



Nomura Asset Management Investment Outlook Autumn 2026

October 2026

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Growing concerns about upside risks to prices

07 | Global Financial Market Forecast

During the July–September 2026 quarter, equity markets in the U.S. and Japan posted modest gains, while Europe declined slightly, amid corrections, particularly in semiconductor-related stocks, among other factors. In the bond markets, long-term interest rates rose sharply as the central banks of the U.S., Europe, and Japan moved to raise interest rates against a backdrop of inflation concerns and other factors. Continued high levels of government bond issuance, along with increased corporate bond issuance, particularly by AI-related companies, also contributed to higher interest rates by weakening supply–demand conditions. In the foreign exchange markets, Japanese and U.S. authorities carried out coordinated yen-buying intervention at the end of July. The yen fluctuated significantly against the U.S. dollar due to position unwinding and other factors, but appreciated slightly over the quarter. The euro also experienced periods of appreciation against the U.S. dollar, but remained broadly unchanged over the quarter.

Fig. 1. Major Equity Markets

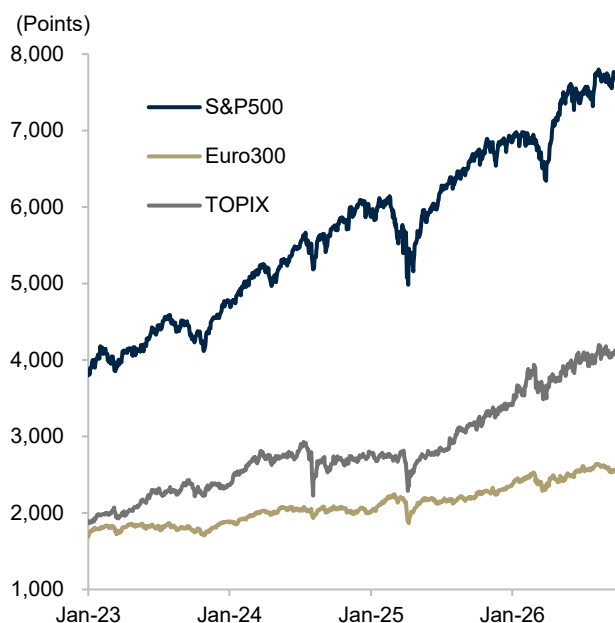


Fig. 2. 10 Year Bond Yields in Major Countries

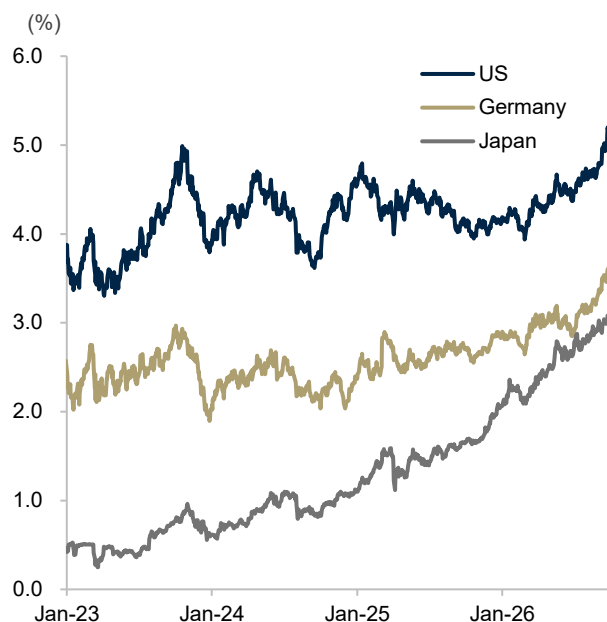


Fig. 3. Yen and Euro against the U.S. dollar

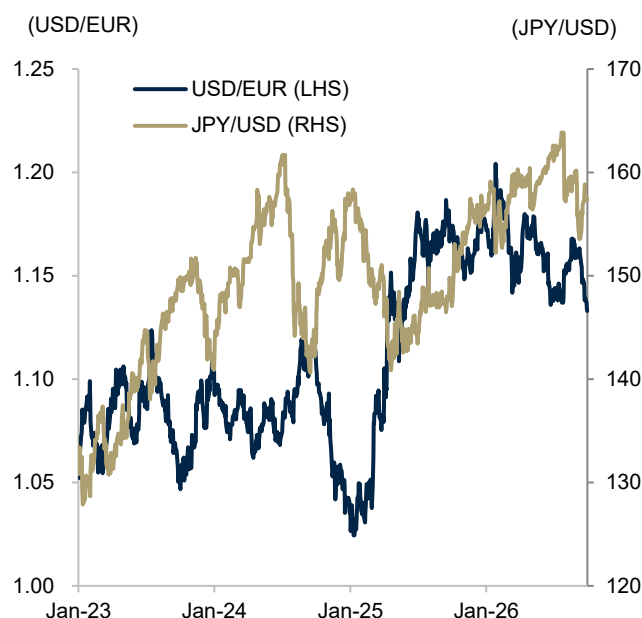
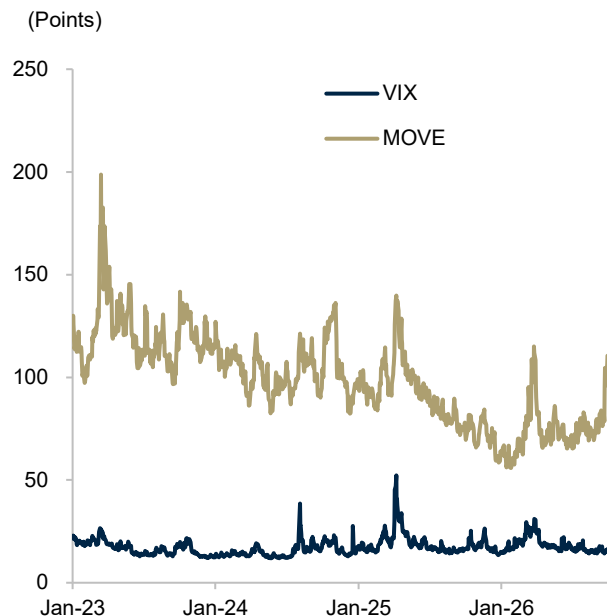


Fig. 4. Trends in VIX and MOVE



Note: (Fig. 4) The VIX and the MOVE are indexes that show the risk of future volatilities of U.S. stocks and U.S. bonds, respectively.
Source: (Fig. 1-4.) Nomura Asset Management based on Bloomberg data. Daily data from January 2, 2023 to September 30, 2026.

Growing concerns about upside risks to prices



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Near-Term Investment Outlook: Rate Hikes Amid Heightened Uncertainty in the Middle East

As tensions in the Middle East continue to escalate, Brent crude prices once again exceeded U.S.\$100 per barrel on September 9. The Iran-aligned Houthi group in Yemen attacked energy facilities in Saudi Arabia, raising concerns that the attack could lead to a decline in oil supplies. Reports that the Houthis had taken control of a strategic location along the Red Sea coast also heightened concerns that alternatives to the Strait of Hormuz for crude oil shipments could become less viable.

In the previous Investment Outlook, we had assumed that tensions in the Middle East would ease somewhat in the second half of the year. Compared with our previous assessment, we now believe that both upside risks to inflation and downside risks to economic growth have increased.

Meanwhile, robust global AI-related demand has

contributed to global economic growth. Over the outlook period through the end of 2027, we expect AI-related demand to remain resilient and support the economy. However, developments such as opposition to data-center projects warrant close attention.

As we consider the investment environment ahead, we are focused on the following questions: (1) to what extent will developments in the Middle East and AI-related demand affect inflation; (2) will major central banks continue raising interest rates, and will market concerns that they are falling behind the curve subside; (3) will market concerns about fiscal sustainability ease following the U.S. midterm elections and Japan's budget formulation process for fiscal 2027; and (4) will synchronized rate hikes by major central banks weigh on economic activity and risk-asset prices?

Macroeconomic Outlook:

Vigilance toward upside risks to inflation remains warranted

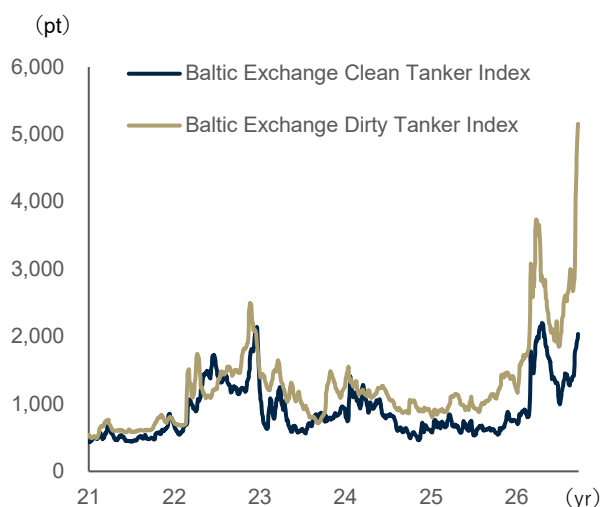
Against the backdrop of heightened tensions in the Middle East, we assume that oil prices will remain elevated over the next six months, although supply constraints are not expected to trigger widespread production curtailments. In addition, taking into account factors such as rising tanker freight-rate indices, we believe that cost pass-through to consumers will continue. Compared with our projections in the previous Investment Outlook, we believe it will take longer for the inflationary and growth-dampening effects of Middle East tensions to subside.

In the meantime, we expect major central banks to continue raising interest rates in response to concerns about upside risks to inflation. However, we do not expect rate hikes to materially weaken AI-related demand.

Overall, while developments in the Middle East and AI-related demand point to significant upside risks to

inflation, we believe that the potential for a substantial deterioration in economic activity remains limited.

Figure 1. Trends in the Baltic Exchange Tanker Price Index
(January 4, 2021 to September 22, 2026, daily)



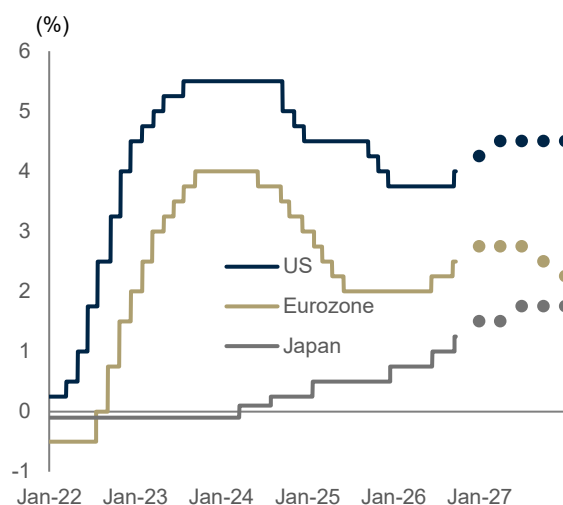
Monetary Policy Outlook: Major central banks to raise rates

Amid heightened concerns about upside risks to prices, and as rate hikes became necessary to maintain financial market confidence, the European Central Bank (ECB), the U.S. Federal Reserve (Fed), and the Bank of Japan all decided to raise interest rates by 0.25 percentage points in September.

Based on the economic outlook described above, we expect concerns about upside risks to prices to persist for the time being. Central banks will likely need to maintain market confidence by demonstrating their commitment to containing inflation.

We expect the Fed to decide to implement additional rate hikes in December 2026 and March 2027, the ECB in December 2026, and the Bank of Japan in December 2026 and June 2027.

Figure 2. Policy Interest Rates in Japan, the U.S., and Eurozone, and Nomura Asset Management Forecasts (Actual daily, from Jan. 3, 2022 to Sep. 23, 2026)



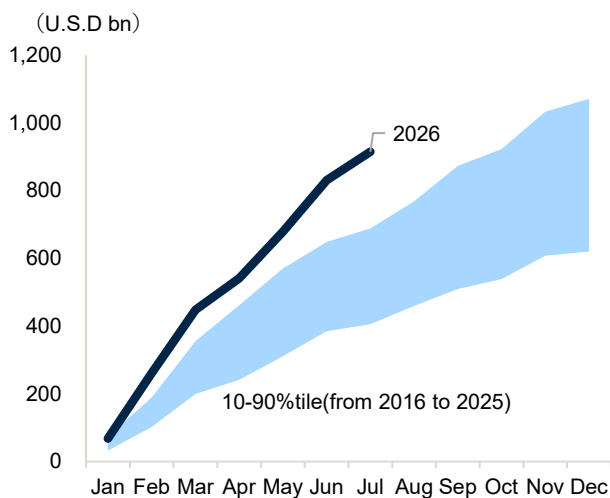
Interest Rate Outlook: Rate hikes and growing funding demand are adding upward pressure to interest rates

The recent rise in U.S. long-term interest rates is likely attributable to expectations of further rate hikes by the Fed amid inflation concerns, as well as a deterioration in the supply-demand balance resulting from a surge in bond issuance by AI-related companies. As we expect the Federal Reserve to implement additional rate hikes, we also anticipate a further rise in long-term interest rates. Although rate hikes weigh on demand, we believe it is unlikely that funding demand from AI-related companies will weaken or that growth will slow. Accordingly, we expect long-term interest rates to remain elevated.

In Europe, we believe that growing expectations of ECB rate cuts as we enter 2027 will put downward pressure on interest rates. However, with upward pressure on interest rates likely to persist globally, the decline in euro area interest rates is likely to be limited.

In Japan, in addition to continued rate hikes by the Bank of Japan, persistent concerns about inflation and fiscal conditions are likely to push interest rates higher.

Figure 3. New Corporate Bond Issuances by U.S. Nonfinancial Corporations Year-to-Date (Until July 2026, monthly)



Note: (Fig. 2.) The dots from December 2026 onward represent our forecasts as of the end of each quarter (as of Sep. 18, 2026)

(Fig. 3.) The gross amount raised by issuances with maturities of more than one year is shown.

Source: (Fig. 2) Prepared by Nomura Asset Management, based on data from Bloomberg.

(Fig. 3.) Compiled by Nomura Asset Management based on data from the Federal Reserve and CEIC.

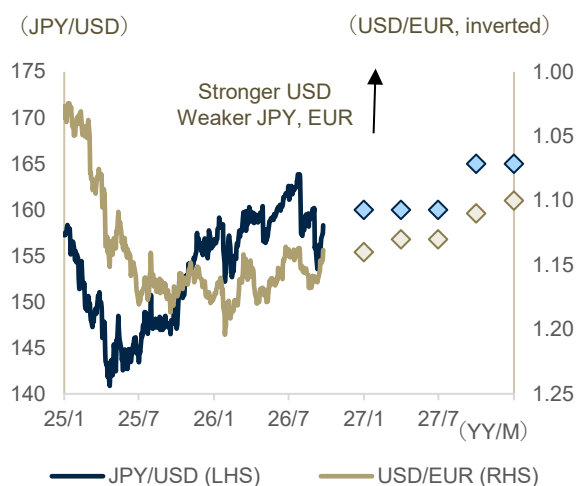
Currency Outlook: Yen expected to remain range-bound for the time being

There are growing concerns that further yen depreciation could prompt renewed policy measures, such as foreign exchange intervention, following the coordinated foreign exchange intervention conducted by Japan and the U.S. at the end of July. At the same time, fundamental factors continue to weigh on the yen, including the reduced likelihood of a narrowing interest-rate differential following U.S. rate hikes, as well as persistent capital outflows associated with outbound foreign direct investment and the new NISA program. As a result, we expect the yen to remain range-bound for the time being.

We expect the euro to weaken against the U.S. dollar next year as the direction of monetary policy in the U.S. and Europe diverges. However, we believe the risk of a significant euro depreciation is limited amid a trend toward de-dollarization and favorable risk sentiment.

Figure 4. JPY and EUR Exchange Rates against the U.S. Dollar

(Actual daily data, from Jan. 1, 2025 to Sep. 23, 2026)



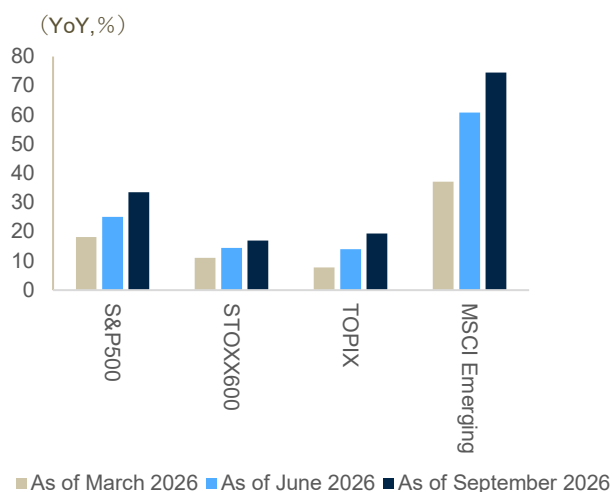
Equity Market Outlook: Despite headwinds from rising interest rates, the earnings outlook continues to improve.

Against the backdrop of strong earnings results and expectations for AI-related investment, forecasts for corporate earnings growth have continued to be revised upward. Earnings growth for 2026 is forecast to exceed 30% for the S&P 500 and approach 20% for both the STOXX Europe 600 and the TOPIX (fiscal-year basis). Although stock prices remain near record highs, valuations based on forward price-to-earnings ratios (PERs) have actually become less stretched.

We are concerned that rate hikes in the U.S. and rising long-term interest rates could lead to lower PERs. However, while higher interest rates are likely to adversely affect some sectors, we believe their impact on AI-related stocks—which have been driving the recent rise in stock prices—and on the broader equity indices will be limited. We expect stock prices to continue rising, supported by the

continued strength of corporate earnings.

Figure 5. Profit Growth Forecast



Note: (Fig. 4) Note: Dots from December 2026 onward indicate our forecasts as of September 18, 2026, for each quarter-end (Fig. 5) The U.S., Europe, and emerging markets are on a calendar-year basis, while Japan is on a fiscal-year basis. Data for September 2026 are as of September 16, 2026..

Source: (Fig. 4) Nomura Asset Management, based on data from Bloomberg. (Fig. 5) Nomura Asset Management, based on data from LSEG Datastream.

Upside Scenario: Decline in energy prices

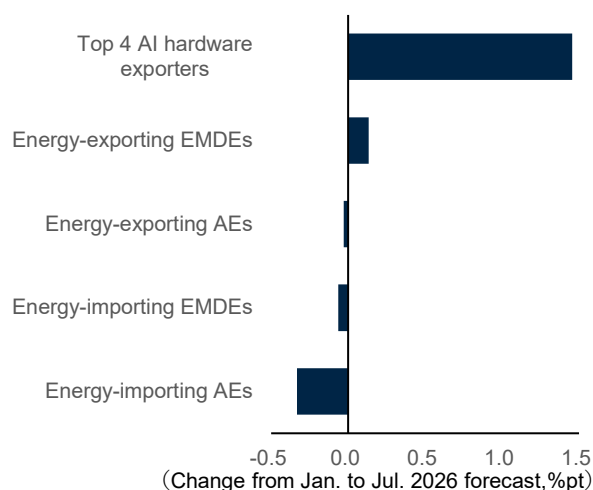
Under our baseline scenario, we assume that energy prices will remain elevated for approximately the next six months.

However, as the U.S. midterm elections approach, the possibility that tensions in the Middle East could ease abruptly cannot be ruled out. If energy prices decline sooner than assumed under our baseline scenario, this would have a positive impact on net energy-importing countries and regions.

A decline in concerns about upside risks to prices could reduce market expectations for rate hikes by major central banks. This would support risk-asset prices and could have a positive impact on the real economy.

We also envisage a scenario in which investment to strengthen supply chains accelerates to enhance economic security.

Figure 6. Changes in the Economic Outlook of the International Monetary Fund (IMF)
(Cumulative 2026 – 2027)



Downside Scenario: Tightening financial conditions

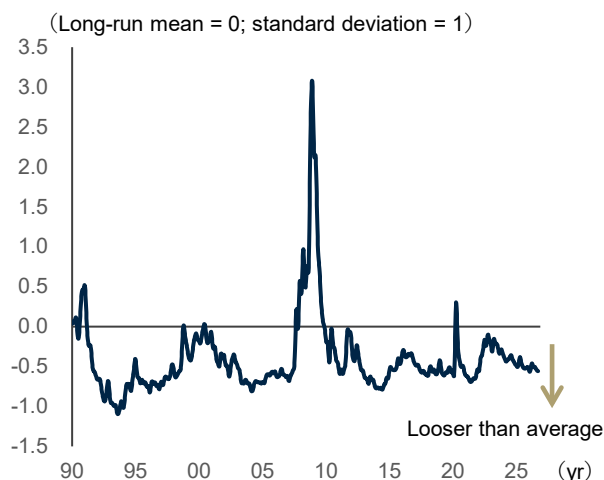
If energy prices rise more than anticipated in the baseline scenario or remain elevated for an extended period, major central banks may implement substantial rate hikes simultaneously, rather than keeping them limited to preemptive moves.

Even if rate hikes continue, lingering concerns that central banks are falling behind the curve could keep long-term interest rates elevated, potentially resulting in tighter financial conditions along the entire yield curve.

If this is compounded by growing skepticism about AI-related demand, it could lead to a decline in risk-asset prices.

Under this scenario, this tightening of financial conditions could have an increasingly negative impact on the real economy.

Figure 7. Chicago Fed Financial Conditions Index
(Weekly, from Jan. 5, 1990 to Sep. 18, 2026)



Major Economic and Market Forecast

			2026				2027		2024	2025	2026	2027
			Q1	Q2	Q3	Q4	Q1	Q2				
					F	F	F	F			F	F
Real GDP (qoq, ann, %)	World	*1,*4	2.7	2.6	2.5	2.5	2.5	2.4	3.0	2.7	2.6	2.6
	Developed	*2	1.4	1.9	1.4	1.4	1.6	1.8	1.9	1.7	1.5	1.6
	Emerging	*1,*3	4.5	4.3	4.2	3.9	3.9	3.7	4.7	4.3	4.2	3.8
	United States		2.1	1.5	2.2	1.8	2.1	2.1	2.8	2.1	2.1	2.0
	Eurozone		0.0	2.6	0.5	1.3	1.0	1.2	1.1	1.3	1.0	1.2
	Japan		1.9	1.4	0.3	0.4	0.5	1.9	0.1	1.2	0.9	0.9
	China	*1	5.0	4.3	4.4	4.3	4.4	4.4	5.0	5.0	4.5	4.3
CPI (yoy, %)	World	*4	2.7	3.4	3.2	3.3	3.1	2.5	3.0	2.7	3.2	2.7
	Developed	*2	2.5	3.3	3.1	3.4	3.2	2.2	2.7	2.6	3.1	2.4
	Emerging	*3	3.1	3.5	3.4	3.3	3.1	3.1	3.6	2.7	3.3	3.2
	United States		2.7	3.8	3.3	3.6	3.3	2.1	3.0	2.7	3.4	2.4
	Eurozone		2.0	3.0	3.1	3.2	2.9	2.2	2.4	2.1	2.9	2.2
	Japan	*5	1.7	1.5	2.0	2.6	3.1	1.4	2.5	3.1	1.9	1.7
	China		0.9	1.1	0.9	0.3	0.3	0.8	0.2	0.1	0.8	1.0
Policy Interest Rate (%)	United States	*6	3.75	3.75	4.00	4.25	4.50	4.50	4.50	3.75	4.25	4.50
	Eurozone	*6	2.00	2.25	2.50	2.75	2.75	2.75	3.00	2.00	2.75	2.25
	Japan	*6	0.75	1.00	1.25	1.50	1.50	1.75	0.25	0.75	1.50	1.75
	China	*6	3.00	3.00	3.00	3.00	3.00	3.00	3.10	3.00	3.00	3.00
10-Year GB Yield (End of Period, %)	United States		4.32	4.47	5.28	5.20	5.30	5.30	4.57	4.17	5.20	5.30
	Germany		3.00	2.86	3.59	3.60	3.60	3.50	2.37	2.86	3.60	3.30
	Japan		2.35	2.68	3.07	3.10	3.20	3.30	1.10	2.07	3.10	3.30
Equity Index (End of Period, Point)	S&P500		6,529	7,499	7,652	7,720	7,940	8,140	5,882	6,846	7,720	8,620
	EURO300		2,328	2,572	2,535	2,600	2,630	2,670	2,016	2,360	2,600	2,750
	TOPIX		3,498	3,995	4,109	4,270	4,370	4,450	2,785	3,409	4,270	4,770
	MSCI EM (\$)		1,397	1,723	1,705	1,760	1,810	1,860	1,075	1,404	1,760	1,950
Currency (End of Period)	USD/EUR		1.15	1.14	1.14	1.14	1.13	1.13	1.04	1.17	1.14	1.10
	JPY/USD		159.1	162.5	157.1	160.0	160.0	160.0	157.2	156.7	160.0	165.0
	JPY/EUR		183.3	185.8	178.5	182.0	181.0	181.0	162.7	184.1	182.0	182.0
	RMB/USD		6.91	6.79	6.71	6.70	6.70	6.60	7.30	6.99	6.70	6.50

Emerging FX and Policy Interest Rate Forecast

		2024	2025	2026	2027
				F	F
Currency (Per USD, End of Period)	INR	85.6	89.9	97.0	100.0
	IDR	16,095	16,675	18,100	19,000
	BRL	6.2	5.5	5.2	5.4
	MXP	20.8	18.0	18.2	19.0
	ZAR	18.9	16.6	16.6	17.3
	TUR	35.4	43.0	51.0	60.0
Policy Interest Rate (%)	India	6.50	5.25	5.25	5.25
	Indonesia	6.00	4.75	5.75	5.75
	Brazil	12.25	15.00	13.25	13.25
	Mexico	10.00	7.00	6.50	7.00
	S. Africa	7.75	6.75	7.00	7.00
	Turkey *6	48.13	38.00	37.00	37.00

Note: Forecast as of September 18, 2026 (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 U.S., 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; for the U.S., 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. The outlook for Japan is based on the assumption that a 1% consumption tax on food and beverages will be introduced in April 2027. *As for forecast columns, actuals are prioritized if available.

Source: Oxford Economics, Bloomberg, and Nomura Asset Management

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October, 2026

Sales Charge at Purchase Up to 3.85% (including tax)	The fee is borne by investors when they apply to purchase an investment trust. The distributor receives this fee as compensation for expenses related to the sale of the investment trust. Please confirm the applicable fee rate and other details with the distributor of the investment trust. Depending on the investment trust, a "redemption fee" or other fee may also be charged when the investment is redeemed (including upon maturity).
Management Fee (Trust Fee) Up to 2.222% (including tax)	This fee is charged for the period during which an investor holds the investment trust. The investment trust management company receives its portion as compensation for managing the fund; the trustee receives its portion for the safekeeping and administration of the trust's assets; and the distributor receives its portion for administrative services related to the payment of distributions and redemption proceeds, as well as for mailing investment reports. - For some funds, an additional performance-based fee may be charged depending on investment performance. - In the case of a fund of funds, except for certain funds, trust fees and other expenses for the investment trust securities in which the fund invests are charged separately.
Trust Asset Retention Amount (retention charge) Up to 0.5%	Investors bear this charge when redeeming their holdings in an investment trust or in similar circumstances. It is intended to ensure that investors themselves bear the costs incurred within the trust assets as a result of their redemptions or similar transactions.
Other Fees and Expenses	In addition to the fees and expenses described above, investors may be required to bear other costs depending on the holding period and other factors, including brokerage commissions incurred in trading portfolio securities and other assets, taxes imposed on the fund, audit fees, and various expenses associated with the safekeeping and administration of assets overseas. As these fees and expenses may vary depending on the fund's investment performance and other factors, their rates, maximum amounts, and other details cannot be specified in advance.

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