

Asset Management Division



Strengths, Challenges, Actions

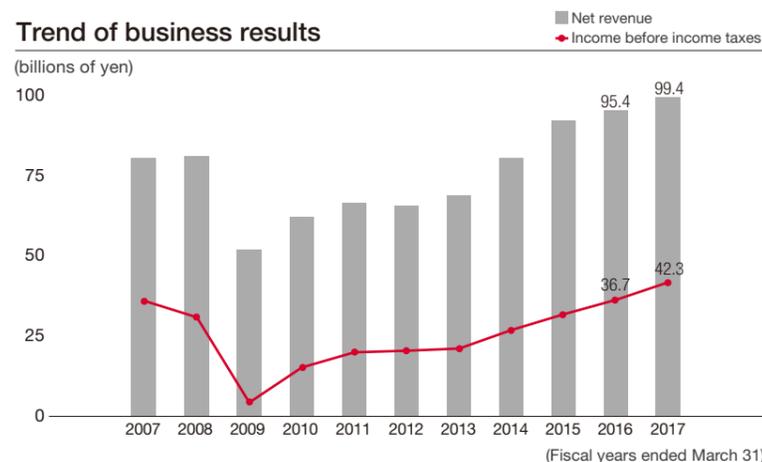
- | | |
|-------------------|---|
| Strengths | <ul style="list-style-type: none"> • Sophisticated in-house research and investment expertise, combined with a multi-manager fund management system, enables us to offer a wider range of investment products and solutions than we can handle through in-house management alone • The ability to offer persuasive solutions to meet diverse customer needs by combining a wide range of investment products and services • Dynamic product development and a sales structure able to offer products globally |
| Challenges | <ul style="list-style-type: none"> • Intensifying competition and structural changes in the asset management industry in Japan and overseas • Growing social demands with respect to fiduciary duty • Attracting individual investors as they reach the asset accumulation threshold |
| Actions | <ul style="list-style-type: none"> • Expand our investment capabilities to access more business opportunities globally • Further strengthen business collaboration with American Century Investments (ACI) to leverage mutually complementary sales regions and products • Deepen commitment to client-first business operations through efforts such as establishing the conflict of interest management policy • Hold seminars to improve financial literacy and support wealth and asset building, information campaigns related to provision of smartphone apps, etc. • Expand lineup of products in which individual investors reaching the asset accumulation threshold find it easy to invest |

Review of FY2016/17

In the Asset Management Division, net fund inflows during the year amounted to ¥2.2 trillion supported by efforts to offer clients a broad range of products to address diverse investment needs. Assets under management at the year-end amounted to a record-high ¥44.4 trillion. For the year, net revenue was ¥99.4 billion and income before income taxes was ¥42.3 billion, both up sharply from the year before.

As part of the strategic partnership with ACI, Nomura completed the purchase of a 41% economic interest in ACI in May 2016. The alliance gained traction with such developments as the November 2016 launch of the U.S. Value Strategy Fund, managed by ACI, for retail investors in Japan.

Trend of business results



Strategy (Actions to create value)

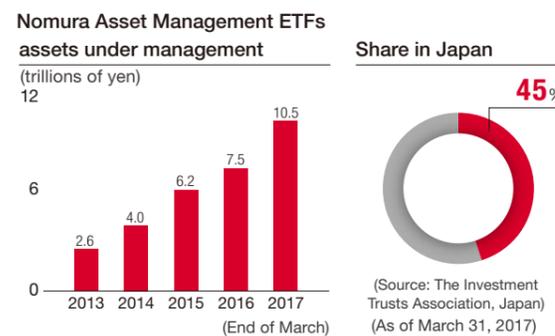
We are working to ensure the highest level of client satisfaction and earn the implicit trust of our clients based on the three pillars of “maximizing value,” “advanced expertise,” and “confidence and responsibility.”

The global asset management industry is expected to see sustained expansion. At the same time, the industry structure is changing and becoming more dynamic amid moves by major Japanese financial institutions to reinforce their asset management businesses, and due to ongoing mergers between global asset management companies. In addition, competitors have been developing various investment techniques and the use of ETFs and other passive investment approaches has been gaining momentum.

investment advisory businesses in Japan and overseas. While looking to further improve the performance of existing investment strategies, we are actively working on stewardship activities and developing investment strategies that make effective use of pilot funds to enhance value-creation effectiveness. To respond promptly and more effectively to client needs, we are also broadening our solutions lineup and strengthening cooperation between sales and investment management departments. Furthermore, we are working to boost competitiveness by securing and nurturing talented staff with high-level expertise across different business fields. We are focusing on improving work efficiency from a global and company-wide standpoint.

We are steadily making headway in our collaboration with our strategic partner ACI. Leveraging ACI's strong presence in the US mutual fund market and Nomura's strengths in Japan and Asia, we are beginning to reap good results through the mutual supply of products to clients as we continue to expand our business.

The Asset Management Division will always operate with professionalism as an investment manager entrusted with clients' assets. We intend to contribute to our clients' wealth and asset building through the sustainable value creation of investee companies, which we hope can be part of future growth cycles.



In this environment, the Asset Management Division aims by FY2019/20 to raise income before income taxes to ¥50-55 billion and increase assets under management to ¥55 trillion through expanding investment trust and



What can we do, as an asset management company, to realize a virtuous cycle through investment?

The role of investment in society is to create future growth cycles by circulating money. To align this cycle in a positive direction, we are engaged in stewardship activities. As an asset management company, we seek to encourage sound corporate management through constructive dialogue with the companies in which we invest while exercising voting rights to maximize investment returns. We also conduct wide-ranging activities to explain the role and appeal of investment to individual investors through seminars and press advertisements.

Topics