

Bank of Japan Monetary Policy Meeting (June 2026)

Policy Rate Raised to 1.0% in Line with Market Expectations

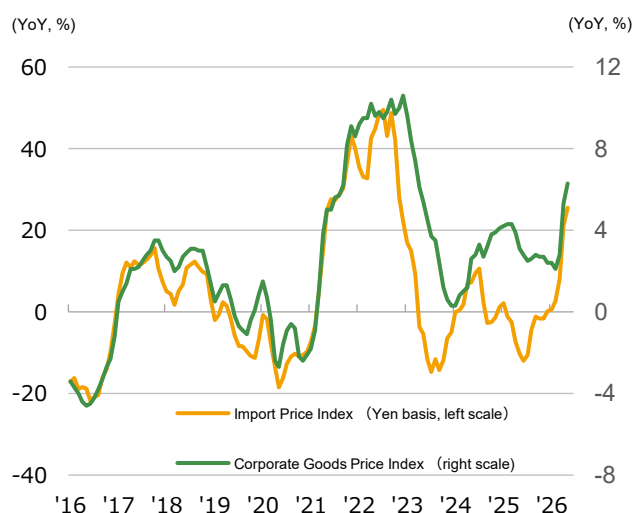
June 17, 2026

Upside Risks to Underlying Inflation Highlighted Amid Accelerating Corporate Price Pass-Through

The BOJ (Bank of Japan) held its Monetary Policy Meeting on June 15–16 and, as expected by the market, decided to raise the unsecured call rate (overnight rate)—the policy interest rate—by 0.25 percentage points and to guide it to remain at around 1.0%. In its statement, the Bank cited as the background for this decision the fact that, even amid the situation in the Middle East, the economy is progressing largely in line with its central outlook. Furthermore, it noted that, triggered by a price hike in crude oil prices, price pass-through in business-to-business transactions is proceeding at a somewhat faster pace, and pointed out the risk that the underlying inflation rate could rise above the 2% “price stability target” through broad-based spillover effects on consumer prices.

Regarding future monetary policy management, the Bank indicated that, given the current accommodative monetary environment, it intends to continue raising interest rates in response to economic, price, and financial conditions. At a press conference, Deputy Governor Uchida (acting on behalf of Governor Ueda, who was absent due to illness) limited his comments to explaining that the timing and pace of rate hikes would be considered while closely monitoring the impact of developments in the Middle East on the domestic economy and prices, and avoided making specific remarks. Given that concerns about the risk of the Bank of Japan falling behind in its policy response remain deep-rooted in the market—and that some observers had anticipated a suggestion of an accelerated pace of rate hikes—the Bank’s policy stance was perceived as somewhat dovish. However, as the underlying inflation rate approaches 2%, the Bank also indicated that it considers it important to stabilize inflation at around the 2% level. Coupled with the reaffirmation of its commitment to achieving its inflation target, financial markets remained generally calm.

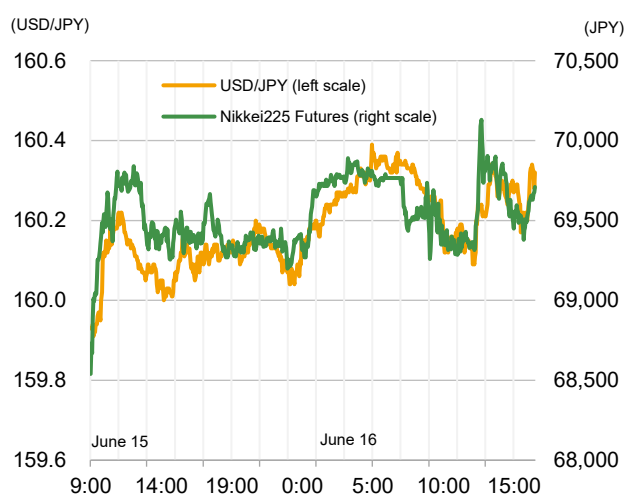
Corporate Goods Price Index and Import Price Index



※Latest figures as of April 2026

Source: Bank of Japan; Compiled by Daiwa Asset Management

Movements in USD/JPY and Nikkei 225 Futures



※3-minute chart; for times with no trades, the previous figure is used; the most recent figure is from June 16 at 4:30 PM

Source: Bloomberg; Compiled by Daiwa Asset Management

Important Information

This Presentation ("Presentation") is provided to its intended recipient (the "Recipient") and is not intended for redistribution or public use. The data and information presented are for informational purposes only. The information contained herein should be treated as confidential and may not be transmitted, reproduced, or used in whole or in part for any other purpose, nor may it be disclosed without the prior written consent of Daiwa Asset Management. By accepting this material, the Recipient agrees not to distribute or provide this information to any other person.

This Presentation is intended for use by professional investors only. Investors should independently evaluate specific investments and strategies and seek their own investment advice. Daiwa Asset Management shall not be held liable for any consequences resulting from any investment in any strategy or product discussed in this Presentation. No investment strategy can guarantee performance results. Past performance is no guarantee of future results. All investments are subject to investment risk, including the loss of principal. For more detailed information, including a description of the risks and rewards associated with the funds mentioned, please refer to the UCITS prospectus, the Key Investor Information Document (KIID), and the most recently published annual and semi-annual reports.

This Presentation was prepared to provide information regarding the investment capabilities of Daiwa Asset Management. It should not be construed as an offer or a solicitation to purchase or subscribe to the funds mentioned in this material. This is a marketing communication. Potential investors should refer to and read the UCITS prospectus and KIID for more detailed information prior to making an investment decision.

The information, statements, forecasts, and projections contained in this Presentation, including any expressions of opinion, are based on sources believed to be reliable, but their accuracy, correctness, or completeness are not guaranteed. The performance of investments, if referred to herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of such investments. The performance data in this material does not account for any taxes or fees, if applicable, and does not represent the final return for potential investors. Daiwa Asset Management has made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management, or any of its affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.

The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX"), and JPX owns all rights and know-how relating to TOPIX, such as the calculation, publication, and use of the TOPIX Index Value and the TOPIX Marks. JPX shall not be liable for any miscalculation, incorrect publication, or delayed or interrupted publication of the TOPIX Index Value. No Licensed Product is in any way sponsored, endorsed, or promoted by JPX, and JPX shall not be responsible for any damage resulting from the issuance and sale of the Licensed Product.

