



Asset Management Division

Review of FY2017/18

Our Asset Management Division saw net inflows of about ¥3.3 trillion in FY2017/18 due to growth in assets under management of investment trusts including ETFs (Exchange Traded Funds) and investment advisory business, and also through increased sales of UCITS* funds. As a result, total assets under management across the globe at the year-end grew to a record-high ¥50 trillion. For the year, net revenue was ¥127.3 billion, and income before income taxes was ¥66.2 billion. Income reached to its highest level since FY2001/02, reflecting an increase in investment management fees driven by growing assets under management as well as gains related to American Century Investments (ACI).

*Undertakings for Collective Investment in Transferable Securities (UCITS)

Strengths

Investment management capabilities covering the world and sophisticated investment research capabilities

Abilities to offer solutions addressing diverse investor needs

Knowledge and talent to lead under new industry challenges

Challenges

Further strengthening product development capabilities to address changes in market environment and investment needs

Expanding our domestic client base and overseas business footprint

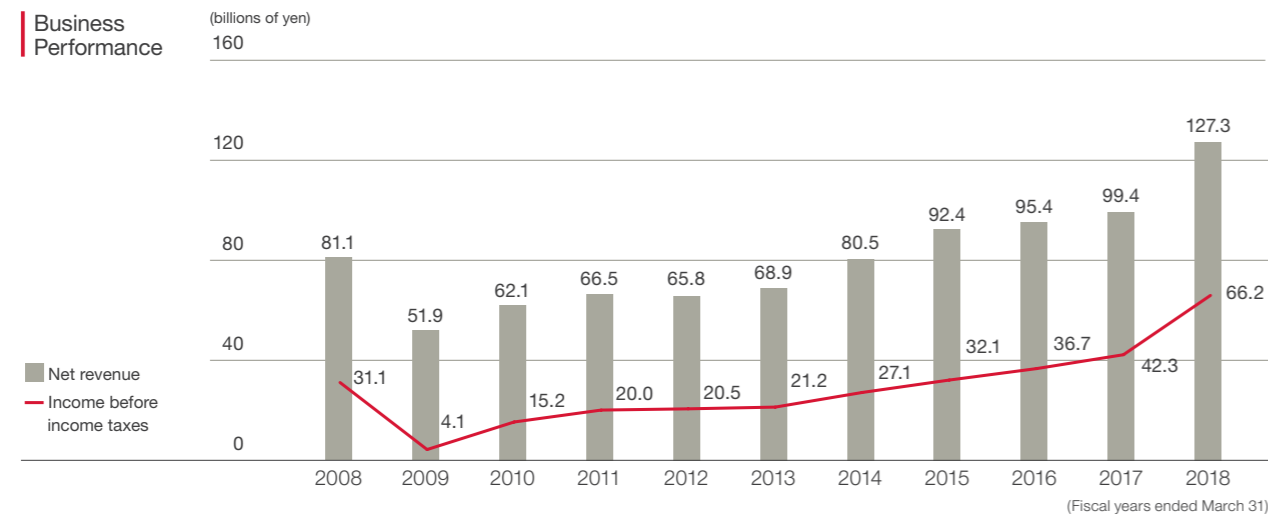
Utilization of technology to create and add value to the asset management business

Actions

Collaboration with ACI, and enhancement of alternative asset management strategy

Delivering asset management proposals to attract investors who have yet to experience investment, and expand offerings of UCITS funds overseas

Promoting the development of advanced technology that could strengthen the asset management business



Actions to create value

Medium-term strategies

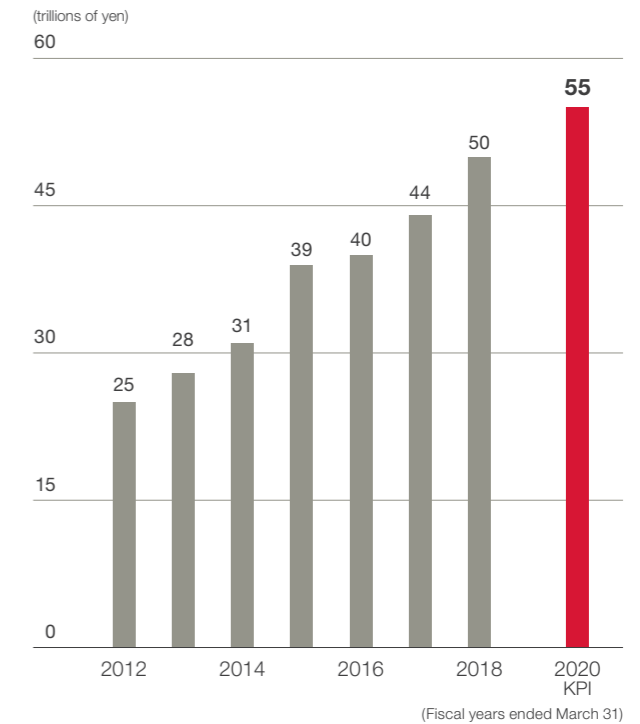
Market Conditions and KPI Targets for 2020

The asset management industry is expected to continue expanding steadily, bolstered by a combination of expansion in global wealth and growth of emerging economies. Along with the changes in clients' investment needs and heightening interests to investment costs, competition is likely to intensify due to market entry by other industries against a backdrop of the development of technology.

In this environment, the Asset Management Division steadily takes steps to achieve assets under management of ¥55 trillion and income before income taxes of ¥50-55 billion, which are KPIs for FY2019/20. In particular, we provide solutions such as collaboration with ACI, enhancement of alternative asset management strategy and expanding offering of UCITS funds overseas.

In addition, we take steps to expand our client base through delivering asset management proposals to attract people without investment experiences, and promote the development of advanced technology that could strengthen the asset management business.

Assets under management



- Increase in demand for ETFs and passive investment approaches due to increased awareness of investment costs
- Heightened interest in specialized asset management products and alternative investments, in addition to traditional equity and bond investments, that allow clients to aim for targeted returns while seeking portfolio diversification
- Rapid advances in digital technology, including the use of artificial intelligence (AI) and Big Data

Environment surrounding the asset management industry

Initiatives of Asset Management Division

- Delivering outstanding performance based on sophisticated investment research capabilities
- Distribution of solutions with our strengthened cooperation between sales and investment management department to meet client's needs
- Utilizing in-house products as well as products of external investment managers in alternative investments

- Enhancement of ETF product lineup
- Supplying products to iDeCo and accumulated-type NISA, among others
- Promoting asset management to people without investment experiences

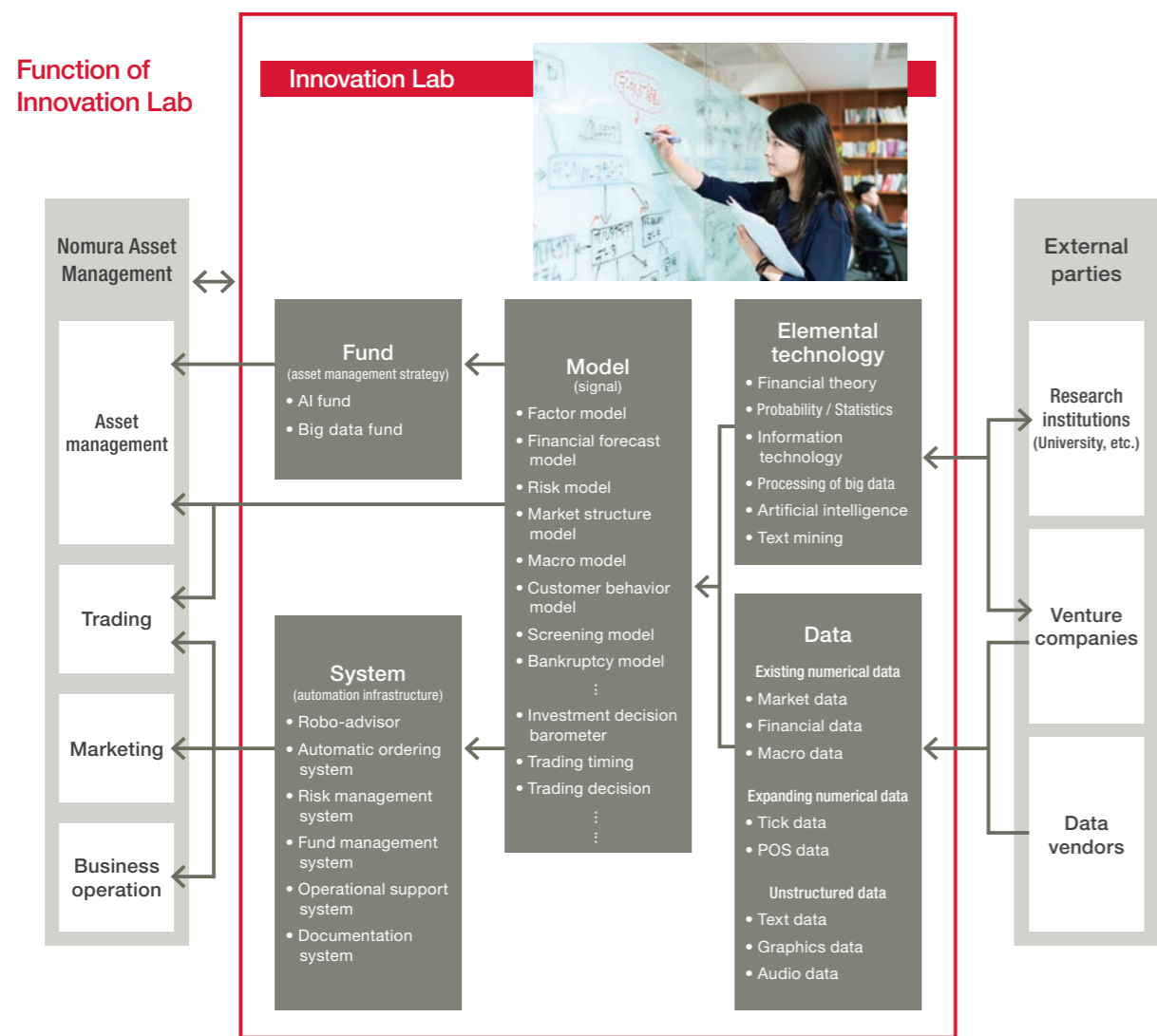


- Provision of products through collaboration with ACI
- Expansion of UCITS fund assets under management
- Enhancement of proposals to overseas institutional investors

Utilization of digital technology

Rapid advances in digital technology, including the use of artificial intelligence (AI) and Big Data, is a major factor influencing the asset management industry to determine competitiveness. Actions to utilize technology are expected not only to strengthen our investment capabilities, but also to improve productivity by pursuing operational efficiency and generate momentum toward creating new business opportunities. In the Asset Management Division, "Innovation Lab" was established by gathering talented technology experts to

enhance our asset management business by leveraging advanced technology. During FY2017/18, we began using AI to analyze data such as analysts' reports, to improve the accuracy of investment decision making and to increase efficiency in the investment process, as well as to develop new investment strategies and automation techniques to enhance operational efficiency. We are also pursuing collaboration with partners such as universities, research organizations and FinTech firms to build a



technology platform with an eye to the future. In addition, while non face-to-face businesses using mobile apps are expanding across various industries, the Asset Management Division started offering Robo-advisor services where expansion of growth is expected. Combining our investment knowledge and

product development capabilities with mobile app technology, we aim to build business attracting a wide range of investors including people without investment experiences. We will continuously utilize the evolving technology to create and add value in asset management business.

Contributing to the society through asset management

Applying Nomura Asset Management's corporate philosophy, "Maximizing Value", "Advanced Expertise", "Confidence and Responsibility", we continuously contribute to the society through asset management. As a provider of investment trusts, we deliver products and services to meet the diverse needs of various investors, fitting with their life stage, both in a face-to-face or in a non-face-to-face setting. Also, in addition to providing competitive investment products to institutional investors globally, we aim to accomplish a virtuous cycle within the investment chain to contribute to investors' asset accumulation, and at the same time, to contribute to the continuous growth of companies which we invest in, by fulfilling our stewardship responsibilities through constructive dialogue with these companies and by exercising proxy voting rights.

Anticipating structural changes in the asset management business through the development of technology, we put effort not only into the development of investment strategies and products, but also into developing a higher standard of investment services to clients. Based on these new challenges, we established a corporate slogan, "Expertise to Exceed" that captures the spirit of the corporate philosophy and fits with the culture of the asset management business. It expresses our determination to exceed clients' expectations by using our expertise and foresight to pursue exceptional performance and create cutting-edge solutions. True to the spirit of this slogan, our Asset Management Division will consistently capture changes going forward and take initiatives with flexibility to exceed clients' expectations.



We established a corporate slogan that captures the spirit of the corporate philosophy which fits the asset management company.

Corporate slogan for Asset Management division

Expertise to Exceed¹⁾

Using our expertise and foresight to stay ahead of change, we pursue exceptional performance and create cutting-edge solutions to exceed all expectations.