

Consolidated Financial Results for the 2nd Qtr of the FY2016 (Apr. 2016 – Sep. 2016)

November 9, 2016



SPARX Group Co., Ltd.
<http://www.sparxgroup.com/>



**To Be the Most Trusted and Respected
Investment Company in the World**



選ばれし1社に。
3年連続受賞は、
史上初。

リッパー・ファンド・アワード・ジャパン 2016
「最優秀運用会社賞(株式部門)」を受賞。
3年連続受賞は、GDP上位5ヶ国で史上初。

QUALITY
It's SPARX

ファンド運用力にこそ、クオリティを。

We have achieved an unprecedented three-year run of for the awards. SPARX Asset Management Co., Ltd. is the only Japanese asset management company to receive the Lipper Fund Awards Japan in 2016 for Best Group in Group Award (Equity). This is the first time for a company in one of the five biggest economies in the world by GDP to win for three years in a row.



Won the best fund award in domestic stock fund division!

R Rakuten Securities

**FUND
AWARD
2015**

**SPARX Shin Kokusai Yuryo Japanese
Equity Fund (“Gensentoshi” (“Highly
Selective Investment”))**

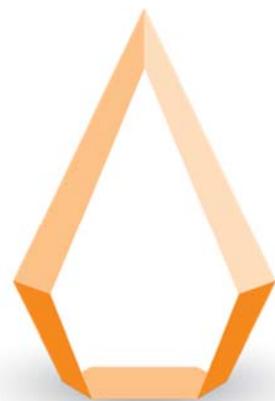
(Reference) <https://www.sparxgroup.com/press/uploads/PressE160331-01.pdf>

24 funds were selected for the first “Rakuten Securities Fund Award” from 8 divisions as excellent funds. Among those, customers of Rakuten Securities, FP belonging to the financial instruments brokers of Rakuten Securities, and Rakuten Securities Investment Trust Advisory Committee voted and selected 8 best funds. SPARX Shin Kokusai Yuryo Japanese Equity Fund (“Gensentoshi” (“Highly Selective Investment”)) has received “Best Fund Award (Domestic Stock Fund Division)”.

Received the Best Group Award of “Lipper Fund Awards Japan 2016”



Wining an award in equity category 3 years in a row, is the first time in history among the top 5 GDP countries!



WINNER OF THE 2016
THOMSON REUTERS
LIPPER FUND AWARDS
JAPAN

Lipper Fund Awards Japan 2016
Group Award(Equity)
Best Group

(Reference) <https://www.sparxgroup.com/press/uploads/PressE160323-01.pdf>

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Received the First Prize of “R&I Fund Award 2016”

Won the first prize in emerging equity multi-regional fund for the four consecutive years!

Investment Trusts Category/Emerging Equity Multi-regional Fund
The First Prize Nikko SPARX Asia & Middle East Equity Fund
Four consecutive years !!

Investment Trusts /Aggregate Category /Japanese Equity
Outstanding Performance Award SPARX Asset Management Co., Ltd.

Special Prize of 10th Anniversary/ Japanese Mid-Small Equity Fund
SPARX Japan Small Cap Fund (“Rising Sun”)

(Reference) <https://www.sparxgroup.com/press/uploads/PressE160422-01.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.



Received “MERCER MPA Award (Japan) 2016”

Won the prize of Japan Equity Category for 5 years for the four consecutive years!

14th Annual Mercer MPA Award (Japan) 2016
Japan Equity Category (5 years to March 2016)

Four consecutive years !!

SPARX Japan Equity Focus All Cap Strategy

(Reference) <https://www.sparxgroup.com/press/uploads/PressE160712-01.pdf>

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For further information on Mercer Japan Ltd., please visit

<http://www.mercer.co.jp/newsroom/2016-mpa-awards.html> (Japanese)



Financial Results for the 2nd Qtr of the FY2016

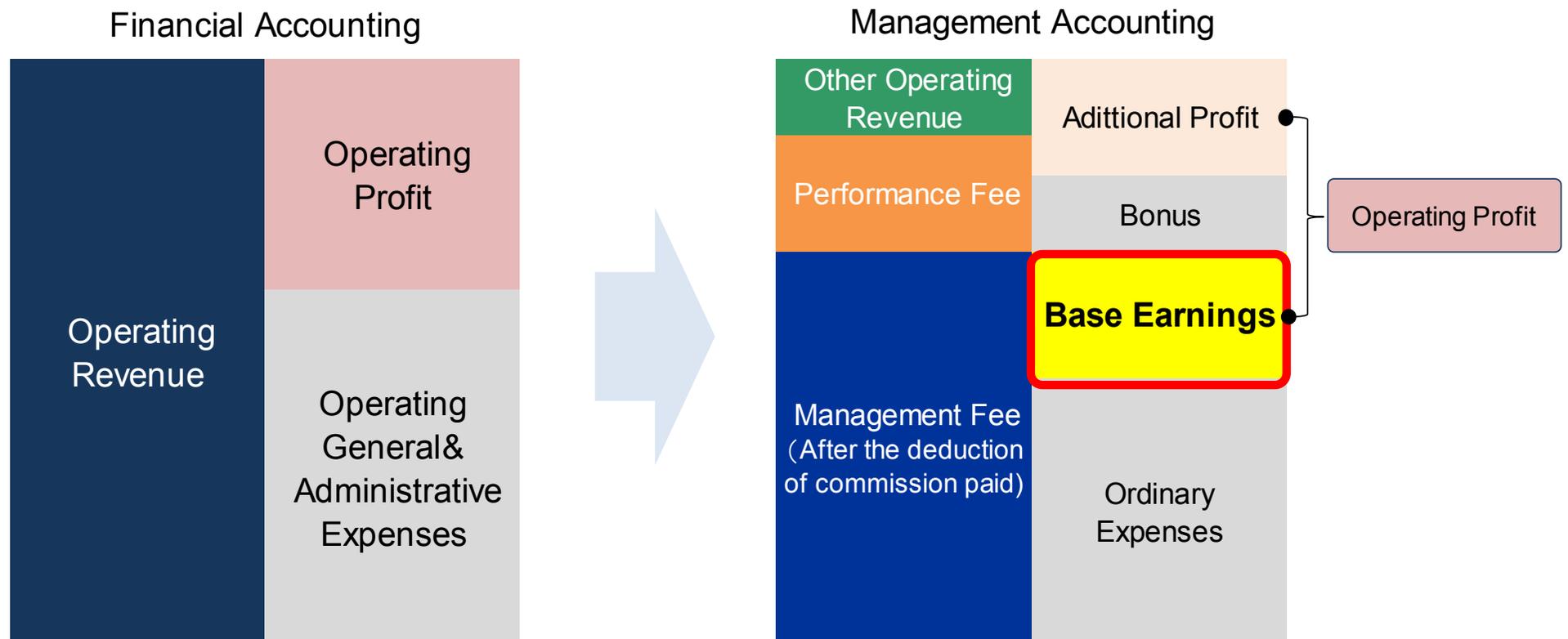
An Attention to Consolidated Financial Results of SPARX Group Co., Ltd.



The Company identifies “**Base Earnings**” as the most important financial indication which explains sustained and stable fundamental profitability of the Company.

Base Earnings = Management Fee (After the deduction of commission paid) – Ordinary Expenses

Because of the operating profit for financial accounting purposes includes one-off/ additional performance fees which could be affected by trends of the equity market and progress of real assets investment business, we recommend you to pay attention about “Base Earnings” for understanding the earning structure.



(Note) The Company is the abbreviation for SPARX Group Co., Ltd. and its subsidiaries. Hereinafter called the same.

FY 2016 Overview (1) Performance



Base earnings which explain sustained and stable fundamental profitability of the company, improved although less revenue and profit!

		FY2015		FY2016		
		Apr-Sep 2015	Full Year	Apr-Sep 2016	YoY change	
AUM	(100MM JPY)	9,787	9,732	9,253	▲ 5.5%	Decreased mainly due to the decline in the equity market and yen appreciation
Management fee rate (After the deduction of commission paid)	(%)	0.54%	0.59%	0.67%	0.14	Increased due to expanding AUM in Japanese equity, real asset and Mirai Creation which are comparatively high in performance fee rate
Management fee (After the deduction of commission paid)	(MM JPY)	2,621	5,705	3,120	+19.1%	
▲ Ordinary expenses	(MM JPY)	1,907	3,770	2,005	+5.1%	Increased mainly due to Tokyo office relocation
Base earnings	(MM JPY)	713	1,935	1,115	+56.2%	Further improvement of earnings structure
Performance fee	(MM JPY)	1,169	1,730	301	▲ 74.3%	Decreased mainly due to the decline in the equity market
Percentage of AUM eligible to earn performance fee	(%)	37.7%	40.1%	41.8%	4.0	
Other operating revenue	(MM JPY)	226	365	53	▲ 76.4%	Decreased due to completion of goodwill amortization
▲ Amortization of goodwill	(MM JPY)	288	311	—	—	
▲ Bonus	(MM JPY)	443	674	181	▲ 59.1%	Decreased due to reflecting the operating performance
Operating profit	(MM JPY)	1,331	2,978	1,287	▲ 3.3%	
Profit attributable to owners of parent	(MM JPY)	1,556	2,685	616	▲ 60.4%	Decreased due to the profit on securities sold in last period and increase in tax expenses in this period

FY 2016 Overview (2) AUM



Average of Japanese AUM in FY16 Q2 increased comparing with FY15 Q2 due to growth of Real Assets and Mirai Creation Investment in addition to Japan Equity Focus All Cap Investment, although AUM decreased from FY15 4Q by yen appreciation and redemptions.

(Unit:100MM JPY)	AUM			Average AUM (Six months)		
	FY2015 4Q	FY2016 2Q	Change (%)	FY2015 2Q	FY2016 2Q	YoY change (%)
Japan	7,383	7,372	▲ 0.1%	6,158	7,229	+17.4%
Korea	1,979	1,762	▲ 11.0%	3,338	1,820	▲ 45.5%
Asia	231	197	▲ 14.5%	290	202	▲ 30.0%
Total	9,593	9,332	▲ 2.7%	9,787	9,253	▲ 5.5%

	FY2015		FY2016	
	Apr-Sep 2015	Full Year	Apr-Sep 2016	YoY change
TOPIX (Period-end)	1,411	1,347	1,322	▲ 6.3%
NIKKEI stock average (Period-end) (JPY)	17,388	16,758	16,449	▲ 5.4%
KOSPI (Period-end)	1,962	1,995	2,043	+4.1%

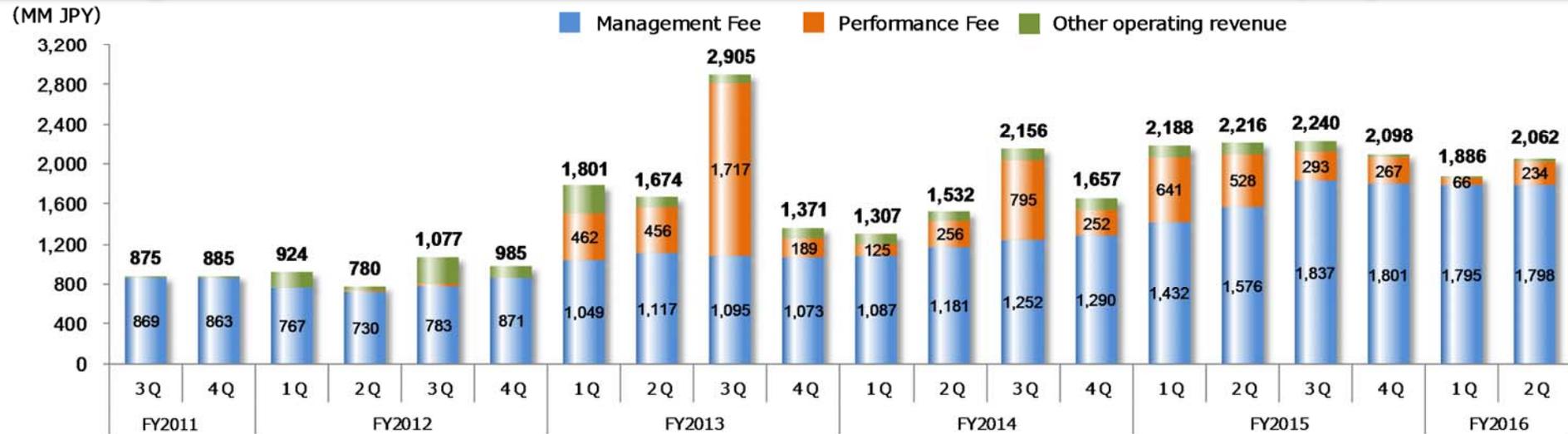
※ Please refer “SPARX Group Announces Assets Under Management for September” for further information.
https://www.sparxgroup.com/press/uploads/AUM_Monthly_2016SeptemberE.pdf



<Reference> Quarterly Trends of Operating Revenue

Management fee has remained stable.

Improvement of management fee rate leads management fee stable, although AUM decreased as recent downtrend in the equity market.



(MM JPY)	FY2011		FY2012				FY2013				FY2014				FY2015				FY2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Management Fee	869	863	767	730	783	871	1,049	1,117	1,095	1,073	1,087	1,181	1,252	1,290	1,432	1,576	1,837	1,801	1,795	1,798
Performance Fee	-9	2	0	2	31	5	462	456	1,717	189	125	256	795	252	641	528	293	267	66	234
Other operating revenue	15	18	156	46	261	107	288	100	92	109	94	94	109	114	114	111	109	29	24	28
Operating Revenue	875	885	924	780	1,077	985	1,801	1,674	2,905	1,371	1,307	1,532	2,156	1,657	2,188	2,216	2,240	2,098	1,886	2,062

(Reference)

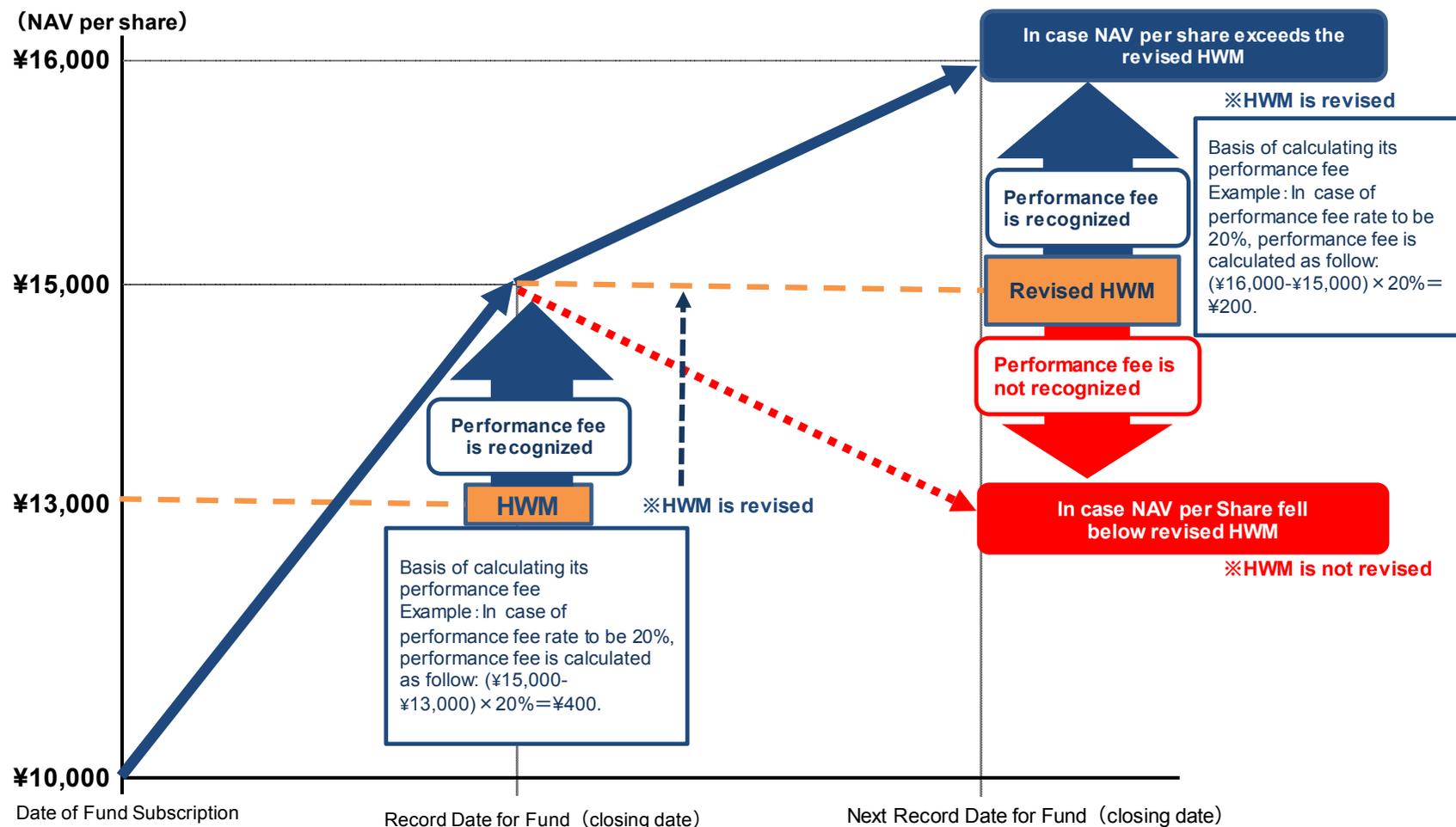
Average AUM (100MM JPY) (3months average)	5,131	5,284	4,799	4,643	5,369	6,232	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497	9,233	9,270
Management fee rate (3months average) (After the deduction of commission fee)	0.60%	0.58%	0.57%	0.55%	0.52%	0.50%	0.55%	0.58%	0.53%	0.52%	0.51%	0.52%	0.53%	0.49%	0.49%	0.59%	0.63%	0.66%	0.67%	0.67%
Percentage of AUM eligible to earn performance fees	56.2%	55.6%	54.0%	51.9%	46.3%	49.1%	46.9%	49.4%	51.9%	55.1%	51.2%	50.5%	51.2%	47.6%	47.4%	37.7%	37.3%	40.1%	39.8%	41.8%
NIKKEI stock average (Record date)	8,455	10,084	9,006	8,870	10,395	12,397	13,677	14,455	16,291	14,827	15,162	16,173	17,450	19,206	20,235	17,388	19,033	16,758	15,575	16,449

<Reference> Structure of Performance Fee

(Related to Stock Fund)



Performance Fee is 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.

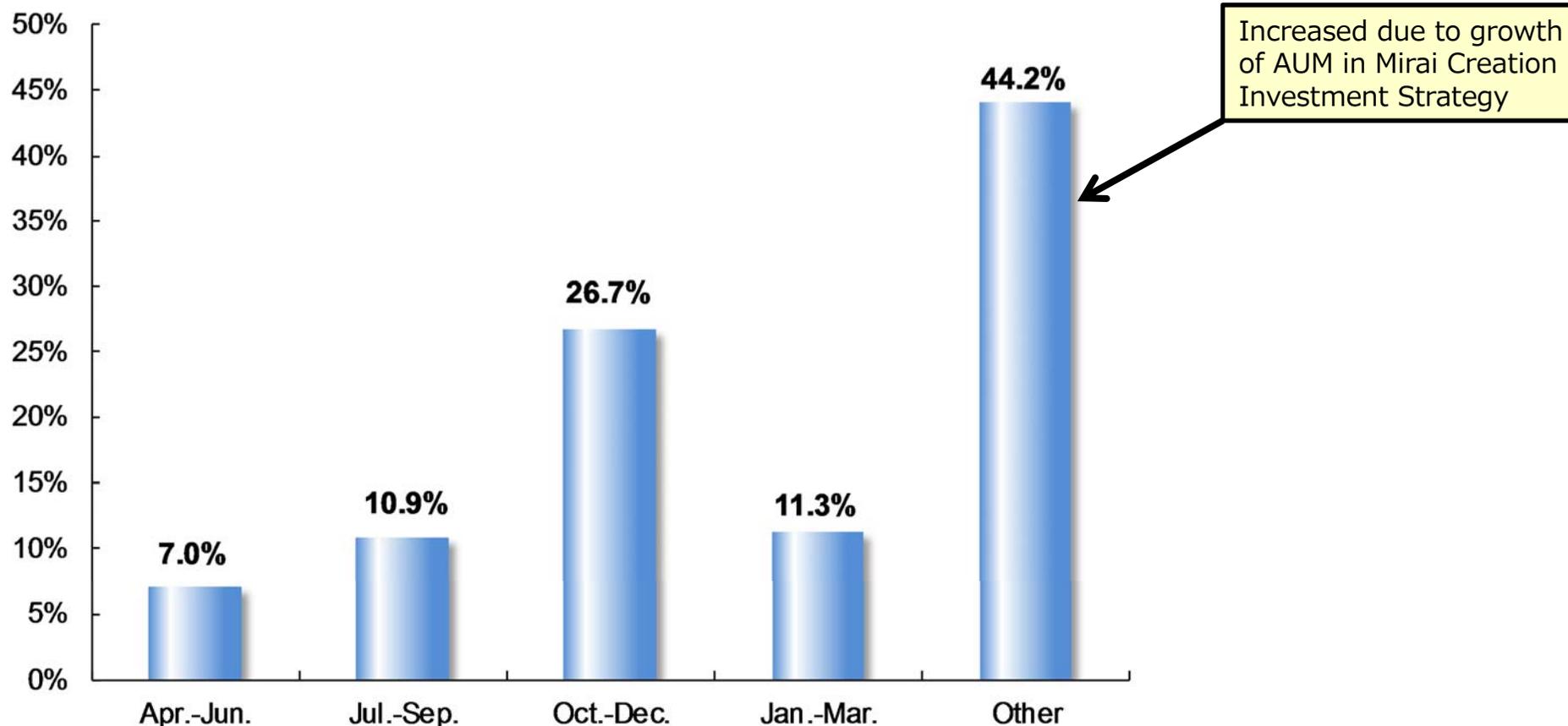
(Note 2)Above uses performance fee rate of 20% for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.

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

<Reference> (SAM) Funds with Performance Fees – Distribution of Closing Date for Calculation



Aim to distribute record date of performance fee for funds



(Note1) All funds managed by SAM (investment trusts and discretionary investment accounts; hereinafter the same applies) as of September 30, 2016 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.

Breakdown for Operating Expenses and General & Admin Expenses



(Units: MM JPY)	FY2015		FY2016	
	Apr-Sep 2015	Full Year	Apr-Sep 2016	YoY change
Commissions paid	433	1,008	473	+9.3%
Personnel exp.	1,245	2,305	1,014	▲18.6%
Entrusted fund admin fees	10	19	10	+6.5%
Travel exp.	87	187	108	+23.5%
Property rent	145	303	200	+37.8%
Entrusted business expenses	172	321	148	▲13.7%
Depreciation on fixed assets	87	112	43	▲49.9%
Other expenses	602	1,195	660	+9.7%
Amortization of goodwill	288	311	—	▲100.0%
Total: Operating and general administrative expenses	3,073	5,764	2,660	▲13.4%
Ordinary expense	1,907	3,770	2,005	+5.1%

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

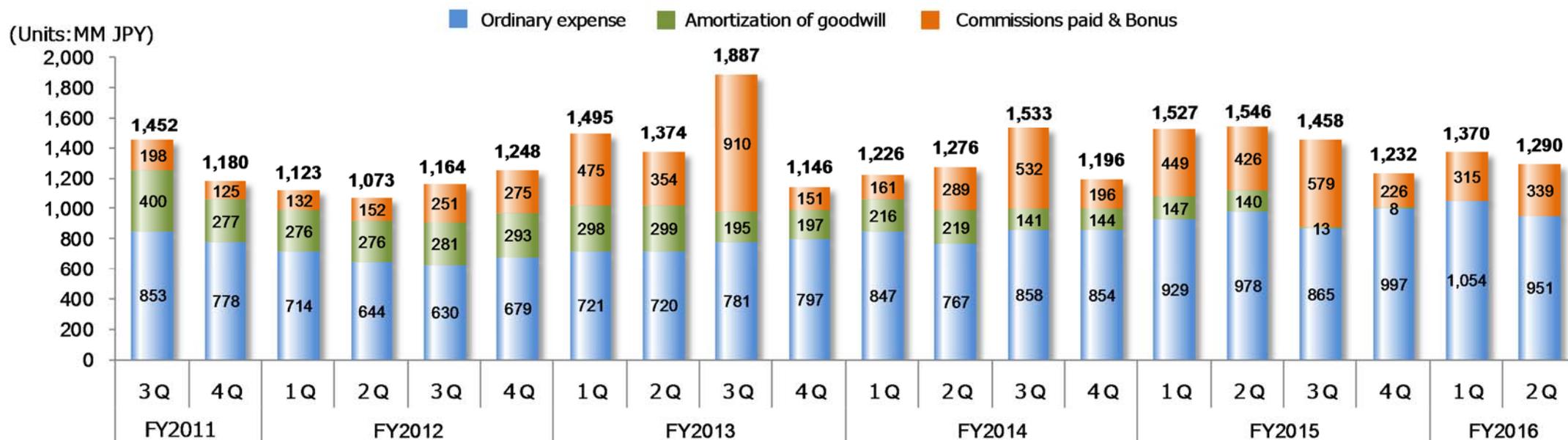
(Note2) The “Personnel expenses” data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.

(Note3) The “Ordinary expenses” is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, and legal welfare expenses related to bonuses), (3) Severances package for key members and (4) Amortization of goodwill, from total operating and general administrative expenses; hereinafter the same applies in this document.

<Reference> Quarterly Trends of Operating Expenses and General & Admin Expenses



Cautious Cost-control taken continuously in the midst of business expansion



(Units : MM JPY)	FY2011		FY2012				FY2013				FY2014				FY2015				FY2016	
	3Q	4Q	1Q	2Q																
Ordinary expense	853	778	714	644	630	679	721	720	781	797	847	767	858	854	929	978	865	997	1,054	951
Amortization of goodwill	400	277	276	276	281	293	298	299	195	197	216	219	141	144	147	140	13	8	-	-
Commissions paid & Bonus	198	125	132	152	251	275	475	354	910	151	161	289	532	196	449	426	579	226	315	339
Operating and general administrative expenses	1,452	1,180	1,123	1,073	1,164	1,248	1,495	1,374	1,887	1,146	1,226	1,276	1,533	1,196	1,527	1,546	1,458	1,232	1,370	1,290

Base Earnings



Base earnings (Annualized) increased due to improvement of management fee rate although average AUM decreased

		FY2015 Full Year	FY2016 Annualized
Average AUM	(100MM JPY)	9,732	 9,253
Management fee rate (After the deduction of commissions paid)	(%)	0.59	 0.67
Management fee (After the deduction of commission paid)	(MM JPY)	5,705	6,241
Ordinary expense	(MM JPY)	3,770	4,011
Base Earnings	(MM JPY)	+1,935	 +2,230

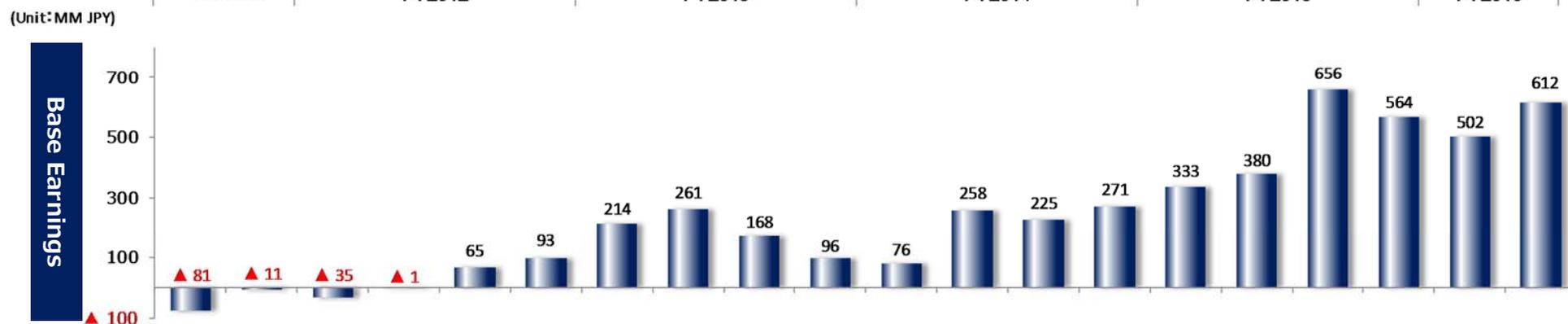
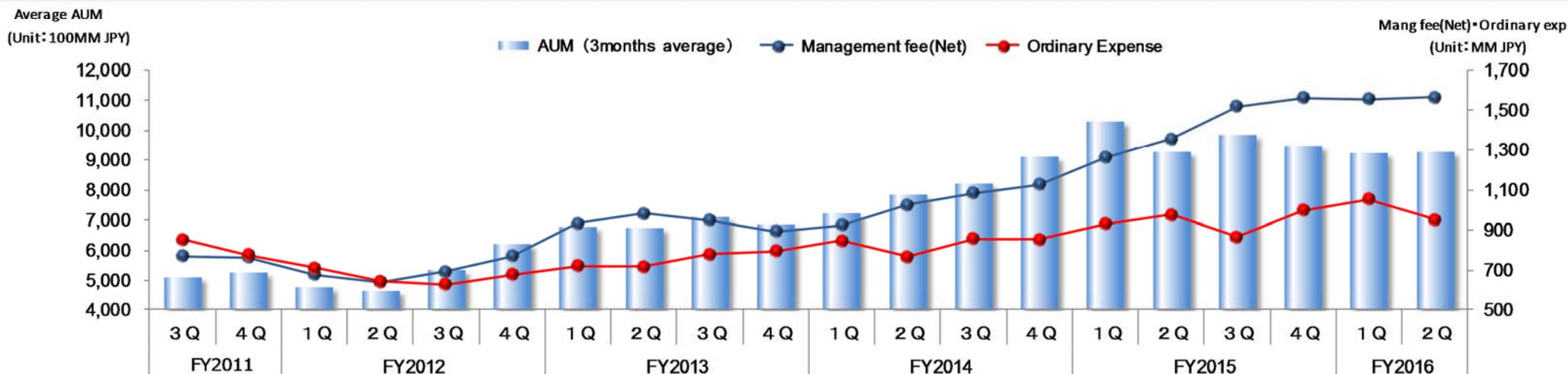
(Note1) "Management fee (After the deduction of commission paid)" is obtained by multiplying "Average AUM" and "Management fee rate (After the deduction of commission paid)". As figures less than the presented unit are used for the calculation, the calculation using the above numbers after rounding down fractions less than the presented unit does not necessarily match the "Management fee (After the deduction of commission paid)" numbers provided above.

(Note2) The figures above are truncated.

<Reference> Quarterly Trends of Base Earnings



Base earnings slightly improved by cost-control and increase in management fees



(Unit : MM JPY)	FY2011		FY2012				FY2013				FY2014				FY2015				FY2016	
	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	2 Q
AUM (3months average)	5,131	5,284	4,799	4,643	5,369	6,232	6,774	6,752	7,117	6,874	7,239	7,859	8,217	9,126	10,297	9,277	9,856	9,497	9,233	9,270
Management fee(Net)	772	765	679	643	694	771	934	982	950	894	923	1,025	1,084	1,126	1,262	1,358	1,521	1,562	1,555	1,565
Ordinary Expense	853	778	714	644	630	679	721	720	781	797	847	767	858	854	929	978	865	997	1,054	951
Base Earnings	▲81	▲11	▲35	▲1	65	93	214	261	168	96	76	258	225	271	333	380	656	564	502	612

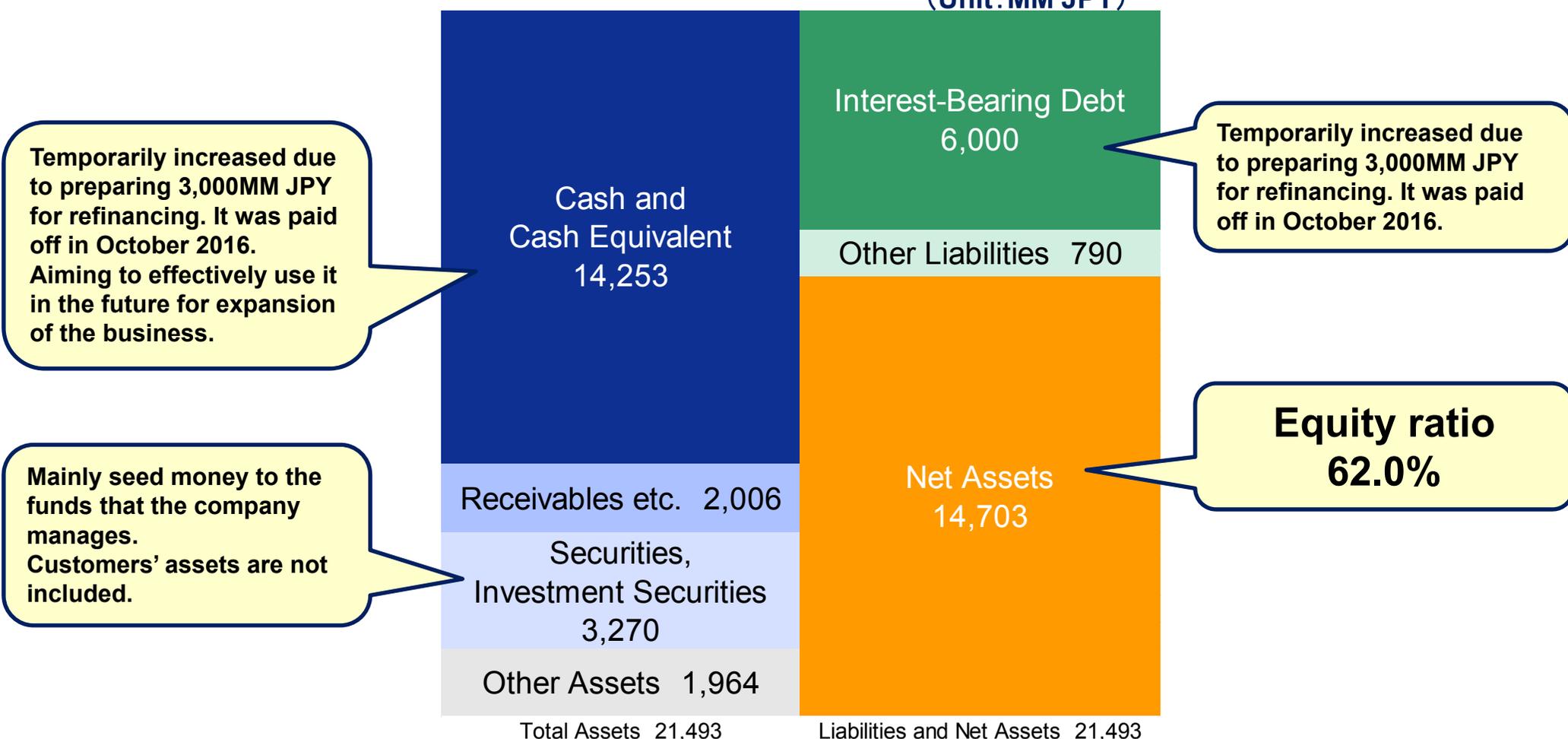
(Note) As preliminary figures, the 「Management fee (Net)」 is calculated by multiplying the management fee rate (after the deduction of commission paid) and the average AUM for the period.

B/S Overview(1)



Consolidated B/S

(Unit: MM JPY)



**Own capital will be used in order to expand business for the time being.
We continuously explore the most effective approaches to obtain necessary funds
for further business expansion.**

※ Please refer slide 40 about stock repurchase.

B/S Overview (2)



(Units: MM JPY)	Mar. 2016	Sep. 2016	Change
Current assets	16,921	17,488	+566
Cash and cash equivalents	13,070	14,253	+1,183
Securities	494	10	▲484
Receivables	1,838	2,006	+168
Fixed assets	3,758	4,005	+246
Investment securities	3,335	3,260	▲75
Total assets	20,680	21,493	+813
Current portion of long-term loans payable	3,000	3,000	-
Long-term loans payable	-	3,000	+3,000
Payables	1,465	450	▲1,014
Deposits received	200	88	▲112
Provision for bonuses	-	150	150
Total liabilities	4,946	6,789	+1,843
Common stock	8,575	8,575	-
Add'l paid-in-capital	4,108	4,108	-
Retained earnings	3,972	3,773	▲199
Treasury stock	▲3,501	▲3,701	▲199
Total Shareholder's Equity	13,154	12,755	▲399
Valuation difference on AFS securities	▲63	▲231	▲168
Foreign currency translation adjustment	1,163	809	▲354
Non-controlling interests	1,453	1,350	▲102
Total net assets	15,733	14,703	▲1,029

(Simplified) Operating CF: 1,287MM JPY
Increased due to new refinancing,
decreased due to payment of dividend and
bonus, also yen appreciation.

Breakdown of current portion of long-term
loans payables is as follows:
1,500MM JPY Rate : 1.365%
1,500MM JPY Rate : 1.396%
Paid off in October 2016

New long-term loans payable
3,000MM JPY Rate : 0.78799%
Due : September 2021

Payment of dividend : ▲ 815MM JPY
Profit attributable to
owners of parent : + 616MM JPY

Decreased due to the decline in net value of
securities hold and yen appreciation

Decreased mainly due to the impact of yen
appreciation / won depreciation.

(Note1) Figures above are truncated.

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

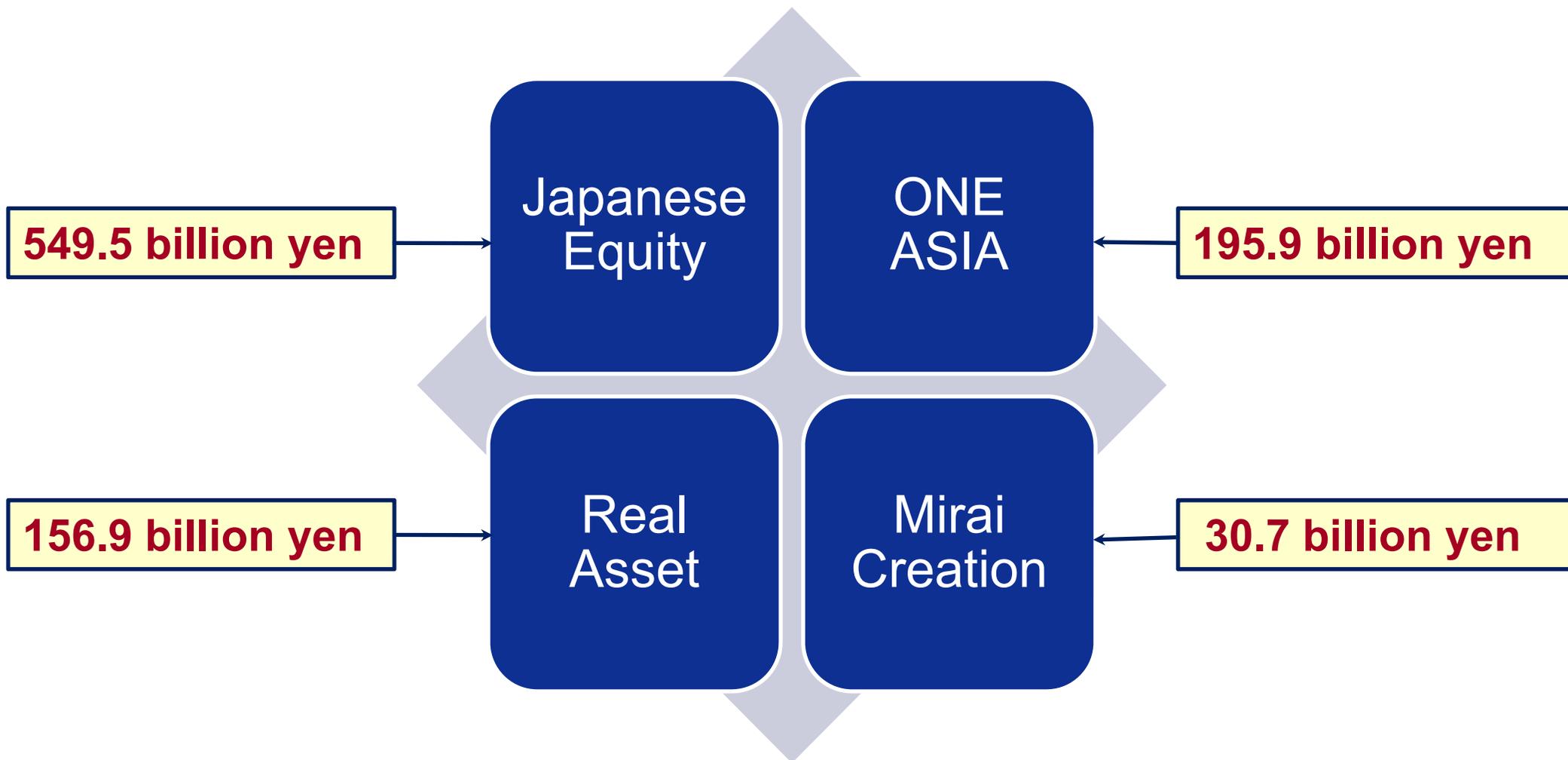
(Note3) Operating revenue is simply applied to "(Simplified) operating cash flow".



Progress of the Businesses and Future Plans

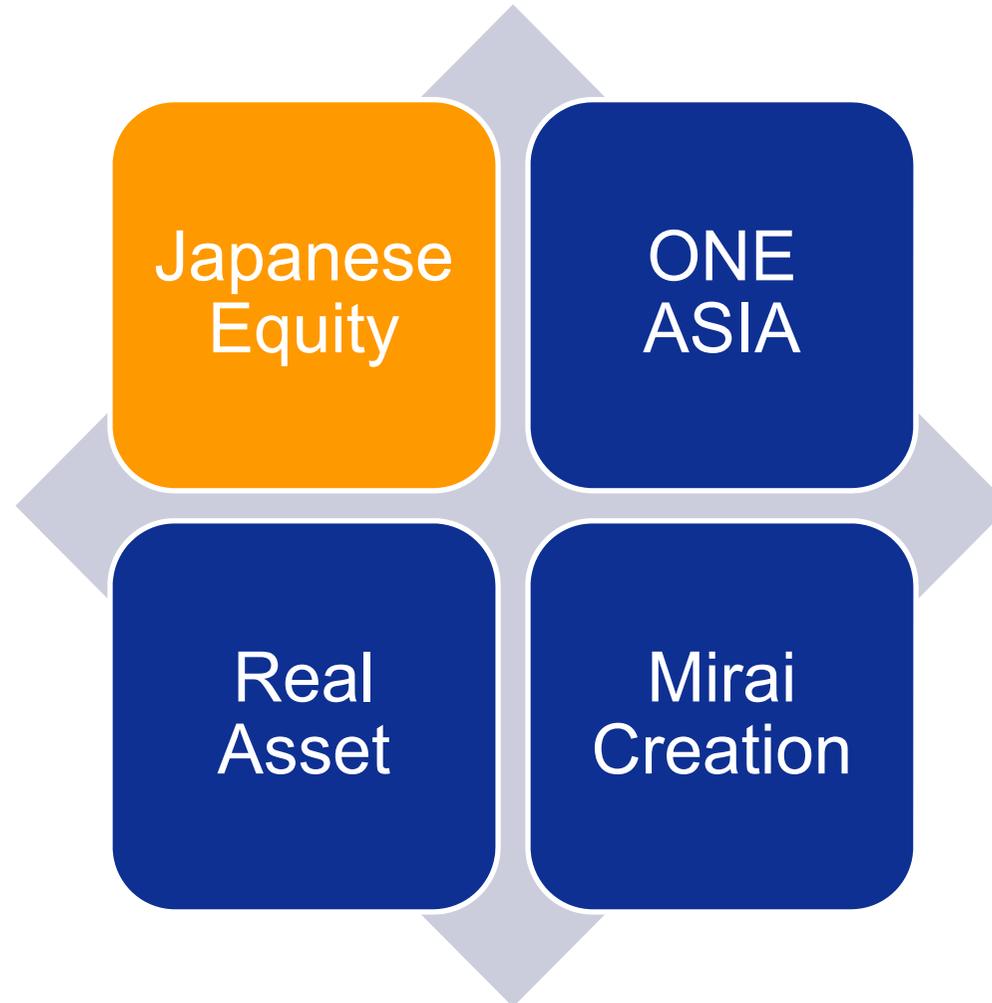
4 Main Investments for Growth Realization

– Breakdown of AUM as at the end of September 2016



① Japanese Equity Investment Strategy

(AUM as at the end of September 2016 : 549.5 billion yen)



Japanese Equity Investment Strategy



(Unit : 100million JPY)	AUM		
	Mar. 2016	Sep. 2016	Change (%)
Japanese Equity Long-Short Strategy	399	291	▲ 26.9%
Japanese Equity Focus All Cap Strategy	2,522	2,547	1.0%
Japanese Equity Mid & Small Cap Strategy	1,915	1,599	▲ 16.5%
Japanese Equity Clean Tech. Strategy	851	931	9.3%
Shareholders Responsibility Strategy	65	68	3.8%
Others	100	57	▲ 42.9%
Total	5,855	5,495	▲ 6.1%

<TASK> The performance has been well, but the AUM decreased due to redemption rising on profit-taking.

→ Enhancing operating activities for longer-term management products for DC (defined contribution pension plan).

<TASK> AUM of funds with higher management fee rate has been decreased since the global financial crisis.

→ Focusing on increase in AUM of more value-added alternative investment funds such as Japanese Equity Long-Short Strategy or Shareholders Responsibility Strategy.

Japanese Equity Investment Strategy



<TASK> AUM of funds with performance fee decreased since the global financial crisis.

→ Improve rate of eligible to earn performance fee by focusing on increase in AUM of funds with performance fee such as Japanese Equity Long-Short Strategy or Shareholders Responsibility Strategy.

<TASK> AUM of investment trust for individual investors has not increased well, although their needs of asset managements have been realized under the extended negative interest rate policy.

→ Enhancing approaches to individual investors by accelerating advertisement and promotional activities.

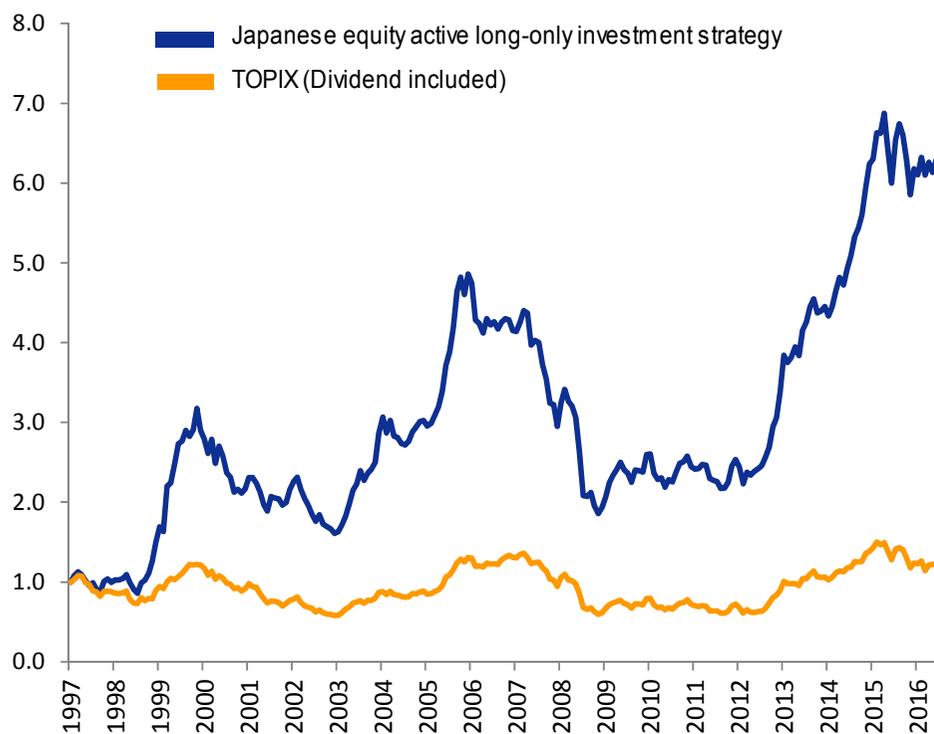
→ Continuously launching investment seminars in collaboration with securities companies

Annualized Performance by Strategy Since Inception ①



※ Category of investment strategy in this slide is not completely match with IR information in previous slides .

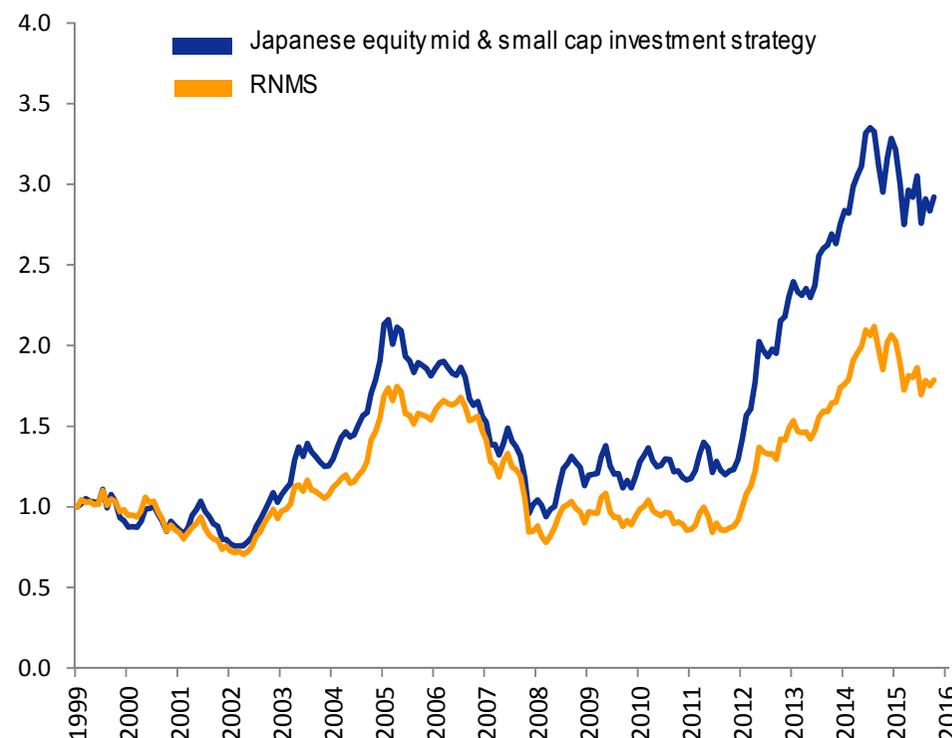
Japanese equity active long-only investment strategy



(Annualized Return)

Japanese equity active long-only investment strategy	9.94%	Reference Index	TOPIX (Dividend included)
Reference Index	1.05%	Measurement Period	1997/5 ~2016/9
Excess Return	8.89%	Volatility of Composite Return (Annualized)	21.30%

Japanese equity mid & small cap investment strategy



(Annualized Return)

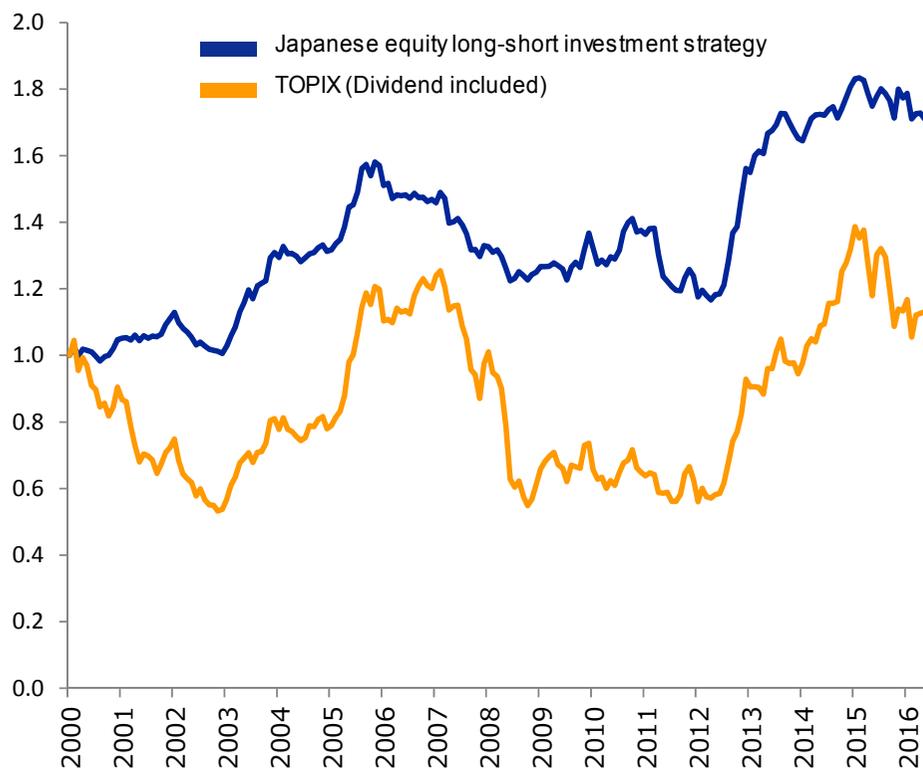
Japanese equity mid & small cap investment strategy	6.61%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	3.52%	Measurement Period	2000/1 ~2016/9
Excess Return	3.09%	Volatility of Composite Return (Annualized)	18.20%

Annualized Performance by Strategy Since Inception ②



※ Category of investment strategy in this slide is not completely match with IR information in previous slides .

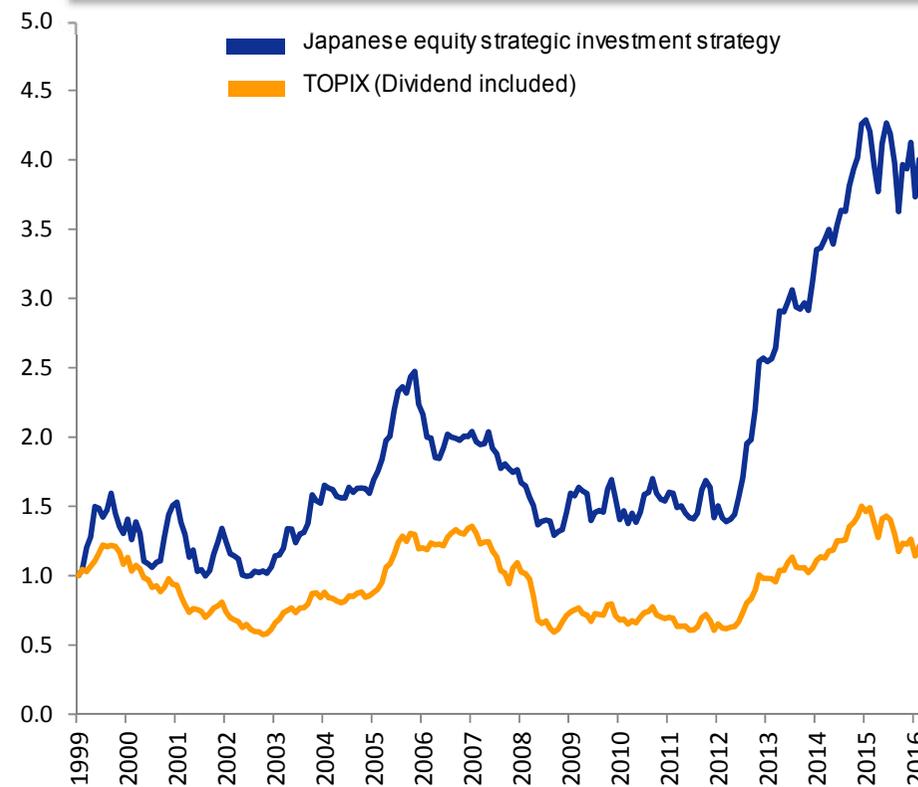
Japanese equity long-short investment strategy



(Annualized Return)

Japanese equity long-short investment strategy	3.34%	Reference Index	TOPIX (Dividend included)
Reference Index	0.75%	Measurement Period	2000/6 ~2016/9
Excess Return	2.59%	Volatility of Composite Return (Annualized)	7.42%

Japanese equity strategic investment strategy

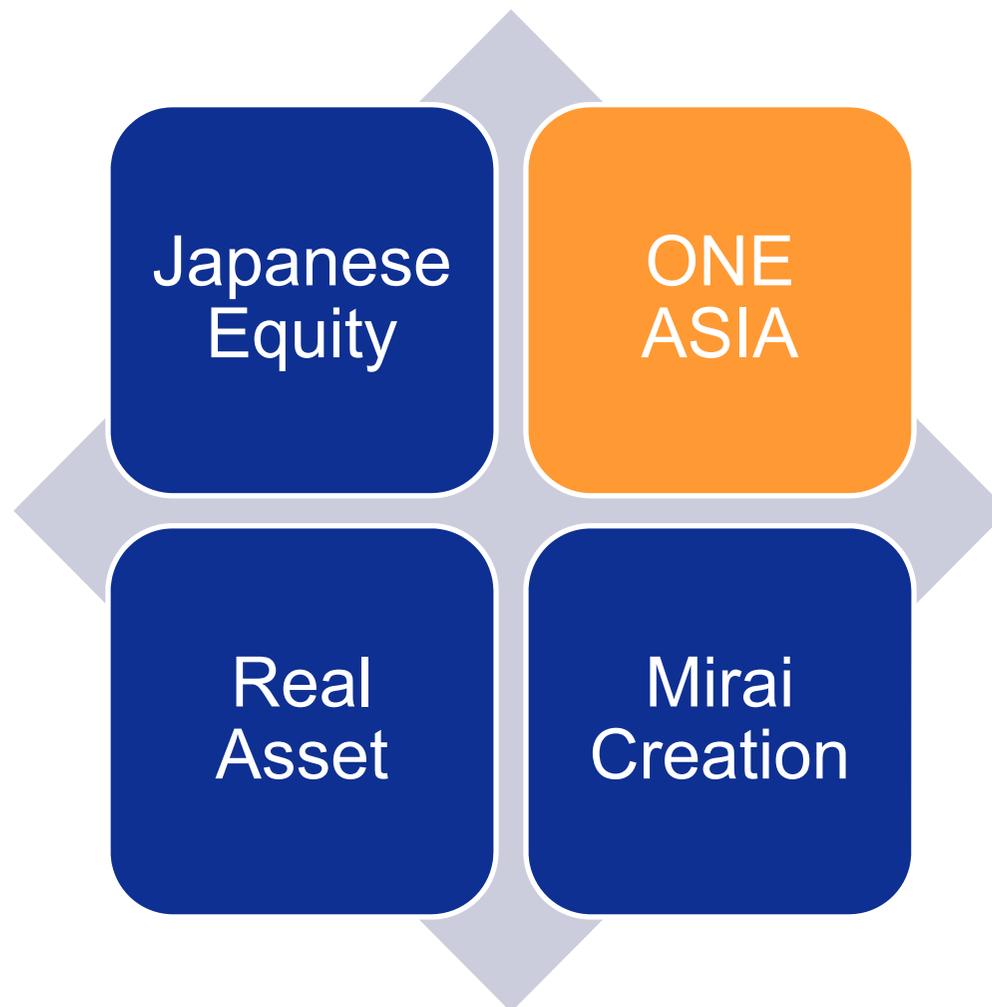


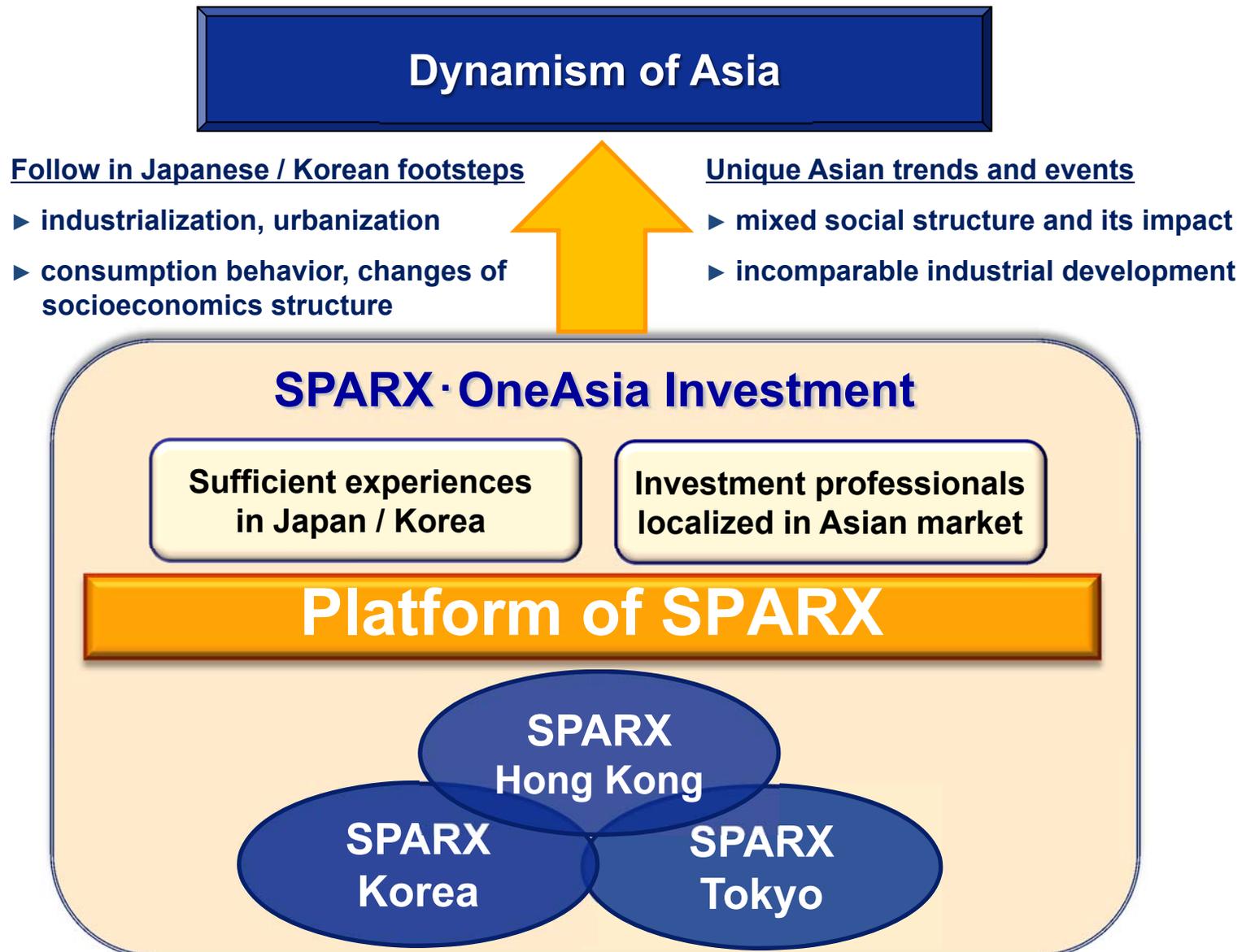
(Annualized Return)

Japanese equity strategic investment strategy	8.12%	Reference Index	TOPIX (Dividend included)
Reference Index	1.18%	Measurement Period	1999/7 ~2016/9
Excess Return	6.94%	Volatility of Composite Return (Annualized)	20.66%

② ONE ASIA Investment Strategy

(AUM at the end of September 2016: 195.9 billion yen)







Creating one portfolio by one team researching Asian market as one area

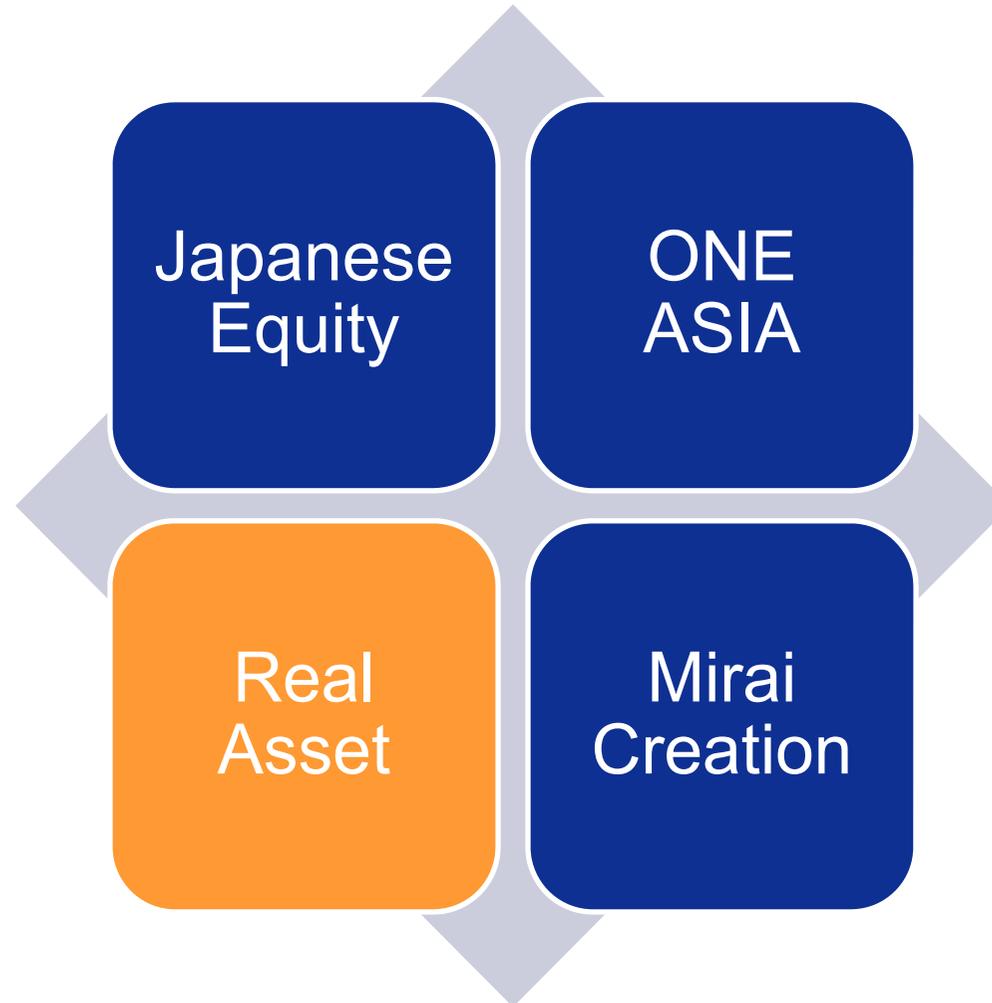
⇒ Utilizing SPARX's intelligence and knowledge throughout this activity for improving the management performance of each management company.

<Aiming to launch new flagship funds focus on Asian market>

- Korean Long-Short fund **Scheduled launching in next year**
- OneAsia Gensen Investment Fund **Scheduled launching in next year**

③ Real Asset Investment Strategy

(AUM at the end of September 2016: 156.9 billion yen)



Investment in Renewable Energy Generating Facilities

(AUM at the end of September 2016: 137.8 billion yen)



Invested in 24 projects (approx. 310MW)

Including 13 projects already selling electricity (approx. 86MW)

- ▶ Established a portfolio containing variety of energy sources such as solar, wind, geothermal and biomass.
Constructions started such as woody biomass power plant (Sanjo-shi, Niigata Prefecture) and geothermal power plant (Ibusuki-shi, Kagoshima Prefecture).
- ▶ SPARX has been using its intelligence and knowledge for “green field investment” funds, targeting on the preparation and launch of renewable power generation facilities. In addition, SPARX started preparation to provide “brown field investment” funds, focusing on the running of renewable power generation facilities, which can produce long-term stable cash flow, for institutional investors.

Setting up variety of renewable energy generating facilities all over Japan

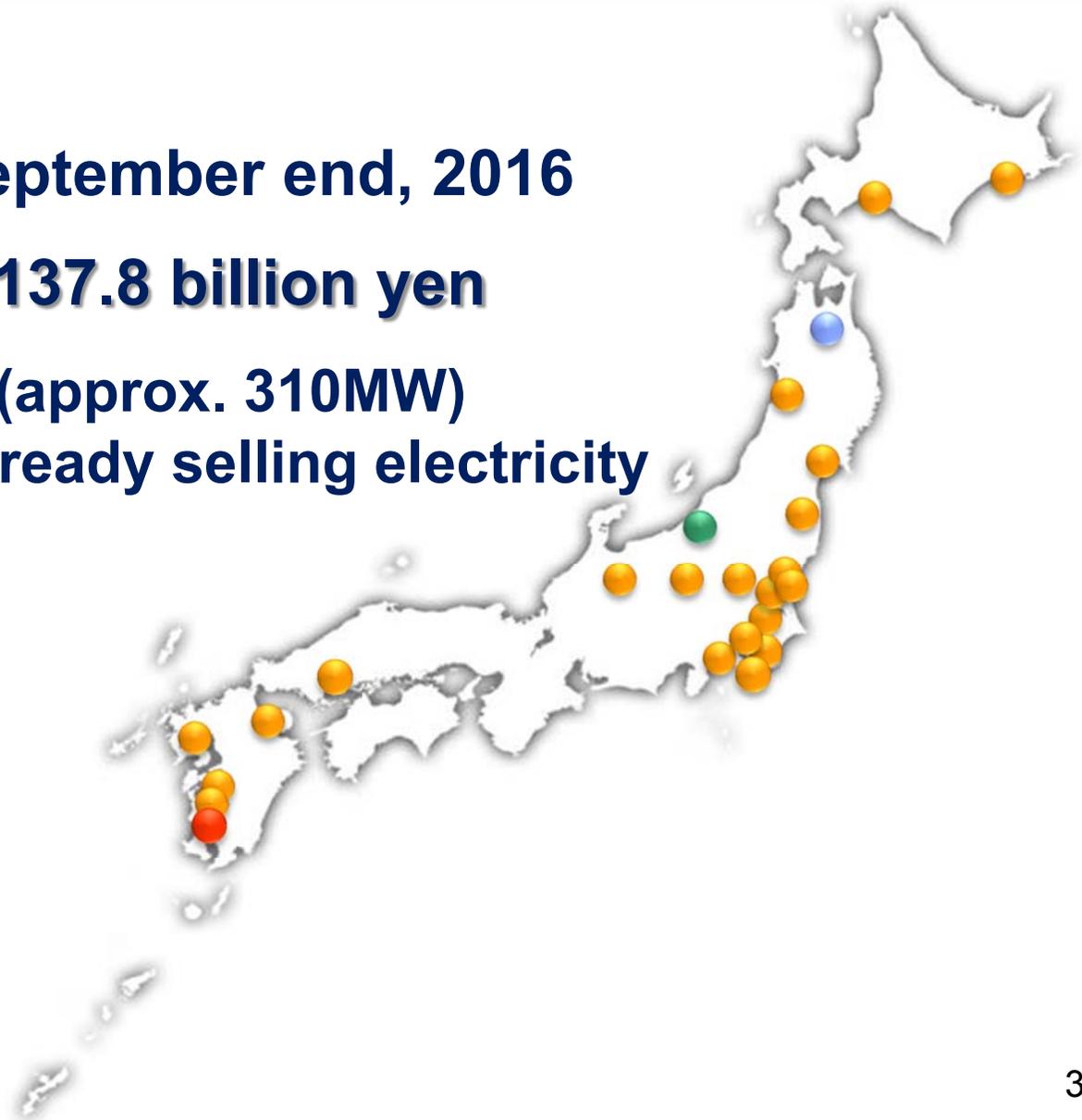
■ AUM

March end, 2016 September end, 2016

113.4 billion yen ⇒ 137.8 billion yen

- Invested in 24 projects (approx. 310MW)
Including 13 projects already selling electricity (approx. 86MW)

-  Solar Power Station
-  Wind Power Station
-  Geothermal Power Station
-  Biomass Power Station

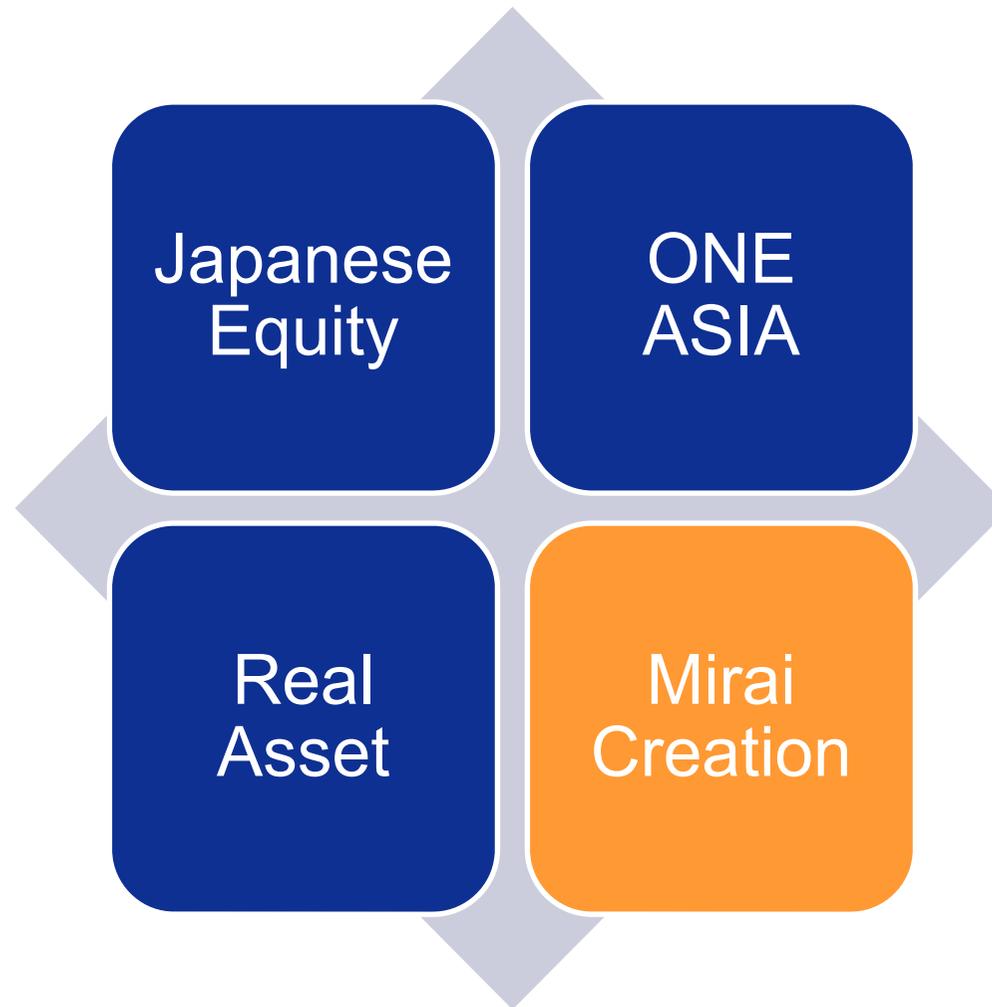




- A medical building being constructed in Setagaya/ Karasuyama by real estate investment fund, completed in June, and opened in August 2016. A specialized medical examination clinic and an orthopedic clinic which are invited by SDP Japan (tenant), are set up in the same building. The orthopedic clinic is specializing in hip arthroplasty. A doctor of the said clinic is one of the top-class experts of the operations in that field in Japan.
- Realization of low financial risk to medical institutions because of development risk and fixed asset investment are incurred by the real estate investment fund. The aging of medical facilities has been a social problem with demand of medical facilities rising in the super-aging society. Thus, the Company continues expanding these investments in medical facilities in the future.
- Selection of project has been done prudently by considering investment strategy in each fund, while prices of real estate are soared.

④ Mirai Creation Investment Strategy

(AUM at the end of September 2016: 30.7 billion yen)



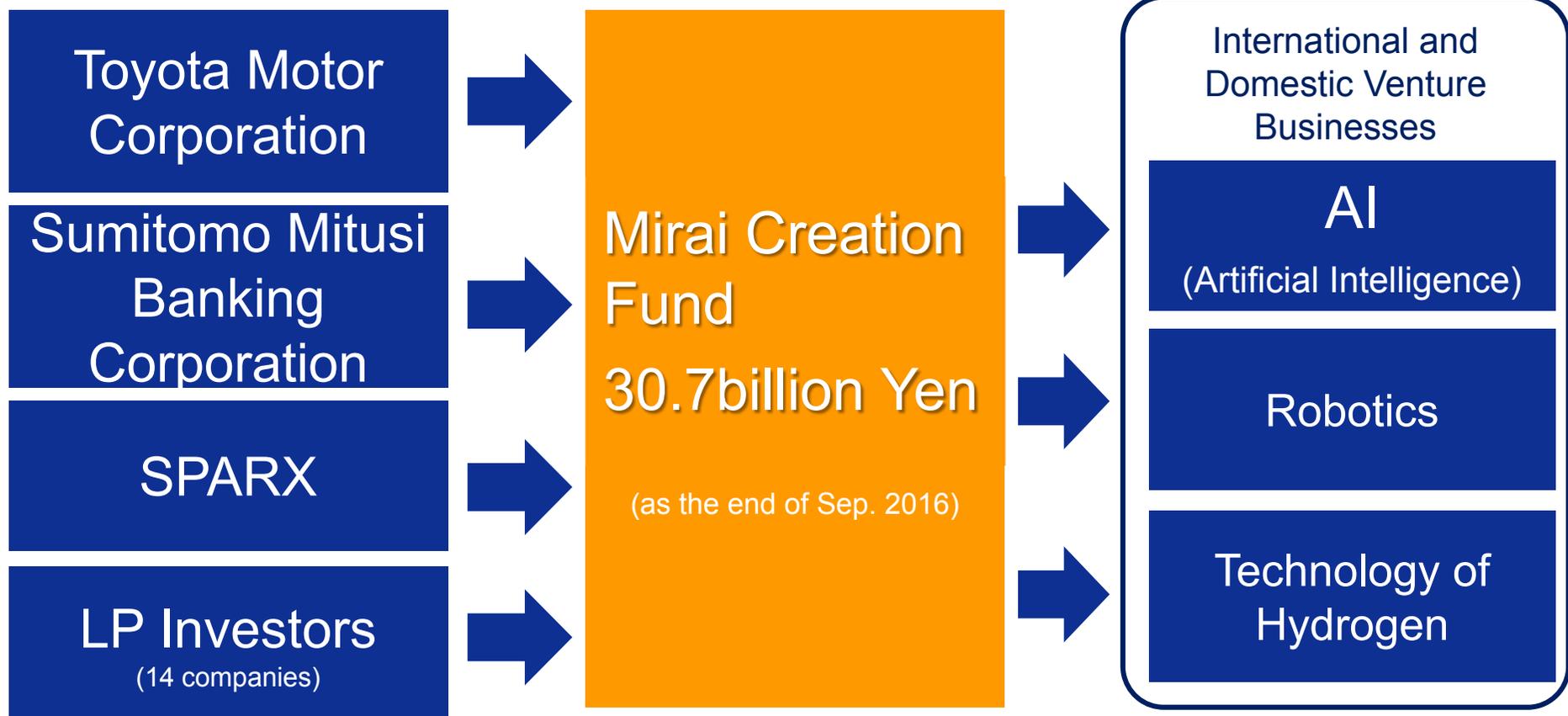
Mirai Creation Fund



Aim to reach AUM 50 billion yen through offering LP investors continuously

<Fundamental principles of Mirai Creation Fund>

- To contribute accelerating innovation by investing in enterprises that possess technologies capable of leading growth for future generation.
- To deliver visualization of “New Power” that operates for the future by building portfolios of discovered enterprises.



Invested Companies by Mirai Creation Fund



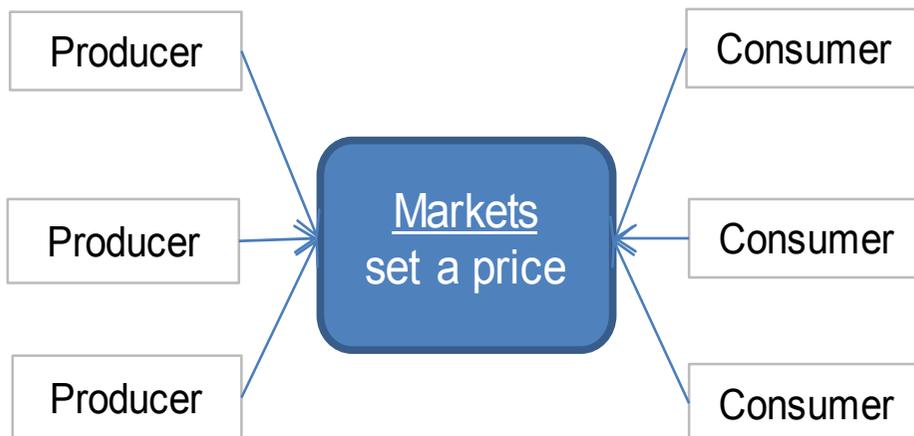
NO	Category	Company Name	Features
1	AI	UIEvolution, Inc.	Develops middle ware smoothly accessible UX (user experience) from vehicles, hotels and luxury liner.
2	AI	SORACOM	Provides secured network at low costs to accessing IoT devices.
3	AI	Non - disclosure	Non - disclosure
4	AI	Getaround	A venture develops car sharing system "The Airbnb for car rental" Establishes a strategic relationship in Toyota "connected vehicle" project.
5	Robotics	GROOVE X	Aims to create a global standardized home robot by utilizing experiences via developing Pepper .
6	Robotics	Kymeta Corporation	Technology of satellite antenna which will realize high data capacity and high-bandwidth connected mobility.
7	Robotics	3D MEDiA Co., Ltd.	Contributing to industrial robots' intelligence by providing function of eye and brain
8	Robotics	WHILL Inc.	Develops, produces and sells high end e-wheelchairs complex of hardware and software.
9	Hydrogen	Exergy Power System Co., Ltd.	Has unique technology on hybrid-hydrogen batteries and hydrogen production.
10	FOF	Core Ventures Group Fund II, L.P.	Venture capital specializes investing in startup businesses, gateway to Silicon Valley.
11	FOF	Non - disclosure	Non - disclosure

Convert to the new paradigm that individual is a main character

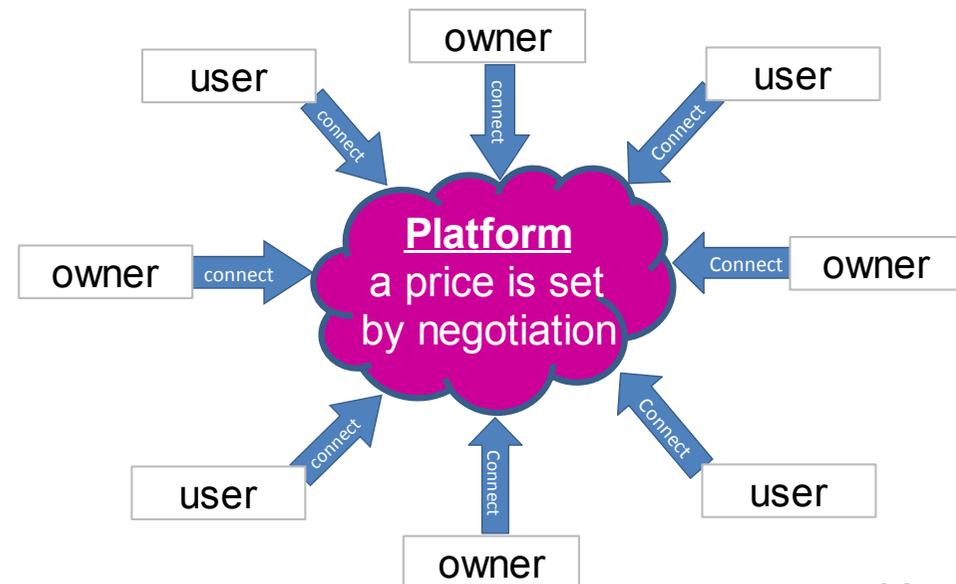
Completely new paradigm which each individual is a main character, is being established by that individuals are connected by generalization of smartphone and the internet.

SPARX Group believes there are investment opportunities with expectation that Japan can be a defect platformer to the world by accelerating this trend.

So far, “Produce to consumer”



From now on, “Connected to use”





Shareholders Return

Return to Shareholders — Stock Repurchase



Second stock repurchase program in this year since February 2016.

Implemented stock repurchase program in order to achieve higher shareholder return, improve capital efficiency and enable effective execution of its capital strategy to meet the business environment.

(1) Type of shares acquired	Shares of common stock of SPARX Group Co., Ltd.
(2) Total number of shares acquired	1,090,100 shares (0.53% of total issued common stock (excluding treasury stock))
(3) Total price of shares acquired	199,993,100 yen
(4) Period of stock acquisition	From July 1, 2016 through July 14, 2016 (trading day base)



Other Topics

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Contact: Global Business Development Tel: +81-(0)3-6711-9200

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SPARX Group Co., Ltd.

Shinagawa Season Terrace 6F 1-2-70, Konan,
Minato-ku, Tokyo, 108-0075, Japan
Tel: +81-(0)3-6711-9100