

Fees and Risk Factors

1. Fees and Risks Associated with Fund of Funds

(1) Fees and expenses

Customer investors shall pay fixed and performance fees, expenses, and other fees, as summarized below (the following fees and expenses include those paid out of fund assets, as well as those paid directly by investors).

Fixed (management) fees : Rates of payment shall be determined based on each fund-of-funds contract. Management fees are calculated by multiplying the value of committed assets by the determined rate, which shall be up to 2% per annum (before tax).

Performance fees : Rates of performance fees can range to up to 20% (before tax) of the return on the invested assets in the fund of funds vehicle.

Expenses : In addition to the management and performance fees, the cost of the fund of funds involves transaction fees and other expenses that are associated with the acquisition and disposal of investments, costs for audits, and other expenses, which are charged by the underlying funds. Such fees in connection with the underlying funds shall be borne on a basis of actually incurred costs, and hence, the maximum amount may not be specified. The maximum amount may not be specified for the management and performance fees, as these fees are determined through negotiation with the fund managers of the underlying funds, and may vary among different funds. Other fees, including those associated with the acquisition and management of partnership assets, costs for audits, fees for attorneys and other experts, and expenses incurred in association with the management of the fund of funds and the underlying funds, shall be borne on a basis of actual incurred costs and the amounts may not be specified.

Please note that the fees and expenses listed above are intended for general fund-of-funds products of AIC. Rates of fees are presented above at the maximum rates for each type of fee collected for AIC's fund of funds.

(2) Risks

Fund products provided by AIC are “fund of funds” products. Fund of funds products invest assets from customers into other funds that then invest mainly in private equities and other securities.

AIC manages investors’ assets by investing them mainly in funds that are governed by the provisions of Article 2.8.15 of the Financial Instruments and Exchange Act. The underlying funds will invest the assets received by investors mainly into private equities and other securities, and incorporate them into the fund assets. Value of shares of the fund of funds may fluctuate substantially in accordance with changes in the value of stocks and other securities incorporated into the assets in the underlying funds, changes in the business or financial status of the issuers of securities, etc., and fluctuations of exchange rates where securities in foreign currency are incorporated, as well as other factors. The assets invested in the fund of funds, therefore, do not have a guarantee of safety of the principal capital invested, and may fall below the invested amount (resulting in a loss of principal).

Investment in the fund of funds vehicle typically constitutes a long-term contract, which is valid for a period of ten years or longer, and in principle can not be cancelled or dissolved prior to maturity. As a result, there are restrictions to redemption during the contract period. Transfer and resale of shares of the underlying funds may require approval of the operator of the underlying fund. After receiving approval, redemption by transfer or resale may be limited due to absence of the market for trading shares of the underlying funds.

(3) Precautions

The descriptions above are intended for general fund of funds products of AIC. Fees and risks associated with fund of funds transactions may vary among different types of fund of funds products in which investments can be made. Investors are advised to confirm the applicable fees and expenses prior to investment.

2. Fees and Risks Associated with Discretionary Investment Management Services

(1) Fees and expenses

Customers shall pay management and performance fees, expenses, and other fees associated with a discretionary investment management contract. Performance and other fees incurred from a discretionary investment management contract shall be determined individually through negotiation. Each customer’s contract asset amount, means of

management, contents of service, and other circumstances will be considered. Calculation methods and maximum amounts may not be specified in advance.

Expenses: In addition to the management and performance fees, the cost of the fund of funds includes transaction fees and other expenses associated with the acquisition and disposal of the investments, costs for audits, and other expenses, which are charged by the underlying funds. Such fees in connection with the underlying funds shall be borne on a basis of actual incurred costs; hence, maximum amounts may not be specified at a prior time. The maximum amount may not be specified for the management and performance fees, as these fees are determined through negotiation with the fund managers of the underlying funds, and may vary among different funds. Other fees, including those associated with setting up and managing a money trust, fees for attorneys and other experts, and expenses incurred in association with discretionary investment management, shall be borne on a basis of actual incurred cost; hence, these amounts may not be specified in advance.

Please note that the fees and expenses listed above are intended for general discretionary investment management services of AIC.

(2) Risks

AIC shall, based on entrustment of customers, manage assets by investing them mainly in funds that are governed by the provisions of Article 2.8.15 of the Financial Instruments and Exchange Act. Value of assets under discretionary investment management may fluctuate in accordance with changes to the value of private equities and other securities incorporated into the assets in the underlying funds, changes in the business or financial status of the issuers of securities, etc., and fluctuations of exchange rates where securities in foreign currency are incorporated, as well as other factors. The assets invested under discretionary investment management do not have a guarantee of safety of the principal capital invested, and may fall below the invested amount (resulting in a loss of principal).

Investment in underlying funds typically constitutes a long-term contract, and in principle cannot be dissolved or cancelled prior to maturity, restricting redemption during the contract period. Transfer and resale of shares of the underlying funds may require approval of the operator of the underlying fund. After receiving approval, redemption by transfer or resale may be limited due to the absence of the market for trading shares of the underlying funds.

(3) Precaution

Fees and risks associated with the discretionary investment management services may vary according to details of individual contracts. Customers are advised to confirm the applicable fees and expenses prior to entering into a contract.

3. Fees and Risks Associated with Investment

Advisory Services

(1) Fees and expenses

Customers shall pay service fees and other expenses associated with an investment advisory contract. Service fees incurred from an investment advisory contract shall be determined individually through negotiation with customers. Calculation methods and maximum amounts may not be specified in advance.

Expenses: Investment advisory services may incur expenses borne by the customers. Such expenses, however, shall be based on actual incurred costs, and hence, the maximum amount may not be specified.

(2) Risks

AIC shall provide advice on investments mainly in funds that are governed by the provisions of Article 2.8.15 of the Financial Instruments and Exchange Act. Value of the invested assets may fluctuate in accordance with changes to the value of private equities and other securities incorporated into the assets in underlying funds, changes in the business or financial status of the issuers of securities, etc., and fluctuations of exchange rates where securities in foreign currency are incorporated, as well as other factors. The assets invested in such underlying funds on which advice is offered, therefore, do not have a guarantee of the safety of the principal, and may fall below the invested amount (resulting in a loss of principal).

Investment in underlying funds typically constitutes a long-term contract, and in principle cannot be dissolved or cancelled prior to maturity, restricting redemption during the contract period. Transfer and resale of shares of the underlying funds may require approval of the operator of the underlying fund. After receiving approval, redemption by transfer or resale may be limited due to the absence of the market for trading shares of the underlying funds.

(3) Precaution

The descriptions above are intended for general investment advisory services of AIC. Fees and risks associated with investment advisory services may vary according to details of individual contracts. Customers are advised to confirm applicable fees and expenses prior to entering into a contract.

4. Fees and Risks Associated with Type II Financial Instruments Business

(1) Fees and expenses

Customers shall pay service fees and other expenses associated with an offer or solicitation services. Service fees incurred from an offer or solicitation services shall be determined individually through negotiation with customers. Calculation methods and maximum amounts may not be specified in advance.

Expenses: Investment advisory services may incur expenses borne by the customers. Such expenses, however, shall be based on actual incurred costs, and hence, the maximum amount may not be specified.

(2) Risks

AIC shall provide advice on investments mainly in funds that are governed by the provisions of Article 2.8.15 of the Financial Instruments and Exchange Act. Value of the invested assets may fluctuate in accordance with changes to the value of private equities and other securities incorporated into the assets in underlying funds, changes in the business or financial status of the issuers of securities, etc., and fluctuations of exchange rates where securities in foreign currency are incorporated, as well as other factors. The assets invested in such underlying funds on which advice is offered, therefore, do not have a guarantee of the safety of the principal, and may fall below the invested amount (resulting in a loss of principal). Investment in underlying funds typically constitutes a long-term contract, and in principle cannot be dissolved or cancelled prior to maturity, restricting redemption during the contract period. Transfer and resale of shares of the underlying funds may require approval of the operator of the underlying fund. After receiving approval, redemption by transfer or resale may be limited due to the absence of the market for trading shares of the underlying funds.

(3) Precaution

The descriptions above are intended for general offer or solicitation services of AIC. Fees and risks associated with offer or solicitation services may vary according to details of individual contracts. Customers are advised to confirm applicable fees and expenses prior to entering into a contract.