

# **Initiatives to Enhance Nomura Group's Asset Management Business**

Nomura Holdings, Inc.

January 23, 2024

# Nomura Group's role in "Policy Plan for Promoting Japan as a Leading Asset Management Center"

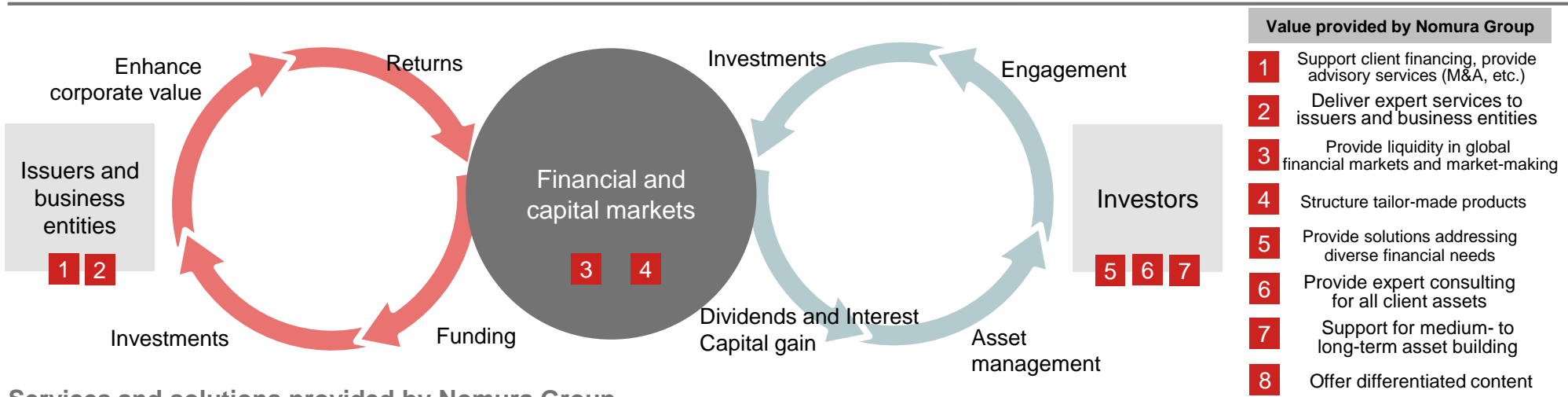
**Nomura Group's Mission**

**Contributing to Society | We help to enrich society through our expertise in capital markets**

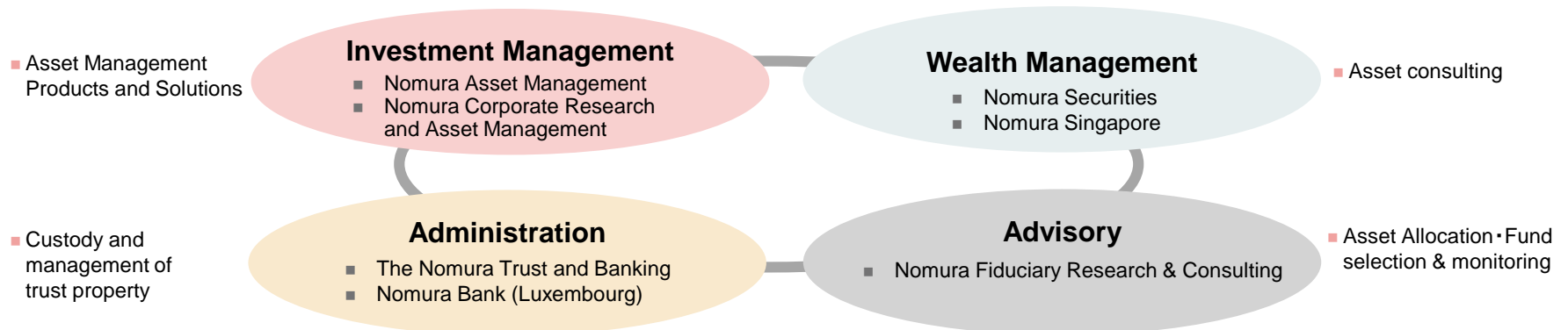
**Nomura Group's Management Vision**

**Achieve sustainable growth by helping resolve social issues**

## Nomura Group's capabilities to provide financial services



## Services and solutions provided by Nomura Group



# Investment Management

- To realize its management vision of achieving sustainable growth by helping resolve social issues, Nomura Group positions the broad asset management business as one of its three core business segments and focuses on business expansion
- In April 2021, the Investment Management Division, responsible for the broader asset management business, was established to enhance the product lineup and services to meet the diversified investment needs of clients
- The Investment Management Division consists of investment and asset management related companies within Nomura Group, including Nomura Asset Management. It aims to deliver services and solutions to meet the diverse needs of clients by bringing together expertise from across the group and creating added value across a wide range of assets, from traditional assets such as stocks and bonds to alternative assets such as private equity

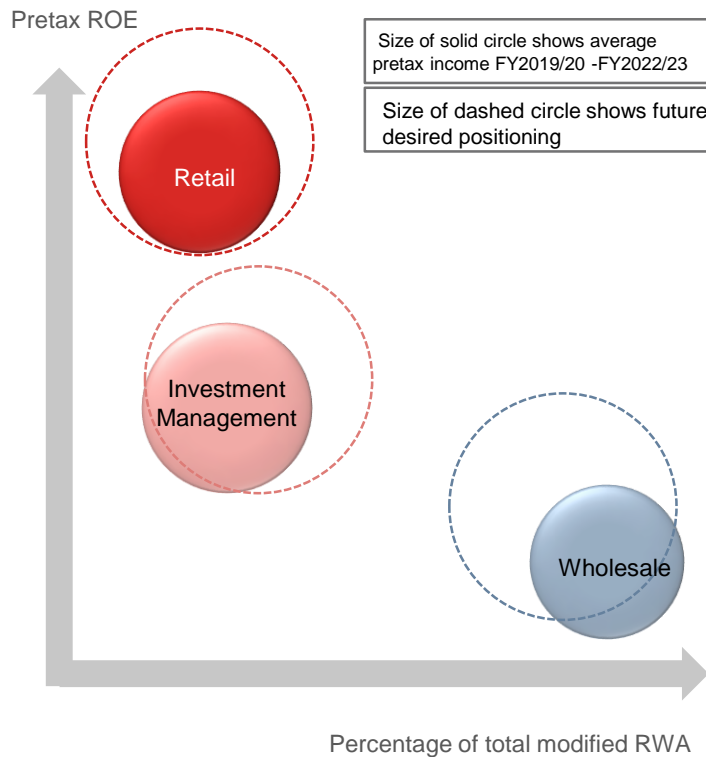


# Approach to business portfolio

- Continue to rate businesses based on the specific characteristics and optimally allocate economic and human capital to raise corporate value
- We position the Investment Management Division as a growth business within Nomura Group and aim to increase its share in overall group management through actively pursuing growth opportunities and further injecting capital

## Current and future business portfolio

Manage capital heavy business with focus on revenue/modified RWA ratio while strengthening capital-light businesses to grow Group ROE



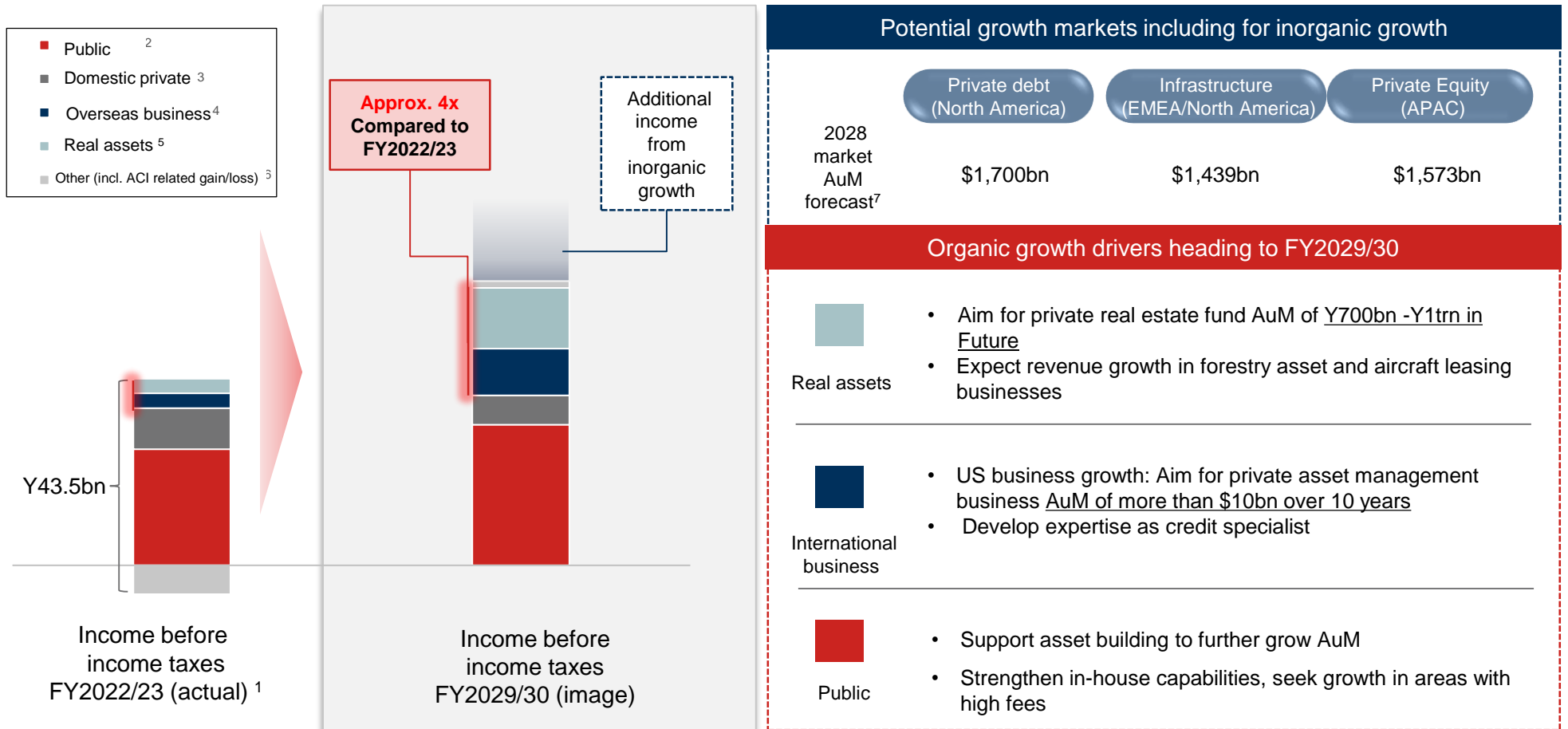
## Earnings growth by optimal allocation of management resources

Drivers to improve ROE				
	Asset efficiency	Profitability		
	Percentage of total modified RWA	Revenue	Fixed costs	
Wholesale	64% (Mar 2023) Before accounting for impact of Basel 3 finalization	↑	↑	<ul style="list-style-type: none"> <li>Manage portfolio focusing on revenue/modified RWA ratio and CIR</li> <li>Scale up core products, expand risk-light businesses to stabilize and diversify revenues</li> </ul>
Investment Management	8% (Mar 2023)	↑	↑	<ul style="list-style-type: none"> <li>Build up AuM to grow stable revenues</li> <li>Actively pursue growth opportunities and further inject capital</li> </ul>
Retail	4% (Mar 2023)	↑	↑	<ul style="list-style-type: none"> <li>Grow revenues through segment-based approach, workplace services, alliances</li> <li>Continue to reduce cost base to boost income before income taxes</li> </ul>

# Investment Management earnings growth

- Mainly focus on real assets, international business and public markets to tap into growth markets

## Investment Management over the medium term



1. Breakdown on management accounting basis. 2. Includes Nomura Asset Management income before income taxes. 3. Includes Nomura Capital Partners, Nomura SPARX Investment, and Nomura Mezzanine Partners income before income taxes. 4. Includes Nomura Corporate Research and Asset Management, and Nomura Private Capital income before income taxes. 5. Includes Nomura Babcock & Brown, Nomura Real Asset Investment, and New Forests income before income taxes. 6. Includes American Century Investments related gain/loss, hedging gain/loss, and income before income taxes of other operating companies under Investment Management. 7. Source: Preqin "Future of Alternatives 2028" (Oct 2023)

# Expand business from public markets into private markets

- Since the establishment of the Investment Management Division, we have focused on strengthening our global investment strategies in the public markets, enhancing our credit and sustainable investment strategies, and expanding investment capabilities in private and real assets

## Expanding investment capabilities

(✓ Available)

Asset Class	April 2021 Established Division	January 2024
<b>Public Markets</b>		
Developed Markets Equity (inc. REIT)	✓	✓
Emerging Markets Equity	✓	✓
Developed Markets Bonds (inc. Corporate Bonds)	✓	✓
High Yield Bonds	✓	✓
Emerging Markets Sovereign Bonds	✓	✓
Emerging Markets Corporate Bonds		✓
Corporate Hybrid Bonds		✓
<b>Private Assets</b>		
Private Equity	✓	✓
Mezzanine	✓	✓
Private Debt		✓
<b>Real Assets</b>		
Aircraft Leasing	✓	✓
Forestry Asset		✓
Real Estate, Infrastructure		✓

## Private asset business enhancements

### Apr. 2021 Nomura Sparks Investment established

Private

Nomura Sparks Investment jointly established by Nomura Holdings, Inc. and SPARX Group Co., Ltd., has managed investment corporation which invests in private companies at the growth stage



### Dec. 2021 Japan Search Fund Platform investment limited partnership established

Private

In collaboration with Japan Search Fund Accelerator, we established an investment business association with the aim of investing in search funds specializing in business succession by aspiring entrepreneurs



### May 2022 Nomura Private Capital established

Private

Nomura Private Capital was established to manage private assets in the United States. We aim to pursue the scaling of private asset businesses in the US.



### Aug. 2022 Nomura Real Asset Investment established

Real Assets

Through joint investment with Nomura Real Estate Holdings, we established Nomura Real Asset Investment to develop real estate fund business.



### Jan. 2023 Investment in New Forests

Real Assets

We acquired a stake in New Forests, the world's second largest forestry asset management company (Mitsui & Co., Ltd.; a joint shareholder of New Forests)



# Initiatives to expand investment capabilities

- The source of competitiveness in our asset management business lies in talent, and securing highly skilled investment professionals is the most important management issue
- We adopt a compensation program that is competitive and matches the interests of clients by linking it with medium- to long-term investment performance

## Initiatives to expand investment capabilities (Acquiring, Team Lift-Out)

### Acquiring

- Acquiring shares of asset management firms, capturing investment capabilities through joint ventures (JV)  
e.g. JV; Nomura Sparks Investment (growth investment)  
Nomura Real Asset Investment (Real Estate, Infrastructure, etc.)  
Investments; New Forests (Forestry Asset)

### Lift-Out

- Expansion of investment capabilities through team acquisition  
e.g. Incorporating unconstrained dynamic bond investment strategy



Richard 'Dickie' Hodges  
Head of Unconstrained Fixed Income  
Nomura Asset Management UK.

e.g. Expanding credit investment capabilities



Meno Stroemer  
Head of Emerging Market  
Corporate Bond  
NCRAM<sup>1</sup>



Julian Marks  
Head of Hybrid Bonds  
Nomura Asset Management U.K. Ltd.

## Inorganic growth

- Promoting expansion by incorporating a variety of inorganic strategies as options, in addition to organic growth

### Criteria for entry



### Inorganic strategic options

	Degree of control →			
Commitment	Outsourcing	Team lift out	Minority investment	Subsidiary
Relationship	—	Employment/Internal	Strategic alliance	Management integration
B/S leverage	—	—	Collaborate with other investors	Use own Capital

1. Nomura Corporate Research and Asset Management

# Enhancing investment capabilities

- To enhance the competitiveness of in-house capabilities, we have invested approximately 85 billion yen as of the end of November 2023 in seed investments to develop new investment strategies and products, develop internal investment professionals, and build investment track record, as well as R&D investments to enter new business areas and untapped markets
- To further enhance investment capabilities, we will expand such investments to more than 100 billion yen.
- Within that framework, as a new initiative, we will expand the scope to include emerging asset management companies (commonly known as Emerging Managers), foreign asset management firms entering Japan for the first time, and collaborations in new businesses with existing asset management companies and partners from different industries. This expansion aims to contribute to the advancement of asset management in Japan through the discovery and cultivation of emerging asset management companies, promotion of the entry of foreign asset management firms as well as enhancing Nomura Group's investment capabilities and solutions

## Examples of Public Markets: Developing Global Equity Management Strategies

### Global Multi-Thematic Strategy

- In around 2010, we started planning with the aim to create an in-house global equity fund that investors could hold long term
- During a preparation period of approximately two years, we examined investment processes in Tokyo to invest in growth companies worldwide
- After building a track record through pilot operations by own funding, we launched the public investment trust "Nomura Future Trend Discover Fund (Senken no mei)" in November 2015



### Global Equity IP Strategy

- In 2014, we started the investment strategy called as "IP Strategy", based on research focusing on corporate investment activities and profitability, as a pilot investment through own funding
- After 5 years of investment, we acquired a mandate from the public pension fund in June 2023

## Example of Private Assets:



- Nomura Private Capital was established in May 2022 to manage private assets in the United States, where demand for investment in private assets by high-net-worth individuals is expected to grow
- Acquire and strengthen investment capabilities in the United States to expand the asset class and pursue the scale of the private asset management business in the United States
- NPC launched "Nomura Alternative Income Fund" which invests in private credit by utilizing seed money

## Initiatives

- To further enhance investment capabilities, we will expand funding for development of investment capability to more than 100 billion yen
- As a new initiative, we will expand the scope to include emerging managers, new foreign asset management companies entering Japan, and collaborations in new business with existing asset management companies and partners from different industries

### New Initiatives: Expanding Investment Targets

- Emerging management companies (Emerging Managers)
- Foreign asset management companies entering Japan
- Collaborations in new businesses with existing asset management companies and partners from different industries, etc.

- Contributing to the advancement of asset management in Japan through the discovery and cultivation of emerging asset management companies, promotion of the entry of foreign asset management firms
- Enhancing Nomura Group's investment capabilities and solutions



## 1. Strengthen in-house expertise

- Nomura Asset Management has built a global asset management structure by allocating and deploying investment and research professionals to seven cities worldwide
- Pursue value-added in investments as demanded at a global level, and aim to deliver investment services to clients around the world

**Further enhance in-house investment management capabilities through recruitment, development and evaluation**

### 1. Course-specific recruitment for developing highly specialized professionals

- We have implemented course-specific recruitment since April 2018 to acquire highly specialized investment professionals.

New employees in the Investment and Research Course



Assignment



### 2. In-house development of active investment professionals

- New employees in the investment and research course are trained through research work in the units responsible for corporate, credit and economic research. The assignment will be based on their aptitude.
- Strengthen efforts to develop and select global active fund managers through experience in multiple asset management areas, overseas assignments, and alternative management experience

### 3. Emphasizing performance-based evaluations in asset management

- Focus on evaluating people in line with investment performance (pay for performance), promote healthy competition and new energy
- Start of review meetings with investment managers to evaluate each active fund manager based on their performance
- At the review meetings, we will establish quantitative and qualitative evaluation methods as well as exit rules, and conduct regular monitoring.

### NAM's Global Investment Team at Nomura Asset Management

The various global investment teams cooperate with each other



\* Job Positions for 2024 Graduates

# Nomura Asset Management Initiatives for Enhancement

## 2. Strengthening Product Governance

- Nomura Asset Management has strengthened product governance by setting up the Product Governance Department and Product Governance Committee to further improve the quality of products and services that contribute to asset management.
- Strengthen governance of the fund composition, solicitation, and redemption processes, and conduct reviews of publicly offered investment trusts NAM manages ("Fund Review"), and disclose the results and the progress of improvement on the website.

### Conducting Fund Review

- Conducting reviews publicly offered investment trusts based on three criteria: Investment Performance, Product Characteristics, and Disclosure.
- Evaluated on a 3-point scale based on the scope of improvement for continuous value delivery to clients
- Based on the evaluation results, we implemented measures to further improve the quality, such as improving processes and disclosure.

We expect the improvement of services such as enhancing investment management capabilities to lead to the provision of products that contribute to the benefits of our clients.



### Fund Review Report

Disclose the fund review results and the progress of improvement on a monthly basis as a "Fund Review Report"

**Fund Review Report**  
ファンド・レビュー・レポート  
2023

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ファンド名	パフォーマンス (運用実績)	商品性	情報提供
1 ノムラ日本株戦略ファンド	B	B	Y
2 野村セレクト・オポチュニティ(野村SMA-EV向け)	C	C	Y
3 ノムラ・ジャパン・オープン	Y	C	Y
4 ノムラ・ザ・セレクト(野村SMA-EV向け)	C	C	C
5 野村日本ブランド株投資(円コース)年2回決算型	Y	C	Y
6 野村日本企業価値向上オープン(円投資型)	C	C	Y
7 野村日本最高収益更新企業ファンド	Y	C	Y

概要説明

国内株式全般に投資するアクティブ運用プロダクトを評価しました。評価したファンドのうち、すべて緑色となったファンドは本、黄色がすべてファンドは本、赤色がすべてファンドは本（黄色がすべてファンドは本と記載）でした。その他の結果もまた、各ファンドについて記載したページでは、改善に向けた具体的な取り組みについてもお伝えしています。

- ・赤色がついたファンド (1本)
- ・黄色がついたファンド (16本)

# Nomura Asset Management Initiatives for Enhancement

## 3. Providing information that contributes to asset formation

- Nomura Asset Management (NAM) has implemented the "Core/Core Plus" classification of representative publicly offered investment trusts by role so that each investor can choose the appropriate product or combination.
- NAM discloses global investment capabilities to improve transparency in order to become the asset management company of choice for clients

### Core/Core Plus Classification

- Classified into "Core (Fund)," which is considered to play a central role in long-term asset formation, and "Core Plus (Fund)," which aims to provide proactive investment opportunities and diversified investment opportunities.
- Introduce the concept of classification, examples of its use, and the classification of representative funds on our website so that they can be used for asset building by clients

**コアファンド、コアプラスファンドの活用例**

投資をする際には「自分にあった投資スタイル」になるようポートフォリオを構築することが大切です。ただし、投資にはリスクが付き合います。そのため、資産形成をするなどとしてリスクと付き合っていく必要があります。

「コア」「コアプラス」の考え方を覚えて、自分にあった期待リターンや想定リスクのポートフォリオを構築する例をご紹介します。

ファンドを適切に資産形成のキホンを守り楽しく取りたい方へ

お金を育てる研究所

**Aさんのポートフォリオ**  
これから投資を始めたいと思っているので、まずは手軽く定額を積みたい！

**Bさんのポートフォリオ**  
いろいろな資産への分散を重視しつつ、安定的なインカムを確保したい

**Cさんのポートフォリオ**  
成長が期待される企業や国に投資をして、積極的にキャピタルゲインを狙いたい

一般的に期待できるリターンが高い資産は、リスクが大きくなる傾向があります。自分にあったポートフォリオに向けて、複数の資産を組み合わせることが大切です。

リスク (リターンの幅れ幅) ↑

リターン ↑

上はイメージ図です

**代表ファンドにおける分類の紹介**

コアファンドならびにコアプラスファンドの特徴や活用事例をご紹介しましたが、具体的に「自社の代表ファンド」にてはじめてご紹介しました。なお、投資目的、投資期間、保有資産等によって、それらの使い分けは異なることが想定されます。

国内株式、世界株式、国内債券、世界債券、商品、バランス

**国内株式**

**コア分類**

- アクティブファンド: ノムラ・ジャパン・オープン
- アクティブファンド: リサーチ・アクティブ・オープン
- アクティブファンド: ストラテジック・バリュア・オープン

**コアプラス分類**

- アクティブファンド: 情報エレクトロニクスファンド
- アクティブファンド: 脱炭素ジャパン

**世界株式**

コア分類

### Disclosure of global investment management capabilities

- To demonstrate our global expertise, we disclose important information about major portfolio managers, including their names, background, funds under their management, investment strategies, and investment policies.

### Global lineup of portfolio managers

**グローバル**

**米国**

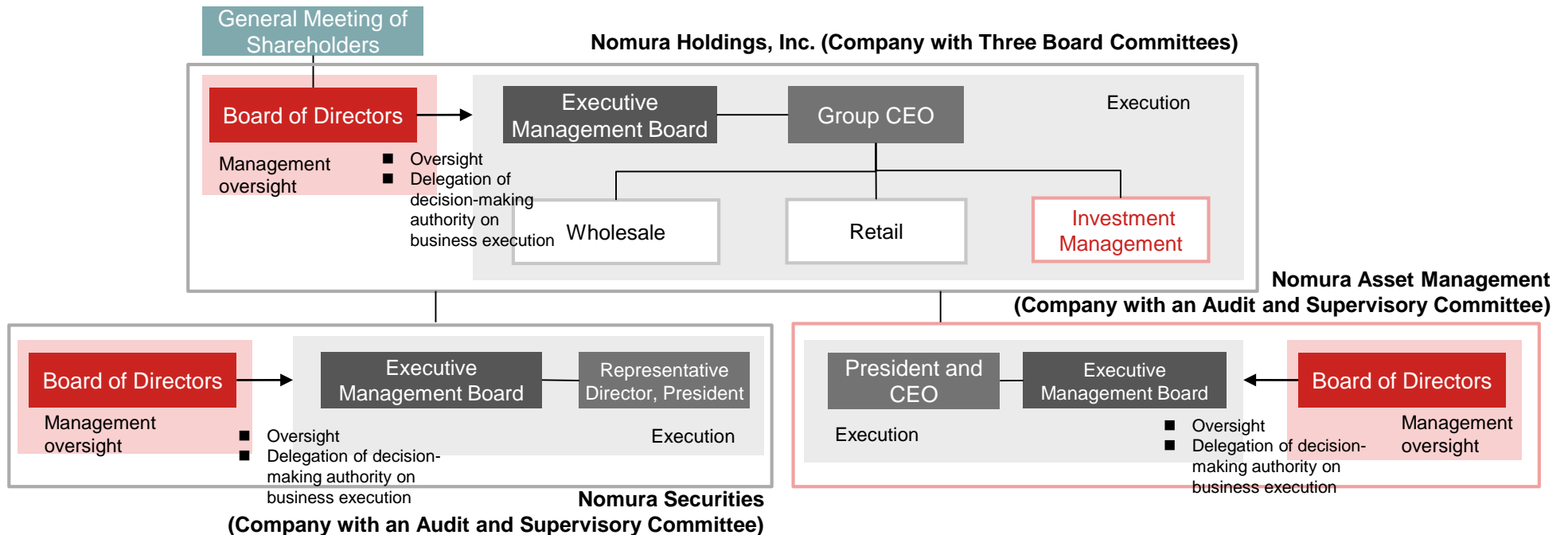
**アジア**

**日本**

各マネージャーの紹介、所属するファンドの紹介、投資戦略、投資方針、投資ポリシーに関する詳細な情報を提供しています。

# Business Management and Corporate Governance

- Establishing and maintaining a proper governance structure is fundamental to fulfilling Nomura’s fiduciary duty in the asset management business. The Investment Management Division has built a distinctive framework that sets it apart from other divisions.
- Nomura Group has adopted the Company with Three Board Committees structure, which separates management oversight from business execution and delegates a decision-making authority on business execution from directors to executive officers. Our major subsidiaries, Nomura Asset Management and Nomura Securities, have appointed independent outside directors and established Audit and Supervisory committees to promote advanced governance practices.
- At Nomura Asset Management, chairs of the Board of Directors and the Audit and Supervisory Committee are independent outside directors.

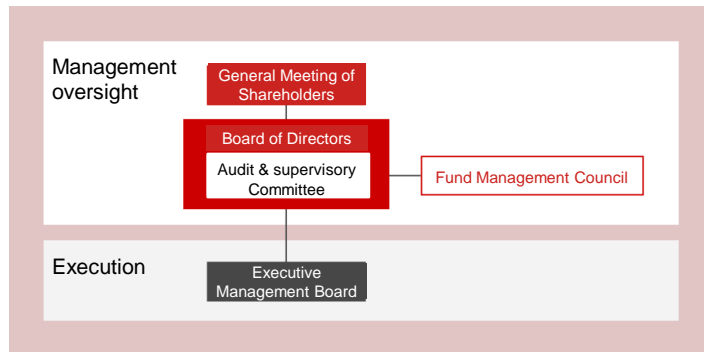


# Conflicts of Interest Management Policy

- Nomura Group’s ultimate objective is to ensure the fair treatment of all clients. Nomura has established the Conflicts of Interest Management Policy in order to take reasonable measures to avoid potential conflicts of interest.
- Nomura Asset Management has formulated and published a Conflict of Interest Management Policy that appropriately manages transactions and other activities that may involve potential conflicts of interest, implementing strict management based on this policy to prevent situations in which the interests of our clients are unduly impaired as a result of actions that give a higher priority to the interest of others.
- The Responsible Investment Council and the Fund Management Council, which consist of individuals in positions independent from Nomura Asset Management, including independent outside directors, oversee the Responsible Investment Committee to ensure that decisions are made by the Committee in a manner that avoids any conflicts of interest, particularly in relation to stewardship activities

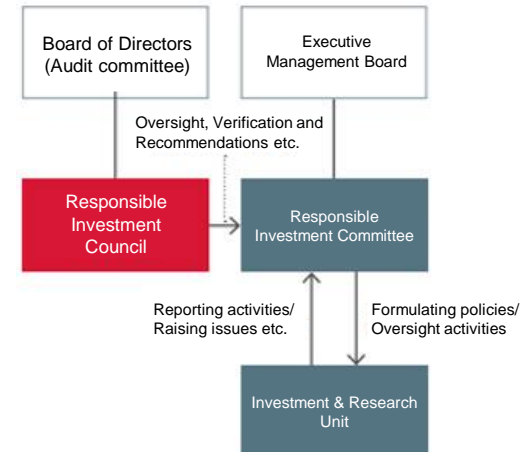
## Transparency in the management of investment trusts (Nomura Asset Management)

- Creation of the Fund Management Council which manages fund transactions that may involve conflict of interest, and appointment of independent outside experts as members of both councils
- The council has implemented strict management based on it in order to prevent situations in which the interests of our clients are unduly impaired



## Enhancing transparency in stewardship activities (Nomura Asset Management)


- The Responsible Investment Committee comprises highly independent investment management and research personnel. It was established to appropriately manage conflicts of interest that may involve in stewardship activities
- The Responsible Investment Council was established as a body to oversee discussions by the Responsible Investment Committee in real time. It manages conflicts of interest with highly-independent outside directors and outside experts accounting for a majority of its members



# Nomura Fiduciary Research & Consulting

- Nomura Fiduciary Research & Consulting (NFRC) is a major subsidiary of the Nomura Group's asset management business that provides investment advisory services to institutional investors and individual investors.
- NFRC aims to support clients in their long-term asset building by providing customized services and solutions tailored to the advanced and diverse asset management needs of each client in the midst of the increasing sophistication and complexity of asset management

**NOMURA**  
NOMURA FIDUCIARY RESEARCH & CONSULTING

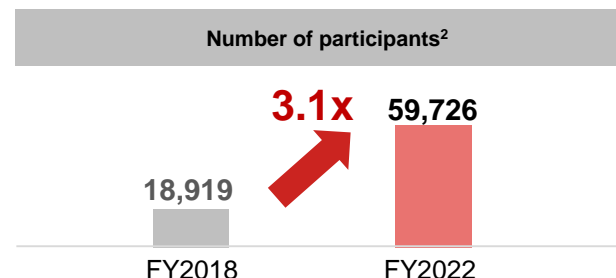
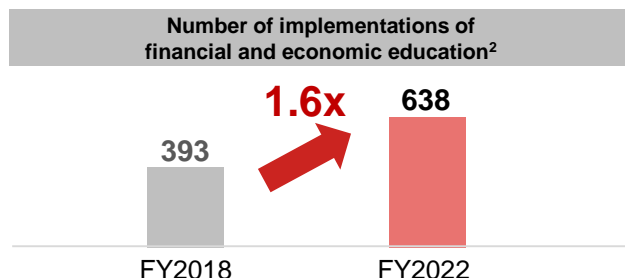
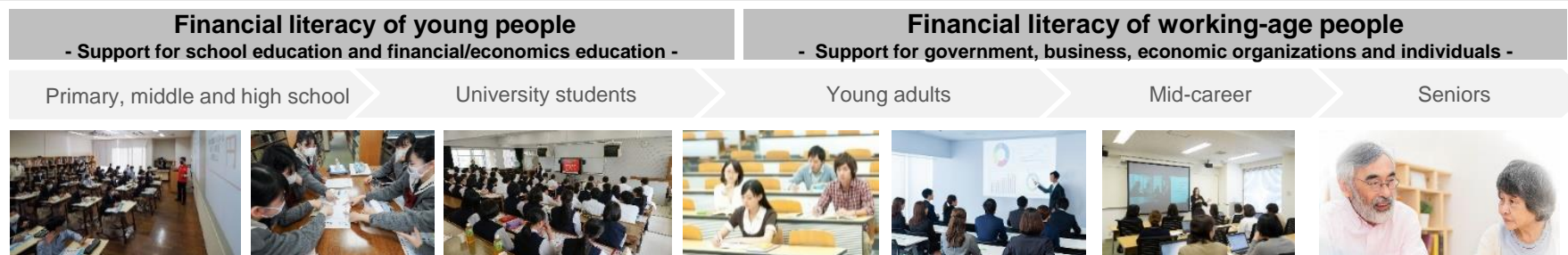
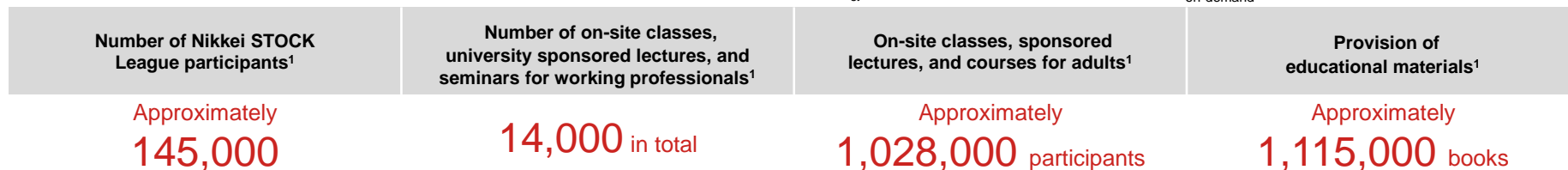
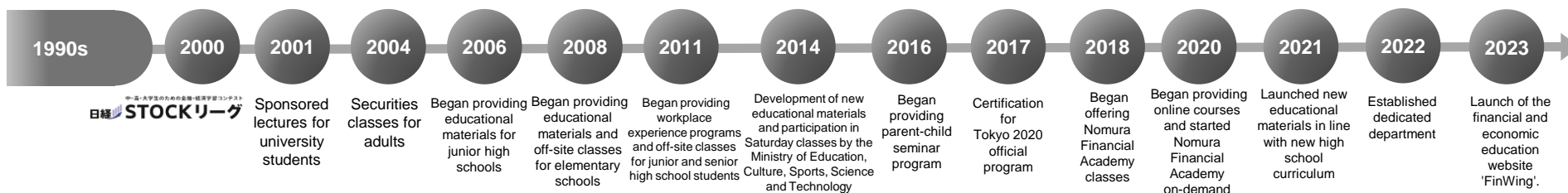
 <p><b>Fund Research</b> Traditional Assets/ Alternatives</p>	<ul style="list-style-type: none"> <li>■ <b>A pioneer in fund analysis and evaluation in Japan</b> with <b>20+</b> years of experience and a proven track record in analyzing and evaluating traditional and alternative asset funds</li> <li>■ <b>Global</b> Research Network in Tokyo, London and New York, <b>49</b> analysts in total</li> <li>■ Research coverage<sup>1</sup>: Approx. <b>1,700 funds</b> and <b>370 managers</b></li> <li>■ Providing fund analysis and evaluation services to <b>a diverse range of clients beyond the boundaries of financial groups</b></li> </ul>
 <p><b>Investment Advisory</b></p>	<ul style="list-style-type: none"> <li>■ <b>20+</b> years of experience<sup>1</sup></li> <li>■ Asset Under Advisory<sup>2</sup>: Approx. <b>¥1.4tn</b></li> <li>■ Application of institutional quality research / advisory capabilities to both retail and institutional clients</li> <li>■ Investment advice tailored to meet the advanced and diverse asset management needs of <b>individual / institutional investors</b></li> </ul>
 <p><b>Investment Consulting</b></p>	<ul style="list-style-type: none"> <li>■ <b>30+</b> years of experience<sup>1</sup></li> <li>■ Providing proposals and advice tailored to needs in <b>operational and institutional aspects</b> (such as portfolio construction, manager structure design, fund selection and monitoring, operational governance, pension system advice, etc.).</li> </ul>
 <p><b>CIO Services</b></p>	<ul style="list-style-type: none"> <li>■ Asset Under Advisory of CIO Service<sup>2</sup>: Approx. <b>¥3.4tn</b></li> <li>■ Providing high quality asset management services created for <b>institutional investors, to retail investors</b></li> <li>■ Investment advisory and information service related to <b>Strategic Asset Allocation, Tactical Asset Allocation and Fund Selection</b></li> </ul>
 <p><b>Index</b></p>	<ul style="list-style-type: none"> <li>■ <b>35+</b> years of experience<sup>1</sup></li> <li>■ Developing and providing various type of indexes, such as <b>NOMURA-BPI, Russell/Nomura Japanese Equity</b>, in many aspects of Asset Management business</li> </ul>

1. As of March, 2023  
2. As of September, 2023



# Financial Education Initiatives

- Nomura Group has been providing financial and economic education since 1990s with the aim of contributing to the creation of a prosperous society through the enhancement of financial literacy
- In 2022, Nomura Group established a dedicated department to take charge of financial and economic education and developed a system to provide comprehensive services from school education to seniors, covering a wide range of age groups



1. As of March, 2023  
 2. Including implementation at Nomura Securities' head and branch office and alliance partners (Awa Bank and San-in Godo Bank)

## Disclaimer

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- Forward-looking statements speak only as of the date they are made, and Nomura undertakes no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.
- The consolidated financial information in this document is unaudited.



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