Monthly Report

February Market Outlook

February 2021 Daiwa Asset Management Co.Ltd.

Japanese Equities

Expectations for US Economic Stimulus Surpass Other Uncertain Factors

Nikkei Stock Average	January end	MoM
	27,663.39 Yen	0.80%

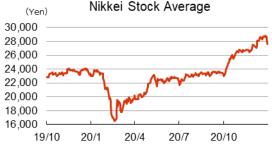
[Market review in January]

Equity prices in Japan rose. Following US Senate runoff elections in early January, the Democratic Party secured control of the US Presidential Office, and both upper and lower houses of Congress. This heightened the possibility of a large economic stimulus package being deployed and expectations for a recovery of the US economy, raising equity prices. In Japan, the government declared a state of emergency, but hopes for COVID-19 vaccines remained and the impact of the state of emergency turned out to be limited. Later in the month, domestic equities fell after US equities saw a drop, but slightly rose throughout the month.

[Outlook]

The US equity markets are somewhat unstable as some institutional investors incurred losses on specific shares, which rose sharply while they were short-selling, and are likely to be forced to adjust their positions. We need to be cautious about indirect impacts on the domestic markets but consider that there is only limited room for such impacts to reach the domestic markets as the proportion of short-selling is not significant for the overall market size. In our view, equities will attract buyers when they fall as earnings results of Japanese companies are improving, particularly among manufacturers, which helps underpin investor sentiment.

Positive Factors	Negative Factors
 Improvement in the situation of COVID-19 infections in Japan and abroad Progress of COVID-19 vaccination program Economic measures by governments and central banks 	 Tougher restrictions on economic activities in response to soaring COVID-19 infections Setback to COVID-19 vaccination program Deterioration of the domestic employment environment



As of January 29 2021

*Source: data from Nikkei Inc. prepared by Daiwa Asset Management

* Copyright, intellectual property rights and all other rights relating to the Nikkei Stock Average (Nikkei 225) belongs to the Nikkei Inc. The company has the right to change the contents of the Nikkei Stock Average (Nikkei 225) and to stop the publication.

Disclaimer: Warning before handling this material

- This material was prepared by Daiwa Asset Management Co.Ltd to provide reference information for investment. It should not be construed as an offer or a solicitation to purchase or subscribe to any fund products. Potential investors should refer to and read the prospectus of each fund product for more detailed information prior to their investment decision.
- The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, correctness or completeness are not guaranteed. The performance of investments, if referred herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of investments. Daiwa Asset Management Co.Ltd. made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management Co.Ltd., or any of its respective affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.