FY2024

2nd Quarter Earnings Presentation (Apr.2024 – Sep.2024)

SPARX Group Co., Ltd.

October 31, 2024

Securities code: 8739

Index

01. Company Profile

02. Financial Results for FY2024 Q2

03. Growth Strategy and Overview of Four Pillars

04. Future Initiatives

05. Action to implement management that is conscious of cost of capital and stock price

06. Appendix

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

01.

Company Profile

Corporate Profile

We provide investment management services based on a bottom-up approach for mainly domestic and overseas investors. Pursuing unchanging value that is not affected by the times and people since our inception through a consistent innovative investment methods based on a thorough bottom-up approach that follows the unique investment philosophy.

Corporate Profile

Company name	SPARX Group Co., Ltd.
Address	1-2-70 Konan, Minato-ku, Tokyo, Japan
Founded	July 1, 1989
Capitalization	JPY 8,587 million (as of September 30, 2024)
Exchange:	Tokyo Stock Exchange Prime Market (Securities code: 8739)
Employees	188 (as of September 30, 2024)
Description of Businesses	■ Investment Management ■ Investment Advisory and Agency ■ Type I Financial Instruments & Type II Financial Instruments



President and Group CEO

Shuhei Abe

Born in Sapporo in 1954. After graduating from the Faculty of Economics at Sophia University, he received his MBA from Babson College. He has also completed the AMP at Harvard Business School. After graduating Babson College and returning to Japan, hired by Nomura Research Institute, Ltd. He worked as a corporate research analyst evaluating individual companies listed on Japanese stock markets and engaged in Japanese equity sales. He then established Abe Capital Research and engaged in Japanese equity investment management and advisory services for European and U.S. funds. He founded in 1989 as SPARX Asset Management Co., Ltd. (now SPARX Group Co., Ltd.). He had also appointed a member of the Japanese government's Energy and Environmental Council etc.

SPARX's Investment Philosophy

Macro is the aggregate of the Micro

Selection of individual stocks through micro (visiting individual company) research by experienced analysts. Other several analysts then verify the value gap and pursue the actual value of the company

※Reference Information (our website) https://www.sparxgroup.com/philosophy.html

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Corporate Philosophy

Purpose

To make the world wealthier, healthier, and happier

Vision

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

Mission

Bring ever-better investments to the world

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

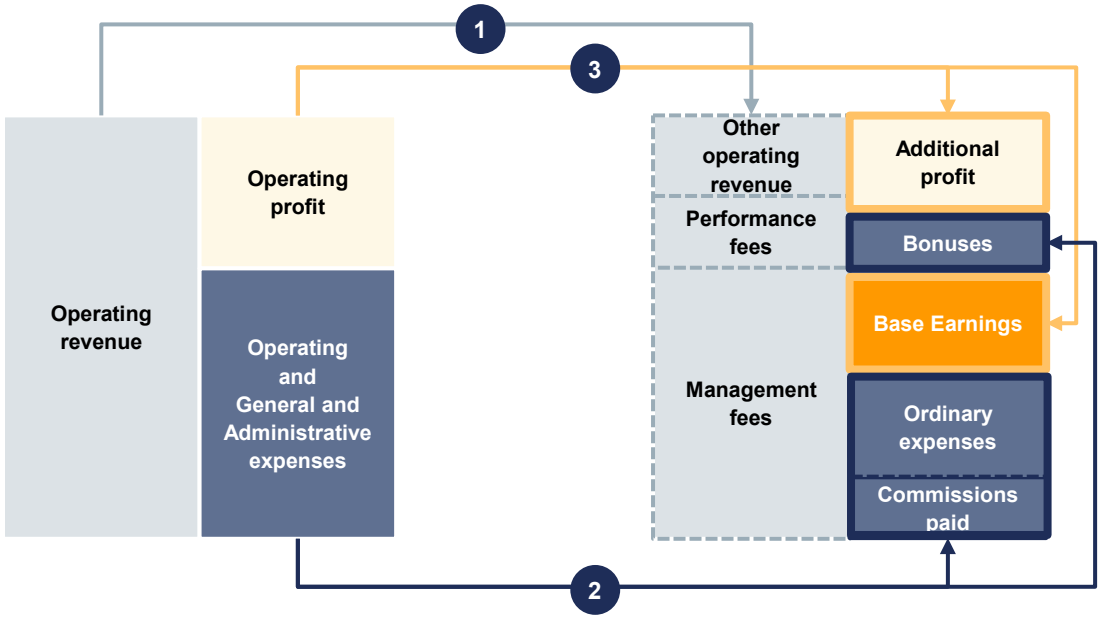
02.

Financial Results for FY2024 Q2

Introduction

In this material, we explain the business performance and current business conditions of our group by providing managerial accounting details rather than financial accounting.
Use four key management indicators not included in the consolidated financial statements.

Points to note when viewing this materials



1. Operating revenue is classified into management fees, performance fees, and other operating revenue.
2. Operating and general/administrative expenses are classified into commissions paid, ordinary expenses, and bonuses.
3. Operating profit is classified into Base Earnings and additional profit.

Key management indicators

Indicator of the profitability that forms a sustainable and stable foundation for the business

■ **Base Earnings**

Base Earnings = Management Fees − Commissions paid − Ordinary expenses

Management fees after deducting commissions

※Indicators that do not include temporary or additional incentive fees, such as operating income for financial accounting purposes, and are not affected by market trends or progress in real asset investments.

Indicators Affecting Two Major Earnings (Balance Fee, Incentive Fee)

■ **Assets under management (AUM)** ■ **Management fee rate** ■ **% of AUM eligible to earn performance fee**

Management Fees = AUM × Management fee rate

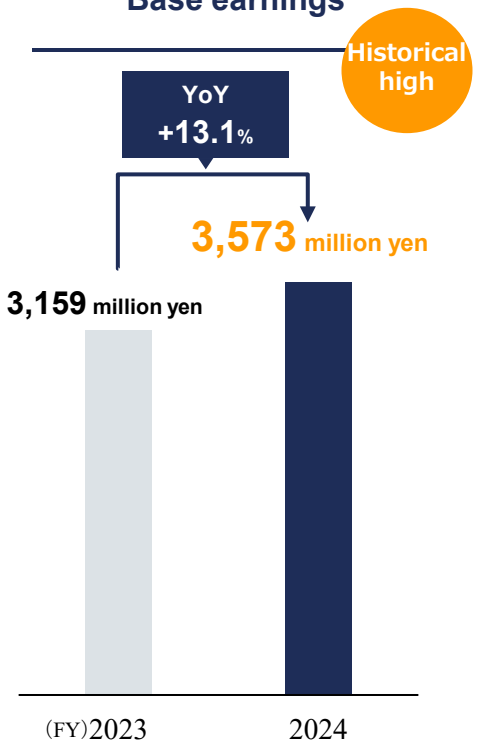
Performance Fees = AUM × Performance fee rate × % of AUM eligible to earn performance fee

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q2 Status of key management indicators

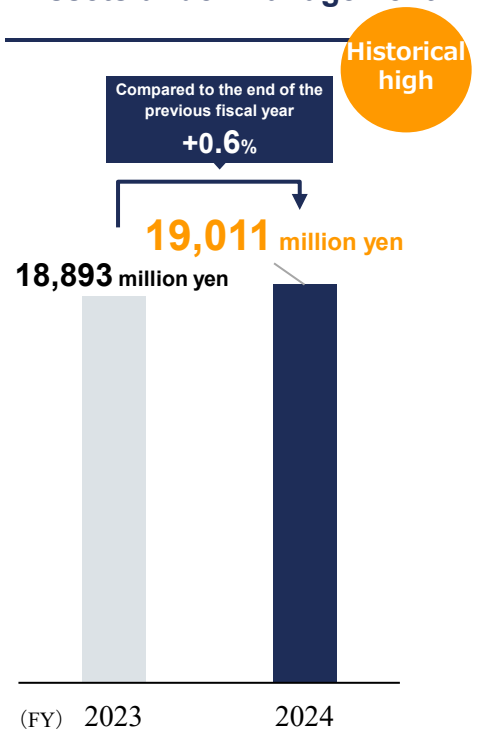
AUM at the end of FY24 Q2 increased by 0.6% from the end of the previous fiscal year to 1,901.1 billion yen. Management fees after deducting commissions increased by 11.7% from the same quarter in the previous fiscal year to 6,492 million yen. Due to an increase in management fees that exceeds the increase in recurring cost, Base earnings have remained its record high. Operating profit has increased due to the steady increase in management fees, despite a decrease in performance fee due to the market environment.

Base earnings



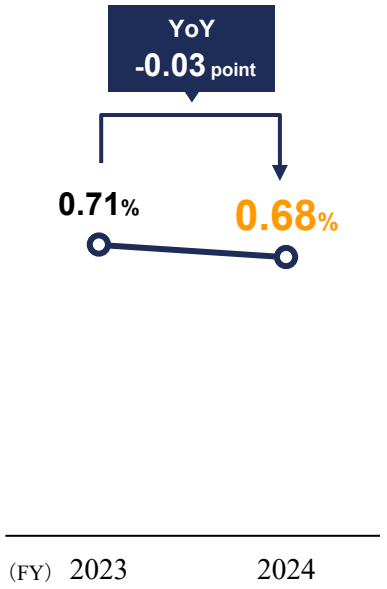
Increased by 13.1% due to an increase in management fees despite an increase in ordinary expenses.

Assets under management



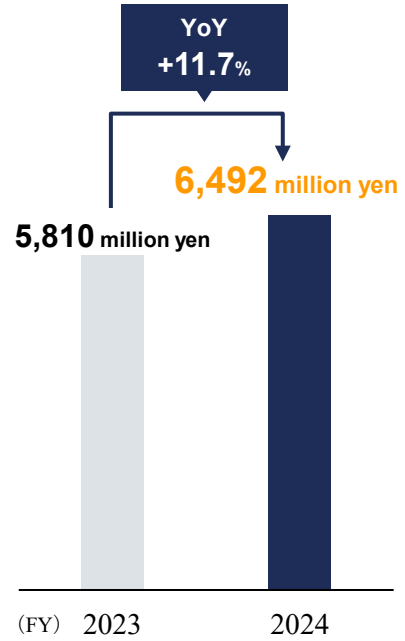
Increased by 0.6% mainly due to an increase of AUM for private equity and impact of stock market

Management fee rate (after deducting commissions)



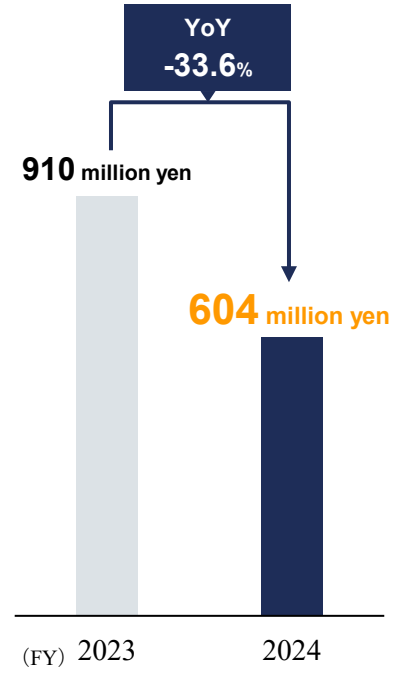
Decreased 3bp mainly due to a decrease in AUM of private equity with higher fee rate.

Management fees (after deducting commissions)



Increased 11.7% due to an increase in AUM.

Performance fees



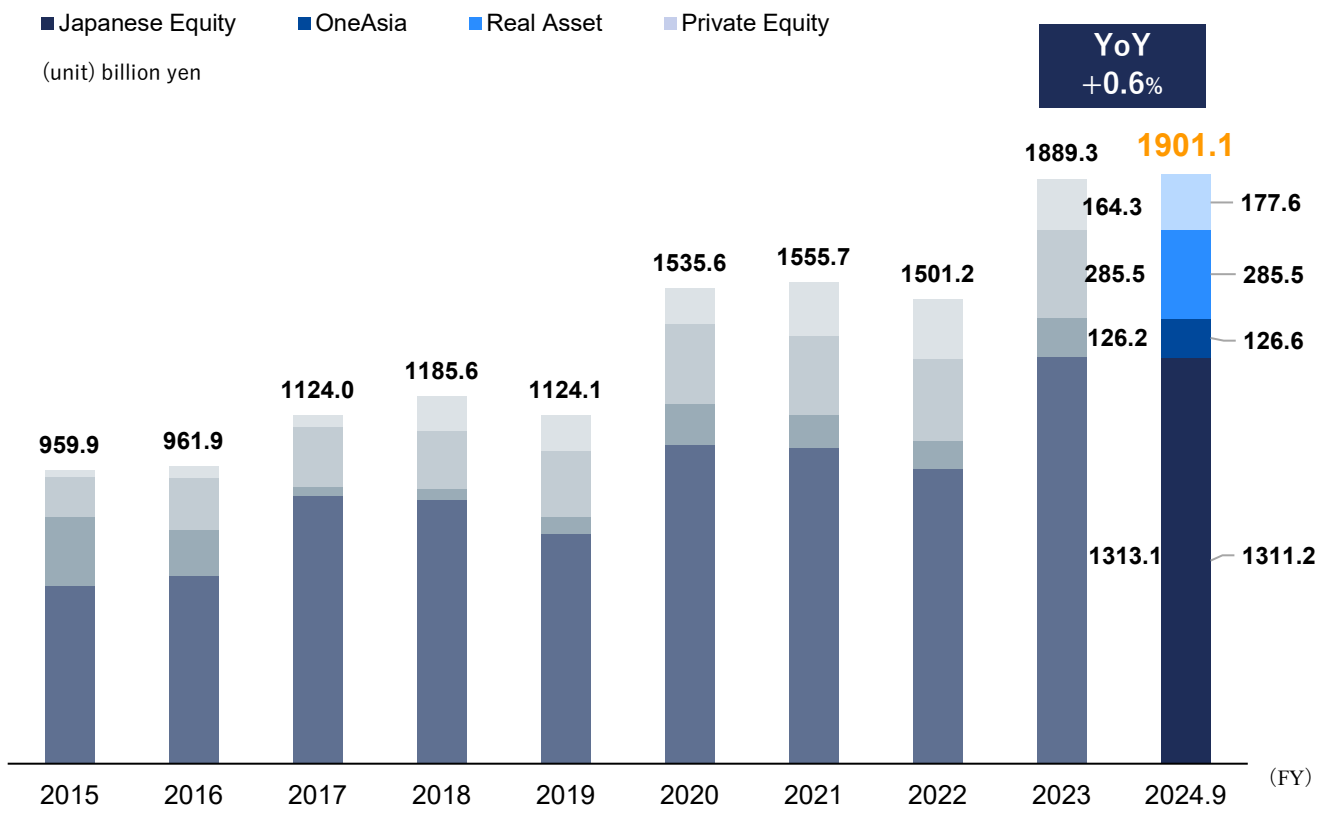
Decreased due to market environment despite the favorable performance.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q2 Trends in AUM

Group's AUM increased by 0.6% from the end of the previous fiscal year due to an increase in AUM for private equity investment strategy due to the launch of Space Frontier Fund II and AUM for Japanese equity investment strategy remained flat amid negative market trends.

AUM trends



(Reference) Various Market Indexes

	Year-ended March 31, 2024	Quarter-ended September 30, 2024	Rate of change
Nikkei 225	40,369	37,919	(6.1)%
TOPIX	2,768	2,645	(4.4)%
KOSPI Index	2,746	2,593	(5.6)%
KOSDAQ Index	905	763	(15.6)%
HK Hang Seng Index	16,541	21,133	+27.8%

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q2 Consolidated Financial Highlights

Operating revenue and operating profit increased due to an increase in AUM and an increase in management fees. On the other hand, ordinary profit have decreased due the impact of exchange rates. Net profit decreased due to the absent of 1.1 billion yen gain on sales of investment securities which was recorded last fiscal year in the same quarter.

（millions of yen）	FY2023 Q2	FY2024 Q2	YoY change	
Operating Revenue	7,930	8,716	＋785 （＋9.9%）	With increase in AUM, management fees (after deducting commissions) increased by 1,065 million yen to 8.01 billion yen. The Company also has recognized performance fees of 604 million yen (910 million yen in 2Q previous year).
Operating profit	3,531	3,660	＋128 （＋3.6%）	
Ordinary profit	3,738	3,676	－62 （－1.7%）	Decreased due to recognition of exchange losses of 58 million yen this quarter as opposed to recognition of exchange gains of 184 million yen last year 2Q.
Profit attributable to owners of parent	3,332	2,284	－1,048 （－31.5%）	Decreased due the absent of 1.1 billion yen extraordinary gain of the sales of our investment holdings which was recorded last year 2Q.
ROE	24.4	14.5	－9.9pt	

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

FY2024 Q2 Consolidated Balance Sheet

The industry the company belongs to is significantly influenced by economic and market conditions. Thus, the balance is kept as three years' worth of ordinary expenses level which calculated by "cash and cash equivalent" plus highly liquidity such as "investment securities." Equity ratio is maintained at a high level.

(millions of yen)	FY2023 (March 31, 2024)	FY2024 (September 30, 2024)	YoY Change
Current assets	27,130	22,016	(5,114)
Non-current assets	18,981	23,595	+4,614
Total assets	**46,112**	**45,612**	(499)
Current liabilities	6,547	5,518	(1,028)
Non-current liabilities	8,145	8,558	+413
Net assets	31,419	31,535	+116
Total liabilities and net assets	**46,112**	**45,612**	(499)
Equity ratio	**68.2%**	**69.2%**	+1.0pt

Of which, includes cash and cash equivalent of 16,475 million yen

Decreased mainly due to investment with seed money, the payment of dividend and bonuses

Of which, investment securities of 20,370 million yen

Increase in market value for seed investments

Decreased mainly due to payment of accrued bonuses and corporate income tax payable

Of which, includes total shareholder's equity of 27,667 million yen

Mainly payment of dividend: ▲JPY2,715 million, Profit attributable to owners of parent of +JPY 2,284 million, valuation difference on available-for-sales securities +JPY356 million

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

03.

Growth Strategy and Overview of Four Pillars

Growth Strategy

Vision

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

Goal

AUM 3 trillion yen（By March 2026）

Focusing Areas

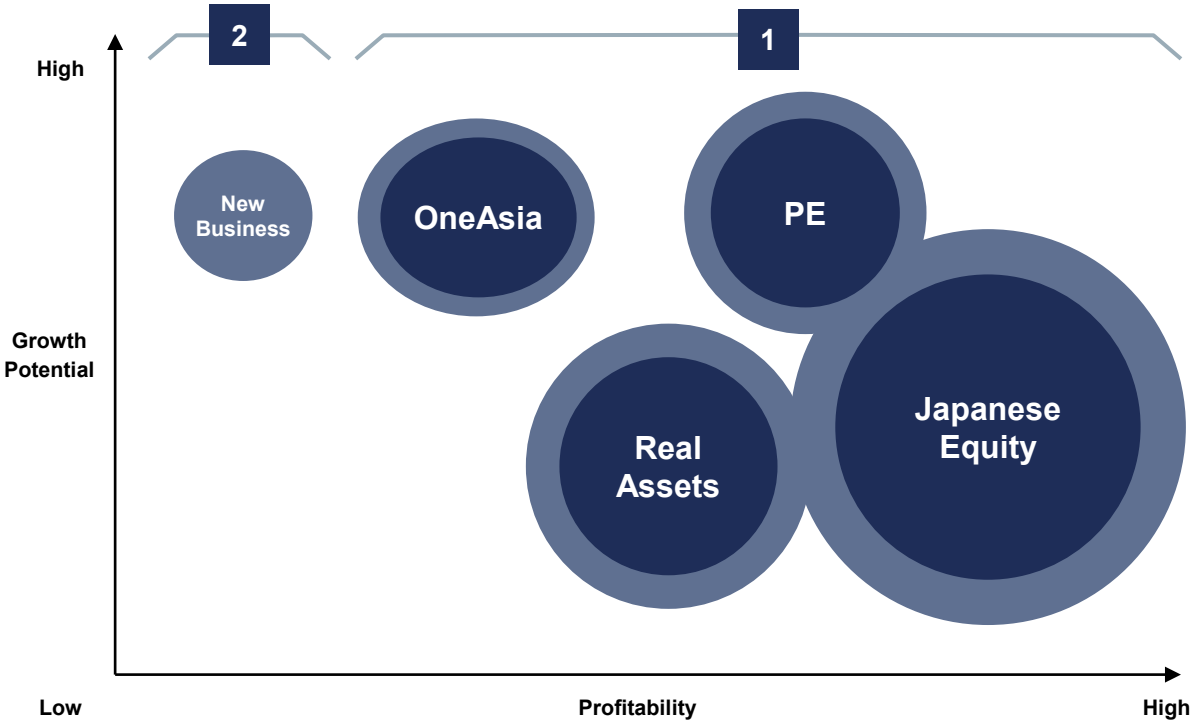
- Four pillars（Japanese Equity/OneAsia/Real Assets/PE）
- New business areas（Energy・ Healthcare・Fintech etc.）

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Policies for growth

Efficiently allocate management resources to develop business areas that has high growth potential, while steadily expanding the four pillars of AUM and increase its profitability. Through these efforts, we will achieve further improvements in ROE.

Current business portfolio image



※The size of pie chat shows the image of balance in AUM

1 Expansion of AUM in the four pillars

- Realize JPY 3 trillion in AUM by March 2026
- Aiming to make SPARX fund businesses more unique and strong.

2 Develop new business areas

- While strengthening our fund business, we have been preparing the ground to plant the seeds of our future growth in areas such as energy, healthcare, and fintech.
- Especially in the energy field, we continue to look for potential new ways to exploit hydrogen and link to concrete business such as the production of green hydrogen. For healthcare area, it is realized in the form of the sale o our holdings. Aiming to strengthen the fund business by taking on the challenge of such new initiatives.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Four Pillars of Growth

By March 2026, we have set a target of JPY 3 trillion in AUM, and have set "Japanese Equities," "OneAsia," “Real Assets," and “Private Equity" as focus areas so called “four pillars”. Achieve both high profitability and stability by expanding each of the four pillars based on strengths of thorough individual company research and the uniqueness of selecting investment targets.

Focus Areas	Features	Description of Businesses	AUM(as of September 30,2024)
 Japanese Equity	**High profitability**	Various investment strategies ※ in Japanese equities ※ Long-Short/Mid&Small Cap/Value Creation/Focus All Cap/Index Hedge (note1)	JPY 1,311.2 billion
 OneAsia	In addition to management fees, fund performance generates **Performance fees**	Investment and management in equity in South Korea and Pan-Asia. Utilizing our model of reproducibility obtained in Japanese equities	JPY 126.6 billion
 Real Assets	**Stability**	Investment by funds in renewable energy power generation business. Development, management, and operation of energy infrastructure.	JPY 285.5 billion
 Private Equity	Ongoing long-term contract Without being affected by market conditions **Generate stable income**	Establishment and operation of funds aimed at investing in private equities.	JPY 177.6 billion

JPY 1,901.1 billion

AUM (by March 2026)

JPY 3 trillion

(note1)The name of investment strategy has changed to Index Hedge Strategy. This used to be disclosed as Market Neutral investment strategy.

Please be sure to read the appendix attached at the end of this document.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Japanese Equity Investment Strategy

AUM have remained flat at a record high level despite being affected by the stock market. While each investment strategies maintained strong performance, Value creation strategy decreased due to outflow of funds.

（100 million yen）	AUM		
	March 31, 2024	September 30, 2024	YoY change
Long-Short Strategy	1,026	1,032	＋5 （＋0.6%）
Focus All cap Strategy	7,844	8,015	＋170 （＋2.2%）
Mid & Small Cap Strategy	3,047	3,030	-17 （－0.6%）
Index Hedge Strategy*	134	117	-16 （－12.3%）
Value Creation Strategy	1,078	917	-160 （－14.9%）
Total	**13,131**	**13,112**	-18 （**－0.1%**）

Inquiries from overseas investors are increasing, and it will accelerate efforts for new capital inflows

Increased due to higher performance than market environment

Decreased due to outflow of funds

*The name of investment strategy has changed to Index Hedge Strategy. This used to be disclosed as Market Neutral investment strategy.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of OneAsia Investment Strategy

Increased overall AUM by 0.3% as PanAsia region performed well while South Korea saw a 0.7% decline in AUM due to the impact of the stock market.

(100 million JPY)	AUM		
	March 31, 2024	September 30, 2024	YoY change
South Korea	1,174	1,166	-8 (－0.7%)
Pan-Asia	87	99	＋11 (＋13.6%)
Total	**1,262**	**1,266**	**＋3 (＋0.3%)**

Increased due to favorable investment performance

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Real Asset Investment Strategy

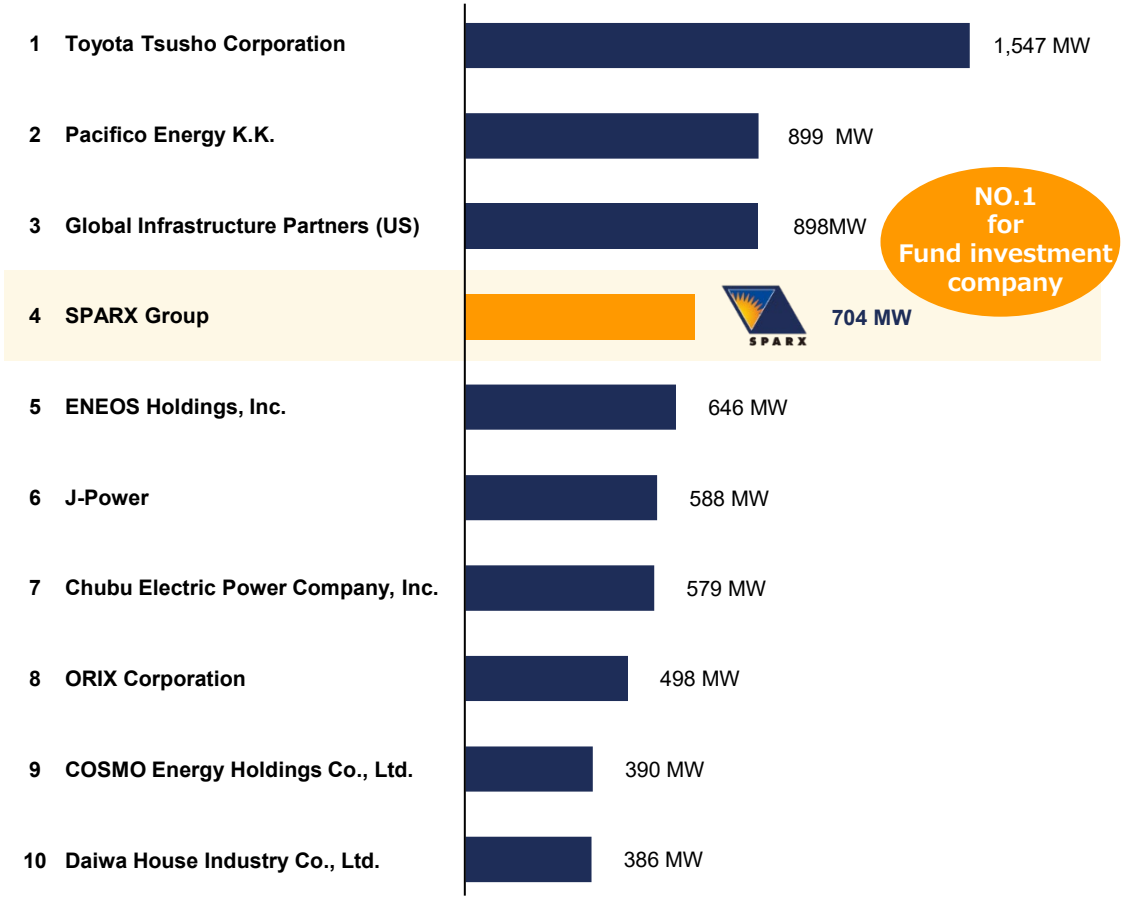
Promote investing in renewable power generation businesses, including solar power generation, at 347 locations※1 in Japan.

(100 million yen)	AUM		
	March 31, 2024	September 30, 2024	YoY change
Renewable Energy Power Station Investment	2,801	2,801	- (-%)
Real Estate Investment	54	54	- (-%)
Total	**2,855**	**2,855**	- (-%)

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Real Asset Investment Strategy

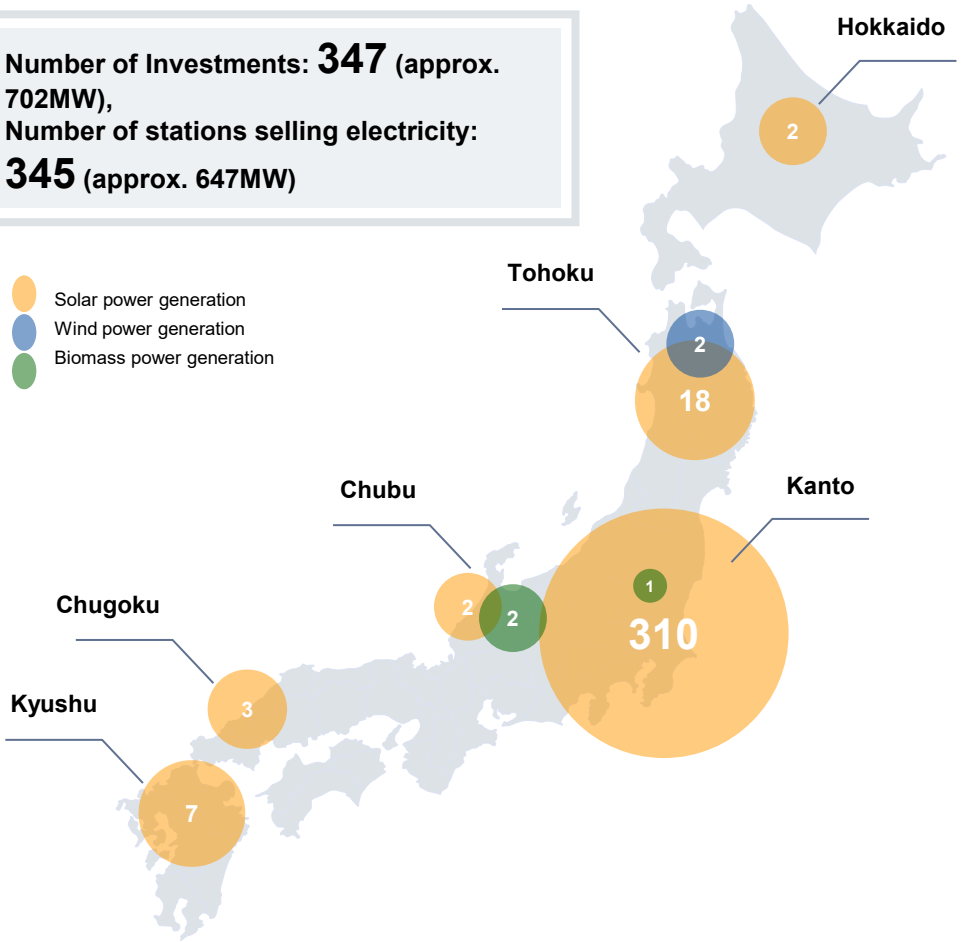
Ranking for electric-generating capacity for domestic renewable energy (solar and wind) power generation



Source: Information from the Nihon Keizai Shimbun and created by SPARX (as of January 2024)

Renewable energy power generation facilities

Number of Investments: 347 (approx. 702MW),
Number of stations selling electricity: 345 (approx. 647MW)



※1 as of September 30, 2024
(Note) the above number of investments does not include the number of power generation plants owned by consolidated subsidiaries.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Private Equity Investment Strategy

Increased due to launch of Space Frontier Fund II.

(100 million yen)	AUM		
	March 31, 2024	September 30, 2024	YoY change
Mirai Creation Funds	1,161	1,143	-18 (－1.6%)
Space Frontier Funds	92	213	+121 (+132.1%)
Japan Monozukuri Mirai Fund	168	168	- (-%)
Others	222	251	+28 (+13.0%)
Total	**1,643**	**1,776**	**+132 (+8.1%)**

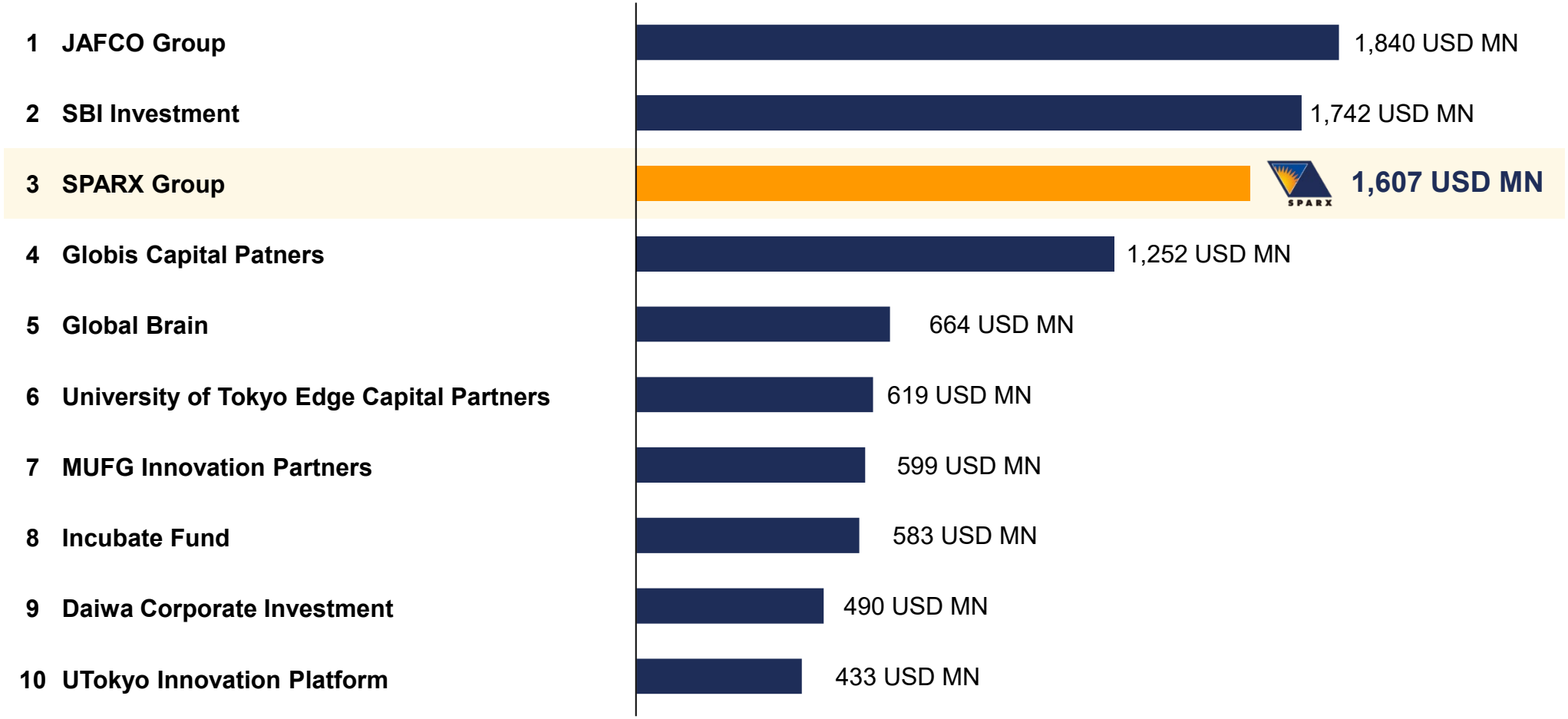
Decreased due to a decrease in investment of the Mirai Creation Fund I & II. The Mirai Creation Fund I is making progress in distributing to investors, and we expect that the performance fee will be realized from FY2024 onward.
Mirai Creation Fund III is making its progress smoothly and next series of the Fund is under discussion

The Space Frontier Fund I became full investment and established & launched the Fund II. Increased due to investment commitment amount for Fund II.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Overview of Private Equity Investment Strategy

Ranking for domestic venture capital procurement scale



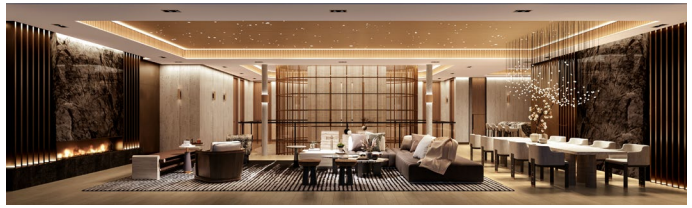
(Source) Preqin Database and created by SPARX (as of October 27, 2023)
※Amount of funding for the past 10 years to those venture capital with headquarters in Japan

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Launching new project







(Top) panoramic view of villas (left) image of rooftop (right) image of living room

Development of luxury villas in the Niseko area

- Developing luxury villas in Niseko are targeting wealthy domestic and overseas investors. Niseko area is located in the western part of Hokkaido where abundant tourism resources are available and well known for high-quality power snow.

(Schedule for commencing business)

By March 2025 completion of the villa's design

From April 2025 construction will begin

Autum 2026 scheduled for completion

(Total extraordinary expenditures budgeted for this new project)

expect 5.8 billion yen (including consumption taxes)

Concept of creating new investment opportunities based on Hokkaido

With the development of the Niseko are as a foothold, we will develop various investment products that maximize Hokkaido's potential value. We aim to expand our AUM and establish new investment areas by attracting more investments from around the globe.

Developable areas of Hokkaido

- Are of tourism infrastructure
- Area of Energy
- Startup companies
- Demonstrations and implementations for AI field

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

04.

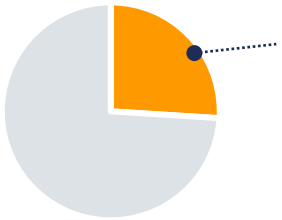
Future Initiatives

Awareness of the External Environment (Japanese Equity / OneAsia)

The outlook for the market is optimistic, and it is expected that investment funds will flow stably into the Japanese Equity Investment Strategy and OneAsia Investment Strategy.

Japanese Equity

- In March 2023, the Tokyo Stock Exchange requested listed companies to take in response to “Action to implement management that is conscious of cost of capital and stock price”
- Japanese companies have a lot of room for growth due to the fact that the % of firms with less than PBR1.0 times in Japan still relatively high compared to the market in the United States and Europe



Approximately **26%**

Percentage of TOPIX 500 companies less than PBR1.0 times as of January 2024

※Source: METI documents on discussion results of the round table conference on “improving of sustainable corporate value”

It is assumed that each company will continue to focus on enhancing its corporate value, and investors‘ attention on Japanese equities is also expected to remain high and stable.

OneAsia

- High economic growth is expected to continue in the Asian regions, especially in India and Indonesia, where we are cultivating them as core funds

Outlook for Real GDP Growth in the Asian Region

	2023	2024	2025
Asian region	**5.0%**	**4.5%**	**4.3%**
India	**7.8%**	**6.8%**	**6.5%**
Indonesia	**5.0%**	**5.0%**	**5.1%**
(reference) World GDP	**3.2%**	**3.2%**	**3.2%**

※Source: released on April 2024 “World Economic Outlook” by IMF (International Monetary Fund)

Finding companies with high potential in high-growth markets can be expected.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Awareness of the External Environment (Real Assets / Private Equity)

Capital inflows are expected to increase for real asset investment strategies and private equity investment strategies, with tailwind from the Japanese government policy

Real Assets

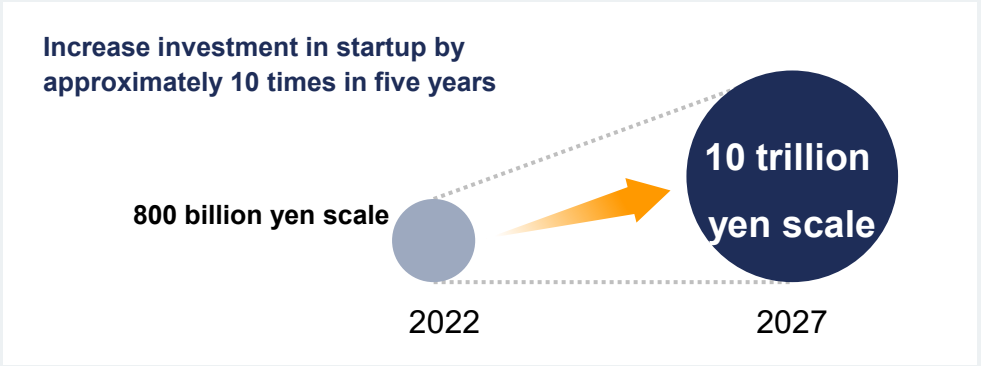
- At the 28th meeting of the conference of the Parties to the UNFCCC (COP28), the goal was set to triple renewable energy capacity globally by 2030
- METI (The Ministry of Economy, Trade and Industry) also set numerical targets for switching to renewable energy sources.

2011	2022	2030 goal
10.4% (113.1 billion kWh)	21.7% (218.9 billion kWh)	**36-38%** (336.0-353.0 billion kWh)

Social needs for renewable energy remain high, and the promotion of renewable energy is expected to continue on a nationwide scale.

Private Equity

- METI launched and started “Five-Year Startup Plan”



- The space strategy fund has been established in JAXA

  Aiming to contribute ¥1 trillion to companies and universities in 10 years to strengthen security

Numerous policies have been formulated by the government for the development and collaboration of venture companies, and it is expected that the base and scale of venture companies will expand

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Growth Initiatives Expanding AUM for the Four Pillars

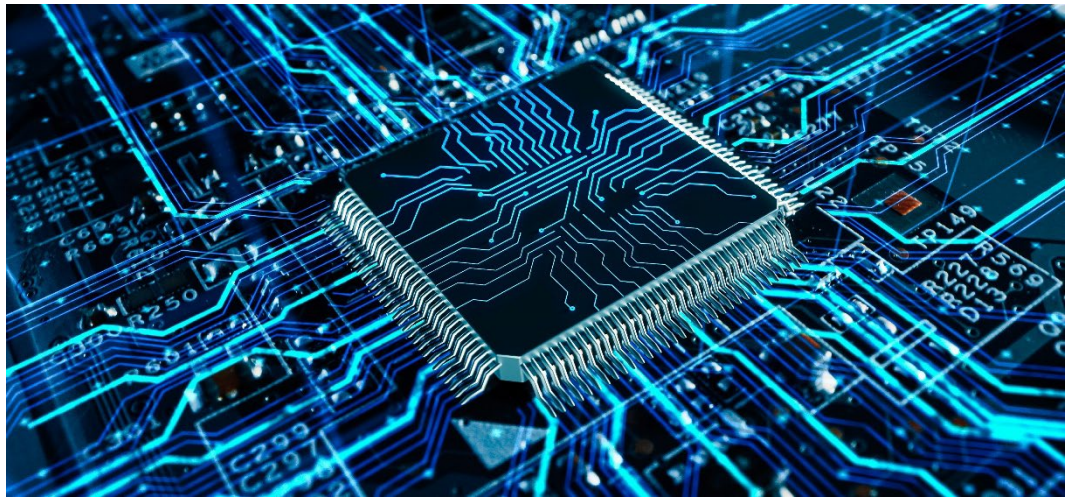
Achieve JPY 3 trillion in AUM by March 2026 through various measures to increase the profitability of Japanese Equity, OneAsia, Real Assets and Private Equity investment strategies.

Japanese Equity・OneAsia



- For Japanese Equity Investment Strategy, we will differentiate ourselves from competitors by our value creation strategy, in which we actively make proposals to investee companies that will increase their corporate values.
- For OneAsia Investment Strategy, we aim to steadily grow our funds that invest in companies that are well-positioned to benefit from the changes in Asia, a market with far greater growth potential than Japan.

Real Assets・ Private Equity



- For Real Assets Investment Strategy, we will seek new highly profitable investment targets based on the know-how that we gained from renewable energy investment and aim to form into funds and secure stable profits.
- For Private Equity Investment Strategy, although it is pointed out that Japanese private equity market is smaller than overseas, we aim to further increase profitability by accumulating good investments and recording performance fees.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Status of Major Indicators

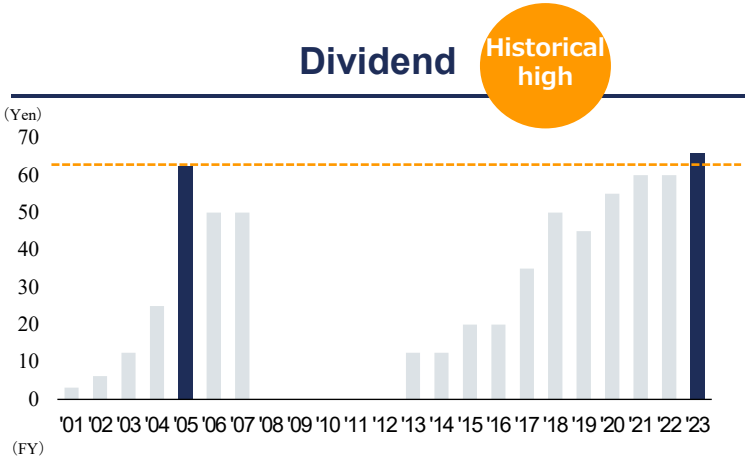
Base earnings and dividends achieved record highs and remained firm. AUM at the end of the fiscal year is also at a record high level and is expected to achieve it in the short term. On the other hand, we aim to raise operating profit to a record high level in the medium term (about 5 years) and market capitalization in the long term (5 to 10 years).

Key indicators that have reached record highs (or expected to achieve in near future)

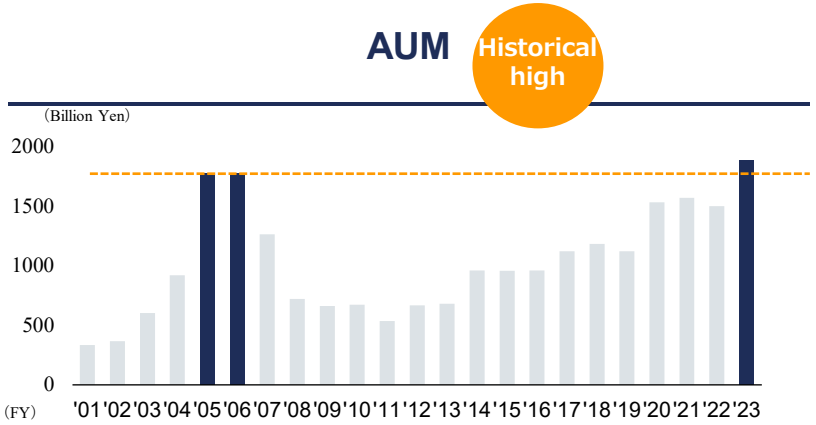
Base Earnings



Dividend

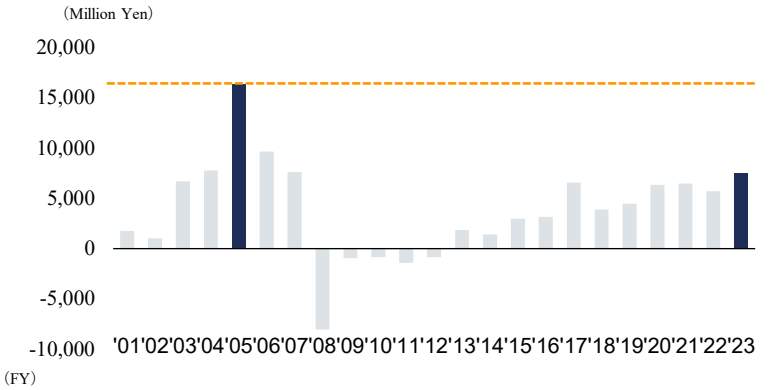


AUM

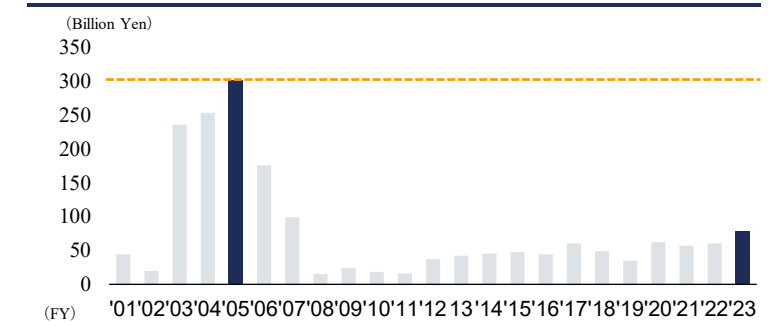


Key indicators for achieving over the medium to long term

Operating Profit



Market Capitalization



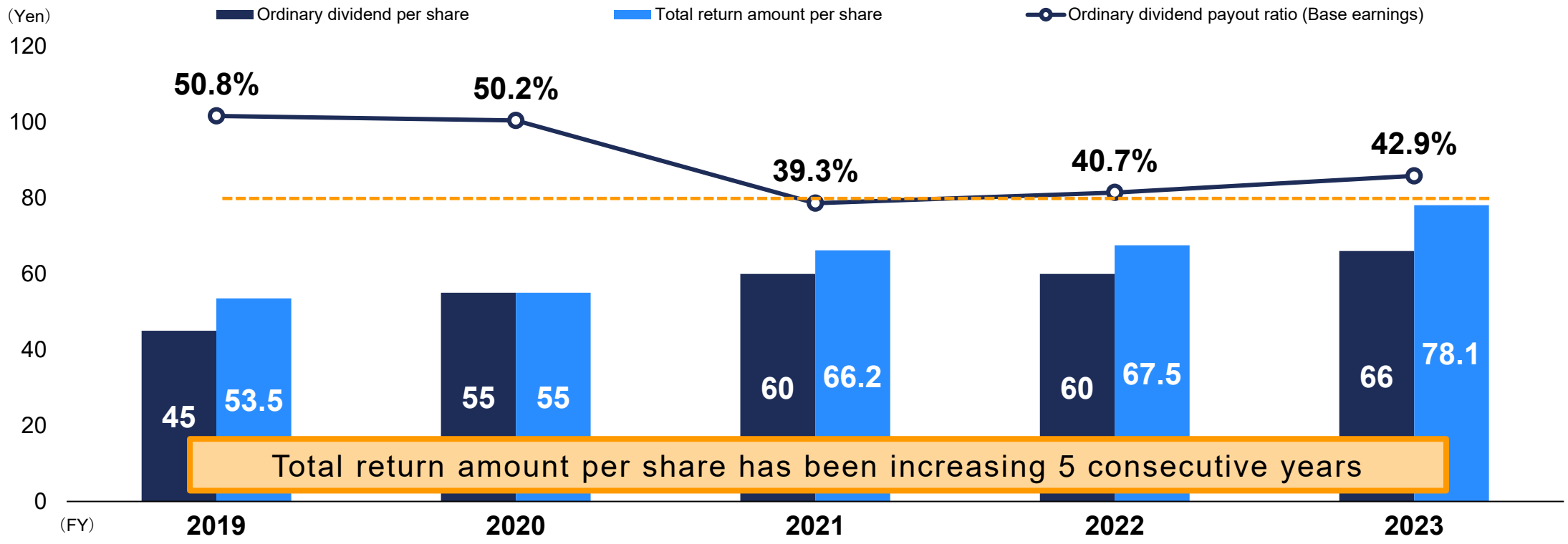
※ Figures shown above for AUM and market capitalization are as of the end of each fiscal year (March-end)

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Returns to Shareholders (Dividends and Total return amount)

Based on an increase in base earnings and stable financial conditions, which are one of the most important management indicators, we will continue to provide stable shareholder returns. Strive to increase corporate value over the mid-to-long term by expanding shareholder returns with sustainable growth.

Trends in Cash Dividends



(Note 1) Ordinary dividend payout ratio (Base earnings) = Total amount of ordinary dividends ÷ Base earnings
(Note 2) October 1, 2022, we have performed a reverse stock split (merging 5 common stock into 1 share). Figures prior to end of the previous fiscal year havee been revised to take into account on the impact of the reverse stock split.

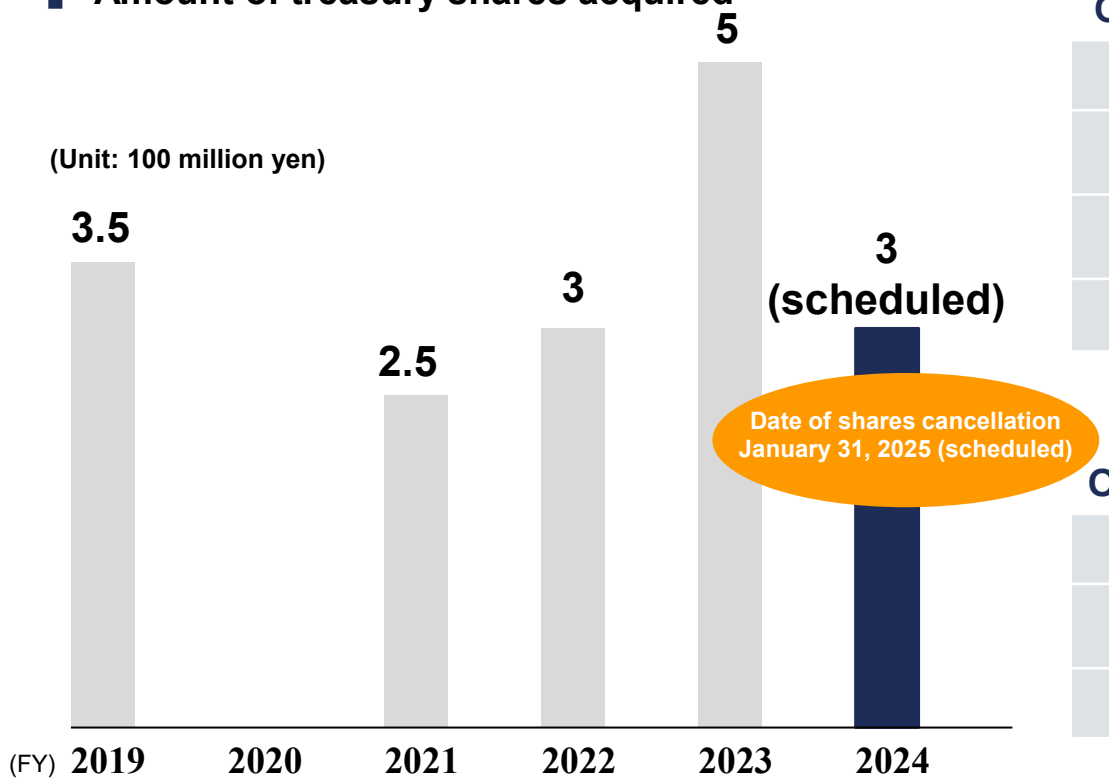
Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Return to Shareholders（Acquisition of Treasury Shares and Cancellation of Treasury Shares）

Upon careful consideration of capital allocation after considering the Company's financial position, investment plans for further growth, and profits that have temporarily recognized such as performance fees etc., the Company will acquire treasury shares up to a maximum of 300 million yen. In order to further improve capital efficiency and share value through a reduction in the total number of shares issued, the Company will cancel all acquired treasury shares this time.

Decided to acquire of treasury shares up to 300 million and cancel acquired treasury shares

Amount of treasury shares acquired



Outline in relation to acquisition

Type of shares to be acquired	Shares of common stock of SPARX Group
Total number of shares to be acquired	Up to 210,000 shares (0.51% of total issued common stock excluding treasury shares)
Total price of shares to be acquired	Up to 300 million yen
Period of stock acquisition	From November 1, 2024 to January 31, 2025

Outline in relation to cancellation

Type of shares to be cancelled	Shares of common stock of SPARX Group
Total number of shares to be cancelled	Up to above mentioned shares
Date of shares cancellation	January 31, 2025 (scheduled)

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Our Initiatives for Sustainability

We aim to realize a sustainable society by contributing to the resolution of environmental and social issues through investment activities

Environment

- Investing, developing and managing operation of renewable energy power plants
- Investing in ESG related stocks and in an area of carbon neutral
- Announcement of endorsement of TCFD recommendations, etc.

Social

- Investing in the healthcare area
- Implementing working style reformations and keep employees health
- Social return through activities such as Energy Summit, etc.
- Establishing Group Basic Human Rights Policy

Governance

- Transition to institute an Audit and Supervisory Committee
- Thorough compliance
- Strengthen BCP policies
- Customer-oriented business operations, etc.

Reference Information

- Basic Sustainability Policy https://www.sparxgroup.com/sustainability/policy.html
- Materiality https://www.sparxgroup.com/sustainability/materiality.html
- Commitment to TCFD Recommendations (March 31, 2024) https://www.sparxgroup.com/sustainability/tcfd.html

Signatory of: PRI Principles for Responsible Investment

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

(Reference) External Recognition toward Our Initiatives for Sustainability

In recognition of our sustainability efforts, SAPRX has been selected as a constituent of three ESG indices which are adopted by the largest institutional investor in the world, GPIF (Japanese Government Pension Investment Fund).

Three ESG Indices

	FTSE Blossom Japan Index	FTSE Blossom Japan Sector Relative Index	S&P/JPX Carbon Efficient Index
Provider	FTSE Russell		S&P and Japan Exchange Group, Inc.
Summary	An index composed of Japanese companies with strong Environmental, Social and Governance (ESG) ratings based on their own scores. Selected for great ESG initiatives while minimizing industry bias.	An index composed of Japanese companies with strong Environmental, Social, and Governance (ESG) ratings based on their own scores. Selected for great ESG initiatives while minimizing sector bias.	Selection from among the companies comprising the TSE Stock Price Index (TOPIX) based on the status of disclosing environmental information and the level of carbon-efficiency.
Number of issues	**350 companies (As of September 30, 2024)**	**658 companies (As of September 30, 2024)**	**Approx. 1700 constituent stocks**
Reference	https://www.lseg.com/en/ftse-russell/indices/blossom-japan		

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

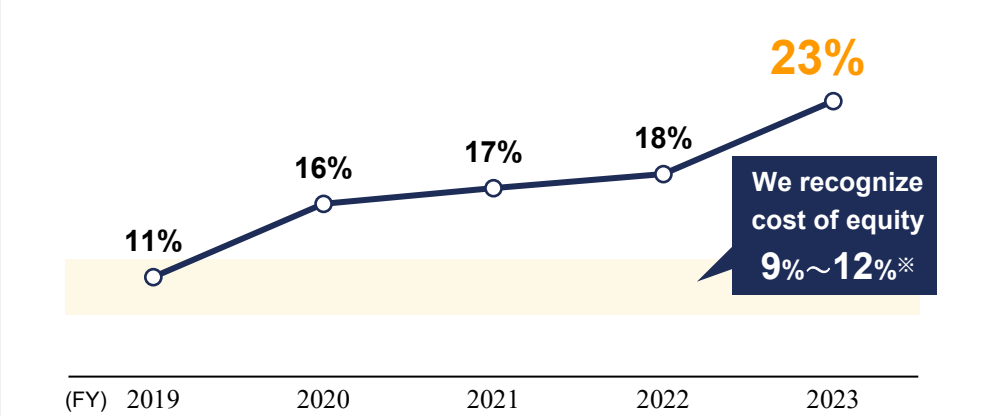
05.

Action to implement management that is conscious of cost of capital and stock price

Analysis of current status and challenges

Net income is continuously increasing toward a record-high level, and ROE is at a relatively high level of 23%. We will work to continuously increase corporate value while we believe that the most recent ROE results have reached the expected cost of equity.

ROE



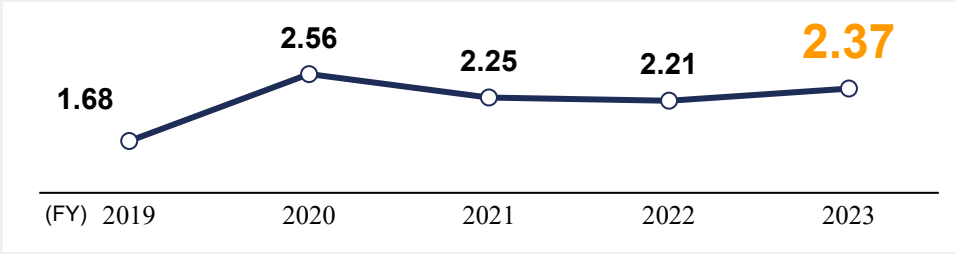
■ ROE has exceeded the cost of equity

※ Assumptions for cost of equity calculation (as of March-end 2024)

Calculated by CAPM	Risk-Free Rate		Beta (β) Sensitivity		Risk Premium		Cost of Equity
	Risk-free interest rate (based on 10-year JGB yields)	+	Our inherent risk	×	Expected excess returns on equity investments	=	Approximately 12%

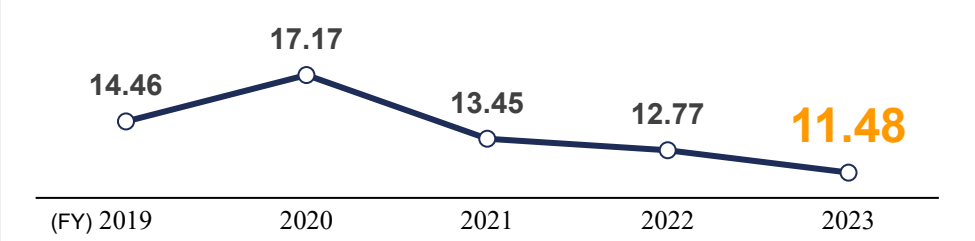
Calculated based on the earnings yield	
	1÷ PER ＝ Approximately 9%

PBR



■ PBR remained above 1.0 times

PER

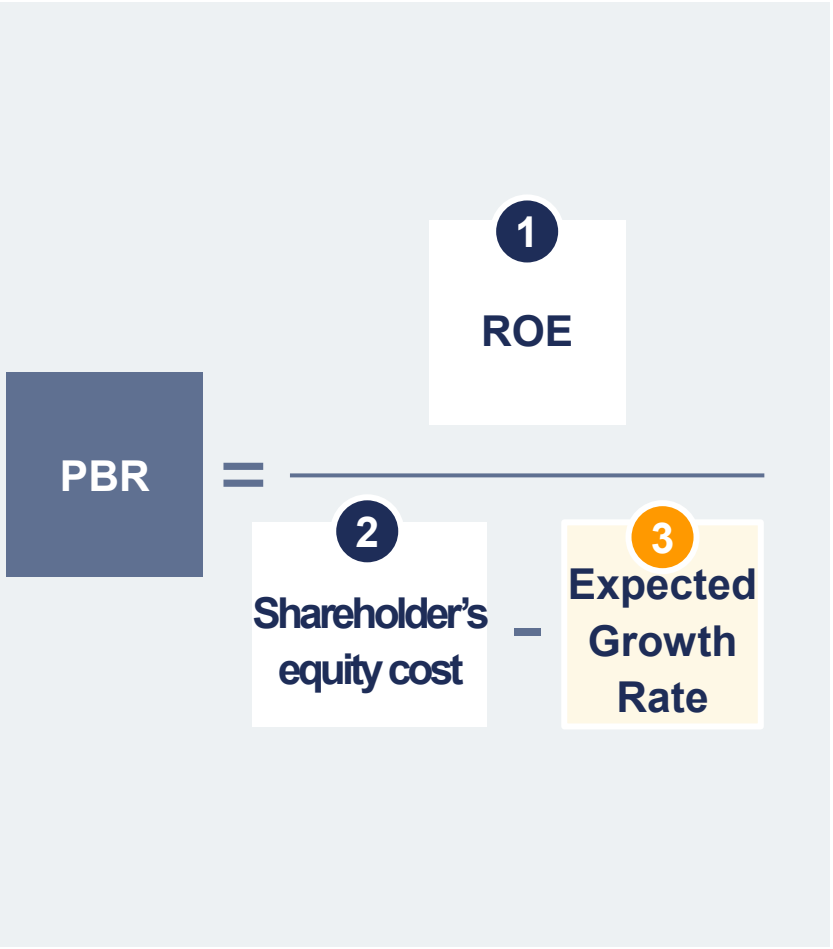


■ It is a challenge that we face, having lower than TSE Prime PER averages (18.3 times, as of the end of March 2024), and we recognize the need to explain and communicate to shareholders about our expectations for growth in an easy-to-understand manner.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Enhancement of corporate value

In order to improve the expected growth rate, new investment strategies will be introduced in the future in response to the demands of the times and changes in the market environment.



1 Further improvement of ROE by expanding existing strategies

- The Company will continue to achieve high-quality investment results given that Japanese Equity Investment Strategy has adequate management capacity in response to increase AUM. We will also differentiate ourselves in order to maintain a relatively high management fee rate. At the same time, we will focus on OneAsia investment strategy and allocate our resources as well, which is a market with much greater growth potential than Japan (P.26).
- The Company is already in well-positioned in the field of real assets and private equity by its AUM size, which are expected to grow rapidly in the future and aims for higher position. (P.19, 21)
- Aim to improve capital efficiency by reviewing the business portfolio by conducting appropriate seed investment in growth areas while examining the effects of investments. (P.14 e.g. sale of partial investment securities in the medical area and have realized gain in last fiscal year)

2 Reduction of cost of equity

- In addition to the management fee, performance fees can be earned if the fund performs well. (there is only upside because if there are no performance fees there is no negative impact) (P.15)
- Real assets and private equity funds can generate stable earnings because they are contractually non-cancelable. So they are not affected by market conditions. (P.15)
- The Company has been selected as a constituent of 3 ESG indices which are adopted by GPIF and we will strive to disclose non-financial information at a higher-level. . (P.31)
- Build an efficient, effective, sound and transparent governance system that leverages the strengths of independent investment company. (P.30 Reference Information Materiality)

3 Improving expected growth rate by introduction new investment

- As Japan ‘s first independent investment company, we have a track record of surviving and growing even in a challenging era after the bubble burst. This is due to our DNA that new investment strategies are consistently introduced in response to the demands of the times and changes in the market environment. Leveraging this DNA, we will continue to invest a certain amount of seed capital in the future, which will lead to our fund business (most recently, hydrogen, battery storage, etc.) (P.22, 39).
- In order to realize our purpose and vision, we will build a framework for the development and support of our professionals. (P.30 Reference Information Materiality)

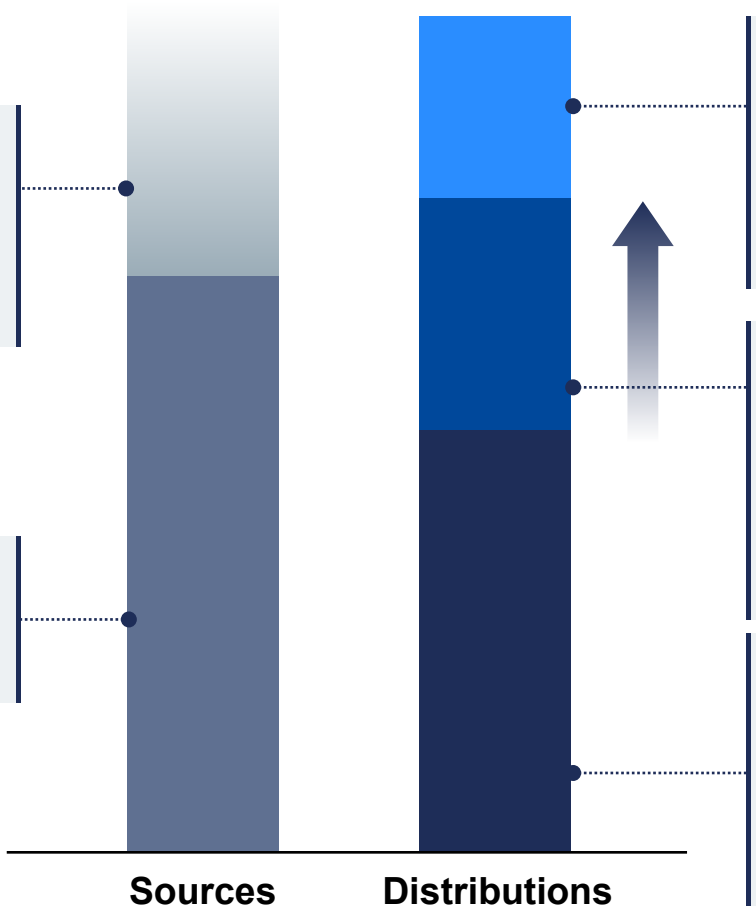
Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Reference Capital Allocation (FY2024～FY2026)

Our business results are significantly affected by economic conditions and the market environment, we do not disclose future earnings forecasts. For this reason, we calculate these figures based on historical results. First, determine the level of cash and deposits required for business operations from the actual ordinary expense (fixed costs) for recent years, then plan to promote growth investment based on the amount of operating cash flow. In addition, by increasing operating cash flow, we will also increase distributions such as shareholder returns.

Operating cash flow
approximately 12 billion yen
(results over past 3 years, after tax)

Cash and deposits as of March 31, 2024
22 billion yen



Investment in new businesses and proprietary seed investments approximately 8 billion yen
(net amount including return of investment)

- Investment in new businesses to enhance expected growth rates (for example, projects to create green hydrogen supply chain and business related to battery storage)
- Return on investment by streamlining business portfolio (P.14)

Shareholder returns (dividends, share buyback) approximately 10 billion yen

(most recent shareholder returns 66 JPY per share and share buyback 500 million yen x 3 years)

- Provide shareholder returns based on growth in Base earnings while paying attention to stability and continuity from a medium-to long-term perspective (P.28)
- By increasing operating cash flow, the amount of shareholder returns will also increase

3 years worth of ordinary expenses approximately 16 billion yen

(most recent actual result x 3 years)

- The industry the Company belongs to is significantly influenced by economic and market conditions. Thus we have set conservative targets and manage them. (P.44, 45)
- Strengthen investment in professionals in order to strengthen to build a framework for the development and support of our professionals. (P.30 Reference Information Materiality)

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Policy for Dialogue with Shareholders and Investors

With honest and the sprit of fair disclosure in mind, we will build a system centered on the president and the person in charge of IR and develop IR activities that contribute to the enhancement of corporate value.

Information Disclosure Enhancement



- Simultaneous disclosure of documents both in Japanese and English
- Further enhance IR information and IR websites, including expanded disclosures
- Provide additional information necessary for investors, such as the background and explanation of any significant fluctuations on our four pillars

Holding Investor Interviews



- Distributes videos on a quarterly basis that are explained by the president & CEO about financial results and the status of the four pillars
- Holding interviews based on requests from institutional investors
- Participating in an investment information platform that is easy for individual investors to see

Internal Feedback for IR Activities



- Through the feedback process to Board of Directors, management will consider the reflection of those comments and utilize them for future disclosure and interviews, and so forth.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Status of Dialogue with Shareholders and Investors

We actively engage in IR activities to promote constructive dialogue with our shareholders and institutional investors in order to achieve sustainable growth and increase our corporate value.

Main respondents to dialogue with shareholders and institutional investors	President and Representative Director, Group CFO, IR in-charge, etc.
Summary of investors who have engaged in dialogue	Domestic and overseas institutional investors and domestic individual investors
Major themes/topics of dialogue and interests of shareholders	■ Regarding inquiries from overseas investors amid the strong Japanese stock market ■ About our competitors ■ Recent developments in the new NISA program and the outlook for the Japanese equity market ■ Regarding the direction of the four pillars of our group and our strategy for achieving the AUM3 trillion target ■ Our stock price trends, etc.
Implementation status of feedback to management and the Board of Directors from the opinions and concerns of shareholders identifies in the dialogue	In addition to monthly reports on IR to the Board of Directors, they held a meeting in March 2024 summarizing the views and concerns of shareholders/investors obtained through IR activities during fiscal year 2023 and provided feedback. The discussions were based on the content of the feedback.

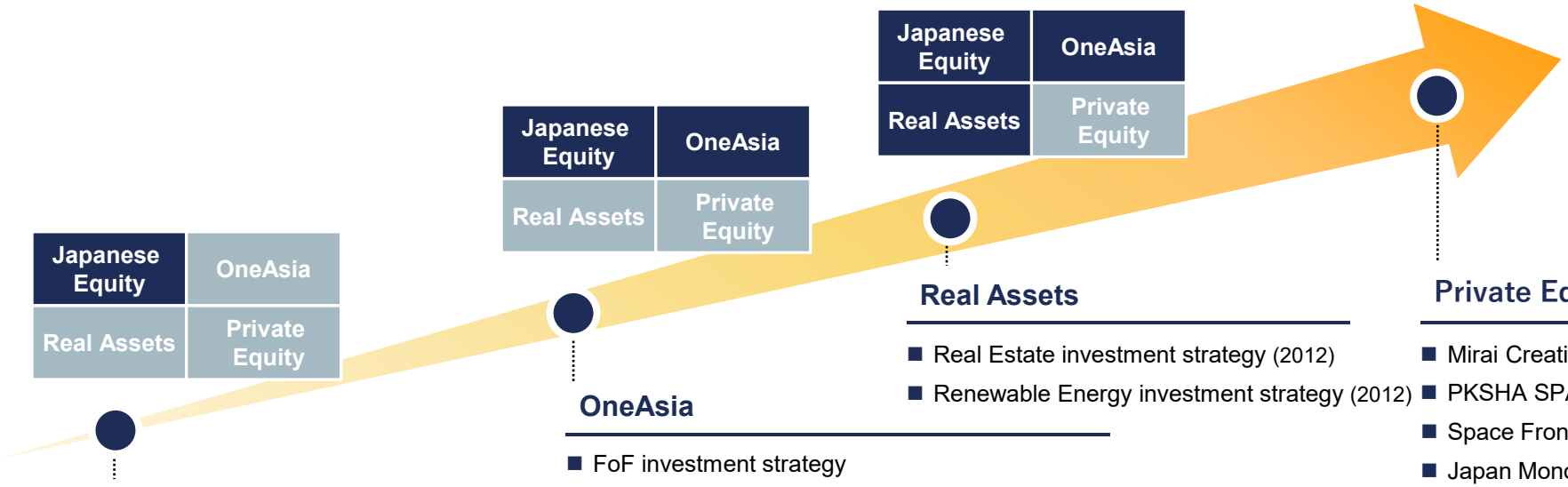
Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

06.

Appendix

Reference Hybrid Business Model

A hybrid model that combines our traditional strategy of investing in highly profitable listed stocks with the stable strategy of financing Real Assets/Private Equity



Japanese Equity

- Japanese Mid&Small Cap strategy (1989)
- Japanese Equity Long-Short All Cap strategy (1997)
- Japanese Equity Focus All Cap strategy (1998)
- Japanese Equity Focus strategy (1999)
- Japanese Equity Value Creation strategy (2002)

OneAsia

- FoF investment strategy
  (1997, specialized in Asia-Pacific from 2002)
- Korean Equity investment strategy (2005)
- Pan-Asia (excluding Japan and Korea) Equity investment strategy (2006)

Real Assets

- Real Estate investment strategy (2012)
- Renewable Energy investment strategy (2012)

Private Equity

- Mirai Creation Fund (2015)
- PKSHA SPARX Algorithm Fund (2019)
- Space Frontier Fund (2020)
- Japan Monozukuri Mirai Fund (2020)
- Investment corporation (the Fund)
  (managed by Nomura SPARX investment, Inc.,
  a joint venture with Nomura Holdings Co., Ltd.(2021)

AUM as of September-end 2024

Japanese Equity	OneAsia
1,311.2bn	126.6bn
Real Assets	**Private Equity**
285.5bn	177.6bn

Market swings have a significant impact

Diversified strategies lead to increased stability

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

What is the Buffet Club?

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

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



Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Consolidated Earnings Summary (2) Performance

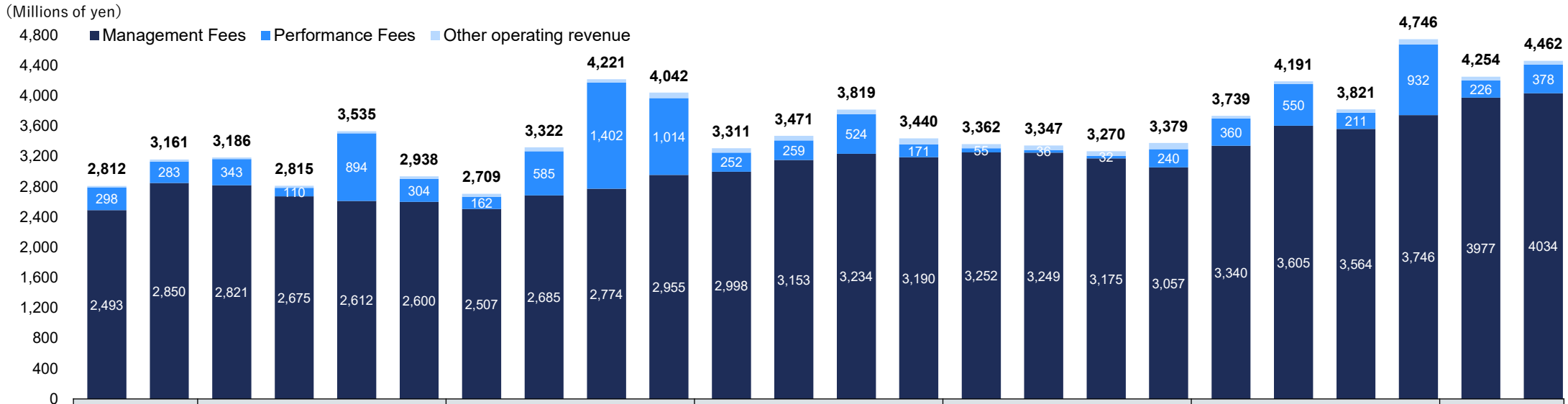
		FY2023	FY2024	
		Q2	Q2	YoY change
Average AUM	(Billions of yen)	1,626.3	1,923.4	+18.3%
Management fee rate (After deducting commissions)	(%)	0.71%	0.68%	(－0.04)
Management fees (After deducting commissions)	(Millions of yen)	5,810	6,492	+11.7%
- Ordinary expenses	(Millions of yen)	2,650	2,918	+10.1%
Base earnings	(Millions of yen)	3,159	3,573	+13.1%
Performance fees	(Millions of yen)	910	604	(－33.6%)
Percentage of AUM eligible to earn peformance fees	(%)	38.5%	34.8%	(－3.7)
Other operating revenue	(Millions of yen)	73	99	+35.6%
- Bonuses (including ESOP Expense)	(Millions of yen)	604	583	(－3.5%)
Operating profit	(Millions of yen)	3,531	3,660	+3.6%
Profit attributable to owners of parent	(Millions of yen)	3,332	2,284	(－31.5%)
Return on equity (ROE)	(%)	24.4%	14.5%	(9.9)

(Note 1) Management fees include administrative fees for the power stations related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.
(Note 2) Performance fees include one-time fees (acquisition fees) received as compensation for formulating power station plans related to our Japanese Renewable Energy Investment Strategy. This note applies throughout this presentation.
(Note 3) Percentage of AUM eligible to earn performance fees show the ratio of AUM with performance fee to the total AUM at the end of the specified period.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Trends in Operating Revenue

Management fees increased compared to the same period last year due to an increase of AUM.

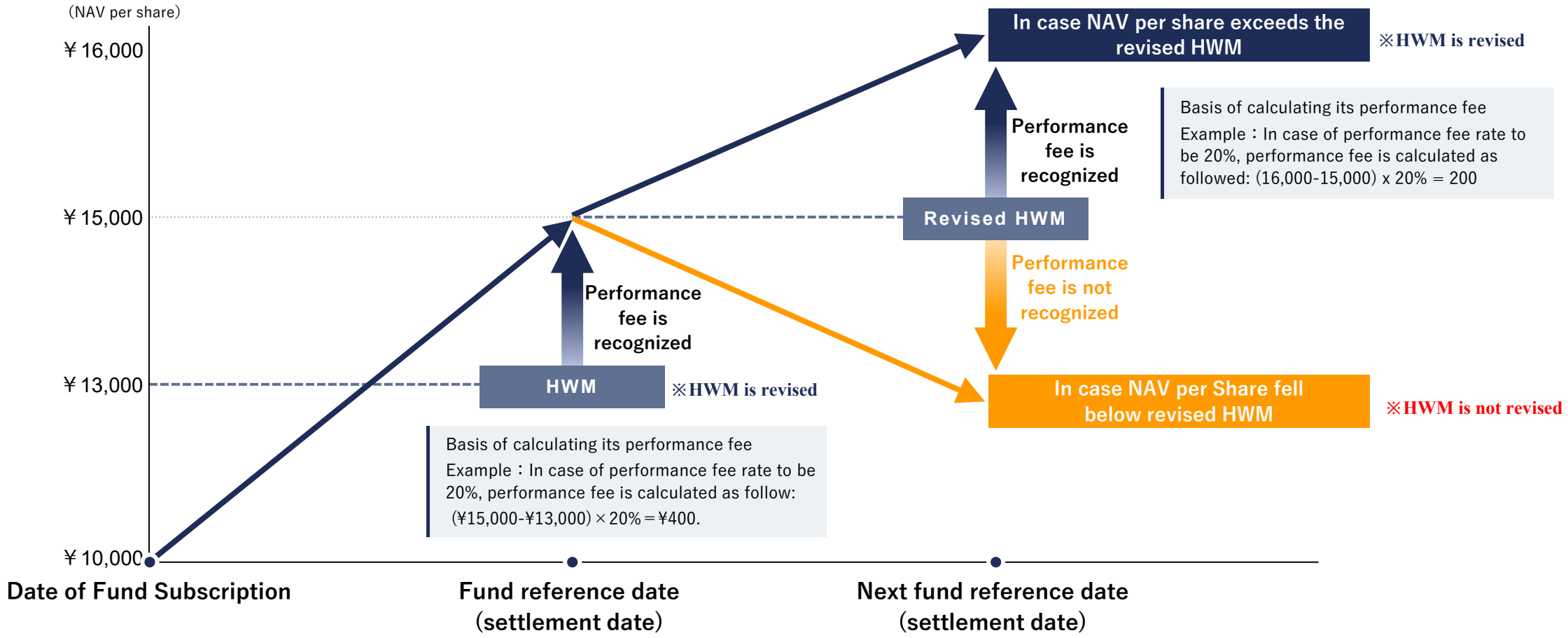


	FY2018		FY2019				FY2020				FY2021				FY2022				FY2023				FY2024	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Management Fees	2,493	2,850	2,821	2,675	2,612	2,600	2,507	2,685	2,774	2,955	2,998	3,153	3,234	3,190	3,252	3,249	3,175	3,057	3,340	3,605	3,564	3,746	3,977	4,034
Performance Fees	298	283	343	110	894	304	162	585	1,402	1,014	252	259	524	171	55	36	32	240	360	550	211	932	226	378
Other operating revenue	20	27	22	29	28	33	39	51	43	72	59	59	60	78	55	61	62	81	37	35	46	67	50	48
Operating Revenue	**2,812**	**3,161**	**3,186**	**2,815**	**3,535**	**2,938**	**2,709**	**3,322**	**4,221**	**4,042**	**3,311**	**3,471**	**3,819**	**3,440**	**3,362**	**3,347**	**3,270**	**3,379**	**3,739**	**4,191**	**3,821**	**4,746**	**4,254**	**4,462**
(Reference)																								
Average AUM (Billions of yen) (3months average)	11,598	11,869	11,801	11,536	12,290	11,734	12,157	12,783	13,884	14,929	15,306	15,825	16,361	15,381	15,065	15,298	15,187	14,955	15,912	16,613	16,406	18,042	19,295	19,173
Management fee rate (3months average) (After deducting commissions)	0.71%	0.79%	0.79%	0.76%	0.70%	0.74%	0.70%	0.72%	0.68%	0.67%	0.68%	0.69%	0.68%	0.72%	0.76%	0.74%	0.72%	0.71%	0.72%	0.71%	0.70%	0.69%	0.67%	0.68%
Percentage of AUM eligible to earn performance fees	30.1%	30.2%	31.0%	31.0%	29.9%	33.5%	33.5%	34.1%	31.1%	32.5%	33.2%	32.4%	32.1%	36.7%	39.2%	38.7%	38.5%	37.9%	38.7%	38.5%	39.1%	35.3%	33.9%	34.8%
NIKKEI stock average (Record date)	20,014	21,205	21,275	21,755	23,656	18,917	22,288	23,185	27,444	29,178	28,791	29,452	28,791	27,821	26,393	25,937	26,094	28,041	33,189	31,857	33,464	40,369	39,583	37,919

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Structure of Performance Fees (Related to Equity Investment Fund)

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



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

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Breakdown of Operating and General Administrative Expenses

- **Commission fee expenses increased due to an increase in AUM for publicly offered investment trusts.**
- **Ordinary expenses has increased due to increase in personnel expenses and so forth.**

(Units: Millions of yen)	FY2023	FY2024	
	Q2	Q2	YoY change
Commissions paid	1,143	1,526	+33.5%
Personnel exp.	1,731	1,802	+4.1%
Travel exp.	129	150	+16.6%
Property rent	127	159	+25.2%
Entrusted business expenses	536	582	+7.6%
Depreciation on fixed assets	110	96	△13.3%
Advertising exp.	94	65	△31.1%
Research exp.	193	217	+12.5%
Other expenses	331	428	+37.4%
Total: Operating and general administrative expenses	4,398	5,055	+14.9%
Ordinary expenses	2,650	2,918	+10.1%

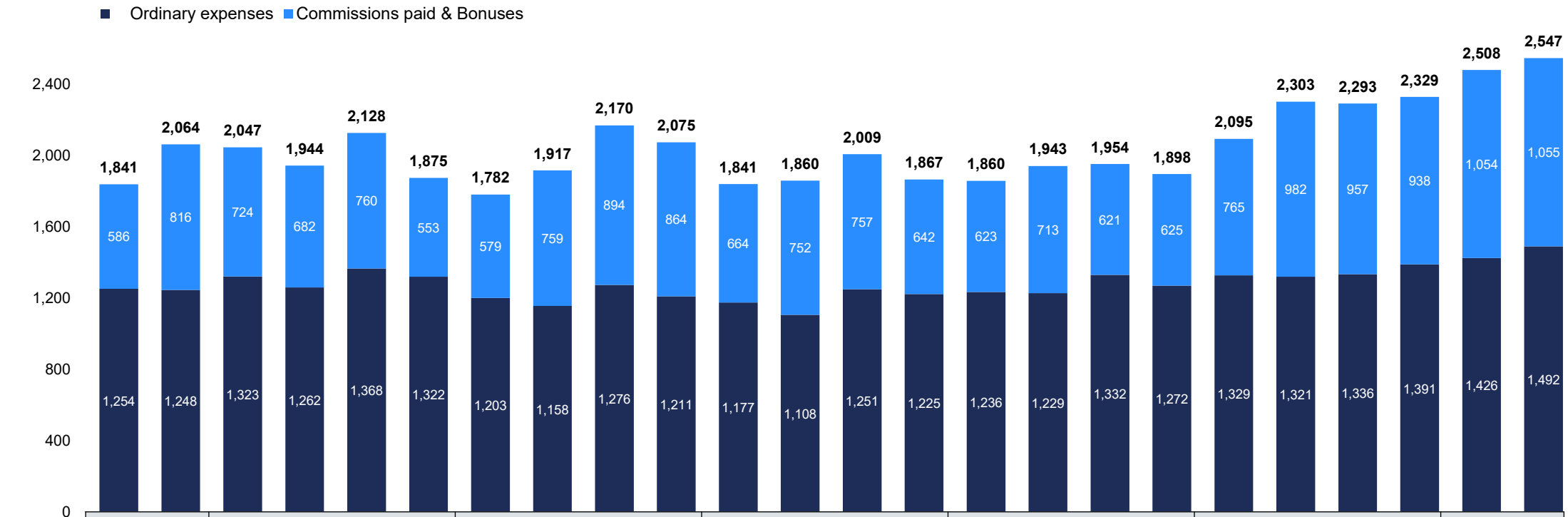
(Note1) The figures above, excluding "YoY change" are truncated. "YoY change" is rounded to the nearest tenth of a percent.
(Note2) The "Personnel expenses" data includes payments for legal welfare, bonus and temporary staff, etc. other than salary.
(Note3) The "Ordinary expenses" is calculated by deducting (1) Commissions paid, (2) Bonuses (including allowance for bonuses, 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.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Operating and General Administrative Expenses

Cost-control taken continuously and cautiously considering the recent increase in ordinary expenses which was mainly due to increase in personnel and travel related expenses.

(Units:Millions of yen)



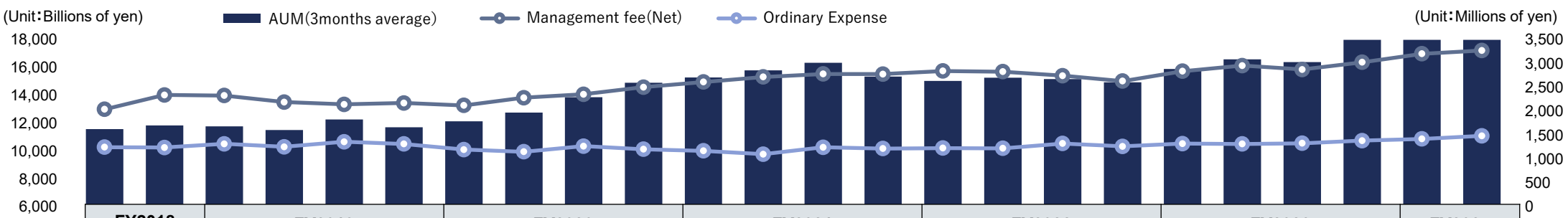
	FY2018		FY2019				FY2020				FY2021				FY2022				FY2023				FY2024	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Ordinary expenses	1,254	1,248	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,177	1,108	1,251	1,225	1,236	1,229	1,332	1,272	1,329	1,321	1,336	1,391	1,426	1,492
Commissions paid & Bonuses	586	816	724	682	760	553	579	759	894	864	664	752	757	642	623	713	621	625	765	982	957	938	1,054	1,055
Operating and general administrative expenses	**1,841**	**2,064**	**2,047**	**1,944**	**2,128**	**1,875**	**1,782**	**1,917**	**2,170**	**2,075**	**1,841**	**1,860**	**2,009**	**1,867**	**1,860**	**1,943**	**1,954**	**1,898**	**2,095**	**2,303**	**2,293**	**2,329**	**2,508**	**2,547**

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Quarterly Base Earnings

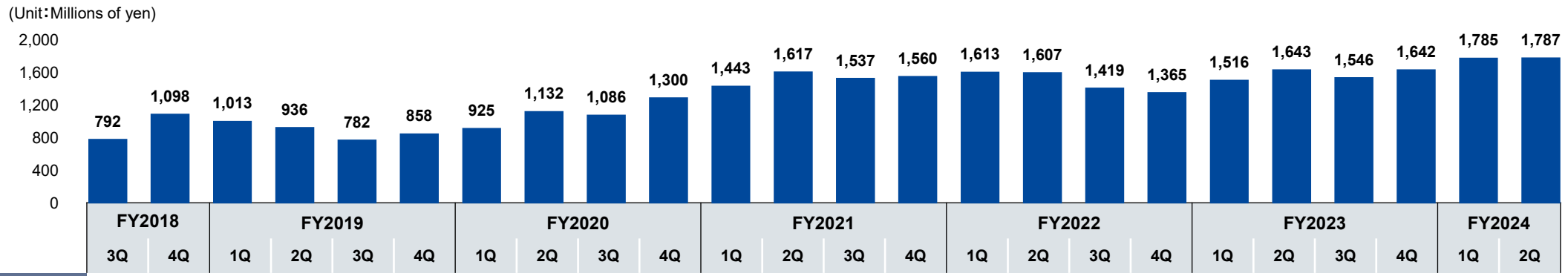
Base earnings has increased compared to the same period of the previous fiscal year due to an increase in management fees despite the fact that ordinary expenses are on an upward trend

Average AUM



	FY2018		FY2019				FY2020				FY2021				FY2022				FY2023				FY2024	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
AUM(3months average) (Unit:Billions of yen)	11,598	11,869	11,801	11,536	12,290	11,734	12,157	12,783	13,884	14,929	15,306	15,825	16,361	15,381	15,065	15,298	15,187	14,955	15,912	16,613	16,406	18,042	19,295	19,173
Management fee(Net)	2,047	2,347	2,336	2,198	2,150	2,180	2,128	2,290	2,362	2,511	2,620	2,725	2,789	2,785	2,850	2,837	2,751	2,638	2,845	2,964	2,882	3,034	3,212	3,280
Ordinary Expense	1,254	1,248	1,323	1,262	1,368	1,322	1,203	1,158	1,276	1,211	1,177	1,108	1,251	1,225	1,236	1,229	1,332	1,272	1,329	1,321	1,336	1,391	1,426	1,492

Base Earnings



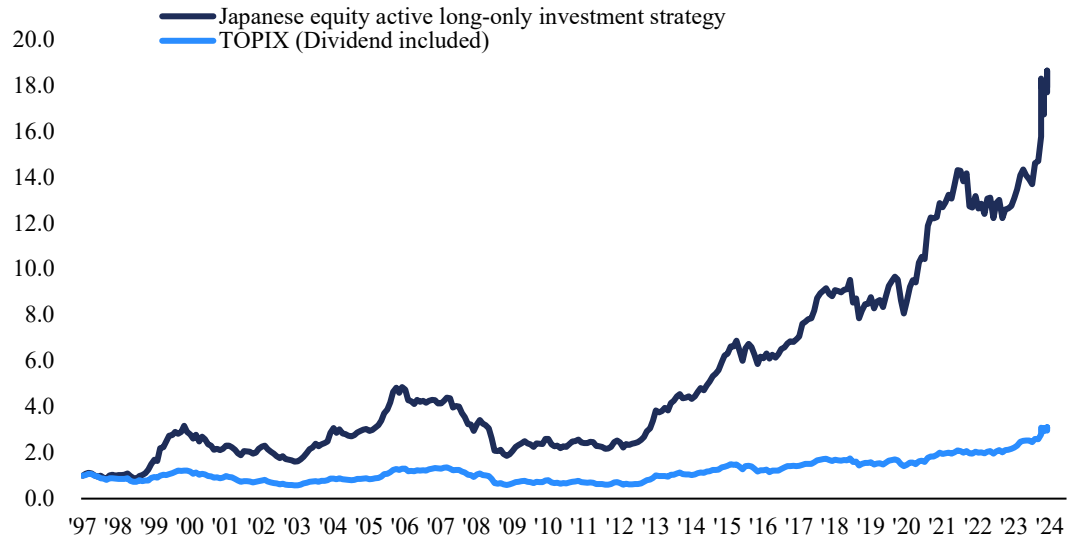
	FY2018		FY2019				FY2020				FY2021				FY2022				FY2023				FY2024	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Base Earnings	792	1,098	1,013	936	782	858	925	1,132	1,086	1,300	1,443	1,617	1,537	1,560	1,613	1,607	1,419	1,365	1,516	1,643	1,546	1,642	1,785	1,787

(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.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Primary Investment Strategies: Composite Returns Since Valuation Began ①

Japanese Equity Active Long-Only investment strategy

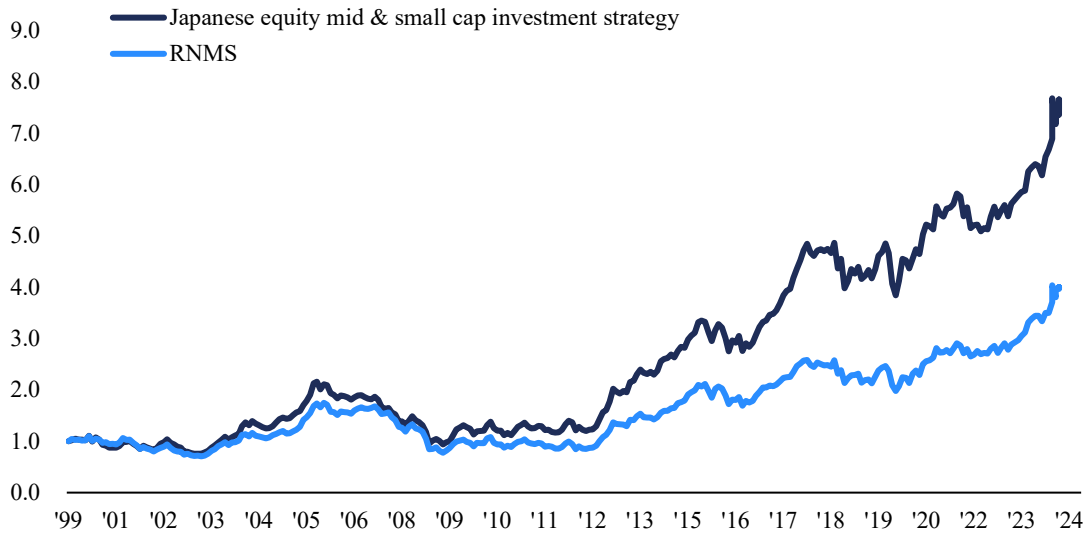


(Annualized Return)

Japanese equity active long-only investment strategy	11.10%	Reference Index	TOPIX (Dividend included)
Reference Index	4.03%	Measurement Period	1997/5 ～2024/9
Excess Return	7.06%	Volatility of Composite Return (Annualized)	19.51%

※Performance is in Japanese Yen and is shown gross of fees.

Japanese Equity Mid & Small Cap investment strategy



(Annualized Return)

Japanese equity mid & small cap investment strategy	8.40%	Reference Index	Russell/Nomura Mid-Small Cap Index
Reference Index	5.73%	Measurement Period	2000/1 ～2024/9
Excess Return	2.76%	Volatility of Composite Return (Annualized)	17.01%

※Performance is in Japanese Yen and is shown gross of fees.

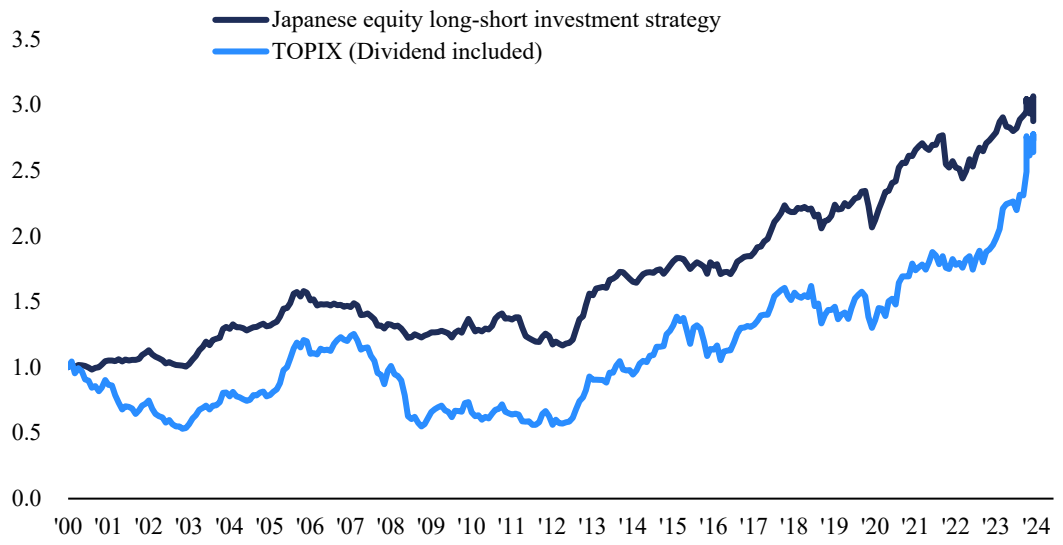
Source: SPARX Asset Management Co., Ltd. (as of September 30, 2024)

※ Please be sure to read the additional materials appended to the end of this presentation.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Primary Investment Strategies: Composite Returns Since Valuation Began ②

Japanese Equity Long-Short investment strategy



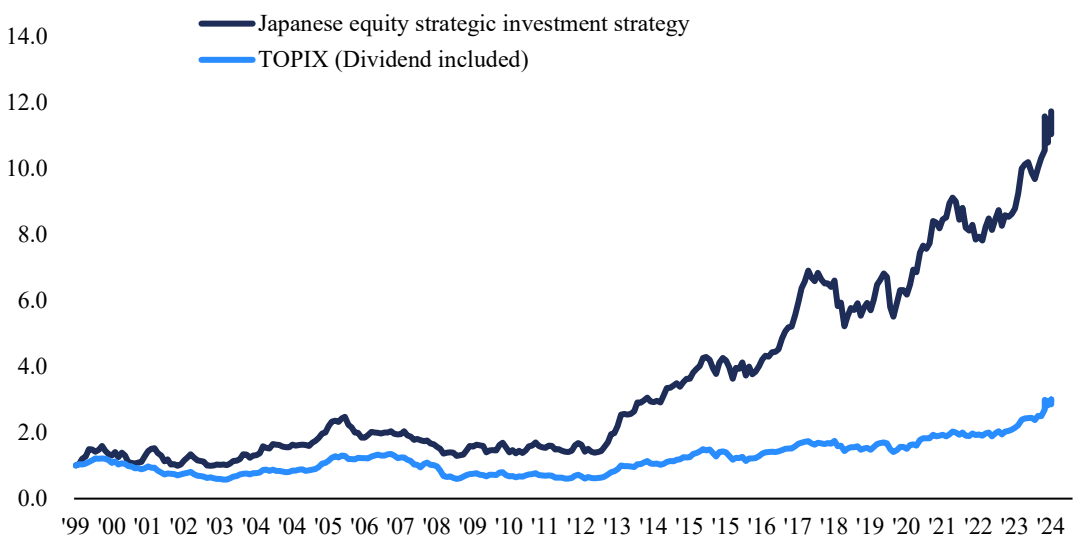
(Annualized Return)

Japanese equity long-short investment strategy	4.44%
Reference Index	4.07%
Excess Return	0.37%

Reference Index	TOPIX (Dividend included)
Measurement Period	2000/6～2024/9
Volatility of Composite Return (Annualized)	7.48%

※Performance is in Japanese Yen and is shown gross of fees.

Japanese Equity Strategic investment strategy



(Annualized Return)

Japanese equity strategic investment strategy	10.24%
Reference Index	4.24%
Excess Return	6.00%

Reference Index	TOPIX (Dividend included)
Measurement Period	1999/7 ～2024/9
Volatility of Composite Return (Annualized)	19.08%

※Performance is in Japanese Yen and is shown gross of fees.

Source: SPARX Asset Management Co., Ltd. (as of September 30, 2024)

※ Please be sure to read the additional materials appended to the end of this presentation.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

Information

We distribute videos and send information via Facebook so that you can better understand the activities of SPARX. We are working to convey the new appeal of our company. Thank you for visiting us.

SPARX Channel	https://www.youtube.com/user/8739SPARX
Official Facebook	https://www.facebook.com/SPARXGroup/
Official X（former Twitter）	https://x.com/sparx8739

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

- This report is prepared solely for the purpose of providing information to the shareholders of SPARX Group Co., Ltd. (“SPARX”) and other interested parties, and it is not intended to be a recommendation or solicitation to buy or sell SPARX shares or any other securities. SPARX and its group companies do not warrant the accuracy, completeness, or appropriateness of any data, information, opinions, or other statements contained in this report (which remain not subject to auditing), and are not liable for any damage, loss, and/or other results caused by any reliance on or use of any of the said data, information, opinions, or other statements. Past results are not indicative of future performance.
- This report contains forward-looking statements that reflect SPARX’s plans and expectations (including for its group companies). These forward-looking statements are based on judgements and assumptions derived from SPARX’s currently held data. The statements involve known and unknown risks, uncertainties, and other factors that may cause SPARX’s actual results, performance, achievements, or financial position to be materially different from any projected results, performance, achievements, or financial position expressed or implied herein. See SPARX’s annual securities report for a discussion of the many factors that may affect SPARX’s actual results, performance, achievements, or financial position. This report is available at the Kanto Finance Bureau of the Japanese MOF. Furthermore, the content of this report is accurate as of the time of its production, and it may be altered without any prior notice. SPARX owns the copyright to this report. No part of this report may be transmitted, reproduced, quoted, cited, or otherwise used for any purpose whatsoever without the prior written permission of SPARX.
- SPARX Asset Management Co., Ltd. claims compliance with the Global Investment Performance Standards （GIPS®）and has prepared and presented this report in compliance with the GIPS standards. SPARX Asset Management Co., Ltd. has been independently verified for the periods from 1st April 1997 to 31st December 2020. The verification report(s) is/are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- The firm subject to verification is SPARX Asset Management Co., Ltd. SPARX Asset Management Co., Ltd. is registered with Japanese authorities to conduct an investment management business, an investment advisory and agency business, a Type-1 Financial Instruments business, and a Type-2 Financial Instruments business.
- The term the "Firm" was redefined effective 15 October 2009 and 30 November 2010 where SPARX Investment & Research, USA, Inc. (SIR) and SPARX International (Hong Kong) Limited (SIHK) have been excluded, respectively, due to the dissolution of SIR and the transfer of SIHK’s shares to a third-party. The term the "Firm" was redefined effective 31 December 2013 where SPARX Overseas Ltd.(SOL) who may manage the investment funds which SPARX Asset Management Co., Ltd.(SAM) does not take part in has been excluded, in order to keep on presenting the investment performance of portfolios that SPARX Asset Management Co., Ltd.(SAM) manages. The term the "Firm" was redefined effective 31 December 2016 where the divisions which invest in unlisted equities at SPARX Asset Management Co., Ltd. has been excluded. Nevertheless, the definition of the firm requires that all assets be wholly managed by SPARX Asset Management.

Composite details

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

  Contact：Global Business Development Division, SPARX Asset Management Co., Ltd. (Tel. +81-3-6711-9200)
- All copyrights, trademarks, and intellectual property rights related to the Russell/Nomura indices are the property of Nomura Fiduciary Research & Consulting Co., Ltd.
- This report includes statements related to investment trusts that SPARX Asset Management manages. Note the following points:

Notes on Investment Trusts

- The following statements are presented in compliance with Article 37 of the Financial Instruments and Exchange Act. Note that their content may differ from the costs or risks that apply to the individual investment trusts that clients actually purchase. The costs and fees associated with the funds differ according to the marketing companies and the individual investment trust, so these statements express the maximum amounts for all fees that SPARX Asset Management collects for the investment trusts it manages. In the event that a party wishes to purchase a specific investment trust, we ask that the party makes his/her ultimate investment decision at his/her own discretion after reviewing the investment trust's prospectus, which is available immediately upon request.

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.

About Risks Related to Investment Trusts

- Investment trusts invest mainly in stocks, public bonds, and real estate investment securities of fluctuating value (assets in foreign currencies also include exchange risks), so their net asset values (NAV) will fluctuate. Therefore, the investment trusts do not guarantee returns on invested capital, and they may incur losses due to declines in NAVs, primarily attributable to transaction price and currency fluctuations in relevant markets, resulting in balances dropping below originally invested amounts. These management-caused losses wholly belong to all beneficiaries.
- Specialized funds differ from diversified general investment trusts in that they manage a narrower scope of stocks. Thus, they are much more likely to experience NAV fluctuations, regardless of market trends. Long-short strategy funds operate from a short position, meaning that when shorted stocks see share price growth, fund NAVs will fall. Moreover, situations in which both long and short positions incur losses significantly raise the possibility of loss to investors, compared to that for normal equity investment trusts.
- These risks include only a portion of the risks related to investment trusts, and the details and nature of the risks differ according to the type of assets targeted, investment restrictions, transaction exchange, and countries targeted for each investment trust.

About Risks related to Investment Trusts (Publicly Offered Investment Trusts)

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

- Direct costs

Fees at the time of purchase	Up to 3.85% (tax included)
Liquidation fees	None
Investment trust asset reserves	Up to 0.5%

- Indirect costs during investment in investment trusts

Management fee	Up to 2.057% annually (tax included)
Performance fee※	Some investment trusts may require performance fees

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

- Other costs and fees: Auditing costs, sales commissions generated by composite marketable securities (including funds) transactions, which include costs for creating prospectuses or investment reports, costs required for futures or options transactions, and custodial costs for assets in foreign currencies. When composite marketable securities are funds, they may charge for other expenses, including fiduciary trust company and custodial firm fees. These fees vary per management conditions, so it is not possible to indicate their maximum amounts in advance.
- The total cost of fees differs according to the period of ownership, so these fees cannot be shown. They also differ according to investment trust, so contact your distributor for more details.

〔 Asset Management Company 〕

SPARX Asset Management Co., Ltd.

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

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

Copyright ©SPARX Group Co., Ltd. All Rights Reserved.



SPARX Group Co., Ltd.

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

■This material is only for the purpose of explaining the financial results prepared by SPARX Group Co., Ltd. and SPARX Asset Management Co., Ltd., and it is not a disclosure document pursuant to the Japanese Financial Instruments and Exchange Act. ■This material does not intend to solicit the purchase of any specific financial instruments. Therefore, the distribution of this document or a solicitation using this document to any third party is prohibited. ■Any unauthorized reproduction or copying of this document for any purpose is prohibited.