

FY2019

**1st Quarter Earnings Presentation
(Apr. 2019 – Jun. 2019)**

August 9th, 2019



SPARX Group Co., Ltd.
<https://www.sparx.jp/>

Mission

**To make the world wealthier,
healthier, and happier**

Vision

**To be the most trusted and respected
investment company in the world.**

FY2019 Q1 Performance

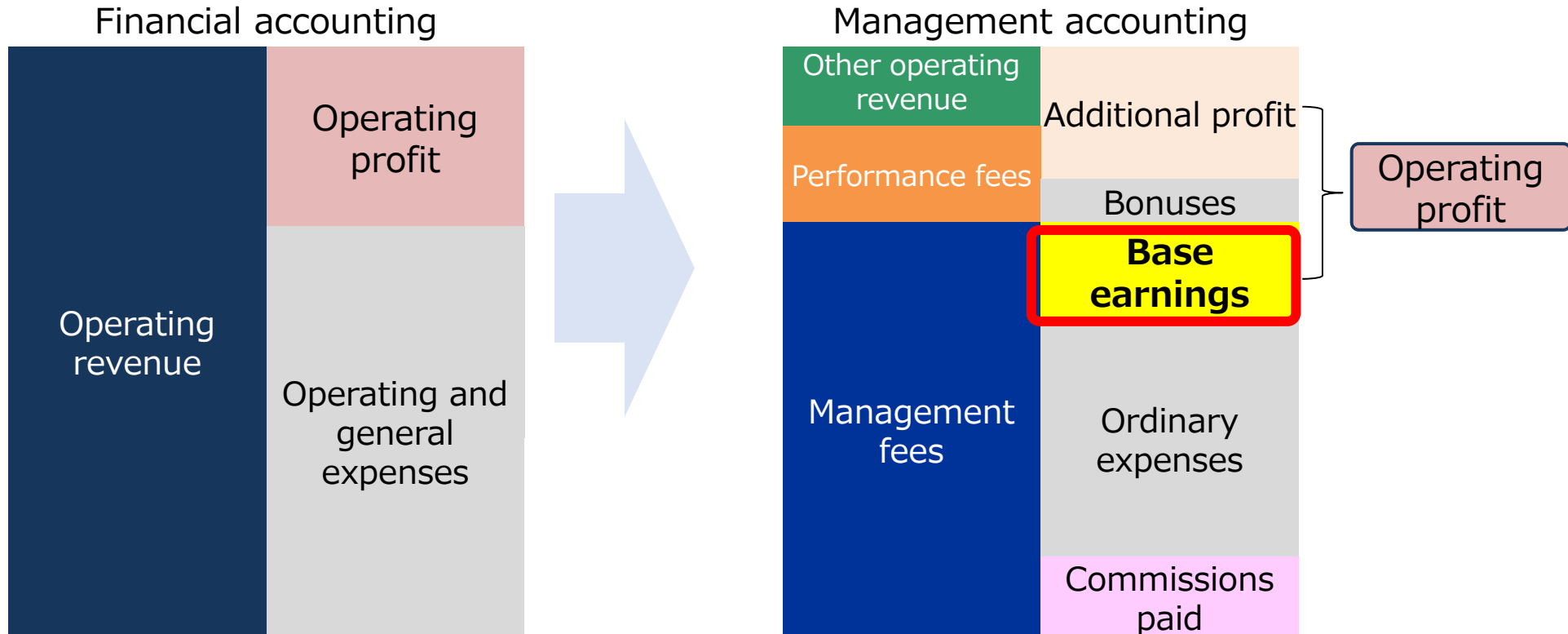
About This Earnings Presentation

This earnings presentation provides management accounting details not included in the consolidated statement. Note that, as shown in the following diagram, SPARX categorizes (1) management fees, (2) performance fees, and (3) other operating revenue, while (1) ordinary expenses, (2) commissions paid, and (3) bonuses are included in operating and general expenses.

SPARX Group has set **base earnings** as its overriding administrative index. Base earnings demonstrate whether a business has the earning capacity needed for a sustainable, stable foundation. We use the following formula to calculate base earnings:

$$\text{Base earnings} = (\text{Management fees} - \text{Commissions paid}) - \text{Ordinary expenses}$$
$$= \text{Management fees (after deducting commissions)} - \text{Ordinary expenses}$$

In financial accounting, operating profit includes one-time or additional performance fees, but these fees fluctuate considerably, according to trends in the stock market or business progress in real asset investments. Therefore, **base earnings indicate genuine earning capacity.**



Consolidated Earnings Summary (1) Performance



Year-over-year growth in our AUM for publicly offered investment trusts and Mirai Creation, which offer particularly high management fees, has led to a 17.8% increase in base earnings—the foundation for our sustainable, stable business.

(Unit:Millions of yen)	FY2018	FY2019	YoY change
	Apr2018-Jun2018	Apr2019-Jun2019	
Operating revenue	2,575	3,186	+23.7%
Operating profit	889	1,139	+28.1%
Net income	739	768	+3.9%
Base earnings	860	1,013	+17.8%

(Note) See pages 4, 6, 29, and 35 for more on base earnings.

Consolidated Earnings Summary (2) Performance



		FY2018		FY2019	
		Apr2018-Jun2018	Full Year	Apr2019-Jun2019	YoY change
Average AUM	(Billions of yen)	1,131.0	1,157.2	1,180.1	+4.3%
Management fee rate	(%)	0.71%	0.73%	0.79%	+0.08
(After deducting commissions)					
Management fees	(Millions of yen)	1,998	8,449	2,336	+16.9%
(After deducting commissions)					
- Ordinary expenses	(Millions of yen)	1,138	4,789	1,323	+16.2%
Base earnings	(Millions of yen)	860	3,660	1,013	+17.8%
Performance fees	(Millions of yen)	155	922	343	+120.4%
Percentage of AUM eligible to earn performance fees	(%)	27.2%	30.2%	31.0%	+3.8
Other operating revenue	(Millions of yen)	38	115	22	-41.5%
- Bonuses	(Millions of yen)	165	795	239	+44.7%
(including ESOP Expense)					
Operating profit	(Millions of yen)	889	3,901	1,139	+28.1%
Profit attributable to owners of parent	(Millions of yen)	739	3,246	768	+3.9%
Return on equity (ROE)	(%)	15.4%	16.2%	15.6%	+0.1

(Note 1) Management fees include administrative fees for the power stations related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.

(Note 2) Performance fees include one-time fees received as compensation for real estate purchases/sales related to our Japanese real estate investment strategy, as well as one-time fees (acquisition fees) received as compensation for formulating power station plans related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.

Consolidated Earnings Summary (3) AUM



We continue to see an influx of AUM in Japan, maintaining a total of JPY1.1 trillion.

(Unit:Billions of yen)	AUM			Average AUM (Three months)		
	As of March, 2019	As of June, 2019	Change (%)	FY2018	FY2019	YoY change (%)
Japan	1,148.7	1,153.4	+0.4%	1,096.1	1,149.5	+4.9%
Korea	14.1	9.4	-33.2%	18.9	11.2	-40.5%
Asia	22.7	18.0	-20.6%	15.9	19.3	+21.2%
Total	1,185.6	1,180.9	-0.4%	1,131.0	1,180.1	+4.3%

	As of June, 2018	As of March, 2019	As of June, 2019	YoY change
TOPIX	1,730	1,591	1,551	-10.4%
NIKKEI stock average (JPY)	22,304	21,205	21,275	-4.6%
KOSPI	2,326	2,140	2,130	-8.4%

*See our "Notice of Month-End Assets Under Management" for details on SPARX's AUM as of June 30, 2019.

<https://ssl4.eir-parts.net/doc/8739/tdnet/1729457/00.pdf>

Business Progress Report and Future Plans

Japanese Equity

While we lost a big contract with an overseas institutional investor and our AUM has fallen across a few of our strategies, we have continued to see a net inflow with Japanese investment trusts.

OneAsia

FY2018, we established two publicly offered investment trusts as a result of investment intelligence shared among our offices. We are also working to have leading securities firms distribute our other funds in this category.

Real Assets

Since April 2019, the Mirai Creation Renewable Energy Fund made several new investments and brought its AUM up to JPY189.3 billion.

Mirai Creation

Mirai Creation Fund II executed substantial investments.

Four Pillars of Growth: Combining High Profitability and Stability

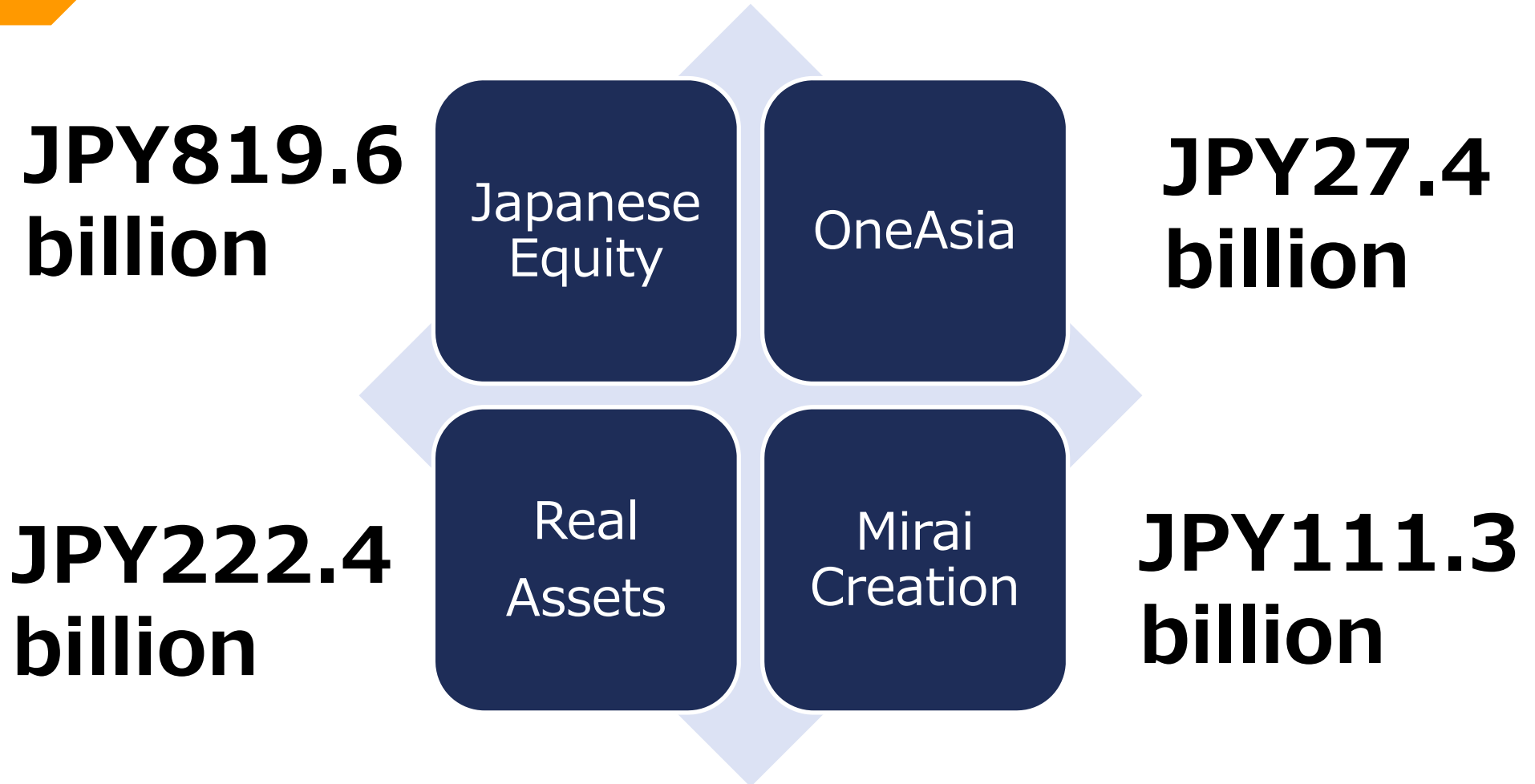


High
profitability

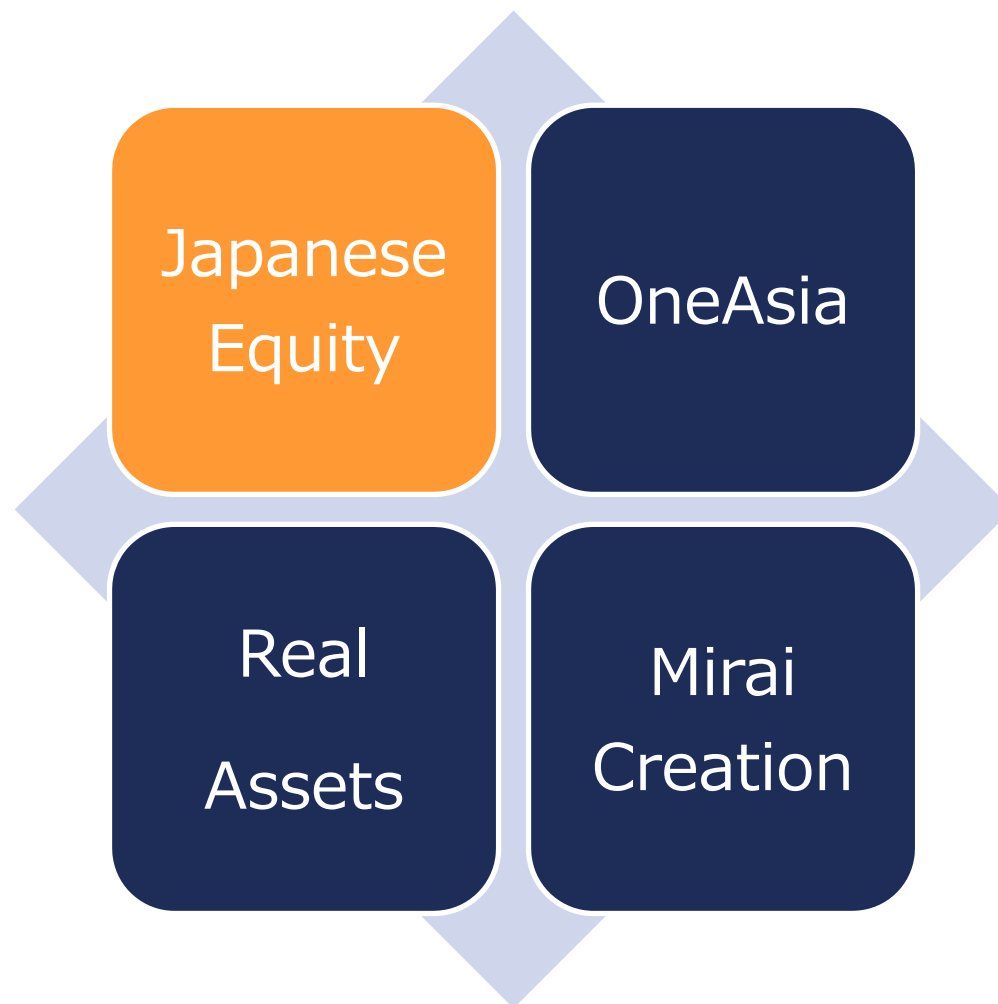
Fund performance generates significant income
(performance fees)

Stability

Ongoing long-term contracts generate stable income



(1) Japanese Equity Investment Strategy (AUM of JPY819.6 billion as of June 30, 2019)



Japanese Equity Investment Strategy: Status of AUM



- While our AUM across all strategies declined due to the loss of a major client, the AUM for our market-neutral investment strategy steadily increased because of its continually reliable performance, despite harsh market conditions.

(Units : Billions of yen)	AUM			
	Mar. 2019	June. 2019	Change	Change (%)
Japanese Equity Long-Short Strategy	46.1	33.0	-13.1	-28.4%
Japanese Equity Focus All Cap Strategy	506.3	504.6	-1.6	-0.3%
Japanese Equity Mid & Small Cap Strategy	203.3	188.1	-15.2	-7.5%
Value Creation/Engagement Strategy	11.2	2.7	-8.5	-75.8%
Japanese Equity Market Neutral Strategy	42.7	50.1	+7.4	+17.4%
Japanese Equity Sustainable Strategy	41.4	40.9	-0.4	-1.1%
Total	851.2	819.6	-31.5	-3.7%

SPARX Wins at the 2019 R&I Fund Awards



Investment Trusts Aggregate/Japan Equity Fund
Aggregate category: First Prize
SPARX Asset Management Co., Ltd.



Investment Trusts 10-year/Japan Equity Fund
category: First Prize



Investment Trusts /Japan Equity Fund category:
First Prize
SPARX New Global Blue Chip Japanese Equity Fund
("Gensentoshi")

Defined-Benefit Pension & Japanese Equity Growth
category; Management strategy name:
Japanese Equity Focus All Cap Strategy

(Reference) May 7, 2019 <https://ssl4.eir-parts.net/doc/8739/tdnet/1697516/00.pdf>

May 22, 2019 <https://ssl4.eir-parts.net/doc/8739/tdnet/1711037/00.pdf>

The R&I Fund Award is presented to provide reference information based on the past data R&I believes to be reliable (however, its accuracy and completeness are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or guarantee their future performance. The Award is not the Credit Rating Business, but one of the Other Lines of Business (businesses excluding Credit Rating Business and also excluding the Ancillary Businesses) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities. Intellectual property rights including copyright and all other rights in this Award are the sole property of R&I, and any unauthorized copying, reproduction and so forth are prohibited. The Award for the "Investment Trusts/Aggregate" category is based on the average performance of the relevant funds of a fund manager, and does not indicate the excellent performance of all individual funds of the manager.

Japan Equity Category (5 years) for the Seventh Consecutive Year!

The 17th Annual Mercer MPA Award (Japan) 2019
Japan Equity Category (5 years)
for the Seventh Consecutive Year!!

SPARX Japan Equity Focus All Cap Strategy

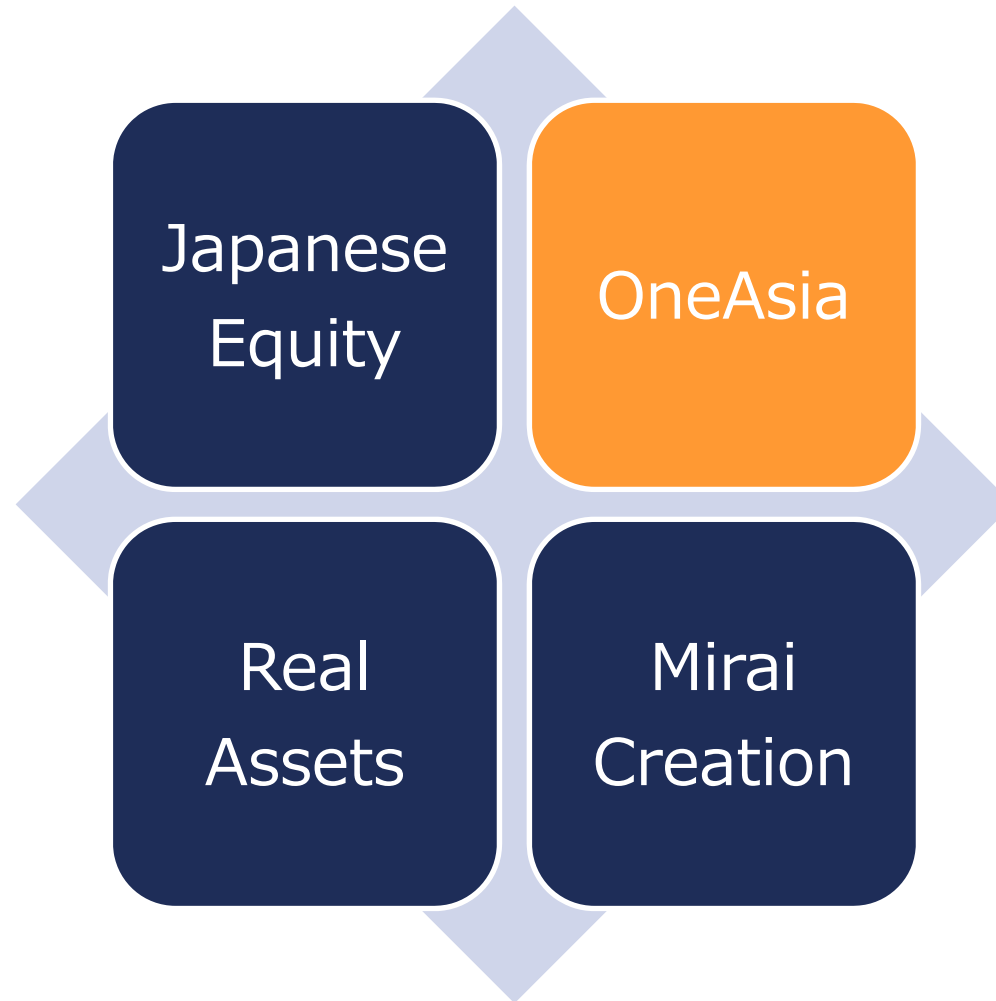
(Reference) <https://ssl4.eir-parts.net/doc/8739/tdnet/1733202/00.pdf>

The Mercer MPA Awards are based only on historical return obtained from investment managers and there is no relationship with Mercer’s qualitative ratings or recommendation. Mercer gives no representations or warranties as to the accuracy of such information or method of calculation, and accepts no responsibility or liability (including for indirect, consequential or incidental damages) for any error, omission or inaccuracy in such information. In addition, Past Performance cannot be relied upon as a guide to future performance. Only Mercer Japan Ltd. gives this award to investment managers and no other Mercer offices are responsible for this award.

For further information on Mercer Japan Ltd., please visit

<https://www.mercer.co.jp/newsroom/2019-mpa-awards.html> (Japanese)

(2) OneAsia Equity Investment Strategy (AUM of JPY27.4 billion as of June 30, 2019)



Sharing Investment Intelligence Continues to Lead to Results

Fund managers in Tokyo, South Korea, and Hong Kong share investment intelligence to bolster our investments in Asia.

We develop products using ideas from fund managers in all our offices, and we work to create new funds.

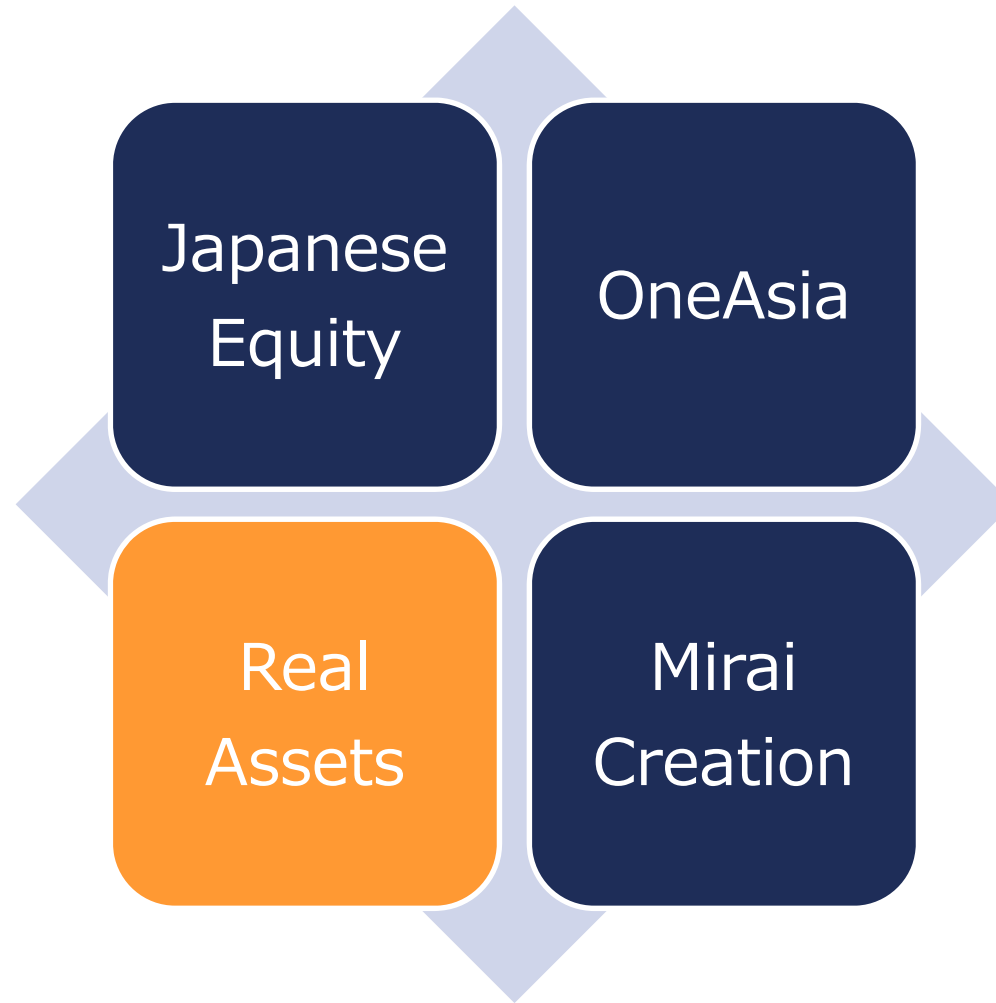


FY2018, Mito Securities began handling our publicly offered investment trust for listed companies in Japan and Asia. These funds have gradually seen an influx of capital from Japanese investors.



By leveraging this success and having leading securities firms distribute more of our funds, we intend to significantly increase the AUM for our OneAsia Equity Investment Strategy.

(3) Real Asset Investment Strategy (AUM of JPY222.4 billion as of June 30, 2019)



Assets under management

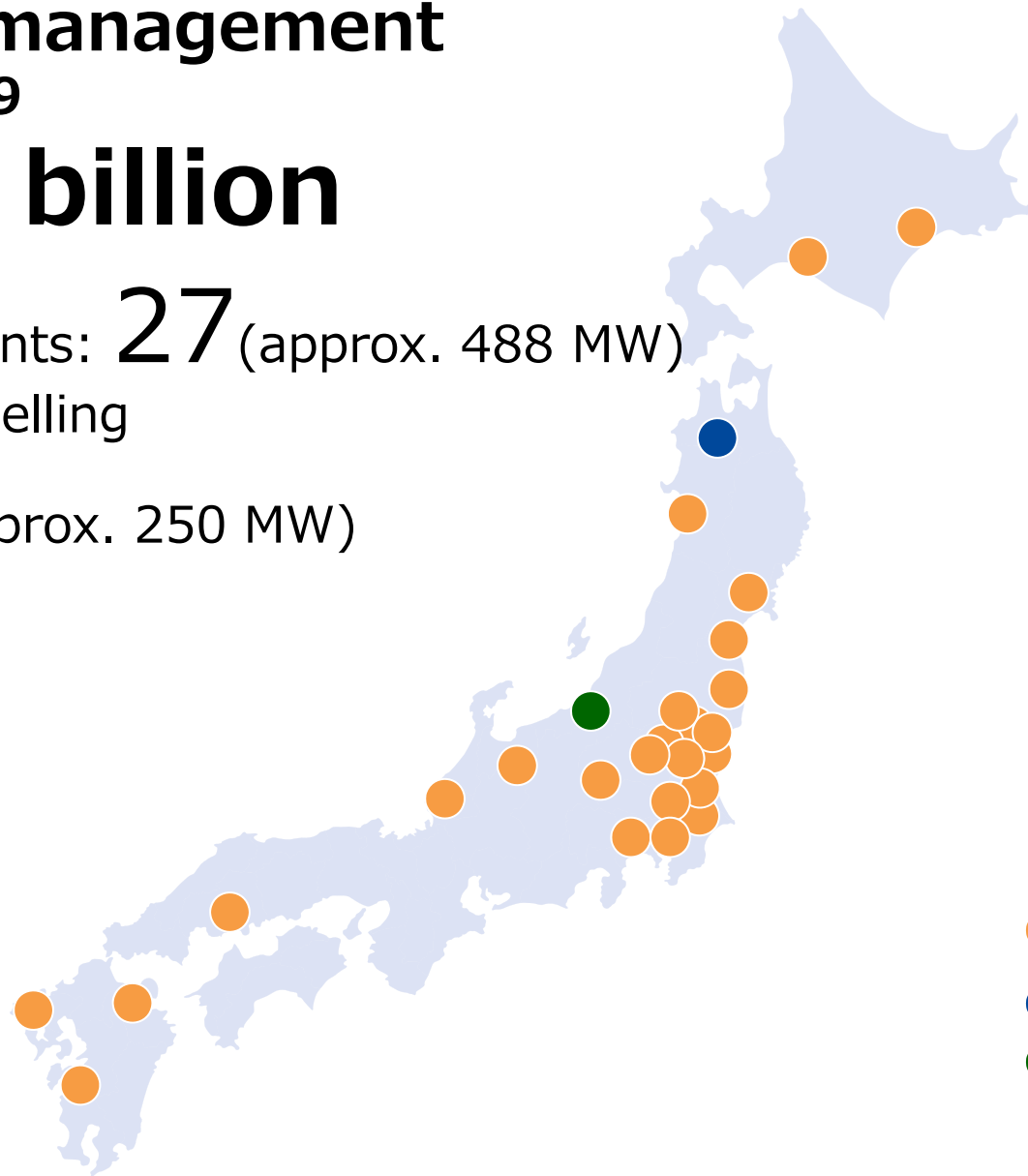
As of June 30, 2019

JPY189.3 billion

Number of Investments: **27** (approx. 488 MW)

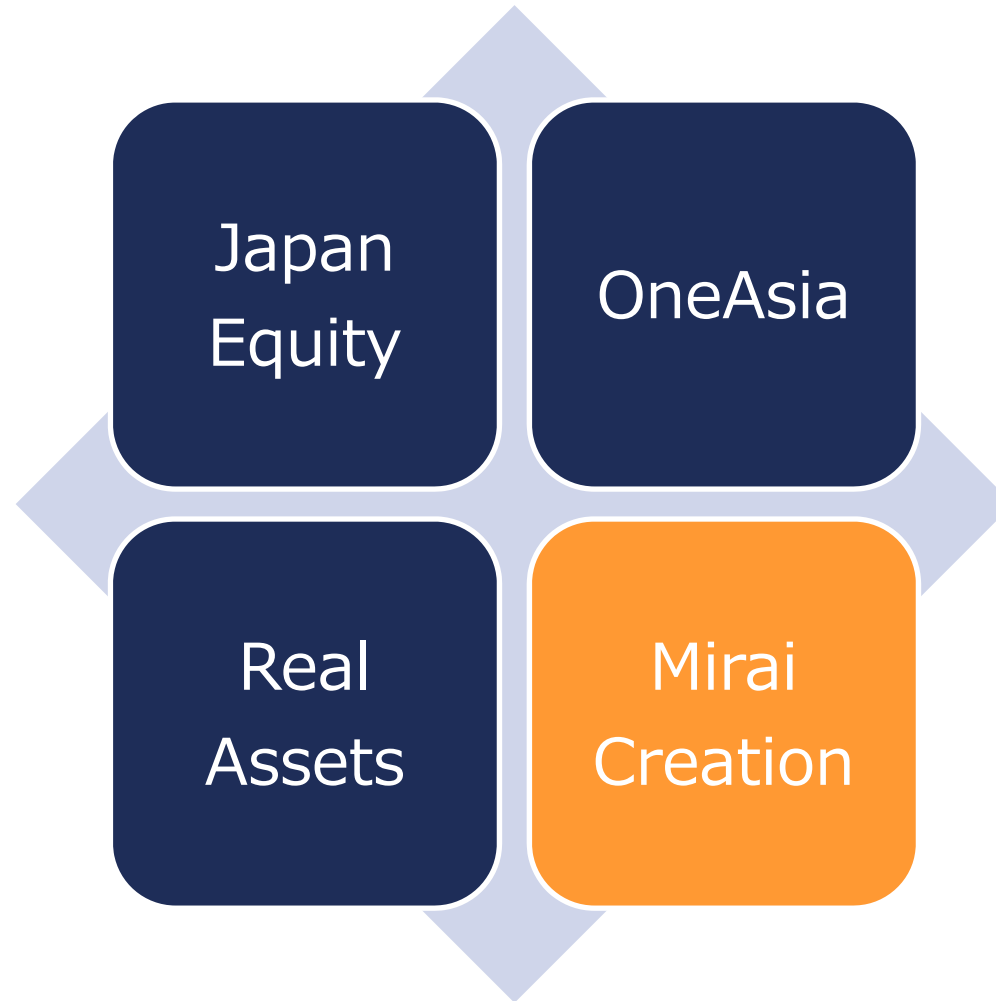
Number of stations selling

electricity: **20** (approx. 250 MW)



- Solar power generation
- Wind power generation
- Biomass power generation

(4) Mirai Creation Investment Strategy (AUM of JPY111.3 billion as of June 30, 2019)



Ample investment opportunities and steadily growing performance

AUM as of June, 2019

Mirai Creation Fund II

At the end of March 2019
Executed Amount

14 Projects

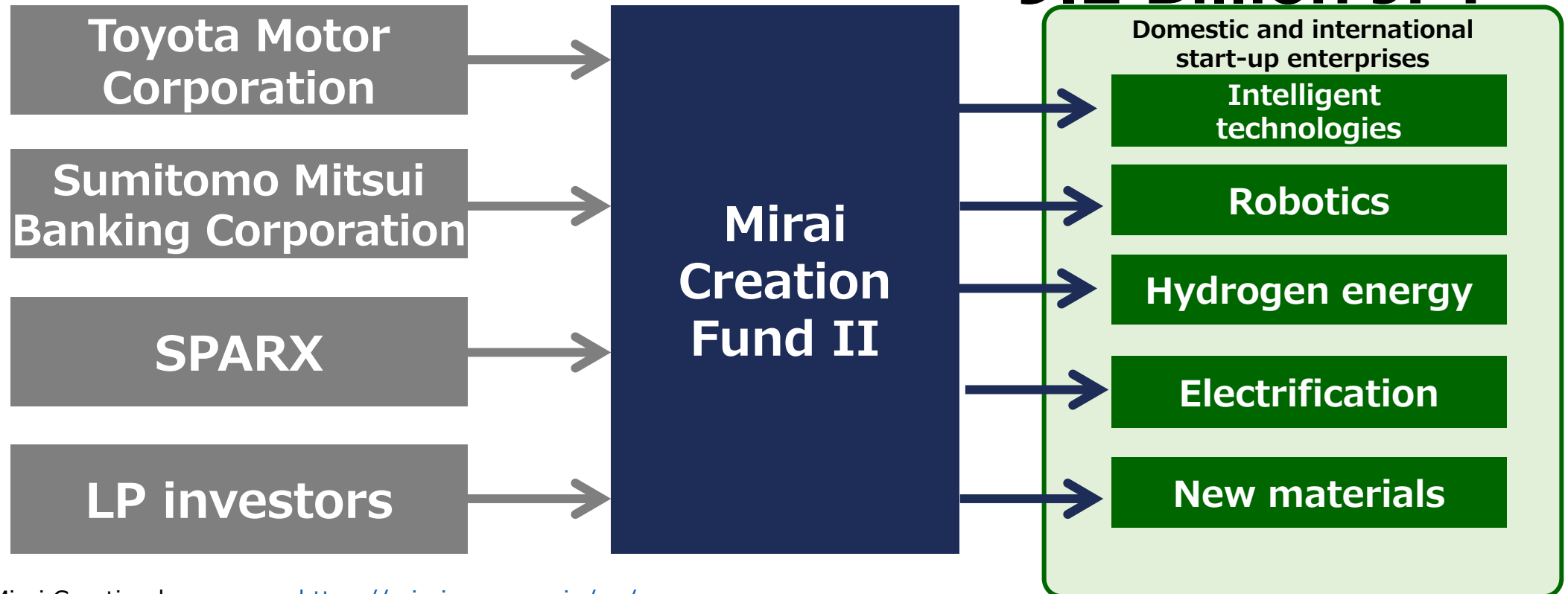
4.6 Billion JPY

72.6 Billion JPY

At the end of June 2019
Executed Amount

18 Projects

9.2 Billion JPY



Other

Return to Shareholders – Stock Buyback

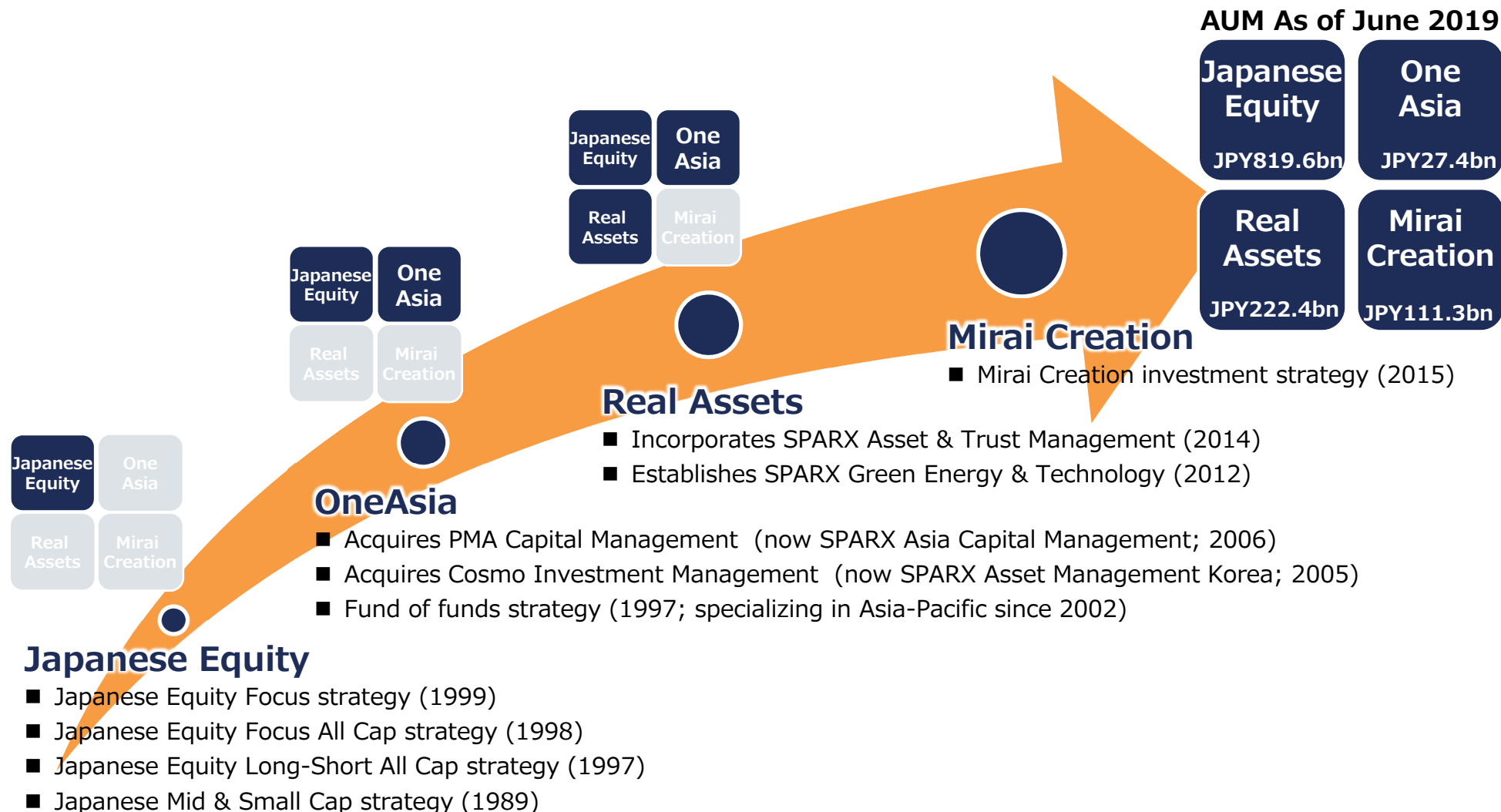


Conducive to our goal of expanding shareholder returns, we are issuing a stock buyback, which should allow us to improve capital efficiency and execute a capital strategy that flexibly meets the demands of our business environment.

(1) Type of shares acquired	Shares of common stock of SPARX Group Co., Ltd.
(2) Total number of shares acquired	Up to 1,500,000 shares (0.73% of total issued common stock (excluding treasury stock))
(3) Total price of shares acquired	Up to 350,000,000 yen
(4) Period of stock acquisition	From August 1, 2019 through September 30, 2019

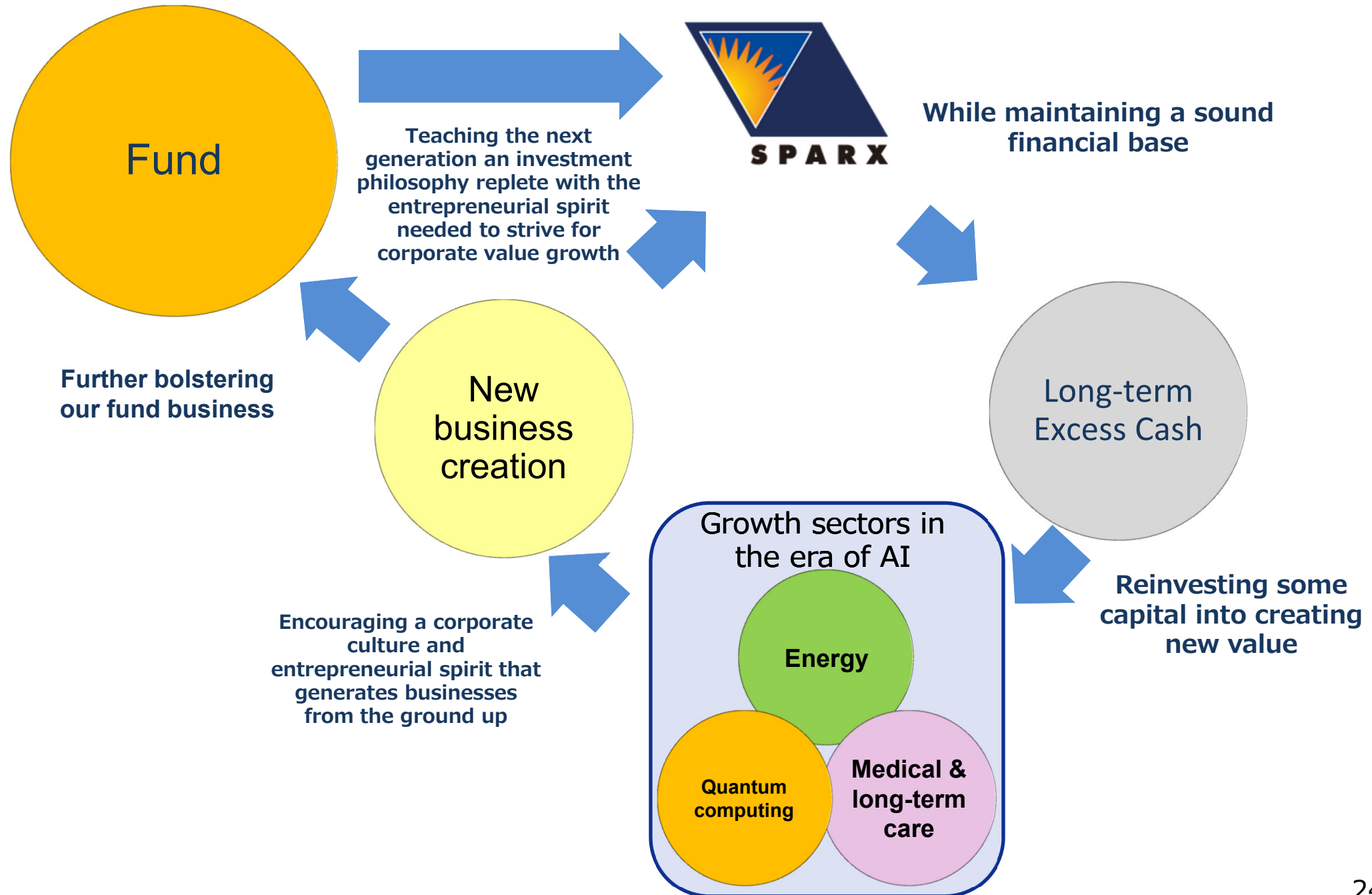
[Reference] Hybrid Business Model

A hybrid model that combines our traditional strategy of investing in highly profitable listed stocks with the stable strategy of financing real assets/Mirai Creation



Market swings have a significant impact

Diversified strategy leads to increased stability



Company name	Sigma-i Co., Ltd.
Representative director	Masayuki Ozeki
Founded	April 4, 2019
Business details	Consulting using quantum computing-based analytics / Developing and licensing quantum computing software / Training experts utilizing quantum computing

- The company intends to assemble the human resources of the future who can handle new computing technologies, including quantum annealing and machine learning.
- It will extract problems of optimization lurking in society, breathe new life into these problems through the skillful use of all available techniques, and pursue optimal solutions to all such issues.
- As an investment firm, SPARX not only acts as a bridge between academia and the capital markets, but it also helps companies created through academic research establish stable relations with these markets.

What is the Buffett Club?

Through studying and discussing the investment philosophies of noted investor Warren Buffett and other capitalists, SPARX employees learn the value of wanting to make clients wealthier, healthier, and happier as a part of “the most trusted and respected investment company in the world.”

We have regularly held these study groups since our founding as a way to convey SPARX's investment philosophy to the next generation.



Company	SPARX Group Co., Ltd.
Representative	President & CEO Shuhei Abe
Address	1-2-70 Konan, Minato, Tokyo, Japan
Founded	July 1, 1989
Capitalization	JPY8,587 million (as of June 30, 2019)
Employees	164 (as of June 30, 2019)
Exchange	Tokyo Stock Exchange First Section
Ticker	8739



President and Group CEO Shuhei Abe

1954: Born in Sapporo.
 1978: Graduated from Sophia University, Faculty of Economics.
 1980: Received an MBA from Babson College. After returning to Japan, hired by Nomura Research Institute, Ltd. Worked as a corporate research analyst evaluating individual companies listed on Japanese stock markets.
 1982: Seconded to New York's Nomura Securities International, Inc., and worked in sales of Japanese stocks to US institutional investors.
 1985: Founded Abe Capital Research in New York. Provided portfolio management and advice on Japanese stocks to European and American investors through the Quantum Fund and other funds, while managing the assets of individual property owners in Europe and the US.
 1989: After returning to Japan, established SPARX Asset Management (now SPARX Group Co., Ltd.) and appointed as president & representative director (current post).
 2005: Completed the AMP at Harvard Business School.
 2011: Appointed to the Subcommittee to Study Costs and Other Issues of the Japanese government's Energy and Environment Council.
 2012: Appointed to the Japanese government's Supply-Demand Verification Subcommittee.
 2012: Appointed to the Risk Advisory Committee for the Japan Bank for International Cooperation (JBIC).

Supplementary Materials

Business that receives fees at a fixed rate of AUM

Revenue Structure

- Management Fees = AUM × management fee rate
- Performance Fees = AUM × percentage of AUM eligible to earn performance fees × performance fee rate

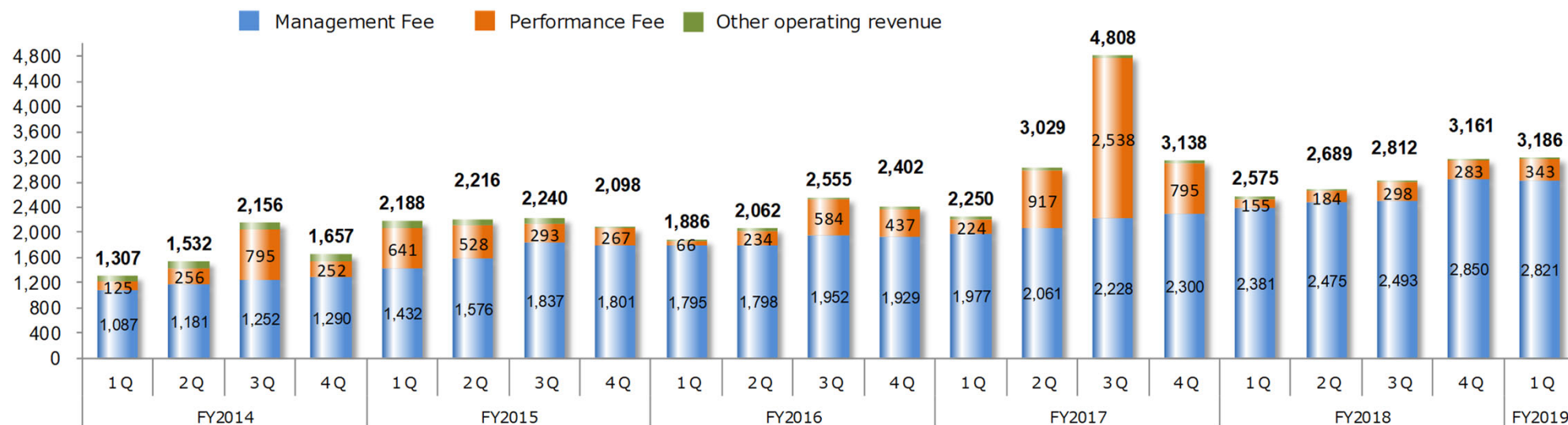
Important Management Indicators

- Asset under management (AUM)
- Management fee rate
- Percentage of AUM eligible to earn performance fees
- Base Earnings = management fees (after deducting commissions) - ordinary expenses

Quarterly Trends in Operating Revenue



Management fees have been steadily maintained due to the consistently high management fee rate

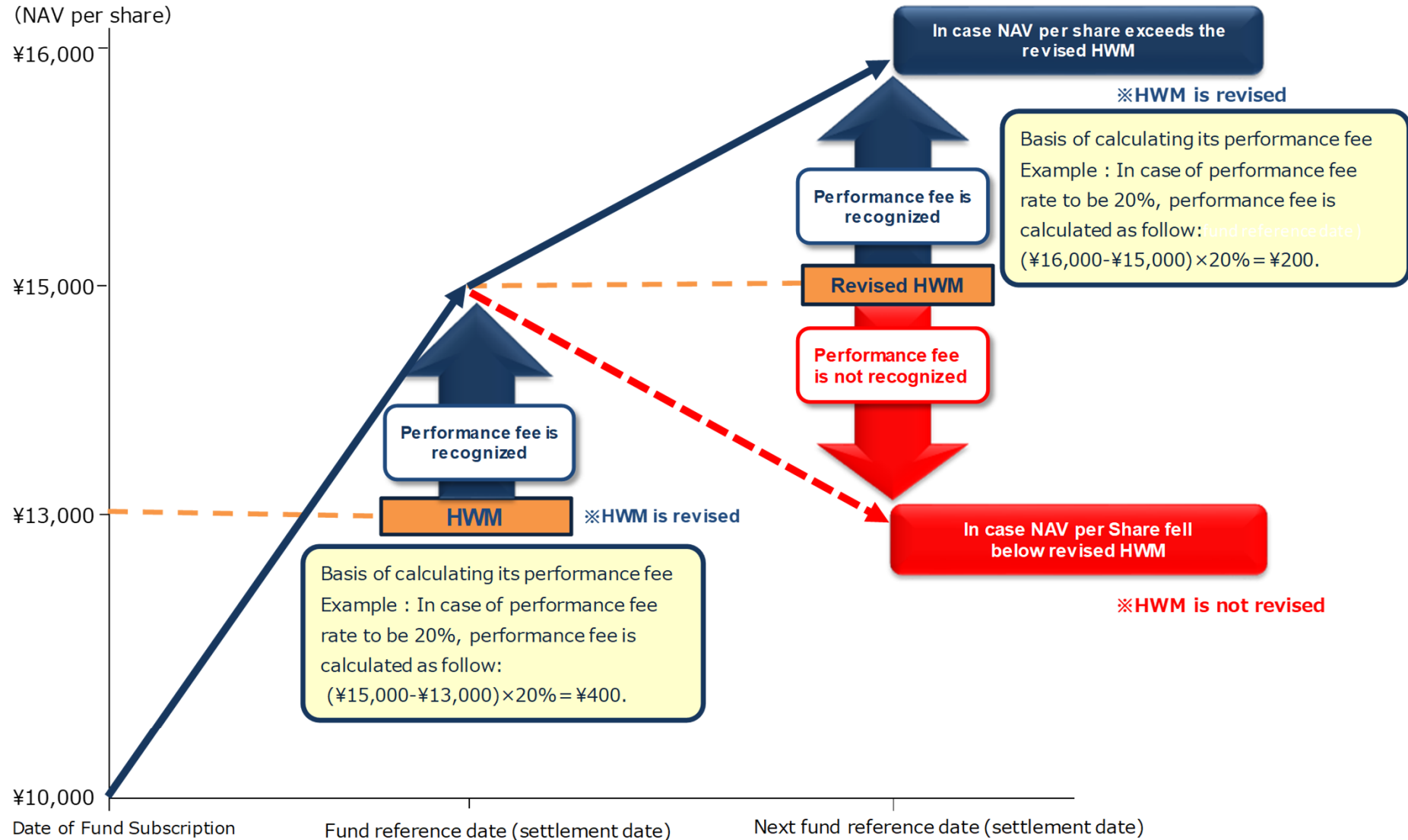


(Millions of yen)	FY2014				FY2015				FY2016				FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Management Fees	1,087	1,181	1,252	1,290	1,432	1,576	1,837	1,801	1,795	1,798	1,952	1,929	1,977	2,061	2,228	2,300	2,381	2,475	2,493	2,850	2,821
Performance Fees	125	256	795	252	641	528	293	267	66	234	584	437	224	917	2,538	795	155	184	298	283	343
Other operating revenue	94	94	109	114	114	111	109	29	24	28	18	35	48	50	41	42	38	28	20	27	22
Operating Revenue	1,307	1,532	2,156	1,657	2,188	2,216	2,240	2,098	1,886	2,062	2,555	2,402	2,250	3,029	4,808	3,138	2,575	2,689	2,812	3,161	3,186

(Reference)																					
Average AUM (Billions of yen) (3months average)	723.9	785.9	821.7	912.6	1,029.7	927.7	985.6	949.7	923.3	927.0	970.3	963.1	1,001.8	1,062.7	1,177.3	1,133.9	1,131.0	1,151.0	1,159.8	1,186.9	1,180.1
Management fee rate (3months average) (After deducting commissions)	0.51%	0.52%	0.53%	0.49%	0.49%	0.59%	0.63%	0.66%	0.67%	0.67%	0.70%	0.70%	0.68%	0.68%	0.66%	0.69%	0.71%	0.71%	0.71%	0.79%	0.79%
Percentage of AUM eligible to earn performance fees	51.2%	50.5%	51.2%	47.6%	47.4%	37.7%	37.3%	40.1%	39.8%	41.8%	39.2%	36.4%	35.0%	34.2%	32.1%	25.4%	27.2%	25.4%	30.1%	30.2%	31.0%
NIKKEI stock average (Record date)	15,162	16,173	17,450	19,206	20,235	17,388	19,033	16,758	15,575	16,449	19,114	18,909	20,033	20,356	22,764	21,454	22,304	24,120	20,014	21,205	21,275

Structure of Performance Fees (Related to Equity Investment Fund)

Performance Fees are recognized for NAV per share exceeding HWM as of record date for fund



(Note 1)The structure described above is only informational purpose on performance fee structure. It is not intended to explain exactly how the performance fee is calculated based on fund's NAV.

(Note 2)Above uses performance fee rate of 20% for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.

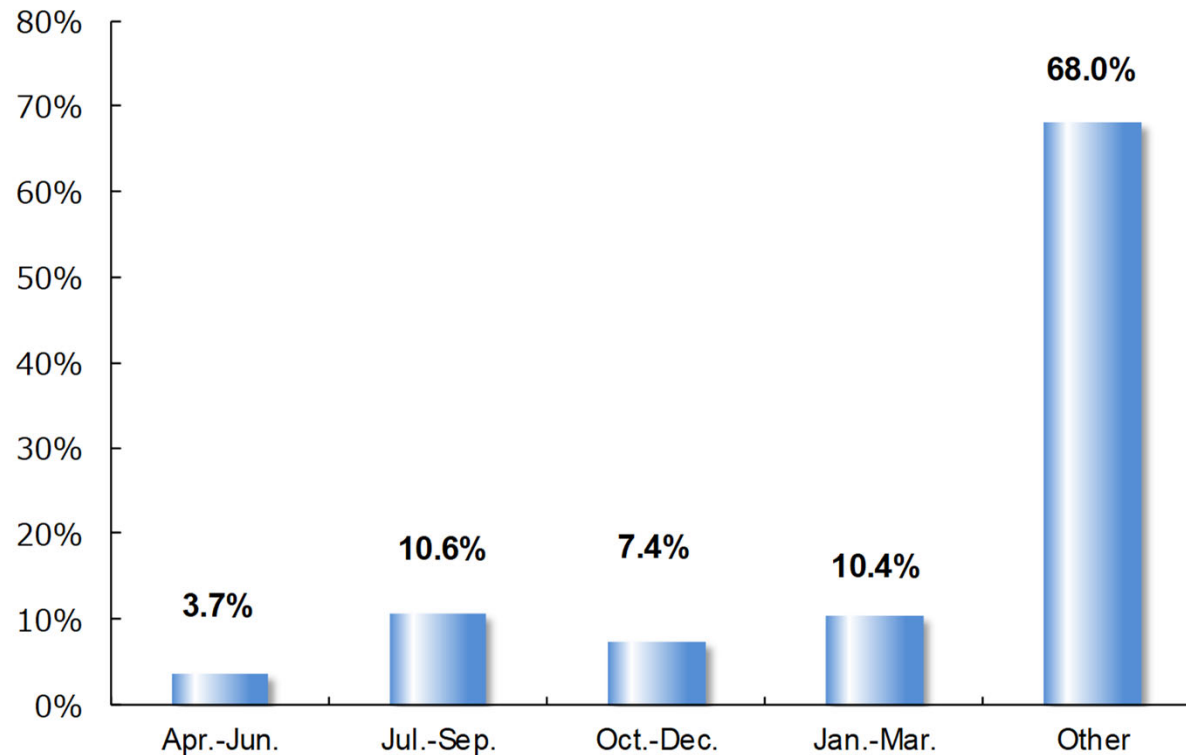
(Note 3)In case performance fee recognized on record date for fund, "HWM" is revised.

(SAM) Funds with Performance Fees

Distribution of Record Date for Calculation



Distribution of the fund reference dates (settlement dates) for posting performance fees



(Note1) All funds managed by SAM (investment trusts and discretionary investment accounts; hereinafter the same applies) as of June 30, 2019 are classified by the performance fee value date and payment month in the graph above. Among these, performance fee is recorded only if it has met the requirements specified in the contract in each calculation value date. Please note that it is not intended to demonstrate how definite performance fee to occur in the future.

(Note2) In calculating these percentages, the following adjustments are made: for funds with multiple payment periods through a year, the equally divided values of the funds are allocated to the amount in the month of each value date and for funds with no regular payment periods are classified as "others".

(Note3) The table above excludes AUM which arises acquisition fees of fundraising the Company received from such power stations relating to Japan Renewable Energy Investment Strategy.

(Note4) The above % figures are rounded to the nearest tenth of a percent. In addition, the figures are estimated based on in-house calculation.

(Note5) SAM is the abbreviation for SPARX Asset Management Co., Ltd. Hereinafter called the same.

Breakdown of Operating and General Administrative Expenses



- Additional fees paid to coincide with additional management fees for publicly offered investment trusts
- Increased personnel, administrative, and contracting expenses due to additional personnel and expanded operations

(Units: Millions of yen)	FY2018		FY2019	
	Apr2018-Jun2018	Full Year	Apr2019-Jun2019	YoY change
Commissions paid	382	1,753	484	+26.8%
Personnel exp.	613	2,646	734	+19.8%
Travel exp.	76	321	89	+17.7%
Property rent	81	323	58	-28.6%
Entrusted business expenses	231	1,070	323	+39.7%
Depreciation on fixed assets	39	178	61	+53.4%
Advertising exp.	25	111	43	+71.3%
Research exp.	69	290	74	+6.9%
Other expenses	166	641	177	+6.7%
Total: Operating and general administrative expenses	1,686	7,338	2,047	+21.4%
Ordinary expenses	1,138	4,789	1,323	+16.2%

(Note1) The figures above, excluding "YoY change" are truncated. "YoY change" is rounded to the nearest tenth of a percent.

(Note2) The "Personnel expenses" data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.

(Note3) The "Ordinary expenses" is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, legal welfare expenses related to bonuses, and ESOP expense) and (3) Severances package for key members, from total operating and general administrative expenses; hereinafter the same applies in this document.

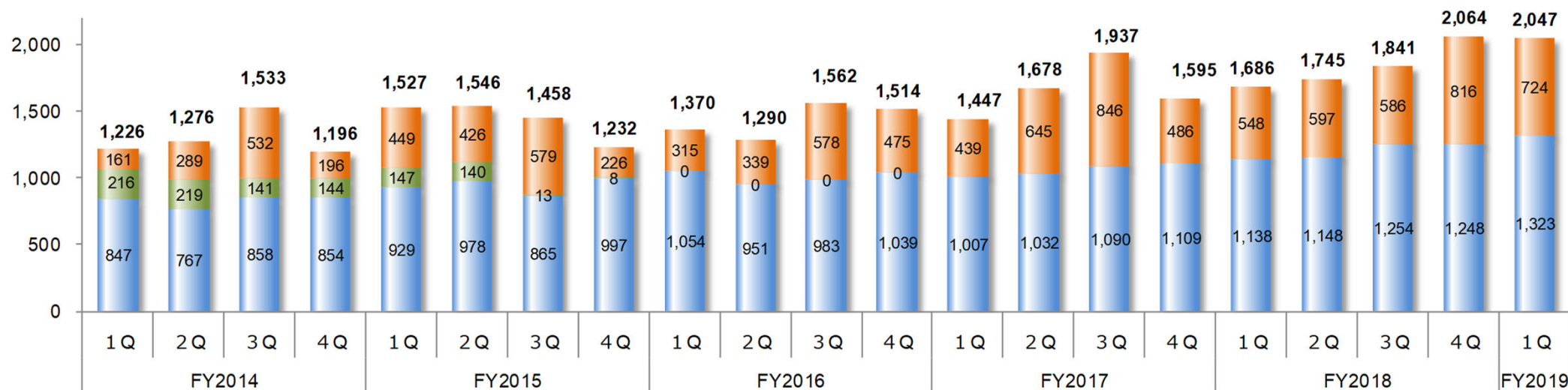
Quarterly Operating and General Administrative Expenses



Cost-control taken continuously and cautiously, considering the increase of ordinary expenses, in the midst of business expansion

(Units: Millions of yen)

■ Ordinary expense ■ Amortization of goodwill ■ Commissions paid & Bonus

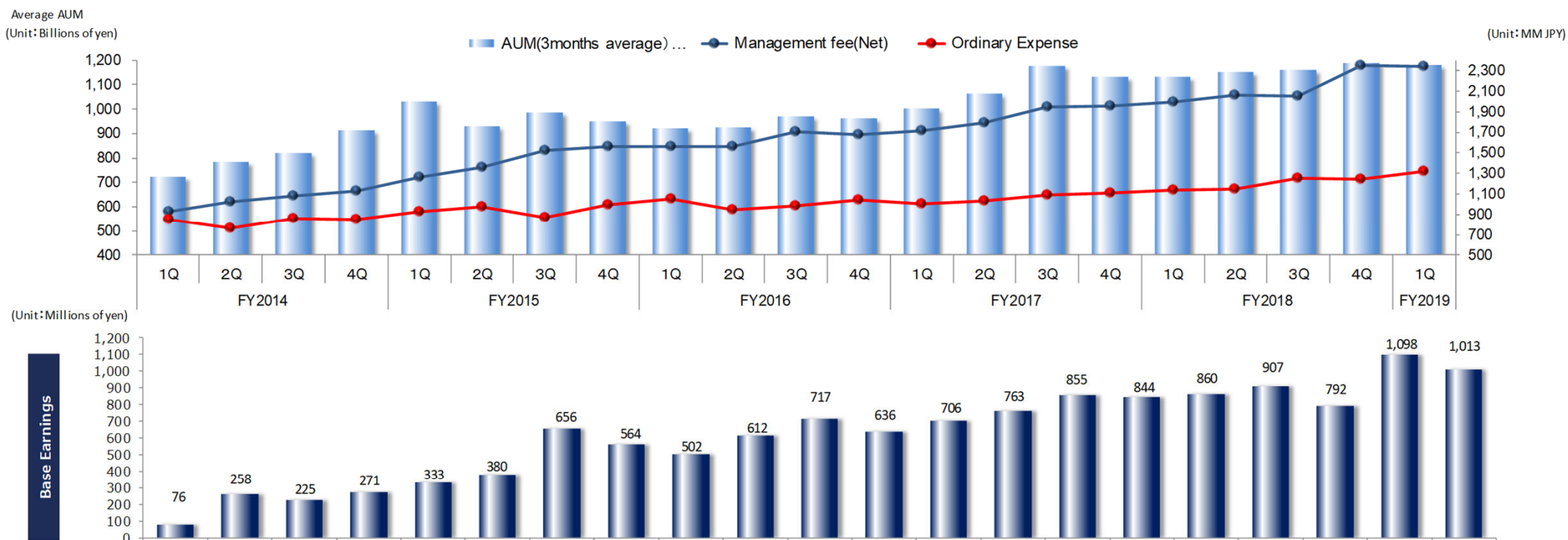


(Units : Millions of yen)	FY2014				FY2015				FY2016				FY2017				FY2018				FY2019
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q
Ordinary expenses	847	767	858	854	929	978	865	997	1,054	951	983	1,039	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248	1,323
Amortization of goodwill	216	219	141	144	147	140	13	8	-	-	-	-	-	-	-	-	-	-	0	0	-
Commissions paid & Bonuses	161	289	532	196	449	426	579	226	315	339	578	475	439	645	846	486	548	597	586	816	724
Operating and general administrative expenses	1,226	1,276	1,533	1,196	1,527	1,546	1,458	1,232	1,370	1,290	1,562	1,514	1,447	1,678	1,937	1,595	1,686	1,745	1,841	2,064	2,047

Quarterly Base Earnings



Robust base earnings due to growing management fees



(Unit : MM JPY)	FY2014				FY2015				FY2016				FY2017				FY2018				FY2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
AUM(3months average) (Unit:Billions of yen)	723.9	785.9	821.7	912.6	1,029.7	927.7	985.6	949.7	923.3	927.0	970.3	963.1	1,001.8	1,062.7	1,177.3	1,133.9	1,131.0	1,151.0	1,159.8	1,186.9	1,180.1
Management fee(Net)	923	1,025	1,084	1,126	1,262	1,358	1,521	1,562	1,557	1,563	1,701	1,675	1,713	1,795	1,945	1,953	1,998	2,056	2,047	2,347	2,336
Ordinary Expense	847	767	858	854	929	978	865	997	1,054	951	983	1,039	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248	1,323
Base Earnings	76	258	225	271	333	380	656	564	502	612	717	636	706	763	855	844	860	907	792	1,098	1,013

(Note) As preliminary figures, the 「Management fee (Net)」 is calculated by multiplying the management fee rate (after the deduction of commission paid) and the average AUM for the period.

Consolidated Balance Sheet (1)

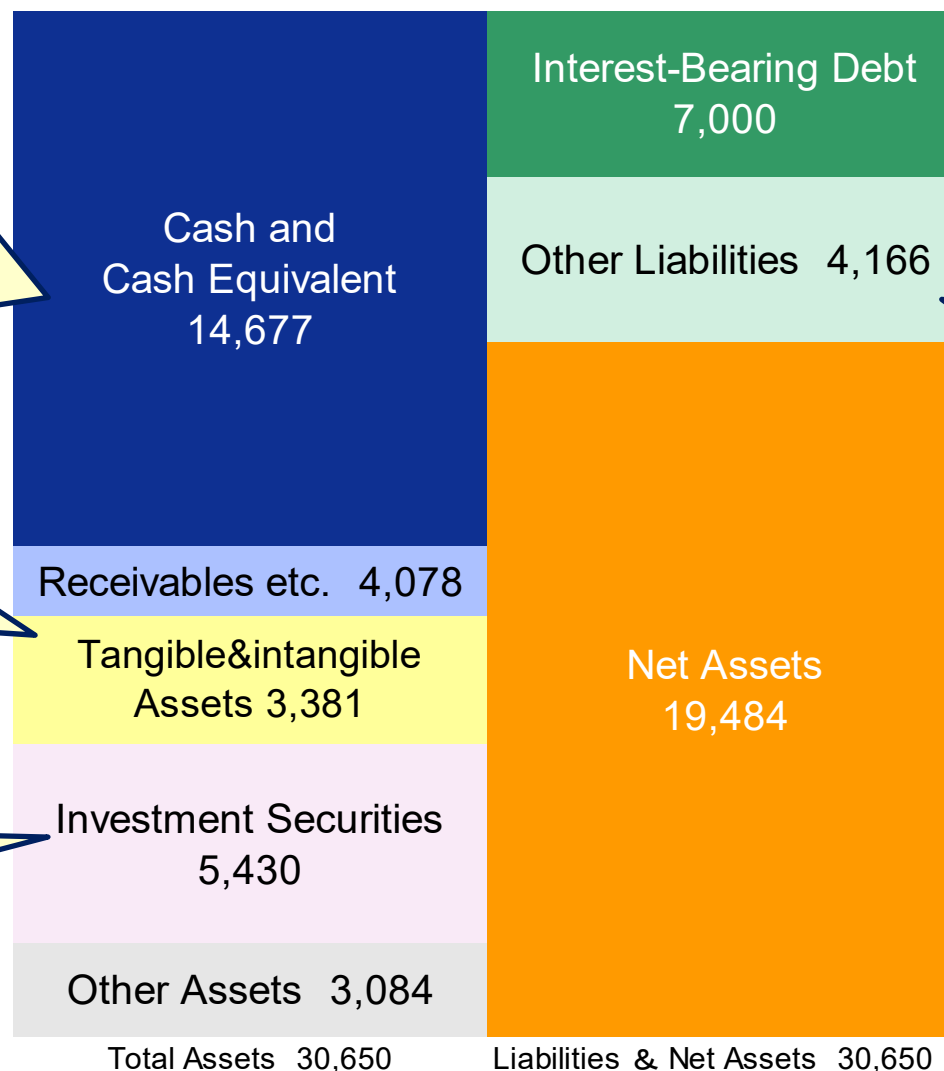


(Units: Millions of yen)

The industry the Company belongs to is significantly influenced by economic and market conditions. Thus, the balance is maintained conservatively. The amount is kept as three years' worth of ordinary expenses level which calculated by "Cash and Cash Equivalent" minus "Interest-Bearing Debt" plus highly liquidity "Investment Securities" with consideration of potential value decline.

Goodwill* (JPY1,746Million) is included for developing a power station of SGET Iwaizumi Wind Firm Godogaisha (Japan)

Mostly seed money to funds that the Company manages



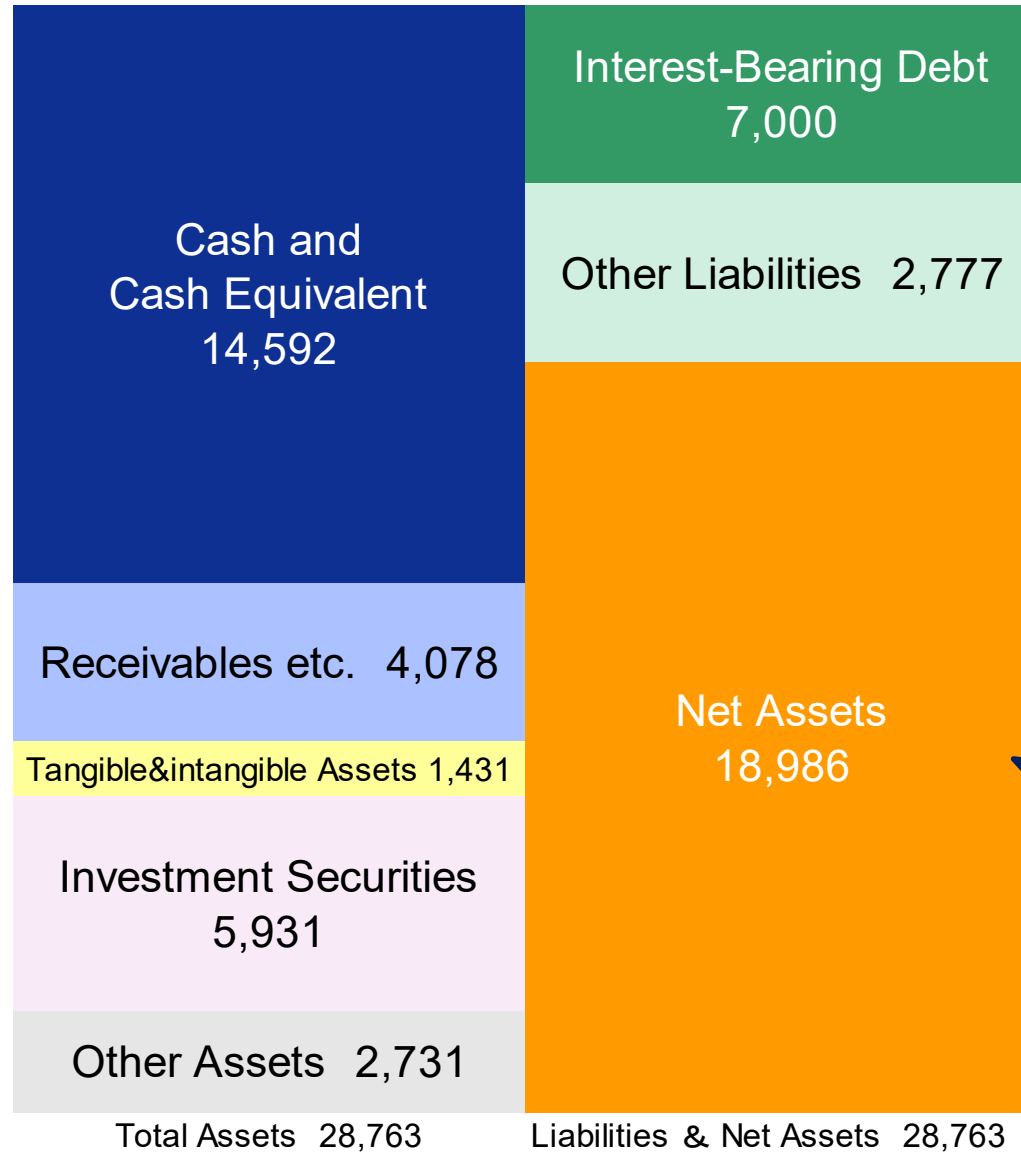
Including account payable for the Goodwill*
JPY 1,389Million

Equity Ratio
61.9%

[Reference] Excluding the Balance Sheet of the SGET Iwaizumi Wind Farm



(Units: Millions of yen)



Equity Ratio

66.0%

Consolidated Balance Sheet (2)



(Units: Millions of yen)	Mar. 2019	June. 2019	YoY change
Current assets	20,921	20,761	-160
Cash and cash equivalents	17,152	14,677	-2,474
Receivables	2,733	4,078	+1,344
Fixed assets	10,409	9,889	-519
Goodwill	1,749	1,746	-2
Investment securities	6,363	5,430	-933
Total assets	31,331	30,650	-680
Long-term loans payable	7,000	7,000	-
Payables	2,907	2,650	-257
Total liabilities	10,310	11,165	+855
Common stock	8,585	8,587	+1
Add'l paid-in-capital	2,554	2,555	+1
Retained earnings	11,189	9,914	-1,275
Treasury stock	-3,204	-3,204	-
Total Shareholder's Equity	19,125	17,853	-1,272
Valuation difference on AFS securities	239	146	-92
Foreign currency translation adjustment	1,143	975	-167
Non-controlling interests	499	500	+0
Total net assets	21,020	19,484	-1,535

Decreased mainly due to payment of dividends, bonuses

Decrease primarily due to the disposal of some seed money investments

Payment of dividend : ▲JPY 2,043MM
 Profit attributable to owners of parent FY2019Q1 : +JPY 768MM

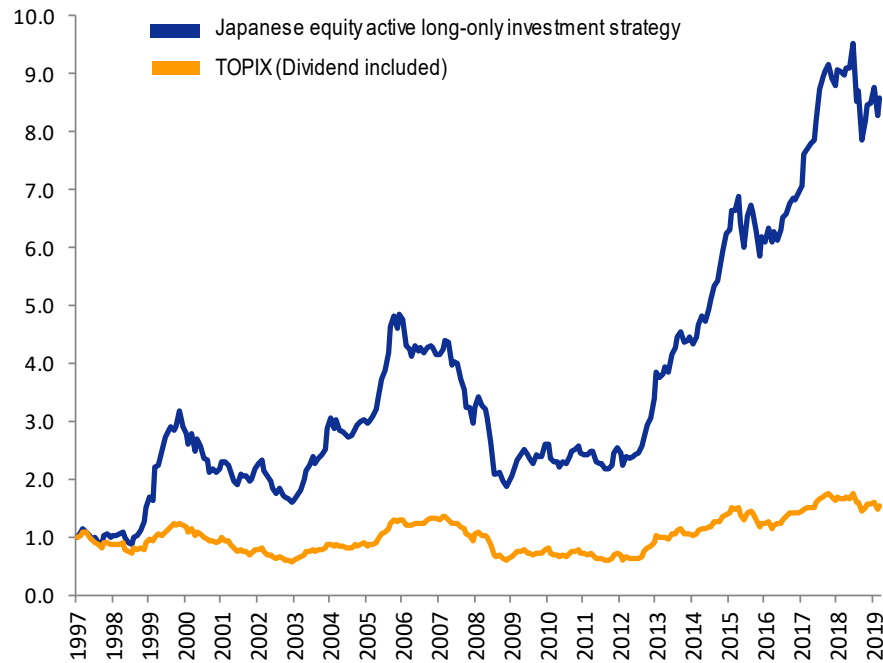
(Note1) Figures above are truncated.

(Note2) Investment securities include the seed money of the Company funds.

Primary Investment Strategies: Composite Returns Since Valuation Began ①



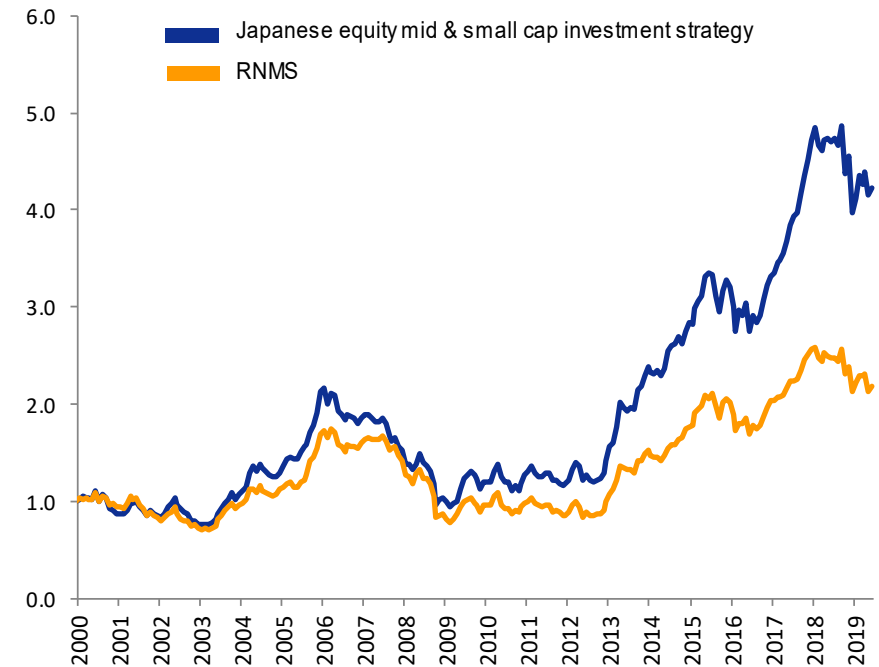
Japanese Equity Active Long-Only investment strategy



(Annualized Return)

Japanese equity active long-only investment strategy	10.18%	Reference Index	TOPIX (Dividend included)
Reference Index	1.91%	Measurement Period	1997/5 ~2019/6
Excess Return	8.27%	Volatility of Composite Return (Annualized)	20.45%

Japanese Equity Mid & Small Cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	7.67%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	4.10%	Measurement Period	2000/1 ~2019/6
Excess Return	3.57%	Volatility of Composite Return (Annualized)	17.72%

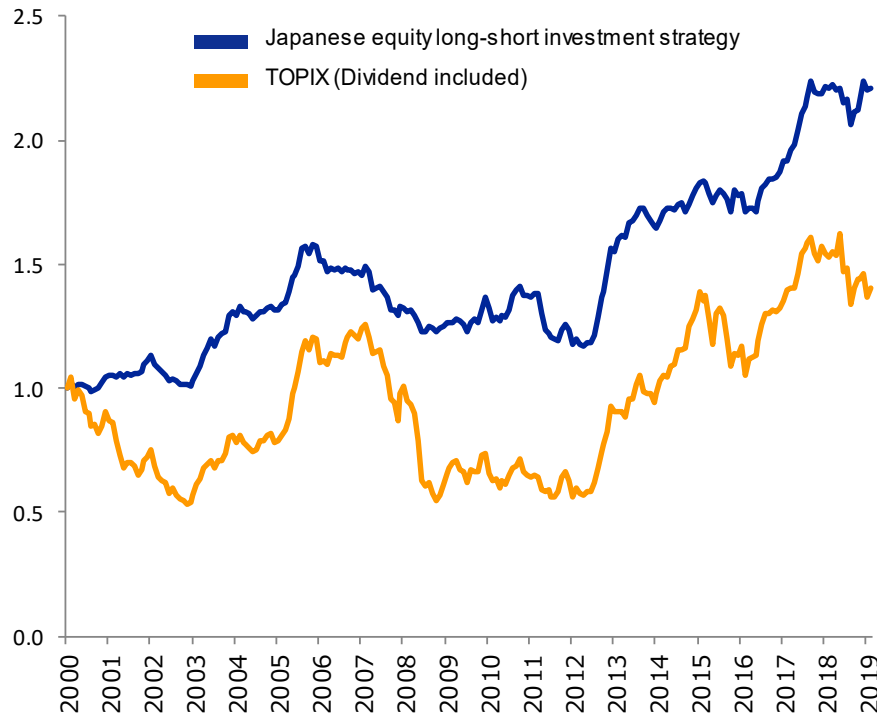
Be sure to read the additional materials appended to the end of this presentation.

Source: SPARX Group (as of June 30, 2019)

Primary Investment Strategies: Composite Returns Since Valuation Began ②



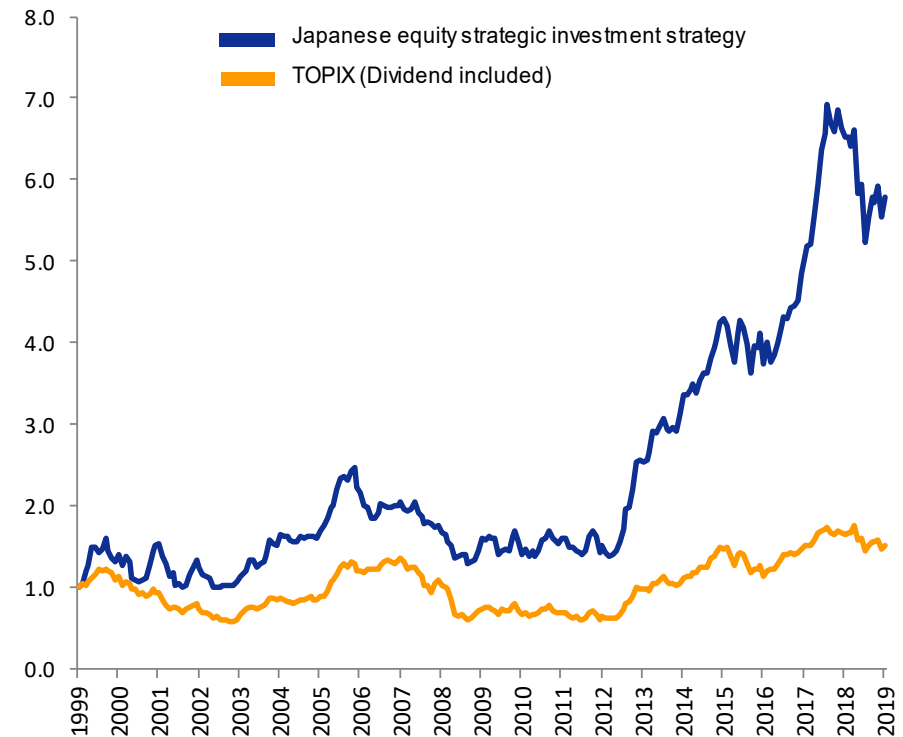
Japanese Equity Long-Short investment strategy



(Annualized Return)

Japanese equity long-short investment strategy	4.24%	Reference Index	TOPIX (Dividend included)
Reference Index	1.79%	Measurement Period	2000/6 ~2019/6
Excess Return	2.44%	Volatility of Composite Return (Annualized)	7.29%

Japanese Equity Strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	9.17%	Reference Index	TOPIX (Dividend included)
Reference Index	2.11%	Measurement Period	1999/7 ~2019/6
Excess Return	7.06%	Volatility of Composite Return (Annualized)	20.12%

Be sure to read the additional materials appended to the end of this presentation.

Source: SPARX Group (as of June 30, 2019)



SPARX
Dream for Tomorrow

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A detailed account of all composite lists and other content from the firm is available upon request.

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About Risks Related to Investment Trusts

Investment trusts invest mainly in stocks, public bonds, and real estate investment securities of fluctuating value (assets in foreign currencies also include exchange risks), so their net asset values (NAV) will fluctuate. Therefore, the investment trusts do not guarantee returns on invested capital, and they may incur losses due to declines in NAVs, primarily attributable to transaction price and currency fluctuations in relevant markets, resulting in balances dropping below originally invested amounts. These management-caused losses wholly belong to all beneficiaries.

Specialized funds differ from diversified general investment trusts in that they manage a narrower scope of stocks. Thus, they are much more likely to experience NAV fluctuations, regardless of market trends.

Long-short strategy funds operate from a short position, meaning that when shorted stocks see share price growth, fund NAVs will fall. Moreover, situations in which both long and short positions incur losses significantly raise the possibility of loss to investors, compared to that for normal equity investment trusts.

These risks include only a portion of the risks related to investment trusts, and the details and nature of the risks differ according to the type of assets targeted, investment restrictions, transaction exchange, and countries targeted for each investment trust.

About Costs Related to Investment Trusts (Publicly Offered Investment Trusts)

The maximum expenses (fees) for SPARX's investment trusts (publicly offered investment trusts) are as follows:

- Direct costs

Fees at time of purchase: Up to 3.78% (after tax)

Liquidation fees: None

Investment trust asset reserves: Up to 0.5%

- Indirect costs during investment in investment trusts

Trust commission: Up to 2.052% annually (after tax)

Performance commission (*): Some investment trusts may require performance commissions.

*The amount of performance commissions varies per the NAV level, so it is not possible to indicate a maximum amount in advance.

Other costs and fees: Auditing costs; sales commissions generated by composite marketable securities (including funds) transactions, which include costs for creating prospectuses or investment reports; costs required for futures or options transactions; and custodial costs for assets in foreign currencies. When composite marketable securities are funds, they may charge for other expenses, including fiduciary trust company and custodial firm fees. These fees vary per management conditions, so it is not possible to indicate their maximum amounts in advance.

The total cost of fees differs according to the period of ownership, so these fees cannot be shown.

They also differ according to investment trust, so contact your dealer for more details.

Issuing Corporation

SPARX Asset Management Co., Ltd.

Financial Services Provider Registration Number: Director of Kanto Local Finance Bureau, No. 346

Memberships: The Investment Trusts Association, Japan; Japan Investment Advisers Association; Japan Securities Dealers Association; and Type II Financial Instruments Firms Association

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