

January 16, 2024

Press Release

Daiwa Securities Group Inc.

Initiatives for strengthening Daiwa Securities Group's Asset Management Business

Daiwa Securities Group Inc. (President: Seiji Nakata; hereinafter "the Group") would like to announce the following policy regarding the Group's efforts towards strengthening the asset management business.

I Positioning of Asset Management Business in the Group's Management Strategy

- As Japan transitions from a 30-year deflationary period to an era with higher interest rates, we believe that the reform of the asset management sector, in addition to the improvement of the NISA (Nippon Individual Savings Account) system and corporate governance reform, is an important initiative that will contribute to the revitalization of the capital market.
- The Group has positioned the shift to a wealth management business model as a pillar of our management strategy and will further focus on retail business and asset management business in order to make progress.
- This management strategy aligns with the direction of policies and the Group will actively contribute to promoting Japan as a leading asset management center.

II Policies for enhancing our investment management capabilities including human resource development

(1) Expansion of investment product lineup

- We will enhance our investment capabilities by expanding our product lineup to meet the needs of investors.
- Specifically, we will expand our alternative products such as, "Daiwa Blackstone Private Credit Fund (BCRED)," a publicly offered investment trust that invests in unlisted private credit funds, and "Daiwa WiL Ventures III, L.P.," a publicly offered investment trust that invests in pre-listed outstanding venture companies.
- In addition, the Group established Global X Japan, Inc. in 2019, the only asset management company in Japan specializing in ETFs, with U.S.-based Global X, Inc. to leverage Global X's management expertise and improve its management capabilities in the composition of innovative ETFs.

(2) Develop and secure human resources to improve operational capabilities

- Daiwa Asset Management Co. Ltd. is promoting the development of specialists and acquisition of external knowledge by dispatching trainees to overseas asset management companies.
- In addition, the Investment Management Professional Program was launched in FY2022. The program targets mid-career employees in Fund Management Division to improve their investment knowledge, generate innovation through interdepartmental exchanges, and enhance their management skills.
- We have also been actively working to utilize external human resources, appointing outside directors with extensive investment experience, and hiring CIOs and fund managers from major financial institutions. We will continue to engage in proactive hiring in the future.

(3) Reinforcement of fund management structure

- Daiwa Asset Management Co. Ltd. will clarify the roles among fund managers and strengthen the allocation of resources to lead fund managers in portfolio management to enhance the management capabilities and performance of the team structure.

III Efforts to improve governance and strengthen systems

(1) Establishment of Product Governance Committee

- Daiwa Asset Management Co. Ltd. has established a "Product Governance Committee" to review the management status, merchantability, disclosure status, and other aspects of its products, with the aim of thoroughly managing and providing client-oriented funds.

(2) Strengthen governance by inviting outside directors

- Daiwa Asset Management Co. Ltd. has had two outside directors with extensive management experience since June 2023, and their opinions based on their expertise are incorporated into management.
- The outside directors chair the Stewardship Supervisory Committee and the Fiduciary Duty Advisory Committee. The advanced and specialized opinions of experienced external directors with a strong track record in investment management contribute to the strengthening of the governance of the asset management company.
- Resolutions and reports at the newly established Product Governance Committee are shared to the management team, including outside directors, by reporting them to the FD Advisory Committee.

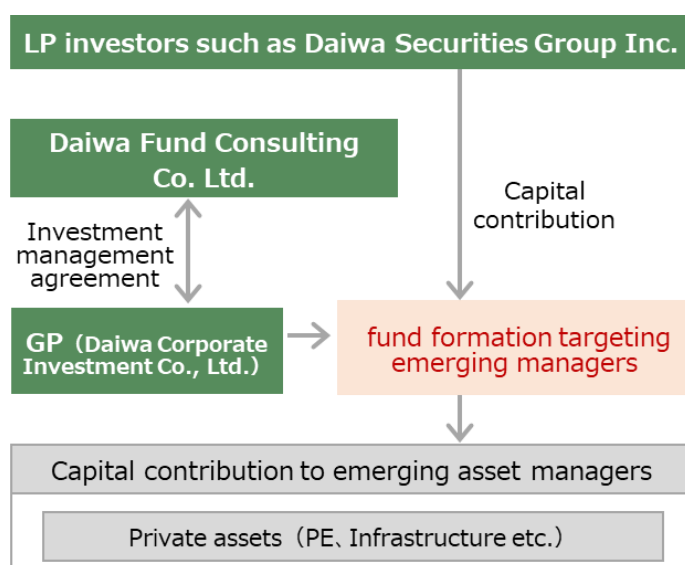
(3) Succession Plan at Daiwa Asset Management Co. Ltd.

- The "Daiwa Asset President Nomination and Review Committee," consisting of the president and outside directors, has been established and has already begun considering a list of candidates (both short- and medium-term candidates) for the next president.

IV Initiatives for EMP (Emerging Managers Program)

- Daiwa Fund Consulting Co. Ltd. started its pension (asset management) consulting business in 1994, and has expanded its business to include investment advice for fund wraps and discretionary investment as a gatekeeper of alternative-centered investments (inherited from Daiwa Institute of Research Ltd. in a Company split in 2006).
- As a consulting firm, it has established a wide research universe from traditional to alternative assets under central research structure, and conduct high-quality fund research from a neutral standpoint based on a clear evaluation axis with a focus on qualitative aspects.
- Utilizing the database of approximately 1,600 funds that Daiwa Fund Consulting Co. Ltd. has researched to date and the high level of discernment (average analyst experience is 18 years) cultivated through 1,500 interviews with managers per year, the Group will provide investment funds to carefully selected emerging asset managers. By forming funds and making investments, etc., the Group will continue to discover new investment areas and diversify its investment products.

[Image of fund formation]



By accelerating these efforts, Daiwa Securities Group will work together to contribute to the growth of Japan's economy and Japanese people's asset income. We will announce the progress of specific details in press releases and management strategy meeting.

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