

## **Notice Concerning Establishment of U.S. Bio Venture Fund (Limited Open Type)**

January 16, 2017

Bayview Asset Management Co., Ltd.

Ken Yagi,

President and CEO

This is to notify you that Bayview Asset Management Co., Ltd., (represented by Ken Yagi, President & CEO; hereinafter referred to as "BVAM") newly established on February 17, 2017, the U.S. Bio Venture Fund (Limited Open Type) (hereinafter referred to as "the fund"), the publicly offered investment trust, the management of which is to be entrusted to RS Investments (hereinafter referred to as "RSI"), an asset management boutique of Victory Capital Management Inc. (hereinafter referred to as "Victory Capital") with which we concluded the business alliance contract of exclusive investments for the Japanese market in August 2016. SMBC Nikko Securities Inc. will distribute the fund during the period from January 16, 2017, through February 16, 2018.

On the back of advanced technology breakthroughs in the areas of genetic analysis and big data, the biotechnology revolution is starting in the medical field where cancers and other intractable diseases are being cured completely by the innovative companies engaged in biotechnology research and development. The major players in such a field are the U.S. middle and small biotech companies that promote innovations from groundbreaking ideas and technologies in the cutting-edge medical frontier. The fund selectively invests in equities of such U.S. middle and small bio companies for large gains in mid-to-long-term, and also aims to participate in the creation of the futures and dreams of all the affected people by supporting the major players of the bio revolutions through investment activities.

Victory Capital, based in Cleveland, Ohio, operates various asset management boutiques specialized in tailored strategies to target each and every asset class, ranked 25th in the U.S. Asset Management Companies Ranking of Barron's in 2015, as one of the top independent multi-boutique asset management companies in the U.S. RSI is an asset management boutique specialized in the management of the U.S. middle and small cap equities under Victory Capital.

RSI, based in San Francisco, California, was established in 1986 as an asset management division of Robertson Stevens & Company (RS & Co.), which had grown many companies for the next generation through its investment banking division. RSI has 19 analysts specialized in middle and small cap equities and boasts prominent performance in investment in emerging companies. In Japan, RSI has had a close alliance with BVAM since 1998 and has been selected since 2000 as an entrusted asset management company for eight publicly offered investment trusts that invest in the U.S. mid- and small-capitalization equities. The fund is managed by Chris Clark who has expertise in investments in bio companies for 13 years and other members of RSI Growth Team, which is committed to investment in the U.S. mid and small cap equities that are expected to grow significantly in the mid-to-long-term. Specifically, RSI exploits investment opportunities in search of corporate value derived from authorization and sale of new drugs and mainly invests in the equities of middle and small bio companies in the middle of clinical trials where the effects of the new drugs are gradually confirmed. Investments in the equities of middle and small biotech companies bring in high returns but expose the investor to high risks at the same time due to the possible sudden termination of the medical development projects. Therefore, it is essential to manage risks in a disciplined way by carefully selecting equities. RSI manages the portfolios using its own investment methods satisfying both requirements mentioned above.

BVAM has been growing as a company promoting concrete activities under the company philosophy of specialty, quality services, and partnership. Consequently, BVAM has become 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 September, 2016) and has been highly evaluated by the expanded client segment, including individual investors and institutional investors, such as pension funds. BVAM, as the first multi-boutique asset management company in Japan, is determined to fulfill the requirements of clients by providing product lineups through Victory Capital and other high-grade U.S. asset management boutiques in domestic and foreign equities, bonds, and other multi assets, in addition to its own products, by consolidating its unique platform of high-quality client services.