Exclusive partnership with Cerebellum Capital for investment management business in Japan

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Bayview Asset Management Co., Ltd.

Ken Yagi,

President and CEO

Bayview Asset Management Co., Ltd., (President and Chief Executive Officer: Ken Yagi, hereinafter "BVAM") has, as of December 1, 2017, concluded a new exclusive business agreement on investment management (entrustment) in Japan with Cerebellum Capital, LLC (hereinafter "Cerebellum Capital") specializing in investment management that applies cutting-edge artificial intelligence (AI).

Cerebellum Capital, with which we have newly concluded the business agreement, is an asset management boutique based in San Francisco, California, U.S.A., that specializes in AI-driven investments. It was founded in 2008 by Dr. Astro Teller and Dr. David Andre, who are two of the world's leading experts in AI. While Dr. Astro Teller leads projects on autonomous driving and spacecrafts for landing on the moon as the CEO of Google X(current X), he is also involved in the development of AI for investment management at Cerebellum Capital. Dr. David Andre who is the CEO and CTO has rich knowledge in a wide range of domains related to AI, including machine learning. He is a leading expert in the field of AI with more than 65 published papers on the topic. The two set up Cerebellum Capital to apply the results of their 30 years of joint research in AI on the topic of analysis and prediction of time-series data to asset management. Prominent talents in the field of AI have joined the company's Directors, including Robert Goldman, who heads the marketing division at Facebook, where he leads the development of algorithms for display advertisement, and Michael Dubno, the former CTO and Partner of Goldman Sachs who directed the development of the financial company's trading program system. Furthermore, Victory Capital Management, with which BVAM has a business alliance for investment management, invested in Cerebellum Capital in December 2016, and the former company's CEO, David Brown, is also a director of the latter.

Cerebellum Capital's investments are purely AI-driven investments that involve absolutely no human judgement; it has realized investments according to computer-based decisions, which is still extremely rare in the global asset management industry. The company's method, which has the AI generate a large number of candidate investment models, verify its effectiveness, and extract the model to be actually applied in the investment automatically, enables the elimination of any bias based on human subjectivity and allows the model to constantly be replaced with new versions to accommodate the ever-changing market environment. Actual investment has begun in the United States since April 2017 as the machine-learning equity arbitrage strategy and will be offered in Japan through BVAM.

BVAM, as a pioneer and leader of independent asset management boutiques specialized in active management of investment assets, such as equities, bonds, and multi-assets, has been providing sophisticated services for 18 years since its founding. As a result, we are highly regarded by a broad range of client segments from individual investors to institutional investors, such as pension funds, and have developed into one of the largest independent asset management companies in Japan with aggregate contract assets amounting to about 377.5 billion yen (as of the end of September 2017). We are determined to become Japan's first full-fledged multi-boutique asset management company by continuing to enhance product lineups offered by excellent investment franchises, including Cerebellum Capital and others in the United States, in addition to our proprietary investment products based on our unique business platform providing high-quality client services.