

# News Release

## **NAM and NRI Conduct Proof of Concept for Applying AI in the Asset Management Industry**

*-PoC for investment decision making-*

**TOKYO, June 26, 2017** – Nomura Asset Management Co., Ltd. (NAM), one of Japan’s leading investment managers, and Nomura Research Institute, Ltd. (NRI), a leading provider of consulting services and system solutions, today announced that they have conducted a proof of concept (PoC) study to examine natural language processing utilizing Artificial Intelligence (AI).

The objective of the PoC was to assess whether analysis with AI would contribute to increased accuracy of portfolio managers’ investment decision-making. Portfolio managers at asset management firms usually have to process and analyze a large amount of information which includes not only analyst reports, but also a flood of various news sources, industry blogs and social media, such as Twitter<sup>®</sup>, to make forecasts and determine the impact on stock prices.

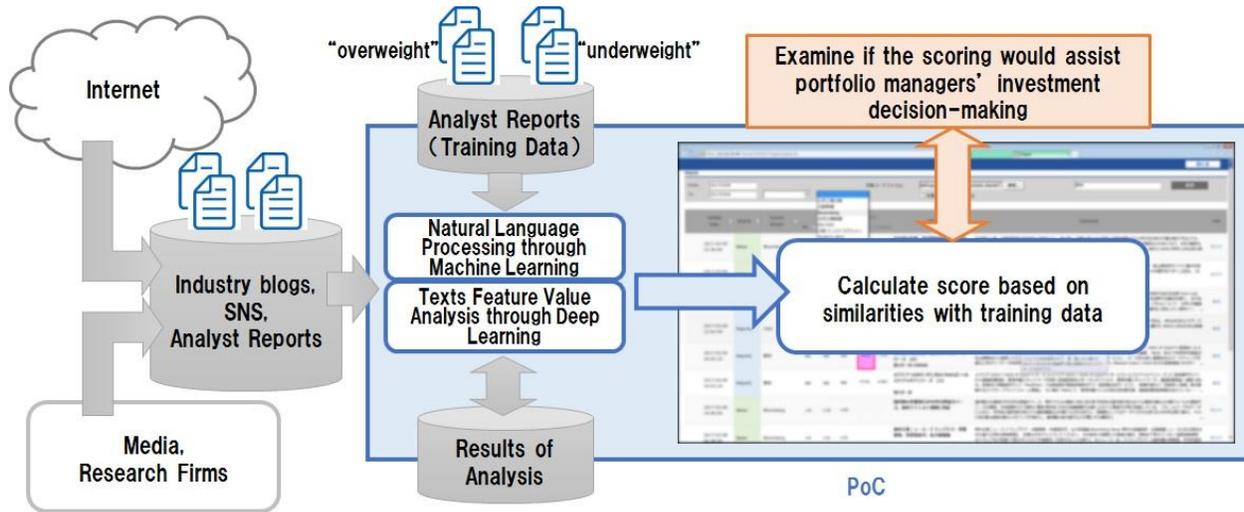
NAM and NRI worked jointly using AI technology to analyze all the information a portfolio manager would consume and score them into two groups; either positive (indicating that company performance or corporate value is likely to rise) or negative (indicating these factors are likely not to rise). This PoC is one of the first full-scale efforts made by a Japanese asset manager to analyze and score analyst reports using AI.

To run this PoC, NRI’s experience in developing AI solutions and natural language analysis was used. NRI first conducted a natural language analysis on analyst reports which highlighted the shifts of investment decisions (For example, a shift from neutral to overweight or from neutral to underweight). The language patterns for “positive” and “negative” were then identified and used as training data for AI. Finally, the AI calculated the similarities between the training data and the targeted materials, scoring whether each piece of information is “positive” or “negative”.

The result of the PoC highlighted that analysis of analyst reports using AI enabled the quantitative assessment of information which portfolio managers usually see as qualitative. In addition, even text information from news websites and blogs could be quantitatively scored and used to enhance the ability of portfolio managers to make investment decisions. In the future, it is expected that more information that could not have been captured by humans qualitatively, will be available as quantitative information and utilized for investment decision-making.

The PoC was conducted in 2016 and 2017. NAM and NRI plan to continue to work with clients to create PoCs and to explore cases where AI can help to move the industry forward.

## Overview of the PoC



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### About NAM

NAM was established in 1997 through the merger of Nomura Securities Investment Trust Management Co., Ltd. (founded in 1959) and Nomura Investment Management Co., Ltd. (founded in 1981). With total assets under management of approximately \$426 billion as of March 2017, NAM has grown to become one of Japan’s leading investment managers. NAM’s international business has grown continuously since establishment, offering investment strategies to clients based across Asia, Europe and North and Latin America.

For more information, visit <http://www.nomura-am.co.jp/english/>

### About NRI

Founded in 1965, NRI is a leading global provider of system solutions and consulting services with annual sales exceeding \$3.7 billion.

NRI offers clients holistic support of all aspects of operations from back- to front-office, with NRI’s research expertise and innovative solutions as well as understanding of operational challenges faced by financial services firms. The clients include broker-dealers, asset managers, banks and insurance providers. NRI has 35 offices globally including in New York, London, Tokyo, Hong Kong and Singapore, with over 10,000 employees.

For more information, visit <http://fis.nri.co.jp/en>

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