Consolidated Financial Results for the 1st Qtr of the FY2014 (Apr. 2014 – Jun. 2014)

August 7, 2014

SPARX Group Co., Ltd.
http://www.sparxgroup.jp/

Financial Results for the 1st Qtr of the FY2014

FY 2014 Results for Q1 Overview

➢ **Operating revenue: Management fees edged up slightly, but performance fees declined significantly.**

¥1,307 MM *(FY 2013 Q1 :¥1,801 MM, down 27.4%)*

➢ **Even after amortization of goodwill, we still accounted for operating income.**

¥81 MM *(FY 2013 Q1 :¥306 MM, down 73.5%)*

⇒**(Simplified) operating cash flow : +¥298 MM** *(FY 2013 Q1 :+¥604 MM, down 50.7%)*

•**Net income slightly increased.**

¥238 MM *(FY 2013 Q1 :¥229 MM., up 3.9%)*

⇒ **Accounted for deferred tax assets to be reversed in one year within the scope of possible future taxable income.**

(Note 1) : "(Simplified) operating cash flow" is computed by adding back "amortization of goodwill" to "operating income".

FY 2014 Results for Q1(P/L)(1)

➤AUM:

AUM at end of Q1 : ¥743.0 bn.(at end of March 2013:¥683.1 bn., up 8.8%)
Average AUM for Q1 (3 months): ¥714.3 bn.(Q4 of FY 2013(3 months):¥677.8 bn., up 5.4%)

Japan : ¥355.3 bn.(end of 2014/3) ⇒ ¥400.6 bn.(end of 2014/6)(up 12.7%)
South Korea :¥314.6 bn.(end of 2014/3) ⇒ ¥329.3 bn.(end of 2014/6)(up 4.7%)
Entire Asia: ¥13.1(end of 2014/3) ⇒ ¥13.1 bn. (end of 2014/6)(up 0.2%)

[AUM in Stocks]

・Japanese stocks:increase in appraisal gain due to continuing favorable investment performance, and net inflows due to relatively large establishment of funds in some strategies.
・Korean stocks:increase in appraisal gain due to improving investment performance and increase in appraisal gain due to the yen depreciation against the Korean won

[AUM in Real Assets]

・Increase of assets in outstanding real estate investment strategies by consolidating assets under management of SATM, which the Company acquired.
・Increase of assets in outstanding renewable energy investment strategies due to new establishment of funds by overseas institutional investors.

Note 1: “Average AUM for Q1 (3 months),” “Average AUM for Q4 (3 months)” are computed by dividing the total AUM of end of respective month of the relevant Quarter with the respective number of months.
Note 2: “SATM” is an abbreviation of SPARX Asset Trust & Management which the Company purchased during the current Q1.

FY 2014 Results for Q1(P/L)(2)

➤ Operating Revenue: ¥1,307 MM. Down 27.4% year-on-year ⇒P.7

・Although management fee increased, performance fee dropped substantially.

Management fee	:	**¥1,085 MM**	*(Q1 of FY 2013 : ¥1,049 MM, up 3.4%)*
Performance fee	:	**¥ 40 MM**	*(Q1 of FY 2013 : ¥462MM, down 91.2%)*
Other operating revenue	:	**¥181 MM**	*(Q1 of FY 2013 : ¥288 MM, down 37.1%)*

➤ Operating Expenses and General & Administrative Expenses : ¥1,226 MM Down 18.0% year-on-year ⇒P.11

[Increase attributable to]

・Expansion of the business base for positive development of business (partial increase of expenses accompanying with business expansion incl. acquisition of SATM)

[Decrease attributable to]

・Stopped, at the end of the previous year, the investment strategy of paying part of management fees to certain staff
・Decrease in provision for bonuses linked to performance
・Decrease in amortization of goodwill starting from the previous Q3

(Simplified) operating CF	:	**¥298 MM**	*(Q4 of FY 2013 : ¥604MM, down 50.7%)*
Operating profit	:	**¥81 MM**	*(Q1 of FY 2013 : ¥306 MM, down 73.5%)*

Note 1: (Simplified) Operating CF is computed by adding back “amortization of goodwill” to “operating profit” by applying a simple way.

P/L Summary

	FY2013		FY2014	
	Apr -Jun 2013	Full Year	Apr -Jun 2014	YoY change
Average AUM (100MM JPY)	6,763	6,829	7,143	5.6%
Operating Revenue (MMJPY)	1,801	7,752	1,307	▲27.4%
Operating General& Administrative Expenses (MMJPY)	1,495	5,903	1,226	▲18.0%
Operating Profit (MMJPY)	306	1,848	81	▲73.5%
Ordinary Profit (MMJPY)	300	2,059	106	▲64.5%
Net Profit (MMJPY)	229	1,637	238	3.9%
Number of Employees (period-end) (period-end)	122	132	130	6.6%
TOPIX(quarter-end・period-end)	1,133	1,202	1,262	11.4%
NIKKEI stock average (quarter-end・period-end) (JPY)	13,677	14,827	15,162	10.9%
KOSPI(quarter-end・period-end)	1,863	1,985	2,002	7.5%

(Note 1) The figures above, excluding “YoY change” are truncated. “YoY change” is rounded to the nearest tenth of a percent.

(Note 2) Number of employees (period-end) shows the figure that does not include the number of “directors and corporate auditors”. The total headcount as of 1Q end is 154.

(Note 3) AUMs in the table above are computed by totaling AUMs of all asset management subsidiaries included in the consolidation. The relevant figures describe 100% of AUMs regardless of the Company’s equity to the respective subsidiary of ours. The figures for June 30, 2014 are based on in-house calculations and should be regarded as preliminary.

Breakdown of Operating Revenue

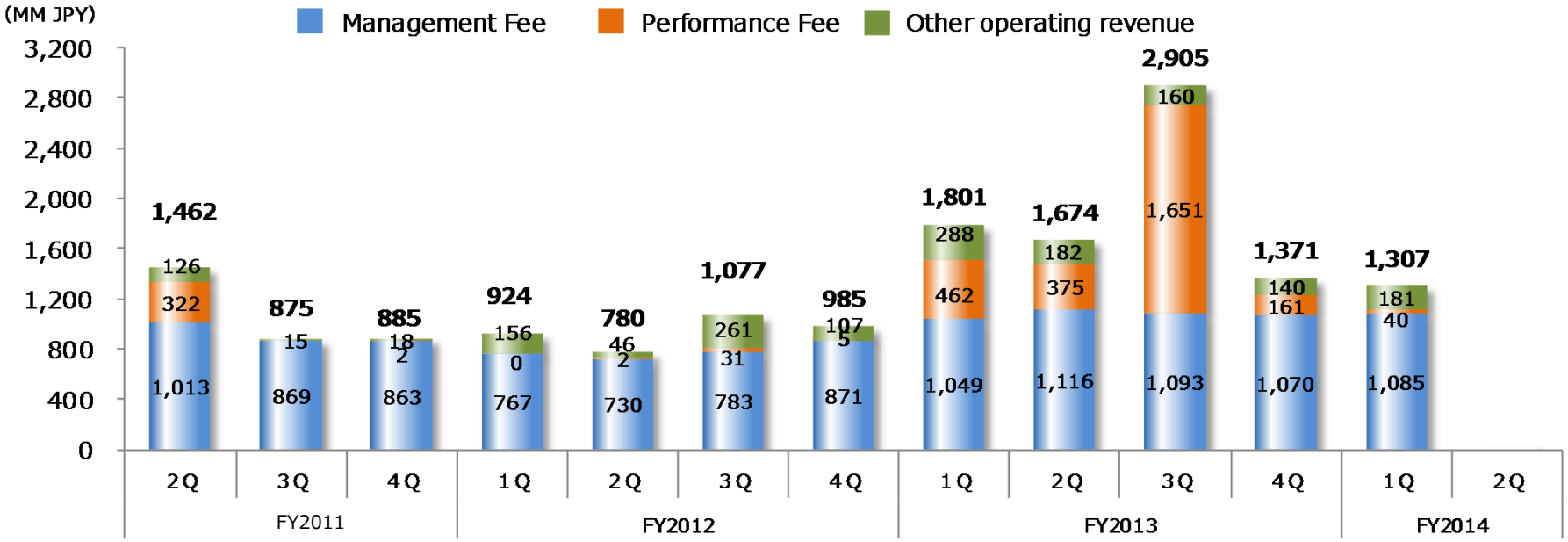
Breakdown of Operating Revenue		FY2013		FY2014	
		Apr -Jun 2013	Full Year	Apr -Jun 2014	YoY change (%)
Management fees	(MM JPY)	1,049	4,329	1,085	3.4%
Net management fee rate	(%)	0.55%	0.55%	0.52%	-0.04
Performance fees	(MM JPY)	462	2,650	40	-91.2%
Percentage of AUM eligible to earn performance fees	(%)	46.9%	54.4%	50.6%	3.71
Other operating revenue	(MM JPY)	288	772	181	-37.1%
Total operating revenue	(MM JPY)	1,801	7,752	1,307	-27.4%

(Note1) The figure stated above are truncated excluding “YoY change,” “Net management fee rate (%)” and “Percentage of AUM eligible to earn performance fees (%).” “YoY change” is rounded to the nearest tenth of a percent. “YoY change” of “Net management fee rate (%)” and “percentage of AUM eligible to earn performance fee (%)” shows the amount of decrease/increase instead of percentage of change.

(Note 2) Net management fee rate = (Management fee – Related commissions and charges) / Average AUM

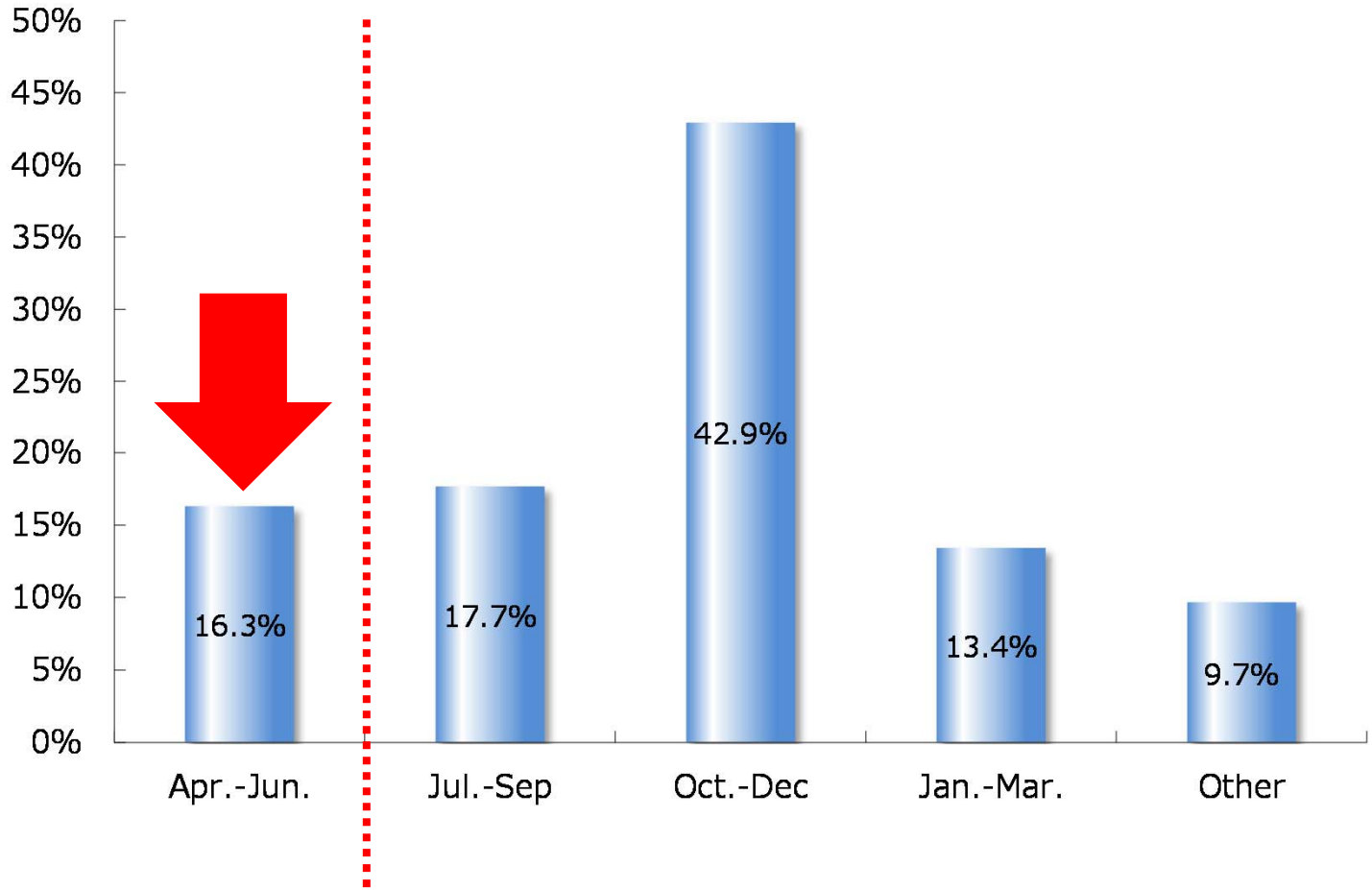
(Note 3) The figures for June 30, 2014 are based on in-house calculations and should be regarded as preliminary.

＜Reference＞Quarterly trends of operating revenue



(MM JPY)	FY2011			FY2012				FY2013				FY2014	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Management Fee	1,013	869	863	767	730	783	871	1,049	1,116	1,093	1,070	1,085	
Performance Fee	322	-9	2	0	2	31	5	462	375	1,651	161	40	
Other operating revenue	126	15	18	156	46	261	107	288	182	160	140	181	
Operating Revenue	**1,462**	**875**	**885**	**924**	**780**	**1,077**	**985**	**1,801**	**1,674**	**2,905**	**1,371**	**1,307**	
(Reference)													
Average AUM (100MM JPY) (3months average)	5,796	5,136	5,281	4,799	4,642	5,369	6,232	6,763	6,742	7,038	6,778	7,143	
Net management fee rate (3months average) (after the deduction of commission fee)	0.62%	0.60%	0.58%	0.57%	0.55%	0.52%	0.50%	0.55%	0.58%	0.54%	0.53%	0.52%	
Percentage of AUM eligible to earn performance fees	55.1%	56.1%	55.7%	54.0%	51.9%	46.3%	48.9%	46.9%	48.9%	51.3%	54.4%	50.6%	

（SAM）Funds with Performance Fees – Distribution of Closing Date for Calculation (by Quarter)

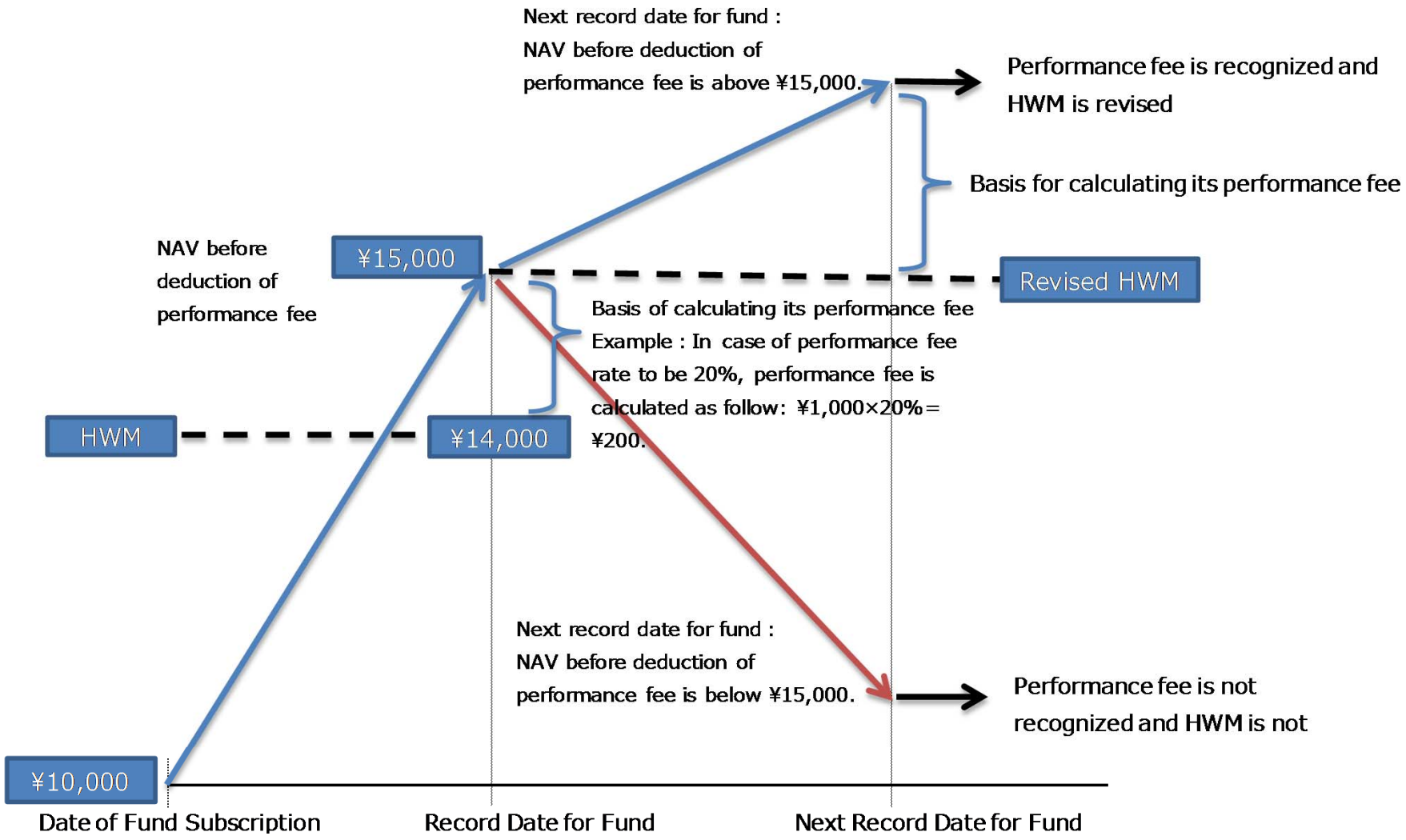


(Note 1) All funds managed by SPARX Asset Management Co., Ltd. (investment trusts and discretionary investment accounts) as of June 30, 2014 are classified by the performance fee value date in the graph above. Among these, performance fee is recorded only if it has met the requirements specified in the contract in each calculation value date. Please note that it is not intended to demonstrate how definite performance fee to occur in the future.

(Note 2) In calculating these percentages, the following adjustments are made: For funds with multiple payment periods, 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”.

(Note 3) The figures above % are rounded to the nearest tenth of a percent. In addition, the figures are estimated based on in-house calculation.

＜Reference＞Performance Fee Structure ：



（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」is an abbreviation of High-Water Mark.

Breakdown for Operating Expenses and General & Admin Expenses:

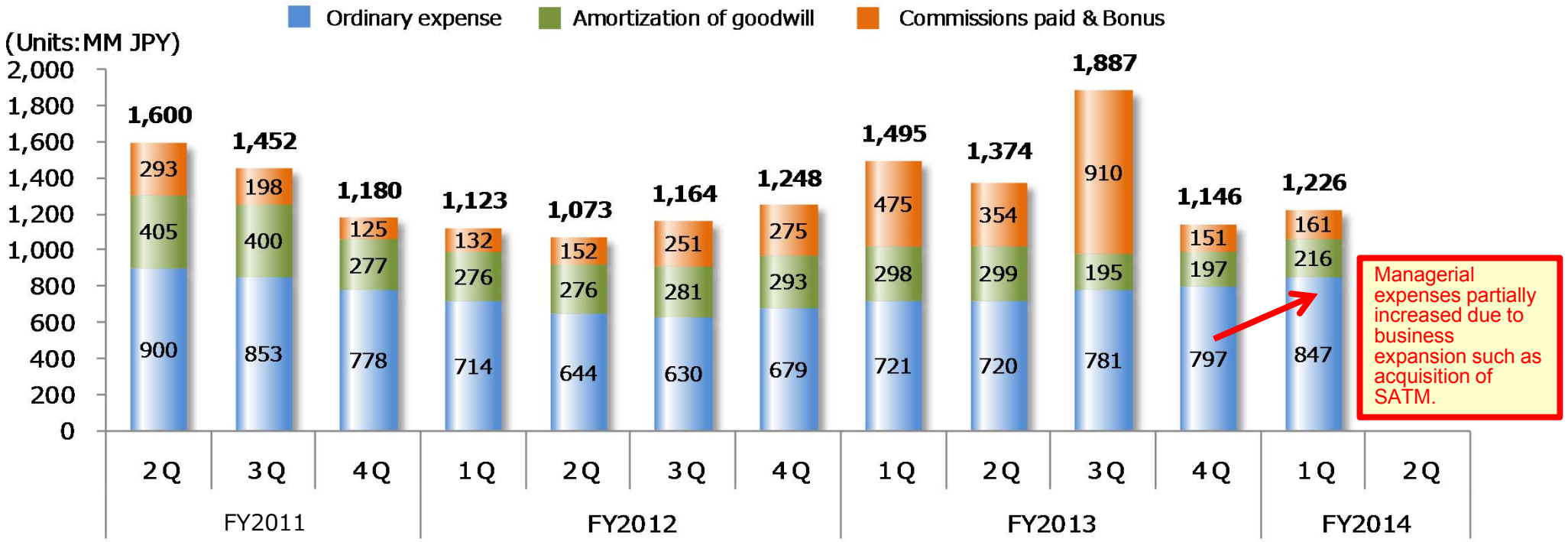
(Units: MM JPY)	FY2013		FY2014	
	Apr -Jun 2013	Full Year	Apr -Jun 2014	YoY change
Commissions paid	159	1,017	166	4.2%
Personnel exp.	668	2,287	409	-38.8%
Entrusted fund admin fees	4	16	4	9.0%
Travel exp.	43	175	47	9.5%
Property rent	58	242	65	11.8%
Entrusted business expenses	58	261	67	14.8%
Depreciation on fixed assets	11	57	13	24.0%
Other expenses	191	853	234	22.1%
Amortization of goodwill	298	990	216	-27.3%
Total: Operating and general administrative expenses	1,495	5,903	1,226	-18.0%
Ordinary expense	721	3,021	847	17.5%
YoY basis	2,885	3,021	3,389	17.5%

(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 temporary staff, etc.

(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. Please note that "legal welfare expenses related to bonuses" has been excluded from ordinary expense and adjusted retrospectively.

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



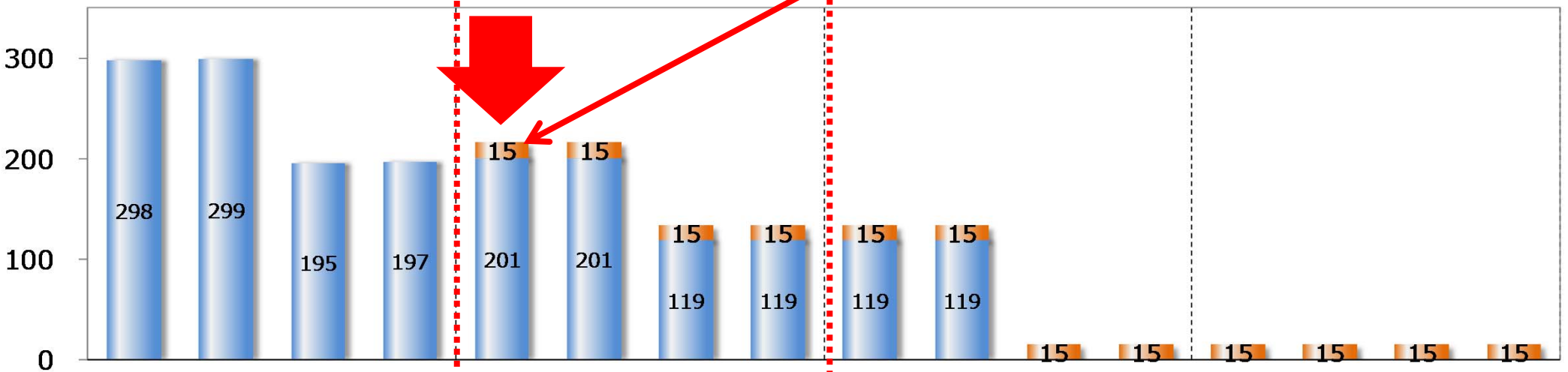
(Units : MM JPY)	FY2011			FY2012				FY2013				FY2014	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Ordinary expense	900	853	778	714	644	630	679	721	720	781	797	847	
Amortization of goodwill	405	400	277	276	276	281	293	298	299	195	197	216	
Commissions paid & Bonus	293	198	125	132	152	251	275	475	354	910	151	161	
Operating and general administrative expenses	**1,600**	**1,452**	**1,180**	**1,123**	**1,073**	**1,164**	**1,248**	**1,495**	**1,374**	**1,887**	**1,146**	**1,226**	

(Note) 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. Please note that “legal welfare expenses related to bonuses” has been excluded from ordinary expense and recorded as “commissions paid and bonus” and adjusted retrospectively.

Schedule for Goodwill Amortization：Goodwill has risen due to purchase of SATM, but amortization cost has declined/will decline in stages.

（Unit：MM JPY）

Since FY 2014, Goodwill amortization has arisen relating to acquisition of all shares of SATM in April 2014



FY2013				FY2014				FY2015				FY2016			
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
298	299	195	197	216	216	134	134	134	134	15	15	15	15	15	15
990				703				299				61			

（Note 1） Goodwill of Korean won base are included, it will be affected by the exchange rate fluctuation (Goodwill amortization expenses in this slide onwards are calculated by using the exchange rate of 1 KRW = 0.0999 yen).
（Note 2） Goodwill amortization relating to SATM is ¥61 MM annually and is amortized over 5 years.

Base Earnings：Increase in Ordinary Expenses owning to Expansion of Business Base Have Contracted Base Earnings.

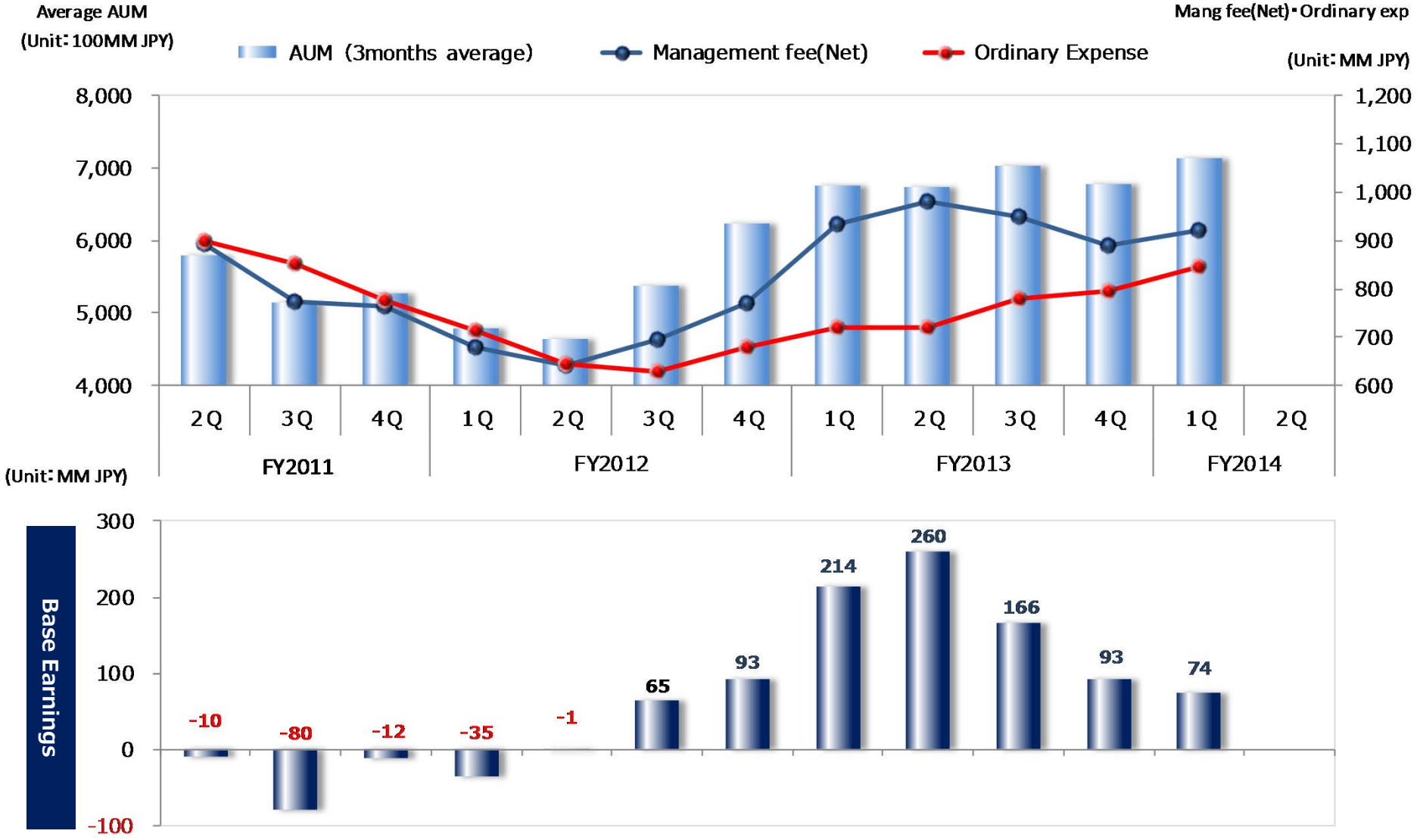
		FY2013 Full Year	FY2014 (Annualized)
Average AUM	(100MM JPY)	6,829	7,143
Net management fee (After the deduction of commissions paid)	(%)	0.55	0.52
Annualized net management fee revenue (After the deduction of commission paid)	(MM JPY)	3,755	3,686
Annualized ordinary expenses	(MM JPY)	3,021	3,389
Annualized "Base Earnings"	(MM JPY)	**+734**	**+296**

※ Base Earnings are calculated by subtracting ordinary expenses from net management fee as one of indicators for earning power and stability of its business

Although ordinary expenses are expected to increase for some items, the Company will expand the business base, which is necessary for proactive business development while continuing to place expenses under stringent control.

(Note 1) 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. Please note that "legal welfare expenses related to bonuses" has been excluded from ordinary expense and adjusted retrospectively.
(Note 2) The figures above are truncated.

Quarterly Base Earnings Trend



(Note1)The figures above are truncated. As preliminary figures, the「Annualized net management fee revenue」is calculated by multiplying the net management fee rate and the average AUM for the period.

(Note2) 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. Please note that "legal welfare expenses related to bonuses" has been excluded from ordinary expense and adjusted retrospectively.

FY 2014 Results for Q1（B/S）

➤Sufficient liquidity on hand viewed from both stock and flow

・Debt with interest: ¥3,000 MM + accounts payable-other, etc.: ¥410 MM ＝ approx. ¥3,400 MM, while cash and deposits: ¥10,400 MM.＋ securities: ¥290 MM + accounts due, etc.: ¥1,090 MM. ＝ approx. ¥11,800 MM; “Stock” is maintaining sufficient level.

・Furthermore, (Simplified) operating cash flow is also plus (¥298 MM for Q1).

・Carried out long-term borrowing of ¥1,500 MM for seed money investment in new businesses.

➤Equity capital maintaining high stability

・For the purpose of securing flexibility and the mobility of future capital policies, as well as eliminating deficits and establishing a sound financial position at an early stage, the Company has executed a capital reduction of part of the capital (¥4,000 MM) and others.

（FYR） http://www.sparxgroup.jp/press/uploads/PressE140423-01.pdf

・In spite of an increase in debt through borrowings, a high-level capital-adequacy ratio is maintained (70.0% at end of the previous FY ⇒ 66.6% at end of Q1 under review).

SPARX will use sufficient funds on hand for investments for temporal business expansion, but will always search for the most suitable method to secure necessary funds.

(Note 1) : “(Simplified) operating cash flow is computed by adding back “amortization of goodwill” to “operating income” using a simplified method.

B/S Summary : Carried out compensation for deficits due to a reduction in capital, etc. and additional borrowings

(Units: MM JPY)	Mar. 2014	Jun. 2014	YoY change
Current assets	11,808	12,881	1,073
Cash and cash equivalents	9,694	10,409	714
Securities	286	294	8
Receivables	1,023	1,099	75
Fixed assets	3,998	4,067	68
Goodwill	859	973	114
Investment securities	2,524	2,596	72
Total assets	15,807	16,949	1,141
Payables	914	412	▲501
Long-term loans payable	1,500	3,000	1,500
Total liabilities	3,282	4,168	885
Common stock	12,492	8,496	▲3,995
Add'l paid-in-capital	14,340	4,035	▲10,304
Retained earnings	▲12,673	536	13,210
Treaury stock	▲4,438	▲3,304	1,134
Total Shareholder's Equity	9,720	9,764	44
Valuation difference on AFS securities	278	324	46
Foreign currency translation adjustment	1,063	1,197	133
Minority interests	1,371	1,409	37
Total net assets	12,524	12,780	255

(Simplified) Operating CF : ¥ 2.98 MM

Increased due to new borrowings (¥1,500 MM)

Accounted for ¥307 MM due to purchase of SATM.

For future amortization cost of goodwill, see p.13.

Newly borrowed ¥1,500 MM in June 2014.

Due : March in 2017

Rate : 1.365%

Compensated deficits of retained earnings by reducing capital, additional paid-in capital. These are transfers within shareholders' equity, giving no impact to it.

Used some of it in purchasing SATM.

Increased due to the impact of yen depreciation/won appreciation.

Capital adequacy ratio

Mar. 2014 : 70.0%

Jun. 2014 : 66.6%

(Note1) The figures above are truncated.

(Note2) The investment securities includes the seed money of SPARX Group funds

(Note3) 「(Simplified) operating cash flow」is calculated by adding back amortization of goodwill to its operating income.

Progress of the Businesses and Future Plans

- Equity Investment

-Real Asset Investment

Equity Investment －（1）

► Japan Equity Management Business

・Overall management performance remains to be good.

⇒ We have been given a lot of awards for management performance and for mid-to-long term management in particular (see the next page).

⇒The Company Group will ensure the mid-to-long term competitive advantage by demonstrating the effectiveness of its investment philosophy (macro is aggregate of micro) and investment method (bottom-up research and catalyst) through good and long-term management performance.

・Have adopted the Stewardship Code of the Japanese version in a proactive manner, and publicly announced our policy.

⇒ We have made investments since our foundation based on the belief that *investment activities based on a thorough bottom-up approach centering on discussions with the management of the investee will enhance sustainable growth of the investee, and help our beneficiaries increase their mid-to-long term investment returns*.

⇒The basic philosophy of the Company is in accordance with the Stewardship Code of the Japanese version.

（FYR） http://www.sparx.co.jp/stewardship.html

SPARX will engage in activities that lead to an expansion of AUM more proactively because of mounting evaluation from management consultants to good mid-to-long term management performance.

SPARX Received “MERCER MPA Award (Japan) 2014”

July 9, 2014

SPARX Group Co., Ltd

SPARX Asset Management Co., Ltd

SPARX Received MERCER MPA Award (Japan) 2014

We are pleased to announce that SPARX Japan Equity Focus All Cap Strategy (“the Strategy”) managed by SPARX Asset Management Co., Ltd, a wholly-owned subsidiary of the SPARX Group Co., Ltd has been recognized for outstanding investment performance at the 12th Annual Mercer MPA Award (Japan) 2014 of Japan Equity Category for 5 years to March 2014.

Strategy	Category	Evaluation Period
SPARX Japan Equity Focus All Cap Strategy	Japan Equity	5 years to March 2014

The SPARX Group continues to strive to become the most trusted and respected investment company in the world. All members at the SPARX Group remain dedicated to improve our investment capabilities, product offerings and client service activities.

The Mercer MPA (Japan) Awards are given to strategies with outstanding performance among those registered with Mercer Manager Performance Analytics (MPA), an investment analysis tool developed by Mercer.

<Reference>About Mercer MPA (Japan) Awards

The Mercer MPA (Japan) Awards are given to strategies with outstanding performance among those registered with Mercer Manager Performance Analytics (MPA), an investment analysis tool developed by Mercer .

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 http://www.mercer.co.jp/ (Japanese)

Equity Investment －（2）

Asia Equity Investment Strategy

・With respect to the One Asia L/S Strategy, past investment results have been stored, and management performance is maintaining favorable results.

⇒In order to make the fund size larger than a certain amount at an early stage, we are focusing on discovering core investors who would contribute seed money.

⇒After achieving this target, we will aim to realize a dramatic expansion in the balance of AUM at the back of relatively favorable management performance.

South Korea Equity Investment Strategy

・Acquired the hedge fund license in South Korea

⇒Based on the collaboration with the OneAsia Management Team in Hong Kong, we are focusing on establishing the OneAsia L/S Strategy in South Korea.

Real Asset Investment

► Investments in renewable energy power-generating facilities

・In addition to the Public-Private Infrastructure Fund in which the Company has been selected as an management operator by the Tokyo Metropolitan Government (total investments are ¥8,800 MM. Planned total business size is about ¥30,000 MM), the Company will invest funds from overseas/domestic institutional investors into large-scale solar power-generating plants in turn.

⇒With respect to the Public-Private Infrastructure Fund, an investment to the project has mostly been determined. It will be fully invested soon.

(FYR) http://www.sparxgroup.com/press/uploads/PressE140630-01.pdf

・With respect to Listed Infrastructure Fund, conditioning environments for establishing the market is proceeding.

<FYR>Update of Medium-Term (FY 2013 – 2015) Management Plan of Japan Exchange Group, Inc. (April 28, 2014)

"Fund provision through an infrastructure fund market: realize to open such a market (FY 2014), first listing (by end of FY 2015)"

⇒We officially announced that we will start preparations for entering into a listed infrastructure fund market, in which SATM acts as a management company.

(FYR) http://www.sparxgroup.com/press/uploads/PressE140730-01.pdf

(Note 1): "SATM" is an abbreviation of SPARX Asset Trust & Management which the Company purchased during the current Q1.

Significance of Origination of a Listed Infrastructure Fund by SPARX

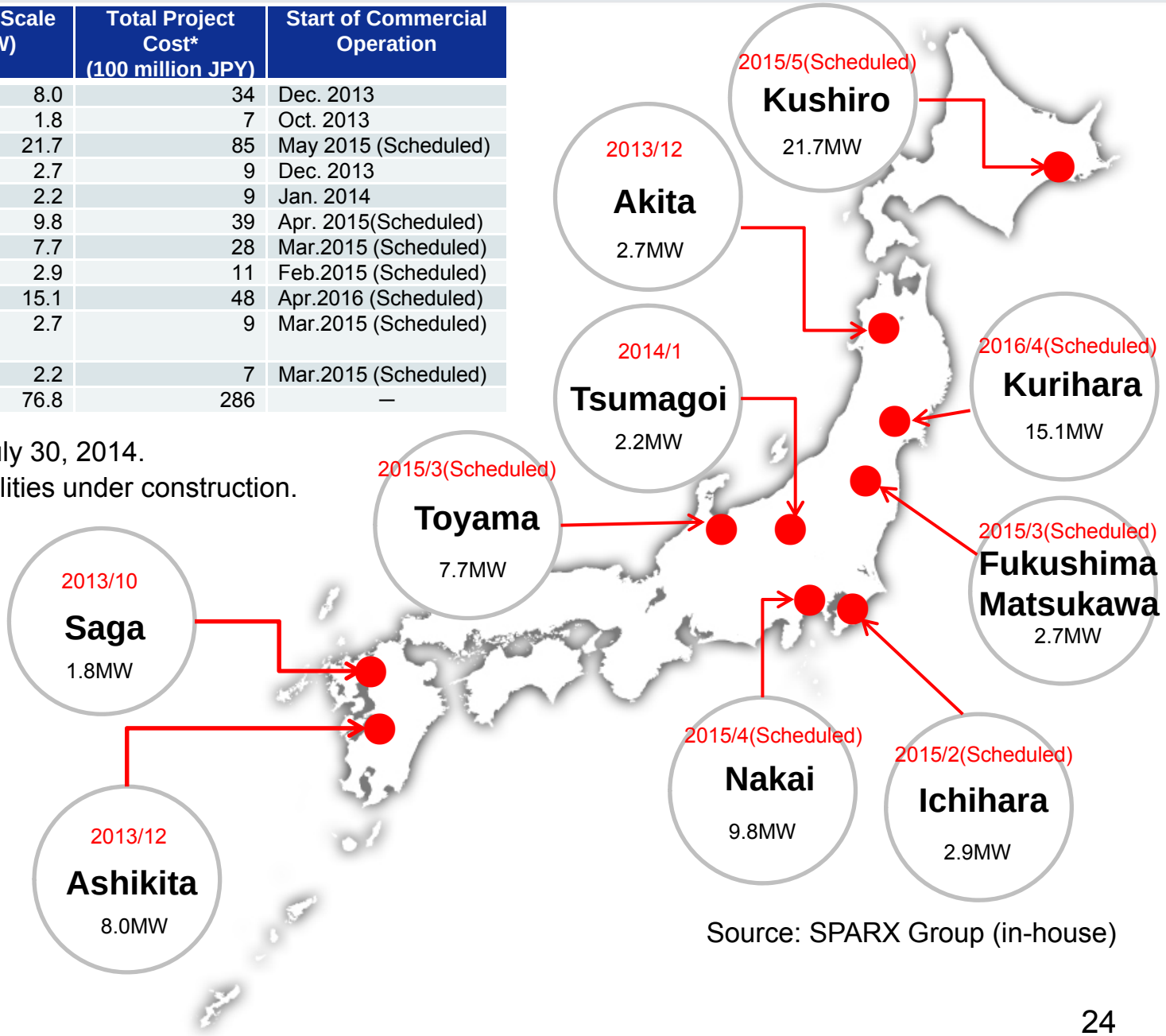
Current Status	Contemporary Needs	SPARX Method	Listed Infrastructure Fund
✓ Departure from independence on fossil fuels ✓ Necessity of reduction of greenhouse gases ✓ Building of multi-layered, diversified and flexible demand-supply structure of energy	Expansion/promotion of renewable energy	SPARX will exert the following edges in a listed infrastructure fund: ✓Proven results of having developed new investment fields while remaining undaunted and maintaining the bottom-up research in the stock investment field since its foundation. ✓Philosophy and tradition of SPARX has been inherited in investments in infrastructure such as renewable energy uninterruptedly. ✓Will use survey analysis ability and practical business performance ability which SPARX has developed in the past performance as a professional of investments.	The fund helps not only expand/promote renewable energy and promote inflows of private funds into infrastructure, but also ✓Improve investment efficiency of the entire Japan *(effective use of individual financial assets of ¥1,600 trillion)* ✓create new investment opportunities - return profits on infrastructure to many investors incl. individuals by listing -Provide products with highly alternative features that are assumed to be not prone to economic fluctuations, changes in economic circumstances.
✓ Aging infrastructure ✓ Financial difficulty	Use of private funds for infrastructure (effective use of individual financial assets of ¥1,600 trillion)		

TSE
Rejuvenation of Japan's financial/capital markets

Records of Investments in Renewable Energy Generating Facilities

	Location (Prefecture)	Output Scale (MW)	Total Project Cost* (100 million JPY)	Start of Commercial Operation
Ashikita Mega Solar	Kumamoto	8.0	34	Dec. 2013
Saga Mega Solar	Saga	1.8	7	Oct. 2013
Kushiro Mega Solar	Hokkaido	21.7	85	May 2015 (Scheduled)
Akita Mega Solar	Aakita	2.7	9	Dec. 2013
Tsumagoi Mega Solar	Gunma	2.2	9	Jan. 2014
Nakai Mega Solar	Kanagawa	9.8	39	Apr. 2015(Scheduled)
Toyama Mega Solar	Toyama	7.7	28	Mar.2015 (Scheduled)
Ichihara Mega Solar	Chiba	2.9	11	Feb.2015 (Scheduled)
Kurihara Mega Solar	Miyagi	15.1	48	Apr.2016 (Scheduled)
Fukushima Matsukawa Mega Solar	Fukushima	2.7	9	Mar.2015 (Scheduled)
Other (1 Project)	—	2.2	7	Mar.2015 (Scheduled)
Total	—	76.8	286	—

The data shown in the list above is as of July 30, 2014.
Estimated figures are described for the facilities under construction.



Source: SPARX Group (in-house)

Other Activities

SGET's Web Site



SPARX has established web site of SGET, which engages in power-generating business in renewable energy and consulting thereof.
SPARX Group will introduce SGET's activities as the group's subsidiary which is in charge of the important portion of its real assets investment business.

SPARX's Community Contribution Activities : Kita Akita Children's Energy Summit held on June 20







With the aim of enriching power of idea of children who are deeply related to new future energy, we conducted comprehensive science lessons, which incorporated elements of "see/listen," "know more," "experience," "think/present," for the entire136 students of the Takanosu Chuo Elementary School, established by Kita Akita City. SGET Akita Mega Solar lies adjacent to the school.

SPARX's Community Contribution Activities : Kita Akita Children's Energy Summit held on June 20

Study Tour



Quiz Contest





Way of thinking/ presentation



Experience of generating power

SPARX's Community Contribution Activities : Restoration Events in Higashi Matsushima City held on July 20









In the parking lot of Value THE HOTEL YAMOTO (Matsushima City, Miyagi Prefecture) in which the Northeast Japan Reconstruction Fund 2 LLC originated by the Company Group has made investments, we hosted restoration events in collaboration with Daiwa House Industry Co., Ltd.
As many as about 550 persons enjoyed various programs with support from City of Higashi Matsushima, as well as collaboration of as many as about 20 local enterprises/groups.

(FYR) http://www.sparxgroup.jp/press/uploads/pressE20121109-01.pdf

We Started Facebook (currently only available in Japanese)



Let’s click “like” ！

Appendix

The data of this page does not include Korean subsidiary (Cosmo Investment Management Co., Ltd.) and Hong Kong subsidiary (SPARX Asia Capital Management Limited).

SAM: Annualized performance by strategy since inception

(Annualized)

(From Composite Start Date to June 30, 2014)

Japanese equities	Long-only Active (Commingled funds)	Mid & Small caps	Long-Short (JPY, Lev. 1)	Strategic Investment
Composites	9.37%	6.69%	3.74%	8.40%
Reference Index	0.63%	3.09%	0.20%	0.71%
Excess Return	**8.74%**	**3.60%**	**3.55%**	**7.69%**

Reference Index	TOPIX cum dividend	Russell/Nomura Mid-Small Cap Index	TOPIX cum dividend	TOPIX cum dividend
Start Date	May 1997	January 2000	June 2000	July 1999
Volatility of Composite Return (Annualized)	22.03%	18.50%	7.56%	21.13%

(Note1) The figures in the table above are calculated using the composite performance data of the major investment strategies and are based on the internal data. The "Reference index" is shown to facilitate comparisons and is not necessarily a representative of the "benchmark" indexes requested by clients.
(Note2) The calculation methods used for the annualized returns above are as follows: the modified Dietz method (pre-deduction of management related fees) is applied to Long-only Active (Commingled funds), Mid & Small Caps, and Strategic Investment. The NAV per share method (management fee deducted) is applied to the Long-Short (JPY, Lev.1). The above figures are rounded to the nearest tenth of a percent.

Source: SPARX Group Co., Ltd (Tokyo, Japan), as of June 30, 2014.

The data of this page does not include Korean subsidiary (Cosmo Investment Management Co., Ltd.) and Hong Kong subsidiary (SPARX Asia Capital Management Limited).

SAM: Annualized performance by strategy

1. Each composite includes portfolios managed by companies of the SPARX group, excluding Cosmo and SPARX Asia.

2. Investment strategies of each composite are described below.

Name of Composite	Type of investment strategy
Japanese equity Active Long-only (commingled funds)	Investment strategy of active, long-only portfolio management of commingled funds. The universe of this strategy includes all of the listed equity securities on Japanese exchanges.
Mid & Small Caps	Investment strategy of investing companies in the medium and small cap stock universe.
Long-Short (JPY, Lev.1)	Investment strategy combining long and short positions. Leveraged within NAV, and aims to achieve stable absolute returns.
Strategic (or "Focused") Investment	Investment strategy identifying and investing in undervalued companies through a concentrated portfolio.

3. Investment strategy performance appendix (annual returns for the past five fiscal years)

	FY2009	FY2010	FY2011	FY2012	FY2013
Active Long-only (Commingled funds)	34.27%	-5.74%	3.54%	33.69%	31.47%
Active Long-only (TOPIX-Benchmark)	28.47%	-9.23%	0.59%	23.82%	18.56%
Mid&Small Caps	33.32%	-1.87%	8.80%	26.48%	32.84%
Mid&Small Caps (RNMS-Benchmark)	29.14%	-7.52%	1.92%	22.26%	20.14%
Long-short (JPY, Lev1)	6.03%	4.00%	-8.29%	17.24%	13.46%
Long-short (TOPIX-Benchmark)	28.47%	-9.23%	0.59%	23.82%	18.56%
Strategic Investment	23.14%	-1.76%	5.71%	30.31%	35.17%
Strategic Investment (TOPIX-Benchmark)	28.47%	-9.23%	0.59%	23.82%	18.56%

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