ACTIVE FUND INTELLIGENCE · MSCI ACWI Ex-USA UNIVERSE

Japan:
Underweight No More?

Global Ex-USA managers have almost eliminated a decade-long Japan underweight

August 31, 2026

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Global Ex-USA Country Positioning

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Japan is the second-largest country exposure among Global ex-USA active portfolios, trailing only the UK, and sits within a whisker of it's all-time high average allocation at 13.64%. Versus the benchmark, it sits -0.22% underweight, comfortably the narrowest deviation among the top country exposures. Ownership is close to universal, with 99.44% of funds holding some Japan exposure. The overweight split however, is still genuinely contested. Only 48.60% of funds run an overweight, well up from where it's spent most of the last decade but still short of a majority. The relative-weight chart is the real story on this page: Japan's underweight has closed from roughly -4% at its widest back in 2019 to effectively flat today, the sharpest sustained rebuild in the universe.

Chart 1: Global Ex-USA Active Fund Country Exposures
Absolute and Relative Ownership Metrics

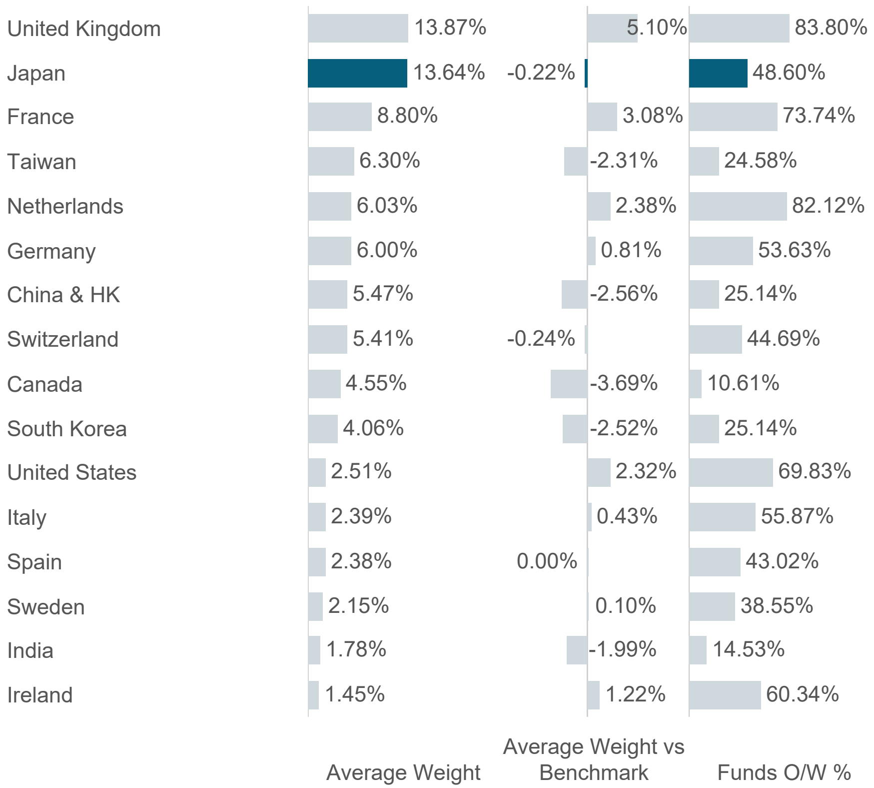


Chart 2a: Japan
Average fund weight

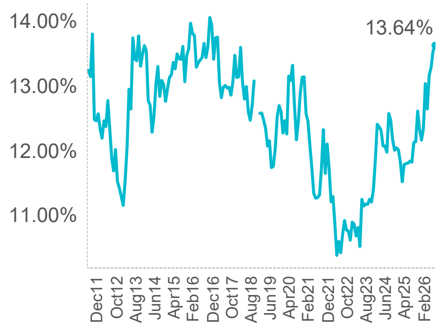


Chart 2b: Japan
Average fund weight vs Benchmark

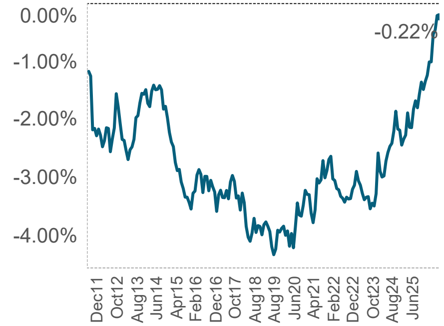


Chart 2c: Japan
Percentage of Funds Invested

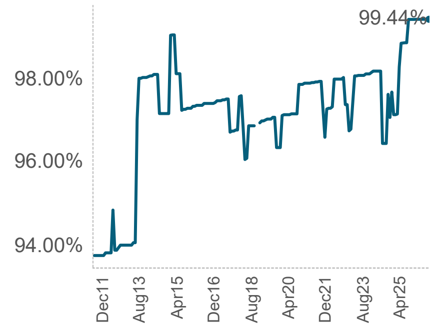
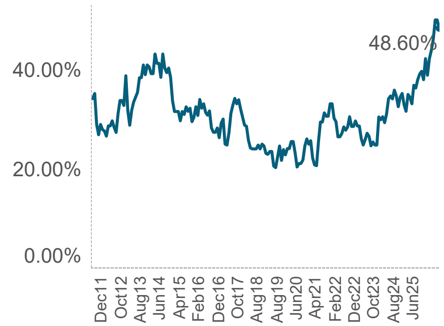


Chart 2d: Japan
Percentage of Funds Overweight



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Japan across Global mandates

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Japan's average weight has risen across Global, Global ex-USA and EAFE fund universes over the past few years, though from different levels. EAFE funds carry the largest weight at 19.38%, followed by ACWI ex-USA at 13.64%, both recovering from a dip between 2021 and 2022. Global allocations remain at the bottom of the range, with only a moderate move off the lows.
Relative to benchmark, all three have moved from a wider underweight toward a narrower one, but ACWI ex-USA has closed its gap at a way faster pace than the other two - from a trough of around -4% to just -0.22% today, pretty much back to neutral. EAFE, despite recovering from a much deeper trough near -7%, has closed less of the distance and remains the most underweight of the three at -3.97%. Global sits in between at -0.55%

Chart 3: Japan Average Weight by Fund Universe
Average Weight - time-series

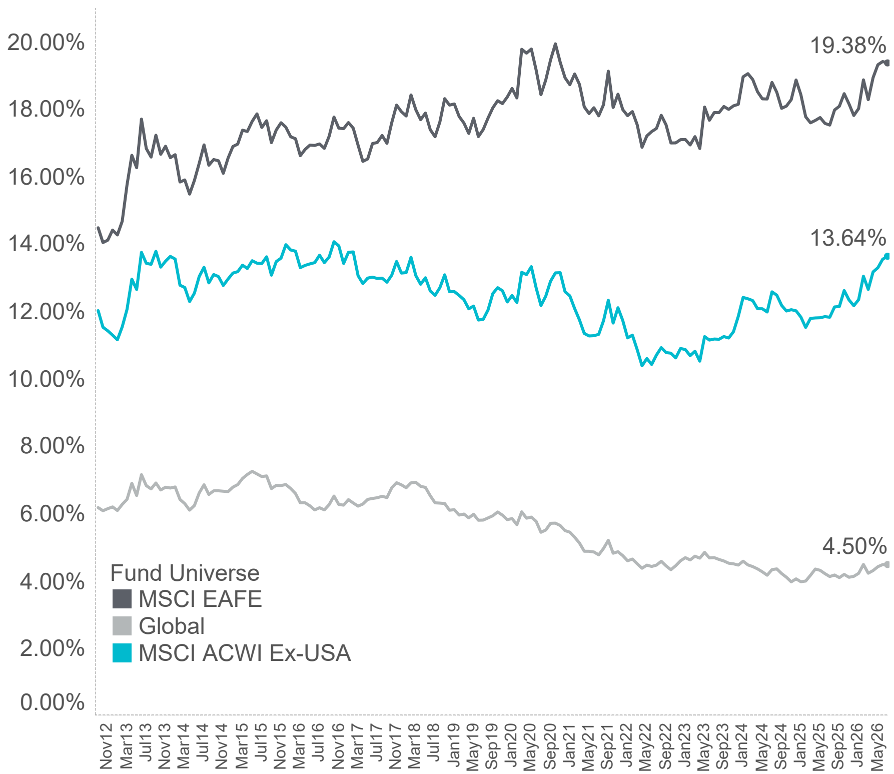
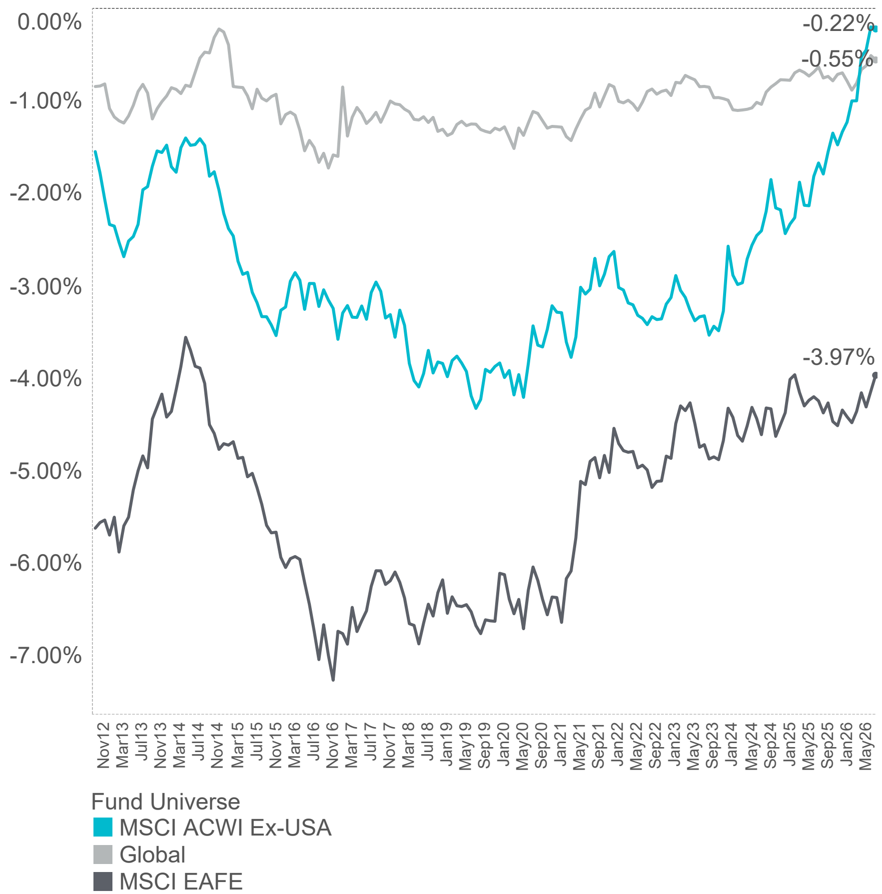


Chart 4: Japan Average Weight vs Benchmark per Fund Universe
Average Weight vs Benchmark - time-series



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Country Rotation

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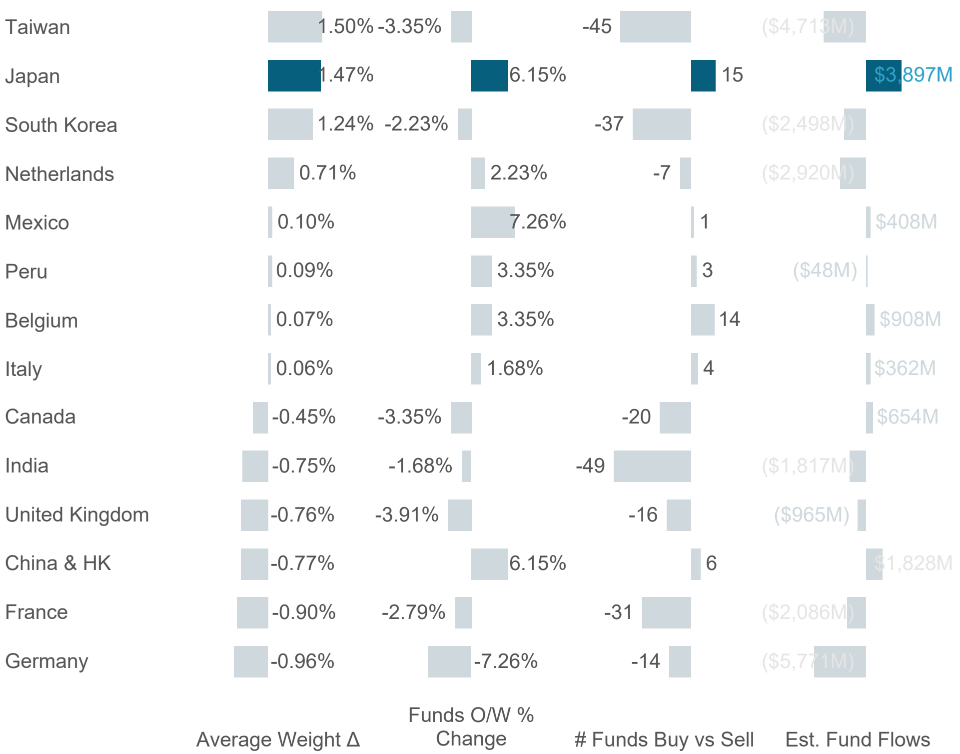
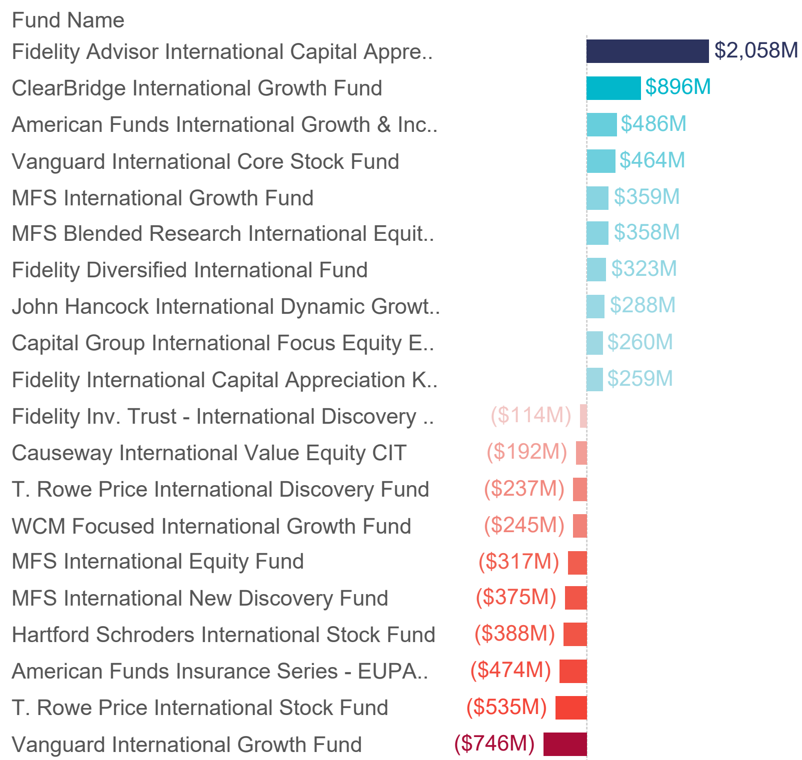
Japan ranks among the most-improved positions in the Global Ex-USA universe this year, behind only Taiwan on absolute weight change and Mexico on funds o/w. In addition there were 15 more buyers than sellers and an estimated $3.8bn of net inflows. Fund-level activity shows real conviction on the buy side: Fidelity Advisor International Capital Appreciation led with a $2.06B increase, followed by ClearBridge International Growth (+$896M) and American Funds International Growth & Income (+$486M).

Chart 5: Largest Changes in Country Positioning
Change in funds O/W, average weight, net buy/sell and est. fund flows*



*Between 12/31/2025 and 7/31/2026

Chart 6: Largest Fund Flows
Change in net Japan Fund Position, in USD*



*Between 12/31/2025 and 7/31/2026

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Japan Sector Exposure

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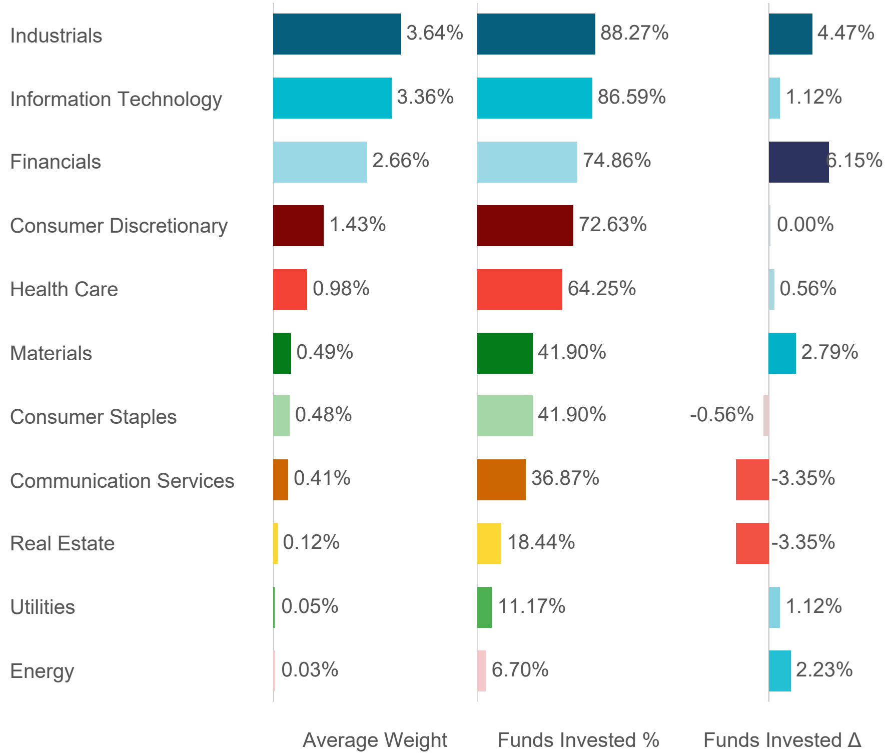
Industrials is Japan's largest sector exposure at 3.64% average weight and 88.27% of funds invested, narrowly ahead of Information Technology (3.36%, 86.59%) and Financials (2.66%, 74.86%). Ownership gains have been broad this year - Industrials, Financials, Materials and Energy have all added participation - while Real Estate and Communication Services are the two sectors funds are actively exiting, both down 3.35% in ownership, with Real Estate now among the least-owned sectors in Japan.

Chart 7: Largest Sector Exposures

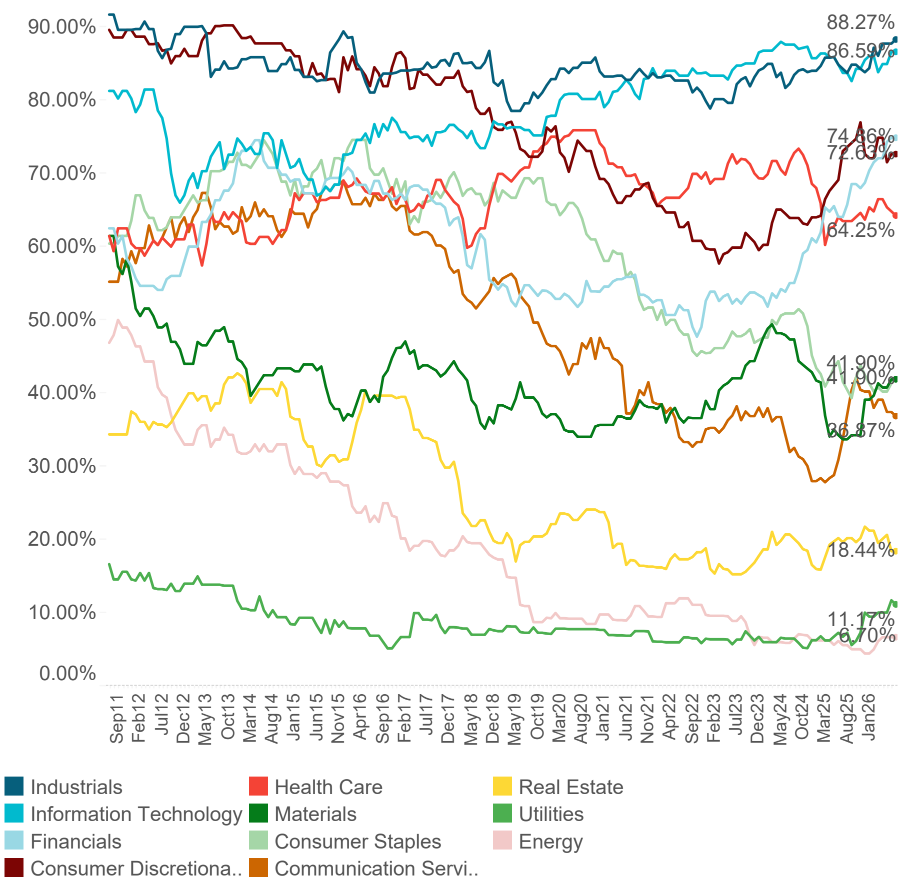
Japan Sector: Average fund weights / Funds Invested / Funds Invested Change* per Country



*Between 12/31/2025 and 7/31/2026

Chart 8: Japan Sector Ownership Evolution

Funds Invested per Sector



Japan: Underweight No More?

Value carries the largest average Japan weight of any style at 14.16%, but only just. Aggressive Growth (14.02%), the passive benchmark (13.84%) and Growth (13.39%) are tightly clustered behind it, with real separation only appearing at Yield (10.68%) and GARP (9.20%). The style evolution chart shows Yield funds staging the sharpest recovery of any style, climbing back from roughly -12% underweight in 2019-20 to -3% today, while Value, Growth and Aggressive Growth have all converged towards benchmark weight.

Chart 9: Clustering and Extremes in Japan Exposures
Histogram of fund weights - colour represents fund style

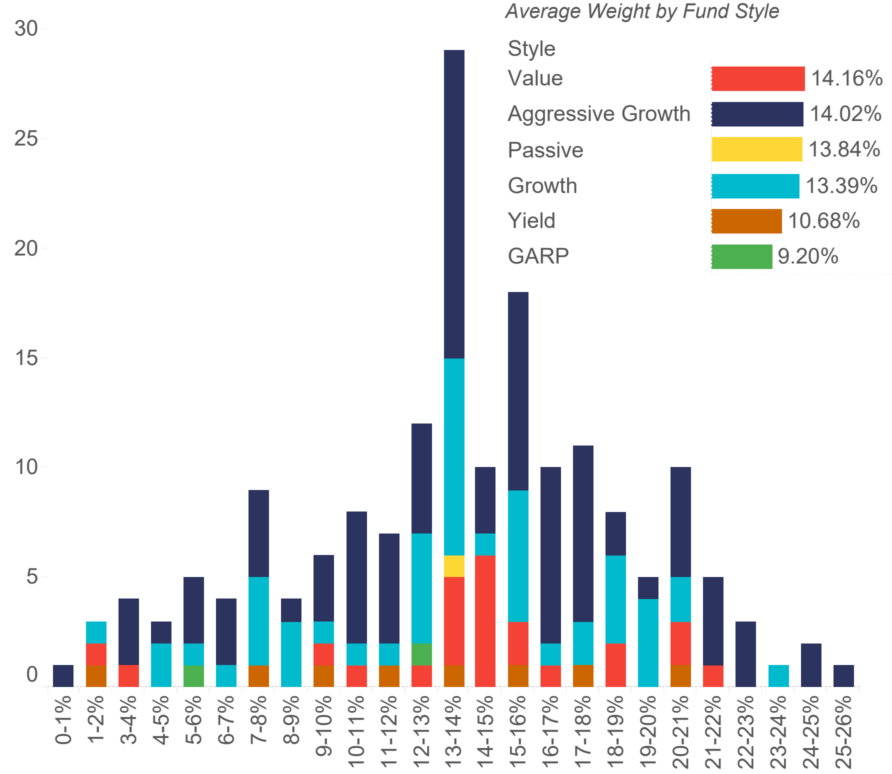
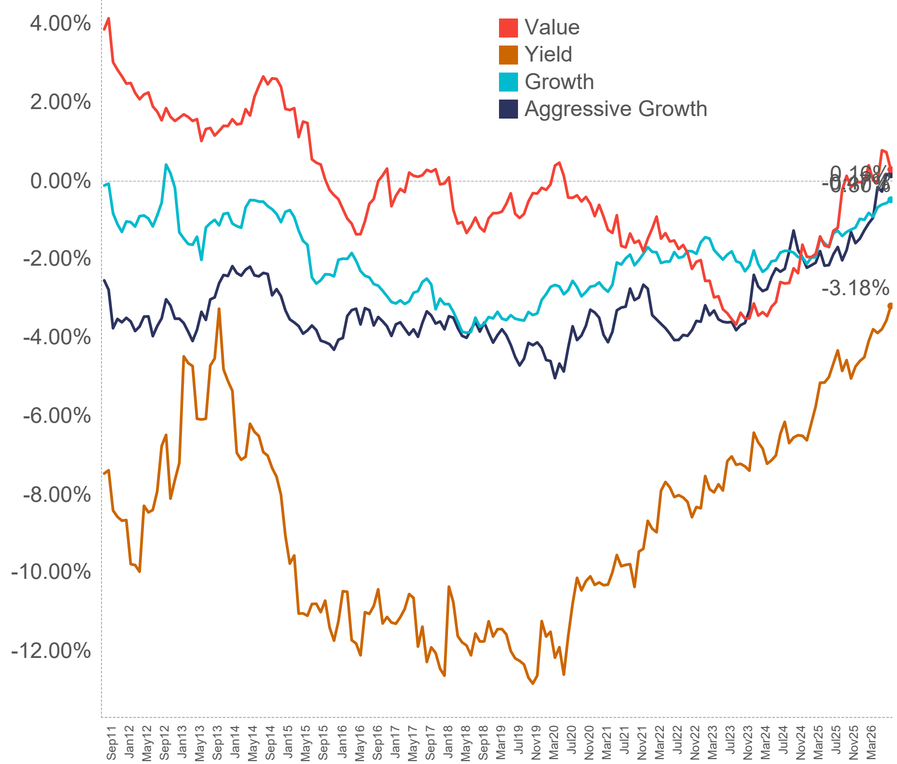


Chart 10: Japan Style Evolution Over Time
Average Weight vs ACWX by Fund Style, Time-Series



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Top Investors

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Calamos International Growth Fund carries the largest Japan weight in the peer group at 25.01% across 19 holdings, with Pacific Select's International Growth Portfolio (24.53%) and ClearBridge International Growth (24.34%) close behind. The style mix among the biggest individual bulls skews far more toward Growth and Aggressive Growth than the style-level averages on the previous page suggest. Pzena International Value Fund, at 21.38%, is the first pure Value name to appear on the list.

Chart 11: Funds with the Largest Japan Portfolio Weight

Latest fund weights and number of holdings per fund.

Fund Name	Style	Market Cap Focus	Active Category	ESG	Fund Weight	# Stocks Held
Calamos International Growth Fund	Aggressive Growth	Large-cap	High Active	NonESG	25.01%	19
Pacific Select Fund - International Growth Portfolio	Aggressive Growth	Large-cap	High Active	NonESG	24.53%	17
ClearBridge International Growth Fund	Aggressive Growth	Large-cap	High Active	NonESG	24.34%	17
MFS VIT II - Research International Portfolio	Growth	Large-cap	High Active	NonESG	23.33%	27
Transamerica International Focus VP	Aggressive Growth	Large-cap	High Active	NonESG	22.79%	6
Transamerica International Focus	Aggressive Growth	Large-cap	High Active	NonESG	22.66%	6
Fidelity Diversified International Commingled Pool	Aggressive Growth	Large-cap	Mid Active	NonESG	22.27%	34
Fidelity International Discovery Commingled Pool	Aggressive Growth	Large-cap	High Active	NonESG	21.93%	31
Fidelity International Equity Multi-Asset Base Fund	Aggressive Growth	Large-cap	High Active	NonESG	21.67%	19
Pzena International Value Fund	Value	Large-cap	High Active	NonESG	21.38%	16
Fidelity Diversified International Fund	Aggressive Growth	Large-cap	Mid Active	NonESG	21.14%	33
Fidelity Inv. Trust - International Discovery Fund	Aggressive Growth	Large-cap	High Active	NonESG	21.11%	32
Alger International Opportunities Fund	Aggressive Growth	Large/Megacap	High Active	NonESG	20.80%	10
Fidelity International Discovery K6 Fund	Growth	Large-cap	High Active	NonESG	20.73%	32
Variable Portfolio - Partners International Growth Fund	Aggressive Growth	Large-cap	High Active	NonESG	20.71%	19
Capital Group International Equity ETF	Aggressive Growth	Large-cap	High Active	NonESG	20.69%	19
MFS International New Discovery Fund	Growth	Small/Midcap	High Active	NonESG	20.60%	65
Desjardins International Equity Value Fund	Value	Large-cap	High Active	NonESG	20.48%	10
Putnam International Equity Fund	Aggressive Growth	Large-cap	High Active	NonESG	20.33%	12
RBC International Equity Fund CA	Aggressive Growth	Large-cap	Mid Active	NonESG	20.10%	17
CTIVP-DFA International Value Fund	Value	Large-cap	High Active	NonESG	20.05%	30
Mackenzie International Dividend Fund	Yield	Large-cap	High Active	NonESG	20.00%	16
Pacific Select Fund - International Large Cap Portfolio	Growth	Large-cap	High Active	NonESG	19.93%	17
MML VIP MFS International Equity Fund	Growth	Large-cap	High Active	NonESG	19.79%	17
OneAscent International Equity ETF	Growth	Large-cap	High Active	NonESG	19.34%	10
Victory International Fund	Growth	Large-cap	Mid Active	NonESG	19.24%	88
William Blair International Leaders Fund	Aggressive Growth	Large-cap	High Active	NonESG	19.19%	11
Pacific Select Fund - International Value Portfolio	Value	Large-cap	High Active	NonESG	18.82%	39
T. Rowe Price International Discovery Fund	Growth	Small/Midcap	High Active	NonESG	18.62%	46
Columbia VP - Partners International Core Equity Fund	Aggressive Growth	Large-cap	High Active	NonESG	18.58%	9

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Stock Holdings & Activity

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Hitachi (owned by 40.78% of funds) and Keyence (39.66%) are the anchor holdings, with Sony (36.31%) and HOYA (34.08%) close behind. The standout mover is Kioxia Holdings, opened in 16.2% of portfolios this year and the largest single rotation in the universe, part of a broader semiconductor-equipment and materials cohort that includes Sumitomo Electric Industries, Lasertec, Advantest and Tokyo Electron. The sell side is led by Nintendo, closed by 14% of the Global Ex-USA funds in our analysis and with -$877M in outflows, and Sony, one of the four anchor names losing -8.38% of funds and -$553m, a large historically stable holding now seeing genuine outward rotation.

Chart 12: Japan Popular Stock Holdings

Aggregate Stock Ownership Data [ranked by most widely held]

Ticker	Stock Name	Funds Invested ..	Average Weight %	Holder Ave. Wgt	Ave Wgt vs Bmark	Fund AUM $
6501-JP	Hitachi,Ltd.	40.78%	0.60%	1.22%	0.21%	$3,735M
6861-JP	Keyence Corporation	39.66%	0.87%	1.65%	0.61%	$3,604M
6758-JP	Sony Group Corporation	36.31%	0.55%	1.53%	0.18%	$2,470M
7741-JP	HOYA CORPORATION	34.08%	0.46%	1.24%	0.32%	$1,968M
8035-JP	Tokyo Electron Ltd.	25.70%	0.28%	0.96%	-0.14%	$1,364M
6857-JP	Advantest Corp.	25.70%	0.42%	0.83%	0.02%	$3,438M
8306-JP	Mitsubishi UFJ Financial Gro..	24.58%	0.56%	1.21%	-0.09%	$3,230M
6098-JP	Recruit Holdings Co., Ltd.	24.58%	0.29%	1.26%	0.01%	$2,131M
6503-JP	Mitsubishi Electric Corp.	23.46%	0.30%	0.86%	0.11%	$1,865M
8316-JP	Sumitomo Mitsui Financial G..	22.35%	0.38%	1.00%	-0.04%	$1,756M
6146-JP	Disco Corporation	22.35%	0.17%	0.64%	0.09%	$1,270M
7011-JP	Mitsubishi Heavy Industries, ..	21.79%	0.25%	0.88%	0.05%	$1,819M
4063-JP	Shin-Etsu Chemical Co Ltd	21.23%	0.18%	0.85%	0.02%	$1,225M
8766-JP	Tokio Marine Holdings, Inc.	19.55%	0.19%	1.02%	-0.06%	$1,706M
6367-JP	DAIKIN INDUSTRIES, LTD.	18.44%	0.16%	0.93%	0.06%	$997M
285A-JP	Kioxia Holdings Corporation	17.88%	0.12%	0.89%	-0.12%	$764M
8411-JP	Mizuho Financial Group, Inc.	17.32%	0.23%	0.55%	-0.10%	$1,100M
8001-JP	Itochu Corporation	17.32%	0.28%	0.86%	0.09%	$1,388M
6273-JP	SMC Corporation	17.32%	0.19%	0.98%	0.13%	$774M
5802-JP	Sumitomo Electric Industries,..	16.20%	0.09%	0.31%	-0.02%	$344M
9984-JP	SoftBank Group Corp.	15.64%	0.13%	1.04%	-0.20%	$959M
6981-JP	Murata Manufacturing Co., Lt..	15.64%	0.23%	0.78%	0.03%	$729M
4519-JP	Chugai Pharmaceutical Co., ..	15.64%	0.07%	0.67%	-0.01%	$528M
6301-JP	Komatsu Ltd.	15.08%	0.12%	0.76%	0.01%	$676M
5803-JP	Fujikura Ltd	15.08%	0.13%	0.75%	0.03%	$575M
8591-JP	ORIX Corporation	14.53%	0.16%	0.86%	0.04%	$548M
7269-JP	Suzuki Motor Corp.	13.97%	0.13%	0.70%	0.07%	$591M
6752-JP	Panasonic Holdings Corpora..	13.97%	0.13%	0.54%	-0.04%	$1,072M
9983-JP	FAST RETAILING CO., LTD.	13.41%	0.17%	0.69%	-0.08%	$1,091M
8630-JP	Sompo Holdings,Inc.	13.41%	0.18%	0.66%	0.08%	$1,213M

Chart 13: Japan Stock Rotation

Largest changes in fund ownership*

Ticker	Stock Name	Funds Invested % Δ	Ave Wgt % Δ	Fund Flows, $
285A-JP	Kioxia Holdings Corporation	16.20%	0.11%	$853M
5802-JP	Sumitomo Electric Industries, Ltd.	9.50%	0.05%	$344M
6920-JP	Lasertec Corp.	8.94%	0.08%	$856M
6857-JP	Advantest Corp.	8.38%	0.22%	($89M)
8035-JP	Tokyo Electron Ltd.	7.26%	0.07%	$56M
5803-JP	Fujikura Ltd	6.70%	0.03%	$249M
6861-JP	Keyence Corporation	6.15%	0.31%	$211M
6503-JP	Mitsubishi Electric Corp.	6.15%	0.06%	$549M
7936-JP	Asics Corporation	5.59%	0.04%	$134M
6752-JP	Panasonic Holdings Corporation	5.59%	0.10%	$731M
4502-JP	Takeda Pharmaceutical Co. Ltd.	5.59%	0.02%	$243M
6723-JP	Renesas Electronics Corporation	5.03%	0.03%	($197M)
8411-JP	Mizuho Financial Group, Inc.	4.47%	0.09%	$376M
6501-JP	Hitachi,Ltd.	4.47%	0.04%	($306M)
6146-JP	Disco Corporation	4.47%	0.04%	($374M)
4452-JP	Kao Corp.	-2.23%	-0.02%	($45M)
3774-JP	Internet Initiative Japan Inc.	-2.23%	-0.02%	($34M)
9531-JP	TOKYO GAS Co., Ltd.	-2.23%	-0.01%	($82M)
9435-JP	Hikari Tsushin, Inc.	-2.23%	-0.02%	($90M)
7269-JP	Suzuki Motor Corp.	-2.23%	-0.03%	$30M
9532-JP	Osaka Gas Co., Ltd.	-2.79%	-0.02%	($14M)
6902-JP	DENSO CORPORATION	-2.79%	-0.01%	($49M)
4568-JP	Daiichi Sankyo Company, Limited	-2.79%	-0.05%	($226M)
8801-JP	Mitsui Fudosan Co., Ltd.	-2.79%	-0.03%	($9M)
6702-JP	Fujitsu Limited	-3.35%	-0.03%	($144M)
6532-JP	BayCurrent Consulting, Inc.	-3.91%	-0.02%	($90M)
4307-JP	Nomura Research Institute,Ltd.	-5.03%	-0.06%	($147M)
6701-JP	NEC Corp.	-7.26%	-0.08%	($287M)
6758-JP	Sony Group Corporation	-8.38%	-0.17%	($553M)
7974-JP	Nintendo Co., Ltd.	-13.97%	-0.21%	($877M)

*Between 12/31/2025 and 7/31/2026

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Fund-Level Stock Positioning

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Keyence dominates individual positions the way few single names do. It is the largest holding across a wide range of funds, led by Morgan Stanley International Advantage at 6.71%. The more distinctive bets sit elsewhere: Variable Portfolio-Partners 6.48% holding in Murata Manufacturing, Morgan Stanley's 5.12% in Sanrio and Capital Group Focus ETF's 4.75% weight in SoftBank all stand out from the consensus. New-position activity lines up with the ownership story on the prior page. Fresh buying in Murata, Kioxia and Advantest, with Nintendo and Sony appearing among the larger closures.

Chart 14: Funds with the Largest Japan Stock Positions

Largest stock-level fund weights

Fund Name	Stock Name	Fund Weight, %
Morgan Stanley Instl. Fund-International Adv..	Keyence Corporation	6.71%
Variable Portfolio - Partners International Gro..	Murata Manufacturing Co., Ltd.	6.48%
VALIC Company I - International Growth Fund	Keyence Corporation	6.39%
Canoe Defensive International Equity Fund	Keyence Corporation	6.22%
NBI International High Conviction Equity Priv..	Keyence Corporation	6.12%
Fiera Asset Management USA International E..	Keyence Corporation	5.93%
Chautauqua International Growth Fund	Keyence Corporation	5.19%
Morgan Stanley Instl. Fund-International Opp..	Sanrio Company, Ltd.	5.12%
Transamerica International Focus VP	Ajinomoto Co., Inc.	4.82%
Dynamic International Dividend Private Pool	NEC Corp.	4.80%
Transamerica International Focus	Ajinomoto Co., Inc.	4.80%
Capital Group International Focus Equity ETF	SoftBank Group Corp.	4.75%
PGIM Jennison International Opportunities Fu..	Advantest Corp.	4.55%
Chautauqua International Growth Fund	Recruit Holdings Co., Ltd.	4.45%
Davis Select International ETF	Itochu Corporation	4.44%
OneAscent International Equity ETF	Mitsubishi Electric Corp.	4.30%
Principal International Equity ETF	Sompo Holdings,Inc.	4.27%
Harbor International Compounders ETF	HOYA CORPORATION	4.25%
Janus Henderson International Alpha Equity ..	Resona Holdings, Inc.	4.19%
Transamerica International Focus VP	Itochu Corporation	4.17%
Transamerica International Focus	Itochu Corporation	4.14%
Morgan Stanley Instl. Fund-International Equi..	Keyence Corporation	4.10%
Transamerica International Focus VP	Keyence Corporation	4.03%
Transamerica International Focus	Keyence Corporation	4.00%
CI International Value Corporate Class	Murata Manufacturing Co., Ltd.	4.00%
Goldman Sachs International Equity ESG Fu..	Sumitomo Mitsui Financial Group, Inc.	3.97%
Thornburg Better World International Fund	Mitsubishi UFJ Financial Group, Inc.	3.91%
Alger International Opportunities Fund	Mizuho Financial Group, Inc.	3.87%
Transamerica International Focus VP	HOYA CORPORATION	3.87%
Transamerica International Focus	HOYA CORPORATION	3.85%

Chart 15: Japan Stock Rotation

Largest changes in fund-level stock weight*

Fund Name	Stock Name	New or Closed	Fund Weight Change
Variable Portfolio - Partners International Grow..	Murata Manufacturing Co., Ltd.		4.26%
First Trust WCM International Equity ETF	Mizuho Financial Group, Inc.	New	3.24%
OneAscent International Equity ETF	Kyoto Financial Group,Inc.	New	3.21%
Fidelity International Equity Investment Trust	Keyence Corporation	New	2.91%
Putnam Focused International Equity Fund	Japan Material Co., Ltd.	New	2.87%
Putnam International Equity Fund	Hitachi,Ltd.	New	2.81%
Mawer International Equity Fund	Kioxia Holdings Corporation		2.73%
CI International Value Corporate Class	Murata Manufacturing Co., Ltd.		2.71%
Morgan Stanley Instl. Fund-International Oppor..	Sanrio Company, Ltd.		2.60%
PGIM Jennison International Opportunities Fund	Advantest Corp.		2.59%
Putnam Focused International Equity Fund	RAKUS Co., Ltd.	New	2.55%
Alger International Opportunities Fund	Advantest Corp.	New	2.54%
Fidelity International Equity Multi-Asset Base F..	Mitsubishi UFJ Financial Group..	New	2.54%
Dynamic International Dividend Private Pool	Sysmex Corporation	New	2.52%
OneAscent International Equity ETF	Otsuka Holdings Co., Ltd.	New	2.48%
Hartford International Growth Fund (The)	Sony Group Corporation	Close	-2.15%
Thornburg Better World International Fund	Internet Initiative Japan Inc.	Close	-2.16%
Capital Group International Focus Equity ETF	Daiichi Sankyo Company, Limit..	Close	-2.21%
WCM Focused International Growth Fund	Mitsubishi Heavy Industries, Ltd.		-2.30%
Principal International Equity ETF	Nintendo Co., Ltd.	Close	-2.30%
Fidelity International Equity Investment Trust	Toyota Industries Corp.	Close	-2.32%
First Trust WCM International Equity ETF	Tokyo Electron Ltd.	Close	-2.32%
Thornburg Better World International Fund	Recruit Holdings Co., Ltd.	Close	-2.33%
American Funds Insurance Series - EUPAC Fu..	SoftBank Group Corp.		-2.40%
AB Sustainable International Thematic Fund	Terumo Corporation	Close	-2.43%
OneAscent International Equity ETF	NSK Ltd.	Close	-2.53%
Alger International Opportunities Fund	Pan Pacific International Holdin..	Close	-2.72%
Penn Series - International Equity Fund	Nomura Research Institute,Ltd.	Close	-2.72%
PGIM Jennison International Opportunities Fund	Nintendo Co., Ltd.	Close	-2.91%
Harbor International Compounders ETF	Sony Group Corporation	Close	-3.71%

*Between 12/31/2025 and 7/31/2026

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Stock Trends - Most Widely Owned

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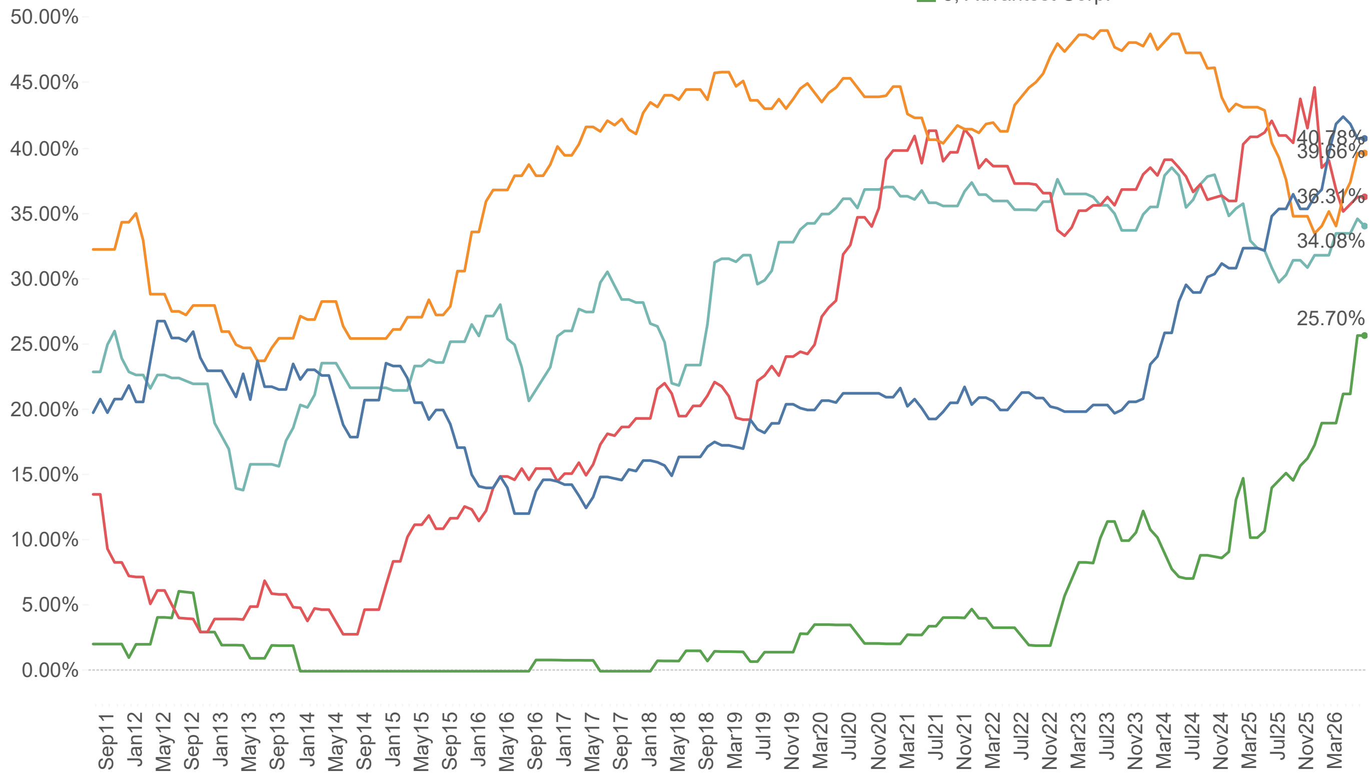
The percentage of Global Ex-USA funds invested in the five most widely held Japanese names shows a remarkable changing of the guard between Keyence, which has dominated since 2012, and Hitachi, which has risen from fourth position to take the top spot since mid-2025. Sony ownership has fallen back in recent months, while Hoya is showing a modest recovery. Advantest remains well behind the top four, but has seen a similarly strong upward trend to Hitachi over the past couple of years.

Chart 16: Japan Stock Trends

Funds invested percentage over time - top 5 most widely owned companies



Japan: Underweight No More?

The positive-rotation chart is almost entirely a semiconductor-equipment and materials story. Kioxia, Sumitomo Electric, Lasertec, Advantest and Tokyo Electron have all built ownership from near-zero within the past one to three years, a genuinely new cohort rather than a rebound in previously-held names. The negative side is led by Nintendo and Sony. NEC, Nomura Research Institute and BayCurrent Consulting round out the decliners, a more domestic, IT-services-oriented group losing share alongside the two large-caps.

Chart 17: Japan Stocks With Positive Rotation This Year
Funds Invested Time-Series

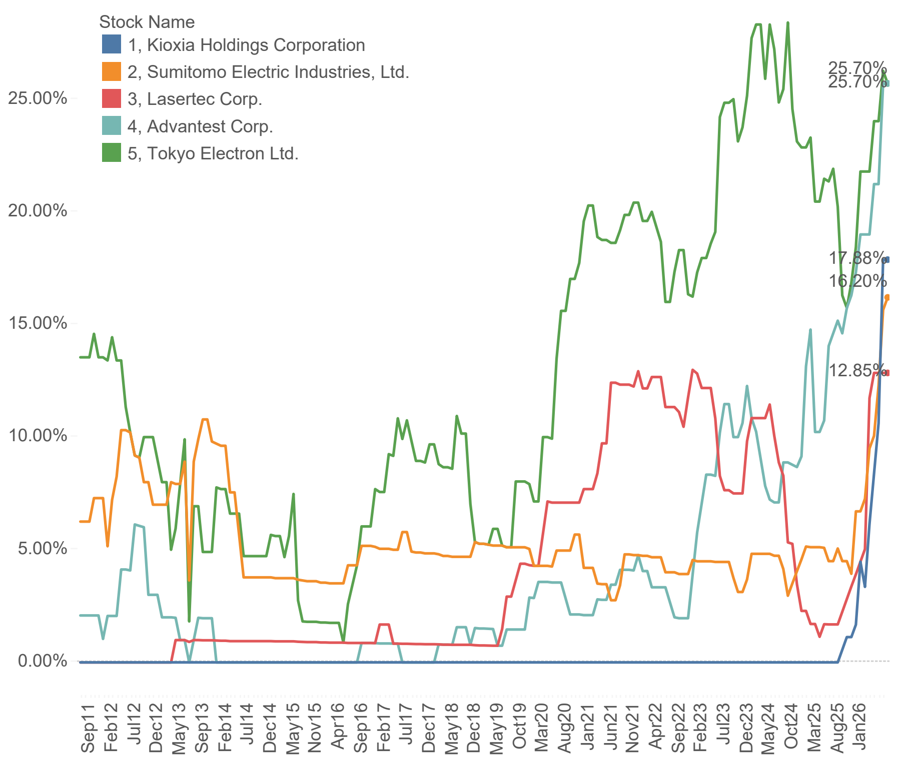
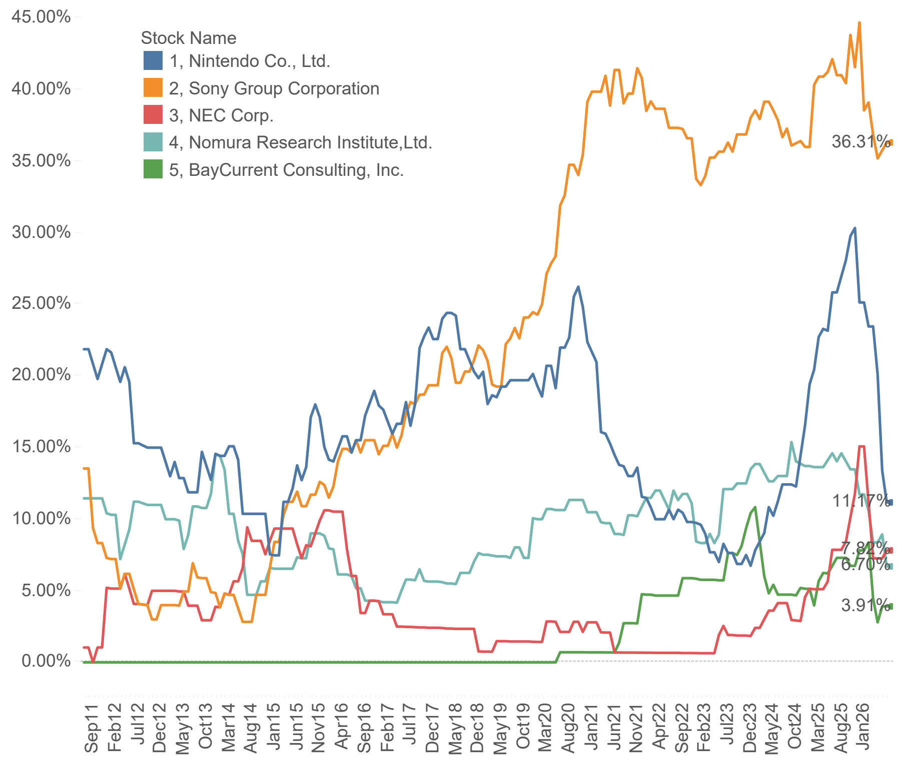


Chart 18: Japan Stocks With Negative Rotation This Year
Funds Invested Time-Series



Japan: Underweight No More?

Our Rising Stars list — stocks at record levels of ownership but yet to break into the mainstream — is led by Ajinomoto and Asics, both moving from negligible ownership to record positioning in roughly two years, alongside Daifuku, Ebara and Fujikura. At the other end of the spectrum, Canon, Japan Tobacco, Inpex, Fanuc and Honda have seen the largest long-term declines from peak ownership, with Canon furthest from its early-2010s highs. Fanuc's decline is particularly notable given the broader increase in ownership across the Industrials sector.

Chart 19: Japan Rising Stars
Record Positioning - held by more than 5% and less than 20% of funds. Funds Invested %

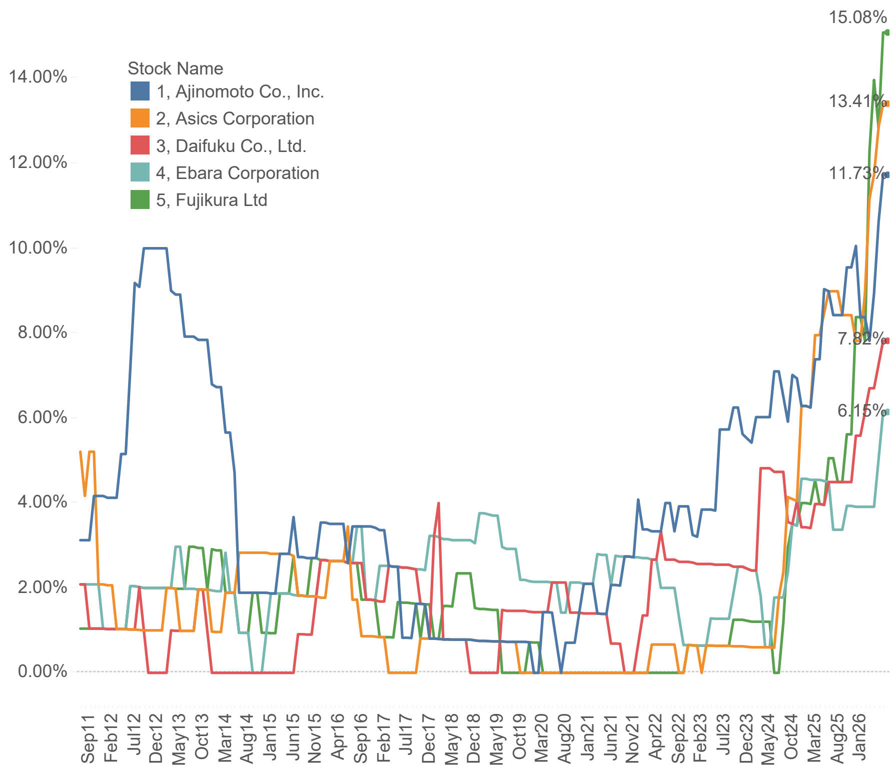
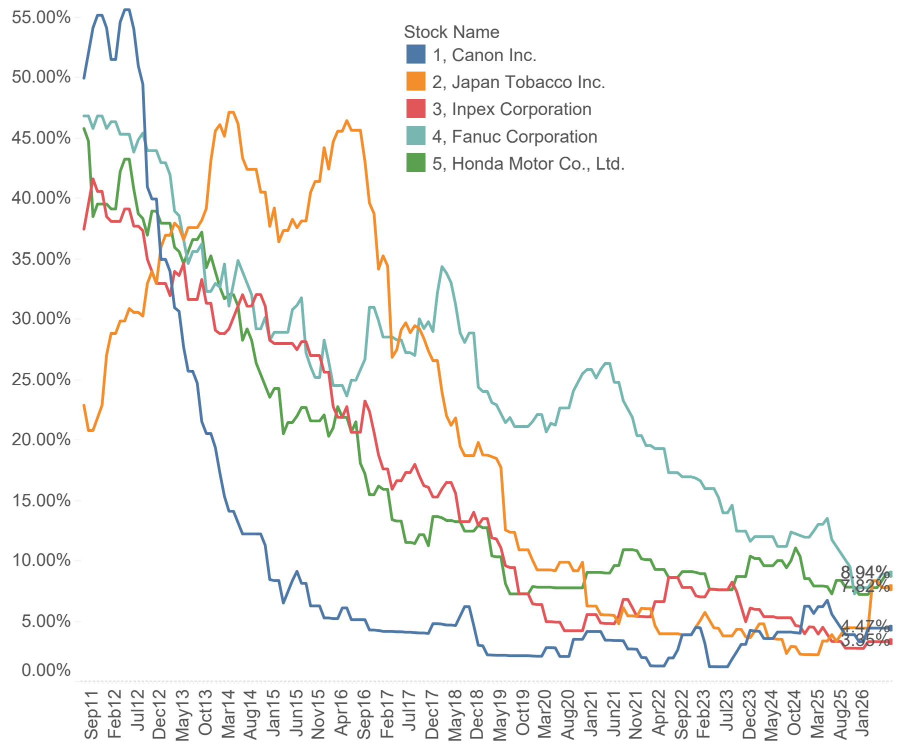


Chart 20: Japan Fallen Angels
Largest Declines from Max Ownership. Funds Invested %



Japan: Underweight No More?

August 31, 2026

Stock Positioning Across Global Mandates

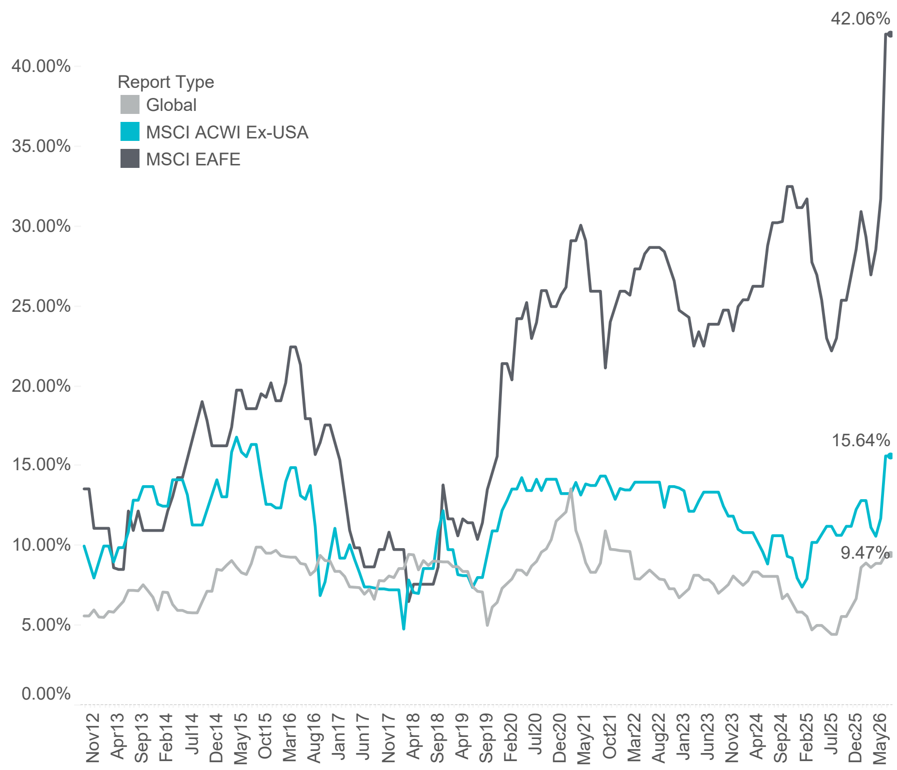
COPLEY FUND RESEARCH

Taking a glance at stock ownership across Global Ex-USA, EAFE and Global funds reveals some clear similarities, but also some important differences. Hitachi is the most widely held Japanese stock among both EAFE and Ex-USA funds, while Global managers show a much stronger preference for Keyence. EAFE funds are more widely positioned across the board, reflecting their non-EM mandate, while Global funds, with a much broader stock universe to choose from, remain notably lighter. We highlight Murata Manufacturing, where ownership is breaking higher among EAFE funds without the same rotation emerging across Ex-USA or Global portfolios.

Chart 21: Japan Popular Stock Holdings per Fund Universe
Percentage of Funds Invested

Ticker	Stock Name	MSCI ACWI ..	MSCI EAFE	Global
6501-JP	Hitachi,Ltd.	40.78%	52.38%	17.83%
6861-JP	Keyence Corporation	39.66%	34.13%	27.30%
6758-JP	Sony Group Corporation	36.31%	48.41%	20.06%
7741-JP	HOYA CORPORATION	34.08%	41.27%	15.32%
8035-JP	Tokyo Electron Ltd.	25.70%	46.83%	18.11%
6857-JP	Advantest Corp.	25.70%	41.27%	13.93%
8306-JP	Mitsubishi UFJ Financial Group, Inc.	24.58%	47.62%	13.37%
6098-JP	Recruit Holdings Co., Ltd.	24.58%	33.33%	17.27%
6503-JP	Mitsubishi Electric Corp.	23.46%	38.10%	11.70%
8316-JP	Sumitomo Mitsui Financial Group, Inc.	22.35%	49.21%	15.04%
6146-JP	Disco Corporation	22.35%	24.60%	7.80%
7011-JP	Mitsubishi Heavy Industries, Ltd.	21.79%	33.33%	5.29%
4063-JP	Shin-Etsu Chemical Co Ltd	21.23%	29.37%	9.19%
8766-JP	Tokio Marine Holdings, Inc.	19.55%	32.54%	11.42%
6367-JP	DAIKIN INDUSTRIES, LTD.	18.44%	26.98%	5.85%
285A-JP	Kioxia Holdings Corporation	17.88%	23.02%	7.24%
8411-JP	Mizuho Financial Group, Inc.	17.32%	26.98%	10.58%
8001-JP	Itochu Corporation	17.32%	34.92%	9.19%
6273-JP	SMC Corporation	17.32%	15.87%	4.18%
5802-JP	Sumitomo Electric Industries, Ltd.	16.20%	28.57%	8.91%
9984-JP	SoftBank Group Corp.	15.64%	32.54%	7.80%
6981-JP	Murata Manufacturing Co., Ltd.	15.64%	42.06%	9.47%
4519-JP	Chugai Pharmaceutical Co., Ltd.	15.64%	19.05%	7.24%
6301-JP	Komatsu Ltd.	15.08%	21.43%	7.52%
5803-JP	Fujikura Ltd	15.08%	17.46%	7.24%
8591-JP	ORIX Corporation	14.53%	37.30%	6.96%
7269-JP	Suzuki Motor Corp.	13.97%	27.78%	6.41%
6752-JP	Panasonic Holdings Corporation	13.97%	22.22%	5.01%
9983-JP	FAST RETAILING CO., LTD.	13.41%	25.40%	8.64%
8630-JP	Sompo Holdings,Inc.	13.41%	24.60%	6.41%

Chart 22: Murata Manufacturing Co., Ltd. - EAFE Funds Rotate
Percentage of funds invested time-series



Japan: Underweight No More?

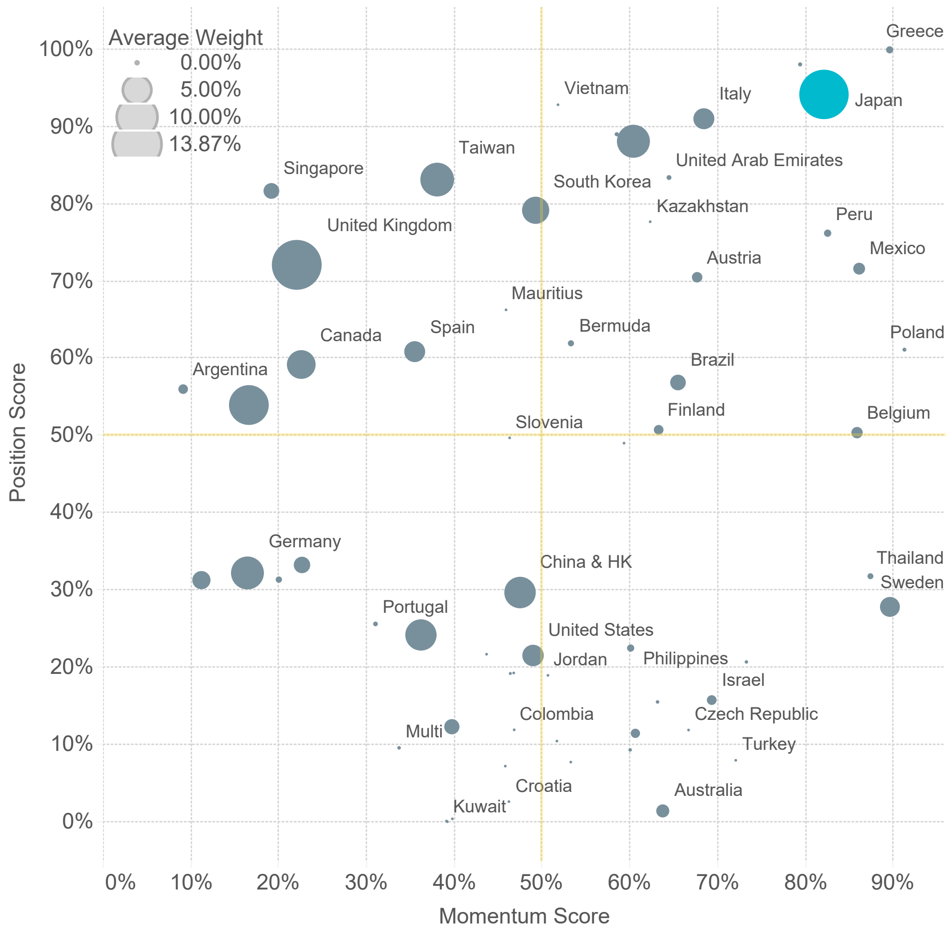
Summary & Conclusions

The rehabilitation of Japan within Global Ex-USA portfolios has been striking. From an underweight of almost 4% at the lows in 2019, active managers have rebuilt allocations to 13.64%, close to the highest levels in our history, and reduced the relative underweight to just -0.22%. Yet this is not quite a consensus bullish position. Only 48.6% of funds are overweight, leaving the universe almost perfectly divided around the benchmark. The scale of the move has therefore been less about managers moving aggressively overweight Japan, and more about dismantling what had become a deeply entrenched structural underweight.

Underneath that headline move, the composition of Japanese ownership is changing too. Industrials and Technology remain at the centre of portfolios, with Financials and Materials also attracting broader participation, while the strongest stock-level rotations have increasingly centred on a new cohort of technology, semiconductor and industrial names. Hitachi has displaced Keyence as the most widely held Japanese stock, while Kioxia, Sumitomo Electric, Lasertec, Advantest and Tokyo Electron have seen some of the strongest recent increases in ownership. Behind them, names such as Ajinomoto, Asics, Daifuku, Ebara and Fujikura are sitting at record ownership levels without yet becoming mainstream positions. Managers haven't simply returned to Japan; they are building a different Japanese portfolio.

The comparison with other global mandates adds another dimension. EAFE managers remain considerably more heavily invested in Japan in absolute terms, but also significantly more underweight their benchmark, while Global managers, allocating far less to Japan overall, show far lower ownership breadth across individual stocks. ACWI Ex-USA sits somewhere between the two, but has moved towards benchmark weight far more aggressively than either. With Japan now among the strongest countries in our Ownership Cycle for both positioning and momentum, much of the structural underweight has been removed. The question from here is therefore changing: it is no longer whether international managers will return to Japan, but which sectors and companies can persuade them to move decisively overweight.

Chart 23: Country Ownership Cycles
Momentum Score between 12/31/2025 and 7/31/2026



The Ownership Cycle Grid plots long-term positioning (Y-axis, as a Z-score against history dating to September 2012) against short-term momentum (X-axis, capturing changes in average weight, funds invested and net buyers-to-sellers between 12/31/2025 and 7/31/2026). Bubble size reflects current average weight. Scores above 50% on either axis indicate above-average positioning or increasing ownership; scores near 100% indicate historical peaks.