

Constructing a Securities Portfolio Designed to Deliver Stable, Recurring Returns

Message from the Executive in Charge of the Market Division

Director and Managing
Executive Officer
Haruyuki Kakutani



Basic policy

Stabilizing earnings over time

With the state of our balance sheet, including trends in our equity capital and deposits, in mind and capital efficiency and liquidity taken into account, we plan to achieve stable income earnings by investing from a medium- to long-term perspective. As we transition to a “world with interest rates,” we are focusing our investment activities on fixed-income yen-denominated bonds, while also working to build a ladder-type portfolio of yen-denominated bonds held to maturity as a stable source of earnings.

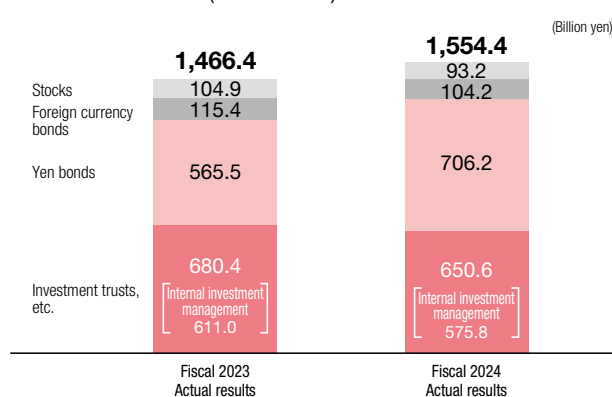
In our yen-denominated bond investing under current environmental conditions, in which the Bank of Japan has been raising interest rates, on the other hand, we are conducting careful investments that take rising interest rate risk into account. This means discussing and establishing clear market outlooks based on economic, price, and employment conditions, and diversifying our investment terms and timing.

Enhancing portfolio quality

We aim to generate capital gains through flexible trading of highly liquid bonds and equity mutual funds, and to use these gains to sell low-yield assets and mutual funds with uncertain dividend prospects, replacing them with yen-denominated bonds and other assets to improve income returns and enhance our portfolio quality. Considering the possibility that funding costs for deposits and other assets will rise, depending on the direction taken by monetary policy, we are transitioning to assets that can be expected to generate returns over the medium to long term.

We are, at the same time, also investing in stocks that we expect to have an inverse correlation with yen-denominated bonds: foreign currency bonds for which hedging costs are expected to decrease and yield spreads to widen; and J-REITs on which the impact of tariffs is assumed to be minimal. Our efforts are aimed at attaining unrealized gains while diversifying across specific assets and risks.

Securities balance (end balance)



Income revenue

