

Japanese Equities

Equity Market Shaken by the Trump Administration's Reciprocal Tariffs

| TOPIX Total Return Index | April end | MoM |
|--------------------------|-----------------|-------|
| | 4,641.96 Points | 0.33% |

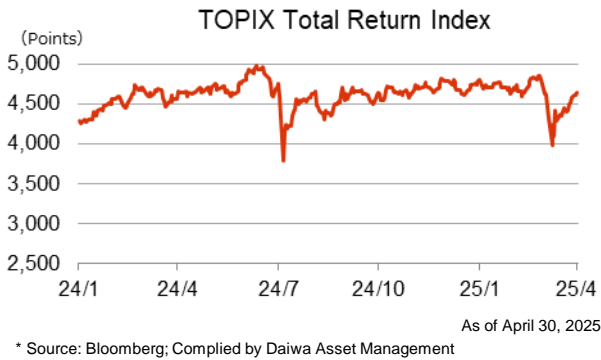
[Market review in April]

The Tokyo equity market fell sharply from the beginning of April, but later rallied to end the month at about the same level as at the end of the previous month. The market fell sharply at the beginning of the month on concerns about the impact on the Japanese and global economy following the harsher-than-expected reciprocal tariffs imposed by the Trump administration. The market, however, subsequently rebounded after the US announced it would suspend the application of additional rate of reciprocal tariffs for 90 days. Toward the latter half of the month, the market was also buoyed by reports that there was no discussion of currency targets at the Japan-US finance ministers' meeting.

[Outlook]

Financial markets were in shock after the Trump administration's reciprocal tariffs turned out to be tougher than expected, but are now beginning to calm down. The impact of the US tariff policy on the Japanese and global economy requires attention, but depending on the progress of negotiations over US reciprocal tariffs among countries, it is expected to be a positive factor. In addition, the favorable supply-demand environment is likely to continue to be a supportive factor for equity prices as companies take a more proactive stance toward shareholder returns.

| Positive Factors | Negative Factors |
|--|---|
| <ul style="list-style-type: none">● Progress in negotiations over reciprocal tariffs by the Trump administration● US President Trump's policies of tax cuts and deregulation● Progress of Yen depreciation | <ul style="list-style-type: none">● Breakdown of negotiations over reciprocal tariffs by the Trump administration● Further slowdown of the Chinese economy● Rapid appreciation of the Yen |



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