Investment Management Association of Japan

26 August, 2026

Summary of the Investment Management Association of Japan August 2026 Monthly Press Conference

- Date and time: Friday, August 14, 2026, 3:00-3:45 p.m.
- Speaker: Yoshio Hishida, Chairman, Investment Management Association of Japan
- This document is a translation of the monthly press conference held by Mr. Yoshio Hishida, Chairman of the Investment Management Association of Japan (IMAJ), on August 14, 2026.

Reporter

Gross sales of publicly offered equity investment trusts (excluding ETFs) in June and July were higher than in January, even though January came immediately after the annual reset of the NISA tax-exempt investment allowance. What factors drove this result?

Chairman

As I mentioned last month, there is no single standout factor. The main driver, in my view, is the steady growth in sustained inflows, particularly through regular investment plans. Looking at net flows into all publicly offered investment trusts, including ETFs, through August 13, inflows exceeded outflows by approximately JPY 1 trillion. If this pace continues, net inflows in August are expected to reach around JPY 2.5 trillion, maintaining momentum similar to June and July. Market conditions and seasonal factors may each play a role, but even after taking those into account, the most important factor is that steady inflows continue to grow without being significantly disrupted.

Head of the IT Management Department

Looking at the main product categories, inflows in June and July, as well as in January this year, were broadly distributed, with no pronounced concentration in any one category. In July, the Nikkei Stock Average (Nikkei 225) fell by roughly 8% from its June level, so some contrarian buying, or “buy-the-dip” flows, may also have emerged. Even so, as noted, inflows were broad-based across product categories. We will continue to monitor whether this trend persists.

Reporter

The Financial Services Agency (FSA) recently published Progress Report 2026 for Advancing Asset Management Services in Japan (the "Progress Report" or the "Report"). It identifies challenges related to "Advancing Middle- and Back-Office Operations and Asset Servicing Operations," including operational functions such as fund accounting, investment instructions, and reporting. The industry will presumably need to respond. How do you view the Report, and what challenges do you see at this stage?
(Reference: https://www.fsa.go.jp/en/news/2026/20260724/01.pdf)

Chairman

We understand the FSA to have presented a wide-ranging set of issues and a broad direction for the asset management industry.

One distinguishing feature this time is that the Report goes beyond short-term responses. It asks the industry to take a medium- to long-term view, organize the challenges it faces, and take action to resolve them. The Association has already begun discussions with its member asset management companies and intends to move forward with more detailed deliberations.

Of the issues presented, the first - "Advancing Middle- and Back-Office Operations and Asset Servicing Operations" - is particularly important. It cannot be addressed within the asset management industry alone. Multiple parties beyond asset management companies are involved in functions such as fund accounting, investment instructions, and reporting. Cross-industry discussion is therefore needed, including related trade associations and market participants. Because so many stakeholders are involved, it will also be important to establish frameworks and practical arrangements that enable stakeholders to share a common direction and move swiftly. This will be a key consideration as discussions proceed. In addition, some of the issues raised have been recognized as longstanding industry challenges. We need initiatives that turn those issues into tangible improvements rather than leaving them unresolved.

The Report also incorporates the results of surveys and interviews conducted with a broad range of stakeholders, including asset managers, custodian banks, and service providers. This is highly significant. It makes visible the concerns and needs of each stakeholder group and provides a foundation for the capital market as a whole to share an understanding of the issues. Going forward, we want to strengthen collaboration among stakeholders and translate the findings into concrete improvements.

Reporter

The change in assets attributable to investment performance for publicly offered equity investment trusts (excluding ETFs) turned negative for the first time in four months. We were told that the main reason was some weakness in domestic and overseas equity markets. Could you explain in more detail? Also, could you elaborate on the factors behind the steady growth in inflows mentioned earlier?

Chairman

On the first point, TOPIX in Japan and the S&P 500 in the United States were broadly flat over the month, so the market as a whole did not experience a major move. At the same time, volatility remained high among large-cap stocks that attract substantial attention from retail investors, as reflected in movements in the Nikkei Stock Average and Nasdaq. Declines in those stocks were one factor behind the change in assets attributable to investment performance. However, the broader market did not undergo a sharp decline, and inflows continued. The change may therefore look large in absolute terms, but on a percentage basis its impact was limited.

On the second point, we have conducted various analyses of the background to the inflows. First, the number of investors who invest on a continuing basis is still increasing, and these investors appear to be becoming a core source of inflows. In addition, because market volatility is elevated, some investors view price declines as buying opportunities. Inflows have remained high since June, and August also appears to be tracking at a relatively high level. We will continue to monitor whether this pattern persists throughout the year. Historically, inflows have sometimes moderated in the autumn, so we intend to keep analyzing changes in investor behavior and market conditions.

Reporter

When you refer to stocks that attract retail investors, are you referring to AI-related and semiconductor-related names? Did declines in those stocks trigger the change?

Chairman

Retail investors invest across a fairly broad range of stocks, so I do not believe the movement was limited to particular stocks. That said, stocks with high trading volumes do tend to be at the center of market activity.

Reporter

I have two questions. First, Japan and the United States recently carried out coordinated foreign-exchange intervention. How do you expect exchange-rate movements to affect the investment trust market in the short term and over the medium- to long-term?

Second, regarding the Progress Report, you said it includes several longstanding industry challenges. Which issue do you personally consider most important? What actions are needed to ensure that these issues lead to actual improvement rather than remaining merely acknowledged problems?

Chairman

On the first question, I believe we need to consider the issue from both directions: whether exchange rates are a cause or a result. A notable feature of the current publicly offered investment trust market is that Japanese retail investors continue to invest steadily, mainly in foreign equity funds and balanced funds. As a result, the share of overseas assets in the overall portfolios of publicly offered investment trusts has risen to some extent, creating a structure in which exchange-rate movements affect asset valuations. However, the key question is which investment opportunities investors find attractive. Both retail and institutional investors should make appropriate use of the diverse opportunities available in Japan and overseas and allocate assets in a balanced way. I believe exchange rates may then settle at appropriate levels as a result of such investment behavior. In Japan in particular, it is important to make investors more aware of domestic investment opportunities and to expand the range of attractive domestic investment options.

On the second question, while the Progress Report covers a wide range of themes, the matters discussed under "Advancing Middle- and Back-Office Operations and Asset Servicing Operations" are especially important. The Report addresses functions such as fund accounting, investment instructions, and reporting. A common foundation for all of these is the development and standardization of data. To upgrade and standardize business processes, the underlying data will also need to be standardized across the industry. The Report also states that senior management involvement is essential. To move reform forward, individual firms and the industry as a whole must participate proactively and work together. The survey results likewise show broad agreement that advancing middle- and back-office operations and asset servicing operations is an important common challenge for the industry. We need to deepen discussions on specific measures while maintaining a common understanding of the issues.

Reporter

With regard to the Report's emphasis on senior management involvement in establishing governance frameworks: you previously served as president of an asset management company. Does the Report include measures that could place a burden on asset managers? Why have these challenges remained unresolved?

Chairman

Enhancing asset servicing operations is an issue involving many parties - not only asset management companies, but also custodians such as trust banks, system vendors, and service providers. It cannot be solved by any one party, so the industry must work together. That said, efforts to improve this area are already under way. In fund accounting, the Association has spent the past several years reviewing and organizing business processes, considering standardization, and presenting model plans. We believe a certain level of preparation is now taking shape. At the same time, standardization requires coordination among stakeholders and entails costs. This has long been a challenge and remains an important issue to overcome. Nevertheless, as technology advances and markets become more global, improving efficiency across the industry has become imperative. Overseas markets are already upgrading market infrastructure, including by extending trading hours. In light of these changes, discussions on efficiency and standardization need to move forward more decisively.

Other issues raised in the Progress Report are also very important. Examples include how asset management should be positioned within the overall strategy of a financial services group and issues concerning research analysts. Views and circumstances differ among asset management companies, so it is not easy to arrive at a uniform answer. The Association nevertheless wants to identify and structure common challenges and key discussion points and create an environment for constructive industry dialogue.

Reporter

Reports have said that a number of applications have been filed in the United States - to list leveraged ETFs linked to individual Japanese stocks. How do you view this development? Japan already has leveraged ETFs linked to indices, but no comparable single-stock products. Such products could be seen as increasing volatility, but also as providing new investment opportunities. What is your view?

Chairman

As you noted, from the perspective of investment opportunity, it is desirable to offer investors as wide a range of choices as possible. At the same time, given the potential for greater market volatility, the issue requires careful consideration. Single-stock leveraged ETFs have already been introduced overseas. In the United States, some companies have exceptionally large market capitalizations, so the impact of single-stock leveraged ETFs on the market as a whole is likely to be relatively limited. In South Korea, by contrast, single-stock leveraged ETFs linked to two individual stocks were introduced in May. The subsequent concentration of funds in the underlying stocks and the increase in price volatility give the impression that the impact on the market has been substantial.

Unlike an index or a diversified portfolio, an individual stock is directly linked to a specific company's business and growth prospects. We therefore need to consider carefully what effect a leveraged ETF would have. The discussion should be multifaceted, taking into account not only market volatility but also how listed companies themselves view such products. In South Korea, single-stock leveraged ETFs became highly popular for a time, but side effects, including increased volatility, have also been noted. It is important to examine the lessons from these precedents fully before considering the appropriate approach for the Japanese market.

For this reason, the Association is discussing the issue with domestic asset management companies and strengthening collaboration with overseas industry bodies. We are expanding information exchanges not only with the United States but also with investment trust and asset management associations in South Korea and other Asian markets, sharing both successful examples and challenges from each market. Countries are introducing a variety of measures to develop and strengthen their capital markets, with both successful and unsuccessful cases. Sharing these experiences and learning from earlier examples will be useful in designing more appropriate rules and market frameworks in Japan.

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