

# Japan Insights | Market Strategy by Nozomi Moriya

## “BRIDGE”—Connecting the Global and Japan, the Macro and the Micro

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*In this column series, I will explore the connections between global and domestic markets, macroeconomic trends and company-level developments, and capital markets and the real economy. The title, “BRIDGE,” reflects my aim to connect these different perspectives and offer fresh insights into investment strategy.*

#### Japan at a Turning Point

Japan is entering a period of profound change—one that is reshaping both its economy and its companies. As the global order shifts and the assumptions underpinning international competition are rewritten, the environment surrounding Japanese companies is changing as well.

Japan is moving away from a world defined by deflation and ultra-low interest rates and into one in which prices, wages, and interest rates are all in motion. This is more than a cyclical adjustment. It marks a historic turning point.

I have followed these changes from both a macroeconomic perspective and a ground-level perspective. Since beginning my career as a retail analyst at UBS Securities, I have examined the Japanese economy through the decisions of companies and the behavior of consumers—not only through economic data.

At university, I studied macroeconomics under Professor Hiroshi Yoshikawa and finance under Professor Kazuo Ueda, now Governor of the Bank of Japan. As I considered my career after graduation, I became interested in equity research. I was drawn to the opportunity to identify Japan’s growth companies, communicate their value to investors around the world, and help channel global capital into Japanese businesses.

I chose to cover the retail sector because I believed that consumption offered a powerful lens through which to understand changes in the Japanese economy.

## What Companies Are Telling Us About the Broader Economy

For more than two decades, I have analyzed company results, spoken with executives, visited stores, and tracked changes in consumer behavior.

Over time, I came to see that the decisions made by individual companies—how they set prices, pay employees, and respond to consumers—often reveal broader shifts in the economy. The closer I looked at the micro level, the more clearly I could see the macro trends taking shape.

One important turning point came in 2022. Uniqlo, the flagship brand of Fast Retailing and one of the major beneficiaries of Japan's deflationary environment, began raising prices and later announced substantial wage increases. These moves could be viewed simply as the pricing and personnel decisions of one company. But after years of following the retail industry, I saw them as evidence of something larger.

For decades, it had made economic sense for Japanese companies to hold prices down. They could also attract and retain employees without offering significant wage increases. That long-standing equilibrium, however, appeared to be starting to break down. To me, Uniqlo's actions were an early and highly visible sign of this shift.

The following year, Professor Kazuo Ueda—who had taught me finance at university—became Governor of the Bank of Japan. Prices and wages were beginning to move in the corporate sector, while the assumptions that had guided monetary policy for years were also being reconsidered. These developments rekindled the interest in macroeconomics that had stayed with me since my student days.

## A Changing Market—and New Investment Opportunities

Japan is moving from an economy shaped by deflation and ultra-low interest rates to one in which prices, wages, and borrowing costs are once again responding to economic conditions.

The significance extends well beyond higher interest rates. Capital is being priced more appropriately; differences in the quality of companies and businesses are becoming more visible; and capital is beginning to move toward more productive uses. In other words, some of the market's essential functions are gradually returning.

That is what makes Japan's market so dynamic today. Changes in corporate decision-making lead to changes in capital allocation, which in turn can reshape entire industries. For investors, the opportunity lies in identifying those changes early.

I began to broaden my focus accordingly: from analyzing company-level developments to understanding them as part of wider structural shifts, and then applying that broader view back to individual companies.

At UBS, as a Managing Director and Japan Equity Strategist, I spent years discussing structural changes and investment opportunities in Japan with institutional investors both at home and abroad. Those conversations made one thing clear: international investors' perceptions of Japan are changing in a meaningful way.

Japan is moving beyond deflation. Wages and prices are changing. Interest rates have returned. Corporate governance has improved, and companies are paying greater attention to capital efficiency. As these long-standing features of the Japanese market evolve, so too is the way investors assess Japanese companies.

## Seeing the World from Japan

Japan still has enormous room for transformation. Corporate decision-making, capital allocation, investment in people, business portfolios, and engagement with investors—all of these areas are capable of changing further.

And the implications extend beyond individual companies. Better decisions can improve corporate value while also changing how capital and talent flow through the economy.

If enough companies change, those changes can eventually influence the Japanese economy itself through the capital markets. That has been my experience as a strategist following Japanese companies and the market as a whole.

Having spent so many years studying Japanese companies and the domestic market, I have developed a perspective on changes that may not be immediately visible from abroad. I want to remain grounded in Japan while engaging with investors around the world and communicating the opportunities emerging in Japanese companies and markets.

That was one of the reasons I decided to join Nomura Asset Management.

As part of one of Japan's leading asset managers, I now hope to work more directly with both companies and investors and contribute to the continued development of Japan's capital markets and economy.

My goal is to bring the transformation of Japanese companies to the world's attention, connect international investors' perspectives with the changes unfolding across Japan's companies and markets, and play a leading role in advancing that transformation through the power of the capital markets.

## Bringing Different Perspectives Together

Looking back, my career has largely been about connecting perspectives that are often considered separately.

The global and the domestic. The macro and the micro. Companies and capital markets. I have spent years analyzing individual businesses, while also discussing the Japanese market as a whole with investors in Japan and overseas. Moving between these different perspectives—and understanding how they inform one another—is central to the way I think.

In this column, I will look beyond any single viewpoint or time horizon. I will move between macroeconomic developments and company-level realities, and between global trends and Japan's domestic experience.

In an increasingly uncertain world, no single perspective or analytical framework is enough to predict what lies ahead. By bringing different viewpoints together, I hope to identify what is beginning to change—and where the next wave of change may come from.

What can developments on the ground tell us about a macroeconomic turning point? How does Japan look when viewed through the lens of global capital markets? By asking questions such as these, I hope to uncover investment opportunities that may not yet be fully recognized.

I am writing this in New York. In the next issue, drawing on conversations with U.S. asset owners, I will examine how Japan is viewed within a changing global economy—and where the Japanese market stands today.

Note: This material contains personal views and does not necessarily reflect Nomura Asset Management's house view. This article is not intended as investment solicitation, nor does it constitute a recommendation to buy or sell any specific security or imply any rise or fall in price.

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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.

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### Costs Associated with Financial Products (Fees and Other Costs)

#### Customers pay the following expenses.

All information on this report is intended for information purposes 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.

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

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### 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

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|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sales Charge at Purchase</b><br><b>Up to 3.85% (including tax)</b>       | <p>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).</p>                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Management Fee (Trust Fee)</b><br><b>Up to 2.222% (including tax)</b>    | <p>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.</p> <ul style="list-style-type: none"> <li>For some funds, an additional performance-based fee may be charged depending on investment performance.</li> <li>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.</li> </ul> |
| <b>Trust Asset Retention Amount (retention charge)</b><br><b>Up to 0.5%</b> | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Other Fees and Expenses</b>                                              | <p>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.</p> <p>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.</p>                                                                                                                                                                                                                                            |

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.

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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.