

Announcement of the launch of U.S. Short-Term Government Bond Fund

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Bayview Asset Management Co., Ltd.

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On October 5, 2016, Bayview Asset Management Co., Ltd., (represented by Ken Yagi, president & CEO; hereinafter referred to as "Bayview Asset Management") launched U.S. Short-Term Government Bond Fund (hereinafter referred to as the "fund"), whose U.S. bond operation is to be entrusted to INCORE Capital Management (hereinafter referred to as "INCORE") which is an asset management boutique of Victory Capital Management Inc. (hereinafter referred to as "Victory Capital") with which we concluded a business alliance contract for exclusive operations in Japan in August 2016.

Victory Capital, based in Cleveland, Ohio, operates various asset management boutiques specialized in tailored strategies to target each and every asset class, and is ranked 25th on the U.S. Asset Management Companies Ranking by Barron's in 2015, as one of the top independent multi-boutique asset management companies in the United States. INCORE is the only asset management boutique specialized in fixed income investment management under Victory Capital.

INCORE, based in Cleveland, Ohio, and Birmingham, Michigan, is broadly operated by 14 asset management professionals in U.S. Core Bond, U.S. Investment Grade Convertible Bond, U.S. Short-Term Government Bond and other fixed income investment strategies. Above all, the U.S. mutual fund in U.S. Short-Term Government Bond Strategy was ranked 1st on the last 5 year performance among 99 asset management companies and was awarded five stars (the top ranking, as of the end of August 2016) in the last 3, 5, and 10 years.

The strategy has attained high income gains and controlled prepayment risks before maturity through investments in mortgage securities by carefully selecting the securities with smaller loan balances and seasoning older than 10 years, focusing on loans lent to local communities through investment in mortgage securities (securities issued as a proof of the credit of real-estate collateral loan) issued by GNMA (Government National Mortgage Association). Such high-coupon GNMA mortgage securities are classified in the asset class with scarcity premiums, the share of which is under 1% of the U.S. bond market. Therefore, the investment performance largely depends on the outstanding ability to discover adequate securities. At INCORE, Ms. Heidi Adelman, who is the chief investment officer, engages regularly in the strategy as a portfolio manager. The INCORE team has achieved excellent performance since April 1998 when they started managing the strategy, controlling risks (standard deviation) to as low as around 2% per annum and returning greater than 5% per annum (as of August 2016, in U.S. dollars before deduction of asset management fees).

GNMA mortgage securities are ranked as credit equivalent to U.S. treasury notes. Furthermore, as the risk weight in Basel Capital Accord (New BIS Regulation) is 0%, the securities are attractive financial products for institutional investors in Japan. The fund is basically fully hedged in Forex for attainment of stable returns at the yen base.

Bayview Asset Management, as a pioneer and as a leader of the independent asset management companies specialized in active management of the assets, such as Japanese stocks, U.S. stocks, and multi-assets, has provided high-quality services for 18 years since its foundation. Highly evaluated by the expanded client segment, including individual investors and institutional investors,

such as pension funds, Bayview Asset Management has developed into one of the largest independent asset management companies in Japan with aggregate contract assets amounting to about 270 billion yen (as of the end of March 2016). From now on, we aim to be the first full-fledged multi-boutique asset management company in Japan by providing product lineups through Victory Capital and other high-grade U.S. asset management boutiques in stocks, bonds, and other multi assets, in addition to our own products, by consolidating our unique platform of high-quality client services. The launch of the fund is an initial step toward our goal.