



Kunio Watanabe
Asset Management CEO

Nomura's Asset Management Division aims to provide optimal performance for its clients to help them reach their investment objectives. To this end, we provide a wide range of differentiated investment products, and work to improve our capabilities for proposing products and services that respond to changing asset management needs of individual customers. While the asset management industry is expected to expand in the medium term, many asset management methods are being developed, and competition is becoming more intense. Our objective is to win the trust of the world's investors by enhancing our management and proposal development capabilities as a differentiated asset management company in Asia.

In addition, by following Japan's Stewardship Code*, which provides rules for investors, we encourage proper corporate governance functions at investee companies and expand investment returns for beneficiaries through increasing the corporate value of investee companies. In parallel with this, we want to contribute to the proper formation and development of securities markets.

Highlights

Income before income taxes

¥32.1 billion

Assets under management

¥39.3 trillion

Share of ETFs in Japan

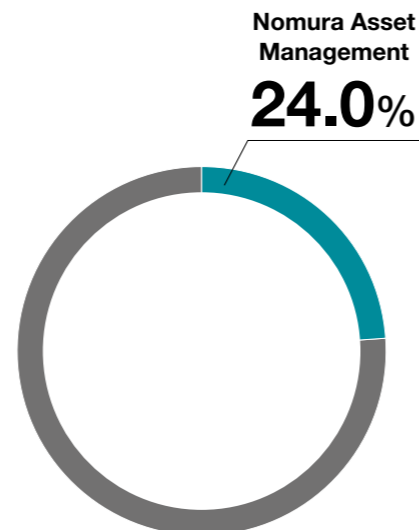
Source: The Investment Trusts Association, Japan

47.9%

Share of public investment trust market in Japan

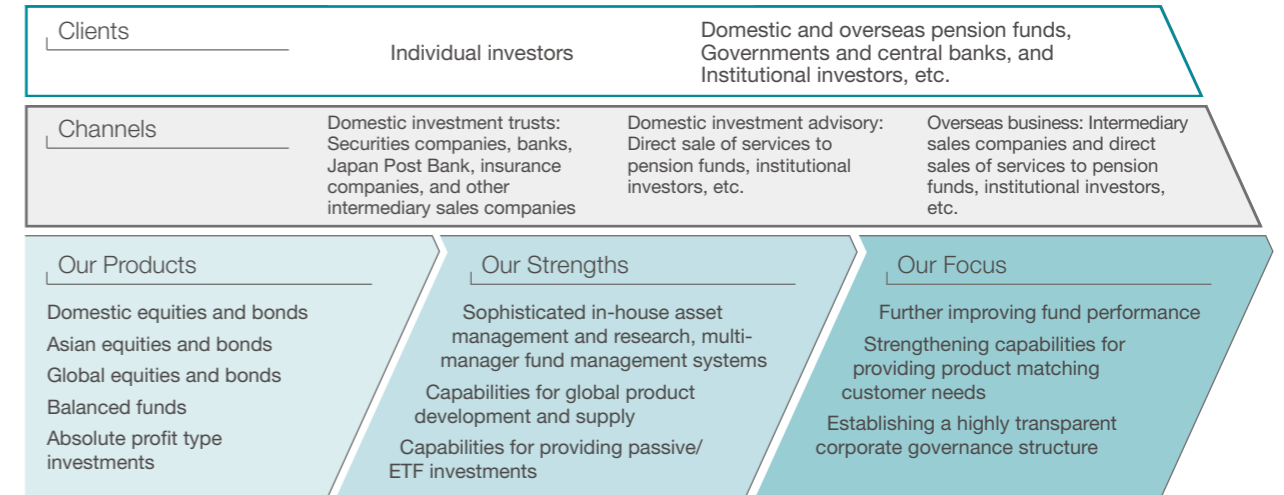
(As of March 31, 2015)

Source: The Investment Trusts Association, Japan



* Japan's Stewardship Code specifies the responsibilities of institutional investors to enhance the medium- to long-term investment return for their clients and beneficiaries by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment.

Asset Management Business Model



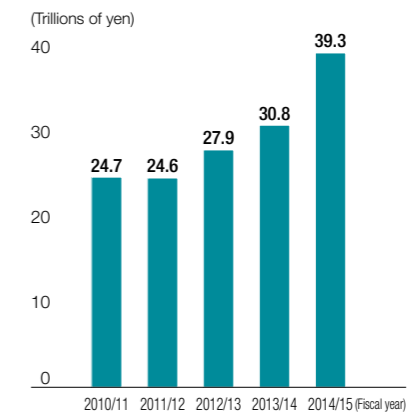
Market Environment and Results in FY2014/15

The investment environment continued to improve as the Bank of Japan's bold quantitative easing policy continued and expectations of economic recovery ran high in Japan and overseas. As of March 31, 2015, the overall balance of funds in publicly offered investment trusts was about ¥97 trillion, an increase of about 21% over the previous fiscal year-end.

In the Asset Management Division, net revenue after the deduction of interest expense in FY2014/15 was ¥92.4 billion, representing a gain of 15% over a year earlier, and income before income taxes was ¥32.1 billion, 18% above the prior year. Total assets under management at fiscal year-end were the highest in Nomura's history, ¥39.3 trillion, an increase of ¥8.5 trillion over the previous fiscal year-end.

In the investment trust business, we offered new funds to meet customer needs and worked to expand the balance invested in existing funds. Investor funds flowed into investment trusts placing their resources in infrastructure-related equities, global high dividend yield stocks, and funds aiming for overall return by capital gain, income gain, and foreign exchange gains in FY2014/15. Among ETFs (Exchange-Traded Funds), in addition to conventional index-linked investments, differentiated funds, such as ETFs linked to the JPX-Nikkei Index 400 and the Nikkei Average Leveraged Index, also drew attention. As a result, the balance of assets under management in ETFs as of March 31, 2015 amounted to ¥6.2 trillion.

Assets under management*



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

To respond to the increasingly diverse needs of our clients, we have assembled a lineup of differentiated products and proactively offer investment recommendations. In addition, as an asset management company, we are strengthening our corporate governance structure to better fulfill our fiduciary responsibilities.

In the investment advisory business, assets held in management trusts investing in Japanese equities, high-yield bonds, and other instruments increased mainly by institutional investors in Europe, the Americas, and Asia except Japan. In addition, we began to accept funds in management trusts from Central America and South America. Also, the balance of funds investing in Japanese stocks and U.S. high-yield bonds that have received UCITS certification (For further information, please refer to the column article “UCITS Driving Overseas Business” of this report on page 29.) increased not only from investors in Europe but also from elsewhere in Asia, including Singapore, South Korea, and Taiwan, as we expanded our channels for attracting investments from these areas. As a consequence, the overall balance of assets in the investment advisory business expanded.

We also took initiatives to expand into new business domains. In April 2014, we acquired the asset management business of the ING Group in Taiwan (currently, Nomura Asset Management Taiwan Ltd.) and began a full-scale entry into the asset management business in Taiwan. In addition, in June 2014, we established an office in Dubai with the objective of strengthening our presence in the Middle East. Also, in August, we concluded an alliance with Bridge Capital, which provides hedge fund incubation services, and in September, we formed a joint venture to manage private equity funds in China (Nomura China Asset Management Co., Ltd.).

Meeting Customer Needs

To deepen the understanding of features of investment trusts, their inherent risk, and other related matters, as well as to gain a better understanding of customer needs, Nomura holds annually about 8,000 seminars and study group meetings for individual investors and partner

companies acting as intermediaries in the sale of investment trusts. These are held in Nomura branches nationwide in Japan and in other sales channels for securities, such as other securities companies, banks, and Japan Post Bank. In addition, to respond to inquiries from individual investors and intermediary partners regarding investment trusts, we provide a dedicated telephone support service free of charge. The opinions and requests obtained through this channel are shared with related departments and used in developing products as well in further raising service quality.

To meet the various needs of regional financial institutions increasing from the recent monetary easing, we are not only developing products that respond to risk and return requirements of individual clients but also actively proposing high-value-added solution services.

Responsible Investing Initiatives

Nomura Asset Management is a signatory institution to the United Nations Principles for Responsible Investment, and, when conducting its activities, takes account of social responsibility. We are also taking initiatives to address issues relating to the environment, social, and governance (ESG), and our internal Responsible Investment Committee meets twice a year in principle for discussing these issues. In May 2014, we gave notice of its acceptance of Japan's Stewardship Code, which was prepared by Japan's Financial Services Agency. As a responsible institutional investor, we aim to encourage investee companies to strengthen their governance structures to achieve sustainable growth and increase investment returns to beneficiaries in the medium term. Moreover, to maintain its own corporate governance structure, Nomura Asset Management appointed two outside directors in June 2015 who are independent of Nomura management and principal shareholders.

Future Activities

Offering Differentiated Products with High Performance

Nomura's Asset Management Division offers products that are differentiated while also delivering highly competitive investment performance and aims to propose investments that meet customer needs. In addition to assisting clients in investing in Japanese and other Asian equities, where we have extensive experience and a proven track record, we offer investments in high-yield bonds that require a high level of professional skills and absolute profit type investments. We also offer fundamentals-based index investing (also known as “smart beta indexed” investments) and investments in ETFs that offer low cost and high liquidity. We are continuing to work to expand our lineup of differentiated investment products.



Investment stock selection committee meeting

Favorable Support from the Regulatory Side

In Japan, the asset management business is also benefiting from support from the regulatory environment. The Nippon Individual Savings Account (NISA) program, which was introduced in January 2014, provides tax exemption on investments by individuals. Plans now call for raising the upper limit on these accounts and establishing a “Junior NISA” program for much younger generations. In addition, as a result of revisions in defined contribution pension plans, government workers and housewives will be allowed to place funds in these pension accounts. These regulatory developments, reflecting governmental support, are expected to boost the growth of the asset management business. To respond to these expectations, Nomura is working to further improve its asset management and proposal delivery capabilities, respond to the full range of customers' asset management needs, and, thereby, fully meet its fiduciary responsibilities.



Morningstar “Fund of the Year 2014” award ceremony

Nomura at 90 Years. The Road Ahead

UCITS Driving Overseas Business

UCITS stands for “Undertakings for Collective Investment in Transferable Securities” and is a general term referring to funds that meet the criteria established in European Union Directives that aim to allow collective investment schemes that have been approved and authorized in one EU country to operate freely throughout the EU. UCITS is part of a “basic investment trust framework” focused on the EU, but has also been adopted in countries in Asia and Latin America. This is a very convenient arrangement for marketing and developing global investment funds. As of March 31, 2015, Nomura Asset Management had a total of 22 funds, including 17 funds based in Ireland and 5 in Germany, and these are registered and sold in 19 countries around the world. The balance of assets in these funds as of March-end 2015 was about ¥860 billion. In particular, the balance of assets invested in Japan equity, high-yield bond, and certain other funds that are highly competitive is expanding and is expected to drive the growth of Nomura's overseas business activities.



Prospectus for UCITS-certified fund