

May 11, 2018

Sumitomo Mitsui Financial Group, Inc.
Daiwa Securities Group Inc.
Mitsui Sumitomo Insurance Company, Limited
Sumitomo Life Insurance Company

Memorandum of Understanding on the Merger between Sumitomo Mitsui Asset Management Company, Limited and Daiwa SB Investments Ltd.

Sumitomo Mitsui Financial Group, Inc. (Sumitomo Mitsui Financial Group; President & Group CEO: Takeshi Kunibe), Daiwa Securities Group Inc. (Daiwa Securities Group; President and CEO: Seiji Nakata), Mitsui Sumitomo Insurance Company, Limited (Mitsui Sumitomo Insurance Company; President and CEO: Noriyuki Hara), and Sumitomo Life Insurance Company (Sumitomo Life Insurance Company; President & Chief Executive Officer: Masahiro Hashimoto) have concluded a memorandum of understanding(MOU) today regarding the merger of Sumitomo Mitsui Asset Management Company, Limited (SMAM; President & CEO: Takashi Matsushita) and Daiwa SB Investments Ltd. (Daiwa SB Investments; President & CEO: Masaaki Goto). The said merger is subject to the approval of regulatory authorities.

1. Purpose of the Merger

Amid the global growth of the asset management sector, asset management companies are expected to play increasingly important roles while the investment management capabilities and operational quality demanded by clients are also becoming progressively more sophisticated. Through the merger of SMAM and Daiwa SB Investments, an asset management company will be created that possesses top-class investment management capabilities and business foundations, who is an industry leader in carrying out its fiduciary duties, and whose operations are based on a “Customer First” principle in order to properly address such changing client demands.

2. Goals and Visions for the Merged Company

While SMAM and Daiwa SB Investments provide a diverse range of products to both corporate and individual clients, SMAM’s strengths lie in providing investment advice mainly to domestic life and non-life insurance firms, and providing investment trusts targeting individual clients,

while Daiwa SB Investments' strengths lie in its businesses targeting domestic and foreign pension funds and corporate clients. Furthermore, as the business lines and investment management capabilities of SMAM and Daiwa SB Investments are mutually complementary with very little overlap in the product categories in which each company possesses special expertise, the merger is expected to result in the scale of operations significantly expanding, in addition to the merged company emerging with enhanced investment management capabilities and business foundations.

Going forward, through the enhanced business foundations and investment management capabilities resulting from the merger and the further acceleration of investments in technologies, the merged company will strengthen solutions offering to domestic investors looking for diversified international investment opportunities, the line-up of products offering to both domestic and foreign investors, including pension funds, and initiatives to address the changing retail asset management market given the shift from savings to asset building in Japan. Furthermore, it will consider various means to realize further growth, for example collaborating with or investing in other asset management groups; both domestic and foreign.

While shareholders in the merged company will consist of well-established companies from various financial sectors, the said entity will become a leading Japanese asset management company that is not dependent on any particular financial group. The merged company will strive to become an asset management company that is trusted and valued by domestic and foreign clients by becoming an industry leader in the carrying-out of fiduciary duties and establishing an independent management structure.

3. Shareholders of the Merged Company

The shareholdings ratios (percentage of voting rights) of the merged company's shareholders are forecasted to be as follows: Sumitomo Mitsui Financial Group (50.1%), Daiwa Securities Group (23.5%), Mitsui Sumitomo Insurance Company (15.0%), Sumitomo Life Insurance Company (10.4%), and Sumitomo Mitsui Trust Bank, Limited (1.0%).

Furthermore, the merged company is scheduled to become a consolidated subsidiary of Sumitomo Mitsui Financial Group and an equity-method affiliate of Daiwa Securities Group and Mitsui Sumitomo Insurance Company.

4. Timetable of the Merger

Based on the premise that the necessary approvals will be obtained from the regulatory authorities, the merger has been scheduled to follow the below timetable.

May 11, 2018 (today)	Conclude MOU
End of September 2018 (tentative)	Conclude the final contract
April 2019 (tentative)	Complete the merger

Following the conclusion of MOU, an integration steering committee led by SMAM and Daiwa SB Investments will be established to undertake detailed preparations and considerations concerning the merger.

(Reference) Overview of the Companies to Merge

Name	Sumitomo Mitsui Asset Management Company, Limited	Daiwa SB Investments Ltd.
Head Office	Atago Green Hills MORI Tower 28F, 2-5-1 Atago, Minato-ku, Tokyo	Kasumigaseki Common Gate West Tower, 3-2-1 Kasumigaseki, Chiyoda-ku, Tokyo
Representative Officer	Takashi Matsushita	Masaaki Goto
Business	Investment Management Business, Investment Advisory & Agency Business, etc.	Investment Management Business, Investment Advisory & Agency Business, etc.
Paid in Capital	JPY 2 billion	JPY 2 billion
Number of Staff (as of March 31, 2018)	652	345
Shareholders and Shareholding Ratios	Sumitomo Mitsui Financial Group (60%), Mitsui Sumitomo Insurance Company (20%), and Sumitomo Life Insurance Company (20%)	Daiwa Securities Group (44%), Sumitomo Mitsui Financial Group (44%), TRPH Corporation (10%), and Sumitomo Mitsui Trust Bank, Limited (2%)
Assets under Management (as of March 31, 2018) (Unit: JPY Billion)	13,436.0 (includes assets under management by Nikko Global Wrap Ltd., a SMAM subsidiary)	6,035.8

-End-