

Company Profile

July, 2011



J Flag Investment Co.,Ltd.

Company Profile

- ◆ **Name: J Flag Investment Co.,Ltd.**
- ◆ **Established: May,2009**
- ◆ **Business License: Investment Advisory**
- ◆ **Shareholder: Owned by Hisashi Osezawa**
- ◆ **Key Personnel:**
 - **Hisashi Osezawa, CEO,CIO**
 - **Koji Inokoshi, Director, Business Development**
 - **Masafumi Hikima, Director, Administration**

- **Address: Jyujiya Bldg, 7F, 1-6-17,Nihonbashi-Kayabacho,
Chuo-ku, Tokyo 103-0025**
- **Telephone : +81-3-3666-0974**
- **FAX : +81-3-3666-0975**
- **E-mail: k.inokoshi@jflag-investment.com**

People



Hisashi Osezawa

CEO & CIO

JF: 8years

**Senior Portfolio
Manager**

MD

Koji Inokoshi

**Business
Development**

JF: 9years

**Institutional
Marketer**

VP

Masafumi Hikima

**Internal
Administration**

Profile of Hisashi Osezawa (CEO&CIO)

August, 2001–May, 2009

**JP Morgan Asset Management, Managing Director
Senior Portfolio Manager, JF Japan Portfolio Group**

October, 1997–July, 2001

**Shinwako Investment Management
Portfolio Manager, Japan Equity**

April, 1994–September, 1997

**Wako Securities, Tokyo
Japan Equity Analyst, International Division**

April, 1991–March, 1994

**Wako Securities US, New York
Japan Equity Sales for US institutional investor**

April, 1988–March, 1991

**Wako Securities, Tokyo
Japan Equity Trader, International Division**

April, 1987–March, 1998

**Wako Securities, Tokyo
Retail Sales**



Philosophy & Style

◆ Philosophy :

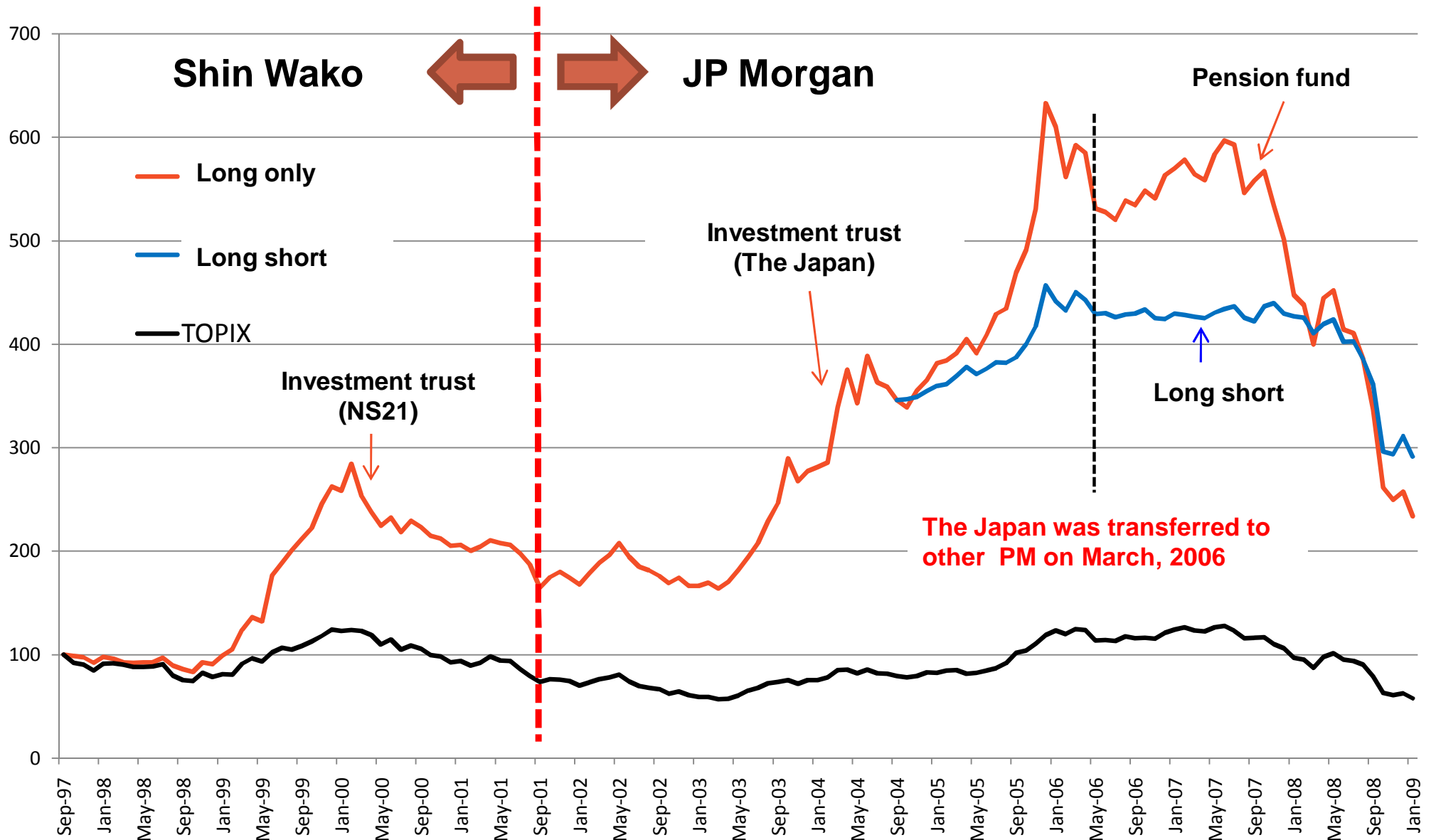
- Market is inefficient
(especially for the mid./small cap. sector)
- Real value of individual company can be adequately identified by thorough company research
- In order to earn superior returns, top-down view (macro economic analysis, sector analysis, etc) is also considered essential

◆ Investment Style : Growth At Reasonable Price

◆ Portfolio Construction : Bottom-up

◆ Risk Control : Total risk, VAR, Tracking Error

Investment Performance History



Third-Party Evaluations (Investment Trust)

Award "JF The Japan" in JP Morgan



Morning Star Fund of the year 2002



Morning Star Fund of the year 2003



Lipper Fund Award Japan 2005

Koji Inokoshi (Marketing & Business Development)

October, 2007 - May, 2009

T-Model Investment, Managing Director

April, 1998 - July, 2007

**JP Morgan Asset Management, Vice President
Marketing for institutional investor**

March, 1995 - March, 1998

**Nikko International Capital Management
Marketing for institutional investor**

April, 1990 - February, 1995

**Nikko Securities, Tokyo
Retail Sales**



Masafumi Hikima (Internal administration)

2009- Now Professor, Sophia University
Investment Adviser, Bureau of Financial Affairs

2007- 2010 Simplex Asset Management Ltd.
Managing Director

2005-2007 Alliance Bernstein Japan Ltd.
President & CEO

1999-2005 Nikko Asset Management
President & CEO

1985-1999 Nikko International Capital Management
Director , International Business,
Quantitative Investment Management, Quantitative Analysis

1979-1983 Mitsubishi Bank Account Executive , Osaka and Tokyo



Current status (As of 30th June, 2011)

Firm AUM USD 65m

Investor 2 (Domestic Pension)
 1 (Domestic financial institution)
 1 (Retail business: Daiwa Securities Group)

Fund Advice 4 funds

Simplex J Flag Micro Small Cap Fund (**long only**)
(20months' track record)
On shore vehicle for domestic pension

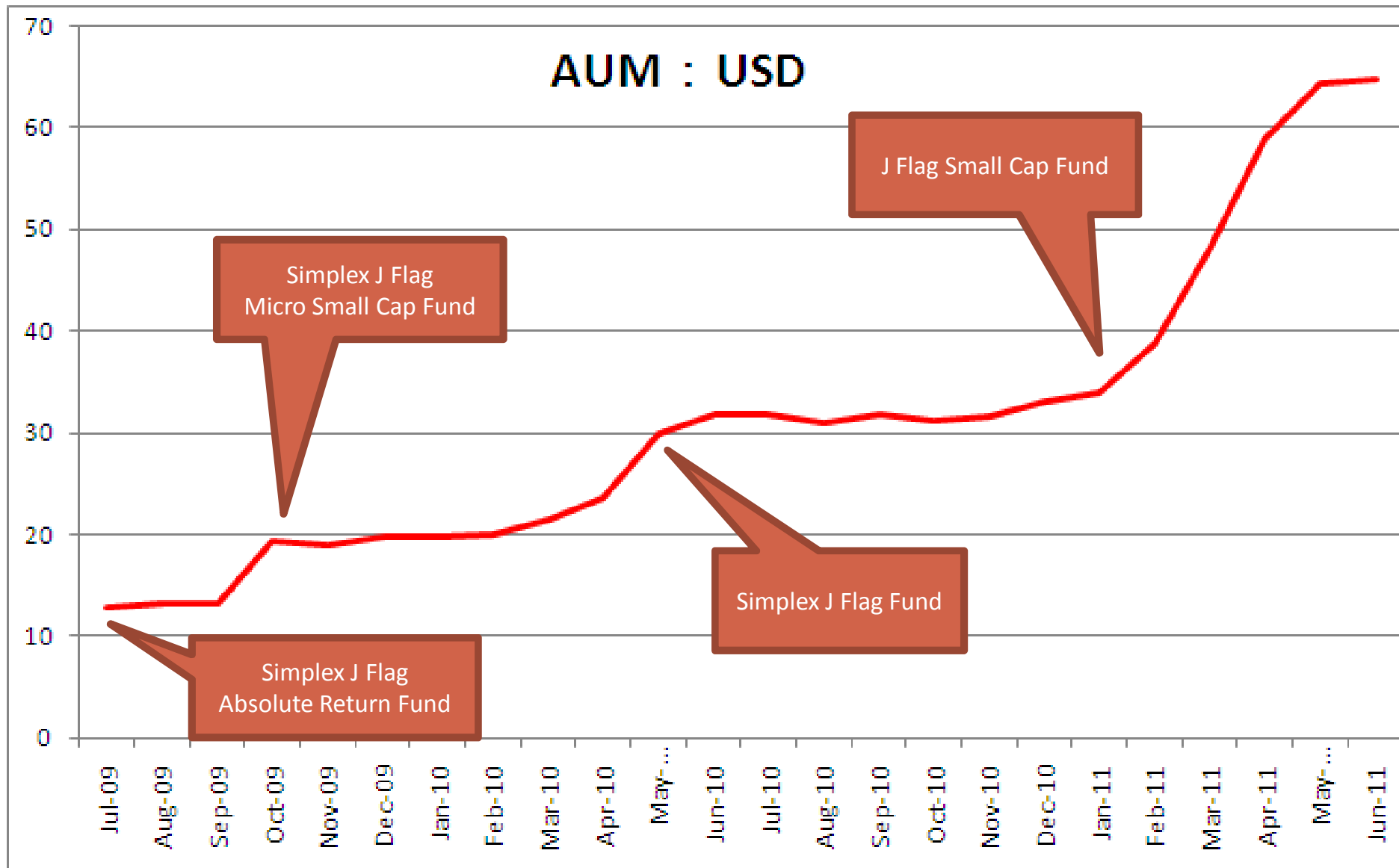
J Flag Small Cap Fund (**long only**)
(5 months' track record)
On shore vehicle for retail business (Daiwa Sec. group)

Simplex J Flag Absolute Return Fund (**long short**)
(24 months' track record)
On shore vehicle for domestic pension

Simplex J Flag Fund (**long short**)
(12 months' track record)
Off shore vehicle for global investor

Firm AUM (As of 30th June, 2011)

USD 65m



Appendix

Bloomberg Forum : Small Cap Equity

Hisashi Osezawa presented at Bloomberg forum to introduce his strategy to mainly Domestic institutional investors.

Presenters :

Osezawa , J Flag Investment

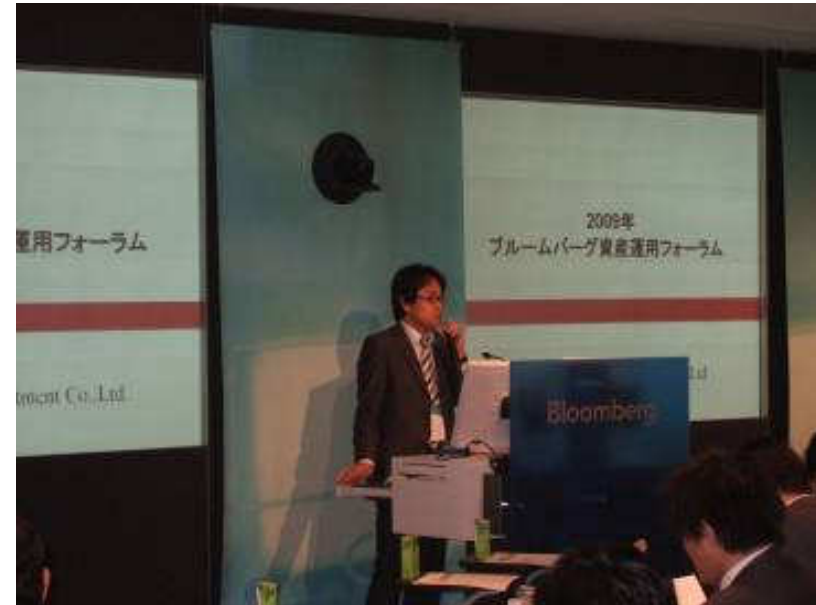
Fujino, Rheos capital works

Omachi, Societe Generale

Akiyama, Lupus Alpha Asia

Yasu, VARECS partners

**Tobita, Daiwa Fund
Consulting**



15th December, 2009, at Bloomberg , Tokyo

Bloomberg (5 February, 2010)

Ex-JPMorgan Asset Manager Osezawa Plans New Japan Hedge Fund

Feb. 5 (Bloomberg) -- [J-Flag Investment Co.](#), a Japanese hedge-fund advisory firm, plans to start a new long-short fund that will target Japan's smaller companies this year after its first fund outperformed the benchmark since inception in 2009.

The Tokyo-based firm is talking to potential investors including Japanese financial institutions that may become an anchor investor of the planned new offshore-fund, according to [Hisashi Osezawa](#), chief executive officer of the company, declining to name the companies. The firm aims to start the fund in April or May with initial capital of as much as 1 billion yen (\$11 million), he said.

The new fund will employ the same strategy as its first hedge fund, [Simplex J-Flag Absolute Return Fund](#), and will focus its investments on Japan's micro-small-cap companies, with a market value of less than 30 billion yen, that are mostly not covered by analysts and less-favored by investors, Osezawa said. Companies including [West Holdings Corp.](#) and [JP-Holdings Inc.](#) contributed to the performance of its first fund, he said.

"Most investors aren't paying attention to Japan's small-cap market nowadays and that creates a great opportunity to find the hidden jewels," Osezawa, 45, a former senior fund manager at JPMorgan Asset Management, said in an interview in Tokyo yesterday. "My bet is that over the next two to three years, Japan's small-cap stocks will start to attract some interest from a wider group of investors."

Outperformer

The \$10 million-Simplex J-Flag Absolute Return Fund, managed by Tokyo-based Simplex Asset Management Co., has returned 8.5 percent since inception in July 2009 through January, outperforming the 4.5 percent gain by the [Jasdaq Stock Index](#), a benchmark for Japan's smaller companies.

Osezawa says he bases his investments on companies' earnings growth rather than trends or market themes.

Among the biggest contributors to the performance was its bet on Hiroshima prefecture-based West Holdings, which installs solar power panels on houses. The fund in July began investing in the [stock](#), which more than tripled by the end of 2009.

JP-Holdings, a Nagoya prefecture-based operator of daycare centers, was another contributor. Osezawa began tracking the company about four years ago and favored the stock because of its [earnings growth](#), he said. The stock more than doubled in 2009 amid expectations the new government will implement measures to tackle the nation's shortage childcare facilities.

Startups Slow

Osezawa, who founded his firm in June 2009, began investing in the Japanese market in 1997 and worked at Shinwako Investment Management and Wako Securities before his time at JPMorgan Asset, he said.

J-Flag's entry to the hedge-fund industry last year came as assets raised by hedge-fund startups in 2009 fell 36 percent to \$15 billion from the previous year, the lowest figure on record, as risk-averse investors remained reluctant to put money in the funds, a survey by AR magazine showed.

"Capital-raising remains tough for start-ups like us, but in terms of performance, it was the best time to enter the market," Osezawa said.

"We are slowly starting to see some traction from overseas fund of funds now."

Hedge funds are mostly private pools of capital whose managers participate substantially in the profits from their speculation on whether the price of assets will rise or fall.

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