

Joint Research on Future Financial Services for the New Normal Era

What it means for a person to invest

Conceptual Analysis and Value Proposition
on "Investment as Self-Formation"

How financial services can support the realization of individual values.

~Consideration from a philosophical perspective~

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Research Objectives

1. Purpose of the Study

To understand investment and asset-formation as human activities that go beyond economic activity, philosophical considerations about the self and emotional well-being (EWB) are useful.

- Phase I Joint Research ~Theory~ (2021/4 - 2023/3)
 - ✓ Asset-Formation as an act of realizing EWB for individuals
 - Asset-formation is viewed as a comprehensive value of “EWB” rather than a narrowly defined economic value of money
 - ✓ Development of a Life Integrator Scale that quantitatively visualizes the components of EWB
 - There are two types of values: "I/Me" values and “We/Us" values. These are further broken down into four factors: "risk," “quality of life,” “view of life,” and "social integration.“ By doing so, each person can consider how much importance they place on each factor.
 - Visualization of the internal structure of one’s EWB
- Phase II Joint Research ~ Practice~ (2023/4 - 2025/3)
 - ✓ What does it mean for a person to invest?
 - Consideration of the logic of one's inseparable relationship with society through the mediation of tangible and intangible assets, and the norms for the coexistence of both in terms of value through work projects
 - ✓ Clarification of the mechanism that drives the recognition of multiple values (EWB) into a single action practice
 - ✓ Proposal of guidelines for individuals to make independent economic decisions and enjoy the fruits of those decisions
- **The Responsibility of Academia and the Investment Manager**
 - ✓ **Academia: Examines issues of interaction between perceptions and actions in a social context**
 - ✓ **Investment management firms: Practice of bridging values and actions**

Research Objectives

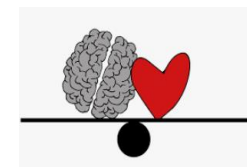
2. Goal Investment Paradox

- Effects of time discounting
 - ✓ The manifestation of a big gap between the original goal and the current situation makes people lose the will and confidence to continue investing
 - ✓ When the achievement of goals becomes a self-objective, the present becomes a slave to the future and prevents an EMB life



3. What is asset building that covers both understanding of intelligence and sensitivity

- Accept the reality that "things may not go as planned" not only intellectually but also intuitively
- Asset building becomes a self-development experience, and investment becomes a growth process that enriches one's life



4. A story that connects snapshots

- The Life Integrator Scale is a tool that visualizes a person's sense of EMB as a snapshot of their "current state" and "ideal state" at a specific point in time, and it encourages actions to close the gap.
- An instinct understanding of stories/narratives as a tool for connecting discrete snapshots and grasping them in a continuous and integrated way, and navigating a reality that requires instantaneous judgment



Cyclical relationship between asset formation and self-formation

1. The meaning of "forming" / "creating" something

- The impact of the "act" and "process" of asset-formation on self-formation
- Circular connectivity between "act" and "process"

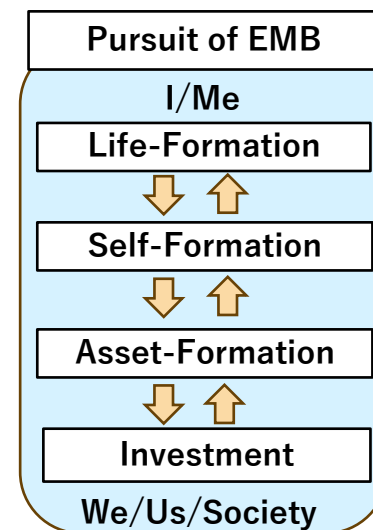
Front (Life) Back(Price)



2. "What is created nurtures the creator"

"Historical Body (1937)" from Nishida Kitaro's Lectures (Iwanami Bunko)

- Ambivalence between asset-formation and self-formation
 - ✓ A continuous cycle of mutual production between assets and subjects through narrative
- Assets are embedded with "my story/narrative," and at the same time are inseparably linked to the values and knowledge inherited from society, defining the possibilities for one's actions and choices and forming the basis for enhancing the direction of one's life.
- Asset-formation based on a symbiotic self with society (**Self-as-WE**)



3. The relationship between investment and "goals"

- The purpose of asset-formation can be seen from two perspectives
 - ✓ Externalization (results) and Internalization (process)
- The perspectives of **kinesis** (results) and **energeia** (process)
- The purpose of human life (telos) is not to be found at the end of one's life, but to be continually realized as a way of life.



Narrative Self-Approach to Self-Formation

1. Intuitive self-image : An Act of Sensibility

- Reason is the slave of the passions — **David Hume**
Reason tells the relationship between means and ends, whereas only passions can motivate action
- Self-narratives automate decisions, help turn behavior into habits, and ultimately provide the intuitive self-understanding necessary for wealth creation
- By creating a story that reflects your values and way of life, asset-formation becomes a part of your life, not just a plan



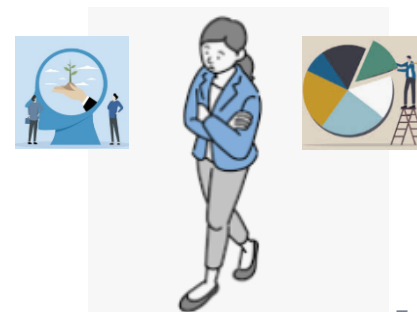
2. The Narrative Self : An Act of Intelligence

- Self-understanding and self-expression through words
 - ✓ Narrative thinking as a mode of thinking linked to emotions and desires
 - ✓ A story of “My” self that integrates one's unique worldview, experiences and values
 - ✓ “My” self-understanding depends on the history and traditions of the community (society)



3. A narrative that supports wealth creation

- A "philosophical" narrative about asset-formation serves as an "awakening," linking investment to one's own EWB and values rather than merely as means to an end, and providing a rationale for a satisfactory relationship with money

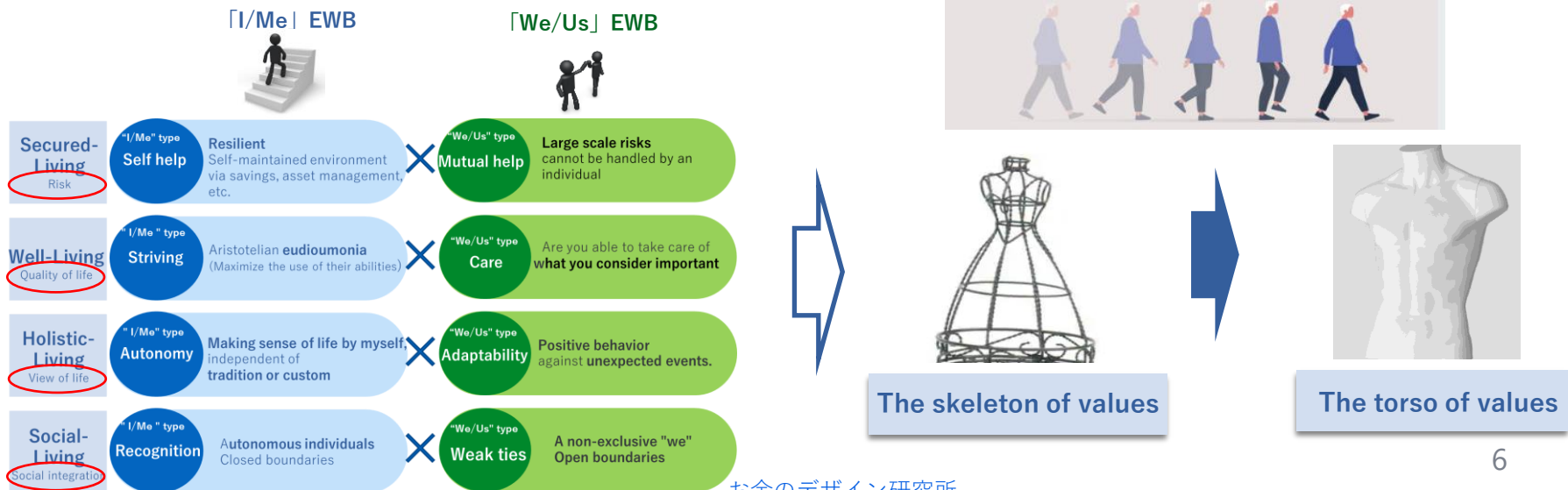


Narrative Self-Approach to Self-Formation

4. Utilizing the Life Integrator Scale

Phase I Joint Research (2021/4~2023/3)

- Distinguishing between two types, "I/Me" type and "We/Us" type,
- These are combined into four areas: "risk," "quality of life," "view of life," and "social integration"
- 16 items are set that indicate the "reality" and "ideal" for each of 2 types & 4 areas
- Visualizing the "reality" and "ideal" sense of EWB, capturing the change in values and reconsidering actions
- Story/Narrative as a tool to comprehensively capture the transition of values
 - ✓ Understanding the concept of EWB, which is composed of values and structures based on the Life Integrator scale, as a skeletal model
 - ✓ Narratives are what give flesh (torso) to the skeleton
 - ✓ Narratives give the concept of EWB an emotional outline and intuitive understanding



Narrative Self-Approach to Self-Formation

5. Creating a narrative

- How to use generative AI (ChatGPT)
 - ✓ AI creates a character profile useful for asset-formation
 - ✓ In addition, visual symbols that represent the view of EWB according to the answer pattern are included
- Significance and precautions of using generative AI (ChatGPT)
 - ✓ It can generate expansive narratives based on collective intelligence while reducing arbitrariness
 - ✓ Reconstruct your own story while appropriately incorporating the perspectives of others
 - ✓ The text created by the generative AI may contain incongruities, so review is required

Your personality
You are like a garden, where the scenery changes beautifully with the seasons. You have the ability to balance personal responsibility with support from those around you, and to respond flexibly to risks. While you value challenges to achieve self-actualization, you also have the consideration for traditions and important people, which shows your unwavering convictions and deep love for humanity. While you move forward toward long-term goals, you also have the adaptability to come to terms with chance and reality. You are open-minded when it comes to social changes, and while making use of your experiences, you pursue spiritual richness. While you seek the approval and recognition of others, you also value the natural connections and solidarity that you feel every day, and have a spirit of mutual help and sharing. Like the wind blowing through a garden full of blooming flowers, your behavior brings a sense of calm and security to people's hearts. Your actions and words have the power to provide healing and encouragement to those around you, and deepen empathy and understanding. Always positive, you are also sensitive to the opinions and feelings of those around you, and you pursue a balanced way of life, so you will be a beacon of hope for many people.

Hiragana word that describes you : 「Graceful (Tayaka)」

Color that represents you : Light green (Wakaku)

The light green color symbolizes the vibrant energy of new shoots and the soft gentleness of spring. It represents your flexibility, adaptability, and your attitude of valuing connections with others.

Your attributes (EMB Integrister Scale)

Attributes	Scale
Secure living (1) - Risk	4
Well living (2) - Quality of life	3
Holistic Living (3) - View of life	2
Social Living (4) - Social integration	1

Recommended portfolio based on your answers

Standard Asset Allocation: GP(15), IP(35), IHP(50)

You who consider choosing a strategy that matches your values
It is about pursuing progress for "me" in relation to the rate of change in society. On the other hand, it is also possible to stop living and aim for the opposite, stability of "we" society as a whole, so you can choose either one. Of course, if you do not make such a choice and instead follow the recommended portfolio shown above, there is no need to choose.

Focus on my features (Me) | Focuses on the opposite of features (We) (US) | Neither

Strive Growth Strategy | **Care Stability Strategy**

EXI (Shares Global Industrials ETF) | KXI (Shares Global Consumer Staples ETF) | SD Portfolio

Since you have chosen a strategy that focuses on "me", you will be using the following customized strategy.

Your standard portfolio and customization proposals

Standard Asset Allocation: GP(15), IP(35), IHP(50)

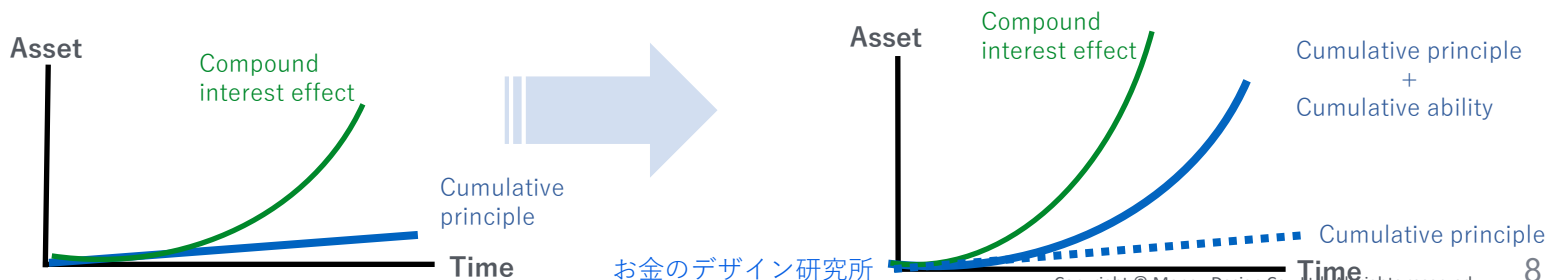
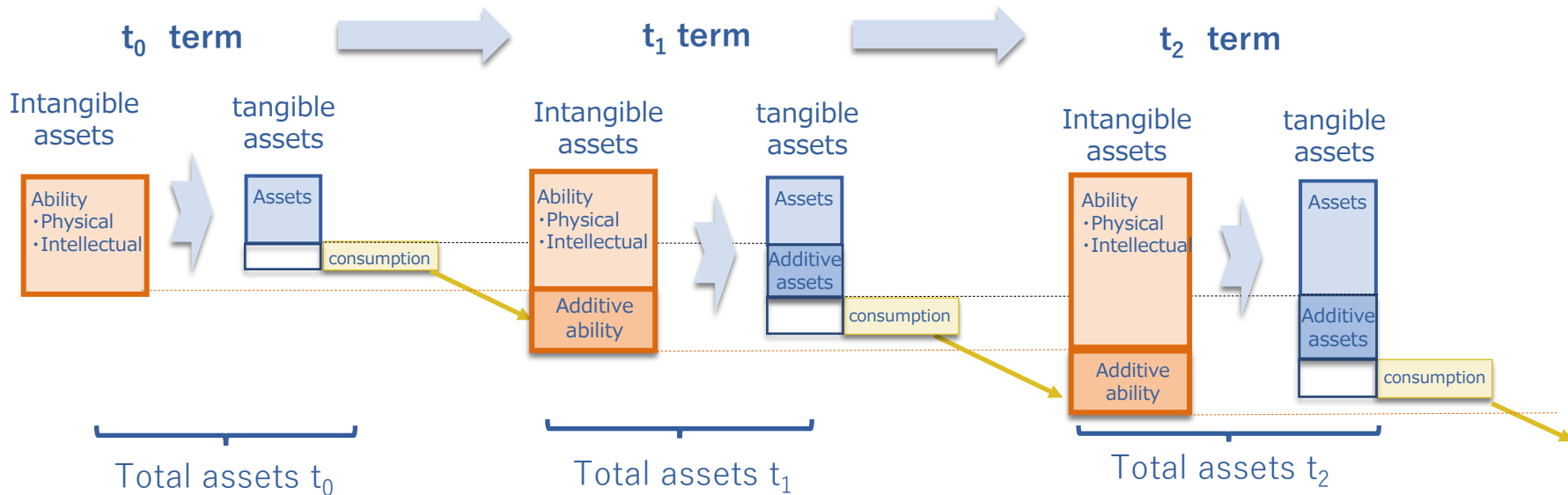
Customized Allocation: GP(10), IHP(35), GP(customized)(55)

(Proposal strategy)
We have incorporated the Global Industrial Strategy, a strategy oriented towards the "challenge" of "myself" that shows your characteristics in the theme of Well-Living, into 10% of GP.

Social nature of investment and “Good EWB for us all”

1. Investing in one’s current self

- Partially postpone the use of funds until a more suitable time in the future, and allow the reserved funds to grow in line with the natural growth of individuals and society
- Allocate one’s asset to “external markets that are constantly changing” in order to complement one’s self-investments
- The securities market serves as a standard for objectively evaluating one's own growth



Social nature of investment and “Good EWB for us all”

2. Investment is an act that depends on the market infrastructure system

- Investing in securities is not completed by oneself, but is a social act that takes place in relationships with others
 - ✓ It is premised on the use of a market infrastructure system that guarantees fairness, efficiency, reliability, and sustainability
- Investment is an act of entrusting part of one's funds, agency, and capabilities to a multi-agent system
- Financial assets "always-already" contain a social nature of being



3. “Self-as-WE” and “Good EWB for us all”

- My investment is not just for my own benefit, but is an act that potentially has a social nature to the economy and society
- Is consideration of social responsibility and commonality an "extra burden" or an "extra benefit"?
- "We in Me" - The Self in Coexistence with Society
 - ✓ “Good EWB for us all ” through investment based on "Self-as-WE”



Conclusion: Expansion of “We/Us” and inheritance of assets

1. The essence of investment : "Entrustment"

- The potential of the self, seen as "assets," becomes a source of activity for others through the system of "entrustment" called investment
- Through the interactive relationship between the assets and the self, they will be internalized (nurtured) again in the future
- The scope of others is broadly expanded geographically and temporally
- The efforts of the present generation to increase the positive social benefit for future generations
- Moral considerations vs objective evidence/reasoning



2. An approach based on consideration and care

- Instead of imposing standards and goals, practice being considerate of others
- The current generation is in a position to have a unilateral influence on future generations
- The current generation has a responsibility to future generations
 - ✓ Inheritance to children and grandchildren
 - The "inheritance" of the heart can also include the inheritance of attitudes and expectations toward others and society
 - Discretionary investment management business is not only about the assets themselves, but also about passing on the values of asset-formation across generations

