Asset Management Business - Roundtable Discussion

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Stefanie Drews
Executive Officer, GAMO* of Sumitomo Mitsui Trust Group, and President & CEO of Amova Asset Management Co., Ltd. After working for Morgan Stanley and Barclays, she joined Amova Asset Management in 2014.

Izumi Chihara
Managing Executive Officer, Sumitomo Mitsui Trust Bank She supervises overseas subsidiaries, and is responsible for asset administration operations. After serving as President of BNY Mellon Securities and Executive Vice President/ COO of Newton Investment Management Japan, she assumed her current position in April 2025.

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Three people in charge of asset management and asset administration businesses discuss the attractiveness of our Group and the direction of medium- to long-term initiatives in the asset management business.

—— The key advantages of SuMi TRUST Group

Kimura (Moderator): As you may know, all of you joined the Group from other companies. Could you start by telling us about how you saw the strengths and attractive points of the Group from an outsider's perspective?

Kobayashi: I started my career as a national civil servant. At that time, I was attracted to the role the former Ministry of Posts and Telecommunications played in providing long-term funds through postal savings and postal life insurance. After the war, Japan achieved rapid economic growth through long-term financial mechanisms, such as fiscal investment and fiscal loans, and trust banks. When I joined SuMi TRUST Bank approximately 20 years ago, I felt attracted to the role it played in supporting long-term finance, and I continue to feel that same desire today. During its so-called "lost three decades", Japan was not able to effectively identify with growth industries or provide long-term funds. However, we are now in an important phase of revitalizing the economy through the shift from savings to investments, and by supporting entrepreneurs. From a long-term perspective, our Group plays a role in generating the virtuous circulation of funds and capital, and for me this is extremely appealing.

Needless to quote from Adam Smith, the power of a nation depends on the accumulated wealth of the nation. In other words, we rely on healthy circulation of the money that people have worked hard to save. After the war, Japan supported its recovery by investing long-term funds in heavy industries. Now, however, we need investment that can sow the seeds of new growth, such as investment in startups. Sustainability for society as a whole cannot be achieved without taking into account ESG and sustainability perspectives. Sumitomo Mitsui Trust Asset Management is actively engaged in the provision of long-term funds with ESG in mind, and aims to further strengthen this stance and meet society's expectations.

Drews: I joined Amova Asset Management with the intention of getting involved in the asset management business. At the time, my interest did not extend to SuMi TRUST Group as a whole, but I now feel the deep mutual connections within the Group. Large organizations tend to be siloed vertically or by department, but this is not the case in our Group. For example, Amova Asset Management is collaborating with Ms. Chihara's team in the field of digital assets, and is also working with Trust Base, a digital strategy subsidiary of our Group, to create products using trust beneficiary rights. One of our major strengths is that each Group company has honed its competitiveness in its respective field, which helps each of us to raise our standards as the "partner of choice." Our Group is a publicly listed trust group that operates globally with a focus on trusts and a fiduciary spirit at our core. These features are a major advantage when it comes to promoting our business, and they enhance the trust people place in us as a group, as well as our neutrality. I believe that SuMi TRUST Group's intrinsic value is our ability to comprehensively offer optimal solutions that give top priority to clients' interests, without depending on specific products or schemes.

Chihara: Before joining SuMi TRUST Bank in 2025, I worked for about thirty years at a U.S. bank in Tokyo as a relationship manager for financial corporations. I was responsible for the relationship with SuMi TRUST Group as well, and I had a strong impression that the management and frontline staff had close working relationships, and that there was smooth communication within the organization. The Group's open organizational culture, as well as the fact that we are the only independent trust group in Japan, was also very unique and attractive. I have gained experience in the fields of asset administration, asset management, and wealth management, and I joined SuMi TRUST Bank because I felt great potential in the fact that we offer two independent trust services, asset administration and asset management, as well as the fact that we aim to create new brand value while enhancing each business. I also identify strongly with one of our Group's materialities— human capital. Financial institutions are part of the service industry, and it is because our services and products are provided by people that we can offer sources of differentiation. I am fond of Shingen Takeda, a legendary warlord in 16th-century Japan. His well-known phrase, "People are the castle, people are the stone wall, people are the moat. If you embrace them, they will stand by you", is incredibly meaningful. A company is built and driven by its people, who bring and create new value to the company. This is why I believe that if we grow and support one another, each and every employee will be able to contribute to their community and to society.

Communicating as equals is one of our Group's strengths. We aim to create new value in our asset administration business.

—— Outlook for the asset management business, and the Medium-Term Management Plan

Kimura: With the launch of the new NISA in 2024, systematic investments are becoming more popular. The role of asset management companies has become increasingly important as a function for providing long-term funds for the sustainable growth of society, including investments to build people's assets. At the same time, there has been downward pressure on management fee rates, and it has been pointed out that increasing the amount of assets under management does not necessarily lead directly to growth in profits. With this environment in mind, could you please tell us your plans for strengthening and upgrading the asset management business under the new Medium-Term Management Plan, which began in FY2026?

Kobayashi: The basic principle is that each product needs to perform well and we receive management fees based on the satisfaction of our clients. In the asset management industry, where entry barriers are low, services have become commoditized to a certain extent, and it is undeniable that management fee rates have declined. For this reason, in our Medium-Term Management Plan, Sumitomo Mitsui Trust Asset Management has placed the most emphasis on building our core ability to generate cash. By focusing on large multi-assets, we aim to improve efficiency and reverse the downward pressure in our rate of return. The core concept is to create several large-scale funds exceeding ¥1 trillion, including the World Economy Index fund series, which exceeded ¥1 trillion in cumulative assets under management in May 2026. Rather than intentionally aiming for ¥1 trillion, we aim to create funds that will naturally grow to ¥1 trillion with the support and respect of our clients. We also need to develop mechanisms to generate revenue in areas other than the asset management business over the next three years. Overseas asset management companies have already diversified in various ways. Our Group will continue to explore new business models in collaboration with our asset administration department and by utilizing capital, while paying close attention to conflicts of interest.

The mission of a trust is to provide long-term funds. We will build large-scale funds exceeding ¥1 trillion, with a focus on multi-assets.

Kimura: Amova Asset Management focuses on active management products. For this reason, there might be relatively less downward pressure on management fee rates. What unique features do you hope to demonstrate amid the current industry trends?

Drews: Until now, we have focused on building foundations by strengthening our management capabilities, expanding our product lineup, and changing our brand name to Amova. Our Medium-Term Management Plan, which starts from FY2026, represents a phase during which we will accelerate growth by leveraging this foundation. We have set out the vision of becoming a leader in Asia with a global business platform and bases in Asia. As Asia, including Japan, gains in importance in the global economy, this is a unique strategy for expanding globally from Asia. Approximately 70% of Amova Asset Management's revenues come from the Japanese market, but the acquisition announced in December 2025 of AHAM Asset Management Berhad, which is one of Malaysia's largest asset management company, will increase the ratio of revenues from our overseas business. From a product perspective, in passive management we are working on ETFs and similar products. However, we will develop innovative passive products in addition to simple passive products, and we will work to reverse the declining trend in management fee rates. At the same time, we also offer premium products, and we pursue a so-called "barbell strategy." In the premium domain, we will increase the number of new active fund products for traditional assets, such as the U.S. small-cap strategy. We also focus on private assets, and we will contribute to the "democratization of private assets" in Japan, which our Group is working to promote. Moreover, we will develop products that allow people to invest in private assets around the world. We are currently developing private asset products in Asia jointly with Tikehau Capital of France, and we plan to further strengthen this foundation.

Kimura: With Asia positioned as an important growth market, how will you utilize asset management functions around the world to drive growth? What is your global strategy?

Drews: Amova Asset Management engages in broad-range of businesses, including publicly offered investment trusts targeting individual investors in Japan, ETFs, UCITS funds targeting overseas investors (publicly offered investment trusts based on European regulations), pension funds and sovereign funds in Japan and overseas, and investment strategies for institutional investors. We also mobilize investment capabilities across the world—Tokyo, London, Edinburgh, New York, New Zealand, Hong Kong, Singapore, and elsewhere—to support distribution in Asia. Asia is a critical market, but we also have strong foundations in Europe and New York, and we maintain a presence in Australia and New Zealand as well. Our distinguishing feature is that we are "born in Tokyo and shaped in Asia," while maintaining a truly global perspective.

—— The future of asset administration business and digitalization

Kimura: Please tell us about the asset administration business, which plays the essential role of trusts in promoting a fiduciary spirit. What initiatives are you planning to focus on over the next three years? Please also tell us about your response to digitalization in light of the changes in society and market environments, especially your thoughts on digital assets and the future direction.

Chihara: Our Group's asset administration business has a relatively stable earnings base, but is not completely unaffected by the stock market and interest rate environments. At present, we are performing steadily due to rising share prices and persistently high interest rates. However, it is essential that we work on both refining our cost structure and improving operational efficiency in order to reduce the impact of market trends. To date, SuMi TRUST Bank has provided high-mix, low-volume customized services. However, we will continue to optimize the allocation of resources by considering the value that investors are looking for as the starting point, and by determining which parts of each product or service should be customized and which should be standardized. In this way, we will spare no effort in streamlining each product and service. The future market trend in digital assets remains uncertain, but our Group is preparing to conduct verification tests, including for the tokenization of funds, such as MMFs. The asset administration departments will work with two asset management companies in our Group to support the creation of new services and products for our clients.

Kobayashi: We discussed the need to create additional business to reverse the downward trend in future management fee rates. Perhaps we can find some clues for how to approach this through the tight coupling of asset management and asset administration. For example, in cash management, there are close connections between the management of idle funds, BNPL (deferred settlement) and everyday transactions. As digitalization progresses, tokenized MMFs, whereby funds can be transferred 24/7 and through which interest is accrued every second, are now becoming a reality. The role of an asset management company exists as an extension of the need to invest idle funds effectively. It is important to establish mechanisms to generate new revenues in cooperation with players in industries other than finance so that individual and corporate clients can make investments and settlements more efficiently. Digital assets will be the accelerators of this trend.

—— Aspirations upon appointment as GAMO, and supporting people's asset formation

Kimura: Lastly, I have a question for Ms. Drews. In April 2026, you were appointed as Global Asset Management Officer (GAMO). What are your aspirations for realizing the Group's true potential?

We will develop our business globally based on a "fiduciary spirit." This will contribute to the realization of an asset management nation.

Drews: Our Group aims to contribute to the realization of an "asset management nation." We have been supporting asset formation for a wide range of clients, including pension funds, corporations, and individual investors. The position of GAMO was established to strategically integrate the Group's asset management functions (active, passive, and alternative management) and efficiently communicate this to external parties. I will work to deepen collaboration with our Group companies, and make efforts to help investors better understand our Group's path to driving our asset management business forward.

Moderator: Genzo Kimura

Principal, Asset Management Business Planning Department, SuMi TRUST Group
Before assuming his current position, he worked at the Ministry of Finance, the Financial Services Agency, UBS Asset Management, SuMi TRUST Bank, and GPIF.