

# Investor Day

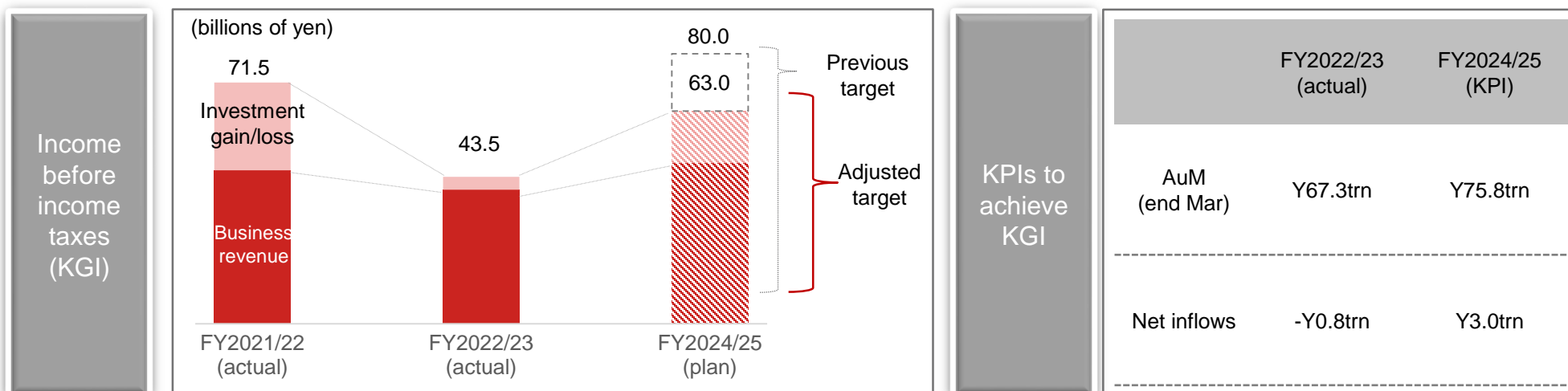
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# FY2022/23 review and strategy towards FY2024/25

- In FY2022/23, investment gain/loss dropped significantly, but business revenue remained flat YoY
- Aiming for income before income taxes of Y63bn in FY2024/25 driven by business revenue growth from increase in assets under management and providing higher value-added asset management

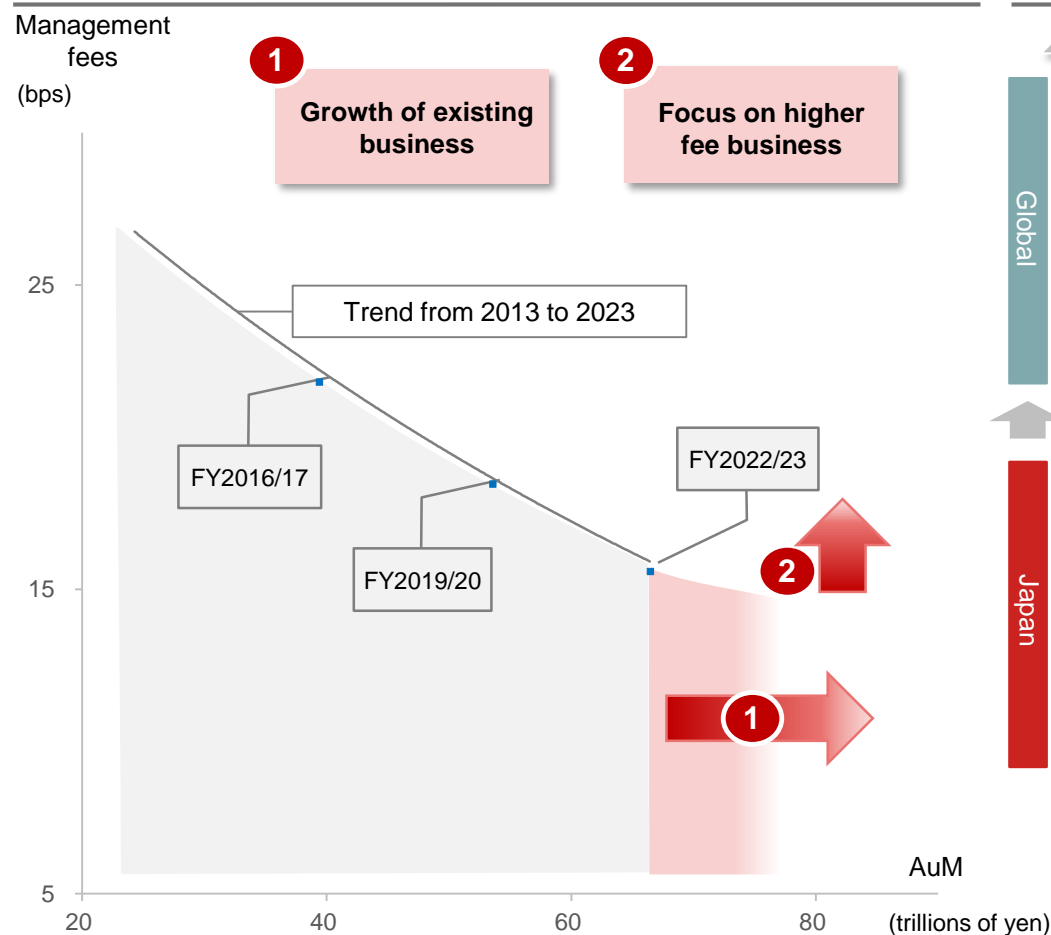


	Review of FY2022/23	Reasons for lowering target	Key points to achieve adjusted target
<b>Business revenue income before income taxes</b>	<ul style="list-style-type: none"> <li>■ Top line remained flat YoY as stable revenue</li> <li>■ Expenses increased on yen depreciation, inflation, recovery in business activities, and forward looking investments</li> <li>■ AuM declined slightly</li> </ul>	<ul style="list-style-type: none"> <li>■ AuM lower than expected due to challenging market conditions</li> <li>■ Management fee ratio declined due to intensified competition</li> </ul>	<ul style="list-style-type: none"> <li>■ In public markets, grow AuM and provide higher value-added asset management</li> <li>■ Expand private market business</li> <li>■ Full launch of real asset business</li> </ul>
<b>Investment gain/loss income before income taxes</b>	<ul style="list-style-type: none"> <li>■ ACI<sup>1</sup>-related gain/loss declined as market conditions deteriorated</li> <li>■ NCAP<sup>2</sup> investment gain/loss remained solid, but declined YoY</li> </ul>	<ul style="list-style-type: none"> <li>■ ACI-related gain/loss declined due to US rate hikes</li> <li>■ Recognized valuation mark ups in portfolio companies earlier than expected</li> </ul>	<ul style="list-style-type: none"> <li>■ Continue with mark ups and exits of portfolio companies</li> </ul>

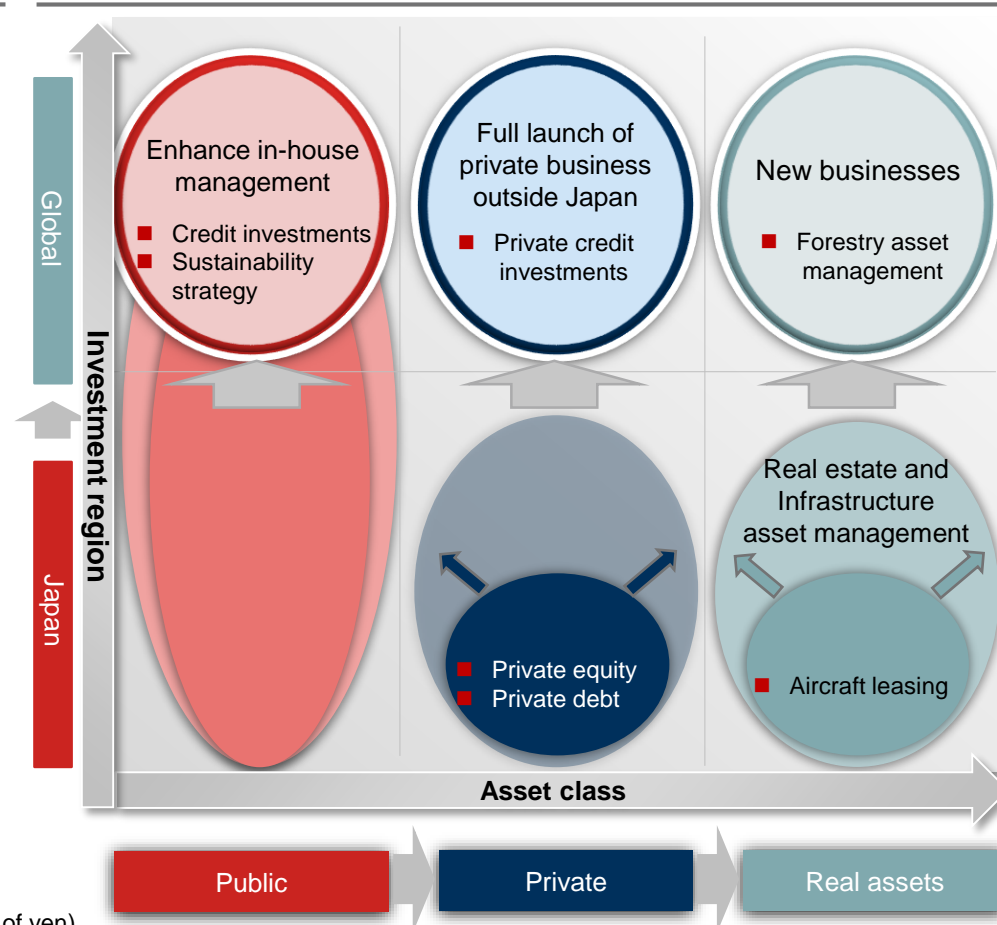
# Key points to achieving targets

- 1 Further grow AuM in public markets
- 2 Focus on growth in high fee businesses such as in-house, private markets, real assets and global

## AuM and management fees

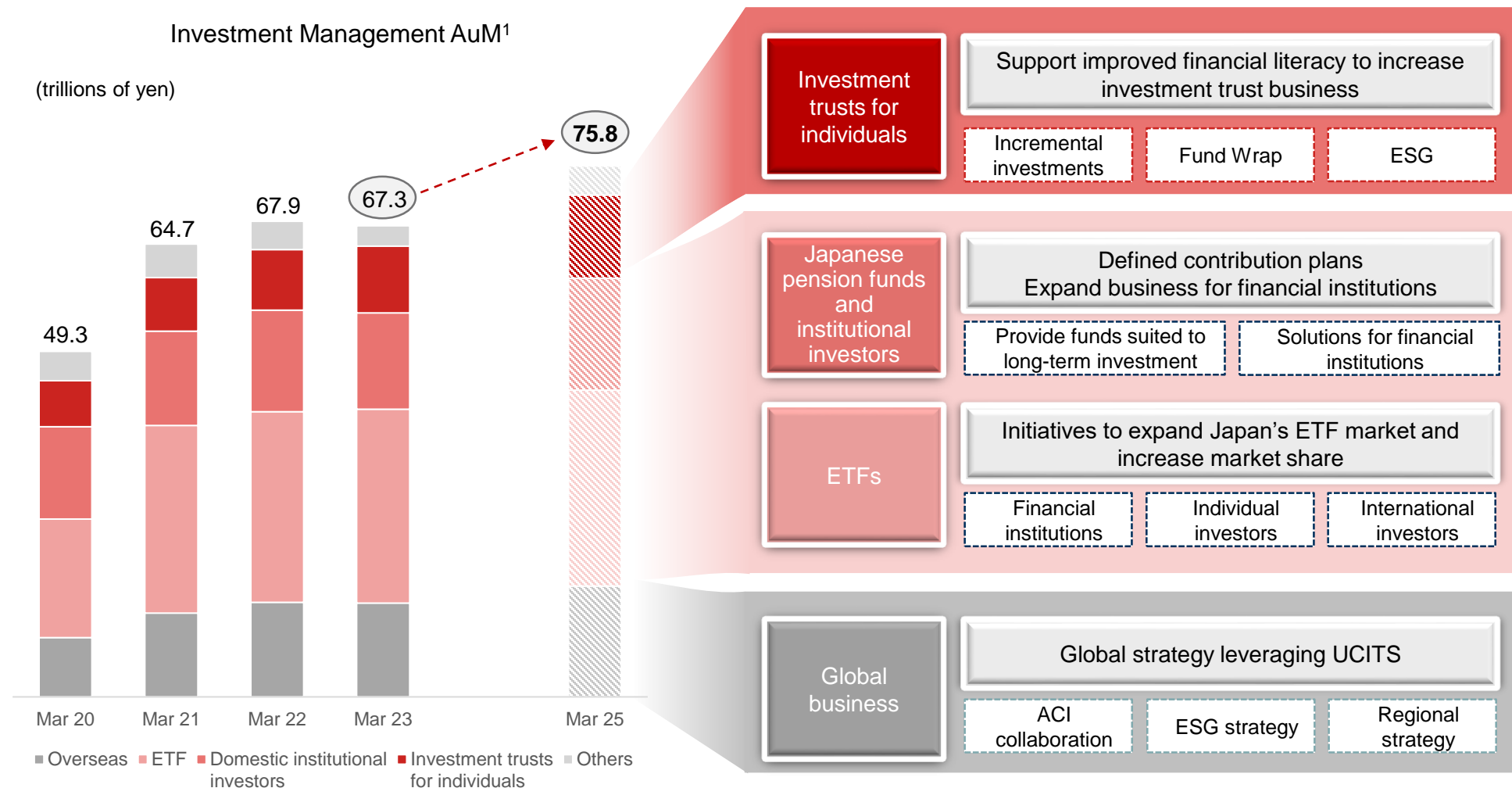


## Medium to long-term business portfolio



# Public markets business: Initiatives to grow AuM

- AuM roughly flat YoY despite challenging markets; Continue to grow AuM through strategic initiatives in growth areas of each channel



1. Figures for March 2021 and earlier are former Asset Management division. Includes private assets. Other includes money funds, variable annuities and other businesses not included in above channels.

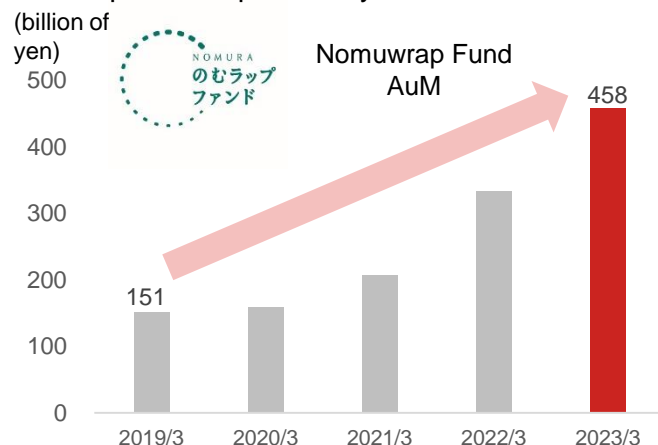
# Public markets: Investment trust business

- Publicly offered investment trusts (excl. ETFs) showing solid growth, while the Japanese government's plan to double asset-based income may spur faster growth in AuM

## Growing trend towards asset building

- Distributing products that help clients build their asset base via a broad range of channels nationwide

- AuM in Nomuwrap Fund launched in 2010 tripled over past four years

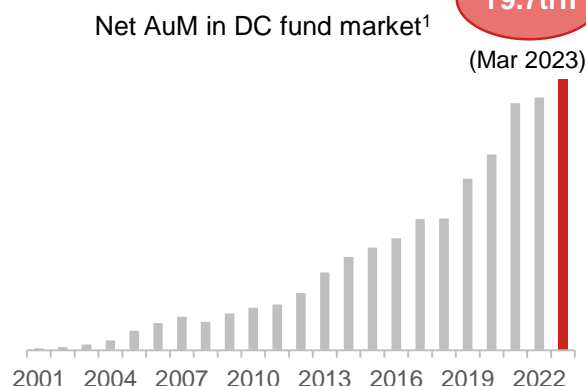


Nomuwrap Fund is a balanced fund that allows investors to choose from courses with varying risk levels that match their individual investment style

## Defined contribution funds

- Providing additional support for corporate pension plans and continue to tap into demand for plan transfers
- AuM growth on the back of adoption of target year funds as default products

- AuM in DC fund market expected to continue growing

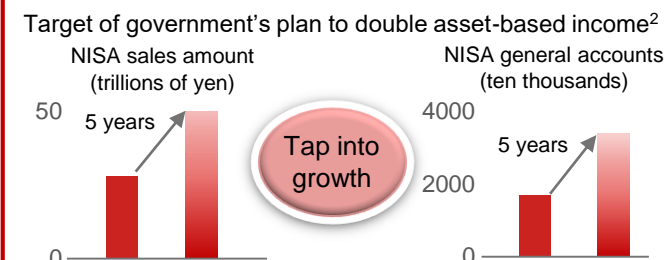


Nomura My Target series boasts leading AuM in target year funds for DC funds with AuM of Y58.5bn at the end of March 2023.

## Plan to double asset-based income acting as tailwind

### Response to new NISA scheme

- Providing products to help clients build their asset base



### Enhance product governance

- Focus management expertise on high quality fund offering to create competitive performance
- Expect to halve number of funds for individual investors by 2030

### Financial education

- Use training programs for distributors to contribute to financial education for all ages

1. Source: Nomura Asset Management, based on data from Nomura Research Institute Fundmark.

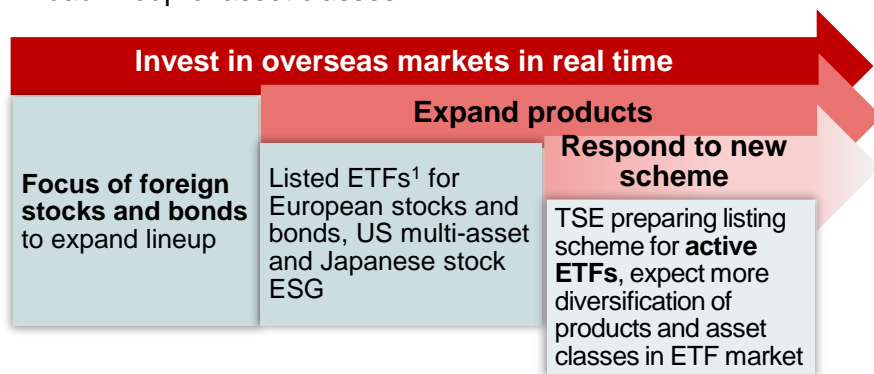
2. Source: Cabinet Secretariat of Japan.

# Public markets: ETF business

## ■ Build out lineup of foreign stocks and bonds and strengthen marketing across wide range of channels

### Building out ETF lineup

#### ■ Broad lineup of asset classes



### Strengthening ETF marketing

#### Institutional investors

- **Expand lineup to meet needs of institutional investors**
- **Increase direct contact points**, strengthen relations by targeting

#### Individual investors

- **Digital marketing** of broad product offering using website, online ads and social media
- Tie-up promotions with online securities firms

#### International investors

- Marketing to focus on **Japan stock products including ESG ETFs for international institutional investors**

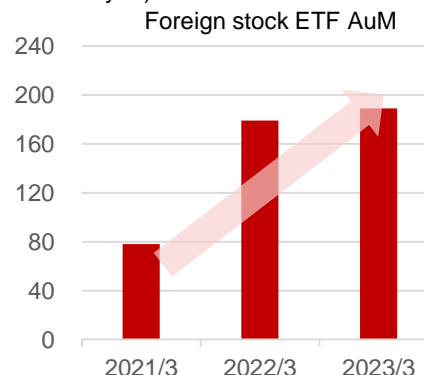
### NEXT FUNDS lineup by asset class

**NEXT FUNDS** ■ Continued to grow lineup across asset classes: **67 funds** as of end of April 2023 (of 61 funds at end Mar 2021, 11 listed and 5 redeemed)

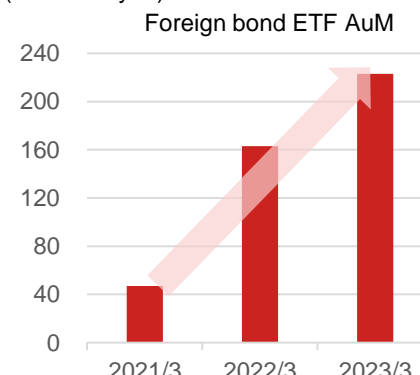
<b>Japan stocks</b> 36→34	<b>Japan bonds</b> 1→1	<b>Japan REIT</b> 1→1	<b>Commodities</b> 3→3
<b>Foreign stocks</b> 15→18	<b>Foreign bonds</b> 4→8	<b>Foreign REIT</b> 1→1	<b>Multi-asset</b> 0→1

### NEXT FUNDS foreign stock and bond ETF AuM

(billions of yen)



(billions of yen)



1. Newly listed since FY2021/22.



# Public markets: International business

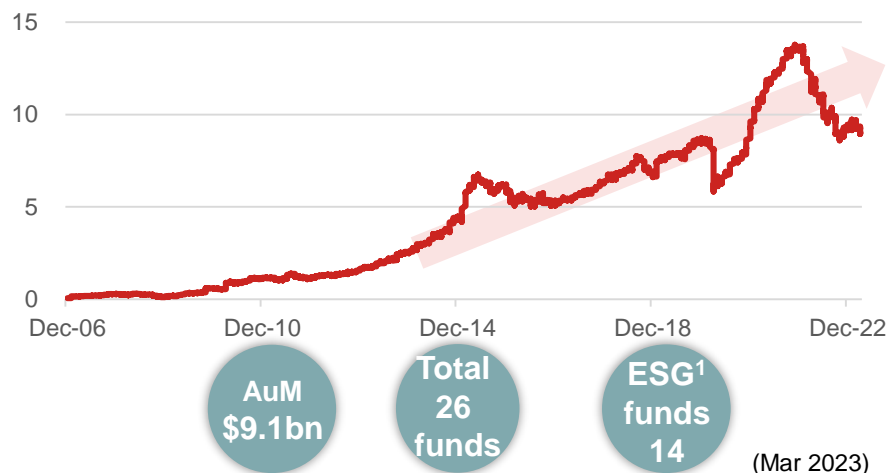
- Although UCITS market AuM declined across major asset classes in FY2022/23 due to market conditions, we are laying the foundations for future growth
- Build out credit and sustainability strategies to position for investment demand when rate hikes ease
- Strengthen access to regions outside Europe where UCITS can be used

## UCITS market trend

- In 2022, overall UCITS market saw decline in AuM across major asset classes due to inflation in Europe and the US and central bank rate hikes
- ESG investment is expected to grow globally, but more transparent funds meeting investments standards will be needed

## Nomura Asset Management UCITS AuM

(billions of USD)

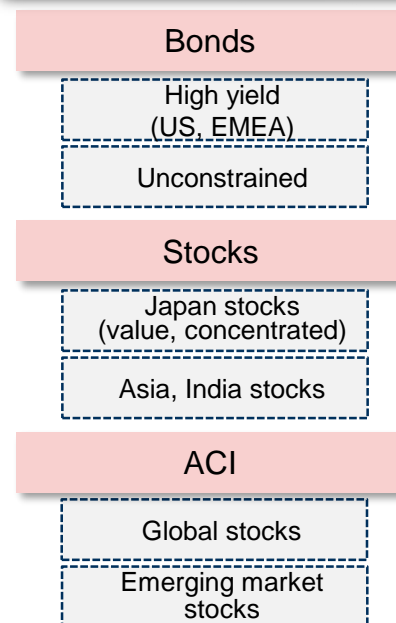


1. ESG funds that comply with Articles 8 and 9 of the Sustainable Finance Disclosure Regulation in Europe.

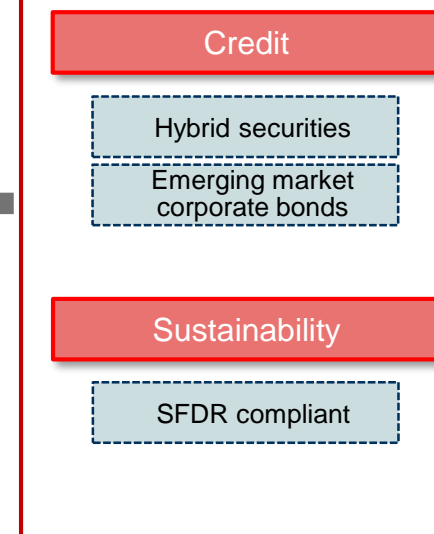
## Expanding our strategies

- Strengthen credit business with outside hires
- 14 of 26 funds that comply with Articles 8 and 9 of the Sustainable Finance Disclosure Regulation in Europe; Continued focus area

### Current main strategies



### Strategies under expansion



# Private markets: Initiatives to grow alternative AuM

- Leverage strength of gatekeeping business to further expand AuM
- Work on democratization of alternative assets and strengthen in-house management

## Initiatives in alternatives

### Gatekeeping

- Provide packaged solutions to meet investor needs
  - Over 20 years of experience in fund evaluation and management
  - Wide coverage including private equity, private debt, infrastructure and real estate
  - Product sourcing, liaising with third parties
  - Due diligence of third parties by NFRC<sup>1</sup>
  - Investment operations, execution, monitoring

### Democratization of alternative investments

- Launched Blackstone US Real Estate Income Funds USD, Japan's first publicly offered investment trust investing in US unlisted REITs
- Launched privately placed investment trust investing in alternative assets to meet needs of high-net-worth investors

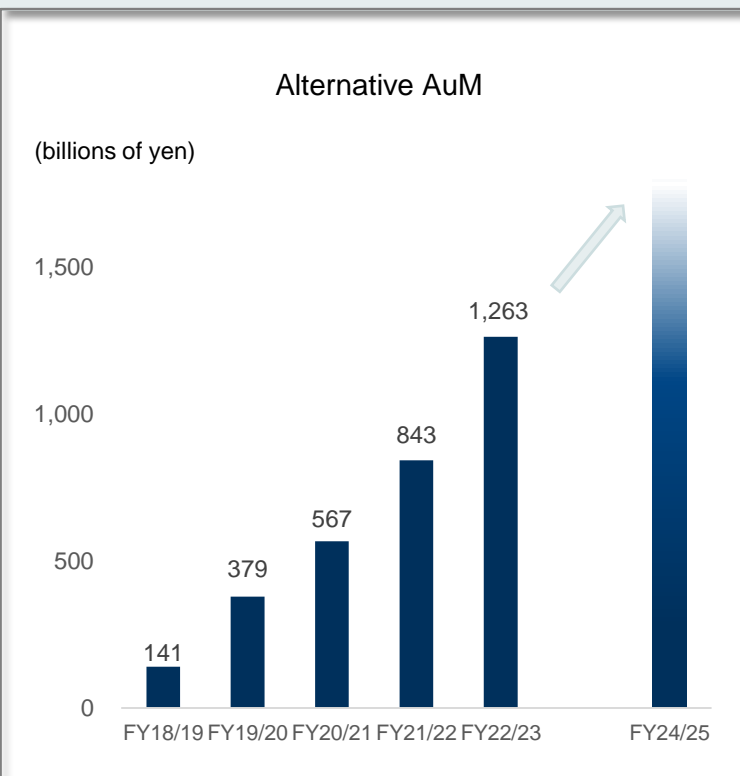
### In-house management

- Established Investment Management division in 2021
- Expanding the strategies we use

See next slide

## Managing alternatives to further boost AuM

- Provide solutions for institutional investors and investment opportunities for individual investors
- Increase alternative products by in-house management





# Private markets: Initiatives in Japan

- Disciplined investing from buyouts to growth investing; Established track record of raising value and existing investments
- Scale up fund management business with launch of next fund and take Japan private markets business to second stage

## Buyout investment

### Nomura Capital Partners

- Provide new solutions using equity to meet needs related to business and capital

### Japan-China Capital Partners

- Invest in various companies aspiring for growth in Asia, primarily Japan and China

## Search funds (Buyout investment for business succession)

### Nomura Research & Advisory

- Managing Japan's largest search fund with investment commitment of over Y5bn
- Investment solutions for SME business successions

## Initiatives

Leverage group expertise to develop business  
Build success stories

## Growth investment

### Nomura SPARX Investment / Japan Growth Capital Investment

- Growth equity investments investing in unlisted stocks
- Investment commitment of over Y25bn; Steady executing investments with aim of listing investment company

Steadily execute selected investments  
Aim to list investment company

## Mezzanine investment

### Nomura Mezzanine Partners

- Solutions using mezzanine financing<sup>1</sup> for LBOs and MBOs
- Total investment of over Y40bn since first fund started investing in 2020

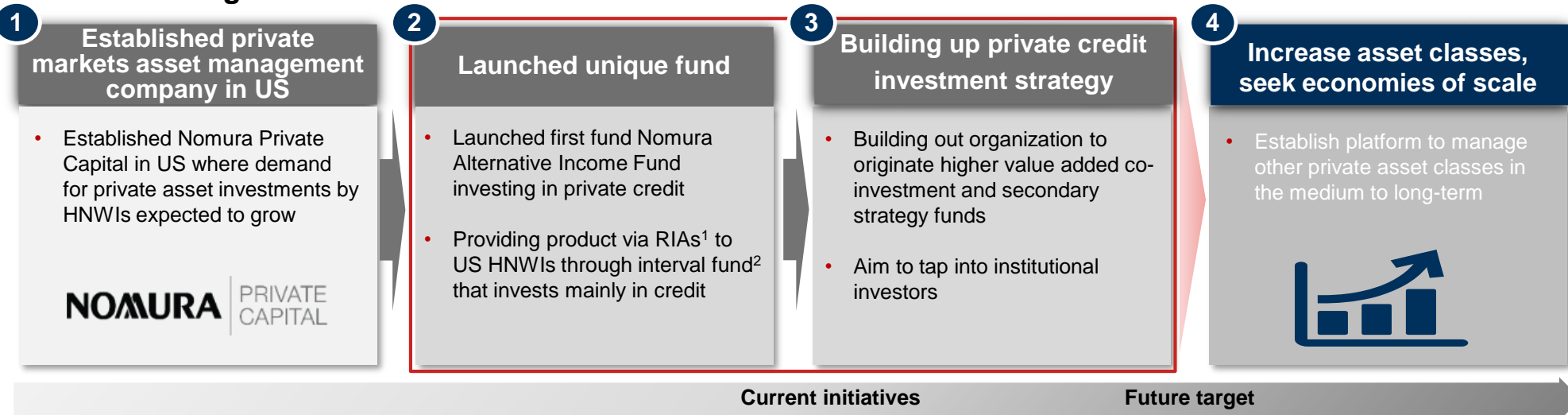
Continue strong track record  
Set up next fund

AuM of over Y100bn in medium term

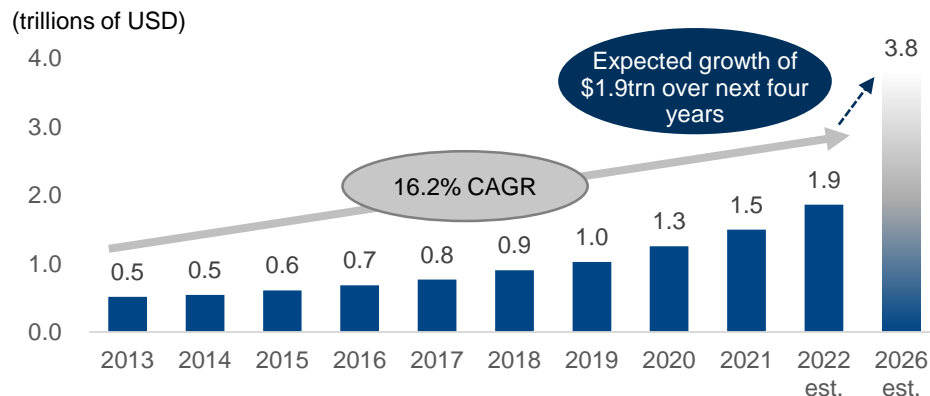
1. Mezzanine financing: Fundraising method that sits between debt financing such as bank loans and corporate bonds and equity financing such as the issuance of ordinary shares.

# Private markets: Full launch of private asset management business in US

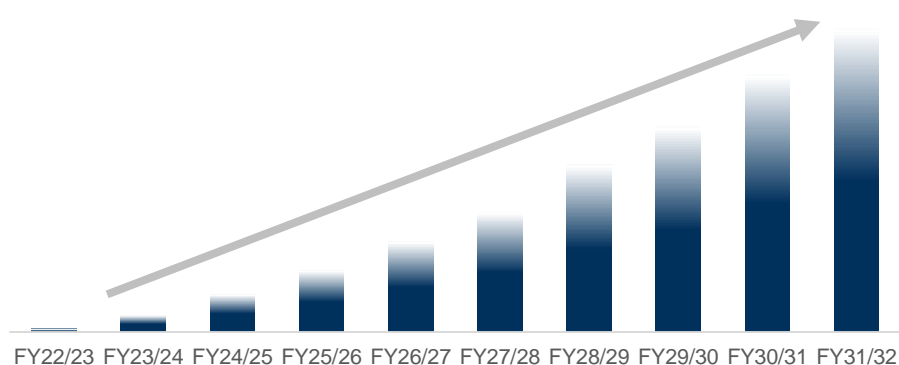
- Established Nomura Private Capital in May 2022 to manage private assets in US
- Acquire and strengthen expertise in US, build out asset classes, seek economies of scale in US private asset management business



## Market assumptions: Private credit market growth<sup>3</sup>



## Aiming for AuM of over \$10bn in ten years



1. Registered Investment Adviser  
 2. Registered Investment Company under Rule 23c3 of the Investment Advisers Act of 1940.  
 3. Nomura Private Capital, based on Preqin data as of September 2022: CAGR based on 2013 – 2022 annualized data.

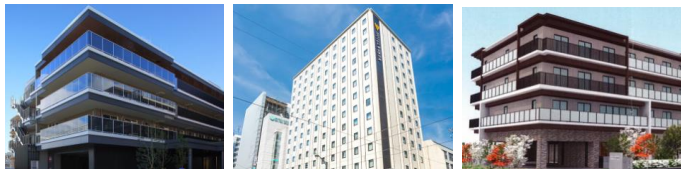
# Real assets: Launch of Nomura Real Asset Investment

- Established Nomura Real Asset Investment together with Nomura Real Estate Holdings as a joint venture asset manager (started operating on April 3)
- Seeking synergies from blending finance and real estate and aim to provide leading real asset investment solutions

## Business scope of new company

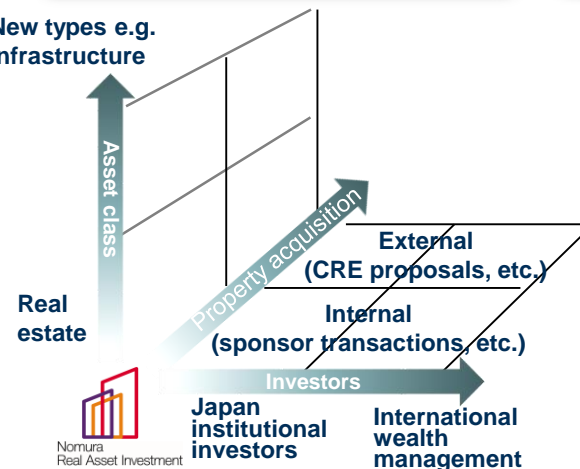
### Outline of privately placed real estate fund business

- AuM Over ¥90bn
- # funds 22 privately placed real estate funds
- Investment strategy Core (property specific)
- Sectors Residential, office, hotel, healthcare, land ownership



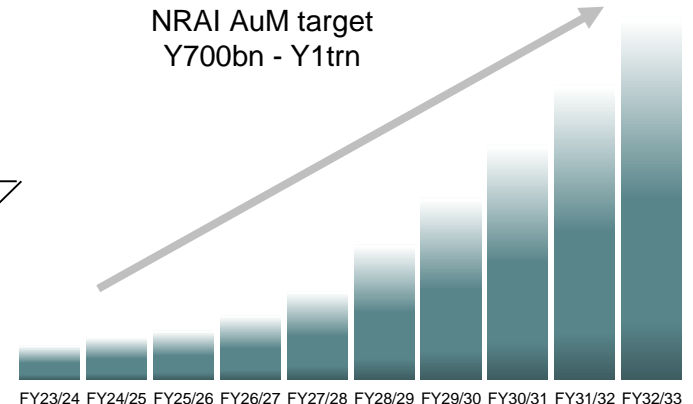
### Expand business scope

New types e.g. infrastructure



### Grow real asset business, increase related business opportunities

NRAI AuM target  
¥700bn - ¥1trn



### Originator

#### Sourcing

Listed and unlisted companies	<ul style="list-style-type: none"> <li>• Off balance sheet fundraising</li> <li>• Business reorg., asset reallocation</li> <li>• Sale of development properties, joint management</li> </ul>
HNWIs	<ul style="list-style-type: none"> <li>• Fundraising, financial strategy</li> </ul>
New areas	<ul style="list-style-type: none"> <li>• Data centers, renewable energy, forestry/agriculture, plant factories</li> </ul>

### Origination/management

#### Products

Private funds
Open-ended funds
Security token offerings, small-lot products

### Investors

#### Issues/Needs

- Alternative investment
- Japan-overseas rate differential, FX rate
- Low borrowing rates
- Invest in new areas
- Asset diversification, financial management

#### Clients

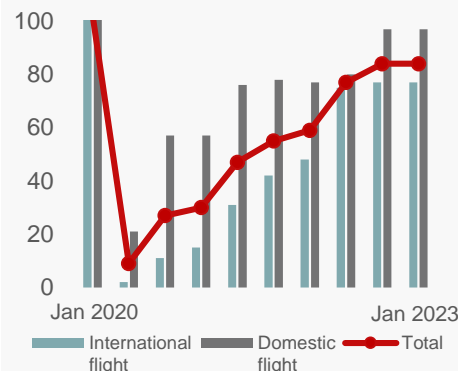
Institutional investors
International investors
HNWIs

# Real assets: Aircraft leasing and forestry investment

- Leverage relationship with leading aircraft lease company BBAM<sup>1</sup> to establish dominant leading brand in Japan

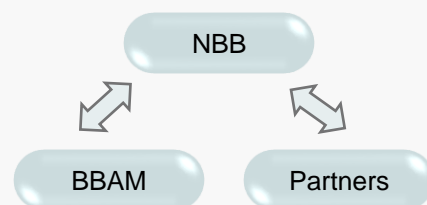
## Recovery of airline industry

- Passenger demand at 84% of pre-pandemic levels<sup>2</sup>
- Airline revenues recovered to 93%<sup>2</sup>



## Strengths of Nomura Babcock & Brown

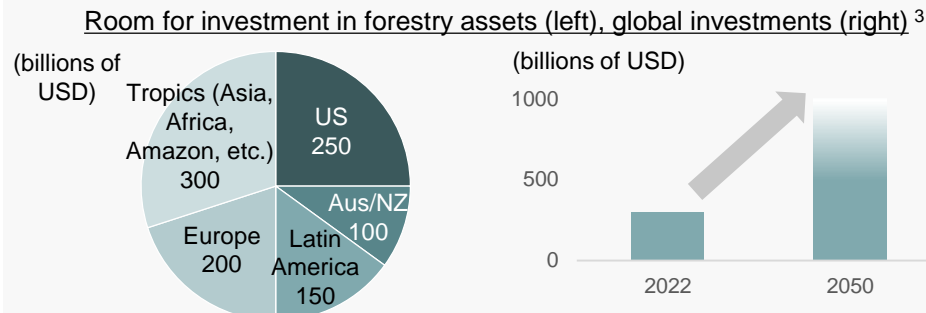
- Close relationship between NBB and BBAM and tie ups with leading external partners (introducers) in Japan allows us to differentiate in deal origination, first-class deal sourcing, and tapping into investor demand



- Deliver forest resources to investors as new asset class through investment in New Forests

## Invested in New Forests world's #2 unlisted forestry asset manager

- AuM of \$10bn, world's #2 unlisted forestry asset manager
- Funds covering four regions (Aus/NZ, North America, Southeast Asia, Africa)
- Built solid track record since launch



## Market environment and growth opportunities

- Confirmed stability of aircraft leasing during pandemic
- Focus on aircraft leasing business of regional financial institutions

Strengthen sales organization

Step up collaboration with Retail and regional financial institutions

Close large contracts

Tap into business succession needs

## Establish dominant leading brand position

## Future initiatives and target

Marketing leveraging Nomura Group's global client network

Steady investment for existing funds, build fund management track record

Expand in related areas such as agricultural funds and carbon credits, enter new regions, create related new businesses

- Generate revenues
- Increase AuM
- Extract synergies with Nomura Group

## Provide new asset class products to broad base of investors

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