# Nomura Asset Management Investment Outlook

## Summer 2025

NOMURA
Connecting Markets East & West

NOMURA ASSET MANAGEMENT

Summer 2025

# Contents

## Investment Outlook

















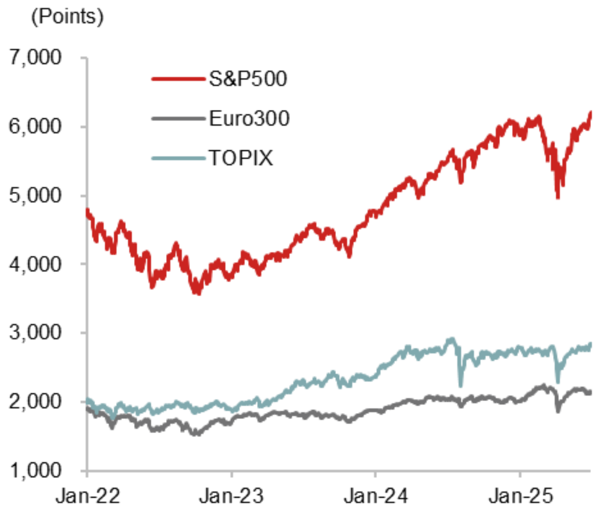
Note: In Nomura Asset Management Investment Outlook Summer 2025, Nomura Asset Management's senior investment professionals offer their views of the investment strategy and market prospects as of middle to late June 2025. The commentaries are based on personal views and do not entirely match Nomura Asset 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

In the April to June 2025 quarter, financial markets focused on assessing the Trump administration's trade policies and the situation in the Middle East. In April, the announcement of reciprocal tariffs by the Trump administration, along with escalating retaliatory tariff increases by China, led to simultaneous declines in US stocks, Treasury bonds, and the US dollar - known as a "triple dip". After China and the US reached a provisional agreement to reduce tariffs, stock prices rebounded. Although tensions in the Middle East escalated in June, the resulting stock price declines and interest rate drops were temporary. Compared to the end of the previous quarter, stock prices rose and long-term US Treasury yields remained flat, while the US dollar weakened against the euro and yen amid rising expectation of interest rate cut by the Fed towards June end.

## Major Equity Markets

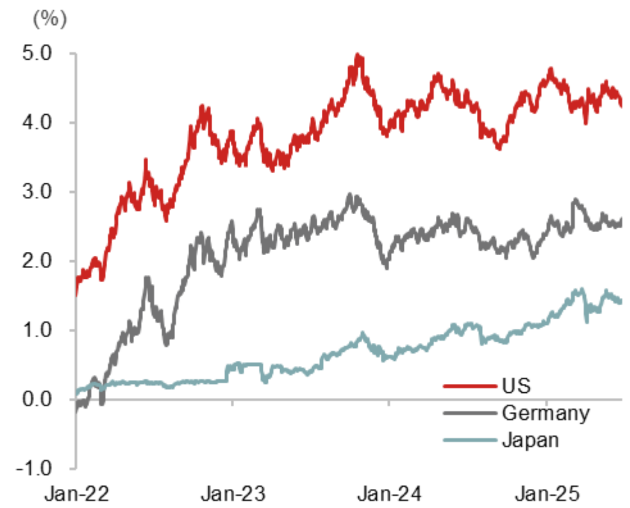
(January 3, 2022 - June 30, 2025, daily)




Source: Nomura Asset Management based on Bloomberg data

## 10 Year Bond Yields in Major Countries

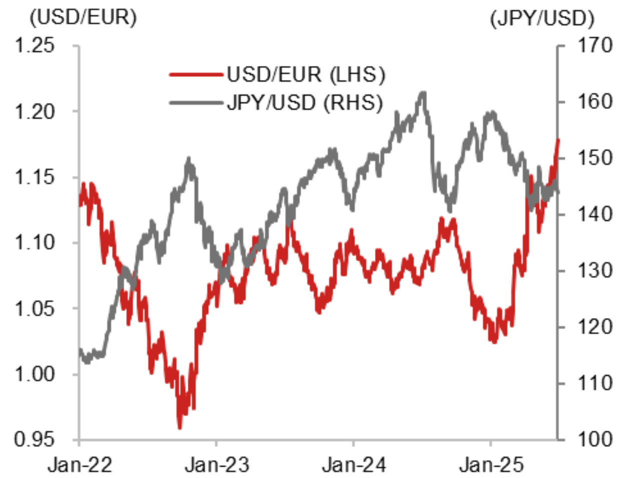
(January 3, 2022 - June 30, 2025, daily)




Source: Nomura Asset Management based on Bloomberg data

## Yen and Euro against the US dollar

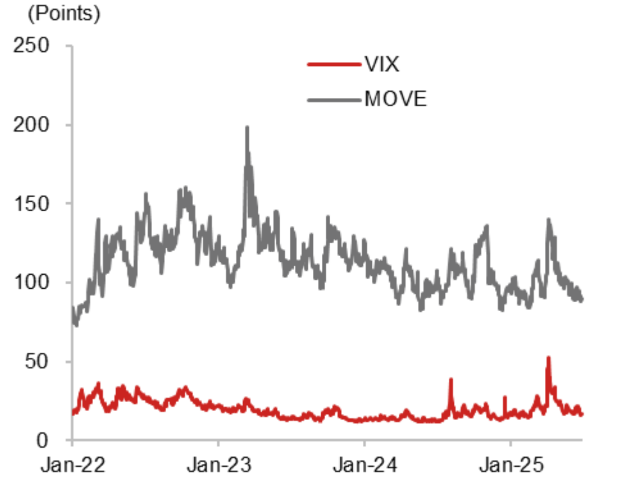
(January 3, 2022 - June 30, 2025, daily)




Source: Nomura Asset Management based on Bloomberg data

## Trends in VIX and MOVE

(January 3, 2022 - June 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

A growth slowdown in the latter half of 2025 is anticipated, but with upside risks on inflation expectations also being a concern, the Fed is expected to postpone any interest rate cuts until after this year.



Tomohiro Eguchi
Senior Economist


Rumi Kurumizawa
Chief Economist


Yuichi Murao
Chief Investment Officer, Senior Corporate Management Director


## Investment Environment in 2H 2025: Impact of US Tariff increases to materialize in the real economy

We expect the impact of tariff increases imposed by the Trump administration on the real economy to become apparent in the latter half of 2025. According to a survey by the Federal Reserve Bank of New York, about 75% of companies facing cost increases due to tariffs indicated that they would pass on at least part of these costs to customers, with the majority deciding to raise prices within three months of experiencing the cost increase.

While some companies initially adopted a wait-and-see approach immediately after the tariffs were implemented, they may gradually proceed with price pass-through. We expect the effects on the real economy to be reflected in economic indicators between summer and autumn.

Furthermore, it is unlikely that the uncertainty brought about by US tariff policies will be fully resolved, which will continue to weigh on consumer and business sentiment. Both the eventual outcome of tariff policies themselves and the impact of US economic policies—including tariffs—on the real economy carry high uncertainty. Financial markets are likely to be influenced by new information and data, potentially leading to increased volatility.

Based on US-China negotiations in May and June, the likelihood of the tail risk scenario, in which the Trump administration blindly pursues the revival of US manufacturing regardless of the immediate negative impacts on the economy and financial markets, appears low. Nevertheless, we believe it is an important phase in which excessive optimism should be avoided.

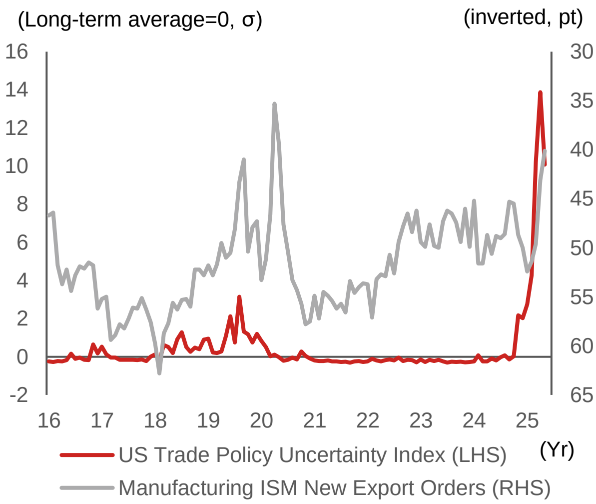
## Macroeconomic Outlook: Growth expected to decelerate in the second half of 2025

As our forecasts indicate, if the impact of tariff increases begins to show up in final goods prices from this point onward, it is expected to lead to a deterioration in real incomes in the US, exerting downward pressure on personal consumption. Given the high uncertainty surrounding future policies and the economy, companies are likely to adopt a cautious stance toward capital investment.

Major countries and regions are expected to experience low growth over several quarters, and according to our forecasts, the US unemployment rate is expected to rise slightly entering 2026. Meanwhile, in the Eurozone, wage growth is more likely to be restrained than employment adjustments, which will act as a downward force on inflation rates.

In Japan, although worsening corporate earnings will negatively affect wage growth, structural labor shortages suggest that the wage increase rate during the spring labor negotiations in 2026 will not slow significantly compared to 2025, as we expect.

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




(Note) ISM: Institute for Supply Management
(Source) Complied by 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 central banks of Japan and the US are unlikely to take action in the latter half of 2025

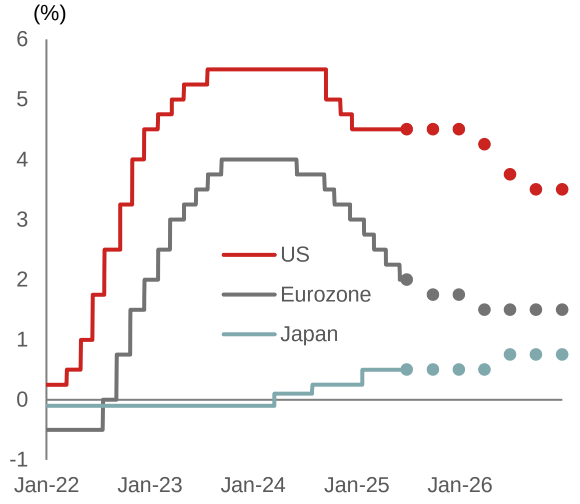
The central banks of Japan and the US are expected to take a wait-and-see approach in the latter half of 2025 as they assess the impact of tariff policies, with the next policy rate changes anticipated in spring 2026.

The US Federal Reserve (Fed) is likely to maintain a cautious stance until signs of labor market deterioration, such as a rising unemployment rate, become evident, amid risks that inflation could accelerate again or inflation expectations could become unstable due to tariff increases.

The Bank of Japan, in the same direction as our view, forecasts a weakening of the real economy in the second half of the year and appears to be closely monitoring whether this will have a significant impact on wages and prices.

Meanwhile, the European Central Bank (ECB) is expected to cut rates within the neutral interest rate range before the end of this year, and then respond to downside risks to wages and prices by deciding on additional rate cuts in 2026.

Figure 2. Policy Interest Rates in Japan, the US, and Eurozone, and Nomura Asset Management Forecasts (Actual values from Jan 3, 2022, to Jun. 20, 2025, daily)



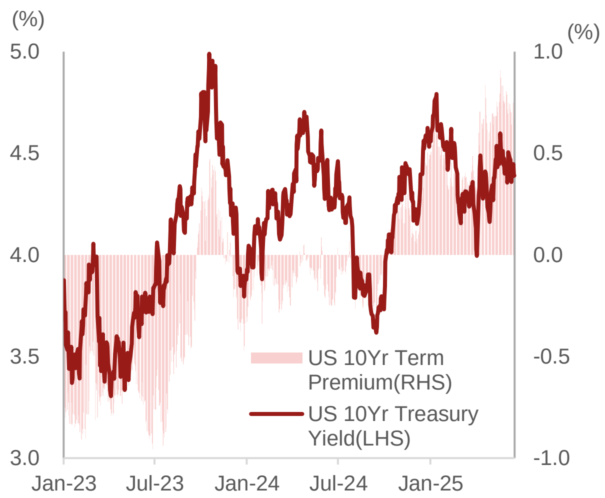

(Note) The dots from June 2025 onward represent our forecasts as of the end of each quarter.
(Source) Complied by Nomura Asset Management based on Bloomberg data.

## Interest Rate Outlook: The decline in long-term interest rates is expected to remain gradual

US Treasury yields are expected to decline gradually as the negative economic impact of tariffs becomes apparent and Fed rate cuts come into view. However, the magnitude of the decline is likely to be limited. The financial markets have already priced in a certain degree of rate cuts. Additionally, against the backdrop of US fiscal concerns and policy uncertainty, investors are expected to demand a higher term premium than before.

German government bond yields are expected to fall due to heightened expectations of ECB rate cuts. However, similar to the US, term premiums are likely to remain elevated given the anticipated deterioration in supply-demand conditions stemming from increased bond issuance.

Figure 3. US 10 Year Treasury Yield and Term Premium (Jan 2, 2023 to Jun 18, 2025, daily)



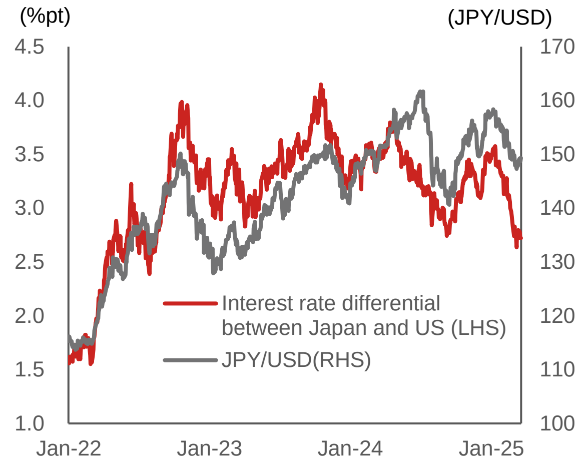

(Note) The term premium refers to the additional yield investors demand for holding long-term bonds as compensation for risk. The values shown in the chart above use data published by the Federal Reserve Bank of New York.
(Source) Complied by Nomura Asset Management based on Bloomberg data.

## Currency Outlook: The resumption of US policy rate cuts and the "shift away from the US dollar" are exerting downward pressure on the dollar

The euro-to-US dollar exchange rate is expected to remain sideways for the time being and before appreciating in 2026. Within this year, despite market expectations, the Fed is likely to refrain from cutting rates, creating upward pressure on the dollar. At the same time, a gradual “shift away from the US dollar” driven by uncertainty surrounding US policies is expected to make it difficult for the euro to establish a clear directional trend. In 2026, the Fed is expected to resume cutting rates while the ECB will conclude its rate-cutting cycle early in the year, leading to a rise in the euro.

The yen-to-US dollar exchange rate is expected to appreciate, reflecting the narrowing interest rate differential between Japan and the US. Although there remains a structural downside pressure on the yen, the global move toward “shifting away from the US dollar” is likely to provide a certain degree of support for yen demand.

Figure 4. Japan-US interest rate differentials and yen/US dollar exchange rate
(Jan 3, 2022 to Jun 20, 2025, daily)



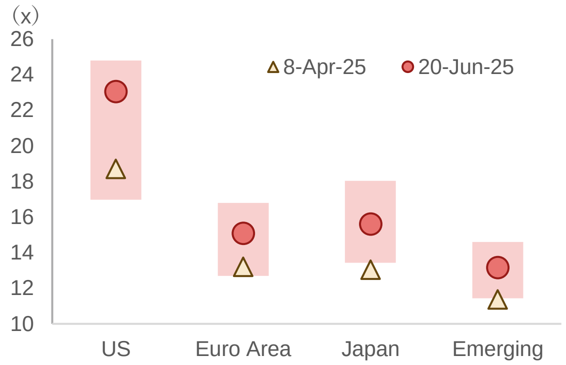

(Note) The Japan-US interest rate differentials are calculated by subtracting the yield on Japanese 10 year bonds from the yield on US 10 year bonds.
(Source) Nomura Asset Management based on the data from Bloomberg.

## Equity Market Outlook: Potential might be limited for further increases within this year

Amid increasing uncertainty in US trade policy, stock prices initially plummeted sharply but then turned upward following policy adjustments by the Trump administration. The forward P/E ratio of US stocks has rebounded to a high level compared to the past ten years. Our company believes that tariff rates will remain higher than initially anticipated at the beginning of the year, and that concerns over inflation will delay interest rate cuts by the Fed. We expect stock prices in the second half of the year to rise gradually, with a substantial increase postponed until next year or later.

Japanese equity market is expected to face downward pressure due to tariffs and a stronger yen. However, since the overvaluation in stock prices is limited and negative impacts of tariffs appear to have been largely priced in, we anticipate that Japanese equities will maintain resilience.

Figure 5. Forward Price-to-Earnings Ratios (PER) of Major Countries and Regions




(Note) The bar graph shows the 10th to 90th percentile range over the past 10 years. The US data is based on the S&P 500, Europe on the FTSE EuroFirst 300, Japan on the TOPIX, and emerging markets on the MSCI Emerging Markets Index (denominated in US dollars). April 8, 2025, marks the day when the S&P 500 reached its lowest point following the announcement of reciprocal tariffs in the US,
(Source) Nomura Asset Management based on Bloomberg data.

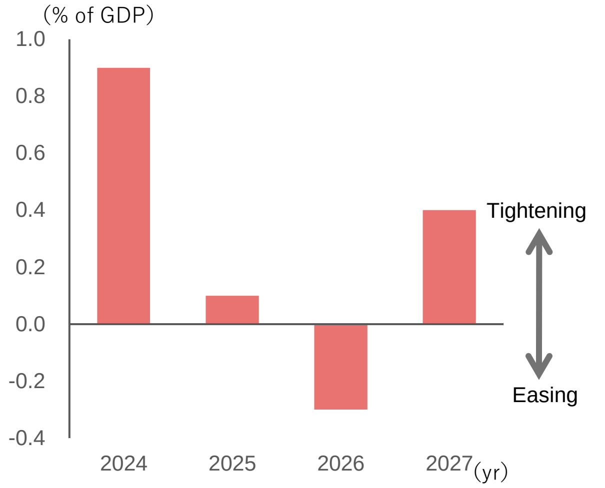
## Upside Scenario: Fiscal policy will support growth globally

Amid high uncertainty surrounding the future of US tariff policy itself, both upside and downside risk scenarios related to it can be considered. Aside from these, a potential upside risk is that global fiscal expansion could support growth.

For example, the ECB projects that the fiscal stance in the Eurozone will become more accommodative in 2026, mainly driven by increased defense and infrastructure spending in Germany between 2026 and 2027.

Additionally, in the US, a “One Big Beautiful Bill Act“, which includes extensions of tax cuts, is under deliberation. Depending on its outcome, there is a possibility of fiscal expansion effects exceeding our expectations, particularly in 2026.

Figure 6. Fiscal Stance Outlook for the Eurozone
(as of June 2025)




(Note) Change in the cyclically-adjusted primary balance excluding government support to the financial sector. The outlook from 2025 onward is based on projections by the Eurosystem staff.
(Source) Prepared by Nomura Asset Management based on ECB materials.

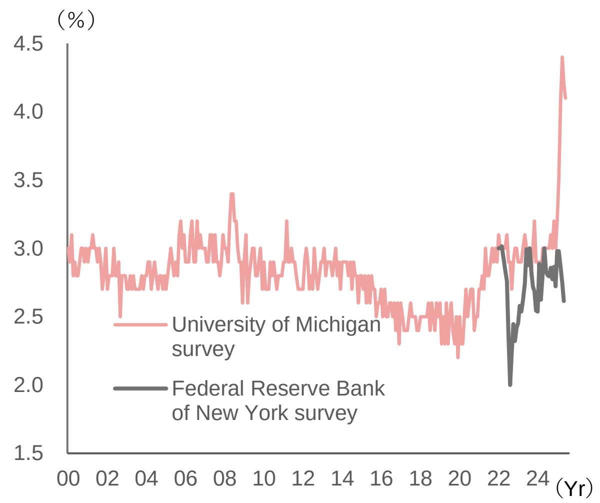
## Downside Scenario: Inflation expectations destabilized by tariffs

The US tariff increases carry the risk of raising inflation rates, which could lead to an upward revision of households' medium- to long-term inflation expectations.

Tariffs and geopolitical risks in the US are expected to increase corporate costs, thereby putting pressure on corporate earnings.

Furthermore, against the backdrop of destabilized inflation expectations, if the Fed becomes cautious about cutting interest rates, risk asset prices may find it increasingly difficult to receive support from a valuations perspective, presenting a potential risk scenario.

Figure 7. Five-Year Inflation Expectations of US Households
(Michigan University Survey: Jan. 2000 - June 2025, Monthly)
(New York Fed Survey: Jan. 2022 - May 2025, Monthly)




(Source) Complied by Nomura Asset Management based on CEIC data.

# Japan Equity Market Outlook

Assessing the catalysts for further equity market gains in Japan: shareholder returns, corporate earnings, or return on equity?

Shintaro Harada
Chief Investment Officer
Active Japanese Equity

## US tariffs and Japanese equity market trends

Since President Trump's victory in the November 2024 election, he has taken an active and interventionist approach to addressing trade imbalances and the trade deficit. However, no new tariffs were imposed immediately after the inauguration in 2025, and there was no particularly negative market reaction at that time.

That said, when the announcement of tariff impositions eventually did occur on April 2, the market reacted strongly to an announcement that far exceeded the worst fears. The Nikkei Stock Average slumped to the 31,000 yen level for the first time since August 2024. The market was shaken by measures that seemed to reject the established free trade framework, which has long driven the global economy.

Figure 1. Trends in the Japanese Equity Market (Nikkei 225)
(Jan. 4, 2024 to Jun. 18, 2025, daily)

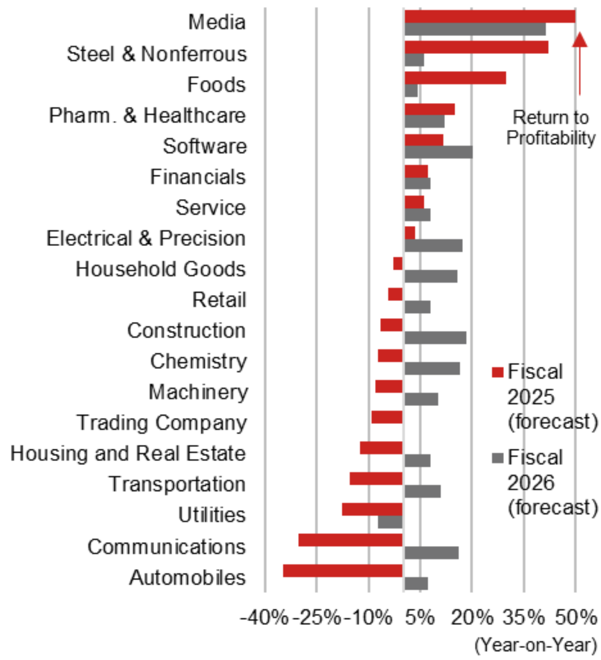

(Source) Compiled by Nomura Asset Management based on the data from Bloomberg.

## Earnings forecast for fiscal 2025 and 2026

The graph on the right shows Nomura Securities' earnings forecasts by sector (Russell/Nomura Large Cap, as of June 2025). Overall, profits are expected to decrease by 7% in fiscal year 2025 (to 03/2026), but then rebound by 10% in fiscal 2026. In FY2025, corporate earnings will be forced lower due to macro uncertainty and the impact of tariffs, but profits are forecast to return to FY2024 levels in FY 2026.

In terms of earnings forecasts by sector for fiscal 2025, the media sector, which is expected to return to profit, and steel and nonferrous metals, which are expected to increase profits mainly due to domestic structural reforms, are leading the forecasts. However, while earnings are rising across the domestic demand-oriented sectors (including foods, pharmaceuticals and healthcare, software, financials, and services), profits are expected to fall mainly among cyclical sectors. In particular, there is a significant drop in earnings for the automobiles sector, although this is expected to fluctuate depending on future tariff negotiations. While we feel comfortable with this trend, it is important to see how these developments might change and how they will be reflected in stock prices.

Figure 2. Earnings Forecast by Sector

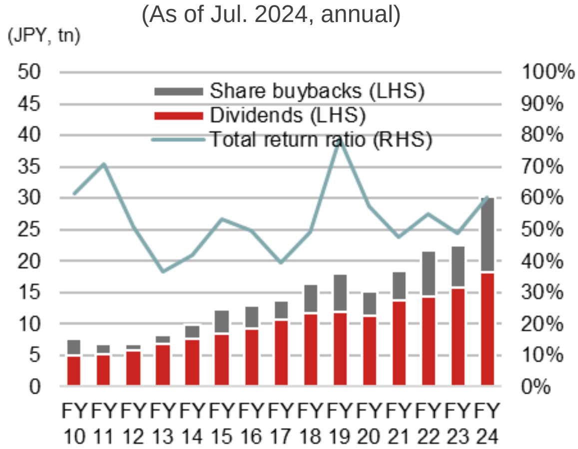



(Note) The media has hidden some parts of the fiscal year 2025 forecasts as the sector has shown sharp positive profitability turnaround.
(Source) Compiled by Nomura Asset Management based on data from Nomura Securities

## Strengthening shareholder returns

The graph on the right indicates changes in shareholder returns and total return ratios. Excluding the irregular impact of the pandemic, returns to shareholders have continued to increase. Notably, share buybacks in fiscal 2024 increased by approximately 80% from the year before, with their momentum accelerating. On the other hand, the total return ratio has been on an upward trend, albeit at a moderate pace, due to favorable corporate earnings. In fiscal 2024, the total return ratio increased to 60% due to a significant increase in share buybacks.

Figure 3. Shareholders' Return and Total Return Ratio
(As of Jul. 2024, annual)



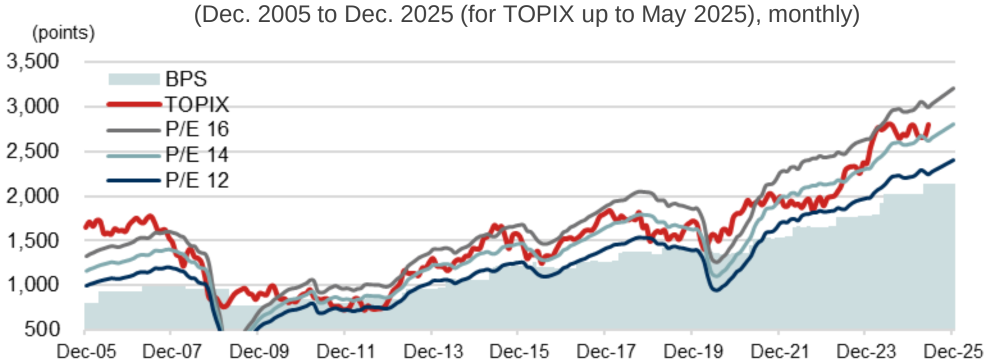

Source: Russell/Nomura Japan Equity Large Cap Index. Compiled by Nomura Asset Management based on data from Nomura Securities.

## Equity market outlook for the 2nd half of 2025

As the graph below illustrates, since the Global Financial Crisis, the average P/E ratio of the TOPIX has been approximately 14 times, increasing to about 16 when optimism is factored in, and falling to around 12 times when the market is factoring in a more pessimistic outlook. Although it does not show up in this month-end stock price chart, the market P/E ratio fell to 12 times during both major downturns, in August 2024 and April 2025. However, in both cases, stock prices rebounded again toward the end of the month and therefore the adjustments were only temporary.

Recently, the P/E ratio has returned to 14 and 15 times, although uncertainty over the impact of tariffs remains. At these levels therefore, the aggregate Japanese stock market seems to be trading at an appropriate level in terms of valuation. However, concerns linger regarding uncertainty that could materialize towards the second half of the year – around when the July to September financial results are released – when the impact of tariffs will clearly show up in corporate earnings. Depending on the eventual impact of the tariffs, that phase could mark a bottoming out for the market. Moreover, if the corporate earnings outlook for the following year shows an increase, it is possible that the stock price may turn to an uptrend after the turn of the year. In any case, the equity market is likely to remain range-bound for the time being, due to the uncertainty over earnings, with the bottoming out expected over the next six months.

Figure 4. TOPIX, P/E Ratio Band, and BPS
(Dec. 2005 to Dec. 2025 (for TOPIX up to May 2025), monthly)




*The forecast PER is calculated based on the 12-month forward EPS forecast (Bloomberg forecast as of June 6, 2025), and the forecasted portion of BPS is based on Nomura Securities' estimates. (Note) Some parts of the graph have been hidden to make the graph easier to read.
(Source) Complied by Nomura Asset Management based on data from Bloomberg and Nomura Securities.

## ROE scenario analysis

ROE levels can be equally or even more important in analyzing the outlook for the Japanese stock market. The upper right-hand graph shows that Japan's market ROE levels have been on an upward trend, interrupted by the Global Financial Crisis and the pandemic. However, market ROE has failed to push beyond the 10% level. Even though corporate earnings trends have been largely favorable, several factors have affected other inputs – such as rising equity capital due to the yen depreciation and the rise of the stock market, as well as low leverage and relatively low margins compared to international markets.

The table on the right shows three scenarios for Japan's stock market ROE (assuming 5% profit growth). Scenario 1: Margins remain stable, but a moderate increase in share buybacks continues, and the gross return ratio increases from the current 60% to 70%. However, in this case, the ROE does not reach 10%. Scenario 2: Margins remain unchanged but share buyback volume continues to increase rapidly and the gross return ratio rises to 80%. In this case, the ROE exceeds 10% in five years. However, it will take time. Scenario 3: In this scenario, margins rise and the return ratio continues to be high. In this case, the ROE would reach 10% in three years. It is controversial to speculate as to what percentage of total shareholder return ratio would be appropriate, and it is possible that the total return ratio could temporarily exceed 100% if companies repurchase their shares using cash holdings. The bottom line, however, is that it is important to combine appropriate leverage (strengthening shareholder returns) with improvements in profitability. In particular, while business restructuring takes time, it is necessary for portfolio managers to persistently engage and communicate with investee companies.

Figure 5. Historical ROE
(Dec. 1980 to Dec. 2024. annual)

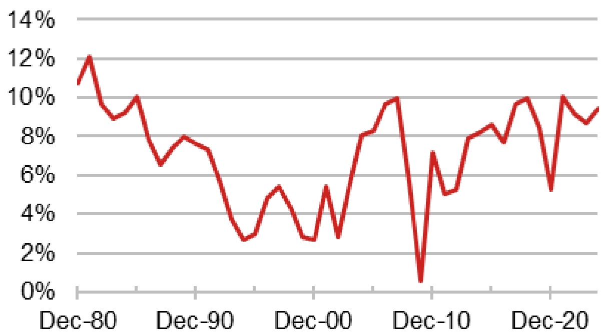



Figure 6. Scenario Simulation

(JPY, bn)

| Scenario (1) | Mar-25 | Mar-26 | Mar-27 | Mar-28 | Mar-29 | Mar-30 |
|---|---|---|---|---|---|---|
| Net Profit | 63,451 | 66,624 | 69,955 | 73,453 | 77,126 | 80,982 |
| (Year-on-Year) | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Net Profit Margin | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Dividends | 25,535 | 26,812 | 28,153 | 29,560 | 31,038 | 32,590 |
| Share Buyback | 12,500 | 15,625 | 17,969 | 19,766 | 21,742 | 23,916 |
| (Year-on-Year) | 80% | 25% | 15% | 10% | 10% | 10% |
| Total Return | 38,035 | 42,437 | 46,122 | 49,326 | 52,781 | 56,507 |
| Total Return Ratio | 60% | 64% | 66% | 67% | 68% | 70% |
| Equity | 710,148 | 734,334 | 758,168 | 782,295 | 806,640 | 831,115 |
| ROE | 9.1% | 9.2% | 9.4% | 9.5% | 9.7% | 9.9% |

| Scenario (2) | | | | | | |
|---|---|---|---|---|---|---|
| Net Profit | 63,451 | 66,624 | 69,955 | 73,453 | 77,126 | 80,982 |
| (Year-on-Year) | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Net Profit Margin | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Dividends | 25,535 | 26,812 | 28,153 | 29,560 | 31,038 | 32,590 |
| Share Buyback | 12,500 | 16,875 | 21,094 | 25,313 | 29,109 | 32,020 |
| (Year-on-Year) | 80% | 35% | 25% | 20% | 15% | 10% |
| Total Return | 38,035 | 43,687 | 49,247 | 54,873 | 60,148 | 64,611 |
| Total Return Ratio | 60% | 66% | 70% | 75% | 78% | 80% |
| Equity | 710,148 | 733,084 | 753,793 | 772,373 | 789,351 | 805,722 |
| ROE | 9.1% | 9.2% | 9.4% | 9.6% | 9.9% | 10.2% |

| Scenario (3) | | | | | | |
|---|---|---|---|---|---|---|
| Net Profit | 63,451 | 68,446 | 73,781 | 79,478 | 85,561 | 92,053 |
| (Year-on-Year) | | 7.9% | 7.8% | 7.7% | 7.7% | 7.6% |
| Net Profit Margin | 6.0% | 6.1% | 6.3% | 6.5% | 6.6% | 6.8% |
| Dividends | 25,535 | 26,812 | 28,153 | 29,560 | 31,038 | 32,590 |
| Share Buyback | 12,500 | 16,875 | 21,094 | 25,313 | 29,109 | 32,020 |
| (Year-on-Year) | 80% | 35% | 25% | 20% | 15% | 10% |
| Total Return | 38,035 | 43,687 | 49,247 | 54,873 | 60,148 | 64,611 |
| Total Return Ratio | 60% | 64% | 67% | 69% | 70% | 70% |
| Equity | 710,148 | 734,906 | 759,440 | 784,046 | 809,459 | 836,902 |
| ROE | 9.1% | 9.5% | 9.9% | 10.3% | 10.7% | 11.2% |

(Source) Nomura Asset Management based on our company's database.

# Global Equity Market Outlook

In the medium term, attention should be paid to the steady progress of the AI revolution and the narrowing of the growth rate gap between the US and Europe due to Germany's policy shift. In the short term, caution is necessary regarding the persistently high uncertainty caused by the Trump administration's policies and geopolitical risks.

Takahiro Nakayama,
Senior Managing Director,
Chief Investment Officer,
Active Global Investments

Yoshiaki Saito
Chief Portfolio Manager

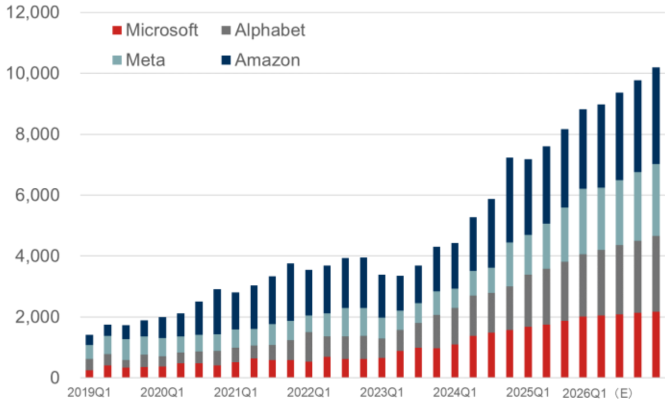
## Continuation of massive AI investments

AI-related investments by major cloud service providers known as hyperscalers, which have continued to expand over the past several years, are still growing at a pace that exceeds market expectations. Going forward, massive investments in AI are expected to continue, driven by the global technological innovation brought about by generative AI. The global AI market size (in terms of revenue) is projected to exceed 1 trillion US dollars by 2031, with individual companies also actively investing and innovating.

For example, Amazon.com has announced a strategic partnership with the US-based generative AI startup Anthropic, aiming to build a competitive advantage in the AI-related business. Additionally, Microsoft seeks to strengthen its leadership in the AI domain centered around its partnership with OpenAI, known for developing ChatGPT. Furthermore, Microsoft is actively investing in the field of quantum computing, aiming to establish a medium- to long-term competitive advantage in AI-related businesses.

Generative AI has the potential to perform a wide range of intellectual tasks depending on the data it learns from, and it is expected to improve productivity across the entire economy. Given the significant changes generative AI is likely to bring, earnings growth for related companies is anticipated, along with enhanced profitability for a broad range of companies over the medium- to long term.

Figure 1. Investments by Major Cloud Service Providers (Q1 2022 to Q4 2026, quarterly)




(Note) Nomura Asset Management forecast from Q2 2025 onward.
(Source) Compiled by Nomura Asset Management based on Bloomberg data.

## Strong corporate earnings observed in 1Q 2025

The preliminary forecasts for corporate earnings in the first quarter of 2025 were cautious, reflecting concerns such as (1) inflation worries caused by tariff hikes under the Trump administration, (2) deterioration in household purchasing power due to persistently high loan interest rates, and (3) worsening labor market conditions due to cuts in government-related employment. However, actual results showed a 13.3% increase, surpassing the initial forecast of 7.2%, marking two consecutive quarters of double-digit growth and demonstrating the resilience of corporate performance. By industry, earnings growth was confirmed mainly in sectors benefiting from strong domestic demand in the US and AI-related investments.

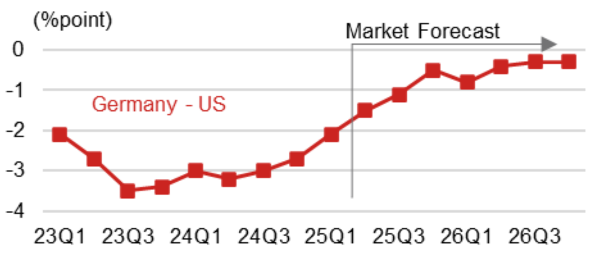
Following the strong 1Q results, forecasts for 2Q earnings per share (EPS) have been revised downward, but a 9% increase in annual earnings is expected for 2025. Going forward, market attention is expected to shift from tariff policies under the Trump administration to growth-supporting policies such as tax cuts and deregulation. While it is important to remain cautious about persistently high uncertainty in the economy and markets related to tariff policies, if negotiations on trade agreements progress and tariff policies are revised, there is a possibility that earnings outlooks for major companies will be revised upward.

## Policy shift in Europe requires attention

As the AI revolution progresses, a historic policy shift underway in Europe is also attracting attention. In 2009, Germany - Europe's largest economy - included a fiscal rule in its Basic Law, which serves as its constitution. This rule limits the fiscal deficit to within 0.35% of GDP and was adopted in response to fiscal deterioration during the European sovereign debt crisis. Because of this, Germany has faced challenges in implementing large-scale fiscal policies comparable to those in the US, even amid uncertain environments. However, in March 2025, Germany's then-future Chancellor Olaf Scholz announced a policy shift through an amendment to the Basic Law, easing borrowing restrictions.

Going forward, Germany is expected to increase defense spending and invest more than 500 billion euros in infrastructure-related projects. It is also anticipated that Germany's policy shift may spread to other European countries, potentially leading to a revision in market outlooks for the economic prospects of the entire European region. While the US is likely to maintain its leadership in the AI revolution, the fiscal policy shift in Europe is expected to help narrow the growth rate gap between the US and Europe by expanding domestic demand and investment opportunities within the European region.

Figure 2. The Gap in GDP Growth Rates Between the US and Germany
(Q1 2023 to Q4 2026, quarterly)



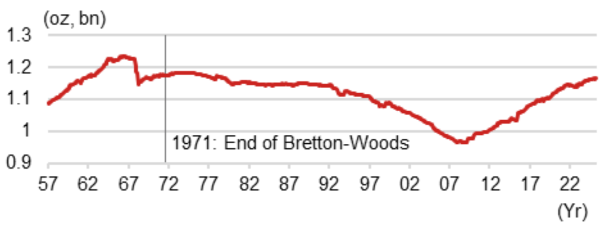

Source: Nomura Asset Management based on Bloomberg data.

## Central banks' holding gold as reserve assets

Changes are also evident in the behavior of central banks. According to the ECB's annual report released in June 2025, central banks worldwide acquired over 1,000 tons of gold annually for three consecutive years through 2024, making gold the world's second-largest reserve asset after the US dollar. Additionally, the total gold holdings by central banks and other public institutions globally have reached approximately 36,000 tons (with one troy ounce equaling about 30 grams), approaching the peak level seen in 1966 during the Bretton Woods era.

This shift is also reflected in the movement of gold prices. Historically, gold prices have shown a strong inverse correlation with real interest rates; however, since Russia's invasion of Ukraine in February 2022, gold prices have continued to rise even as real interest rates increased. This trend is believed to be influenced by heightened geopolitical and political uncertainties, drawing attention to whether this represents a medium-term structural change.

Figure 3. Gold Holdings by Global Public Institutions
(January 1957 to April 2025, monthly)




Source: Nomura Asset Management based on Bloomberg data.

Figure 4. Gold Prices and 10-Year Real Interest Rates
(January 2008 to May 2025, monthly)


Source: Nomura Asset Management based on Bloomberg data.

## Emerging Equities: Stable trends supported by a weakening US Dollar and commodity market conditions

The US tariff hikes were initially expected to lead to a repatriation of real investments into the country, supporting a stronger US dollar, continued dominance of US stocks, and a withdrawal of capital from emerging markets. However, since the announcement of mutual tariffs at the US "Liberation Day", the global financial markets have moved in the exact opposite direction. Amid investors' shifting away from US financial assets, emerging market equities have outperformed US stocks and are expected to maintain this resilient trend going forward.

Among emerging markets, China's sluggish stock market—which has been a primary target of trade friction and is facing economic slowdown—stands as an exception. Meanwhile, significant gains in South Korea and Taiwan (in US dollar terms) have driven the emerging market rally. As soon as reports surfaced about the US administration's inclination toward a weaker US dollar, the currencies of these two countries surged. Despite these markets being heavily weighted toward export stocks, their stock prices also increased. Considering their long-term economic growth, trends in trade surpluses, and advanced technologies held by exporting companies, it is highly likely that both rising stock prices and stronger currencies will continue.

While concerns remain over a global economic slowdown due to trade frictions, commodity markets have shown surprising resilience, largely influenced by the weaker US dollar. As a result, resource-heavy emerging markets have also been performing well, with notable gains in regions such as South Africa. The abundance of listed gold mining companies makes these markets favorable during periods of rising gold prices and a weaker US dollar. Additionally, the sharp rise in platinum prices has contributed to gains in precious metals stocks. Platinum is considered one of the commodities with a high potential for supply-demand tightening. Driven by recent gold price increases, demand for platinum as an alternative in China's jewelry market has been rising. Moreover, due to the slower adoption of electric vehicles, demand for platinum in catalytic converters for internal combustion engine vehicles has not declined as much as expected. On the supply side, prolonged price stagnation has led precious metals mining companies to curb capital expenditures, resulting in anticipated production declines. This supply-demand imbalance suggests that there is still room for further price appreciation.

We can see from above trends that emerging market equities provides a broad range of investment opportunities through many investment themes with low correlation to developed market stocks.

Figure 5. Equity Market Return since the "Liberation Day" (in US Dollars: Total Return Index) (Apr. 2, 2025 to Jun. 10, 2025)

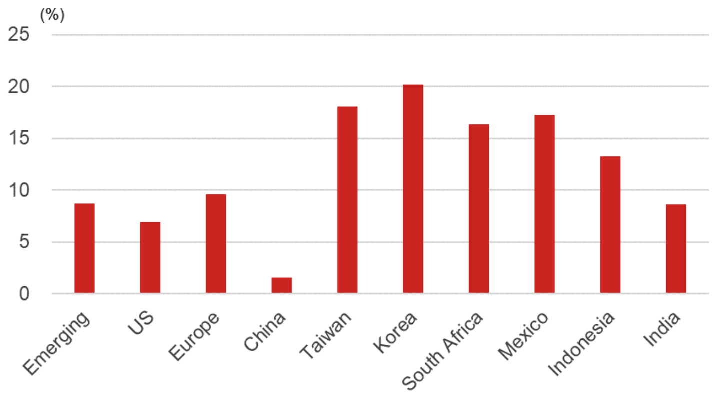
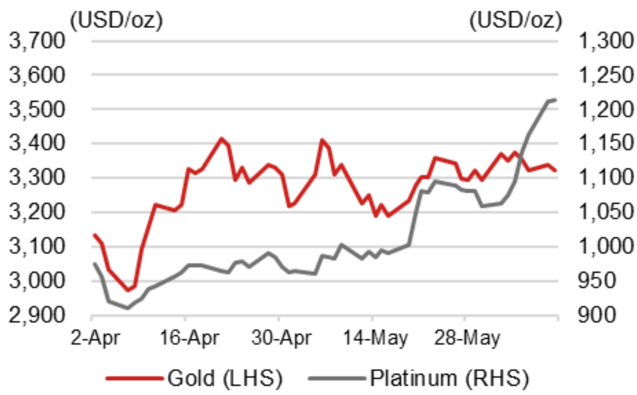



Figure 6. Gold and Platinum Markets (Apr. 2, 2025 to Jun. 10, 2025, daily)




Emerging Market Equities: MSCI EM (Emerging Markets) Index, Europe: MSCI Europe Index, Individual Countries: MSCI Country Indexes.
(Source) Complied by Nomura Asset Management based on Bloomberg data.

# Bond and Currency Market Outlook

Bond yields are expected to decline in anticipation of the Fed resuming interest rate cuts.

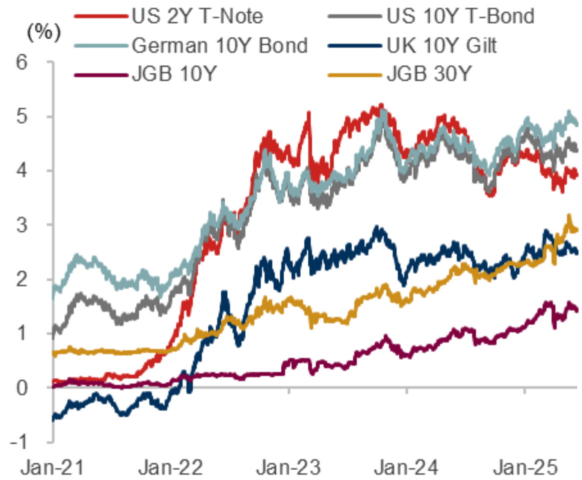
Wataru Kato
Senior Portfolio Manager

Yuji Maeda
Head of Investment
Global Fixed Income

## Bond yields are showing mixed movements

Since the beginning of the year, bond yields in major countries have shown mixed movements depending on the region and maturity. While the yield on the US 10-year Treasury slightly declined (prices rose), German and JGB 10 year bond yields generally trended upward (prices fell). Looking at maturities, short-term bond yields mostly declined in many countries as the continuation of rate cuts was anticipated. However, yields on bonds with maturities exceeding 10 years were under upward pressure due to concerns over expanded fiscal spending. Japan's 30-year government bond yield rose sharply in particular by almost one percentage point at one time since the beginning of the year.

Figure 1. Government Bond Yields
(Jan. 1, 2021 – Jun. 13 2025, daily)




Note: Yield is Bloomberg Generic
Source: Nomura Asset Management based on Bloomberg data

## Fed is set to resume interest rate cuts.

Since implementing rate cuts in December 2024, the US Federal Reserve (Fed) has kept its policy rate unchanged for four consecutive meetings. Economic indicators, particularly those reflecting business sentiment, have worsened, possibly due to uncertainties surrounding tariffs. Although the current policy rate is still considered to be above the neutral rate and is therefore at a somewhat restrictive level, Chair Jerome Powell has signaled a wait-and-see approach.

At the post-FOMC press conference in June, Chair Powell emphasized the uncertainty caused by tariffs and suggested that the Fed might maintain a wait-and-see stance for several months. He also indicated that it is highly likely the situation will eventually warrant rate cuts. We also believe that, despite periods of accelerating inflation due to tariff impacts, the slowing labor market will likely push the Fed to resume cuts.

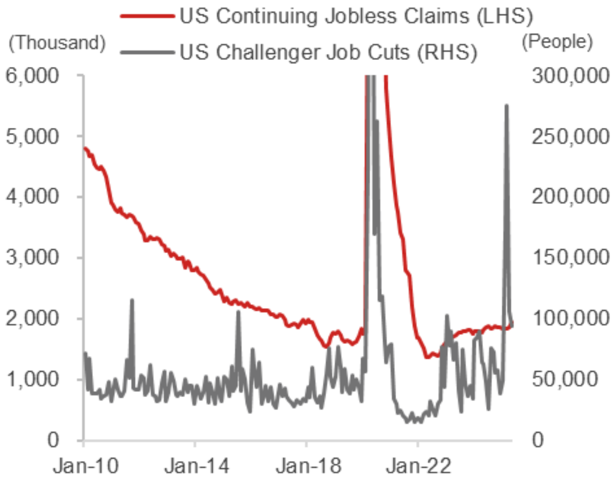
Some central banks that have pursued aggressive rate cuts are now showing caution regarding further reductions. The ECB implemented a rate cut at its June meeting; however, at the subsequent press conference, President Christine Lagarde expressed the view that current rates are at a good level, indicating reluctance toward early additional cuts. The Bank of Canada cut policy rates for seven consecutive meetings but has paused rate cuts since April in order to assess the outlook for the economy and inflation. We believe that even these central banks, which are cautious about further cuts, are still likely to continue easing considering the negative impact of US tariff measures on their economies.

## US economy is expected to see a clearer basic trends of a slowdown

The US economy remains resilient at present. However, we judge that tariffs are likely to lead to a slowdown in the economy by causing inflation-driven reductions in consumer spending and constraining investment. In fact, the number of continued unemployment benefit claimants has been trending upward recently, suggesting that finding reemployment after job loss may be becoming more difficult.

Looking ahead, the actual extent of tariffs to be imposed remains uncertain, as ongoing negotiations with other countries and injunctions from the US Court of International Trade will have an impact. Nevertheless, we believe that this policy uncertainty itself could dampen corporate willingness to invest in capital expenditures, thereby becoming a drag on the economy.

Figure 2. US Employment Indices
(Jan. 2010 – May. 2025, monthly)




(Note) Some parts of the data for 2020 have been omitted to make the graph easier to read..
(Source) Nomura Asset Management based on Bloomberg data.

## US Treasury yields are expected to decline in anticipation of the Fed resuming interest rate cuts.

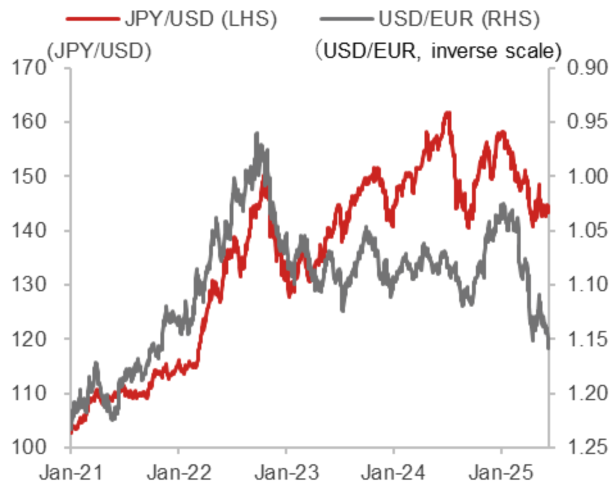
We expect US Treasury yields to decline as the Fed resumes rate cuts against the backdrop of a slowing economy. Regarding inflation, as some Fed officials have expressed concerns, it remains necessary to closely monitor whether the rise in inflation expectations caused by tariffs will translate into sustained inflationary pressures over the long term. However, we believe that the inflationary impact of tariffs will be temporary, and that slowing economic growth will eventually exert downward pressure on inflation. We expect both the economic slowdown and the future moderation of underlying inflation to push bond yields lower.

That said, we remain mindful of the risk that expanded fiscal spending could push yields higher, particularly for long-term bonds. A tax cut bill is currently under consideration in the US, and if enacted, it is expected to continue worsening the fiscal balance. Looking abroad, countries such as Germany, Canada, and Australia also plan to increase fiscal spending. The worsening fiscal balances in these developed countries pose a risk of sustained upward pressure on yields for long-term bonds.

## The recent weakening of the US dollar marks the beginning of a long-term trend.

Since the beginning of the year, the US dollar has declined against many currencies in the foreign exchange market. Factors contributing to the weaker dollar include softening US economic indicators and the announcement of large-scale fiscal stimulus in Europe, particularly in Germany, which raised expectations for a European economic recovery. Additionally, following the announcement of reciprocal tariffs by US President Trump on April 2, the dollar weakened further against many currencies. Among them, the euro notably strengthened, recovering to $1.15 per euro for the first time since 2021. We believe that the recent decline in the dollar is merely the beginning of a longer-term trend of dollar weakness going forward.

Figure 3. JPY/USD and USD/EUR Trends
(Jan. 4, 2021 – Jun. 13, 2025, daily)




(Source) Nomura Asset Management based on Bloomberg data.

## US is entering a phase where its current account deficit is becoming more prominent

We consider the current account balance to be one of the key factors that determine exchange rate movements. However, since the pandemic in 2020, despite the expansion of the US current account deficit driven by strong consumer spending, the US dollar has remained relatively firm. We attribute this to the fact that the US has attracted foreign investors due to its relatively favorable economic conditions. However, we view the uncertain tariff policies and other measures implemented by President Trump as a turning point that likely caused capital that had been attracted to the US to flow back overseas. Due to this outflow of capital and the chronic current account deficit, we believe the US dollar is likely to weaken against a broad range of currencies.

Figure 4. Trends in the US Dollar Index and the US Current Account Balance
(US Dollar Index: March 1980 to March 2025, quarterly)
(Current Account Balance as a Percentage of GDP: 1Q 1980 to 4Q 2024, quarterly)


(Note) The US Dollar index is DXY.
(Source) Nomura Asset Management based on Bloomberg data.

# J-REIT Market Outlook

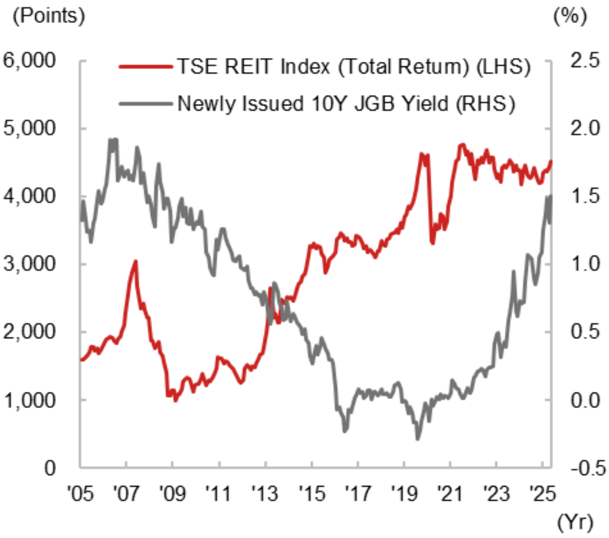
Rent increases have become evident across a wide range of sectors, making it likely that the rise in costs such as interest rate hikes can be offset.

Tomoyuki Nobuhara
Chief Portfolio Manager

## While interest rates are on an upward trend, rent increases are becoming apparent.

Japanese long-term interest rates have been rising due to the Bank of Japan's changes in monetary policy and the ongoing upward trend in prices. The increase in interest rates tends to reduce the relative attractiveness of REIT dividend yields and raises borrowing costs which poses a short-term concern for investors. On the other hand, with the overall market conditions improving, rent increases have become evident across a wide range of sectors in properties held by REITs, making it likely that the rising costs such as higher interest rates can be offset going forward. Against this backdrop, the J-REIT market has remained resilient. Additionally, in a market environment marked by uncertainty, such as the implementation of the Trump tariffs, J-REITs—which provide stable cash flow—are likely to be favored.

Figure 1. TSE REIT Index and Newly Issued 10 Yr JGB Yield
(Jan. 2005 – May 2025, monthly)

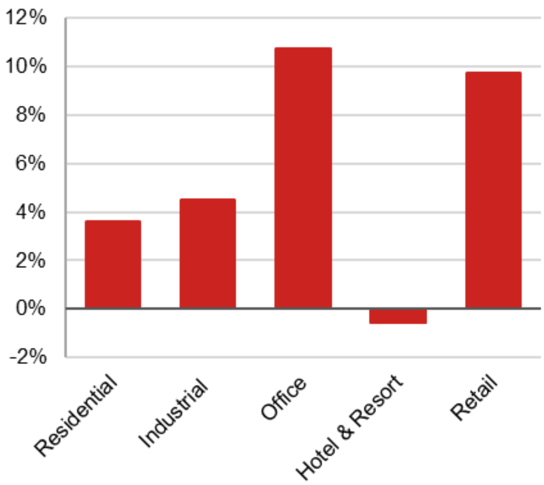



(Source) Nomura Asset Management based on QUICK data

## Sectors with expected rent increases are showing strong returns

According to sector-specific returns since the beginning of 2025, the office and retail (commercial) sectors have been performing well. The office market is showing signs of improvement as employees return to offices after the pandemic and demand for office space in prime urban locations increases from the perspective of securing talent. The retail (commercial) sector is benefiting from improved leasing conditions in central urban commercial facilities due to expanding inbound demand, as well as increased sales-based rents amid inflation, resulting in a favorable business environment. Although the hotel and resort sector's investment unit prices have stagnated due to increased uncertainty caused by exchange rate fluctuations and the implementation of Trump tariffs, there appears to be no major issues as occupancy rates and room rates have remained steady.

Figure 2. J-REIT Sector Return
(2025 YTD, Dec. 30, 2024 – May 30, 2025)



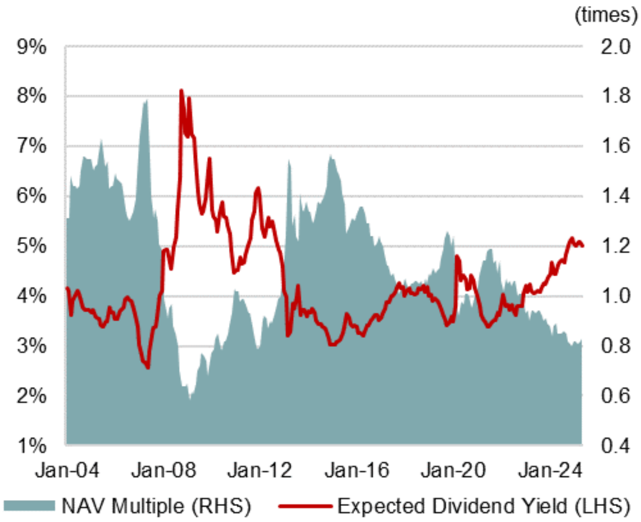

(Note) Market capitalization weighted average, industry classification by GICS industry subsector classification.
(Source) Nomura Asset Management based on Bloomberg data

## Investment indicators suggest a strong sense of undervaluation.

As a result of the overall downtrend in the J-REIT market during 2024, the expected dividend yield for J-REITs has risen to the 5% range, and the NAV multiple has dropped to the low 0.8 time range as of May 2025. Historically, periods when the NAV multiple remained consistently below 1 time have coincided with significant downward pressure on the real estate market, such as in the wake of the Global Financial Crisis and the Great East Japan Earthquake. However, the current real estate market is characterized by clear rent increases across a wide range of sectors, and property prices are stabilizing. These trends indicate that the fundamentals are strong. Therefore, there is a growing sense of undervaluation from the perspective of investment indicators.

Note: NAV = Value calculated by adding unrealized gains and losses on holdings to net assets.

Figure 3. J-REIT Expected Dividend Yield and NAV Multiple
(Jan. 2004 to May 2025, monthly)

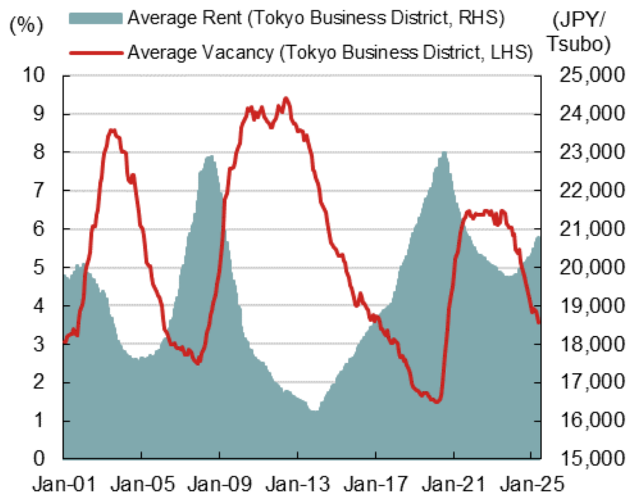



(Note) The market capitalization-weighted average value of the NAV multiple(investment unit price ÷ NAV per unit) for all J-REITs.
(Source) Nomura Asset Management based on data from the Association for Real Estate Securitization https://www.ares.or.jp/en/

## Observing a clear recovery in the office market.

Amid the urgent challenges of addressing labor shortages and securing talented personnel, the idea of viewing rent paid for high-quality office spaces necessary for employee retention, not as a cost but as an investment is gaining traction. Additionally, due to labor shortages in the construction industry and other factors, the completion of office buildings is increasingly being delayed, which is expected to improve the supply-demand balance through reduced supply. Against this backdrop, the improvement of the office market is accelerating. Office buildings scheduled for completion in the future also appear to be securing tenants steadily, and barring significant economic disruptions, the office market is expected to remain strong over the medium term.

Figure 4. Tokyo Business District Office Market
(Jan. 2001 to May 2025, monthly)



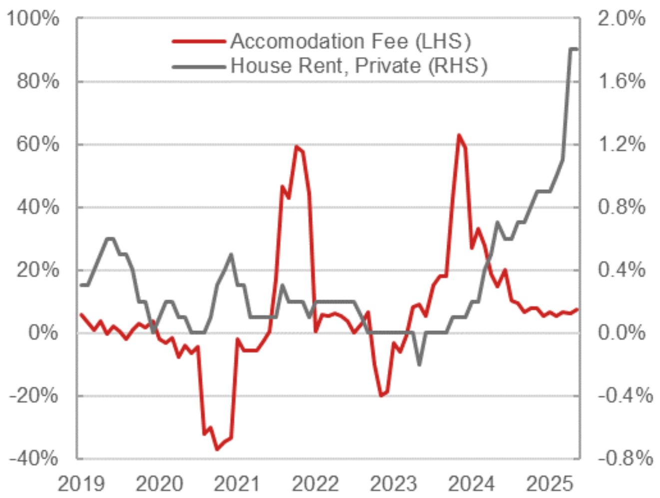

(Source) Nomura Asset Management based on data from Miki Shoji

## Hotel accommodation rates and rental prices for residential properties are also on the rise.

The hotel and resort sector experienced a temporary stagnation in investment units' prices as investors sought to assess the impact of currency fluctuations and the Trump-era tariffs. However, room rates and occupancy rates have not shown significant negative effects, and operational indicators of hotels owned by REITs have generally trended upward compared to the previous year.

In the rental housing sector, rents have been on an upward trend due to factors such as the recovery of population inflows to urban centers and an increase in tenants opting for rental housing amid soaring condominium prices. According to financial reports from rental housing REITs, new supply is expected to remain at a low level going forward, due to a decline in housing starts. Coupled with ongoing improvements in income conditions such as wages, continued rent increases are anticipated.

Figure 5. Consumer Price Index
(Tokyo metropolitan area/ by item)
(Jan. 2019 – May. 2025, monthly yoy)

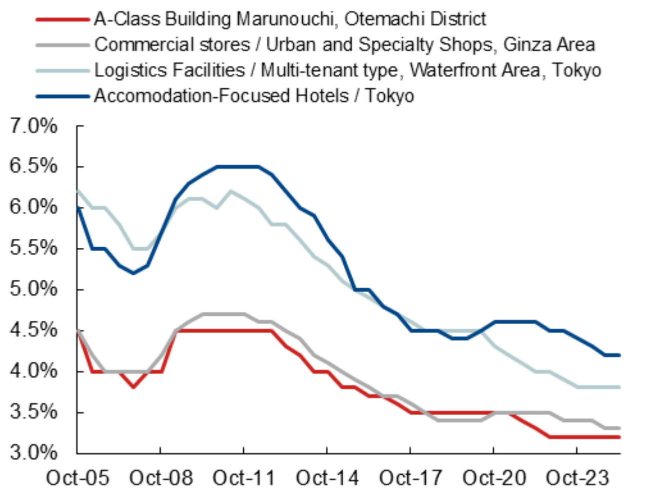



(Source) Nomura Asset Management based on data from the Statistics Bureau of the Ministry of Internal Affairs and Communications (https://www.e-stat.go.jp/).

## Robust urban real estate price trend continues.

While rising interest rates theoretically lead to higher expected returns on real estate investments, which typically cause downward pressure on property prices. However, investors' expected returns have remained stable. The background of this stability is, investment-grade real estate yields still offer attractive returns relative to borrowing costs, even when anticipating some increase in interest rates. Additionally, expected increases in cash flow due to rising rents help mitigate the impact of any rise in expected returns on property prices. The firm real estate prices are therefore considered a supporting factor for the J-REIT market, which is already trading at a discount relative to net asset value (NAV multiples).

Figure 6. Real Estate Expected Return
(Oct. 2005 – Apr. 2025, semiannual)




(Source) Nomura Asset Management based on data from Japan Real Estate Institute

* 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 | F |
| Real GDP | World | *1,*4 | 2.8 | 2.4 | 2.1 | 1.6 | 1.9 | 2.1 | 3.0 | 2.8 | 2.2 | 2.2 |
| (qoq, ann, %) | Developed | *2 | 0.8 | 1.3 | 1.2 | 1.0 | 1.1 | 1.5 | 1.9 | 1.8 | 1.4 | 1.3 |
| | Emerging | *1,*3 | 4.2 | 3.7 | 3.2 | 2.6 | 3.0 | 3.5 | 4.6 | 4.4 | 3.4 | 3.4 |
| | United States | | -0.2 | 2.8 | 1.5 | 1.4 | 1.2 | 1.6 | 2.9 | 2.8 | 1.8 | 1.6 |
| | Eurozone | | 2.5 | 0.1 | 0.5 | 0.7 | 0.7 | 1.1 | 0.6 | 0.8 | 1.2 | 0.8 |
| | Japan | | -0.2 | 0.9 | 0.3 | -0.1 | 0.9 | 0.7 | 1.4 | 0.2 | 0.9 | 0.6 |
| | China | *1 | 5.4 | 5.1 | 3.8 | 3.2 | 3.2 | 3.5 | 5.4 | 5.0 | 4.3 | 3.6 |
| CPI | World | *4 | 2.8 | 2.5 | 2.6 | 2.8 | 2.6 | 2.5 | 4.2 | 3.0 | 2.7 | 2.4 |
| (yoy, %) | Developed | *2 | 2.7 | 2.3 | 2.6 | 2.7 | 2.6 | 2.6 | 4.6 | 2.7 | 2.6 | 2.5 |
| | Emerging | *3 | 2.9 | 2.9 | 2.7 | 2.9 | 2.6 | 2.4 | 3.6 | 3.6 | 2.9 | 2.2 |
| | United States | | 2.7 | 2.4 | 3.1 | 3.4 | 3.3 | 3.3 | 4.1 | 3.0 | 2.9 | 3.1 |
| | Eurozone | | 2.3 | 2.0 | 1.9 | 1.7 | 1.5 | 1.5 | 5.4 | 2.4 | 2.0 | 1.6 |
| | Japan | *5 | 3.1 | 3.2 | 1.9 | 1.9 | 1.7 | 1.7 | 3.1 | 2.5 | 2.5 | 1.8 |
| | China | | -0.1 | 0.0 | -0.1 | 0.5 | 0.0 | 0.0 | 0.2 | 0.2 | 0.1 | -0.3 |
| Policy Interest Rate | United States | *6 | 4.50 | 4.50 | 4.50 | 4.50 | 4.25 | 3.75 | 5.50 | 4.50 | 4.50 | 3.50 |
| (%) | Eurozone | *6 | 2.50 | 2.00 | 1.75 | 1.75 | 1.50 | 1.50 | 4.00 | 3.00 | 1.75 | 1.50 |
| | Japan | *6 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.75 | -0.10 | 0.25 | 0.50 | 0.75 |
| | China | *6 | 3.10 | 3.00 | 2.80 | 2.80 | 2.80 | 2.80 | 3.45 | 3.10 | 2.80 | 2.80 |
| 10-Year GB Yield | United States | | 4.21 | 4.23 | 4.30 | 4.30 | 4.30 | 4.20 | 3.88 | 4.57 | 4.30 | 4.20 |
| (End of Period, %) | Germany | | 2.74 | 2.61 | 2.60 | 2.50 | 2.50 | 2.40 | 2.02 | 2.37 | 2.50 | 2.40 |
| | Japan | | 1.49 | 1.43 | 1.60 | 1.60 | 1.60 | 1.60 | 0.61 | 1.10 | 1.60 | 1.60 |
| Equity Index | S&P500 | | 5,612 | 6,205 | 6,050 | 6,120 | 6,270 | 6,430 | 4,770 | 5,882 | 6,120 | 6,770 |
| (End of Period, Point) | EURO300 | | 2,126 | 2,142 | 2,200 | 2,230 | 2,270 | 2,310 | 1,889 | 2,016 | 2,230 | 2,390 |
| | TOPIX | | 2,659 | 2,853 | 2,690 | 2,720 | 2,760 | 2,790 | 2,366 | 2,785 | 2,720 | 2,950 |
| | MSCI EM ($) | | 1,101 | 1,223 | 1,220 | 1,240 | 1,270 | 1,290 | 1,024 | 1,075 | 1,240 | 1,330 |
| Currency | USD/EUR | | 1.08 | 1.17 | 1.14 | 1.15 | 1.15 | 1.15 | 1.10 | 1.04 | 1.15 | 1.17 |
| (End of Period) | JPY/USD | | 149.5 | 144.4 | 143.0 | 143.0 | 142.0 | 140.0 | 141.0 | 157.2 | 143.0 | 140.0 |
| | JPY/EUR | | 161.5 | 169.6 | 163.0 | 164.0 | 163.0 | 161.0 | 155.7 | 162.7 | 164.0 | 164.0 |
| | RMB/USD | | 7.25 | 7.17 | 7.30 | 7.30 | 7.30 | 7.30 | 7.09 | 7.30 | 7.30 | 7.30 |

## Emerging FX and Policy Interest Rate Forecast

| | | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| | | | | F | F |
| Currency | INR | 83.2 | 85.6 | 85.0 | 84.5 |
| (Per USD, | IDR | 15,397 | 16,095 | 16,000 | 15,600 |
| End of Period) | BRL | 4.9 | 6.2 | 5.4 | 5.4 |
| | MXP | 16.9 | 20.8 | 19.5 | 20.5 |
| | ZAR | 18.3 | 18.9 | 17.8 | 17.0 |
| | TUR | 29.5 | 35.4 | 44.0 | 52.0 |
| Policy Interest Rate | India | 6.50 | 6.50 | 5.25 | 5.00 |
| (%) | Indonesia | 6.00 | 6.00 | 5.00 | 5.00 |
| | Brazil | 11.75 | 12.25 | 15.00 | 12.00 |
| | Mexico | 11.25 | 10.00 | 7.50 | 7.00 |
| | S. Africa | 8.25 | 7.75 | 7.00 | 7.00 |
| | Turkey *6 | 42.50 | 48.13 | 38.00 | 25.00 |

Note: Forecast as of June 23, 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

# Index Hedge Clause

The index used as references in material is as follows: (Includes indicators partially used and/or not shown.)

Index values, marks, and trademarks related to the Tokyo Stock Price Index (TOPIX) and Tokyo Stock Exchange REIT Index（TSE REIT Index) are the intellectual property of JPX Market Innovation & Research, Inc. and its affiliates (hereinafter referred to as “JPX”). JPX retains all rights related to the calculation of the index, releases of its values, and its usage, in addition to rights related to all relevant know-how, marks, and trademarks. JPX does not guarantee nor assume any responsibility for errors, delays, or interruptions in the calculation or release of TOPIX and TSE REIT Index values. This product is not offered, guaranteed, or sold by JPX. JPX shall not be liable for any damages arising from the establishment, sale, or promotion activities of this products.

The “FTSE EuroFirst 300 Index” and “FTSE100 Index” (hereafter “Indices”) are calculated by FTSE International Limited (hereinafter, “FTSE”) and all rights to the index are reserved. Neither FTSE, The London Stock Exchange PLC (hereinafter “Exchange”), nor The Financial Times Limited (hereinafter “FT”), neither explicitly nor implicitly guarantee or pronounce results gained by using the Indices and/or the values of the Indexes announced at a specific time, date, or by another method. The Index is edited and calculated by FTSE. However, neither FTSE nor the FT assume any responsibility (pertaining to negligence nor any other) towards any individual with regards to any errors in the Index, nor do they assume the obligation to notify any individual of such errors.

MSCI indexes are the exclusive property of MSCI Inc.. MSCI and MSCI indices are service marks of MSCI or its affiliates. Nomura Asset Management Co., Ltd. has been licensed to use these service marks for certain purposes. Neither MSCI, MSCI affiliates, nor any other party involved in or related to the production or editing of MSCI indexes have made decisions concerning the legality or compatibility of the funds and/or accounts noted herein, nor do they issue, support, recommend, market, manage, or advertise the funds and/or accounts noted herein, nor do they guarantee or assume any responsibility for the funds and/or accounts noted herein.

The Russell/Nomura Japan Stock Index and its sub-indices are produced by Russell Investments and Nomura Securities Co., Ltd. All intellectual property rights and all other rights belong to Russell Investments and Nomura Securities Co., Ltd. Russell Investments and Nomura Securities Co., Ltd. do not guarantee the accuracy, completeness, credibility, or usability of the indexes, and assume no responsibility for investment performance, etc. of funds and/or accounts.

All intellectual property rights and all other rights to the "S&P500“ indices belong to Standard & Poor’s Financial Services LLC.

Bloomberg is a trademark and service mark of Bloomberg Finance L.P. Barclays is a trademark and service mark of Barclays Bank plc used under license. Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") or Bloomberg's licensors are not responsible for the accuracy, completeness or reliability of the information contained herein. Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg") or Bloomberg's licensors have all exclusive rights to the Bloomberg Barclays Indices.

# Important Information

This report was prepared by Nomura Asset Management Co., Ltd. (“Nomura Asset Management”) for information purposes only. Although this report is based upon sources we believe to be reliable, we do not guarantee its accuracy or completeness. Unless otherwise stated, all statements, figures, graphs and other information included in this report are as of the date of this report and are subject to change without notice. The contents of this report are not intended in any way to indicate or guarantee future investment results. Further, this report is not intended as a solicitation or recommendation with respect to the purchase or sale of any particular investment. This report may not be copied, re-distributed or reproduced in whole or in part without the prior written approval of Nomura Asset Management Co., Ltd.

| | |
|---|---|
| Registration Number: | Director-General of the Kanto Local Financial Bureau No.373 |
| Membership: | The Investment Trusts Association, Japan |
| | Japan Investment Advisers Association |
| | Type II Financial Instruments Firms Association |

Nomura Asset Management Co., Ltd.
2-2-1, Toyosu, Koto-ku,
Tel: 81 (0)3-6387-5000 (Main switchboard)
https://global.nomura-am.co.jp/

NOMURA
NOMURA ASSET MANAGEMENT