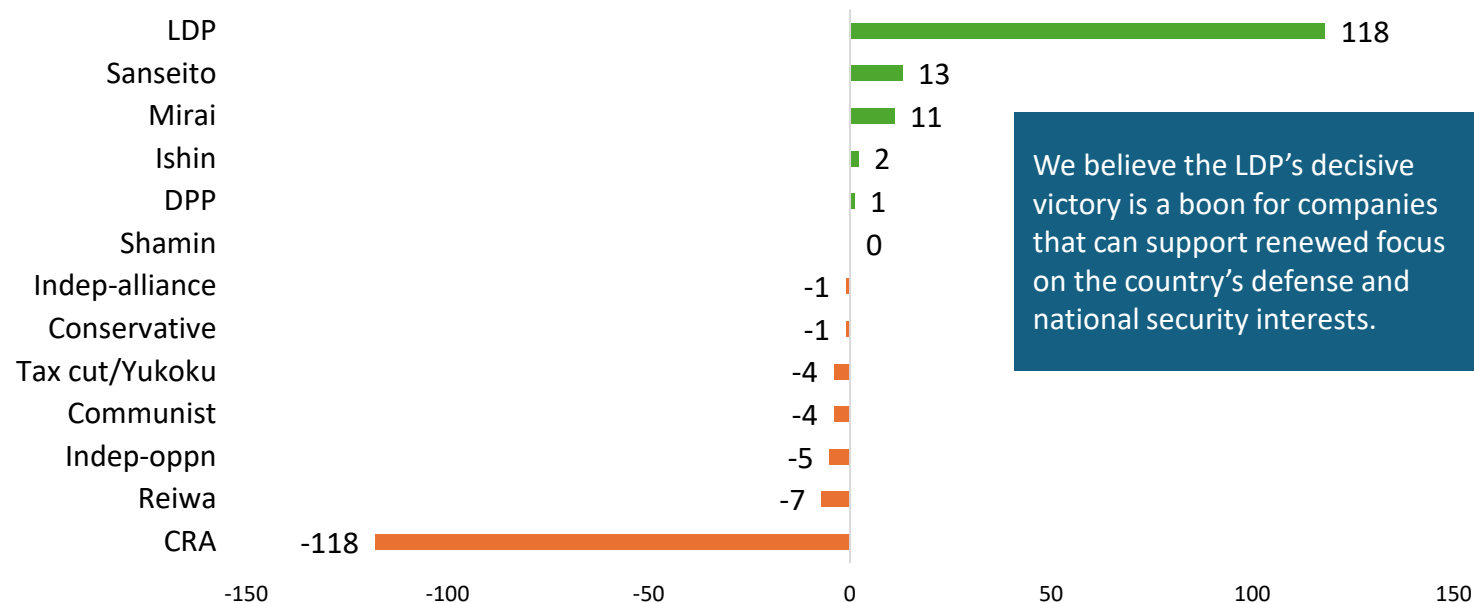


- Context is everything: Identifying the companies with best growth prospects requires first understanding the macro and thematic forces shaping economies and industries around the world.
- Each country’s political landscape—from its stance on business development to regulation to trade to defense—creates headwinds and tailwinds not just for an economy overall but for individual industries and companies.
- Japan’s recent landslide election, captured by this chart from CLSA, provides a case in point, as the LDP alliance’s sweeping victory gives a clear path ahead to implement its agenda under Prime Minister Takaichi.
- Already bullish on Japan, our team has identified a number of themes that have been strengthened in the wake of these election results.
- Incoming leadership’s commitment to raise defense spending to 2% of GDP—and potentially higher—creates new opportunities for companies involved in defense and security, including materials, shipbuilding, commodities, and nuclear power.
- We also see more powerful thematic tailwinds for companies in niches of technology (e.g. semiconductor-linked names) and construction, given the massive spending plans in the works.

## A sweeping election victory can be a wind in the sails for many Japanese companies

### Changes in seats from before the February general election



We believe the LDP’s decisive victory is a boon for companies that can support renewed focus on the country’s defense and national security interests.

Source: CLSA, “The political rout is a game changer,” February 9, 2026. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to the potential for greater economic and political instability in less developed countries.