Special Feature

The Challenge of Being "The Trust Bank"

Strategies of the Group's Fiduciary Services Business

that boasts highest balances for both assets under management and under custody in Japan

In our Fiduciary Services Business that boasts the highest balances for both assets under management and assets under custody among peers in Japan, we provide comprehensive, high value-added services, ranging from pension plan design to asset management and administration.
We will keep providing superior services as a financial group, by seamlessly deploying the know-how and expertise that we have developed so far, together with the Group as a whole.

The fiduciary business performances, ranked No. 1
(as of the end of September 2014)

Assets under management	Approx. ¥74 trillion	No. 1 among Japanese bank and securities company groups
Assets under custody*	Approx. ¥206 trillion	No. 1 among Japanese bank groups
Balance of corporate pension funds	Approx. ¥16 trillion	No. 1 among Japanese trust banks
Lead manager for corporate pension funds	1,448 funds	No. 1 among Japanese trust banks
Entrusted balance of investment trusts	Approx. ¥44 trillion	No. 1 among Japanese trust banks

* This refers to the aggregate balance of trust assets at Sumitomo Mitsui Trust Group.

Comprehensiveness

Providing high value-added services, ranging from pension plan design to asset management and administration, with an emphasis on growth potential, profitability and industry share

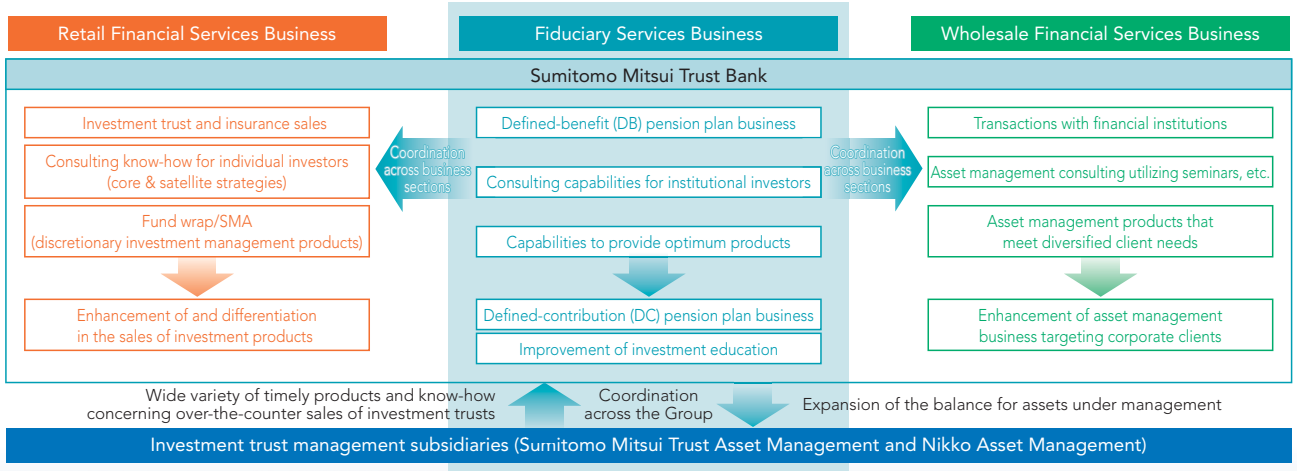
Designing Pension Plans
- Providing system planning consulting in the form of optimized, tailor-made plans based on both defined-benefit and defined-contribution pension plans.
- Total support for overall personnel administration and employee welfare

Asset Management
- Capturing client needs through in-depth consulting
- Proposing optimum combinations of our rich product offering

Asset Administration
- Providing a wide range of services, including the administration and settlement of securities and the preparation of reports for clients regarding the status of their asset
- Developing a comprehensive asset administration business both in Japan and overseas, including administrative operations of securities in each country outside Japan and foreign-domiciled funds

Seamlessness

Targeting both individual and corporate clients, we are deploying the know-how we have developed so far in collaboration with other businesses of SMTB as well as affiliated companies and together with the Group as a whole.



Support to Regional Financial Institutions

Supporting regional financial institutions in both sales of investment trusts and proprietary asset management
Expanding the Group's balances for both assets under management and assets under custody, through strengthening the relationship with regional financial institutions

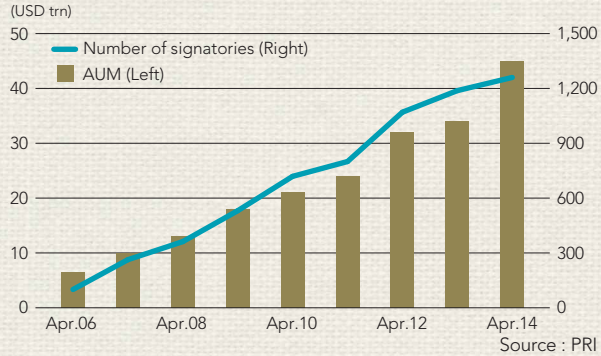
Business Partnership with the Bank of Yokohama

In October 2014, Sumitomo Mitsui Trust Bank concluded a strategic relationship agreement with the Bank of Yokohama regarding a business alliance related to asset management and sales of investment products for individual clients, including joint establishment of a new asset management company. Under this business alliance, both banks aim to further strengthen activities to support clients' asset building, through offering investment products that contribute to medium- to long-term and stable asset management, with future prospect of increasing the number of alliance partners.

Social Responsibility of an Asset Management Institution

Growing Interest in ESG (Environment, Society and Governance) Issues

In recent years, we have seen growing interest globally in issues concerning the environment, society and governance, as investment opportunities as well as business risks. The number of asset management institutions that have signed the Principles for Responsible Investment (PRI) has been steadily increasing over the years, now totaling over 1,000 institutions, with total assets under management (AUM) in excess of $45 trillion.



Source : PRI

ESG-themed Initiatives of the Group

The Group started operation of Japan's first responsible investment fund (Nikko Eco Fund) in 1999. Since then, we have been developing ESG-themed products ahead of industry peers and offering the products for the individual market as well as institutional investors including pension funds. In 2006, the companies in the Group became signatories of the PRI, which requires institutional investors and asset management institutions to consider ESG factors in making investment decisions, as a pioneer in the Japanese market to tackle ESG issues.

While progress in tackling ESG issues in Japan and the Asia region is still behind that in the US and Europe, we are actively deploying ESG-themed products as a regional leader, capitalizing on the Group's advantages such as having the most assets under management in the Asia region, the financial environment in which we operate, and activities of our analysts well familiar with investees' corporate culture.

In February 2014, the Financial Services Agency announced the launch of "Japan's Stewardship Code," which is the principles of conduct for institutional investors introduced as part of capital market reform under the initiative of the Japanese government. Furthermore, a Corporate Governance Code for listed companies is also scheduled to be introduced, ahead of the season of general shareholders meeting in 2015.

As focus is growing on the enhancement of corporate governance and improvement of capital efficiency, both based on "purposeful dialogue" between investors and companies, the Group is operating its businesses to contribute to the interests of beneficiaries.

Our Own Global CSR Activities

Company Visit by a Group of Dutch University Students

As part of our CSR activities, we received a visit on October 17, 2014 from 28 students specializing in accounting and finance at Tilburg University in the Netherlands. This visit was realized at the request of these students who learned about SMTB via its website.

On this occasion, we explained the friendship between Japan and the Netherlands dating back to a unique bilateral trading arrangement in the Edo Era. Also, an SMTB economist provided a lecture on topics including the current status of Abenomics, market trends and the Japanese pension system. As the students showed keen interest in the Japanese economy, questions and answers were exchanged on the subjects of the pension system, trends of capital expenditure, mortgage loan rates, etc. In the second half of the meeting, we had discussions in small groups in which SMTB employees participated. Everyone actively exchanged opinions on various themes these students were interested in, such as work experience overseas as expatriates, how to keep a good balance between work and family life and the presentation skills required on the job.

We hope this visit would prove to be a productive experience for these young people, who will play a role in their country's future.

Special Feature

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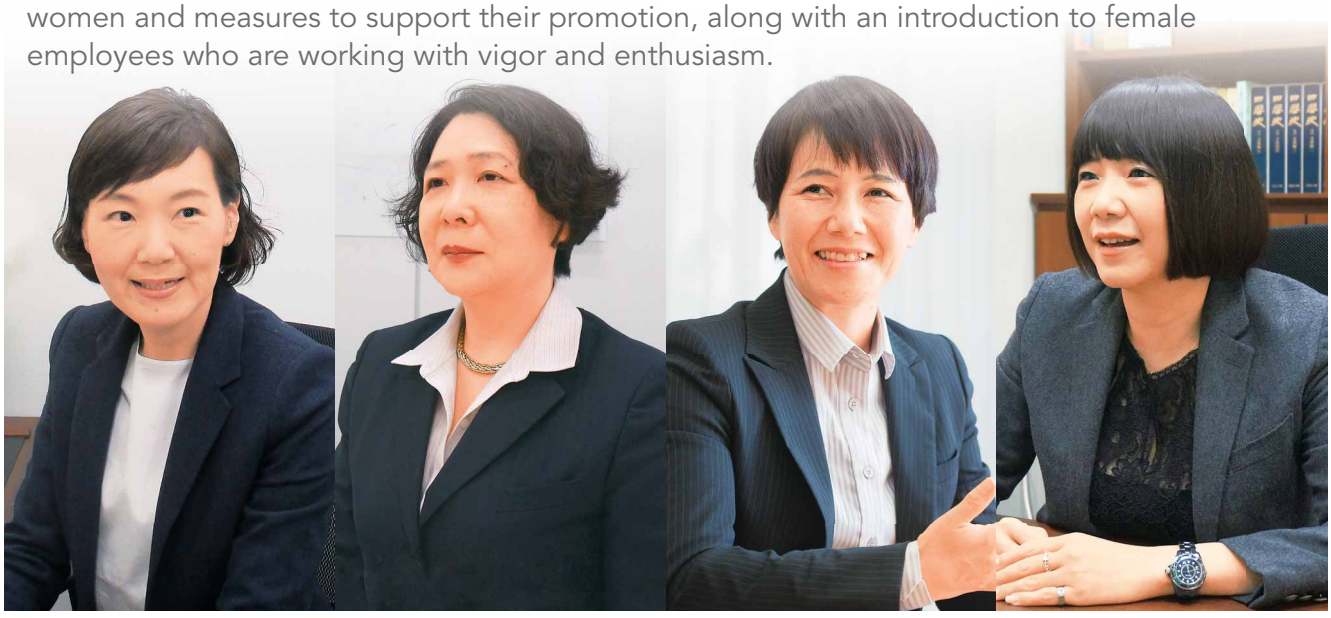
Women Fulfilling their Potential in the Group

The following reports on the status of Sumitomo Mitsui Trust Bank's activities to promote women and measures to support their promotion, along with an introduction to female employees who are working with vigor and enthusiasm.



Promotion and Support for Women

In order to make the maximum use of each individual's abilities, the Group appropriately assigns personnel based on capability and suitability, while adhering to merit-based promotion.

SMTB had six women at the general manager level, 179 at the section manager level, and 1,051 at the unit chief level as of September 30, 2014. We hold training programs for independent career development and network building as part of our active encouragement of the promotion of women. We also post interviews with successful female employees on the company intranet, which is a measure that gives our employees various shared role models and broadens the range of career-building options for women. Making these interviews available on the intranet allows employees to have contact with a variety of senior colleagues regardless of their own area of work.

We also strive to create a workplace culture and put in place various types of systems that facilitate the choice of flexible working styles according to life events such as childbirth, raising children, and nursing care, in order to support a balance between work and home.

The Group respects a diversity of thinking and points of view from the perspective of creating a new business model that combines many different functions as a trust bank group.

We will respond to the increasingly sophisticated needs and expectations of our clients by promoting and assigning female employees in a range of business areas.

Women Managers

	End of March 2013	End of March 2014	End of September 2014
General Managers Level	3	6	6
Section Managers Level	158	180	179
Unit Chiefs Level	1,007	1,030	1,051

Male and Female Employees

	End of March 2013	End of March 2014	End of September 2014
Male	7,171	7,092	7,161
Female	6,685	7,451	7,598

Employees who Took Childcare Leave

End of March 2013	220
End of March 2014	268
End of September 2014	223
End of March 2015 (forecast)	290* (including those who plan to leave)

*pro forma amount

Interview

As the Community's Only Trust Bank

Hiroko Konishi
General Manager
Shin-Yurigaoka Branch

The Shin-Yurigaoka Branch is a new facility that opened in November 2013 in Kanagawa Prefecture after the launch of SMTB. A concentration of large commercial facilities and public institutions around Shin-Yurigaoka Station makes the area very convenient. More and more development is anticipated in the future. Shin-Yurigaoka is characterized by its numerous mature residential neighborhoods, so there are a lot of consultations unique to this locality. I make efforts daily with branch members to seek high-quality proposals to suit the needs of each and every client. Since the new branch opened, it has continued to grow successfully with the support of local clients and now has around 6,000 managed clients and approximately ¥60 billion in assets in custody.

As SMTB's first environmentally friendly "Eco-Branch," the Shin-yurigaoka Branch aims to be a "bank that is friendly to the town and to people" and considers the environment through measures such as using electric cars, installing solar panels on the roof, and introducing energy saving and conservation systems that automatically control electricity consumption.

We sponsor local music festivals and various community activities. We also actively provide information unique to a trust bank, by planning and organizing educational opportunities for senior citizens.

As the area's only trust bank, we will continue to create and deliver "things of value" based on a flexible capacity to generate ideas so we can stand beside everyone in the community and serve their needs.

Events to Note

Ayako Sera
Associate General Manager
Global Markets Business
Planning Department

I am keeping an eye on U.S. monetary policy, which has the greatest impact on the world's financial markets. Although low interest rates have prevailed for a long time, there is a growing possibility that an interest hike will be decided in 2015. Based on past trends, monetary tightening by the United States tends to destabilize financial markets, and it becomes necessary to keep an eye out for risks such as a sudden drop in the value of stocks and corporate bonds. Meanwhile, in Japan, 2015 will likely be a year that puts the true worth of the government's growth strategies to the test, with the additional increase in the consumption tax put on hold and the general election over with. The concern is that the situation will relapse into the pre-Abenomics slump unless the markets judge the economy to be moving toward improvement, if only gradually.

As a Market Strategist

As a market strategist, I want to put out information from a slightly different angle from other people, so it can serve the needs of people receiving it. For example, if I forecast that "during the next year, the yen will depreciate to $1.00=¥XXX," it would be vital to show why I forecast a move in that direction, why I predict it would reach that level. Moreover, should the forecast be wrong, to show the reason why. When giving reasons for forecasts and risk factors, the direction I'm looking toward can itself become useful information if I am able to communicate information ahead of time about things other people have not yet seen but are likely to be the focus of future attention.

As a Financial Consultant

Shiho Wakamoto
Senior Financial Consultant
Aobadai Consulting Office

One of my jobs as a financial consultant is to assist with will writing. Wills contain a section for "additional comments" where the testator can convey his or her feelings in a message to their family or others. For example, a husband might say to his wife, "I'm glad I was able to spend my life with you," straightforwardly expressing his warm feelings for his family. Once, when I was disclosing the content of a will to the bereaved family, the wife and children of the deceased wept as they remembered their husband and father. His message of love had reached his family, and I felt glad when I realized I had been able to help.

While talking to clients in the process of writing a will, I have had frequent opportunities to learn about how they live and their beliefs about work and other matters. This has been a valuable experience for me.

The job of financial consultant allows women to use their unique qualities of being attentive to detail, easy to talk with, and friendly. By listening to what clients say and getting to know them, I hope to be able to assist our clients through comprehensive consulting so that the assets they have worked so hard to build up are smoothly inherited, along with their thoughts.

With a Sense of Gratitude

Maki Wakui
Head of Consulting Services and Operations
Tokyo Business Department

Recently, I've had more opportunities to deal with clients that I wouldn't have had contact with before, by working with such products as the Tuition Fund Endowment Trust, NISAs, and housing loans. Every client has their own situation and circumstances, so I try to listen carefully to the wishes of each and to see things from the client's point of view. There are cases where I can't be of assistance. But I sincerely communicate the reason why I can't help when dealing with clients. I also strive to keep in mind a sense of gratitude that they chose our company and visited our branch.

Meanwhile, I convey to young employees that, while the current environment makes it possible to carry out the procedures for various products online, we must not forget to be grateful to clients for making an appointment to come in and for spending long periods of time going through procedures. I also convey to them that we must remember that only after we precisely carry out such administrative procedures can we gain a client's trust and have them listen to our proposals. Responding to customer needs and discovering needs that the customer has not yet noticed are things professionals take for granted, but I hope our employees will be able to say to clients, "Thank you for coming in today," and mean it from their hearts.