

Japan Insights | Market Strategy by Nozomi Moriya

Japanese Equities - A Global View from Europe

Nomura Asset Management Co., Ltd. Published October 23, 2026



Nozomi Moriya – Chief Strategist (Institutional Clients)

As part of Nomura Asset Management’s Project BRIDGE, we traveled to London, Geneva and Madrid to hold seminars on Japanese equities and meet one-on-one with local investors.

Project BRIDGE aims to showcase the appeal of Japanese equities to investors around the world and, through engagement with portfolio companies, help unlock their corporate value. More broadly, it seeks to bridge the gap between how the market values Japanese companies and the strengths they possess—connecting global investors with Japanese businesses.

This was my first time taking part. At each seminar, I was struck by the breadth of interest in Japanese equities. Colleagues who attended last year said participation had grown this time around. The questions were lively, too, suggesting that investors were looking beyond broad impressions and seeking a more concrete understanding of the market.

Madrid was especially memorable. It was my first business trip to the city. Many of the investors we met seems to have had relatively limited exposure to Japanese equities. I felt we were opening a new frontier for the market, and found myself all the more engaged in the effort.

Japan as a Diversifier—or Part of the Same Trade?

A clear theme in our conversations was the search for alternatives to increasingly crowded positions in U.S. equities—and, within them, AI-related stocks. The sharp fall in CoreWeave shares brought that concentration risk into sharper focus. For some investors, Japanese equities offered a way to diversify. For others, Japan was not outside the AI trade at all, but another market caught up in it.

Nor was the mood on Japan uniformly bullish. Some investors who had been early to turn positive have since moved back to neutral. After several years of gains, they are asking a harder question: what, from here, will drive the market higher?

Rates, the Yen—and What They Mean for Japan

Questions about rising rates and the yen’s next move came up repeatedly. Investors generally seemed comfortable with the resilience of Japan’s economy and corporate earnings. Against that

backdrop, they were keen to understand how the changing environment might play out: how could higher rates affect corporate profits and household behavior? What lies ahead for the yen? And how might developments in energy markets affect Japan's economy and businesses?

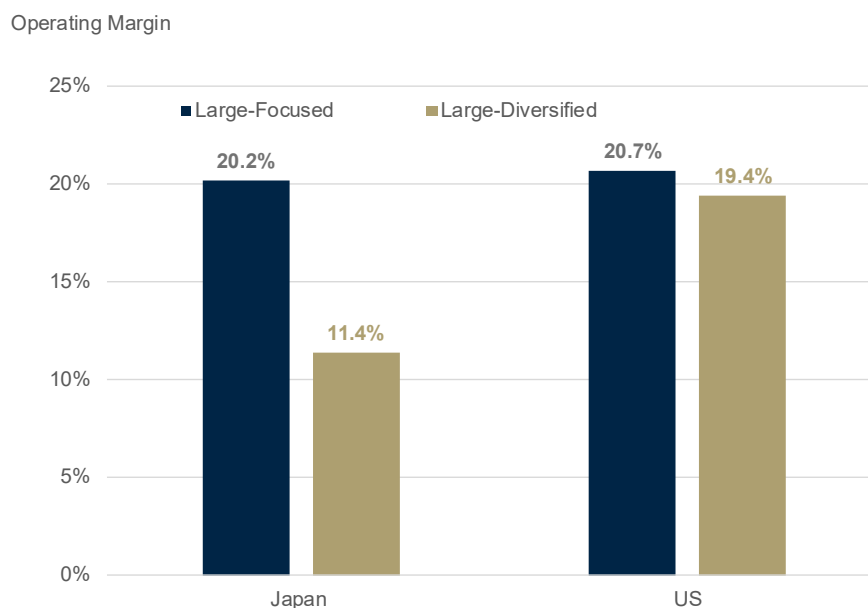
The questions seemed less about whether Japan's economy and earnings outlook were sound, and more about how investors should factor these shifting conditions into their decisions.

Corporate Reform: The Next Chapter

Corporate transformation was another subject that resonated strongly. The story of Japanese corporate change is no longer just about returning capital to shareholders. The next chapter may be written through portfolio reshaping and investment for growth—and investors were particularly interested in the scope for business restructuring.

That interest reflects a broader shift in the forces acting on companies. Shareholder activism is evolving, while private equity is becoming a more prominent presence. Both are helping to sharpen the pressure on companies to reconsider what they own, where they compete and how they allocate capital.

Figure 1. Operating margins by company size and degree of diversification: Japan and the U.S.—the case for more agile portfolio realignment



Note: The Japanese sample comprises JPX 150 companies as of August 23, 2024; the U.S. sample comprises S&P 500 companies as of October 6, 2024. "Large" companies are defined as those with sales of ¥500 billion to ¥2 trillion; U.S. sales are converted at 150 yen per US dollar. Degree of diversification is calculated as 100% minus the revenue share of the largest business segment. "Focused" companies have a diversification measure below 10%; "diversified" companies, 50% or above. Source: Nomura Asset Management, based on data from Japan's Ministry of Economy, Trade and Industry (<https://www.meti.go.jp/english/index.html>).

The flip side is that this is also where European investors still find Japanese companies difficult to assess. Conglomerates spanning multiple businesses—and portfolios whose strategic logic is not readily apparent from the outside—can still leave investors wondering what, exactly, a company is trying to achieve.

The more clearly Japanese companies articulate what they intend to keep, what they are willing to let go, and where they plan to deploy capital, the greater the potential for a fresh reassessment of Japanese equities.

The TOPIX overhaul I discussed in my previous column did not yet seem to be widely known among the investors we met. By making it clearer which companies the market selects, the changes should become an important lens through which European investors can understand the structural evolution of Japan's equity market.

As investors reassess their concentration in U.S. equities and AI-related stocks, interest in Japan is growing. To meet that interest, Japanese companies will need to explain more clearly what they aim to achieve through their business choices and capital allocation.

A survey of investors offers one way to gauge how the market sees Japan—and how those views are changing over time. Comparing the latest findings with past results can help reveal how perceptions of Japanese equities have evolved. In my next column, I'll take a closer look at the survey results.

Note: This material contains personal views and does not necessarily reflect Nomura Asset Management's house view.

Nozomi Moriya

Chief Strategist (Institutional Clients)

Nomura Asset Management Co., Ltd. ("Nomura AM")

Nozomi Moriya is Chief Strategist for Institutional Clients in Japan and overseas at Nomura AM. She joined the firm in September 2026 after more than two decades at UBS, where she worked as an equity analyst covering the Japanese consumer sector before becoming Japan Equity Strategist in 2023.

Drawing on her extensive experience analyzing Japanese companies and industries, she specializes in analyzing Japan's corporate reforms and connecting bottom-up corporate developments with broader macroeconomic and capital-market trends. She also actively shares her views on Japanese equities with audiences in Japan and abroad, highlighting their global appeal.

She graduated with a B.A. in Economics from the University of Tokyo in 2003.

Disclaimer

This report was prepared by Nomura Asset Management Co., Ltd. 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.

Trade name: Nomura Asset Management Co., Ltd.

Director of Kanto Local Finance Bureau (Financial Instruments Firms) No.373

Business Category of Financial Instruments Business: Investment Management Business, Investment Advisory and Agency Business, Type II Financial Instruments Business.

Membership: Investment Management Association of Japan/ Type II Financial Instruments Firms Association

Investment Risks and Costs

Costs Associated with Financial Products (Fees and Other Costs)

Customers pay the following expenses

All information on this report is intended for information purpose only and does not constitute a solicitation of an offer to buy any investment product nor to enter into an investment advisory agreement with Nomura Asset Management to any persons. The following fees and expenses are charged to investors of our investment products. We can only provide a general description of our fee calculation formula here, as fee rates will vary depending on the specific product characteristics or the specific contract with each of our clients.

- As a consideration of our investment advisory services, fees equivalent to the sum of the assets under contract multiplied by the agreed-upon percentage fee rate (%) will be charged depending on the length of the contract.

[Calculation formula] Assets amount under contract x fee rate (%) x length of the contract (days) / 365

- Based on mutual agreement, we may adopt a performance-based fee structure or a combination of performance-based fee structure and the flat fee structure mentioned above. We are unable to provide detailed calculation nor the maximum fee for performance-based fee structure as the actual advisory fee vary depending on the investment performance of the relevant strategy, and the agreed terms with each client. Performance-based fee structures will be negotiated individually between client and Nomura Asset Management.
- Separate from the investment advisory fees, securities trading consignment fees and expenses related to the custody of securities will also be deducted from the contracted assets. It is not possible to specify the rate or maximum amount in advance as such fees would vary depending on the status of the investment.
- Nomura Asset Management may, based on its discretionary investment decisions, purchase investment trust products to be included in a portfolio under a discretionary investment contract. In such cases, expenses such as investment trust management fees, sales company and management company fees, and fees charged when converting investment trusts to cash would incur. If such cases investment trust products are issued by our own company or one of our group companies, the investment advisory fees may be adjusted to avoid double payment of management fees. The adjustment calculation methods are specified in each contract. Total investment advisory fees paid by the client shall amount to investment advisory fees less the investment management fees associated with the purchased investment trust products.

Investment Risks Associated with Financial Products

The financial instrument transactions conducted on behalf of the client shall include investments made in shares, bonds with new share warrants, bonds issued by public corporations, and other instruments

(including cases where investments are made via investment trusts and through Limited Partnerships). Consequently, the prices of shares and other investments may decline as a result of the effects of domestic and overseas economic variables and political circumstances, fluctuations in interest rates, and changes in the performance and financial standing of the issuing entities, resulting in investment losses.

Financial products may also make use of derivative transactions. Such transactions utilize leverage in excess of the margin amount, and if prices change as a result of the fluctuations in the securities and indexes that serve as the underlying assets, it is possible that losses in excess of the amount of the margin deposited will be incurred. Also, the leverage rates vary continuously as a result of changes in investment policies and domestic and overseas market environments, and consequently they cannot be specified in advance. During the terms of derivative transactions, Nomura Asset Management shall deposit margins taken from the contract assets in amounts that it determines to be suitable based on calculations performed by the securities companies with which the orders are placed.

Important Information (based on Japan Financial Instruments Exchange Act)

Risks Associated with Investment Trusts

Investment trusts primarily invest in securities whose prices fluctuate, such as domestic and international equities and public and corporate bonds. As the principal amount invested is not guaranteed, the price per investment unit may fluctuate due to changes in the market prices of the underlying assets, foreign exchange rates, and other factors. Consequently, the value of an investment may fall below the amount originally invested, resulting in a loss. Investment trusts are different from bank deposits and savings. In addition, the nature and characteristics of the risks involved vary among investment trusts because the types of underlying assets, investment restrictions, trading markets, and countries in which they invest differ from one investment trust to another. Before investing, please carefully read the Investment Trust Prospectus (Prospectus for Delivery) and the Pre-Contractual Disclosure Document.

Fees and Expenses Associated with Investment Trusts 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.

The total amount of the fees and expenses described above varies depending on the period during which investors hold the fund and other factors; therefore, it cannot be stated in advance.

Important Notice:

The risks and expense items described above are based on a general investment trust. The expense ratios shown represent the highest rates applicable to each respective expense borne by investors among all publicly offered investment trusts managed by Nomura Asset Management.

The risks and expenses associated with investment trusts vary depending on the individual investment trust. Before investing, please carefully read the Investment Trust Prospectus (Prospectus for Delivery) and the Pre-Contractual Disclosure Document.

Before applying to invest in an investment trust, investors should be sure to review the content of the Investment Trust Prospectus (Prospectus for Delivery) provided by the distributor and make their own investment decision.