

News Release

New Joint Report from NRI and Cerulli Associates Finds Japanese Households to Have ¥23 Trillion Available Annually For Investment

Tokyo and Singapore, December 3, 2015 - The income of Japanese households from lump-sum retirement benefits is likely to decrease now that the Baby Boomer retirement wave has crested.

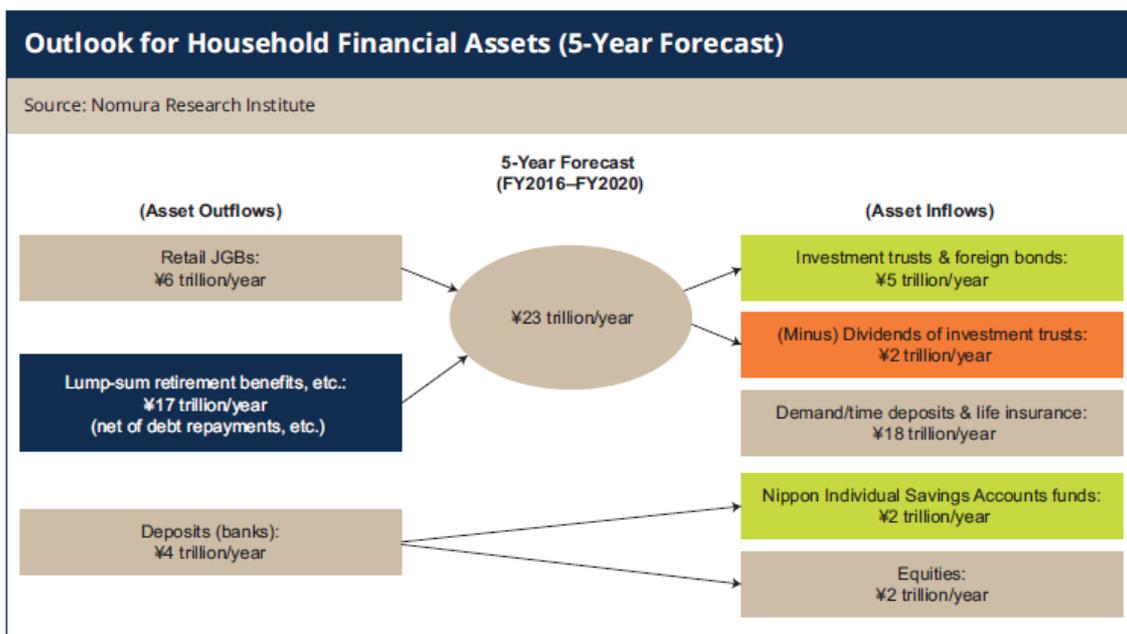
However, lump-sum retirement benefits will remain an important funding source for investments in financial assets, and most of these retirement benefits will likely flow into investment products.

This is a key finding in a joint report from Cerulli Associates and Nomura Research Institute, Ltd (NRI) entitled *Asset Management in Japan 2015: Capturing Rising Foreign Interest*.

NRI also estimates that households will disinvest in retail Japanese Government Bonds (JGBs) to the tune of ¥6 trillion (US\$48.9 billion) annually over the next five years. This disinvestment rate, however, is prone to vary substantially in response to interest rate movements.

“Including both proceeds from maturing JGBs and lump-sum retirement benefits, households will have up to ¥23 trillion available to annually invest over the next five years,” says Sadayuki Horie, Senior Researcher at NRI.

Extrapolating trends dating back several years, NRI estimates that ¥18 trillion will flow into ordinary bank deposits annually. Meanwhile, risk assets’ average share of household financial asset inflows over the past five years was 20%-30%, most of which went into equity investment trusts.



“If this share remains unchanged, risk assets will see annual inflows of around ¥5 trillion over the next five years,” notes Yoon Ng, Asia Research Head for Cerulli Associates.

Asset Management in Japan 2015: Capturing Rising Foreign Interest is a collaboration between Cerulli Associates, a research firm specializing in global asset management and distribution trends, and NRI, a leading provider of consulting services and system solutions.

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About the Cerulli Report: Asset Management in Japan 2015

Asset Management in Japan 2015: Capturing Rising Foreign Interest is a joint report by Cerulli Associates and leading think tank and consultancy in Japan, Nomura Research Institute (NRI). It analyzes the Japanese investor landscape to examine opportunities foreign managers can exploit in this mature Asian asset management marketplace. Harvesting NRI’s rich quantitative and qualitative insights, this report provides analysis of key client segments--retail pension funds, banks, and insurers. The report also presents the competitive landscape and highlights subadvisory opportunities for asset managers.

Proprietary surveys/data contributing to this research

Data in this research is entirely sourced from Nomura Research Institute and, where applicable, based on its interpretation of third-party data. Its value cannot be underestimated as access to information only available in Japanese is extremely limited.

About NRI

Nomura Research Institute, Ltd. ("NRI", TYO: 4307) established in 1965, is an independent, global IT solutions and consulting services provider with annual sales of 405.9 billion yen as of FY ended March 2015. With front-to-back support for the buy- and sell-side, NRI's tradition of innovation has positioned it as a trusted international market leader. Leveraging NRI's global consulting business, NRI is able to provide innovative financial IT solutions for investment banks, asset managers, banks and insurance providers. For more information, visit www.nri.com.

About Cerulli Associates

Headquartered in Boston with offices in London and Singapore, Cerulli Associates is a global analytics firm that provides financial institutions with guidance in strategic positioning and new business development. Our analysts blend industry knowledge, original research, and data analysis to bring perspective to current market conditions and forecasts for future developments.

Cerulli's research product line includes Cerulli Reports, The Cerulli Edge series, and Cerulli Lodestar.

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