



**Toshihiro Iwasaki**  
Asset Management CEO

Based in Asia, the Asset Management Division provides a range of products and services that satisfy a broad mix of investment needs. We are striving to enhance our asset management performance and to establish a solid presence as a firm trusted by investors around the world.

Although FY2012/13 got off to a challenging start in the first half, we did see fund inflows into domestic investment trusts and an increase in mandates from foreign institutional investors. We also strove to reduce costs. In the second half, fund inflows continued and the environment improved, leading to an increase in assets under management. As a result, for the full year, Asset Management realized revenues and income before income taxes that surpassed the previous year.

## Market Environment

Japan's public investment trust market grew 17.0% in FY2012/13 to ¥73 trillion. Although the first half of FY2012/13 was marred by the re-emergence of the European sovereign debt crisis and concerns of a worldwide economic slowdown, the market environment enjoyed an upturn thanks to policy changes initiated by the new Japanese government administration.

### Business results

(Billions of yen)

	FY2008/09	FY2009/10	FY2010/11	FY2011/12	FY2012/13
Net revenue	51.9	62.1	66.5	65.8	68.9
Non-interest expenses	47.8	46.8	46.5	45.3	47.8
Income before income taxes	4.1	15.2	20.0	20.5	21.2

Note: Due to a reorganization in April 2011, reported amounts for Asset Management and Other have been reclassified.

## Financial Results for FY2012/13

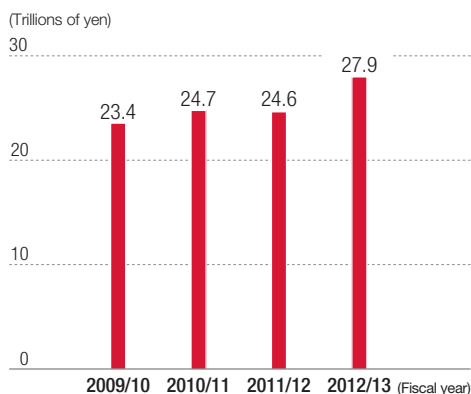
Our investment trust business offered a truly wide range of products, including funds aimed at reducing risk and funds tailored to the current investment environment. As a result, we saw investment inflows into our Premium strategy fund, which combines investments in global equities, REIT and Japanese stocks with derivative transactions, and our other high-yield bond and emerging market bond funds. We listed a number of new ETFs as part of the NEXT FUNDS family, including ETFs linked to the Nikkei 225 Leveraged Index, Nikkei 225 Inverse Index and the Nomura Japan Equity High Dividend 70. This approach enabled us to capture fund inflows for a wide range of products throughout the year, despite the changing market conditions. Consequently, Nomura Asset Management's share (net asset basis) of Japan's public investment trust market stood at 22.3% as of the end of March 2013, compared to 22.1% at the end of the previous year.

Our investment advisory business steadily increased mandates for Japanese stocks, high yield bonds and global bonds primarily from European financial institutions and sovereign wealth funds in Asia, which helped to steadily increase our assets under management. We also increased net assets by providing Japanese equity funds and US high yield bond funds compliant with Europe's UCITS\* mainly to high net worth individuals outside of Japan.

As a result, assets under management reached ¥27.9 trillion at the end of March 2013, marking a ¥3.3 trillion increase compared to the previous fiscal year end. Asset Management reported net revenue of ¥68.9 billion, up 5.0% year on year, and income before income taxes of ¥21.2 billion, an increase of 3.0% year on year.

\* UCITS: The Undertakings for Collective Investment in Transferable Securities

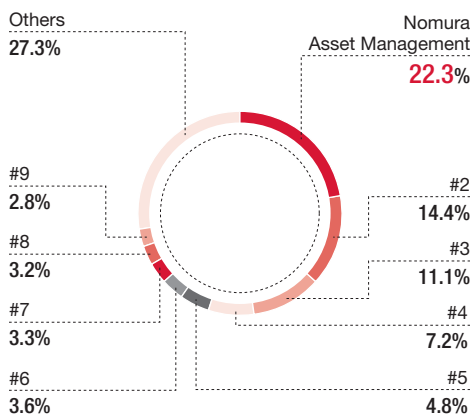
### Assets under management



Note: Net after deduction duplications from total assets under management of companies that belong to the Asset Management Division

### Share of public investment trust market in Japan

(As of March 31, 2013)





We will also strive to provide a more unique range of asset management solutions, such as the management of high yield and inflation-linked bond funds, which require advanced financial expertise, high alpha bond funds that seek absolute returns, and Shariah-compliant asset management services\*, where demand is expected to grow.

\* Shariah-compliant asset management services: A method of asset management fully compliant with Islamic Shariah Law.

### **Encouraging a Shift from Savings to Investing through Investment Trusts**

In the investment trust business, we will deliver diverse investment opportunities that meet a broad range of retail investor needs in order to strengthen our presence in the domestic investment trust market. Furthermore, we will strive to grow the overall market by expanding the scale of our existing products. We will continue to offer a toll free customer service center for retail investors and investment trust sales staff, study sessions for distributors, and retail investor seminars. This will help us broaden investor understanding about investment trust products and associated risks and gain a better recognition of investor needs. In turn, this knowledge will be utilized to further enhance our services.

We will further expand our product lineup in order to capture opportunities from the growth of defined contribution pension plans. At the same time, we will increase investor education programs, correct the imbalance toward more conservative products within defined contribution plans, and make improvements to these plans to enable other products to be rolled into investment trusts.

In advance of the Nippon Individual Savings Account (NISA) program slated to begin in January 2014, we conducted a survey of retail investors and published the results in April 2013. Going forward, we will continue to share easy-to-understand information to raise awareness about NISA and promote the use of this program. We will also develop products fully compliant with the program.

### **Further Expanding the Investment Advisory Business**

In the investment advisory business, we will work to develop asset management policies tailored to each client segment, country and region, and propose a strategy best suited to each client's investment objectives. Asset Management is in the process of expanding its lineup of products that seek absolute returns, to complement its existing strengths in Japanese equities and Asian equities as well as global and high yield bonds.

With Japan's employee pension scheme undergoing changes, we will respond to a broad range of asset management needs and fulfill our fiduciary duty to our clients. Outside of Japan, we will continue to increase mandates from sovereign wealth funds, central banks and major pension funds. We will also further expand the fund business in Europe and Asia by utilizing UCITS-compliant funds.