How to Select Investment Products

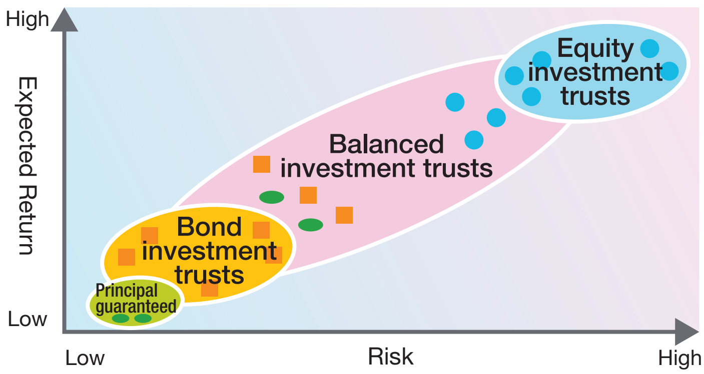
Can I choose any type of investment products once I determine the asset allocation?

Point

You will select your investment products from the specified products lineup.

- **For principal guaranteed investment products, select from insurance products and savings.**
- **For equities and bonds, select from the lineup of investment trusts.**

Investment trusts invest in a number of different securities to provide diversification.
Investment trusts can be classified roughly into “equity”, “bond” and “balanced” trusts.
The equity investment trusts invest in individual equities while the bond investment trusts invest in individual bonds.
The balanced investment trusts combine equity and bond investments.



● **Individual Stocks**
e.g. “XX Auto.” “YY Appliance”…

■ **Bonds**
e.g. “XY Government Bond”, “ZX Corporate Bond”…

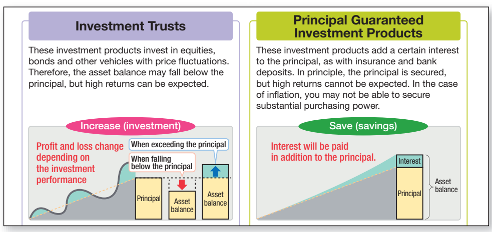
Under your DC plan, you do not invest in equities and bonds directly but through investment trusts which invests in equities and bonds.

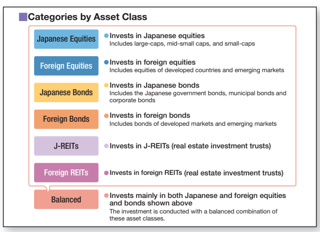
Investment trusts are allocating their assets to various different stocks and bonds.

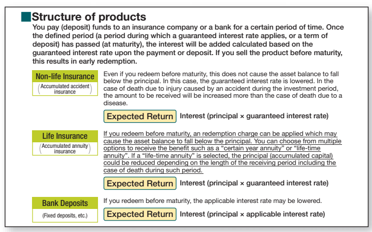
Summary Select your investment products from principal guaranteed investment products and investment trusts.

Tips

For "structure and features" and "types" of investment products, refer to Chapter 7.







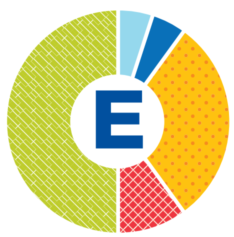
How to Select Investment Products

How can I select specific investment products?

Point **Select your investment products by referring to explanatory materials (such as the Investment Product Lineup).**

Pattern I **Select your products from both principal guaranteed products and investment trusts to build a portfolio to align with your asset allocation models.**

In this example, firstly, select products which invest in Japanese equities and allocate 5% of your portfolio to these products.
You can select one product or multiple products of which total will make up 5% of the portfolio.
Select other products in a similar manner. Product details are shown in the Investment Product Guide.



- Japanese Equities ············5%
- Foreign Equities ···············5%
- Japanese Bonds ············30%
- Foreign Bonds ···············10%
- Principal Guaranteed ·····50%

Expected Return ········0.6%
Risk ·························2.5%

<Investment Product Lineup>

■Products other than Principal Guaranteed (Investment Trust)

Product Name	Japanese Equity Index Fund DC		
Management Company	○○Asset Management		
Category	Japanese Equities	Asset Management Fee (annual, including tax)	0.6696%
Investment Style	Passive	Partial redemption charge	None
Characteristics	Invests in Japanese equities and aims to perform in line with the benchmark (TOPIX, without dividends).		
Reason for Selection	･The management company has a stable management foundation. ･With consistent investment performance, the management company is rated as suitable both in qualitative and quantitative aspects by a professional third party evaluator. ･The investment process has been established and long-term stable investment can be expected. ･The product has been selected as a passive fund which invests in Japanese equities.		
Product Name	Japanese Equity DC Value Fund		
Management Company	□□Asset Management		
Category	Japanese Equities	Asset Management Fee (annual, including tax)	1.5120%
Investment Style	Active	Partial redemption charge	When Selling 0.3%
Characteristics	Invests in value priced Japanese equities and aims to outperform the benchmark (TOPIX dividends included) in the middle to long term.		
Reason for Selection	･The management company has a stable management foundation. ･With consistent investment performance, the management company is rated as suitable both in qualitative and quantitative aspects by a professional third party evaluator. ･The investment process has been established and long-term stable investment can be expected. ･The product has been selected as an active fund which invests in Japanese equities.		

For features of investment products, refer to Chapter 7 "Understanding Investment Products".

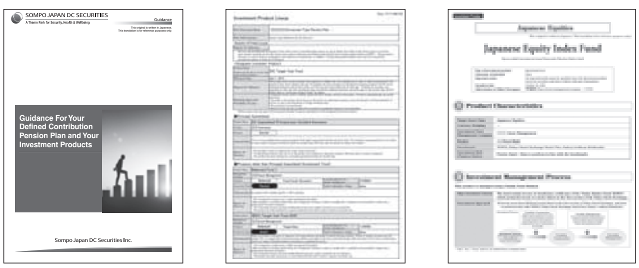
* Example based on the Asset Allocation Worksheet. See page P.39～

You can select investment products from each asset class.

Summary Combine investment products on your own to build a portfolio that aligns with your asset allocation models.

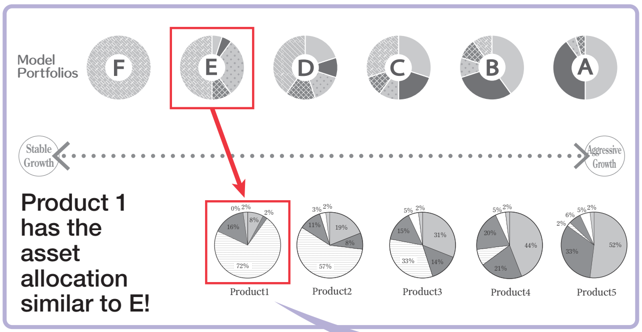
Tips

Select your investment products based on the "Guidance For Your Defined Contribution Pension Plan and Your Investment Products". Materials concerning investment performance are also available.



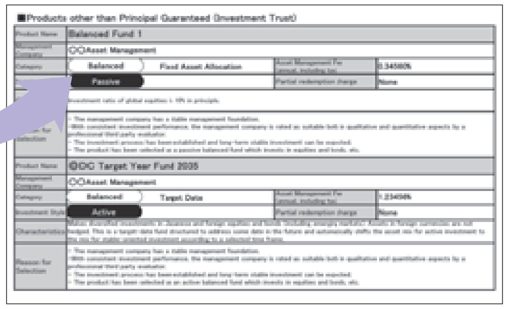
Pattern Ⅱ Choose the product of which asset allocation meets your needs from the balanced investment trusts.

Extracted from the Investment Product Guide



By checking the “Investment Product Guide” of the balanced funds which show the asset allocation mix of the funds, you can find the product with the asset allocation similar to your model.

<Investment Product Lineup>



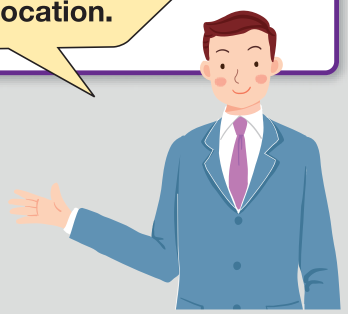
For example, if your model allocation is E, select Product 1.

For features of investment products, refer to Chapter 7 "Understanding Investment Products".

* Example based on the Asset Allocation Worksheet.

See page P.39～

You can select investment products with predetermined asset allocation.



Summary Select balanced investment trusts to build a portfolio that aligns with your asset allocation models.

Check

The balanced funds are the products of which allocation ratio is fixed and maintained. Therefore, if you wish to adjust risk and return, you need to combine other investment products with the balanced funds in your portfolio. For instance, you can reduce the risk level by combining the principal guaranteed investment product with the existing balanced funds for yourself. You should also take into account its effect on your return.

Example

Balanced products	100%

Risk can be reduced by combining principal guaranteed investment products with the existing balanced funds

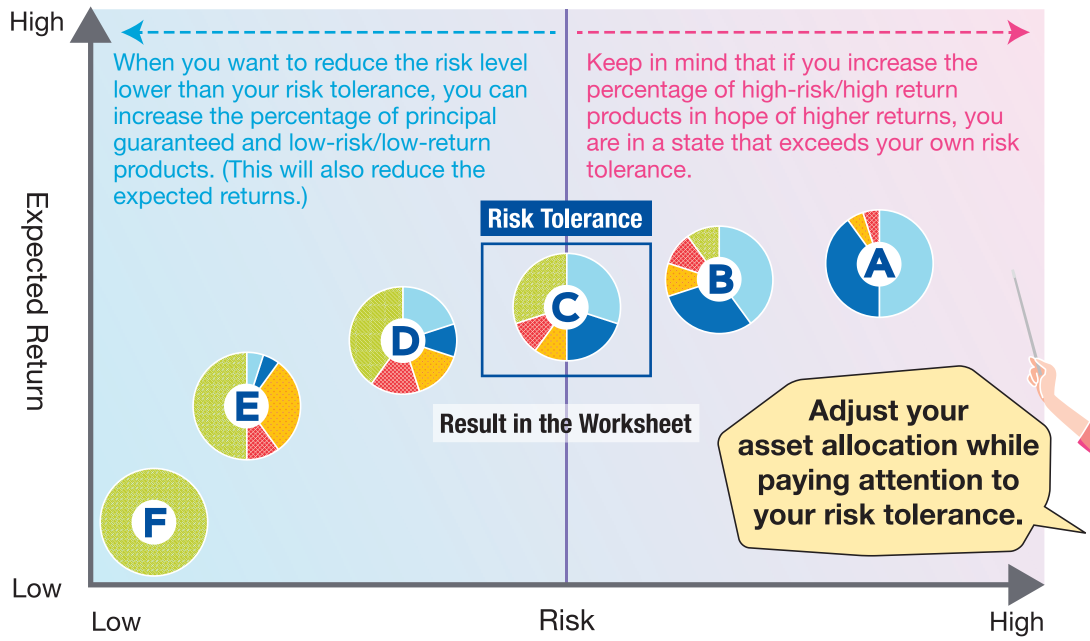
Balanced products	90%
Principal guaranteed products	10%

How to Select Investment Products

Do I have to allocate my assets exactly the same way shown in the result of the Worksheet?

Point **No, you don't necessarily have to.**

Adjust your asset allocation while paying attention to your risk tolerance.

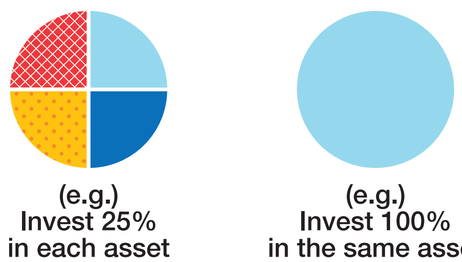


* The above is an example of asset allocation adjustment. It is the individual's responsibility to determine their own asset allocation.

Summary Adjust your asset allocation as needed by referring to other risk / return examples and select your investment products.

Check

You can also determine your asset allocation without reference to the result of the Worksheet. You may also decide your asset allocation by taking into consideration factors such as your assets other than the DC pension plan.



There are different types of balanced products in the Investment Product Lineup. What are they?

Point **Balanced products are subclassified according to the way to change asset allocation.**

Classification of balanced products	Change of asset allocation
Fixed Asset Allocation type	**No change** A fixed asset allocation is maintained.
Target Date type	**Change over time** The date of retirement is assumed as the target date. Asset allocation is gradually shifted from aggressive investment to stable investment as it get closer to the target date.
Risk-control type	**Change according to the market environment** Asset allocation is modified in order to limit the risk level to a certain range.

Some classifications may not be available depending on the plan in which you participate.

See page P.43～44 for tips on how to select products.

Chapter 5 Selecting Investment Products

Summary Select investment products which will suit your needs.

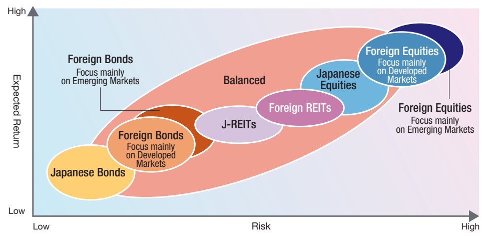
Tips

When J-REITs and Foreign REITs are included in the Investment Product Lineup

You may expect further diversification effect by including REITs in your portfolio.
REITs are investment trusts which invest in real estate. In selecting REITs, keep in mind that REITs carry relatively high risk similar to equities.

See page P.47～48

Risk and Return in Investment Trusts



Procedures for Product Selection

What are the procedures I need to take after selecting my investment products?

Point **Allocate your contributions among the products you have selected and designation of allocation ratios to these products.**

Make contribution instructions via any of the following:

Methods for designation of allocation ratio

◎AnswerNet (Website for participants)

●24 hours a day
(excluding system maintenance hours)

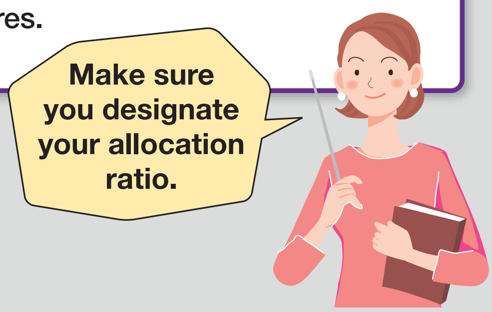
SOMPO JAPAN DC SECURITIES AnswerNet
www.sjdc.co.jp/answernet

◎AnswerCenter (Call center for participants)

Please check our website for business hours.

SOMPO JAPAN DC SECURITIES AnswerCenter
0120-401-593

The allocation ratio you have specified will be applied to your contributions unless you make changes to it through specified procedures.
The allocation ratio can be changed anytime.



Summary You can use one of the methods to designate your allocation ratios.

Check

Monthly deadline to make contribution instructions is the day prior to the contribution date.

Example schedule of the case where the contribution date is the 25th day

20	21	22	23	24	25	26
				Deadline	Contribution Date	Trade Instruction

* Trade instruction will be made on the business day following the contribution date.