FinCity.Tokyo Attraction U Initiative

Japan's Asset Management Industry Outlook for 2026



Executive Summary

Japan's asset management industry is entering a new growth phase, propelled by macro interest rate normalization, government-led market reforms, and significant capital rotation into investments, private markets, and digital infra.

Regulatory Landscape

- **FSA Governance Reforms:** The FSA's multi-pronged agenda includes expanded NISA, Asset Owner Principles, simplified asset management licensing, and revised Corporate Governance Codes.
- **NISA Expansion:** Permanent tax-exempt limits accelerated retail participation, pushing NISA balances past **¥71T (~$444B)***.
- **TSE Market Restructuring:** Revisions to Tokyo Stock Exchange Prime Market criteria led to elevating market cap past **¥1,100T (~$6.9T)** while focusing on corporate value and capital efficiency.
- **GPIF Initiatives:** While the **¥290T+ (~$1.8T) GPIF** continues diversifying globally, steadily shifting toward diversified assets driven by the yen weakening and demand in high yield alternative assets.

Asset Class & Private Market Highlights

- **Institutional Investors:** Institutional demand for alternatives has leveled off, with a focus on infrastructure and private debt.
- **Private Equity:** Deal value reached **¥4.8T (~$30B)** in 2025 across **324 deals**. Activity is heavily driven by corporate carve-outs and take-privates/LBOs.
- **Private Credit:** The market expanded to **¥750B (~$4.6B)**, supported by low base rates and LBO demand and driven by strategic partnerships.
- **Real Estate:** Q1 2026 commercial investment reached a record **¥2T (~$12.5B)**, driven by office demand and cross-border capital.
- **Infrastructure & Energy Transition:** Strong capital inflows into AI-driven hyperscale data centers and clean energy.

**This presentation uses $1 to ¥160 unless already converted by the original source.*

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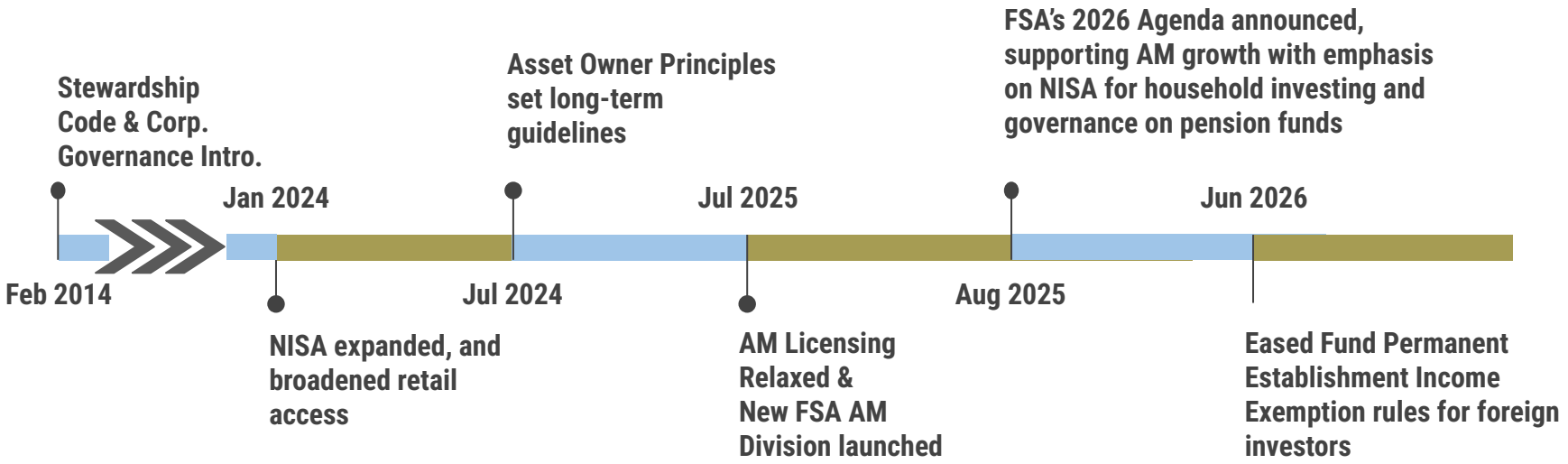
Japan’s Regulatory Landscape

- Timeline of Major Regulatory Developments
- Reform of the Japanese Asset Management Industry
- Elevating Asset Management in Japan
- NISA Expansion
- GPIF Initiatives
- Revisions in Japan’s Prime Market

Timeline of Major Regulatory Developments

Continued reform accelerating Japan's asset management (AM) market, led by Japan Financial Services Agency (FSA)



Source: FSA (2026)

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Reform of the Japanese Asset Management Industry

Creating a virtuous cycle to connect dividends and growth

I. Doubling Asset-based Income Plan	II. Action Program for Accelerating Corporate Governance Reform	III. Reform of Asset Management Sector and Asset Ownership
✓ Expanded and permanent NISA ✓ Improved financial literacy	✓ Sustainable corporate growth ✓ Improved market functioning	✓ Asset management sector reform ✓ Improved capabilities of asset owners

金融庁 Financial Services Agency

Ensuring customer-oriented business conduct by distributors (banks and securities companies) and advisors

Source: FSA (2026)

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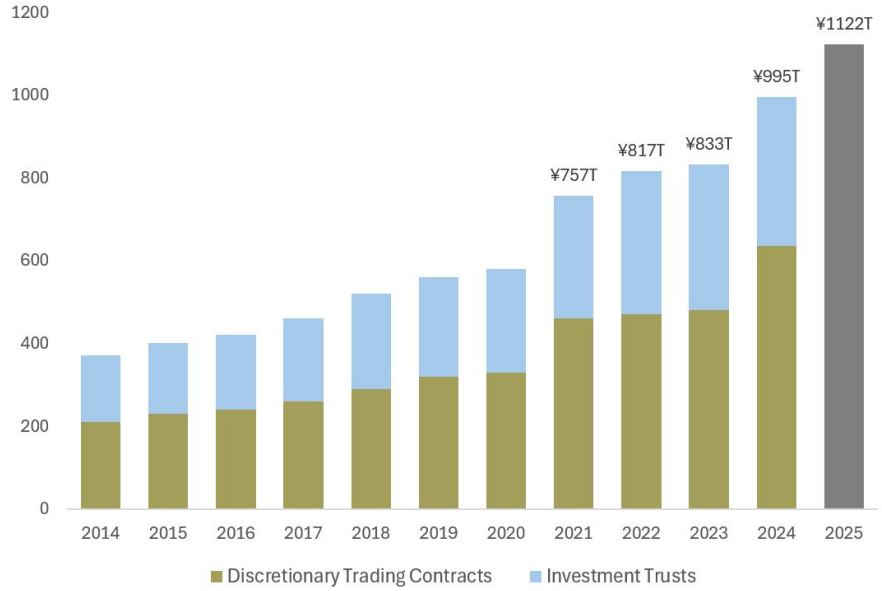
Advancing Asset Management in Japan

FSA-led reforms aim to strengthen industry efficiency, competitiveness, and investor confidence

Japanese Asset Management Market Gross AUM (JPY Tr)



Investment Chain Reform

FSA links household asset building, corporate governance, asset management reform, and customer-oriented distribution into one investment-chain agenda.

Corporate Governance Upgrade

The 2026 Corporate Governance Code revision focuses on capital allocation and earlier disclosure before Annual General Meeting.

Emerging Managers & Asset Owner Reform

Japan's Emerging Manager Program and Asset Owner Principles are supporting emerging managers, expanding institutional allocation, and strengthening fiduciary standards, with **300+** institutions adopting long-term governance and transparency principles.

Attracting Overseas Investment

Japan Weeks and FinCity.Tokyo initiatives promote Japan's openness to global investors and asset managers.

Sources: FSA (2025), FSA (2026)

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NISA Expansion

Retail investment participation accelerated significantly following the launch of the new NISA framework in 2024

Framework Overhaul (2024)

Permanent tax-exempt investment framework introduced with an expanded combined total annual investment cap of **¥3.6M (~$23K)**, supporting long-term household asset formation.

Broad-Based Adoption (2025)

NISA balances exceeded **¥70T (~$438B)**, while account-opening rates were highest among working-age individuals in their 30s-50s.

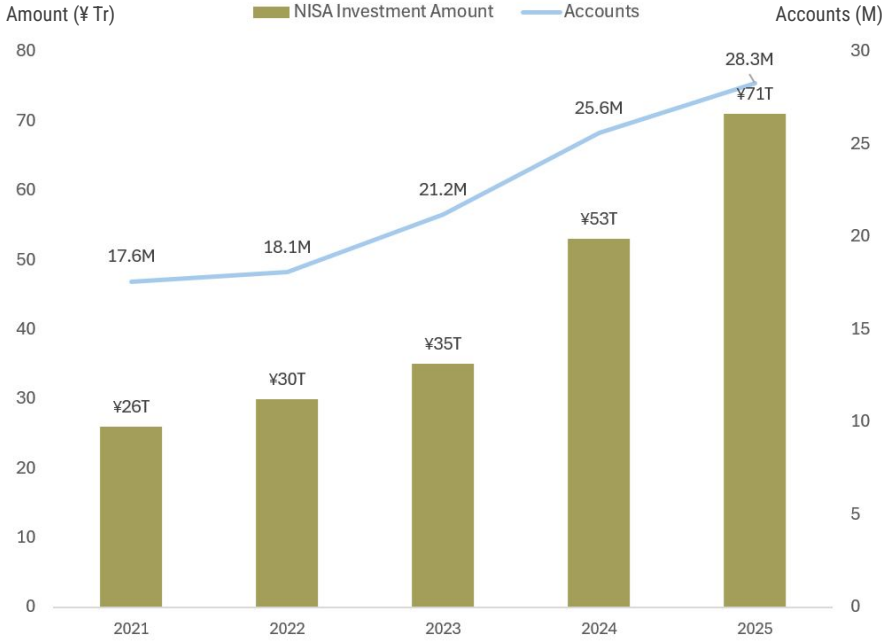
Capital Markets Effect

The expanded NISA framework continues supporting **retail-led capital formation** and **deeper household participation** in capital markets.

Long-Term Structural Shift

Growing participation among younger investors as well as the addition of children's NISA from 2027 suggests a gradual generational shift toward **long-term investment and asset accumulation**.

NISA Investment Amount and Accounts Growth



Sources: FSA (2025), FSA (2026)

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GPIF Initiatives

GPIF is building the infrastructure to close the gap between its current alternatives allocation and its 5% cap"

GPIF's Continued Expansion

GPIF, the world's largest pension fund (**¥290T+/$1.8T AUM**), continues expanding **diversified allocations across domestic and international markets** while supporting stewardship and governance reform initiatives in Japan. GPIF has invested in alternative assets since fiscal year 2013, but allocation has remained well under its 5% ceiling, accounting for roughly **1.7% of assets as of March 2026**.

Shift Towards Alternative Assets

In fiscal year 2025, GPIF began building a proprietary database on alternative investments, citing the need to **"regularly and efficiently obtain performance data in order to generate returns in excess of traditional markets."** Health Minister Kenichiro Ueno, who oversees GPIF, has stated that the fund will build up its alternative investments in domestic projects. GPIF has already taken its first step in this direction, making its first direct investment in a Japan-focused private equity fund with a **¥20 billion** commitment to Advantage Partners in 2025.



REUTERS

Japan to push its massive pension fund to boost alternative investments, Nikkei says

the japan times
BUSINESS

GPIF makes first direct private equity investment amid allocation bets

Sources: GPIF (2025), Reuters (2026), Reuters (2026), The Japan Times (2026), Nikkei ASIA (2026)

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Revisions in Japan's Prime Market

Larger equity value and more selective listings on TSE Prime Market

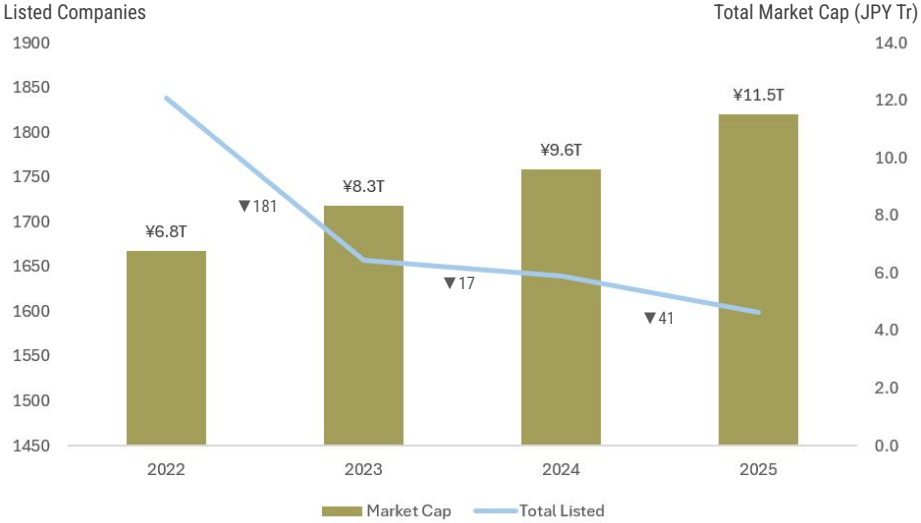
Results from Previous TSE Revisions

- 2024 Revisions of Tokyo Stock Exchange's (TSE) listing criteria curbed the imbalance between micro-cap listing volume and market cap, driving **124 delistings in 2025**.
- This stricter selectivity has encouraged post-IPO growth and stronger investor communication, creating **higher quality opportunities** for growth capital as more qualified companies enter the market.

"Both the Topix and the Nikkei 225 reached record highs multiple times in 2025. The total market capitalization of the Prime market has nearly doubled since 2022, surpassing ¥1,100 trillion ($6.9T), though the number of listed companies has decreased by 13%." - Hiromi Yamaji (Group CEO of Japanese Exchange Group)



Number of Companies on TSE Prime Market & Total Market Cap



Sources: The Japan Times (2026), JPX (2025), JPX (2026)

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Japan’s Asset Management Industry Overview

- Institutional Investment Trends
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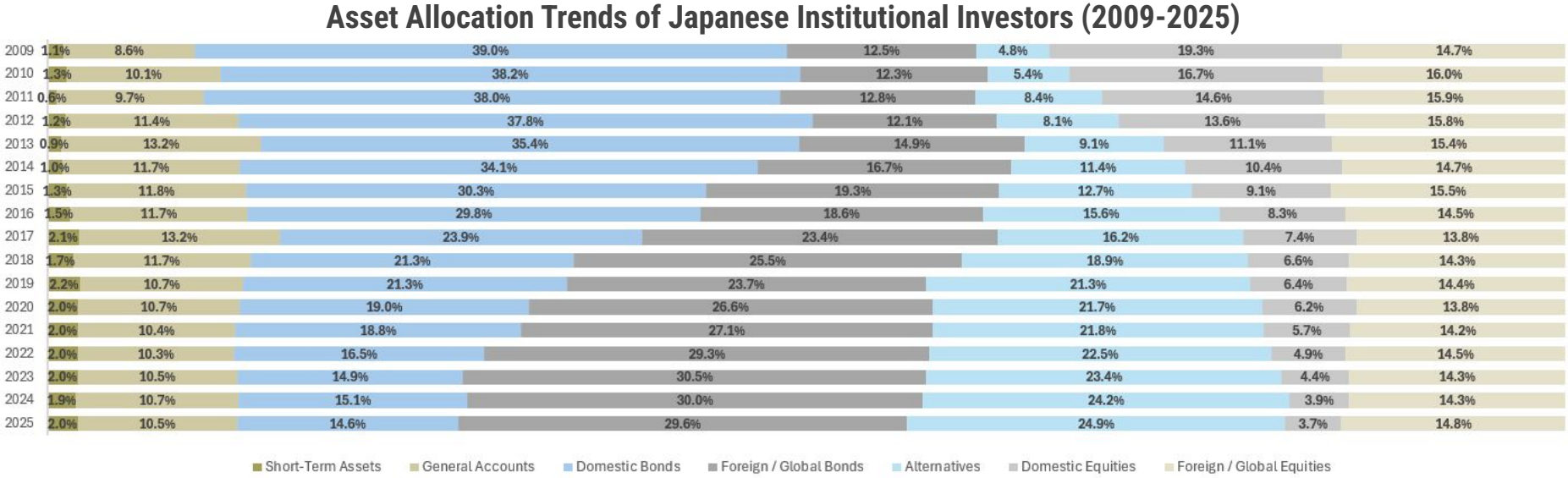
  - Infrastructure

Institutional Investment Trends

Alternatives plateau near 25%, while the focus shifts toward yield-generating infrastructure and private debt



Current Allocation: Alternatives reached a record nearly **25%** of portfolios alongside increases in general accounts, while domestic and foreign bond allocations slightly declined.

Future Direction: Demand for alternatives is leveling off into a steady state (focusing on **infrastructure and private debt**), while general accounts are emerging as most popular asset class in future investment plans.

Source: JPMorgan (2026)

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Recent FSA Financial Market Entry Office New Entrants

Date	Name	Country of Origin	AUM (USD)	License Type
June 16, 2026	GBM Asset Management	JPN	$200 million	Investment Management Business
June 16, 2026	Fiera Capital Asia Japan Limited	CND	$115.59 billion (globally)	Type II Financial Instruments Business
May 25, 2026	TCM Japan LLC	JPN	Undisclosed	Investment Advisory and Agency Business
March 26, 2026	LH Penglai Peak Ltd.	USA	$87.4 billion (globally)	Investment Management Business
January 22, 2026	Warburg Pincus Japan GK	USA	$105 billion (globally)	Investment Advisory and Agency Business
January 22, 2026	Capstone Japan Limited	USA	$13.8 billion (globally)	Investment Management Business for Qualified Investors
January 13, 2026	L Catterton Japan LLC	GBR	$313 million	Type II Financial Instruments Business
July 28, 2025	Salter Brothers Asset Management (Japan) Co. Ltd	AUS	$7.4 billion (globally)	Investment Advisory and Agency Business
April 16, 2025	HSG Advisors (JP) K.K.	HGK	Undisclosed	Investment Advisory and Agency Business
March 31, 2025	ECP Management Asia, LLC	USA	$97.3 billion (globally)	Type II Financial Instruments Business

Sources: FSA (2026)

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High Net Worth Individual Concentration

Tokyo remains a preferred destination for high net worth individuals



Why Tokyo?

Tokyo's affluent history, cultural richness, safety, and economic stability has made it the ideal city for wealthy individuals, offering a broad range of investment opportunities and security for families.

Sources: Henley Global (2025)

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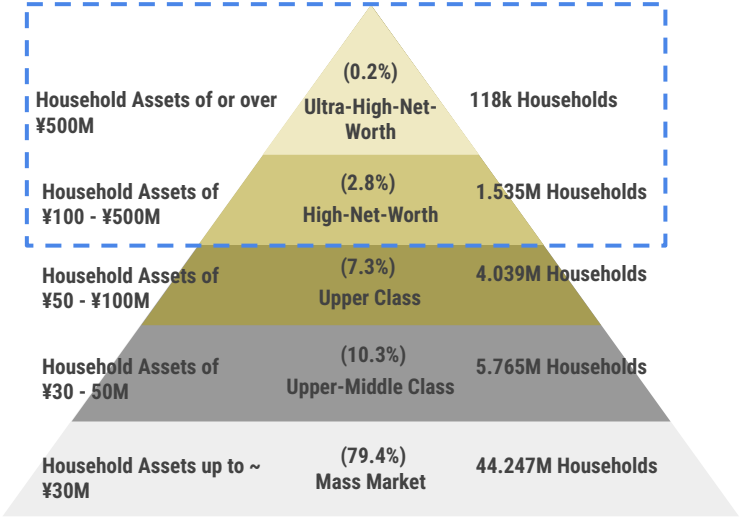
Japanese Household Wealth and Income Distribution

The "Income-Rich" vs "Wealth-Rich" Threshold among Japanese Households

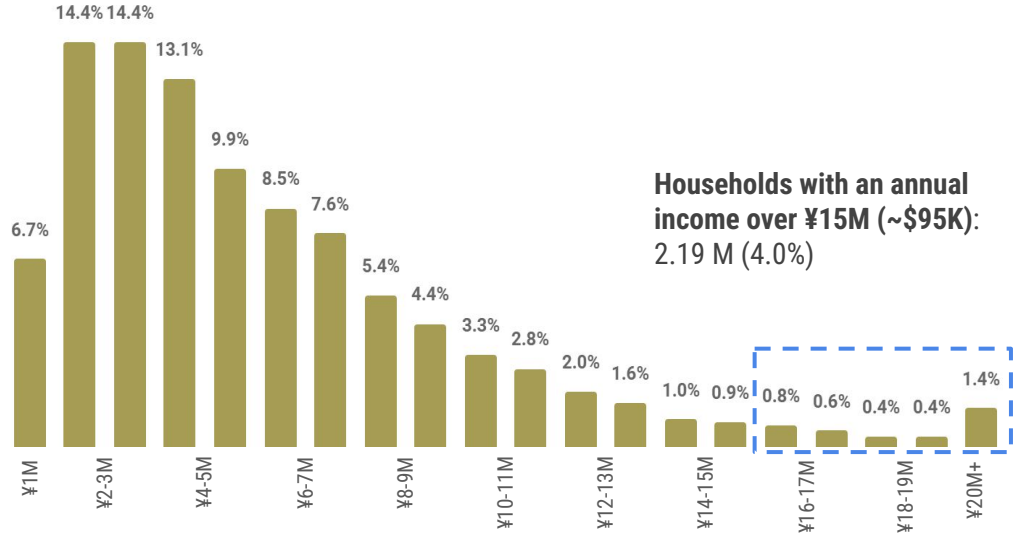
Concentration of "Wealth-Rich" Households (2023)

High-Net-Worth Households Total Around 1.65 M (3.0%; Total: 55.7M)



Concentration of "Income Rich" Households (2024)

"Income-Rich" Households Total Around 2.19 Million, Roughly 4% of All Households (Total: 54.82 Mn)



Households with an annual income over ¥15M (~$95K): 2.19 M (4.0%)

Income Rich vs. Wealth Rich

Among 3,512 surveyed Japanese households, an annual income of ¥30M (~$189K) marked the shift from "Income Rich" (affluent through earnings) to "Wealth Rich" (affluent through both earnings and accumulated financial assets). Japanese households with an income of **¥50M (~$315K)** or more around **50% were "Ultra-High-Net-Worth"** with financial assets exceeding **¥500M (~$3.17M)**.

Sources: Hakuhodo Affluent Marketing Lab (2025), Nomura Research Institute (2023)

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Private Wealth Management Industry Overview

Conservative mindsets, income driven diversification, and the rising push for alternatives

Equity Dominance & ESG Hesitancy

Public equities dominate the investment preference at over **40%**, while semi-liquid or illiquid assets like private equity rank lower. Meanwhile, sustainability remains a low priority, with only **21%** of Japanese HNWI prioritizing ESG investments compared to **49%** globally.

Alternatives Grow with Income

Alternative holdings rise with income. Households earning over ¥30M (~$189K) a year hold more active funds (**20.9%**), REITs (**20.7%**), and crypto (**21.8%**). Above ¥50M (~$315K), this extends to FX (**28.2%**), corporate bonds (**22.9%**), and private equity (**15.4%**), plus watches and jewelry (**23.5%**) and gold (**21.0%**).

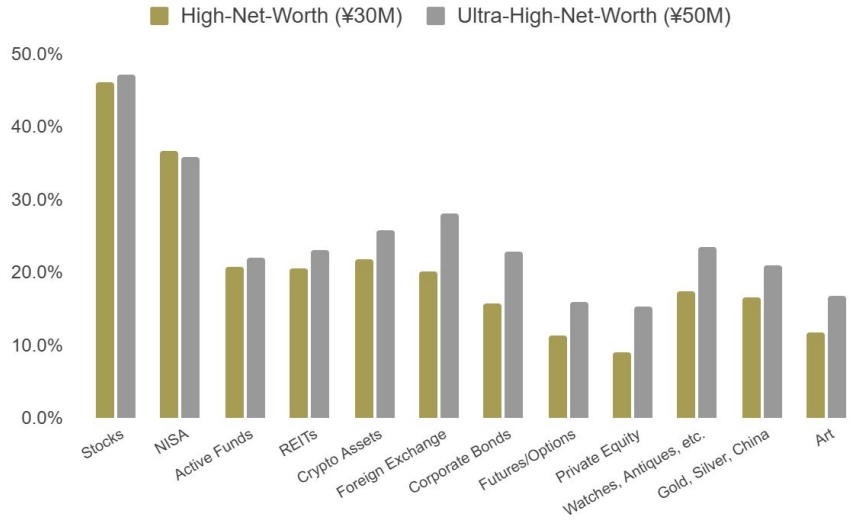
Retail Friction & Alternatives Push

Local HNWI still heavily favor liquid, cash-flowing assets, keeping illiquid private markets an uphill sell.

- To combat this traditional preference, global giants like Blackstone are targeting Japan's **$7T** household cash pool, and have successfully raised **$2B in PE** and **$1.9B in private credit** from local HNWI.

Asset Ownership Among Top Earning Households

Where HNWI & UHNWI allocate their wealth



Sources: Blackstone (2026), Reuters (2026), NRI (2023), Hakuhodo Affluent Marketing Lab (2025)

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Private Equity Industry Overview

Outstanding growth in carve-outs and take-privates, driven by governance reforms and deal counts

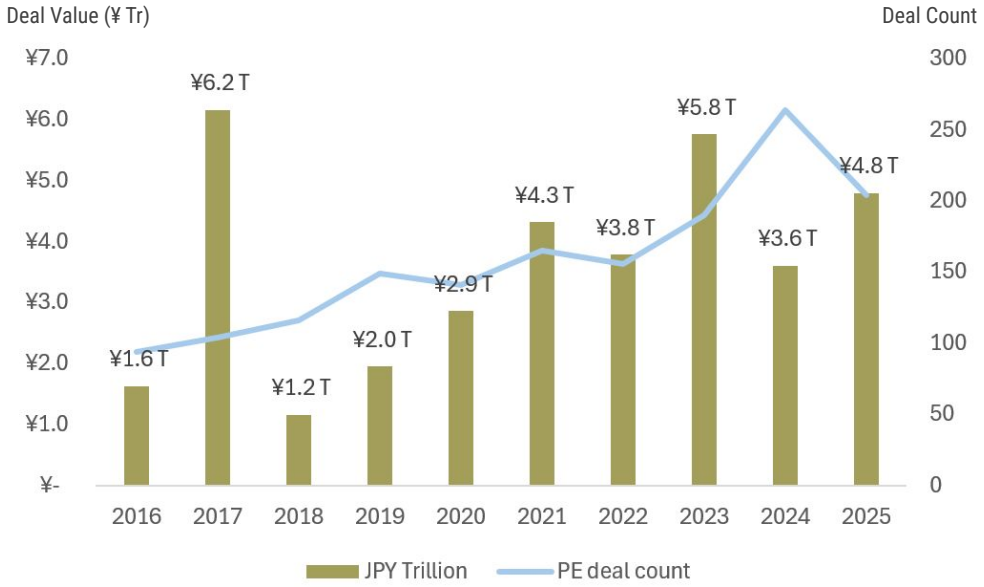
Increasing Deal Activity

Annual deal value reached **¥4.8T (~$30B)** in 2025, marking the fifth straight year above **¥3T (~$19B)** with mega-deals over **¥100B ($625M)** making up **~70%** of activity. Exit value hit a record **¥2.4T ($15B)** as sponsors cleared older portfolio vintages.

Outperforming Global Trends

Japan's PE market showed an outstanding performance, delivering a median total value multiple of **2.5x** and a **31%** IRR (vs. US at 2.1x and 22%). Key growth drivers include **governance reforms and increased LBO activity**, particularly corporate carve-outs and take-privates. While global PE deal volume fell to a five-year low, Japan set a record with **324 deals** in the 12 months leading up to Q1 2026, including **91 deals** completed in Q1 alone.

Japan PE Deal Value & Deal Count



Sources: Reuters (2025), Bain & Company (2025), Bain & Company (2026), KPMG (2026)

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Private Equity Industry Overview - Recent Major Deals

Ann. Date	Type	Industry	Target	Buyer/Sponsor	Transaction Value	Description
5/7/2026	Take-Private; LBO	Tech, Media, & Telecom	Kakaku.com	Bain Capital Private Equity; LY Corporation	¥670B | $4.1B	Digital consumer media giant; privatized to revamp its digital ad-tech and media strategy away from public scrutiny
3/31/2026	Take-Private; LBO	Industrials	Taiyo Holdings	KKR	¥529B | $3.3B*	Semiconductor material leader; taken private to fund heavy, long-term AI chip material R&D
3/23/2026	Take-Private; LBO	Industrials	Nippon Sheet Glass	Apollo	¥590B | $3.7B	Global glass manufacturer; privatized to clear legacy acquisition debt and expand into solar and energy-efficient glass
8/6/2025	Take-Private; LBO	Business Services	TechnoPro Holdings	Blackstone	¥439B | $2.7B	Major IT engineering staffing firm; acquired by Blackstone to rapidly scale amid Japan's tech labor shortage
3/28/2025	Take-Private; MBO	Industrials; Healthcare	Topcon Corporation	KKR; Japan Investment Corporation	¥382B | $2.4B	Precision optical equipment maker; taken private via MBO to accelerate software and automation integration
3/6/2025	Corporate Carve-Out	Consumer & Retail	YORK Holdings	Seven & i Holdings; Bain Capital Private Equity	¥887B | $5.5B	Supermarket retail arm; carved out from Seven & i to divest underperforming non-core assets
2/7/2025	Corporate Carve-Out	Healthcare	Mitsubishi Tanabe Pharma	Bain Capital Private Equity	¥566B | $3.5B	Major pharmaceutical subsidiary; carved out from Mitsubishi Chemical to allow the parent to focus purely on chemicals
3/19/2024	Take-Private; MBO	Business Services	Payroll Inc.	TA Associates	¥24B | $160 M	Business process outsourcing firm; taken private via MBO to accelerate growth and transition into a SaaS business.

Sources: Capital IQ (2026), Apollo (2026), TA Associates (2024), MarketScreener (2024)

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Private Credit Industry Overview

Ultra-low interest rates and PE deal volume drive rapid growth in Japan's ¥750B private credit market

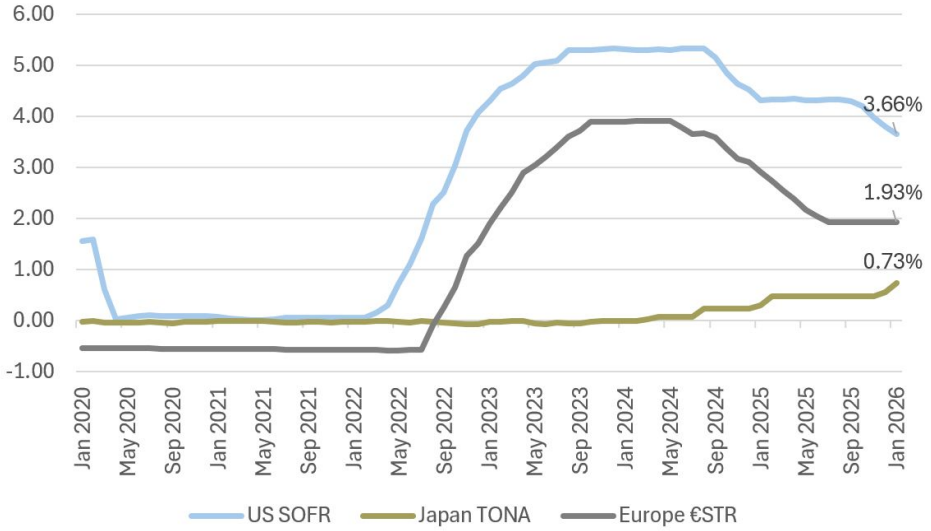
Market Expansion and Low-Rate Dynamics

Japan's private credit funds have expanded to **¥750B ($4.7B)**, up **2.5x** YoY, with senior direct lending and mezzanine as dominant strategies. While Japan's base rates remain very low relative to global standards at **1%** keeping senior LBO debt cheap.

Domestic Demand and Global Partnerships

Rising **PE buyouts**, **corporate governance reforms**, and **aging Japanese SME founders** are driving demand for flexible debt options beyond traditional bank loans. Responding to this rising demand, Japanese financial institutions have rapidly expanded **partnerships with global private credit firms and alternative asset managers**, including Nippon Life Insurance and Blackstone (**¥1.5T/$9.3B**), SuMi Trust & Apollo (**¥240B/$1.5B**), and SMBC and Neuberger (**¥100B/$625M**).

Market Risk-Free Rates: US, Japan, and Eurozone (%)



Sources: Nikkei Asia (2026), PitchBook (2025), Bain (2024), Federal Reserve Bank of St. Louis (2026), Capital IQ (2026)

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Private Credit Industry Overview - Recent Major Initiatives

Ann. Date	Type	Parties	Commitment Value	Description
6/3/2026	Strategic Partnership; Capital Commitment	Nippon Life Insurance; Blackstone	¥1.5T | $9.4B	Signed a 5-year strategic alliance with Nippon Life committing up to ¥1.5T into Blackstone private credit strategies and real estate asset management
4/27/2026	Asset Management Joint Venture	SMBC; Neuberger	¥100B | $625M	Established a joint GP platform (Japan Private Debt Co., Ltd.) targeting a ¥100B private debt fund focused on domestic LBO senior loans
4/7/2026	Co-GP Private Credit Fund	Sumitomo Mitsui Financial Group; Nippon Life Insurance	>¥500B | >$3.1B	Plan to co-launch a joint private credit fund with initial capital of at least ¥500B targeting Japanese LBOs, mezzanine debt, and real estate financing
3/18/2026	Asset Allocation Plan; Capital Deployment	Sumitomo Life Insurance	¥300B | $1.9B	FY2026 portfolio allocation plan targeting ~¥300B in private credit investments to boost portfolio yields
10/30/2025	Private Credit Partnership; Strategic Distribution	SBI Holdings; Carlyle	Undisclosed	Strategic alliance between Carlyle and SBI PE Holdings to launch a multi-strategy private credit platform, giving Japanese institutional investors access to US and European direct lending, asset-backed finance, and opportunistic credit

Sources: Capital IQ (2026), SMBC (2026), Nikkei Asia (2026), The Japan Times (2026), Carlyle (2025)

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Real Estate Industry Overview

Record-breaking Q1 commercial investment driven by office sector growth & institutional capital

Strong Q1 Capital Inflows

- **Q1 FY2026 Commercial Real Estate Investment Volume**: ¥2.0T ($12.5B), (▲ **+2% YoY**), setting a record high for a first quarter
- **J-REIT acquisitions**: ¥466B ($2.9B) in Q1 2026, (▲ **+5% YoY**)

Growth Concentrated in Office Assets

- **Office Investment:** ¥2.1T/$13.1B **(▲ +7% YoY)**
- **Residential Investment:** ¥610B/$3.8B **(▼ -6% YoY)**
- **Retail Investment:** ¥600B/$3.7B **(▼ -2% YoY)**
- **Logistics Investment:** ¥690B/$4.3B **(▼ -6% YoY)**
- **Hotel Investment:** ¥560B/$3.5B **(▼ -16% YoY)**

CBRE

CBRE Facilitates Sale of Operational Hyperscale Data Center to Mitsui & Co. Asset Management Holdings

Foreign Funds & Institutional Giants Expansion

- **Overseas investors** comprise **38%** of total investment volume
- Non-J-REIT Domestic Investor volume grew **16% YoY**
- Mitsui & Co. purchases hyperscale datacenter, underscoring the importance of **digital infrastructure** in Japan's future real estate market
- Morgan Stanley closed **¥131B ($887M)** fund focused on Japan's residential, office and industrial sectors
    - Mitsubishi UFJ plans for **¥100B ($625M)** fund focused on mid-sized offices, residential properties and hotels
- Major Players: **Blackstone, GIC, KKR, GLP, Gaw Capital, Alyssa Partners**

Blackstone

BLACKSTONE BUYING TOKYO WAREHOUSE FOR $641M IN JAPAN'S BIGGEST SHED DEAL OF 2025

Sources: CBRE (2025), Mingtiandi (2025), CBRE (2026), Mingtiandi (2025), Savills Research (2025)

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Real Estate Industry Overview - Recent Major Deals

Ann. Date	Acquisition (%)	Target	Buyer/Sponsor	Transaction Value	Description
3/24/2026	100%	Hyperscale data center in Greater Osaka	Mitsui & Co. Realty Management fund; CapitaLand Ascendas REIT	¥156B | $975M	Hyperscale digital infrastructure asset; acquired via a JV core fund to capture structural AI demand and regional data expansion
2/1/2026	100%	Dentsu Tokyo HQ	Brookfield	¥300B | $1.9B	Trophy 48-story Shiodome office tower; acquired from a Hulic-led special purpose company, Shibaguchibashi Investment LLC
1/30/2026	100%	Hyatt Regency Tokyo	Japan Hotel REIT Investment Corp	¥126B | $787M	Landmark 712-key Nishi-Shinjuku full-service hotel; acquired following a renovation to capture inbound tourism and high-yield MICE demand
9/29/2025	44.1%	Shiodome City Center	KKR; Hulic	¥320B | $2.0B	Prime 43-story Grade-A Tokyo office tower; partial stake acquired to reposition and upgrade tenant mix amid shifting Tokyo office dynamic
2/7/2025	100%	Tokyu Plaza Ginza	Gaw Capital Partners; Patience Capital Group	¥160B | $1.0B	Iconic flagship retail complex in prime Ginza; acquired to rebrand and renovate luxury tenant positioning to capture inbound luxury spending
1/27/2025	~30%	Meguro Gajoen	Brookfield	¥256B | $1.6B	Landmark mixed-use complex; minority stake acquired to drive operational efficiencies and long-term asset value enhancement
12/12/2024	100%	Tokyo Garden Terrace Kioicho	Blackstone	¥416B | $2.6B	Trophy mixed-use complex in Tokyo; acquired from Seibu Holdings as part of a corporate real estate monetization and core-asset strategy

Sources: Capital IQ (2026), CBRE (2026)

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Infrastructure Industry Overview

Accelerating capital investment in Japan's digital infrastructure and clean energy transition

Investment Into Digital Infrastructure

Enterprise AI demand, cloud adoption, and national security directives are pushing domestic and foreign institutional investor capital into hyperscale data centers.

- Ares and CPP Investments closed the Japan DC Partners I fund (targets nearly **240MW** of IT load) with **$2.4B** in equity commitments

Government subsidies are steering new builds toward regional nodes (Hokkaido, Kyushu, and Kansai), to reduce over-reliance on Tokyo and Osaka. Total public-private capital investment in semiconductors through 2040 is projected to reach **¥68T ($425B)** while its market is projected to **¥10T ($62.5B)** by 2050.

High Growth in Energy Transition

The Japanese government has set a **45GW** offshore wind capacity target for 2040, driving investments into harbor retrofitting, grid connection, and subsea installation vessels.





Sources: Business Wire (2025), JETRO (2023), METI (2025), Nikkei Asia (2026), METI (2026), Deepwind (2025)

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Visual Alpha

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