

To better meet the needs of our clients, we are strengthening our investment capabilities while focusing on product development and the proposal of solutions.

I Kunio Watanabe Head of Asset Management Division



Strengths of the Division

In addition to sophisticated in-house research and investment expertise, Asset Management Division's strengths include its ability to select external managers through its multi-manager fund management system, which works with excellent fund managers outside the Company to augment in-house investment capabilities.

Asset Management Division has been expanding into differentiated investment products such as high-yield bonds, absolute profit-type investment funds, smart beta indexes, and exchange traded funds (ETFs) in addition to our traditional foothold in Japanese and Asian equities, where we have extensive experience and track records. Also we promote research and development by pilot funds and mergers and alliances with other companies for complementary global investments.

Another strength is our ability to propose solutions tailored to the various needs of our clients, combining a variety of investment products and services. Not only do we offer investment products to customers including individual investors, institutional investors, intermediary sales companies and financial institutions, we also provide evaluations and analytical information about external asset management companies, a fund wrap management platform, and various consulting services related to asset management.

Recent Business Conditions and Risks

Reforms being advanced by the Japanese government have provided a tailwind for the asset management industry, such as raising tax exempt amounts in the Nippon Individual Savings Account (NISA) program, introducing a Junior NISA program, and expanding the range of people qualified to contribute to defined contribution pension plans.

Moreover, the asset management reforms by the Government Pension Investment Fund (GPIF), one of the largest pension funds in the world, are bringing about significant changes in the industry. These changes have presented Asset Management Division with many business opportunities.

However, conditions in the industry have become more challenging as a result of industry consolidation, such as moves by major banks and regional financial institutions to strengthen their asset management businesses. Nomura's Asset Management Division aims to reinforce its in-house investment capabilities and its sales network in order to enhance its competitiveness.

The introduction of a negative interest rate policy has had negative consequences as bond funds are losing attractiveness due to declining yields in the money market, but it could have the considerably positive effect of accelerating the shift from savings accounts to investments. Asset

¹ Absolute profit-type investment funds employ an asset management method that seeks to realize profits on investment principal. These funds do not necessarily guarantee a positive return. Absolute profit type investment funds are generally shielded from market trends, but their performance largely depends on the investment capabilities of the fund managers.

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| <p>S Strengths</p> <ul style="list-style-type: none"> • Sophisticated in-house research and investment capabilities, and multi-manager fund management systems • Capabilities for global product development and supply • Ability to propose and provide solutions tailored to diverse needs of clients | <p>W Weaknesses</p> <ul style="list-style-type: none"> • Room for improvement in our presence outside Nomura Group • Different stages of progress in retail development in Japan versus overseas • Business expenses need to be reduced through greater efficiency |
| <p>O Opportunities</p> <ul style="list-style-type: none"> • Growing needs for asset management around the world, tailwinds from system reforms • Global business expansion from business partnership with American Century Investments • Further address diversifying client needs | <p>T Threats</p> <ul style="list-style-type: none"> • Global stiff competition • Tougher regulatory environment after the financial crisis • Pressure of reducing fee level |

Management Division is making every effort to latch onto these trends in the development of new products.

Actions to Shape Our Future

Asset Management Division is focusing on growth in overseas operations. By leveraging UCITS², the European criteria for investment trusts, we aim to expand overseas business by offering such products to global institutional investors, private banks, and retail channels.

Moreover, we are reinforcing our business foundation in North America through a strategic business partnership with American Century Investments (ACI), an investment management firm in the U.S.

Our Responsible Investment Committee, in

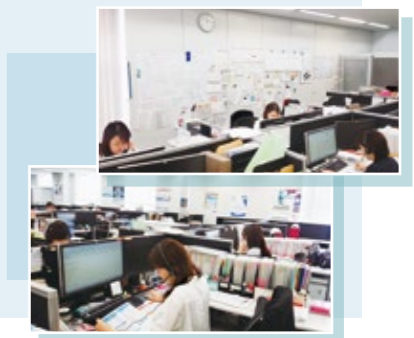
which an Outside Director also participates, has formulated company-wide policies to address issues relating to the environment, social, and governance (ESG). With proxy voting and engagement through investee companies for increasing their enterprise values, we encourage them to strengthen their governance structures to achieve sustainable growth and aim to increase returns on investments for beneficiaries over the medium term. Furthermore, we established the Fund Management Council, of which the majority of members are independent Outside Directors, in order to verify that our fund management activities, such as investment trust product development, redemption and consolidation and policy of investment trust fee level, meet the fiduciary duty standards so that our clients' interests are adequately protected.

² UCITS stands for "Undertakings for Collective Investment in Transferable Securities" and is a general term referring to funds that meet certain criteria established in European Union Directives. UCITS is part of a basic investment trust framework focused on the EU, but has also been adopted in some countries in Asia and Latin America.

Initiatives to Improve Products and Services

Telephone Support Service

Nomura Asset Management has set up a dedicated telephone support service to field inquiries about investment trusts from individual investors and intermediary sales companies. In the fiscal year ended March 2016, the service responded to 36,922 inquiries. In addition to using this support service to carefully explain our products to clients, the opinions and requests obtained through this channel are a precious information resource that is used to develop new products and services that better fit the needs of our clients, as well as to further raise service quality.



A Strategic Partnership with American Century Investments



ACI's logo is the oak tree which is symbolic of continued growth and stability. To honor our partnership, ACI presented Nomura with the bronze statue pictured above.

On May 19, 2016, Nomura Holdings acquired a non-controlling approx. 41% economic interest (voting rights of 10.1%) in American Century Investments (ACI), an independent investment management firm in the U.S. Looking ahead, Nomura and ACI intend to work together as strategic partners.

A Partnership with Advantages for Both Companies

Founded in 1958, ACI is an independent investment management firm based in the U.S., with offices in the U.K. and Hong Kong.

ACI has a strong presence in the U.S. mutual fund market, which is about 22 times the size of Japan's, and has particular expertise actively managing U.S. and global equity funds. In addition, ACI has strong connections to key distribution channels including leading global advisors, banks, and insurance companies.

Given the minimal overlap between Nomura's and ACI's investment strategies, products and regional coverage, both companies expect the strategic partnership will bring value to its organization. To date, ACI has had limited business development opportunities outside of the U.S., making Nomura Group's strength in Japan and Asia extremely attractive. Nomura Asset Management plans to access and leverage ACI's expertise to offer a wider range of investment management solutions to our individual and institutional clients in Japan and the rest of the world.

A Common Founding Spirit and Corporate Culture

The founder of ACI believed that "if we help others become successful, they, in turn, will make us successful." This saying, similar to Nomura's founder's principle of "putting the customer first," illustrates ACI's and Nomura's common values. Nomura was also attracted to ACI because of its corporate culture and practice of appreciating and praising employees who work enthusiastically to help their clients succeed.

> For information about Nomura's founder's principles and our current corporate culture, please refer to page 6.

Regular Management Meetings Will Enhance Strategic Direction

Jonathan S. Thomas, CEO of ACI, and Kunio Watanabe, Head of Asset Management Division, jointly chair the Business Opportunity Committee that will be held twice a year. During its first meeting on April 19, 2016, the committee outlined concrete strategies that will shape Nomura's partnership with ACI and contribute to the growth of the two companies.



From the left: Kunio Watanabe, Head of Asset Management Division; Koji Nagai, Group CEO of Nomura Holdings; Jonathan S. Thomas, CEO of ACI; Michael Green, Senior Vice President of ACI; and Mark Killen, Senior Vice President of ACI

Wholesale Division

By leveraging Nomura's strength in Asia-Pacific, we are effectively connecting markets East and West, and delivering competitive services to our clients.

Global Markets
Investment Banking



Strengths of the Division

At Nomura, all the divisions and regions work collaboratively to provide best-of-breed products and solutions to meet the diverse needs of our clients globally. For example, we have a robust underwriting and distribution capability, with shares and bonds underwritten by Investment Banking and distributed to a broad investor base globally by Global Markets and Retail branches. Global Markets also provides secondary market liquidity, market and macro insights, and investment ideas to help clients effectively manage their portfolios.

Nomura positions Asia-Pacific as our "mother-market." We have an unparalleled presence in Japan, as evidenced by our #1 rank in the Japan ECM underwriting league table^{*1}, and a top-tier market share of volumes traded in Tokyo Stock Exchange and a high market share in JGB auctions.

Nomura's international network spans more than 30 countries and regions including the Americas, EMEA and Asia ex-Japan, and we support clients globally. This is complemented by 15 primary dealerships in major markets around the globe, a Top-10 U.S. Fixed Income franchise^{*2} including a Top-3 market maker

position for U.S. Agency Securities^{*3} (Fannie Mae, Freddie Mac, etc.). We were also ranked #7 in the Global SSA^{*4} underwriting league table.

As our clients globalize their businesses, we have strengthened our cross-regional and cross-divisional collaboration in Wholesale to offer holistic support to clients encompassing cross-border M&A, capital-raising, and currency and interest rates hedging.

Recent Business Conditions and Risks

FY2015/16 was a challenging year, with macroeconomic headwinds emerging from the resurgence of the Greek debt crisis, the slowdown in the Chinese economy, diverging central bank policies, and a sharp decline in commodity prices, especially crude oil. Secondary market liquidity including stock, bond and loan markets declined further during the year, impacting client activity and the fee pool for the industry.

In primary markets, the issuance of equities and bonds decreased on the back of volatile markets and global economic uncertainty. The M&A market was very active with an increase in companies looking to expand their businesses through industry consolidation or strategic acquisition of companies.

^{*1} Source: Thomson Reuter (April 2015 to March 2016)

^{*2} Source: Greenwich Associates, 2015

^{*3} Source: U.S. Federal Reserve

^{*4} Sovereign, Supranational and Agency. Source: Dealogic (Jan to Dec 2015)