

ASSET MANAGEMENT DIVISION

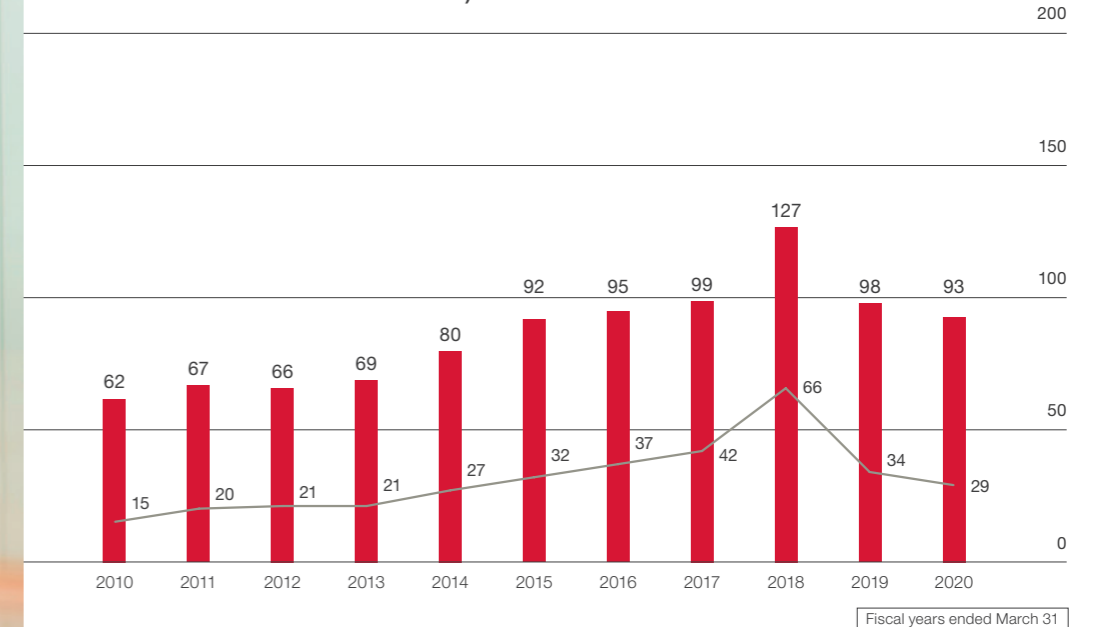
The Asset Management Division, led by Nomura Asset Management Co., Ltd., has approximately 1,500 staff in 13 locations worldwide, and aims to become "Japan's leading asset management firm, chosen by clients around the world." In addition to pursuing investment strategies, offering products and services that satisfy the varied needs of our clients, we are committed to promoting active engagement and dialogue with investee companies and issuers that can lead to the "mutually beneficial coexistence of companies and broader society", while we also actively promote socially responsible investment practices to achieve the "sustainable development of society."

Review of FY2019/20

In the fiscal year ended March 2020, the Asset Management Division reported net revenue of ¥92.6 billion, down 5% year-on-year, and income before income taxes of ¥28.8 billion, down 16% year-on-year. This decline was mainly due to an increase in mark-to-market losses for investment in our strategic partner American Century Investments (ACI) following the market downturn in March 2020, as well as a significant decline in assets under management toward the end of the fiscal year, resulting in reduced management fees for the fourth quarter.

On the other hand, the investment trust business continued to book inflows into products that contribute to our clients' asset building goals aligned with "the era of 100-year life expectancy", products provided for Defined Contribution Pension Plans, and ETFs (Exchange Traded Funds). In the investment advisory business, we continued to book inflows from public pension funds, and in the past fiscal year, we reported approximately ¥2 trillion in net inflows. Despite the impact of the market downturn, the underlying business remained solid.

Business Performance (billions of yen) ■ Net revenue — Income before income taxes



Assets under management

¥49.3 trillion

(As of March 31, 2020)

Assets under management of ETFs

5th largest worldwide (No. 1 in Japan)

(As of March 31, 2020)

Publicly offered investment trust share

28.2% (No. 1 in Japan)

(As of March 31, 2020)

Strength

- 1 Our global investment platform based on our capacity to analyze global trends from regional perspective
- 2 Ability to provide solutions and investment strategies to meet diverse investment needs of domestic and overseas investors
- 3 The human resources structure, originally established in 1959, has adapted to the changing environment and supported sustainable growth

Challenges

- 1 Diversification of investment needs due to low interest rates and growing market uncertainties seen globally
- 2 Growing interest in Japan towards asset management for individual investors amid an aging population, a declining birthrate and the era of the 100-year life expectancy
- 3 Changes in business models and services due to advancement of digitalization

Actions

- 1 In addition to investing in traditional asset classes, expand investments in areas such as ESG and Alternatives, while further strengthening our asset allocation capabilities
- 2 Develop and provide products and services that align with the life stages of our clients while also enhancing financial literacy in Japan
- 3 Improve efficiency of and enhance decision-making processes through leveraging digital technology, and provide services both face-to-face and remotely

Vision

We aim to become Japan's leading asset management company, chosen by clients around the world.

- Establish our presence as the dominant firm in Japan
- Create and offer products and services with outstanding features and superior track records
- Achieve sustainable growth by adapting to a changing environment

Initiatives

- 1 In addition to our outstanding performance in traditional investment areas such as stocks and bonds, we will leverage our global investment research knowledge in ESG and Alternative investment areas to provide new sources of return. In multi-asset management, in which multiple asset classes are combined, we will utilize our asset allocation capabilities to expand our range of products and services that provide stable performance.
- 2 In Japan, in the areas of public investment trusts and Defined Contribution Pension Plans, we will establish our position as a leading firm in the industry, focusing on providing investment education, as well as products that support our clients' long-term and steady asset accumulation. Overseas, we aim to increase assets under management while addressing the needs of overseas pension funds and institutional investors by expanding our investment product offerings while differentiating our product platform from those of our competitors.
- 3 In order to achieve sustainable growth despite changes in the business environment, we will actively make investments to strengthen our competitiveness in asset management and expand our new client franchise. We will also promote initiatives that lead to higher productivity, such as the automation and streamlining of business functions that support our asset management operations, and effectively allocate management resources to growth areas. Through these initiatives, we aim to achieve sustainable growth, and contribute to growth and development of our society through the asset management business.

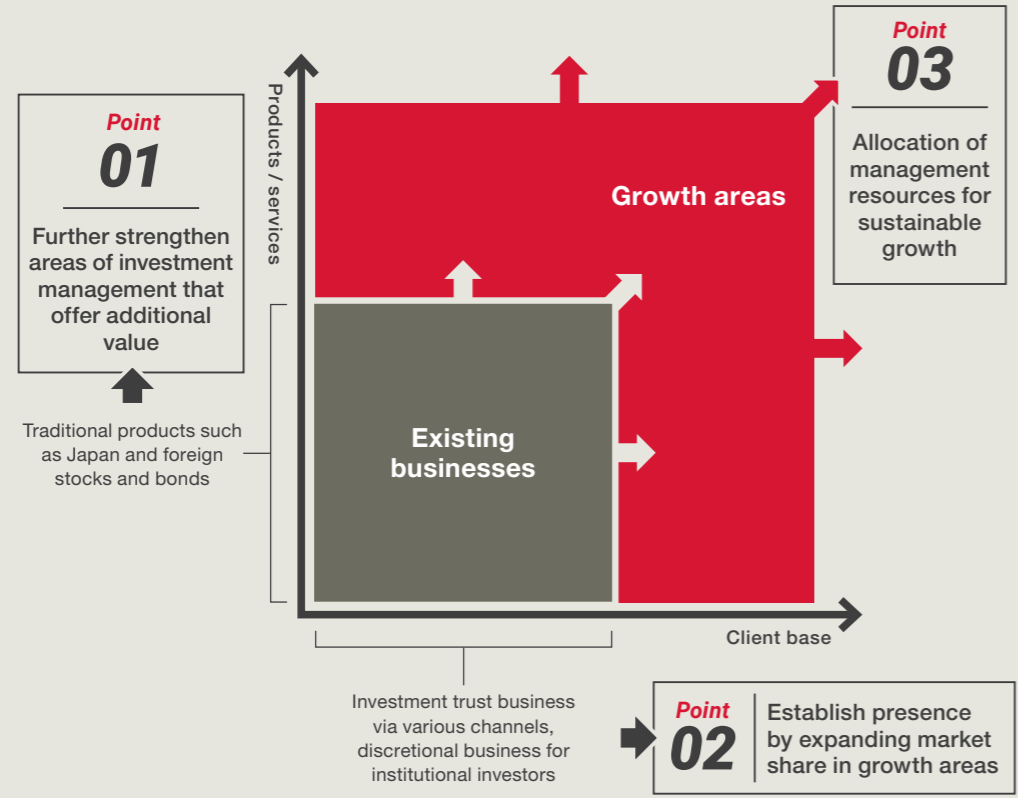
Key performance indicators (KPIs) FY2019/20 / March 2020 FY2022/23 / March 2023

Assets under Management **¥49.3 trillion** **¥65 trillion**

Key goal indicator (KGI)

Income before income taxes **¥28.8 billion** **¥50.0 billion**

Initiatives in next three years



Point 01
Initiatives in next three years

Further strengthen areas of investment management that offer additional value

In an uncertain investment environment, investment proposals that contribute to diversification of return sources and risk diversification are needed. In order to meet these requirements, we identified three growth areas; ESG, Alternative and Multi-Asset Management. We are working to further strengthen our product offerings in these areas.

Through ESG, we strive to achieve "coexistence and mutually beneficial interaction between companies and broader society" through active dialogue with our investee companies and issuers. We will also enhance our presence in this area to help realize a sustainable society by integrating important ESG issues into our investment process, including measuring the impact on climate change and SDGs.

In Alternative Investment, we will respond to the needs of our clients as they seek new sources of return by deepening our expertise in asset classes that are different from traditional assets, such as private equity and infrastructure investments.

In the area of Multi-Asset management, we will leverage the strength of our global asset management platform by demonstrating our capabilities across a wide range of asset classes as well as our risk management and asset allocation capabilities, to provide personalized investment solutions that meet our clients' expectations.

Point 02
Initiatives in next three years

Establish presence by expanding market share in growth areas

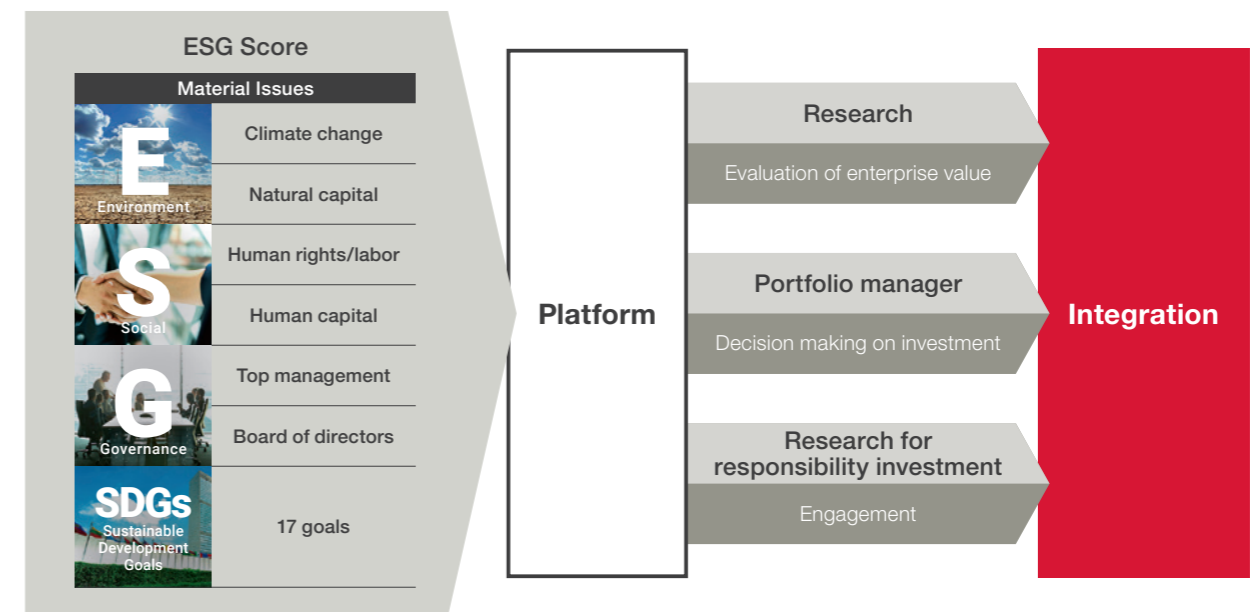
In Japan, we regard public investment trusts and Defined Contribution Pension Plans (DC) as growth areas and aim to establish our position as the leading firm in these areas.

In the current environment, interest in asset management is growing among a wide range of age groups, ranging from young people to retirees. To further expand our market share in the public investment trust market, we need to provide good investment performance and also easy-to-understand and useful information and services that will encourage clients to select our funds.

With Defined Contribution Pension Plans (DC), the number of new participants is expected to increase and the amount of contributions per participant will increase in the future due to deregulation following revisions to the law. We aim to further expand our presence in this market as an asset management company that provides support and education for individual investors seeking to build personal pension assets through DC strategies including iDeCo, while providing a wide range of products that contribute to long-term and stable accumulation of investment assets utilizing tax efficient NISAs.

For overseas clients, in addition to our mainstay investments in Japanese stocks, we aim to further increase assets under management by expanding our portfolio of highly competitive investment products and also marketing funds through financial institutions in Europe and Asia. We will also promote the use of products from our strategic partner American Century Investments.

Enhancement of ESG investment to contribute to resolving material issues for society (ESG integration in Japan equity investments)



Point 03
Initiatives in next three years

Allocation of management resources for sustainable growth

We will allocate management resources and improve productivity of our operations in order to create opportunities for sustainable growth, even in the changing business environment. Specifically, we will allocated our resources to develop new investment methods based on research and data analysis, and employing cutting-edge asset management technology. We are also focused on strengthening our ESG, Alternatives and Multi-Asset investment strategies. We will further utilize digital marketing to provide timely and easy-to-understand information to clients, both face-to-face and through on-line and other remote methods. We will also steadily implement various internal reforms, including automating and streamlining business processes that support our asset management operations. In order to effectively allocate management resources to growth areas, we will actively promote initiatives that lead to increased productivity, and transform our business structure into one that can continue to grow amid a dynamic environment. Through these efforts, we aim to achieve sustainable growth and deliver the highest returns to our clients while contributing to the growth and development of society over the long term.