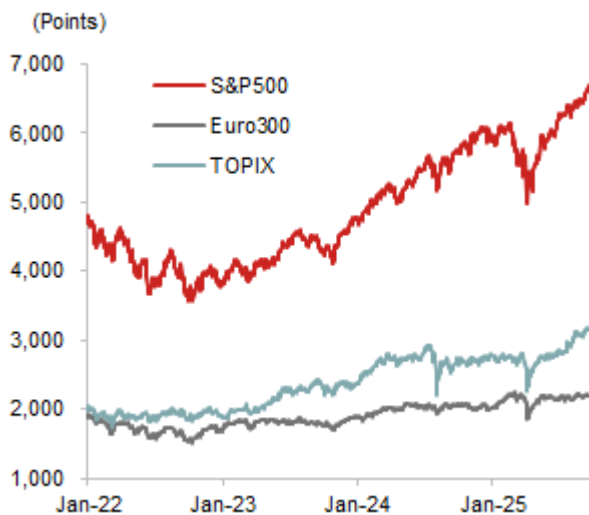
Note: In Nomura Asset Management Investment Outlook Autumn 2025, Nomura Asset Management's senior investment professionals offer their views of the investment strategy and market prospects as of middle to late September 2025. The commentaries are based on personal views and do not entirely match Nomura Asset Management's house view, except for Investment Environment Outlook and Global Financial Market Forecast that are based on Nomura Asset Management's house view.

Quarterly Financial Market Recap

From July through September 2025, financial markets focused on developments in the US labor market and the monetary policy of the Federal Reserve (the Fed). In the US employment report for June, nonfarm payrolls exceeded market expectations, underscoring the resilience of the US economy and triggering higher interest rates and a stronger US dollar. However, when the July employment data showed job growth below expectations and previous months' figures were revised downward, expectations for Fed rate cuts intensified, and yields fell while the dollar weakened. The August employment report also confirmed a slowing pace of job gains, and when the Fed proceeded with its first rate cut in nine months, the declines in yields and the dollar's weakness continued. Against the backdrop of growing hopes for Fed easing, equity markets in the United States and Japan reached fresh record highs.

Major Equity Markets

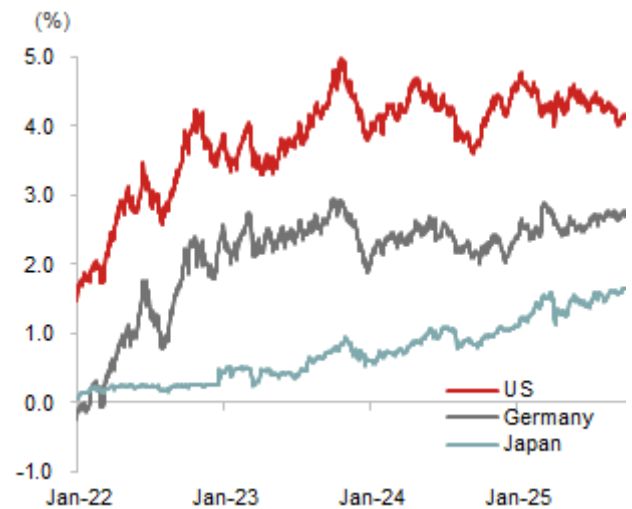
(January 3, 2022 - September 30, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

10 Year Bond Yields in Major Countries

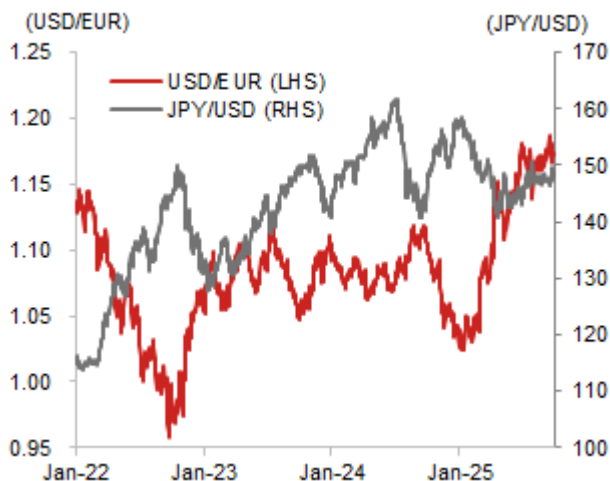
(January 3, 2022 - September 30, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

Yen and Euro against the US dollar

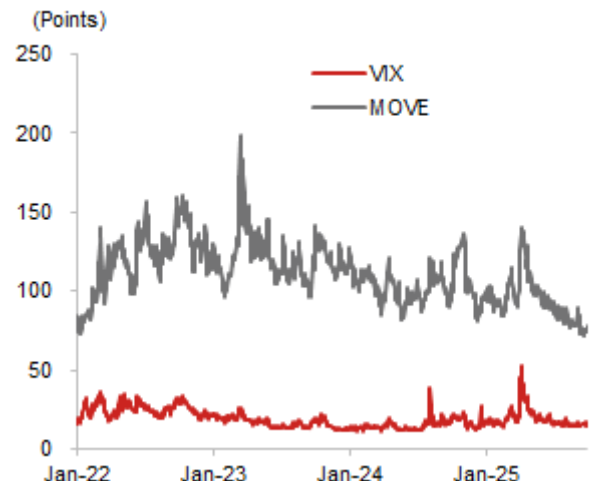
(January 3, 2022 - September 30, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

Trends in VIX and MOVE

(January 3, 2022 - September 30, 2025, daily)



Note: The VIX and the MOVE are indexes that show the risk of future volatilities of US stocks and US bonds, respectively.

Source: Nomura Asset Management based on Bloomberg data

Investment Environment Outlook

The risk of worsening employment conditions could push the Federal Reserve to continue cutting rates this year



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Chief Economist



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Investment Environment in 2H of FY25: A phase to assess the real-economy impact of tariff policies

In the second half of the fiscal year, it will become clearer from the data whether the impact of tariff measures on the real economy falls within expectations. However, given the remaining uncertainty, financial markets may react each time major economic indicators are released.

In recent months, US nonfarm payrolls have shown weakness. Given restrictions on immigration inflows, we had expected both labor supply and demand to slow, leaving the unemployment rate broadly stable in the near term before deteriorating as low growth persisted toward 2026. The US unemployment rate has risen somewhat earlier than we had anticipated. We assess that the earlier increase in uncertainty contributed to US companies' greater restraint in hiring. Looking ahead, though, tariff-related

uncertainty appears to have peaked, and US surveys and high-frequency indicators show signs of stabilization in labor demand. For these reasons, we expect the unemployment rate to remain broadly unchanged over the forecast horizon rather than follow a clearly worsening trend.

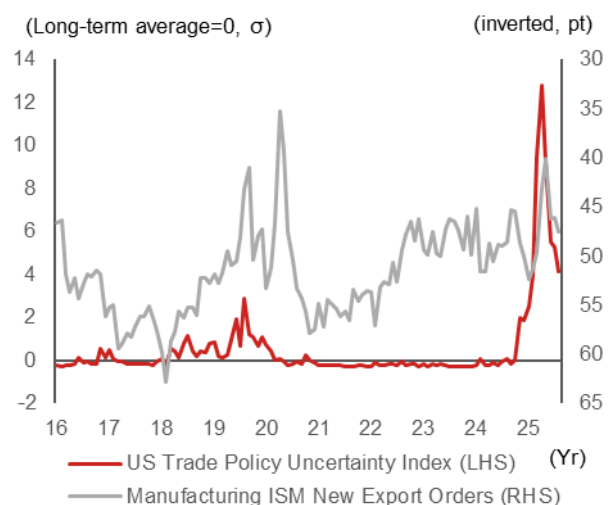
Fiscal policy stances in major economies and developments in Federal Reserve leadership could also be market-moving. Over a somewhat longer horizon, it will be important to monitor whether (1) US tariff policy alters the competitiveness of countries and regions, and (2) considerations of economic security lead to a rebalancing of production and export bases.

Macroeconomic Outlook: From the current slowdown toward a recovery in fiscal 2026

So far, the tariff increases have not had a noticeable effect on US inflation, but as tariff rates are finalized and inventories become harder to run down further, we expect firms to gradually pass higher costs through to prices. As noted above, we believe the deterioration in the labor market partly reflected the earlier rise in uncertainty; while we do not expect a continued one-directional deterioration of the US economy, we forecast low growth through Q1 2026. Thereafter, supported in part by fiscal policy, we expect a gradual recovery.

We see both the euro area and Japan experiencing an initial pullback from front-loaded trade activity, but as that effect fades, we expect both economies to return to a recovery path.

Figure 1. US Trade Policy Uncertainty Index and Manufacturing Business Sentiment (Jan. 2016 to Aug. 2025, monthly)



(Note) ISM: Institute for Supply Management
(Source) Nomura Asset Management based on data from "Measuring Economic Policy Uncertainty" by Scott Baker, Nicholas Bloom, and Steven J. Davis at www.PolicyUncertainty.com, and CEIC.

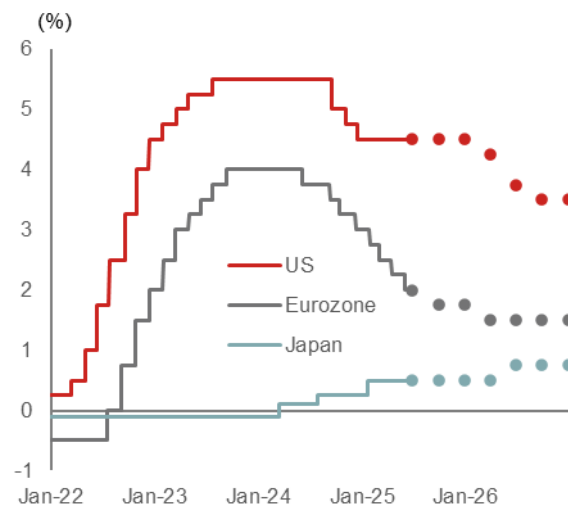
Monetary Policy Outlook: The United States and Europe are forecast to deliver further rate cuts this year, but the Bank of Japan is expected to stay on hold.

The Fed cut rates by 25 basis points in September in response to risks of a weakening labor market. With policy rates still viewed as restrictive, we expect additional cuts in October and December. After that, if the deterioration in the labor market eases while upside risks to inflation remain, the Fed is likely to pause rate cuts. If price pressures from tariffs prove to be temporary, we expect a gradual resumption of rate cuts toward the neutral rate in the second half of 2026.

For the Eurozone, we expect an additional policy-rate cut in December, as weaker foreign demand is likely to slow wage growth and, in turn, dampen core inflation.

As for the Bank of Japan, policy decisions are deemed difficult to make while indicators of the real economy are deteriorating, and we therefore expect it to defer rate increases for the remainder of the year.

Figure 2. Policy Interest Rates in Japan, the US, and Eurozone, and Nomura Asset Management Forecasts (Actual values from Jan 3, 2022, to Sep. 24, 2025, daily)



(Note) The dots from September 2025 onward represent our forecasts as of the end of each quarter.

(Source) Nomura Asset Management based on Bloomberg data.

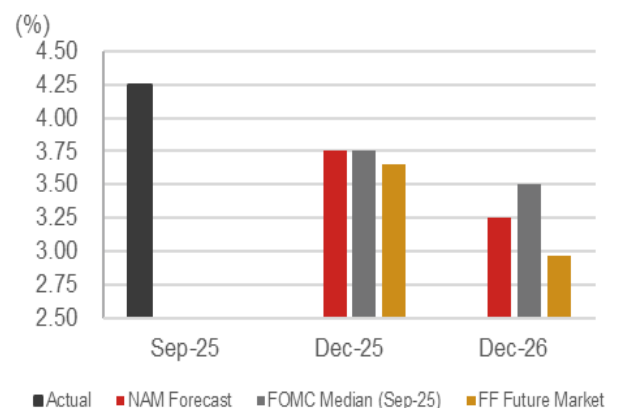
Interest Rate Outlook: Government bond yields are expected to decline only slightly.

We expect US Treasury yields to ease modestly as the Fed cuts rates. However, financial markets have largely priced in the cuts we expect. If the US avoids a recession and the Fed's cuts turn out to be largely precautionary, any decline in long-term yields is likely to be limited.

Following an additional ECB rate cut, German bund yields should fall and then remain broadly flat next year if the ECB maintains its policy rate. Against this backdrop, the yield gap between US and German sovereign debt is expected to narrow.

Japanese government bond yields are likely to remain range-bound for the time being and then rise gradually after the Bank of Japan raises rates again next year.

Figure 3. US Policy Interest Rate Outlook



(Note) Futures market pricing for the federal funds rate is as of September 19, 2025. Policy rates are shown converted to the upper bound of the federal funds target range.

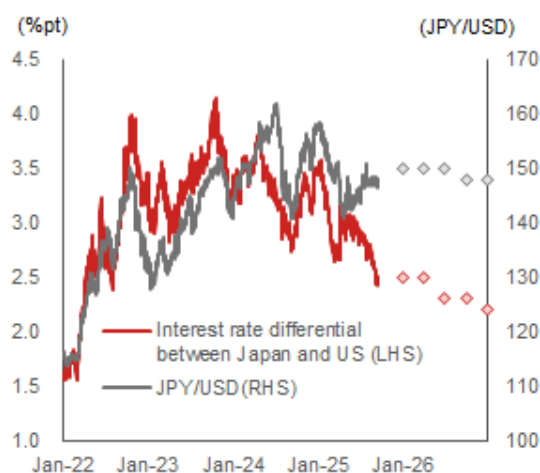
(Source) Nomura Asset Management based on Bloomberg data..

Currency Outlook: Even against a broadly weaker US dollar, the yen is unlikely to strengthen significantly.

We expect the euro to appreciate against the US dollar. A narrowing US–Europe interest-rate differential once the Fed resumes cutting rates will be a primary driver of the euro's gains. A gradual shift away from the dollar is also likely to continue, supported by policy uncertainty in the US and concerns over the Fed's independence.

Even as the dollar weakens against other major currencies, the yen's exchange rate against the dollar is likely to remain range-bound. A narrowing Japan–US interest-rate gap would put upward pressure on the yen. However, with real interest rates on yen deposits expected to remain persistently negative, increased investment by domestic investors in foreign securities as an inflation hedge will exert downward pressure on the yen.

Figure 4. Japan-US interest rate differentials and yen/US dollar exchange rate
(Jan. 3, 2022 to Sep. 19, 2025, daily)



(Note) The Japan-US interest rate differentials are calculated by subtracting the yield on Japanese 10 year bonds from the yield on US 10 year bonds. The dots from September 2025 onward represent our forecasts as of the end of each quarter.

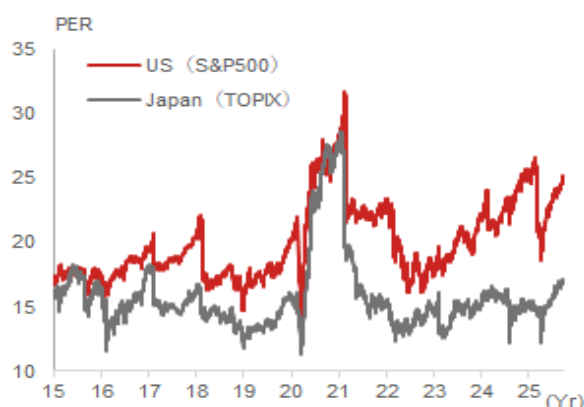
(Source) Nomura Asset Management based on the data from Bloomberg.

Equity Market Outlook: Valuations are likely to remain elevated relative to the past for the time being.

Despite lingering uncertainty regarding US trade policy, share prices have continued to rise. The forward price-to-earnings ratio (PER) for US stocks has recovered to levels that are high relative to historical norms. However, given improving corporate earnings prospects - especially among technology companies - and the expectation of continued Fed rate cuts, valuations are likely to remain elevated in the near term.

Japanese equities have reached record highs, narrowing their valuation discount. Given the strong performance of US stocks and the view that yen appreciation risks are limited, we expect Japanese stocks to continue rising in line with the recovery in corporate earnings.

Figure 5. Forward Price-to-Earnings Ratios (PER) of Japan and the United States
(From Jan. 1, 2015 to Sep. 19, 2025, daily)



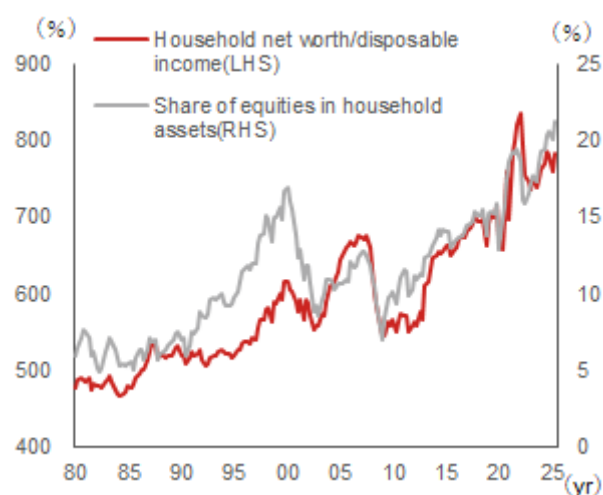
(Source) Nomura Asset Management based on Bloomberg data.

Upside Scenario: Wealth effects will support consumption

Given the high uncertainty ahead regarding the impact of US tariff policy, both upside and downside risk scenarios are possible. As an upside risk to our baseline, we consider a scenario in which consumption remains resilient despite assumed declines in real incomes in the US.

Household net worth relative to disposable income in the US has trended upward, creating an environment in which households can more easily reduce savings and increase spending. If uncertainty about the Trump administration's policies eases and a renewed round of Fed rate cuts continues to support equity prices, consumption could be sustained through wealth effects.

Figure 6. US household financial assets
(Jan–Mar 1980 to Apr–Jun 2025, Quarterly)



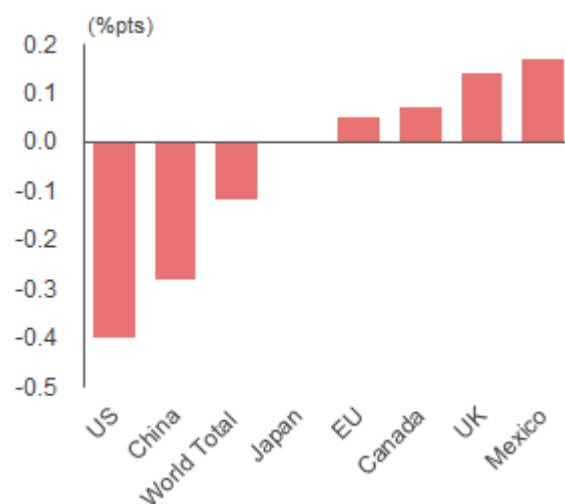
(Source) Nomura Asset Management based on CEIC data.

Downside Scenario: Reassessment of optimism

US tariff policies are expected to have several negative economic effects: higher US inflation, a deterioration in real incomes, slower US growth, a contraction in global trade volumes, and increased uncertainty that suppresses capital investment. However, substantial deterioration in hard economic data has not yet materialized, and some market participants appear to believe that the effects of the tariffs may be limited.

If hard data do begin to worsen, market optimism could be reassessed, increasing volatility in risk asset prices. A sharp correction in risk assets could then feed back into the real economy through worsening sentiment and related channels, amplifying the economic impact.

Figure 7. Long-term effects of tariff policy on real GDP



(Note) Assumes tariff rates in effect as of September 3, 2025, remain in place.

(Source) Nomura Asset Management based on data from The Budget Lab at Yale.

Japan Equity Market Outlook

What makes Japanese stocks—now at a record high—an attractive investment?



Mitsunari Kawano
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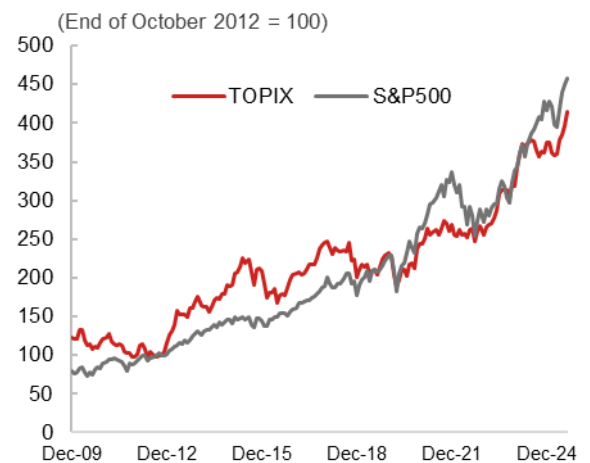
Analyzing the Japanese stock market at record highs from a valuation perspective

The Japanese stock market turned upward after the United States and Japan settled tariff negotiations in July 2025, agreeing to a 15% rate, which removed much of the earlier uncertainty. In August it hit a record high, with TOPIX (the Tokyo Stock Price Index) closing the month at 3,075.18 points. Over a longer period, the market shifted into an uptrend beginning around the end of 2012, when Prime Minister Abe took office and Abenomics began.

TOPIX stood at 742.33 points at the end of October 2012, just before the Abenomics-driven rally began, and had increased 4.14-fold by the end of August 2025. Over the same period, the US S&P 500 rose 4.57-fold. While Japan's performance lagged slightly, the Japanese equity market nonetheless delivered returns that met investors' expectations.

A comparison of valuations at the end of August shows a marked difference: TOPIX traded at a PBR (price-to-book ratio) of 1.56 and a PER (price-to-earnings ratio) of 16.4, while the S&P 500 stood at a PBR of 5.29 and a PER of 24.3, indicating that US equities are valued more highly by investors. This valuation gap can largely be explained by differences in return on equity (ROE) between Japanese and US companies. In fiscal 2024, Japanese companies' ROE was 9.4%, versus 19.7% for US companies. Because US firms generate higher returns on equity, they command correspondingly higher valuations.

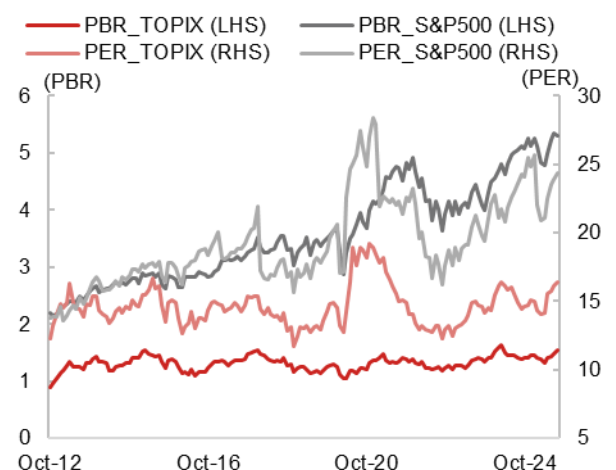
Figure 1. TOPIX and S&P 500 (indexed)
(From Dec. 31, 2009 to Aug. 29, 2025, monthly)



(Note) TOPIX and the S&P 500 are indexed to 100 at the end of October 2012 using monthly closing prices in local currencies.

(Source) Prepared by Nomura Asset Management based on FACTSET data.

Figure 2. Valuation trends of TOPIX and the S&P 500
(From Oct. 31, 2012 to Aug. 29, 2025, monthly)



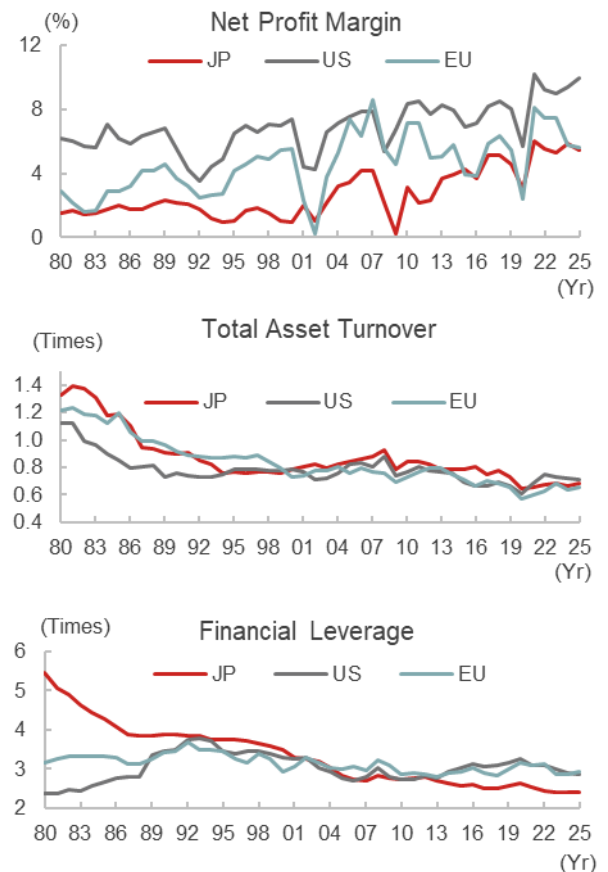
(Note) For TOPIX, projected profits are Nomura Securities' estimates (supplemented by Toyo Keizai Inc. estimates); for the S&P 500, Bloomberg consensus is used. PBR is on a historical (realized) basis. (Source) Prepared by Nomura Asset Management based on data from Nomura Securities.

Japanese companies have maintained efforts to strengthen their balance sheets following the asset-bubble period

Using the DuPont decomposition, we can examine why Japanese firms' ROE is lower. In the DuPont framework, ROE equals net profit margin times total asset turnover times financial leverage. A comparison of these components across Japanese, US, and European firms shows that Japanese companies' net profit margins have improved and are now comparable to those of European firms. Total asset turnover declined but has stabilized and is showing signs of recovery, placing it roughly on par with Western firms. However, financial leverage has continued to fall and remains lower than in the US and Europe, which explains much of Japan's lower ROE. The decline in financial leverage indicates an improved financial position, as Japanese firms - mindful of their experience of the asset bubble - prioritized debt repayment and building internal reserves.

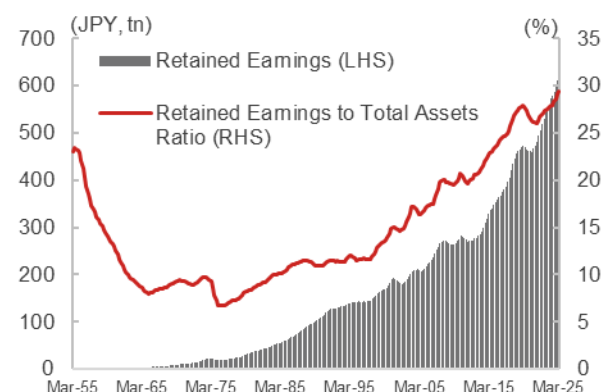
That said, Japanese firms have not always reduced leverage. As shown in Figure 4, the ratio of retained earnings to total assets fell over the long run—from the postwar period through the high-growth era—implying that companies actively used borrowing to finance investment. During the 1990s, leverage remained flat, likely because companies were still dealing with the bubble's aftermath and were unable to rebuild retained earnings. From the late 1990s onward, once the bubble's effects subsided, retained earnings rose steadily, contributing to the stronger financial position seen today.

Figure 3. DuPont Decomposition for Japanese, US, and European Companies (1980–2025, annual)



(Note) Datastream equity indices (excluding financials). Approximately 800 US and Japanese stocks, and about 1,500 European stocks. 2025 figures are actuals as of the end of August. (Source) Prepared by Nomura Asset Management based on LSEG Datastream

Figure 4. Corporate Retained Earnings (From Mar. 1955 to Jun. 2025, quarterly)



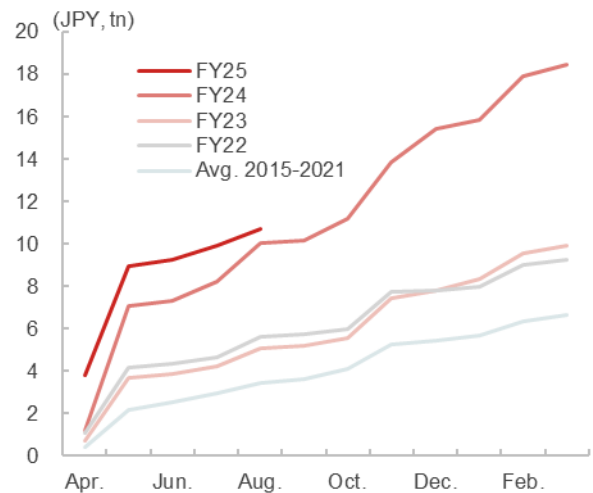
(Note) Retained earnings are shown as a four-quarter moving average. (Source) Prepared by Nomura Asset Management based on CEIC data.

Rise in Japan's total payout ratio

That trend began to change last year. As depicted in Figure 5, Japanese companies substantially increased share buybacks in fiscal 2024, nearly doubling from the previous year. As shown in Figure 6, the total payout ratio for Japanese firms rose to 61%—the highest level on record, except for fiscal 2019, when corporate performance was hit by the COVID-19 pandemic.

Despite uncertainties this fiscal year, such as potential tariffs if a Trump administration were to impose them, share buyback announcements have continued at levels above those of last year. Given current earnings, we expect the total payout ratio to remain above 60%. This shift indicates that Japanese companies are no longer pursuing balance-sheet improvement as an end in itself but are reallocating capital more efficiently to generate profits. That change should help support further gains in Japan's stock market.

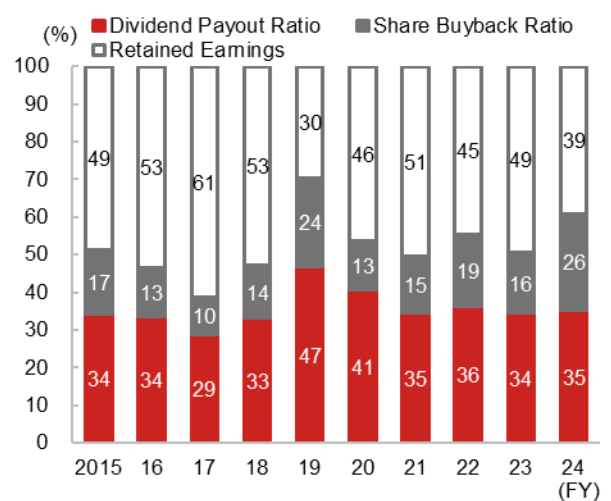
Figure 5. Japanese Share Buyback Announcement Activity by Fiscal Year
(Fiscal years 2015 – 2025, monthly)



(Note) The subject is common shares of all listed companies. Cumulative amounts from April of each fiscal year. Fiscal 2025 is through August.

(Source) Prepared by Nomura Asset Management based on data from Nomura Securities.

Figure 6. Trend in shareholders return of Japanese companies
(Fiscal years 2015–2024, annual)



(Note) Trends in the allocation of Russell Nomura Large Cap after-tax profits to dividends, share buybacks, and retained earnings. Percentages for each category are rounded to the nearest whole number, so their sum may not equal 100%.

(Source) Prepared by Nomura Asset Management based on data from Nomura Securities

What led corporate managers to change their approach?

We believe there are two main reasons why corporate managers of Japanese companies have changed their approach.

The first is the Tokyo Stock Exchange's March 2023 request to promote management that considers capital costs and stock prices. In response, more than 90% of companies listed on the TSE Prime Market have disclosed measures or plans and begun implementing them. The most visible example is the unwinding of cross-shareholdings. An increasing number of companies are selling cross-held shares and using the proceeds for growth investment, M&A, or share buybacks—examples include the Toyota Group's review of its holdings in group companies and insurers' decisions to divest their cross-held stakes. Japanese firms have begun allocating capital to improve balance-sheet efficiency, and we can expect returns from these investments going forward.

The second reason is that more than 20 years of deflation have ended and the Japanese economy has entered an inflationary period. During the deflationary era, holding cash preserved purchasing power because prices tended to fall. Under inflation, however, holding cash erodes purchasing power. Investing to generate future earnings is therefore more likely to boost corporate value, and we expect Japanese companies' investment activity to pick up as a result.

Such changes in the management approach of Japanese companies are expected to improve returns on capital by streamlining balance sheets and making proactive, productivity-enhancing investments. Although Japan's stock market has recently hit record highs, the prospect of continued improvement in corporate value suggests it remains attractive to investors.

* This material contains personal views and does not necessarily reflect Nomura Asset Management house view.

Prospects for Sustainability Disclosure Standards in Japan



Akio Ohata
Head of Sustainable
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With the SSBJ standards ensuring international equivalence for non-financial information, market participants are expected to make proactive use of that information.

Background and context of sustainability standards in Japan

Beginning in the fiscal year ending March 2027, Japan will apply the SSBJ Standards — developed by the Sustainability Standards Board of Japan (SSBJ) — to certain Japanese companies, signaling a full-scale effort to align Japan's sustainability disclosures with international developments. The SSBJ operates under the Financial Accounting Standards Foundation (FASF) and aims to develop sustainability disclosure standards tailored to Japanese companies. One objective of the standards is to enhance the transparency and reliability of corporate sustainability information and to strengthen accountability to investors and other market participants. As a result, the standards are expected to contribute to enhanced corporate value and the promotion of sustainable management practices.

The Accounting Standards Board of Japan (ASBJ) also operates under the FASF. Although both boards operate under the same foundation and are institutionally connected, the SSBJ focuses on non-financial disclosures and collaborates with the International Sustainability Standards Board (ISSB). The ASBJ, by contrast, focuses primarily on financial reporting and works with the International Accounting Standards Board (IASB). The SSBJ-ASBJ relationship in Japan reflects the parallel ISSB-IASB relationship at the international level.

SSBJ : Sustainability Standards Board of Japan
FASF : Financial Accounting Standards Foundation
ASBJ : Accounting Standards Board of Japan
ISSB : International Sustainability Standards Board
IASB : International Accounting Standards Board

Development and adoption of the SSBJ Standards and their relationship with international standards

The SSBJ was established in July 2022, following the FASF's amendment of its articles of incorporation in October 2021 to include the development of sustainability standards among its duties. In March 2024, the SSBJ released three major exposure drafts—the Application Standards, the General Standards, and the Climate Standards—and solicited public comments through July 2024. After considering those comments, the SSBJ published the final standards in March 2025.

The SSBJ Standards are designed to be highly compatible with the ISSB's IFRS S1 and S2. As the ISSB standards incorporate the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), adherence to the SSBJ Standards helps ensure international alignment. Although the TCFD has been dissolved, its content has been carried forward into the ISSB standards.

The SSBJ does not merely replicate the ISSB standards; it also allows alternative application approaches and includes additional disclosure requirements tailored to Japan's market environment and regulatory framework, enabling more comprehensive and detailed reporting.

In Japan, financial reporting may be prepared under multiple frameworks, including Japanese GAAP and IFRS, with Japanese GAAP remaining the default. By contrast, the SSBJ Standards are expected to serve as the sole standard for sustainability disclosures. As a result, even Japanese companies that use IFRS for financial reporting will be required to disclose their sustainability information in accordance with the SSBJ Standards.

TCFD : Task Force on Climate-related Financial Disclosures

Main structure of the SSBJ Standards (Comparison between ISSB and SSBJ Standards)

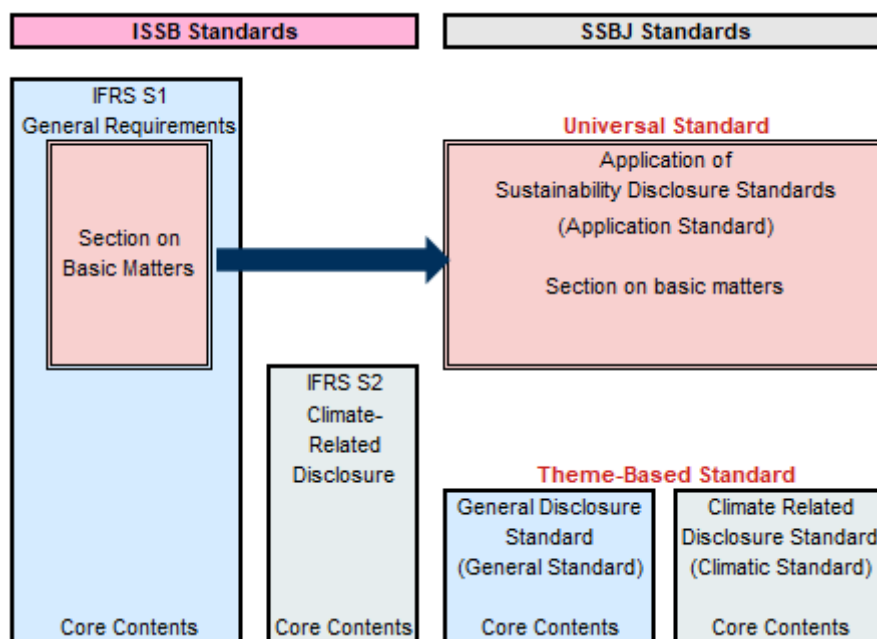
The SSBJ Standards consist of three main parts. First, the Application Standard and the General Standard set out the core elements of International Financial Reporting Standards (IFRS) S1; second, the Climate Standard corresponds to IFRS S2. Each standard serves a different role, and together they clarify the overall framework and detailed requirements for sustainability disclosures.

The Application Standard sets out fundamental rules covering the disclosure process as a whole—for example, where information should be presented, when reports should be issued, how comparative information should be treated, and how errors should be corrected. This standard provides the foundation for consistent practices and transparency in sustainability reporting.

The General Standard and the Climate Standard are structured as more specific, topic-based standards. They establish detailed requirements for major sustainability-related areas such as governance, strategy, risk management, and metrics and targets. Going forward, non-financial information is expected to cover not only climate-related matters but also natural capital and human capital. Currently, companies disclose such information under the General Standard. By contrast, the Climate Standard requires disclosure specifically focused on climate-related risks and opportunities.

A notable feature of the SSBJ approach is that it decomposes IFRS S1 into sections that set out basic matters and sections that define core content, and for clarity develops them as separate standards—a universal standard and a theme-based standard.

Comparison between the ISSB Standards and the SSBJ Standards



(Source) Prepared by Nomura Asset Management based on SSBJ materials.

SSBJ Application Schedule

The application of the SSBJ Standards to companies will be phased in, starting with companies with the largest market capitalizations listed in the Prime Market. In the first phase, application will begin in the fiscal year ending March 2027 for companies with market capitalizations of ¥3 trillion or more. In the fiscal year ending March 2028, the scope is planned to expand to include companies with market capitalizations of ¥1 trillion or more. Application for companies with market capitalizations of ¥500 billion or more is generally scheduled for the fiscal year ending March 2029, although the timetable may be flexibly adjusted in response to domestic or international developments.

Companies may voluntarily apply the SSBJ Standards from the fiscal year ending March 2026; however, if a company declares compliance, it must follow all three standards — the Application Standard, the General Standard, and the Climate Standard.

Many companies that will be required to disclose under the SSBJ from the fiscal year ending March 2027 are expected to adopt the standards voluntarily in the fiscal year ending March 2026 to prepare for mandatory reporting.

Overview of the SSBJ Standards' Implementation Timeline

Market Capitalization	Time of application	Number of companies	Market Capitalization Ratio
Market capitalization of 3 trillion yen or more	March 2027	68	54.1%
Market capitalization of less than 3 trillion yen and 1 trillion yen or more	March 2028	103	18.4%
Market capitalization of less than 1 trillion yen and 500 billion yen or more	March 2029	113	8.3%

(Note) Number of companies and coverage by market capitalization were calculated based on Bloomberg Finance L.P. and JPX published statistics as of the end of March 2025. (Source) Prepared by Nomura Asset Management based on materials from the Financial Services Agency (<https://www.fsa.go.jp/>).

Challenges for disclosures under the SSBJ

Some Japanese companies have already begun voluntary sustainability disclosures in integrated reports and on their websites. However, fully complying with the SSBJ Standards—including disclosing sustainability information in securities reports—will likely require strengthening information-gathering systems, upgrading their IT infrastructure, and substantially redesigning reporting processes. Stricter schedule management and additional measures to meet broader disclosure requirements will be necessary, and corporate burdens are expected to increase. In particular, the requirement to align the reporting period for sustainability reporting with that for financial reporting departs from traditional reporting timetables and may increase the reporting workload.

Japan's sustainability stakeholders should engage with international ESG information providers to seek recognition of disclosures made under Japan's SSBJ Standards as equivalent to the ISSB standards.

It is highly significant that non-financial information — which was previously disclosed in companies' integrated reports, sustainability reports, and by organizations such as CDP (Carbon Disclosure Project, an international environmental NGO) — will now be published in securities reports, an existing statutory disclosure document.

Analysts and sustainability specialists are encouraged, despite various challenges, to actively use companies' disclosed non-financial information for investment decisions and engagement.

* This material contains personal views and does not necessarily reflect Nomura Asset Management house view.

Global Financial Market Forecast

Major Economic and Market Forecast

			2025				2026		2023	2024	2025	2026
			Q1	Q2	Q3	Q4	Q1	Q2				
					F	F	F	F			F	F
Real GDP (qoq, ann, %)	World	*1,*4	2.8	2.8	2.4	2.0	2.2	2.0	3.0	2.8	2.5	2.1
	Developed	*2	0.7	2.0	1.2	1.1	1.1	1.4	1.9	1.8	1.6	1.3
	Emerging	*1,*3	4.3	4.4	3.7	3.1	3.3	3.1	4.6	4.4	3.8	3.5
	United States		-0.5	3.3	2.2	1.4	1.3	1.6	2.9	2.8	1.9	1.7
	Eurozone		2.3	0.5	0.4	0.9	0.9	1.2	0.5	0.8	1.3	1.0
	Japan		0.3	2.2	-1.2	0.7	0.9	0.8	1.2	0.1	1.2	0.6
	China	*1	5.4	5.2	4.6	3.8	3.9	3.7	5.4	5.0	4.7	4.0
CPI (yoy, %)	World	*4	2.8	2.6	2.5	2.4	2.4	2.5	4.2	3.1	2.6	2.5
	Developed	*2	2.7	2.4	2.6	2.5	2.4	2.6	4.6	2.7	2.6	2.6
	Emerging	*3	3.0	2.8	2.4	2.2	2.3	2.3	3.6	3.6	2.6	2.3
	United States		2.7	2.5	2.8	2.9	3.0	3.4	4.1	3.0	2.7	3.1
	Eurozone		2.3	2.0	2.0	1.8	1.6	1.6	5.4	2.4	2.0	1.7
	Japan	*5	3.1	3.5	2.7	2.3	2.0	1.9	3.1	2.5	2.9	2.1
	China		-0.1	0.0	-0.3	0.1	0.2	0.3	0.2	0.2	-0.1	0.1
Policy Interest Rate (%)	United States	*6	4.50	4.50	4.25	3.75	3.75	3.75	5.50	4.50	3.75	3.25
	Eurozone	*6	2.50	2.00	2.00	1.75	1.75	1.75	4.00	3.00	1.75	1.75
	Japan	*6	0.50	0.50	0.50	0.50	0.50	0.75	-0.10	0.25	0.50	1.00
	China	*6	3.10	3.00	3.00	3.00	3.00	3.00	3.45	3.10	3.00	3.00
10-Year GB Yield (End of Period, %)	United States		4.21	4.23	4.15	4.10	4.10	4.00	3.88	4.57	4.10	4.00
	Germany		2.74	2.61	2.71	2.70	2.70	2.70	2.02	2.37	2.70	2.70
	Japan		1.49	1.43	1.65	1.60	1.60	1.70	0.61	1.10	1.60	1.80
Equity Index (End of Period, Point)	S&P500		5,612	6,205	6,688	6,630	6,750	6,920	4,770	5,882	6,630	7,280
	EURO300		2,126	2,142	2,219	2,230	2,260	2,300	1,889	2,016	2,230	2,380
	TOPIX		2,659	2,853	3,138	3,140	3,200	3,240	2,366	2,785	3,140	3,400
	MSCI EM (\$)		1,101	1,223	1,346	1,340	1,360	1,380	1,024	1,075	1,340	1,420
Currency (End of Period)	USD/EUR		1.08	1.17	1.18	1.19	1.19	1.20	1.10	1.04	1.19	1.22
	JPY/USD		149.5	144.4	147.7	150.0	150.0	150.0	141.0	157.2	150.0	148.0
	JPY/EUR		161.5	169.6	173.5	179.0	179.0	180.0	155.7	162.7	179.0	181.0
	RMB/USD		7.25	7.17	7.12	7.10	7.10	7.10	7.09	7.30	7.10	7.10

Emerging FX and Policy Interest Rate Forecast

		2023	2024	2025	2026
				F	F
Currency (Per USD, End of Period)	INR	83.2	85.6	88.0	86.0
	IDR	15,397	16,095	16,200	16,000
	BRL	4.9	6.2	5.3	5.2
	MXR	16.9	20.8	18.0	18.5
	ZAR	18.3	18.9	17.5	17.0
	TUR	29.5	35.4	44.0	50.0
Policy Interest Rate (%)	India	6.50	6.50	5.00	5.00
	Indonesia	6.00	6.00	4.50	4.50
	Brazil	11.75	12.25	14.50	12.00
	Mexico	11.25	10.00	7.00	6.50
	S. Africa	8.25	7.75	6.75	6.50
	Turkey *6	42.50	48.13	38.00	25.00

Note: Forecast as of September 22, 2025 (economic indicators are based on the latest available data as of the previous day).

1) Year-on-year comparison. 2) GDP-weighted average for the United States, Eurozone, Japan, the United Kingdom, Canada, and Australia.

3) GDP-weighted average for China, India, Brazil, South Korea, Taiwan, Indonesia, Thailand, Malaysia, the Philippines, Hungary, Poland, Russia, Turkey, Mexico, and South Africa. 4) GDP-weighted average of 2) and 3). 5) Core consumer price index. 6) Interest rates: for Japan, the uncollateralized overnight call rate target (however, for the end of 2023, the policy-rate-bearing balance interest rate is used); for the United States, the upper limit of the Federal Funds target range; for the Eurozone, the central bank deposit facility rate; for China, the 1-year loan prime rate; and for Turkey, the weighted average funding rate from the central bank.*As for forecast columns, actuals are prioritized if available. Source: Oxford Economics, Bloomberg, and Nomura Asset Management

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