

Addition of Japan High-Dividend Ex-Financials Equity Volatility Weighted Fund Strategy to the CEMP Equity Smart Beta Strategy Series

September 22, 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") has launched a new strategy for investing in Japanese high-dividend equities (excluding financials) as part of its equity smart beta strategy series, the management of which is entrusted to CEMP, a boutique of Victory Capital Management Inc. (hereinafter referred to as "Victory Capital") with which BVAM has an exclusive and comprehensive business alliance contract for offering its investment management products in Japan.

The CEMP smart-beta strategy was developed with the aim to provide solutions to excessive risk concentration in top holdings, which is a common challenge for traditional capitalization-weighted indexes, such as the TOPIX. Based on the strategic design to return to the basics of the portfolio theory, which is to maximize risk diversification by volatility weighting for the purpose of equalizing the contribution of the respective components to the overall risk of the index (volatility weighting), the CEMP smart-beta strategy has achieved returns significantly outperforming the various capitalization-weighted stock indexes for many years. The new Japan High-Dividend Ex-Financials Equity Volatility Weighted Fund is the third in the series based on the CEMP equity smart beta methodology, following the U.S. High-Dividend Equity Volatility Weighted Fund and the Japan High-Dividend Equity Volatility Weighted Fund. Please see the press releases dated August 9 and August 10, 2017, for details on the funds established based on the first and second strategies.

The Japan High-Dividend Ex-Financials Equity Volatility Weighted Fund strategy avoids double gearing as defined by the Basel Committee on Banking Supervision by excluding the financial sector from its investment universe while enabling high-dividend equity investment with reduced risk levels. The investment strategy precisely meets the recent investment needs particularly of financial institutions.

BVAM, as a pioneer and as a leader in the independent asset management companies specializes in active management of investment assets, such as Japanese stocks, U.S. stocks, and multi-assets, has provided high-quality services for 19 years since its founding. Highly regarded by the extensive client base segments, including individual investors and institutional investors, such as pension funds, BVAM has developed into one of the largest independent asset management companies in Japan with aggregate contract assets amounting to about 330 billion yen (as of the end of March 2017). BVAM aims to become the first full-fledged multi-boutique asset management company in Japan by providing product lineups managed by Victory Capital and other high-grade U.S. asset management boutiques in stocks, bonds, and other multi assets, in addition to its own products, by consolidating its unique platform of high-quality client services.

* High-dividend equity investment is an important option for financial institutions' asset management however when financial institutions invest in other financial institutions' equity, they must consider the effect of double gearing that requires the equivalent amounts of such investments to be offset from their equity capital when calculating their capital adequacy ratio as defined by the Basel Committee on Banking Supervision.