

# Consolidated Financial Results for FY2018 (Apr. 2018 – Mar. 2019)

May 15<sup>th</sup>, 2019



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



## Mission

**To make the world  
“Wealthier, Healthier and Happier”**

## Vision

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

**“SPARX Group Co., Ltd.” has become a listed company on the First Section of the Tokyo Stock Exchange by changing the stock market listing.**

**We are delighted to be able to make this announcement, and we would like to express our sincere gratitude.**

# Financial Results for the FY2018

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

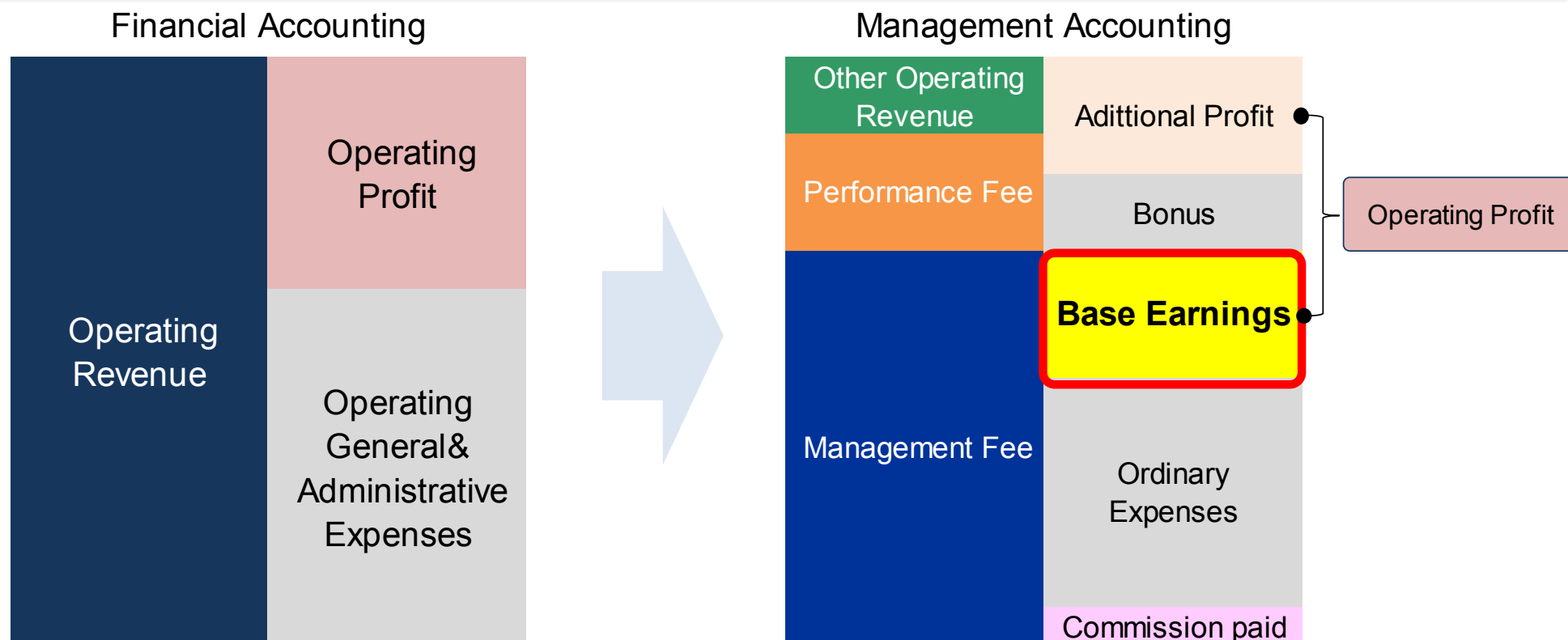


The Company identifies “**Base Earnings**” as the most important financial indicator. “Base Earnings” indicates the sustained and stable fundamental profitability of the Company.

**Base Earnings** = (Management Fee – Commission Paid) – Ordinary Expenses

=Management Fee (After the Deduction of Commission Paid) – Ordinary Expenses

The operating profit for financial accounting purposes includes one-off/ additional performance fees that can be affected by trends of the equity market and progress of real assets investment business. For this reason we recommend you to pay attention to “Base Earnings” to understand the earning strength.



(Note) “Company” means SPARX Group Co., Ltd. and its consolidated subsidiaries. Hereinafter the same.

# Overview (1) Performance



The Base Earnings, which indicate the sustained and stable fundamental profitability of the Company, arose by 15.5%.  
Operating profit decreased by 40.6% due to a significant decline of the performance fee.

(Unit:MM JPY)	FY2017	FY2018	YoY change
	Full Year	Full Year	
Operating revenue	13,227	11,239	▲ 15.0%
Operating profit	6,569	3,901	▲ 40.6%
Net income	4,681	3,246	▲ 30.7%
Base earnings	3,169	3,660	+15.5%

(Note) Please refer slide 5, 7, 31 and 37 for details of base earnings.

# Overview (2) Performance



		FY2017	FY2018	
		Full Year	Full Year	YoY change
<b>Average AUM</b>	(100MM JPY)	<b>10,937</b>	<b>11,572</b>	<b>+5.8%</b>
<b>Management fee rate</b>	(%)	<b>0.68%</b>	<b>0.73%</b>	<b>+0.05</b>
(After the deduction of commission paid)				
<b>Management fee</b>	(MM JPY)	<b>7,408</b>	<b>8,449</b>	<b>+14.1%</b>
(After the deduction of commission paid)				
<b>▲ Ordinary expenses</b>	(MM JPY)	<b>4,238</b>	<b>4,789</b>	<b>+13.0%</b>
<b>Base earnings</b>	(MM JPY)	<b>3,169</b>	<b>3,660</b>	<b>+15.5%</b>
<b>Performance fee</b>	(MM JPY)	<b>4,476</b>	<b>922</b>	<b>▲ 79.4%</b>
<b>Percentage of AUM eligible to earn performance fee</b>	(%)	<b>25.4%</b>	<b>30.2%</b>	<b>4.9</b>
<b>Other operating revenue</b>	(MM JPY)	<b>182</b>	<b>115</b>	<b>▲ 37.0%</b>
<b>▲ Bonus (including ESOP Expense)</b>	(MM JPY)	<b>1,257</b>	<b>795</b>	<b>▲ 36.7%</b>
<b>Operating profit</b>	(MM JPY)	<b>6,569</b>	<b>3,901</b>	<b>▲ 40.6%</b>
<b>Profit attributable to owners of parent</b>	(MM JPY)	<b>4,681</b>	<b>3,246</b>	<b>▲ 30.7%</b>
<b>ROE</b>	(%)	<b>26.6%</b>	<b>16.2%</b>	<b>▲ 10.4</b>

(Note1) Management Fee includes fees from power plants related to Japanese Renewable Energy Investment Strategy. Hereinafter the same.

(Note2) Performance Fee includes one-off administrative fees the Company received from funds for real estate sales and purchases related to Japanese Real Estate Investment Strategy and one-off acquisition fees for setting up of power plant schemes related to Japanese Renewable Energy Investment Strategy. Hereinafter the same.

## Overview (3) AUM



Despite the decline in the Japanese equity market,  
Japan's AUM remained JPY 1.1 trillion due to continued cash inflow.

(Unit:100MM JPY)	AUM			Average AUM (Nine months)		
	As of March, 2018	As of March, 2019	Change (%)	FY2017	FY2018	YoY change (%)
Japan	10,957	11,487	+4.8%	9,773	11,189	+14.5%
Korea	195	141	▲ 27.8%	1,065	173	▲ 83.7%
Asia	99	227	+129.1%	98	210	+113.5%
Total	11,252	11,856	+5.4%	10,937	11,572	+5.8%

	As of March, 2018	As of March, 2019	YoY change
TOPIX	1,716	1,591	▲ 7.3%
NIKKEI stock average (JPY)	21,454	21,205	▲ 1.2%
KOSPI	2,445	2,140	▲ 12.5%

※ Please refer to “SPARX Group Announces Assets Under Management for March 2019” for further information.

<https://ssl4.eir-parts.net/doc/8739/tdnet/1690239/00.pdf>



# Progress of the Businesses and Future Plans

# Recent Business Progress



## Japanese Equity

Cash inflow into the funds exceed the outflow throughout 2018. In particular, the AUM of publicly offered investment trusts increased significantly.

## OneAsia

Two publicly offered investment trusts were established in the third quarter as a result of the sharing of investment intelligence across each location. Its AUM has been steadily accumulated.

## Real Asset

Mirai Renewable Energy Fund (approx. JPY 30 billion) has been operating since November 2018. In April 2019, the fund invested in its first project.

## Mirai Creation

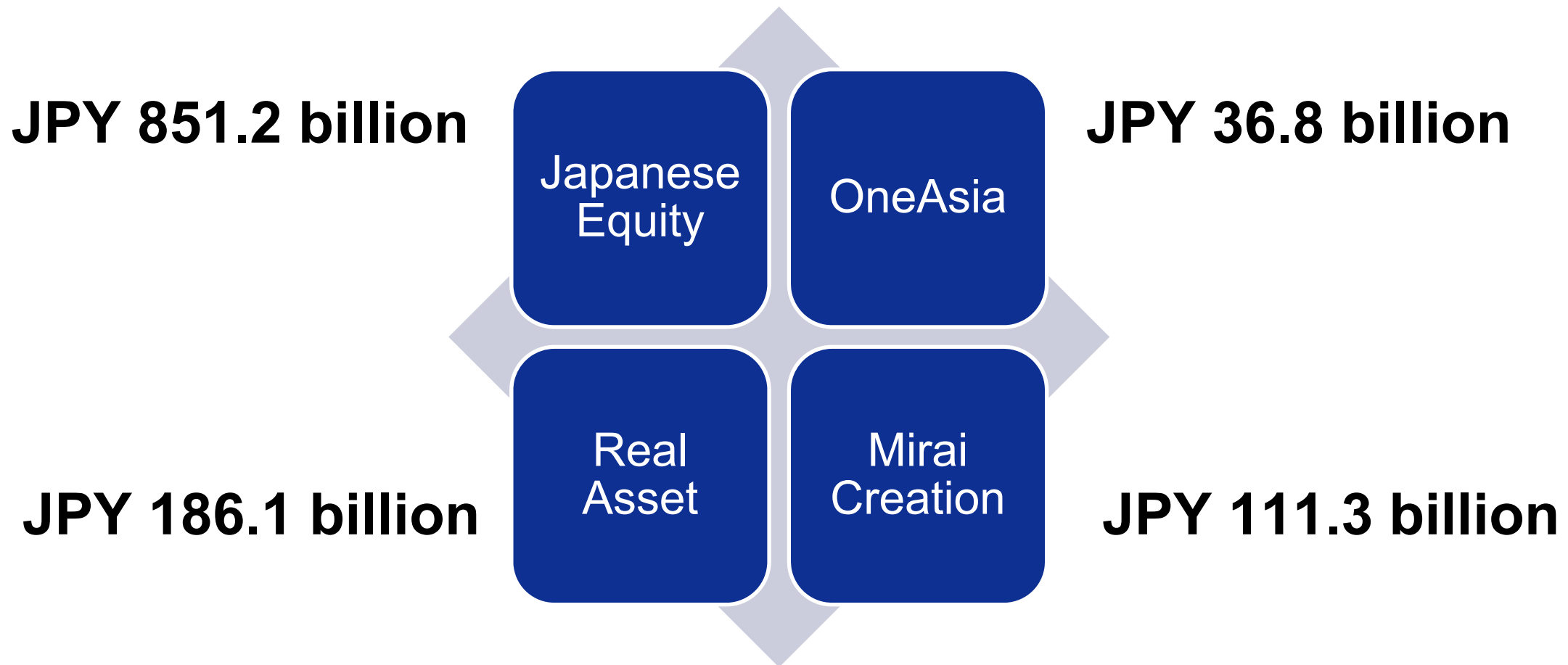
Total AUM of Mirai Creation Fund I and II reached JPY 111.3 billion (at the end of March 2019) due to the steady expansion of Mirai Creation Fund II's AUM.

## 4 Main Investments for Growth Realization:

Hybrid of High Profitability and Stability



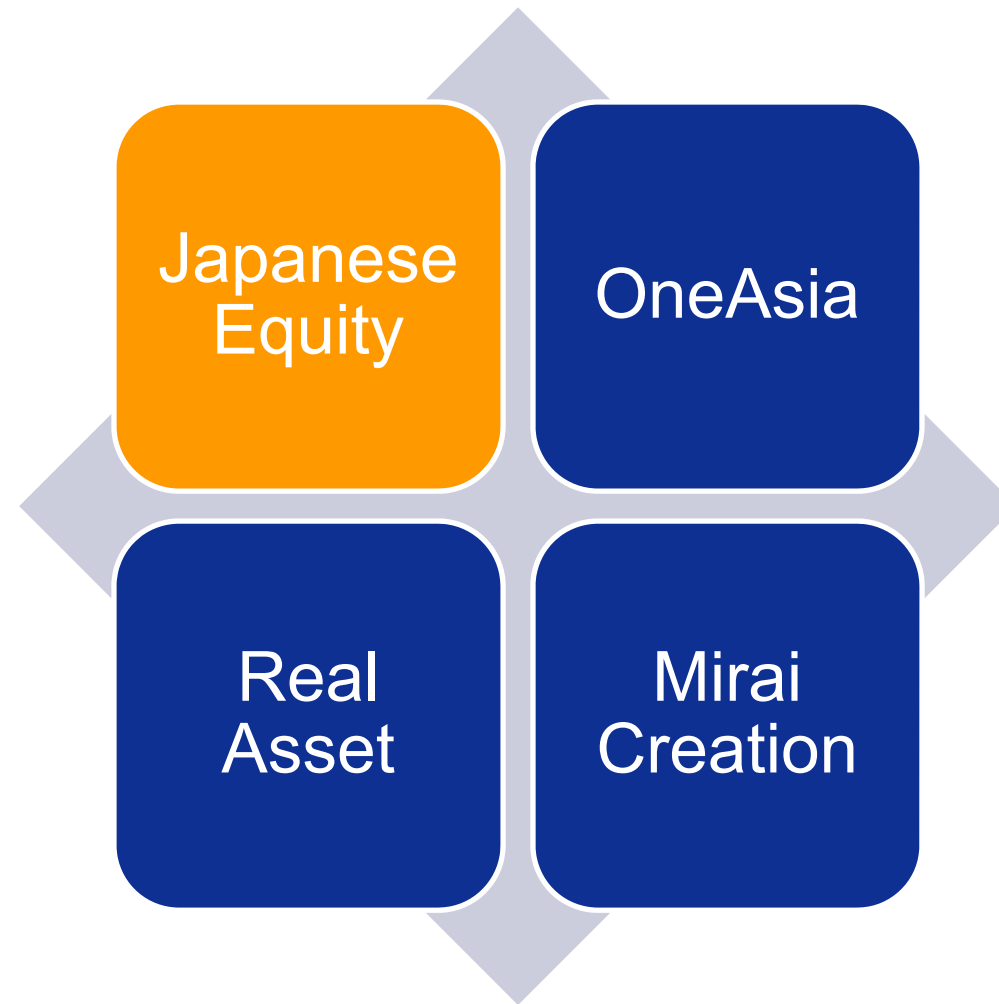
**High Profitability : a large scale of profit (performance fees) can be generated depending on fund performance.**



**Stability : a stable revenue will be expected due to long term contracts without redemptions.**

# ① Japanese Equity Investment Strategy

(AUM as at the end of March 2019 : JPY 851.2 billion)



# Japanese Equity Investment Strategy : AUM by Strategies



- AUM of domestic investment trusts, which have a relatively high management fee rate, increased due to the steady cash inflow.
- AUM of Japanese Equity Market Neutral Investment Strategy, which started operation in this fiscal year, steadily rose and has performed well despite challenging market conditions.

(Unit : 100million JPY)	AUM			
	Mar. 2018	Mar. 2019	Change	Change (%)
Japanese Equity Long-Short Strategy	367	462	+94	25.8%
Japanese Equity Focus All Cap Strategy	4,231	5,063	+832	19.7%
Japanese Equity Mid & Small Cap Strategy	2,724	2,033	▲ 691	▲ 25.4%
Japanese Equity Clean Tech. Strategy	1,021	0	▲ 1,021	▲ 100.0%
Value Creation/Engagement Strategy	135	112	▲ 22	▲ 16.8%
Japanese Equity Market Neutral Strategy	-	427	+427	-
Japanese Equity Sustainable Strategy	178	414	+236	132.5%
Others	5	0	▲ 5	▲ 100.0%
Total	8,664	8,512	▲ 151	▲ 1.7%

## Second Shareholder Proposal to TEIKOKU SEN-I<sup>(Note)</sup>



Through the Fund Under Management

TEIKOKU SEN-I operates an excellent business, however its inefficient capital allocation is notably diminishing its corporate value.



### Proposal1 Election of an Outside Director

Appoint Katsuya Natori  
as an outside director



Improve the corporate governance

### Proposal2 Increase the year-end dividend

Increase year-end dividend  
for the 93<sup>rd</sup> fiscal period (FY12/18)  
from JPY 35 per share to JPY 95 per share



Improve inefficient capital allocations and  
implement dividends at the necessary level to  
control increases in cash equivalents



At the General Meeting of Shareholders held on March 28, 2019, the two shareholder proposals were rejected, but TEIKOKU SEN-I increased the dividend from the previous year, although the dividend amount did not exceed the proposed dividend amount.

TEIKOKU SEN-I is moving toward an understanding that the proposals are reasonable.

Please refer below press release for further information.

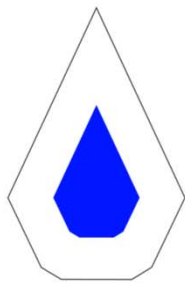
(Reference) <https://ssl4.eir-parts.net/doc/8739/tdnet/1664135/00.pdf>

(Note) TEIKOKU SEN-I is the abbreviation for TEIKOKU SEN-I Co., Ltd.

# Received Lipper Fund Awards From Refinitiv 2019 Winner Japan, Best Group Over Past Three Years, Equity.



## Lipper Fund Awards From Refinitiv 2019 Winner Japan, Best Group Over Past Three Years, Equity.



### LIPPER FUND AWARDS FROM REFINITIV

2019 WINNER  
JAPAN

(Reference) <https://ssl4.eir-parts.net/doc/8739/tdnet/1685444/00.pdf>

The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Lipper Fund Award. For more information, see [lipperfundawards.com](http://lipperfundawards.com) Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

## Received The First Prize of “R&I Fund Award 2019”



**Investment Trusts Aggregate/ Japanese Equity Fund Aggregate category: The Second Prize**  
SPARX Asset Management Co., Ltd.



**Investment Trusts 10-Year/ Japanese Equity Fund category: The Second Prize**



**Investment Trusts /Japanese Equity Fund category: The Second Prize**

**SPARX New Global Blue Chip Japanese Equity Fund (“Gensentoshi”)**

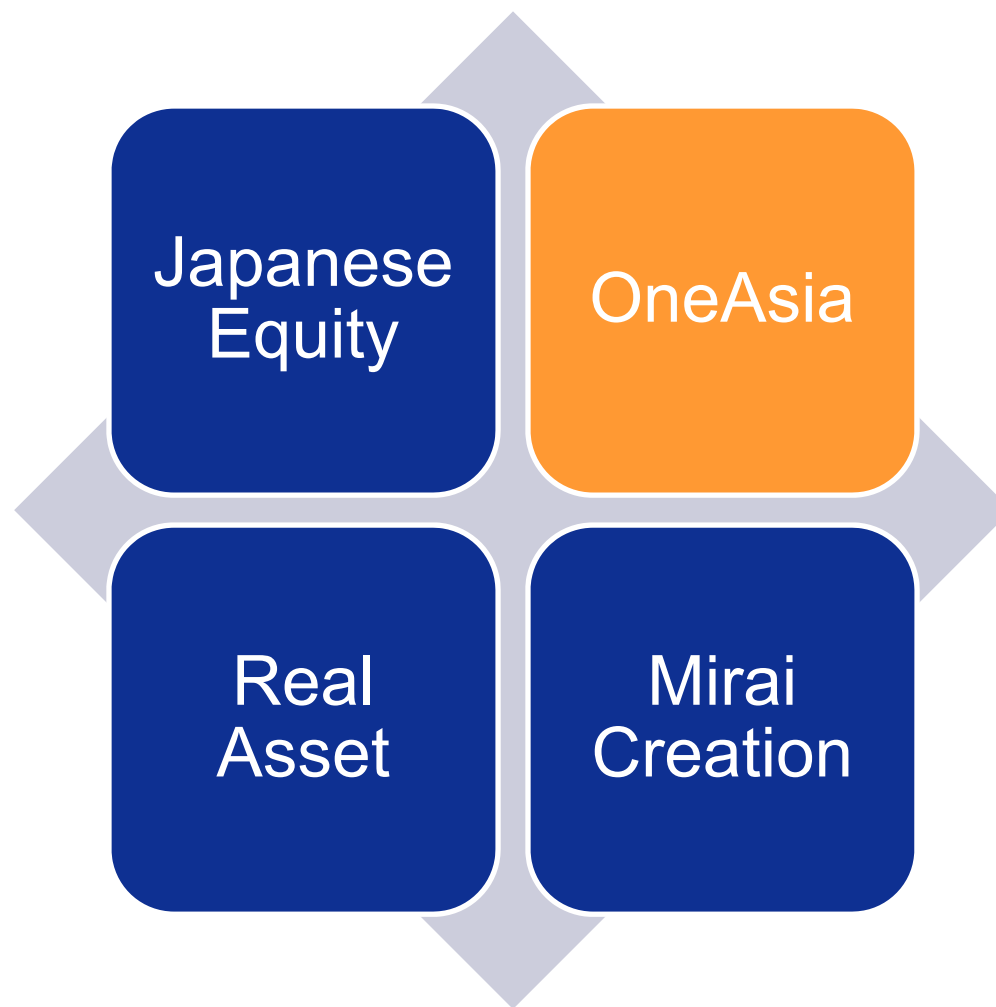
(Reference) <https://ssl4.eir-parts.net/doc/8739/tdnet/1697516/00.pdf>

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.



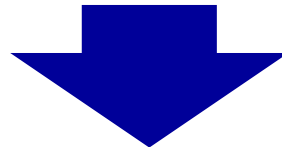
## ②OneAsia Investment Strategy

(AUM at the end of March 2019: JPY 36.8 billion)

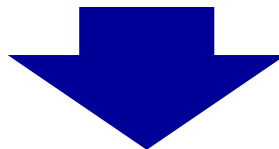


## Investment intelligence sharing is delivering results.

Fund managers in Tokyo and those in South Korea and Hong Kong have been enhancing investments in Asian region by sharing their investment intelligence. The managers started projects to develop products by sharing their ideas across each location and to lead the successful launching.

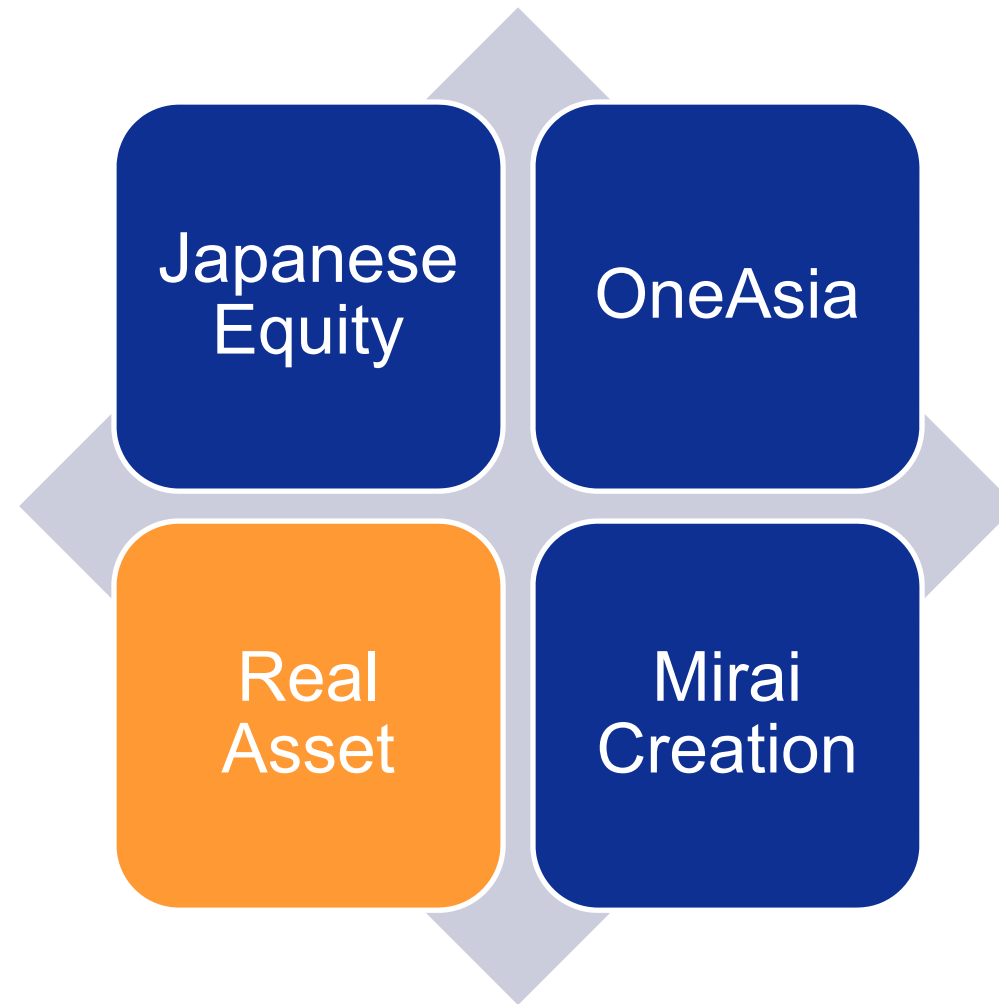


Publicly offered investment trust with investments into dedicated companies in South Korea, started being handled by Tokai Tokyo Securities Co., Ltd., subsequent to the publicly offered investment trust distributed by Mito Securities Co., Ltd., which focuses on Asian equity market including Japan. Cash inflow from Japanese investors are recorded gradually.



The Company aims at a full-fledged expansion of the OneAsia strategy's AUM, encouraged by using these new investment trusts.

### ③ Real Asset Investment Strategy (AUM at the end of March 2019: JPY 186.1 billion)






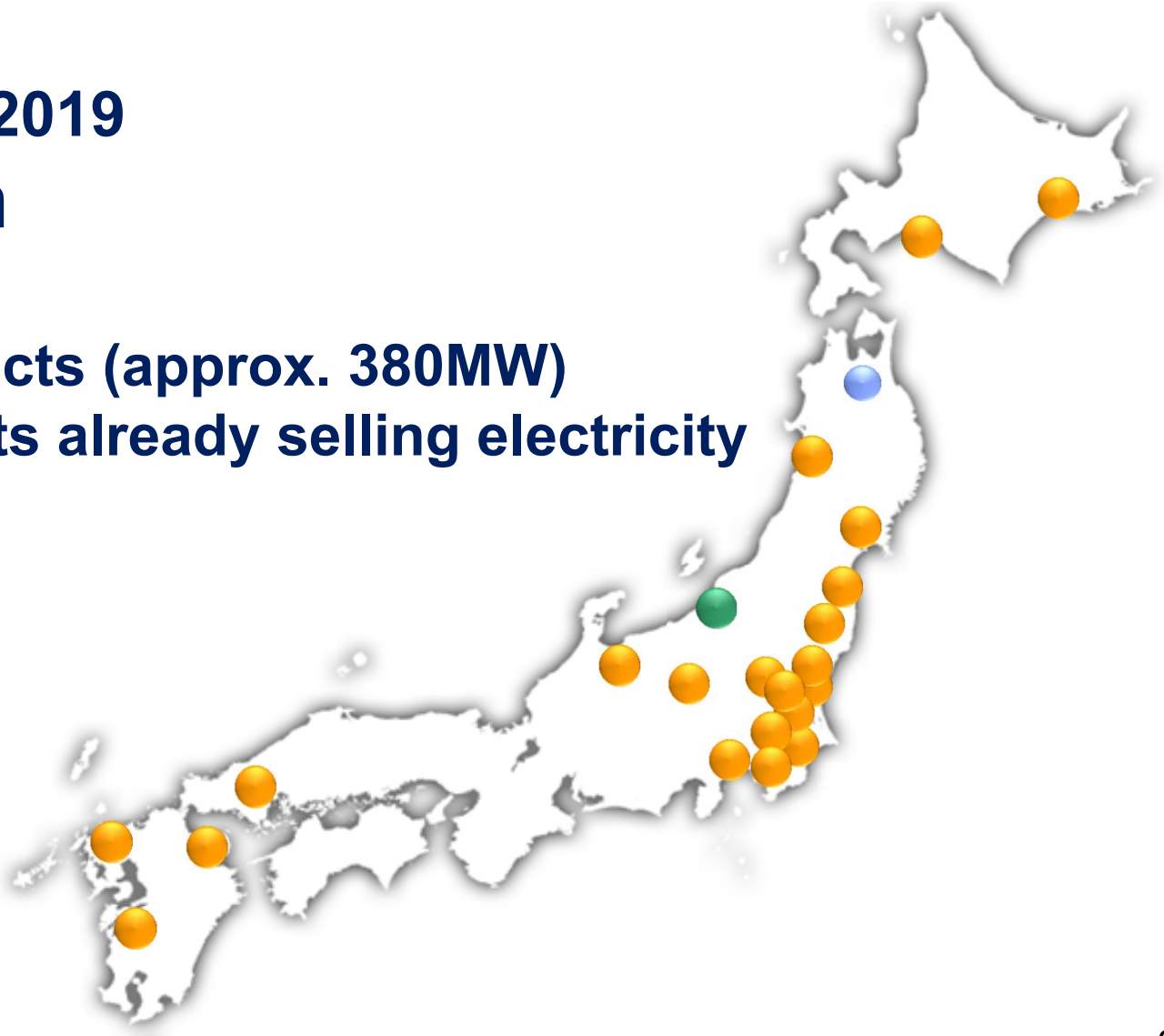
## ■ AUM

**At the end of March 2019**

**JPY 152.9 billion**

- Invested in 24 projects (approx. 380MW)  
Including 20 projects already selling electricity (approx. 250MW)

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



# Investment in Renewable Energy Generating Facilities (2)



Operation of “Mirai Renewable Energy Fund” began from November 1<sup>st</sup>, 2018.

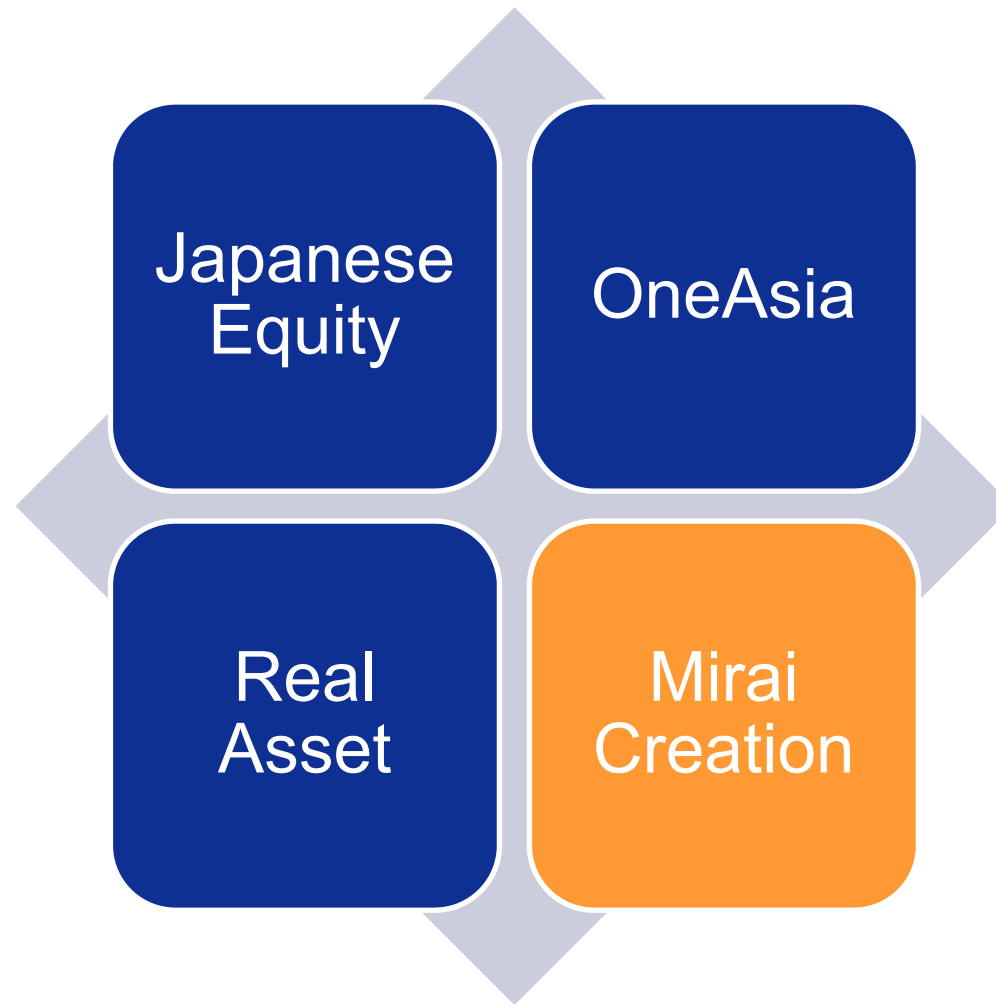
Toyota Motor Corporation participates as an investor.

Basic Principle	"Driving renewable energy growth and use throughout Japan"
Fund Name	Mirai Renewable Energy Investment Limited Partnership
Investment Targets	Domestic new renewable energy power facilities (power sources: solar, wind, biomass, geothermal, and hydraulic)
Investors	GP:SPARX Group Co., Ltd. LP:Toyota Motor Corporation, CHUBU Electric Power Co.,Inc., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd.

**AUM had expanded to a scale of JPY 30billion at the end of March 2019.**  
**In April 2019, the fund invested in its first project.**

## ④ Mirai Creation Investment Strategy

(AUM at the end of March 2019: JPY 111.3 billion)

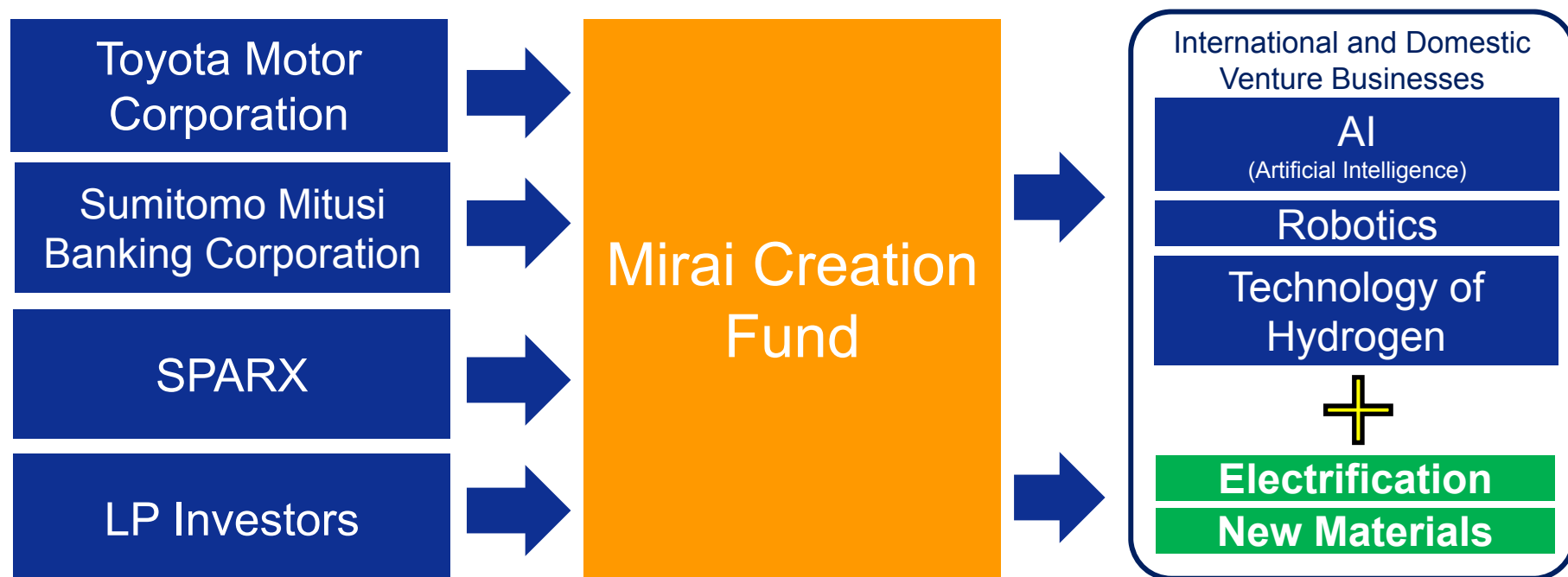


# Mirai Creation Investment Strategy:

## Started Operation of Mirai Creation Fund II.



**Toyota Motor Corporation and Sumitomo Mitsui Banking Corporation, following the first series fund, again participate as initial investors in Mirai Creation Fund II, which started its operation from October 2018.**



- AUM JPY 72.6 billion as of Mar 2019
  - 14 Projects
- Executed amount JPY 4.6 billion

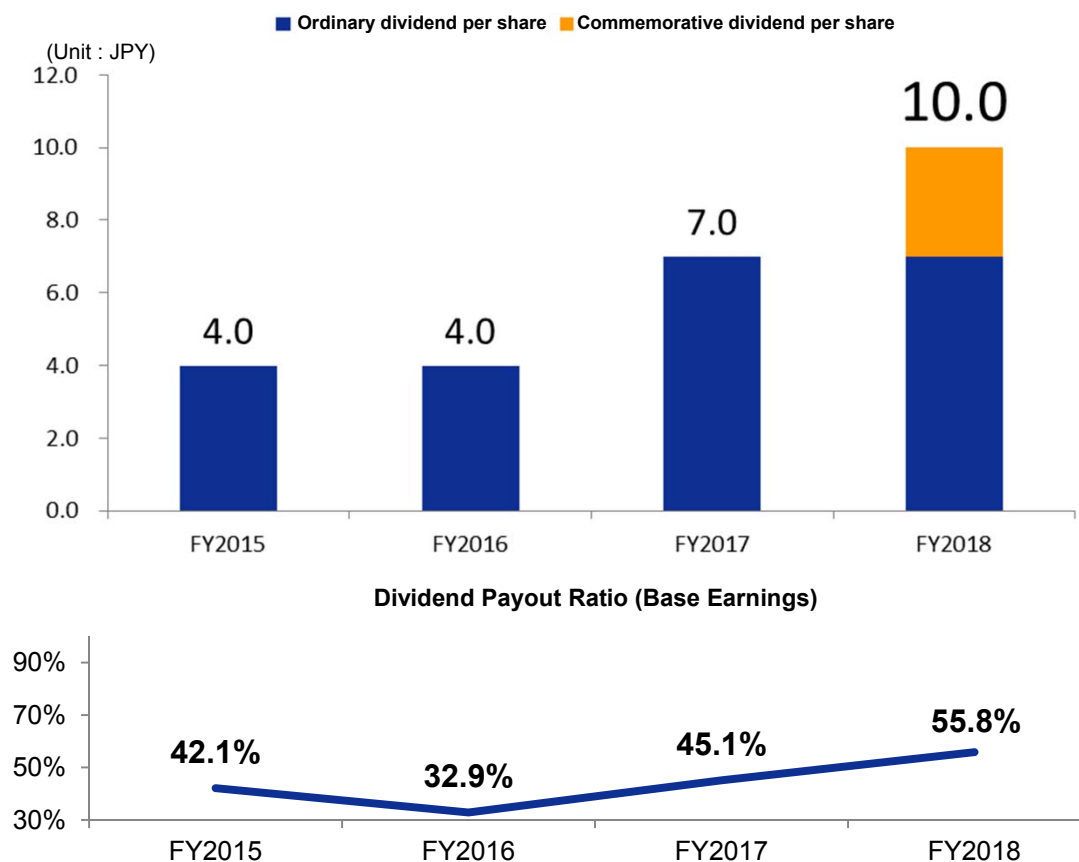
Other



# Shareholders Return



**30th anniversary commemorative dividend per share scheduled to be 3.00 yen in addition to ordinary dividend of 7.00 yen per share by considering the continuously robust financial condition, increase in the Base Earnings, and so on. (Note 1)**



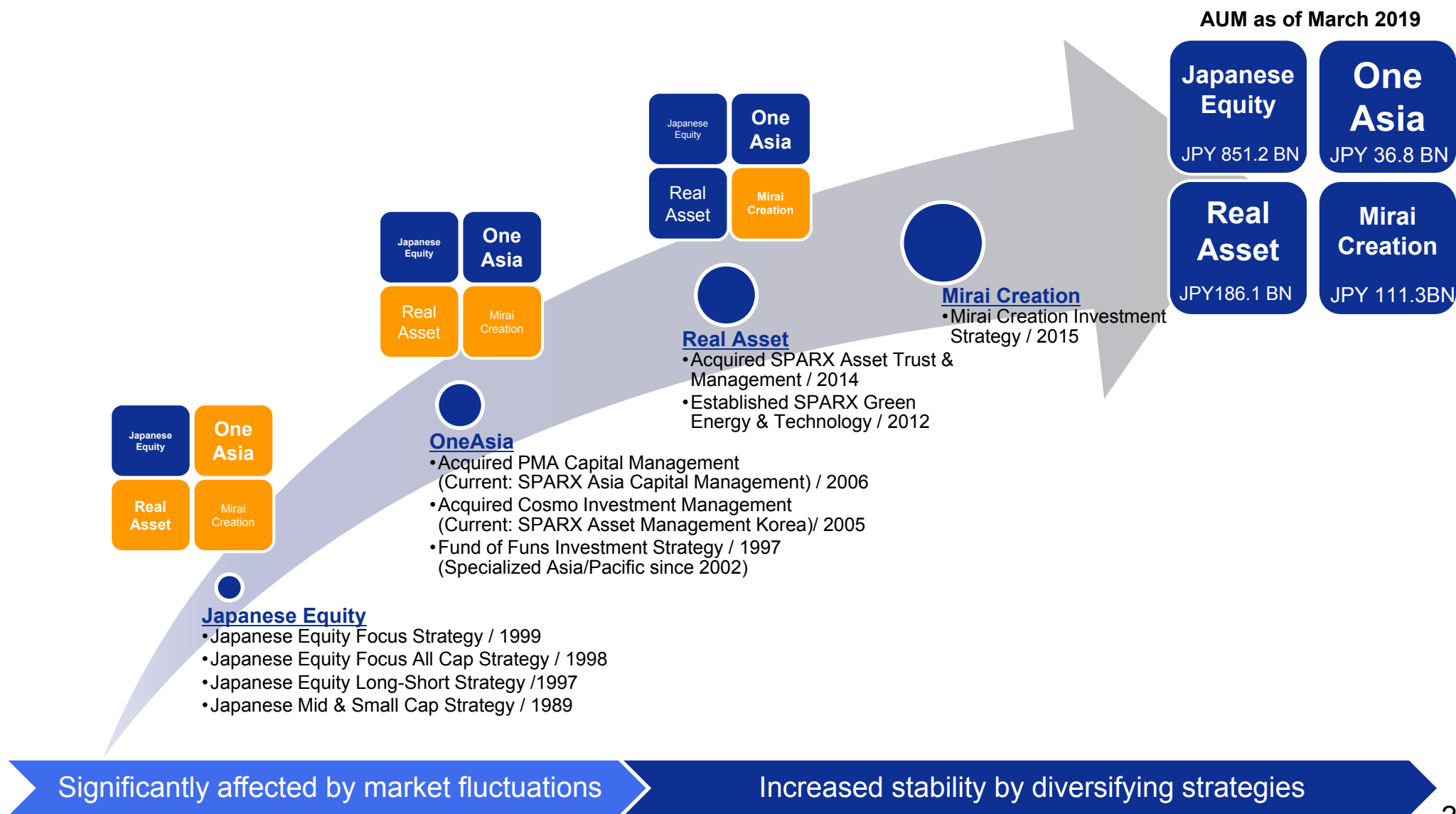
(Note 1) Dividend will be officially decided and implemented upon the resolution of the 30th Ordinary General Meeting of Shareholders to be held on June 5<sup>th</sup> 2019.

(Note 2) Dividend Payout Ratio (Base Earnings)= Total amount of dividends ÷ Base Earnings

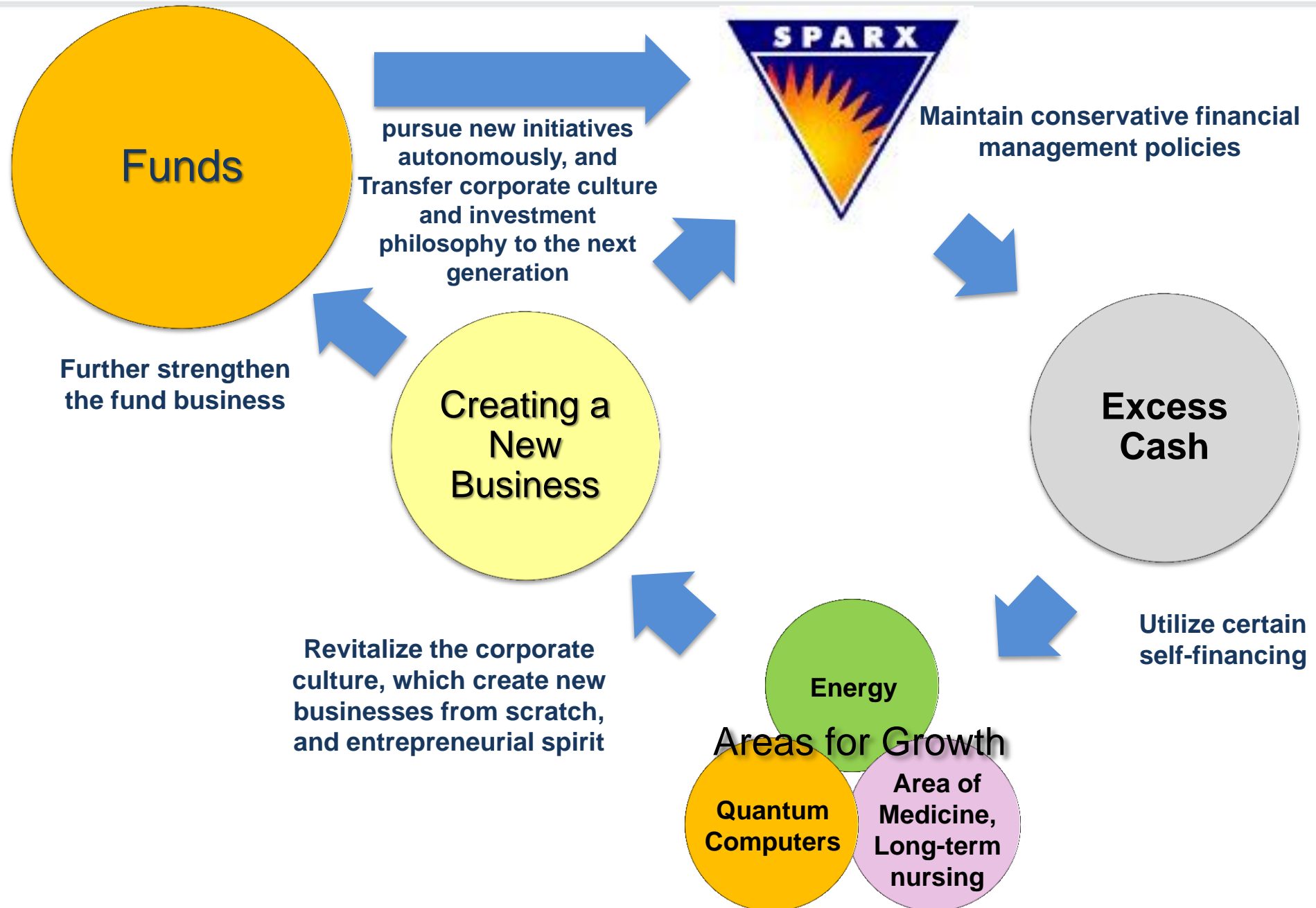
# <Reference> Hybrid Business Model



Hybrid model composed of strategies:  
Highly profitable Japanese Equity and stable Real Asset / Mirai Creation



# Next SPARX Model



# Inherits investment philosophy of SPARX through Internal Study Sessions, “Buffett Club”



## What's Buffett Club

Through sessions, SPARX employees share values of making clients wealthier, healthier and happier as “the Most Trusted and Respected Investment Company in the World” by analyzing and discussing investment philosophies including a prominent investor, Warren Buffett.



Sessions have been carried on periodically since SPARX established and investment philosophy of SPARX has been inherited to next generations.



# Corporate Profile



<b>Company Name</b>	<b>SPARX Group Co., Ltd.</b>
<b>President</b>	<b>President &amp; CEO Shuhei Abe</b>
<b>Location</b>	<b>1-2-70 Konan, Minato-ku, Tokyo, JAPAN</b>
<b>Establishment</b>	<b>July 1, 1989</b>
<b>Capital</b>	<b>8,585 million Yen (as of Mar. 2019)</b>
<b>Number of Employees</b>	<b>158 (as of Mar. 2019)</b>
<b>Listed Market</b>	<b>Tokyo Stock Exchange First Section</b>
<b>Ticker</b>	<b>8739</b>



**President & CEO Shuhei Abe**

- 1954 Born in Sapporo, Hokkaido, Japan
- 1978 Graduated Sophia University faculty of economics
- 1980 Acquired an MBA from Babson College  
Joined Nomura Research Institute, Ltd.  
Engaged in researching individual firms of Japanese equity as an analyst
- 1982 Seconded to Nomura Securities International, Inc. (NY) and engaged in sale of Japanese equity for US institutional investors
- 1985 Established Abe Capital Research (NY)  
Engaged in asset management and advisory business of Japanese equity in US dollars such quantum fund asset management of US individual asset holders
- 1989 After came back to Japan, established SPARX investment advisor (SPARX Group., Ltd.) and in charge of President and CEO (present)
- 2005 Acquired an AMP from Harvard Business School
- 2011 Assumed one of the Cost Estimation and Review Committee members of the Energy and Environment Council established by the Japanese Government
- 2012 Assumed one of the Demand and Supply Review Committee members established by the Japanese Government
- 2012 Assumed one of the Risk Advisory Committee members established by the Japan Bank for International Cooperation

# Appendix

# <Reference> Revenue Structure and Important Management Indicator



## Business that receiving fees at fixed rate of AUM

### ■ Revenue Structure

Management Fees = AUM × rate of management fees

Performance Fees = AUM × percentage of AUM eligible to earn performance fees  
× rate of performance fees

### ■ Important Management Indicator

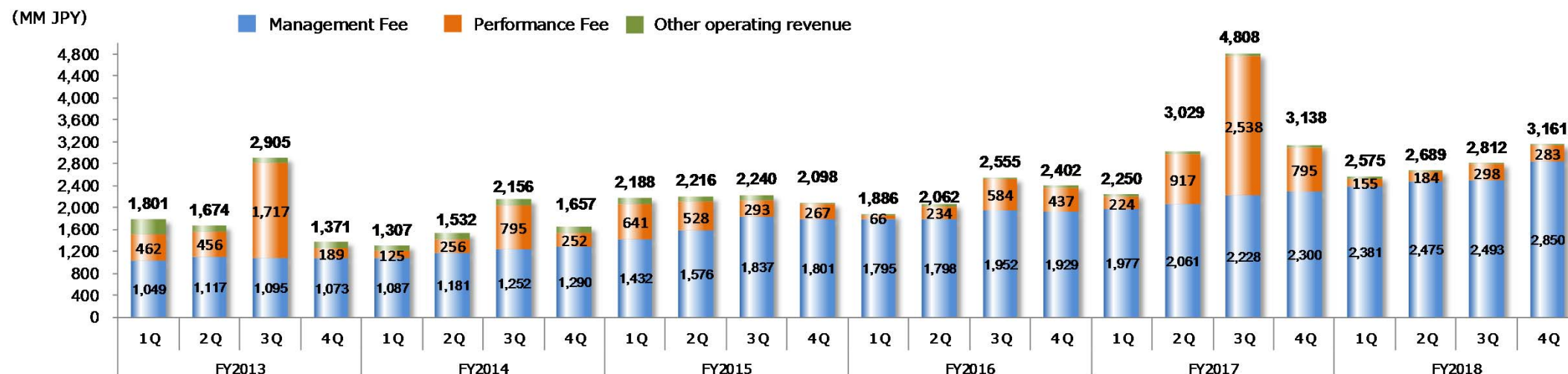
- Asset under management (AUM)
- Rate of management fee
- Percentage of AUM eligible to earn performance fees
- Base Earnings  
= management fees (after deduction of commission paid) ▲ ordinary expenses



# Quarterly Trends of Operating Revenue



Management fee has been steadily maintained due to the consistent high management fee rate



(MM JPY)	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Management Fee	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	1,952	1,929	1,977	2,061	2,228	2,300	2,381	2,475	2,493	2,850
Performance Fee	462	456	1,717	189	125	256	795	252	641	528	293	267	66	234	584	437	224	917	2,538	795	155	184	298	283
Other operating revenue	288	100	92	109	94	94	109	114	114	111	109	29	24	28	18	35	48	50	41	42	38	28	20	27
<b>Operating Revenue</b>	<b>1,801</b>	<b>1,674</b>	<b>2,905</b>	<b>1,371</b>	<b>1,307</b>	<b>1,532</b>	<b>2,156</b>	<b>1,657</b>	<b>2,188</b>	<b>2,216</b>	<b>2,240</b>	<b>2,098</b>	<b>1,886</b>	<b>2,062</b>	<b>2,555</b>	<b>2,402</b>	<b>2,250</b>	<b>3,029</b>	<b>4,808</b>	<b>3,138</b>	<b>2,575</b>	<b>2,689</b>	<b>2,812</b>	<b>3,161</b>
(Reference)																								
Average AUM (100MM JPY) (3months average)	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	9,703	9,631	10,018	10,627	11,773	11,339	11,310	11,510	11,598	11,869
Management fee rate (3months average) (After the deduction of commission fee)	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%	0.70%	0.70%	0.68%	0.68%	0.66%	0.69%	0.71%	0.71%	0.71%	0.79%
Percentage of AUM eligible to earn performance fees	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%	39.2%	36.4%	35.0%	34.2%	32.1%	25.4%	27.2%	25.4%	30.1%	30.2%
NIKKEI stock average (Record date)	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	19,114	18,909	20,033	20,356	22,764	21,454	22,304	24,120	20,014	21,205

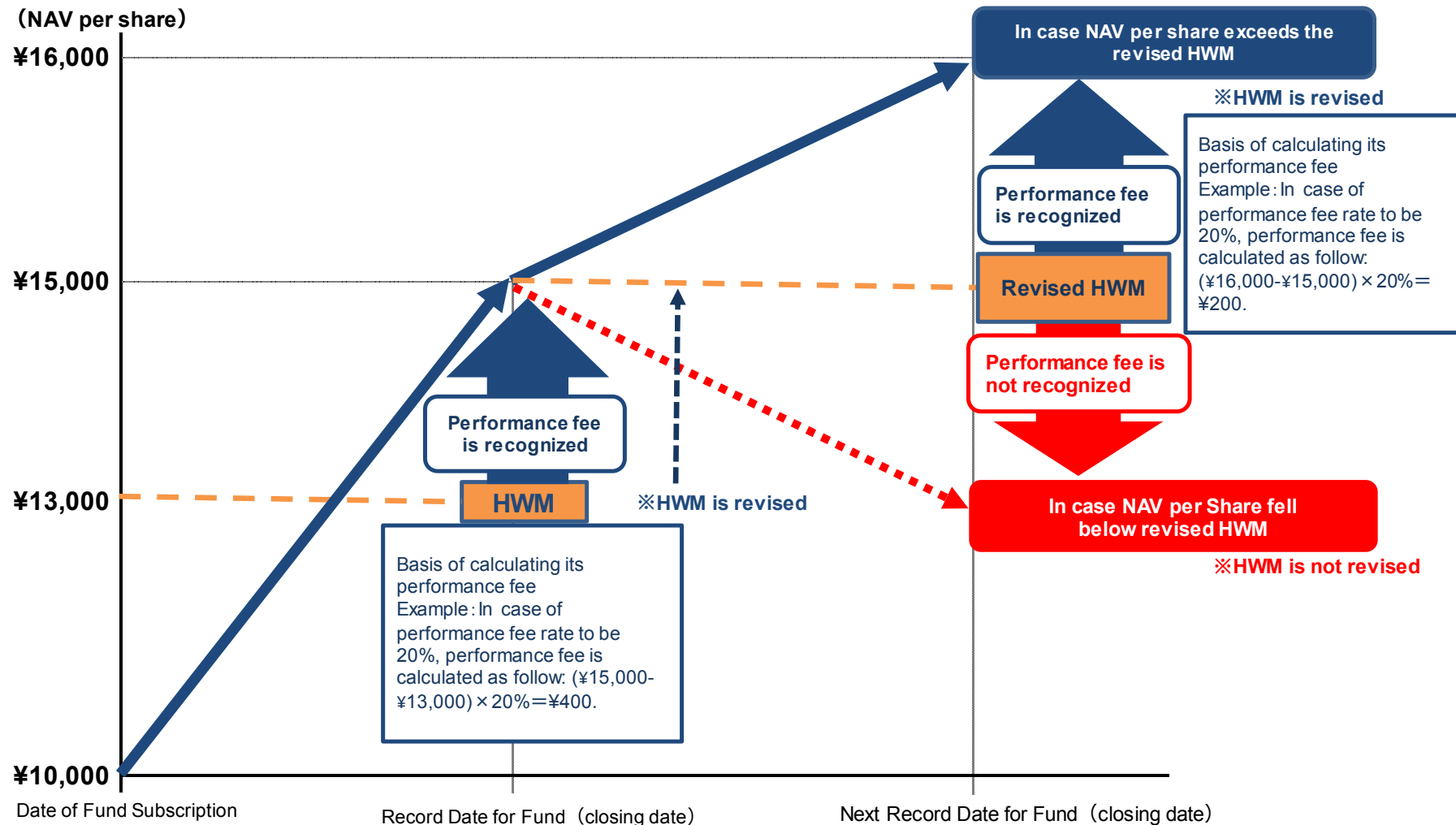


# Structure of Performance Fee

## (Related to Equity Investment Fund)



Performance Fee is recognized for NAV per share exceeding HWM as of record date for fund



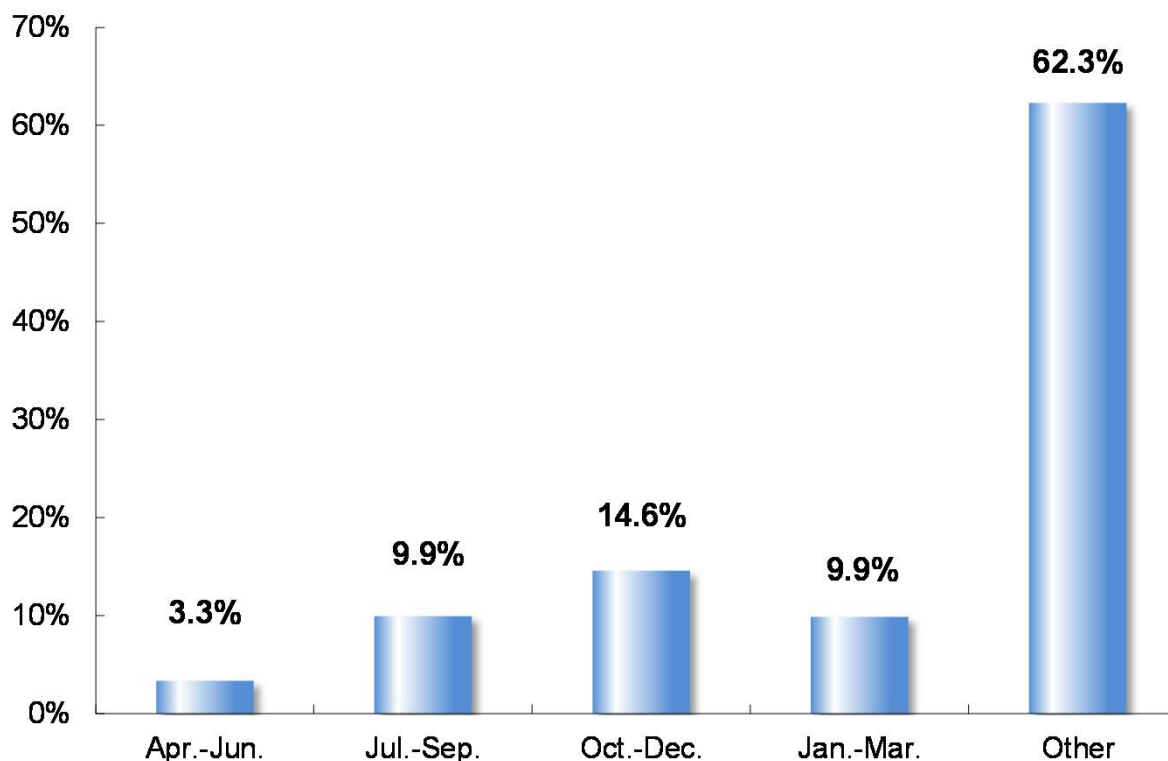
- (Note 1) The structure described above is only informational purpose on performance fee structure. It is not intended to explain exactly how the performance fee is calculated based on fund's NAV.
- (Note 2) Above uses performance fee rate of 20% (excludint tax) for informational purpose only. In addition, "HWM" an abbreviation of High-Water Mark.
- (Note 3) In case peformance fee recognized on record date for fund, "HWM" is revised.

# (SAM) Funds with Performance Fees

## Distribution of Record Date for Calculation



Continuously endeavor to distribute record date (settlement date) of performance fee for funds



(Note1) All funds managed by SAM (investment trusts and discretionary investment accounts; hereinafter the same applies) as of Mar 31, 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 for Operating Expenses and General & Admin Expenses



Commission paid increased  
due to a rise in management fee related to the investment trusts.

(Units: MM JPY)	FY2017	FY2018	
	Full Year	Full Year	YoY change
Commissions paid	1,162	1,753	+50.9%
Personnel exp.	2,902	2,646	▲8.8%
Travel exp.	236	321	+35.9%
Property rent	321	323	+0.6%
Entrusted business expenses	864	1,070	+23.8%
Depreciation on fixed assets	150	178	+18.8%
Advertising exp.	148	111	▲24.8%
Research exp.	223	290	+29.9%
Other expenses	647	641	▲0.9%
<b>Total: Operating and general administrative expenses</b>	<b>6,658</b>	<b>7,338</b>	<b>+10.2%</b>
<b>Ordinary expense</b>	<b>4,238</b>	<b>4,789</b>	<b>+13.0%</b>

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

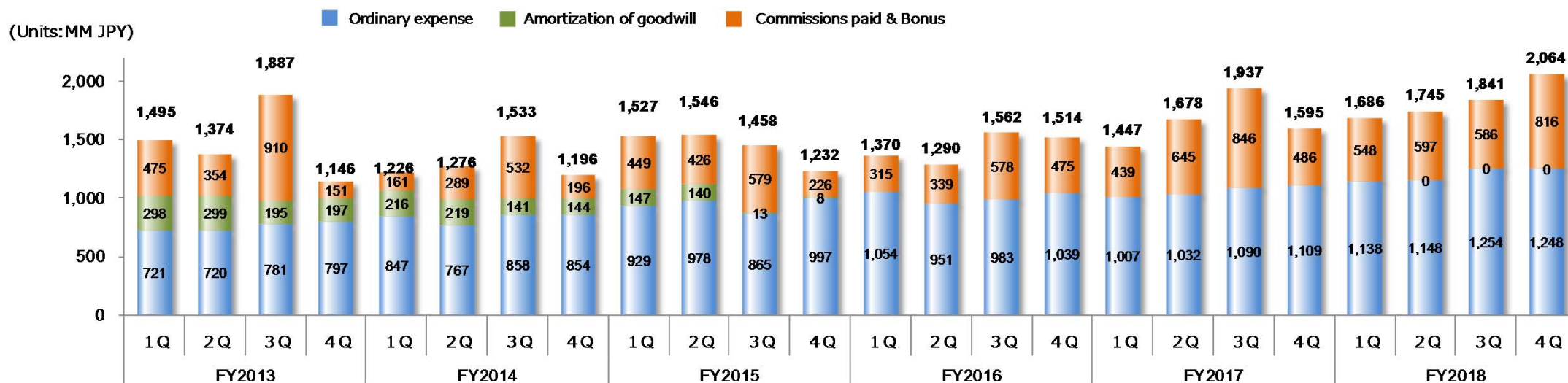
(Note2) The “Personnel expenses” data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.

(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 Trends of Operating Expenses and General & Admin Expenses



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

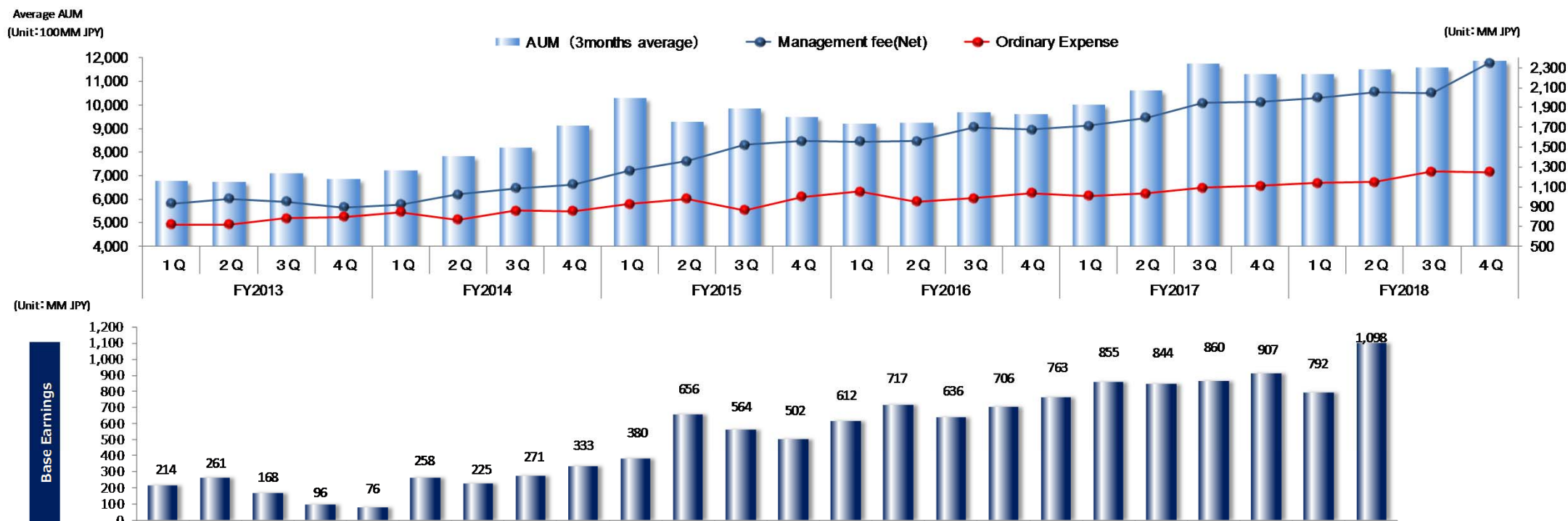


(Units : MM JPY)	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018			
	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q	1 Q	2 Q	3 Q	4 Q
Ordinary expense	721	720	781	797	847	767	858	854	929	978	865	997	1,054	951	983	1,039	1,007	1,032	1,090	1,109	1,138	1,148	1,254	1,248
Amortization of goodwill	298	299	195	197	216	219	141	144	147	140	13	8	—	—	—	—	—	—	—	—	—	—	0	0
Commissions paid & Bonus	475	354	910	151	161	289	532	196	449	426	579	226	315	339	578	475	439	645	846	486	548	597	586	816
Operating and general administrative expenses	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	1,562	1,514	1,447	1,678	1,937	1,595	1,686	1,745	1,841	2,064

# Quarterly Trends of Base Earnings



Base earnings has slightly decreased due to the ordinary expense increases in the last 3 months, although the management fee remained stable.



(Unit : MM JPY)	FY2013				FY2014				FY2015				FY2016				FY2017				FY2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
AUM (3months average)	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	9,703	9,631	10,018	10,627	11,773	11,339	11,310	11,510	11,598	11,869
Management fee(Net)	934	982	950	894	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
Ordinary Expense	721	720	781	797	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
Base Earnings	214	261	168	96	76	258	225	271	333	380	656	564	502	612	717	636	706	763	855	844	860	907	792	1,098

(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)

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\* (JPY1,749Million) is included for developing a power station of SGET Iwaizumi Wind Firm Godogaisha (Japan)

Mostly seed money to funds that the Company manages

(Unit: MM JPY)

Cash and Cash Equivalent 17,152	Interest-Bearing Debt 7,000
Receivables etc. 2,733	Other Liabilities 3,311
Tangible&intangible Assets 2,886	Net Assets 21,020
Investment Securities 6,363	
Other Assets 2,197	
Total Assets 31,331	Liabilities & Net Assets 31,331

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

Equity Ratio  
**65.5%**

<Reference> Table below outlines the exclusion of Balance Sheet  
of SGET Iwaizumi Wind Firm Godogaisha (Japan)



(Unit:MM JPY)

Cash and Cash Equivalent 16,971	Interest-Bearing Debt 7,000
	Other Liabilities 1,921
Receivables etc. 2,733	Net Assets 20,522
Tangible&intangible Assets 1,032	
Investment Securities 6,864	
Other Assets 1,842	
Total Assets 29,443	Liabilities & Net Assets 29,443

**Equity Ratio**  
**69.7%**

# B/S Overview (2)



(Units: MM JPY)	Mar. 2018	Mar. 2019	YoY change	
Current assets	21,484	20,921	▲562	Decreased mainly due to payment of dividends, bonuses and taxes
Cash and cash equivalents	18,649	17,152	▲1,497	
Receivables	2,403	2,733	+329	
Fixed assets	9,852	10,409	+556	
Goodwill	1,749	1,749	-	
Investment securities	5,868	6,363	+495	
<b>Total assets</b>	<b>31,336</b>	<b>31,331</b>	<b>▲5</b>	Long-term loans payable(new) JPY 2,000MM Interest rate: 0.77% Due: Dec. 2023
Long-term loans payable	5,000	7,000	+2,000	
Payables	4,447	2,907	▲1,540	Decreased mainly due to payment of taxes
<b>Total liabilities</b>	<b>9,945</b>	<b>10,310</b>	<b>+364</b>	
Common stock	8,582	8,585	+2	
Add'l paid-in-capital	3,285	2,554	▲731	
Retained earnings	9,374	11,189	+1,815	Payment of dividend: ▲JPY 1,430MM Profit attributable to owners of parent FY2018 : +JPY 3,246MM
Treasury stock	▲3,204	▲3,204	-	
<b>Total Shareholder's Equity</b>	<b>18,038</b>	<b>19,125</b>	<b>+1,087</b>	
Valuation difference on AFS securities	329	239	▲90	
Foreign currency translation adjustment	1,131	1,143	+12	
Non-controlling interests	1,875	499	▲1,375	Decreased due to fully acquired SAMK
<b>Total net assets</b>	<b>21,391</b>	<b>21,020</b>	<b>▲370</b>	

(Note1) Figures above are truncated.

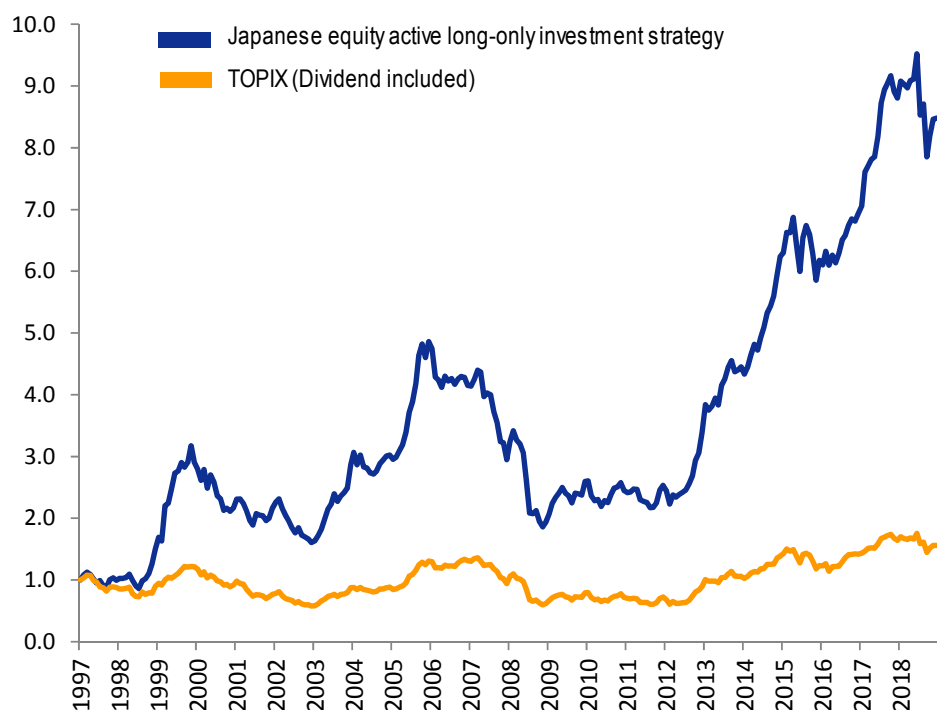
(Note2) Investment securities include the seed money of the Company funds.



# Annualized Performance by Strategy Since Inception ①



## Japanese equity active long-only investment strategy

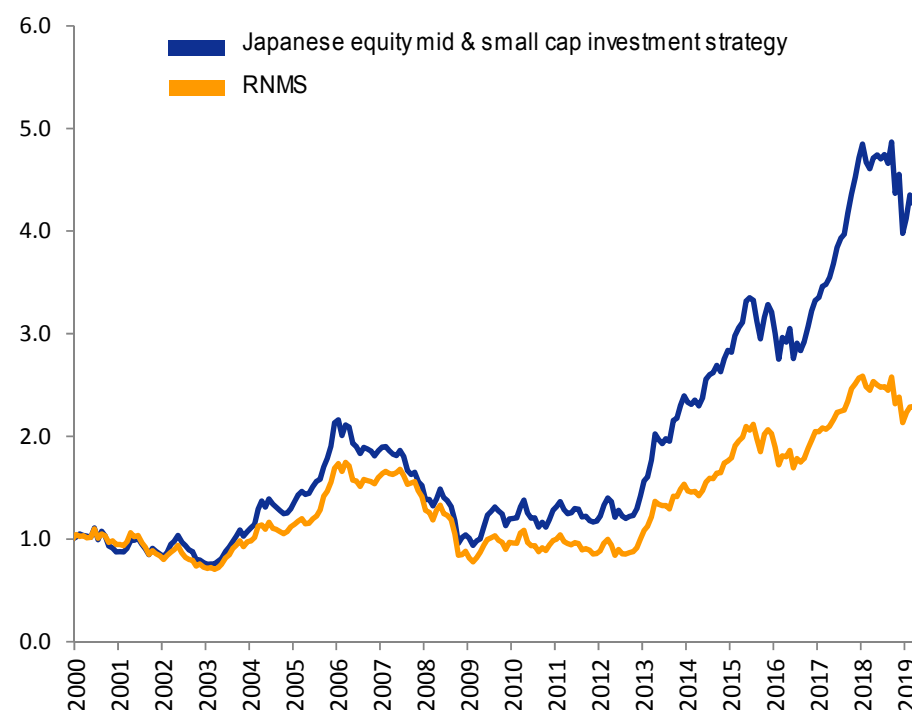


(Annualized Return)

Japanese equity active long-only investment strategy	10.24%
Reference Index	2.04%
Excess Return	8.20%

Reference Index	TOPIX (Dividend included)
Measurement Period	1997/5 ~2019/3
Volatility of Composite Return (Annualized)	20.51%

## Japanese equity mid & small cap investment strategy



(Annualized Return)

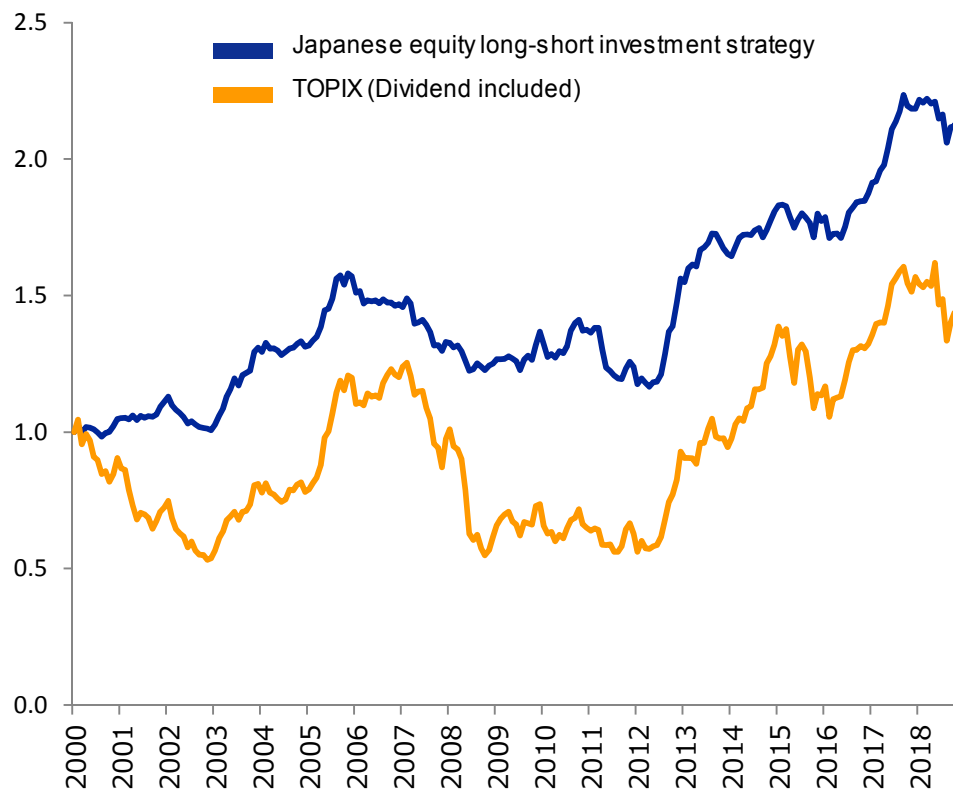
Japanese equity mid & small cap investment strategy	7.83%
Reference Index	4.40%
Excess Return	3.42%

Reference Index	Russell/Nomura Mid-Small Cap Index
Measurement Period	2000/1 ~2019/3
Volatility of Composite Return (Annualized)	17.78%

# Annualized Performance by Strategy Since Inception ②



## Japanese equity long-short investment strategy

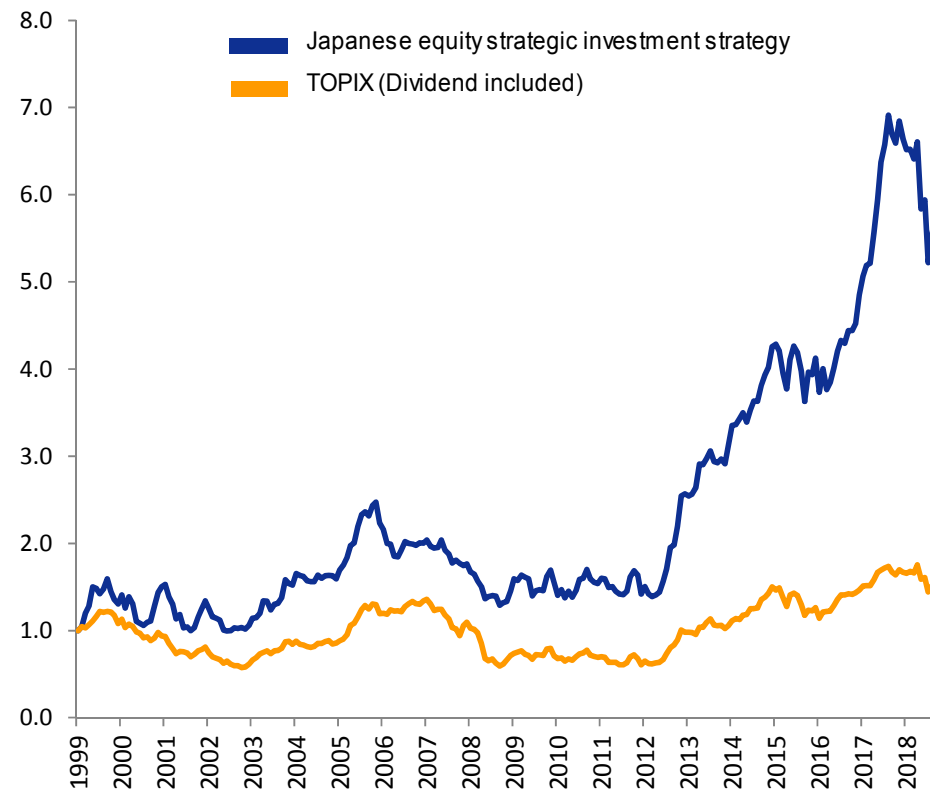


(Annualized Return)

Japanese equity long-short investment strategy	4.16%
Reference Index	1.95%
Excess Return	2.21%

Reference Index	TOPIX (Dividend included)
Measurement Period	2000/6 ~2019/3
Volatility of Composite Return (Annualized)	7.28%

## Japanese equity strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	9.23%
Reference Index	2.26%
Excess Return	6.96%

Reference Index	TOPIX (Dividend included)
Measurement Period	1999/7 ~2019/3
Volatility of Composite Return (Annualized)	20.16%

Please refer to the disclaimers at the end of the slides.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of March 31, 2019.



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