

## Pursuits

# Blackstone Leads Race to Unlock \$7 Trillion of Cash in Japan

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Steve Schwarzman has become an unlikely fixture in Japanese media of late. The Blackstone Inc. co-founder stars in a 30-second television commercial in Japanese as he touts the acumen of the world's biggest alternative asset manager. The pitch is backed by newspaper ads and social media videos, along with a reprint of his biography.

The rare media blitz is aimed at winning over what Blackstone sees as the largest private wealth opportunity outside the US – the legion of millionaires who hold a sizable chunk of the \$7 trillion in cash parked in Japanese households. Blackstone and rivals such as EQT AB and KKR & Co. are trying to coax them to put more of it in private equity and credit.

“The wealth channel is a gekisen – a violent war,” said CJ Morrell, Japan head of Fiera Capital Corp., a Canadian asset manager with \$120 billion in assets under management. “Everyone’s fighting to get a product on the shelves.”

This push into Japan marks the latest effort by some of the world’s biggest buyout funds to tap individual investors as returns wane and institutional backers grow increasingly impatient over delays in getting their money back. The retail drive is well underway in the US and Europe, and Japan has now become the focus in Asia.

By any measure, the potential is staggering. Japan has 2.7 million millionaires – the fourth-largest cohort in the world after the US, China and France, and is forecast to be the fastest growing among those countries, according to UBS Group AG. Morgan Stanley predicts that Japan’s richest will inject an additional ¥397 trillion (\$2.6 trillion) into the markets over the next decade, just as the return of inflation erodes gains from fixed income and cash.

“People now understand ‘cash is king’ is over,” said Kaoru Fujita, managing director and head of Japan private wealth at Blackstone in Tokyo. “They need to build financial assets to compete with inflation.”

Winning over Japan’s wealthiest investors won’t be easy. Many of them are elderly, and need steady cash flow to fund their retirement. Financial products tied to private equity, infrastructure or private credit are often semi-liquid, meaning



Steve Schwarzman in Tokyo in 2024. Photographer: Kiyoshi Ota/Bloomberg

investors can typically cash out quarterly at best. Private equity investments ranked last in a 2025 survey of where the nation’s rich like to invest their money – trailing luxury watches, art and cryptocurrency, according to Hakuodo Affluent Marketing Lab.

“Japanese investors are cautious about unfamiliar things,” said Shuhei Igarashi, president of Tokyo-based wealth management firm ValueAdvisers. “Names like Blackstone or terms like private equity aren’t well recognized yet.”

At a recent event, Japan’s Financial

Services Agency highlighted the growth of Japanese retail exposure to private assets and the need for customers to fully understand what they’re investing in, according to a presentation seen by Bloomberg News.

In a separate interview in Tokyo, FSA vice commissioner Mamoru Yanase said that a necessary prerequisite for private offerings “is to provide customers with appropriate explanations of the product’s characteristics, including its risk profile.”

An academic paper in the US highlights the risk for retail investors. It argues that



Steve Schwarzman, center, starring in a 30-second television commercial in Japanese. Source: Blackstone Inc.

private equity returns haven't exceeded public markets of late, and that forcing increased liquidity on the funds for individual investors reduces some of the benefits of these long-term assets.

"Injecting retail investors into private equity directly threatens the very features that make private equity special," according to the report last month by US law professors William Clayton and Elisabeth de Fontenay. "Where retail investors tread, regulation, litigation, and public scrutiny inevitably follow."

Film producer Yoshihiro Shimamura is among the private market skeptics. He built his wealth through real estate, and now has almost all of his money in stocks. He's ignored the pitches to buy into the asset class.

"I won't invest in things that I can't manage and control," he said. "Liquidity is the most important, and if your money gets locked up, it's not worth the trouble."

Still, Igarashi said more of his clients have started inquiring about private and alternative investments after the recent stock rally. The benchmark Nikkei 225 Stock Average has risen for three straight years, and six of the last seven, ending decades of meager returns. The benchmark has gained another 13% this year, among the most in the world's developed markets.

"Many feel equities are overvalued, and are looking for other options," he said.

### Sentiment Change

The private equity giants are trying to seize on that changing sentiment, especially as more money gets passed down by elderly millionaires.

While older investors tend to prefer income-generating products, their heirs might find private markets suit their investment needs better, said Markus Egloff, KKR's head of global wealth solutions.

"Over the next years, tens of trillions of dollars will be transferred to the next generation," Egloff said in an interview in Tokyo.

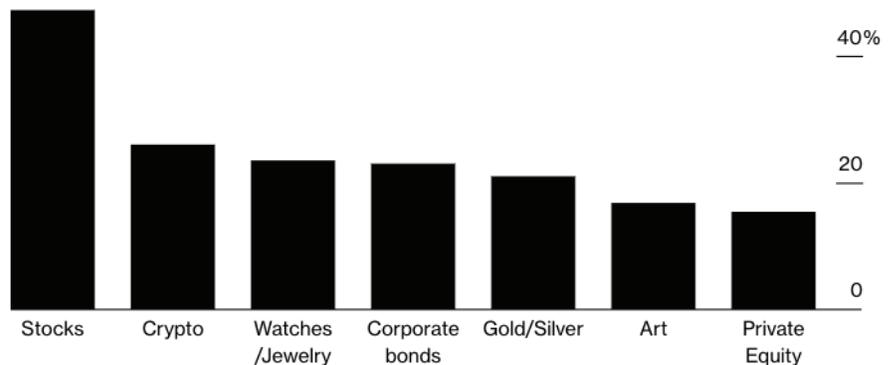
The private pivot coincides with a Japanese government drive to move more household assets into financial markets to promote economic growth. And it dovetails with a shift in strategy at brokerages like Nomura Holdings Inc. to focus on wealth management, particularly private products and alternatives, where they can command higher fees.

To step up their commercial campaigns, the international firms have recently held events in Tokyo's luxury hotels like the Ritz-Carlton, or at private clubs where financial advisers mingle with C-suite executives over scallops hors d'oeuvres and champagne.

The pitches are starting to gain traction. About \$1.8 billion was raised from the seven products launched in 2025 tied to alternative private market strategies, according to data from the Japan Securi-

## Mass Affluent in Japan Less Keen on Private Assets

Survey of wealthy show where money is being invested



Source: Hakuodo Affluent Marketing Lab

Note: 2025 survey asked those with incomes above ¥50 million to select all investment targets

ties Dealers Association. Add in products launched in 2024 and the total rises to about \$5.5 billion. That's just the publicly released figures – some products with higher buy-ins are offered through private banks, for which data isn't available.

### Blackstone Gains

Blackstone has been the most successful asset gatherer so far. Its private equity strategy has raised more than \$2 billion since launching in 2024, according to the dealers' group. A private credit product, started in 2023, has raised \$1.9 billion. Most of the flows are coming from cash deposits, or bond investments that have come due, Fujita said.



Kaoru Fujita, managing director and head of Japan private wealth at Blackstone. Source: Blackstone Inc.

Yasunori Yoda, a 48-year old corporate executive in Tokyo, is one of the converts. He's invested about a third of his financial assets in these products, including KKR's private equity strategy. He doesn't mind the limited liquidity because he has other income streams.

Yoda has already seen the value of his investments go up – partly because most private assets are denominated in dollars, and the yen has weakened in recent years. He sees private assets as key to diversification.

"I rebalance my portfolio from time to time, and plan to increase investments in private equity-related assets," Yoda said.

### Distribution Networks

The global investment giants need to work with domestic brokerages to get their products to more retail investors like Yoda. In the past year, KKR, EQT, Apollo Global Management Inc. and Ares Management Corp. have tied up with Nomura, Daiwa Securities Group Inc. and others to launch products tied to their private market strategies. They typically come with a minimum investment of about \$50,000.

Nomura Chief Executive Officer Kentaro Okuda has said he's seeking to increase alternative assets under management to more than ¥10 trillion by 2031, up from about ¥3.3 trillion as of December.



Kentaro Okuda Photographer: Shoko Takayasu/Bloomberg

When Stockholm-based EQT launched its flagship private equity strategy in Japan last year, the wealth team traveled to more than 80 brokerage locations of Sumitomo Mitsui Financial Group Inc. over three weeks to educate advisers on the new offering. Japan is one of EQT's top priorities in Asia, said Shin Nakano, the firm's head of private wealth in the country.

"This is the right moment to position ourselves as one of the early movers and capture the private wealth opportunity," Nakano said.

– With assistance from Momoka Yokoyama and Taiga Uranaka