Morningstar Japan K.K

Third Quarter Financial Results

Third Quarter Ended December 31, 2020
(Fiscal Year Ending March 31, 2021)

January 27, 2021
Morningstar Japan K.K
Representative Director & President
Tomoya Asakura
Part 1

Summary of Consolidated Financial Results
**Consolidated Financial Results**

- All-time highs in revenue, ordinary income and net income
- 9th consecutive quarter of increased revenue - a record high for 4 quarters running
- Ordinary income has grown for 12 quarters in succession, exceeding the old record for 9 quarters in a row

(¥ Thousand)

<table>
<thead>
<tr>
<th></th>
<th>FY 2020 Apr.–December.2019</th>
<th>FY 2021 Apr.–December.2020</th>
<th>Increase △Decrease (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>4,931,171</td>
<td>5,479,100</td>
<td>11.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,160,331</td>
<td>1,284,924</td>
<td>10.7</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>1,398,522</td>
<td>1,579,304</td>
<td>12.9</td>
</tr>
<tr>
<td>Net profit</td>
<td>953,607</td>
<td>984,969</td>
<td>3.3</td>
</tr>
</tbody>
</table>

※ Net Profit refers to Net Profit attributable to owners of the parent.
Changes in consolidated ordinary income

After the Lehman shock, profits increased for the 12th consecutive term and reached record highs for the 9th consecutive term.
Comparison of consolidated ordinary income compared to the same quarter of the previous year

After hitting the bottom in 1Q, ordinary income for 3Q and 4Q rose more than 30% year-on-year.
Both the SaaS (Software as a Service) business, asset management data providing business and the private placement investment funds-driven asset management business showed steady growth.

<table>
<thead>
<tr>
<th>Service / Product</th>
<th>FY 2020 Apr.–December. 2019</th>
<th>FY 2021 Apr.–December. 2020</th>
<th>Increase Decrease (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Service Business (Data Solution)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data for tablet devices</td>
<td>355,826</td>
<td>372,719</td>
<td>4.7%</td>
</tr>
<tr>
<td>Data for Smartphones, PC</td>
<td>455,245</td>
<td>476,886</td>
<td>4.8%</td>
</tr>
<tr>
<td>Fund Report</td>
<td>150,918</td>
<td>141,802</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Stock Newspaper subscription fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Newspaper)</td>
<td>138,139</td>
<td>124,059</td>
<td>-10.2%</td>
</tr>
<tr>
<td>(Web)</td>
<td>27,517</td>
<td>36,935</td>
<td>34.2%</td>
</tr>
<tr>
<td><strong>Financial Service Business (Media Solution)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Media Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seminar</td>
<td>252,962</td>
<td>192,123</td>
<td>-24.1%</td>
</tr>
<tr>
<td>Web Advertising</td>
<td>273,329</td>
<td>77,178</td>
<td>-71.8%</td>
</tr>
<tr>
<td>Web consulting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gomez Consulting Business)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>259,671</td>
<td>209,308</td>
<td>-19.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Assets Management (Investment trust fee)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBI Asset Management</td>
<td>1,917,700</td>
<td>1,677,362</td>
<td>-12.5%</td>
</tr>
<tr>
<td>Carret Asset Management</td>
<td>809,744</td>
<td>833,565</td>
<td>2.9%</td>
</tr>
<tr>
<td>SBI Bond Investment Management</td>
<td>504,692</td>
<td>721,571</td>
<td>43.0%</td>
</tr>
<tr>
<td>SBI Regional Revitalization Asset Management</td>
<td>51,755</td>
<td>406,061</td>
<td>7.8 times</td>
</tr>
</tbody>
</table>
Part 2

Overview of the Financial Services Business
Tablet devices with the ‘Wealth Advisors’ application have now surpassed the ‘100,000’ mark. Both the number of user companies and tablets have delivered double digit growth from the same period last year.

As of November, 2010, the SaaS (Software as a Service) business provides asset management-related data for tablet devices. 145 regional financial institutions are now using the Wealth Advisors application.

73 of 100 regional banks (73%) have adopted the app, and the number of tablet devices with the application has surpassed the ‘100,000’ mark. Both the number of user companies and tablets have delivered double digit growth from the same period last year.
Installation of a lifetime planning simulation tool developed by our capital alliance partner ‘MILIZE’ on the ‘Wealth Advisors’

The app now offers a comprehensive lifetime planning simulation tool, enabling users to consolidate and manage their entire financial assets and liabilities including savings, investment funds, pension plans, properties and loans.

Perform individual life plan simulation

Constantly update the tuition fees of each university and wage data of companies, and perform detailed analysis.

Set goals and objectives and make optimal proposals to individuals with a goal-based approach.

The SaaS (Software as a Service) business provides asset management-related data for tablet devices.
‘Wealth Advisors’ tablet is set to be equipped with an online consultation function, facilitating effective communication with clients in remote locations.

Morningstar and clients can view the same screen images and information, helping us make consistent proposals or recommendations as in in-person meetings.
The role of ‘Wealth Advisors’ is shifting from its Phase 1, ‘customer advisory function’ to ‘Phase 2’, ‘liaising with clients to deliver information’.

The SaaS (Software as a Service) business provides asset management-related data for tablet devices.

- **Phase 1**: Proposal of optimal fund
- **Phase 2**: Collaboration with customer information
  - Offering: 2 company
  - In development: 1 company
  - Consideration of introduction: 6 company
- **Phase 3**: Linkage with trading system
  - Agreement

- **Proposal**
  - Comparison・Synthesis chart
  - Portfolio analysis
  - Risk-return analysis
Demand for investment fund data and asset management tools designated to smartphones and PCs is increasing, thanks to progress in DX (digital transformation).

Number of companies providing data for smartphones and PCs and operation-related tools

<table>
<thead>
<tr>
<th></th>
<th>December, 2019</th>
<th>December, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of companies</td>
<td>57</td>
<td>62</td>
</tr>
<tr>
<td>Increase</td>
<td>8.8% Up</td>
<td></td>
</tr>
</tbody>
</table>

The SaaS (Software as a Service) business provides asset management-related data for tablet devices.
The number of downloads of all smartphone apps increased by double digits compared to the end of the same period of the previous year.

<Changes in the number of smartphone app downloads>

- **Stock News Paper**: 20,903 (28.6% Up)
- **My Virtual Currency**: 26,224 (2.0 times Up)
- **My Investment Trust Information**: 711,456 (10.4% Up)

End of December, 2019

- Total downloads: 758,583

End of December, 2020

- Total downloads: 860,272

The SaaS (Software as a Service) business provides asset management-related data for smartphones, PC.
Morningstar’s Official YouTube Channel has tallied more than ‘20,000 subscribers’ and ‘1 million cumulative views’

Number of subscribers to the official YouTube channel

<table>
<thead>
<tr>
<th>Number of subscribers</th>
<th>April 30, 2020</th>
<th>January 27, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,000</td>
<td>2,000</td>
<td>23,592</td>
</tr>
<tr>
<td>20,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Two videos have exceeded 100,000 views.
  - ‘For those who start ‘tax-free savings-type NISA’
    - 243,063 views (as of January 27)
  - How to buy investment funds, avoiding “buy high, sell low”?
    - 117,331 views (as of January 27)

Media solutions for improving brand value

Other most-viewed videos (number of views as of January 27):

- Again, how effective is ‘long-term, accumulation and diversified investment’? 70,664 views
- ‘Our message to investors as we enter into the post-COVID crisis era’ 65,676 views
- For those who plan to start ‘iDeCo’ now 63,766 views
- Stop saving and start to invest! Our recommended steps to investment - ‘iDeCo’,‘periodic NISA’ and a full ‘investment account’. 59,834 views
- Self-determining fund selection and asset allocation in ‘new normal times’ 49,357 views
- What you most need to know to select investment funds 41,066 views
‘Morningstar Conference 2021’, held during the government’s state of emergency, it welcomed more than 6,300 visitors in one day, many of them online.

The number of first-time participants was 4,134, 65% of the total.

Morningstar Conference 2021
【Held on opened on January 16, 2021 (Sat.)】

The keynote speech video, released the following day of the conference, recorded 10,000+ views on the first day alone!

18,115 views
275 Likes as of January 27

Excerpt from comments on SNS

“As usual, I enjoyed your neatly-phrased speech. Your presentation was very impressive. I was thoroughly satisfied with the clearly presented information.”

“As happens each year, I was thrilled with the presentation. The presenter emphasized the partial incorporation of hedged foreign bonds and emerging equities from a long-term investment perspective.”

“I will try to find a ‘convincing way’ to manage my assets by drawing upon the insights obtained from the presentation.”
Due to the corona pandemic, a string of major seminars was cancelled. They are slated to be held on our ‘YouTube Chanel’ platform.

January 26-28, 2021
Kansai Mirai Bank
3Days New Year Conference
Online seminar
Approximately 1,000 people

March 6, 2021
Rosina Group
Joint Online Conference
Online seminar
Approximately 3,000 people

March 26-27, 2021
Investment Trust Fair 2021
in Fukuoka
Online + Face-to-face seminar
Approximately 3,000 people

Media solutions for improving brand value
Revenue from seminars for 2Q and 3Q recovered significantly, after a sharp decline in 1Q.

Media solutions for improving brand value

- **1Q**<
  - 1Q for the fiscal year ending March 2020 vs. 1Q for the fiscal year ending March 2021
  - 1Q for the fiscal year ending March 2020
  - 1Q for the fiscal year ending March 2021
  - ▲ 47.6%

- **2Q**<
  - 2Q for the fiscal year ending March 2020 vs. 2Q for the fiscal year ending March 2021
  - 2Q for the fiscal year ending March 2020
  - 2Q for the fiscal year ending March 2021
  - ▲ 15.5%

- **3Q**<
  - 3Q for the fiscal year ending March 2020 vs. 3Q for the fiscal year ending March 2021
  - 3Q for the fiscal year ending March 2020
  - 3Q for the fiscal year ending March 2021
  - ▲ 4.8%
Gomez Consulting reported robust growth of website consultation and website management support transactions.

<Number of orders for web consulting and site management support>

- **Web consulting**
  - April ~ December 2019: 22
  - April ~ December 2020: 28

- **Site management support**
  - April ~ December 2019: 25
  - April ~ December 2020: 27
Part 3

Overview of Asset Management business
Asset Under Management of the Group which includes investment advisory has substantially increased

【AUM】
Balance as of January 25, 2021: 2,689.2 billion yen

Combined AUM from regional financial institutions exceeds 1.7 trillion yen

February 2019
Acquired Carret Asset Management

December 2019
Acquired SBI Regional Revitalization Asset Management
SBI Bond Investment Management

※ Carret Asset Management's Asset Under Management is converted at Mizuho Bank's month-end rate, December 2020: 1 dollar = 103.89 yen
‘SBI Vanguard S&P 500 Index Fund’, the flagship fund for SBI Asset Management, is valued in excess of ¥100 billion

**SBI Vanguard S&P 500 Index Funds**

*Balance as of January 26, 2021: ¥115.2 billion*

**SBI the Global Market Developed countries Emerging countries Index Fund**

*Balance as of January 26, 2021: ¥26.6 billion*

---

**AUM of fund whole series**

- **Trusted fee (tax included)**
  - 0.0938%

- **AUM (¥ 100 million)**
  - 2019/9: ¥17
  - 2019/12: ¥35
  - 2020/3: ¥52
  - 2020/6: ¥82
  - 2020/9: ¥148
  - 2020/12: ¥181

- **AUM (¥ 100 million)**
  - 2019/9: ¥661
  - 2019/12: ¥726
  - 2020/3: ¥915
  - 2020/6: ¥772
  - 2020/9: ¥661
  - 2020/12: ¥524

- **AUM (¥ 100 million)**
  - 2019/9: ¥426
  - 2019/12: ¥372
  - 2020/3: ¥309
  - 2020/6: ¥237
  - 2020/9: ¥181
  - 2020/12: ¥148
In contrast to the public offered active funds managed by SBI Asset Management that have suffered sluggish growth in assets under management, assets managed by index funds have increased substantially.

Changes in AUM of active funds and index funds of SBI Asset Management

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Index funds</td>
<td>561</td>
<td>536</td>
<td>567</td>
<td>588</td>
<td>580</td>
<td>640</td>
<td>691</td>
<td>748</td>
<td>808</td>
<td>881</td>
<td>914</td>
</tr>
<tr>
<td>Active funds</td>
<td>1,898</td>
<td>1,833</td>
<td>1,820</td>
<td>1,806</td>
<td>1,810</td>
<td>1,849</td>
<td>1,992</td>
<td>1,925</td>
<td>1,904</td>
<td>1,819</td>
<td>1,598</td>
</tr>
</tbody>
</table>

▲10% down
3.5 times up

3,689 <100%>
Cash flows into Morningstar group’s private placed investment funds increased by over ¥900 billion in 2020; the third largest inflow amongst 89 fund managers in Japan.

Cumulative net cash inflows in 2020 ranked third, staving off foreign capital and Japanese major fund managers.

Statistical data of the Investment Trusts Association of Japan Created from the asset increase / decrease status of private placement investment trust management companies.

*SBI's private placement investment trust balance is the total of SBI Asset Management, SBI Bond Investment Management, and SBI Regional Revitalization Asset Management.
A total of 90 regional financial institutions now entrust their funds with the Morningstar group.

Of which, 52 out of 100 regional banks entrust Morningstar to manage their funds.
Breakdown of asset classes held by regional financial institutions

- Focus on provision of products with high-quality and highly liquid overseas fixed income
- Support to mitigate risk associated with rising interest rates through interest rate swaps
- All products are offered at low cost and customized to the clients' requirements

Morningstar group deploys its global network advantage to offer fund management products.
Offer supporting tools for regional financial institutions to enhance their portfolio management and risk management.

In a cloud environment, Morningstar provides regional financial institutions with next-generation platforms geared to securities investment and risk management.

1. Visualizing data to gain better comprehension of portfolio profiles.
2. Extensive stress testing and scenario-based testing of existing portfolios.
3. Running periodic income simulations for different portfolio restructuring projects.

MILIZE’s ‘Acrux’ - the tool for portfolio analysis and risk management applicable to securities investment.
Support for education and development of human resources capable of securities portfolio management

### Features of the training provided by our Group

- Offering opportunities to experience entire asset management operations, ranging from front to middle and back office tasks
- Acquisition of diverse knowledge of products

Our training encourages accurate understanding of overall securities investment operations and enhances not only management capability but also a risk management function.

### Contents of practical experience during the training period

<table>
<thead>
<tr>
<th>Asset management firm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>&lt;Overall business&gt;</strong></td>
</tr>
<tr>
<td>Portfolio analysis</td>
</tr>
<tr>
<td>Rating monitoring</td>
</tr>
<tr>
<td>Performance factor analysis</td>
</tr>
<tr>
<td><strong>&lt;Front desk operations&gt;</strong></td>
</tr>
<tr>
<td>Brand analysis / ordering</td>
</tr>
<tr>
<td>Cash flow management</td>
</tr>
<tr>
<td>Currency hedging</td>
</tr>
<tr>
<td>Create market comments</td>
</tr>
<tr>
<td><strong>&lt;Middle back business&gt;</strong></td>
</tr>
<tr>
<td>Market price fluctuation confirmation</td>
</tr>
<tr>
<td>Base price calculation</td>
</tr>
<tr>
<td>Monthly report creation</td>
</tr>
<tr>
<td>Risk asset table</td>
</tr>
<tr>
<td>Disclosure of holdings</td>
</tr>
<tr>
<td>IRRBB analysis data</td>
</tr>
<tr>
<td>Operation report</td>
</tr>
</tbody>
</table>

- Creating a model portfolio
- Monetary Policy Report of Investment Target Country Urgent report at the time of sudden market change
- Analysis of new investment targets
Part 4

Proactive development of two pillars of business, with the goal of enhancing enterprise value

1) The SaaS (Software as a Service) business provides asset management-related data

2) Asset Management Business
1) The SaaS (Software as a Service) business provides asset management-related data

① For financial institutions (B to B)
② For employee members of corporate-type defined pension plans (B to E)
③ Stock newspaper WEB version (B to C)
Aiming to achieve stable revenue growth by further increasing the number of companies and tablets using our ‘Wealth Advisors’

“We set our sights on the utilization of our app by 700 companies and 150,000 devices, together with our provision of ‘Phase 2 & 3’ services to 50 companies within three years.

The SaaS (Software as a Service) business provides asset management-related data for tablet devices.
On the back of progress in DX, we are in line to offer high value-added data to support the promotion of non-face-to-face sales on which face-to-face marketing-oriented financial institutions is focusing.

“Aiming to provide data to 100 companies in 3 years”
The percentage of principal protection products held by defined contribution-type corporate pension plans (DCs) remains high

Comparison of the percentage of principal protection products held by defined contribution-type corporate pension plans and iDeCo
We plan to provide employee members of defined contribution-type corporate pension plans with an investment education and advice service (charged) via smartphone app. (Scheduled to start in May, 2021)

- **Defined contribution-type corporate pension plans (401k)**
- **Service provided**
  - Investment Advice Service for 401k
  - Intuitive and easy-to-understand design even for investment beginners

- **Owners** 37,213 companies
- **Employees (Subscriber)** 7.52 million people

- **App development**
- **Service releases**
- **Expanded functionality**
  - The app is to be released to subscribing companies
  - Following its release, we plan to enhance its functions as necessary, based on user feedback

※ The number of business owners and employees (number of subscribers) is as of the end of November, 2020.

---

The SaaS (Software as a Service) business provides asset management-related data for Defined Contribution Plan
The SaaS (Software as a Service) business provides asset management-related data for Stock newspaper web.

‘Stock newspaper’ has been suspended and completely switched to the digital version.

- **Enhancement of PTS price information and rating information of each company**
  - Distribution of enriched information during stock markets’ off-hours (eg. early morning and lunch break)
  - Rating information, divergence from real-time value rankings and other

- **AI (artificial intelligence) stock price forecast**
  - AI stock price forecast by MILIZE

- **Enrichment of foreign stock information**
  - Make full use of US Morningstar data

- **Campaign to switch to existing corporations / individual customers + Renewal of ‘Stock Newspaper Web’**

- **Release of full transition to digital version of stock newspaper**

**Timeline:**
- **December 24, 2020**
- **January – March 2021**
  - Campaign to switch to existing corporations / individual customers
  - Renewal of ‘Stock Newspaper Web’
- **April 1, 2021**
  - Complete transition to digital version of stock newspaper

**Using milize's AI stock price forecast**

- **Distribution of enriched information during stock markets’ off-hours**
  - Rating info, divergence from real-time value rankings and other
  - AI stock price forecast by MILIZE

- **Enhancement of PTS price information and rating information of each company**
  - Distribution of enriched information during stock markets’ off-hours (eg. early morning and lunch break)
  - Rating information, divergence from real-time value rankings and other

Among machine learning programs, MILIZE employs one of the most efficient ‘Xgboost’ AI. The AI analyzes 50 factors to forecast short-term (1~10 days) share price fluctuation rates.
2) Asset Management business

① Provision of Products (private placed investment funds) for institutional investors, mainly regional financial institutions

② Provision of Products (public placed investment funds) for private investors

③ Provision of Robot Advisor tools to private investors
Regional financial institution should not regard securities investment as mere surplus funds management; it is a critically important operation for their business management.

In the face of declining revenues from underlying operations (profits from customer service business), more banks are increasingly relying on securities investment gains.

Asset Management business
- Provision of Products (private placed investment funds) for institutional investors, mainly regional financial institutions

Dependence on profits of regional banks for securities management

Holding status of securities of regional banks (As of the end of March 2019)

※ Securities investment income
= securities interest dividend + bond 5 account tail + stock 3 account tail
(Source) Financial Services Agency
Providing products and portfolio management for institutional investors, mainly regional financial institutions

In three years, the outstanding amount of assets managed by private placed investment funds for regional financials, amongst other institutional investors, is targeted to top the ¥5.0tr mark.

Product composition currently provided by Morningstar Group:

- **US bonds (government bonds, municipal bonds (variable))**: 60.0%
- **Australian bonds (State bond, RMBS)**: 5.0%
- **European bonds (Denmark, Sweden, etc.)**: 10.0%
- **Canadian bonds (Canadian Province Bonds)**: 10.0%
- **Multi-asset, REIT, etc.**: 15.0%

Asset Management business
- Provision of Products (private placed investment funds) for institutional investors, mainly regional financial institutions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value (¥100 million)</td>
<td>453</td>
<td>414</td>
<td>455</td>
<td>508</td>
<td>549</td>
<td>790</td>
<td>1,008</td>
<td>1,109</td>
<td>1,308</td>
<td>1,685</td>
<td>1,868</td>
</tr>
</tbody>
</table>

March, 2024 (Target)
Financial assets of Japanese households with more than 1,000 trillion yen in cash and deposits

1,901 trillion yen (end of September 2020)

(Trillion yen, Composition ratio%)

- **Deposits and Savings**: 1,034 trillion yen (54.4%)
- **Insurance / Pension / Fixed amount guarantee**: 530 trillion yen (27.9%)
- **Stocks, etc.**: 181 trillion yen (9.5%)
- **Investment trust**: 72 trillion yen (3.8%)
- **Debt securities**: 26 trillion yen (1.4%)
- **Others**: 58 trillion yen (3.1%)

Source: Bank of Japan

Asset Management business
- Provision of Products (public placed investment funds) for private investors

From savings to asset formation
Investors making long-term funded investments are expanding rapidly

<Trends in the Number of Accounts for ‘tax-free savings-type NISA’>

<Changes in the number of ‘iDeCo’ subscribers>

Source: Number of ‘tax-free savings-type NISA’ accounts: Financial Services Agency, Number of "iDeCo" members: National Pension Fund Association "iDeCo Official Website"
The ratio of index funds to the total domestic investment trust market is steadily increasing, and the ratio of active funds is declining.

※ Domestic fund = domestic publicly offered additional stock investment trust (excluding ETF), index = investment trust association standard
※ December 2010-December 2020 (monthly)
Asset Management business
  - Provision of Products (public placed investment funds) for private investors

Providing low-cost index funds to support the asset formation of individual investors

In three years, Index fund balance is targeted to top the ¥1tr mark.

Capital inflows/outflows of index funds and active funds management by SBI Asset Management
(April-December, 2020)

<table>
<thead>
<tr>
<th>Month</th>
<th>Index Fund (¥100 million)</th>
<th>Active Fund (¥100 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 2019</td>
<td>561</td>
<td>536</td>
</tr>
<tr>
<td>July, 2019</td>
<td>567</td>
<td>580</td>
</tr>
<tr>
<td>October, 2019</td>
<td>640</td>
<td>691</td>
</tr>
<tr>
<td>January, 2020</td>
<td>748</td>
<td>808</td>
</tr>
<tr>
<td>April, 2020</td>
<td>881</td>
<td>914</td>
</tr>
<tr>
<td>July, 2020</td>
<td>1,028</td>
<td>1,149</td>
</tr>
<tr>
<td>October, 2020</td>
<td>1,228</td>
<td>1,346</td>
</tr>
</tbody>
</table>

Composition ratio of SBI Asset Management by sales channel
(April-December, 2020)

- Online sales: 280,208 (93%)
- Face-to-face sales: 10,084 (3%)
- Private placement investment fund: 12,875 (4%)

<Balance of index funds managed by SBI Asset Management>

March, 2024 (Target)
Providing Robot advisors for ‘asset formation layer’ and ‘asset utilization layer’

<table>
<thead>
<tr>
<th>Investment target</th>
<th>Morningstar</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETF or fund selected by Morningstar</td>
<td>Overseas ETFs or index funds</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserve amount</th>
<th>Morningstar</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily, weekly, monthly</td>
<td>1 to 5 times a month</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regular sale</th>
<th>Morningstar</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed amount / fixed rate</td>
<td>×</td>
<td></td>
</tr>
</tbody>
</table>

---

In addition to the regular reserve function, we have also implemented a regular sale function that is highly needed by asset utilization groups.

---

Asset Management business
- Provision of Robot Advisor tools to private investors

Asset Utilizing Users

Asset Building Users

Periodic Savings Service

Periodic Selling Service

References:
- Morningstar & Sustainability in the United States
- Low cost ETF
- Low cost bond fund
We are set to press on with capital alliance with fund management companies at home and abroad, to further increase the amount of assets entrusted to us.
Part 5

Consideration of Morningstar’s stock price and shareholder benefit XRP
Morningstar's stock price has significantly exceeded TOPIX for the past year and 10 years

**<Changes over the past one year (December 30, 2019 – December 30, 2020)>**

<table>
<thead>
<tr>
<th>Morningstar Japan K.K</th>
<th>TOPIX</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.0%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

**<Changes over the past ten year (December 24, 2010 – December 25, 2020)>**

<table>
<thead>
<tr>
<th>Morningstar Japan K.K (Annual rate)</th>
<th>TOPIX (Annual rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.5%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Source: Created by Morningstar
Morningstar's ROE is well above the average of companies listed on the First Section of the Tokyo Stock Exchange.

### ROE (Return On Equity)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year ending March 2020 (actual results)</th>
<th>Fiscal year ending March 2021 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morningstar Japan K.K</td>
<td>13.5%</td>
<td>14.7%</td>
</tr>
<tr>
<td>TSE 1st section listed companies</td>
<td>6.4%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

※ Morningstar’s forecast ROE for the year ending March 2021 represents the annualized value of net profit through to 3Q divided by the shareholders’ equity at previous year end.
※ Forecast ROE of TSE 1st section listed companies for the year ending March 2021, was calculated using their expected net profits and shareholders’ equity at the previous year end. These companies close their books in March and financials are excluded. (1,326 companies)
Morningstar's stock price and XRP have a low correlation coefficient, and the effect of diversified investment can be expected.

(Period: End of December, 2018 - January 22, 2021)

※ Correlation coefficient The closer the value of coefficient correlation is to +1, the stronger the linear relationship (move in the same direction), in contrast, the closer to -1, the more inversely correlated (move in opposite direction).