

Roundtable Discussion Between Group Employees

Increasing Corporate Value through Group's Collaborative Asset Management – T&D Insurance Group Initiatives

The T&D Insurance Group is implementing integrated Group management to enhance the Group's corporate value. T&D Asset Management Co., Ltd. ("TDAM"), the Group's asset management company, plays a central role in the Group's collaborative asset management efforts. During this discussion, TDAM employees shared their thoughts on the synergy created through collaboration, challenges they have encountered, and their outlook.

Please describe your jobs.

Ban: I worked in public relations, product planning, human resources, and general affairs at T&D Financial Life Insurance Company (TDF). Before that, I was engaged in investor relations at T&D Holdings. In April 2024, I was assigned to TDAM's Equity Investment Department. I research companies in the food sector. If I identify any stocks that are promising, I recommend them to the fund manager to help improve the fund's performance.

Takahashi: At Daido Life, I managed foreign government bonds. In July of last year, I was assigned to TDAM, where I am engaged in the same field. I work as a fund manager in the Fixed Income Investment Department. I manage the foreign government bonds entrusted to TDAM by Daido Life. I primarily forecast on the domestic and international economies, interest rates, and exchange rates, and I am implementing active management based on these forecasts.

Namioka: I am an employee of TDAM. I joined the company in 2017, in the middle of my career. Since then, I have managed balanced funds and prepared house views. I have consistently engaged in investment management. I manage separate accounts and am involved in the management of assets for Daido Life. I also handle media relations and provide economic outlooks to T&D Holdings.

Aiba: I was assigned to the Equity Investment Department as a fund manager and analyst in July of last year. At Daido Life, I worked in sales and then was subsequently engaged in lending and real estate investment in the investment management sector. Currently, I am involved in assessing investments in individual



(Front row, from left)

Hiroshi Namioka

Fixed Income Investment Dept.
Chief Strategist and Fund
Manager, TDAM employee
Joined in 2017

Yukari Ban

Equity Investment Dept. Analyst
(Original company:
T&D Financial Life)
Joined in 2007

(Back row, from left)

Yuki Hiratsuka

Alternative Investment Dept.
and Group Collaboration
Promotion Office, Corporate
Planning Dept. Fund Manager
(Original company: Taiyo Life)
Joined in 2015

Shun Aiba

Equity Investment Dept. Fund
Manager and Analyst
(Original company: Daido Life)
Joined in 2009

Kensei Takahashi

Fixed Income Investment Dept.
Fund Manager
(Original company: Daido Life)
Joined in 2015

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domestic stocks, incorporating new stocks into active foreign stock funds for Daido Life, and monitoring existing investment stocks.

Hiratsuka: I gained experience in credit management and was a trainee involved in private equity fund management at Taiyo Life. In February 2023, I was assigned to TDAM after Taiyo Life and Daido Life decided to jointly invest in a fund. I manage alternative assets and also am a manager in the Group Collaboration Promotion Office. In this role, I collaborate with other Group companies. Additionally, I organize seminars for the management of T&D Holdings, which Mr. Namioka mentioned.

Could you explain the practices of the Group's collaborative asset management?

Aiba: All of the stock assets of Daido Life were transferred to TDAM in July of last year. I am responsible for managing individual domestic stocks, overseas index investments, active foreign stock funds, and some domestic funds. In managing individual domestic stocks, we emphasize growth potential and invest in carefully selected stocks. Investment decisions regarding index management are made in accordance with the market outlook primarily developed by Mr. Namioka. The management KPIs, based on benchmarks and certain spreads, are clearly stated in the discretionary investment guidelines. Fund managers report them to Daido Life quarterly.



Ban: Allow me to provide some additional explanation. When TDAM and Daido Life exchange opinions, TDAM's expertise in corporate research and Daido Life's top-down approach enhance investment decisions. When preparing for this roundtable discussion, I spoke with a Responsible Investment Office employee, who informed me that TDAM and Daido Life collaborate on stewardship, working together to devise effective methods for engaging in dialogue with the companies they invest in. Previously, each Group company exercised its voting rights independently. Now, TDAM exercises the voting rights of the Group, utilizing the Group's resources effectively.


Namioka: We compile the market outlook that was mentioned based on the insight of both the stock and bond departments. This outlook is submitted to Daido Life's Asset Management Policy Committee.* A broad spectrum of information within the Group is consolidated, so I feel that both the volume and quality of the outlook are improving.

* A committee that meets every quarter to discuss and make decisions regarding asset allocation policies and related matters.

Hiratsuka: Before the Group began managing investments collaboratively, each company held macro meetings and monitored market trends to determine their investment strategies based on calculated fair values. We are currently able to aggregate various information, including TDAM's market outlooks, and I believe the quality of our analysis is improving.

Takahashi: Daido Life entrusts us with the establishment of quantitative and qualitative bond investment targets based on the guidelines. Quantitative targets include achieving returns that exceed benchmarks. Qualitative targets assess our progress in the fulfillment of our vision through collaboration. Qualitative targets include the provision of information that is useful in Daido Life's making asset allocation decisions, the proposal of new investment methods, and contributions to human resource development.

Hiratsuka: The Alternative Investment Department has signed



We establish both quantitative and qualitative targets in our management of investments.
(Takahashi)

fund management and discretionary investment contracts with Taiyo and Daido, managing the funds according to the guidelines and investment targets. Mr. Takahashi talked about the market outlook earlier. In alternative investments, we also share investment methods within the Group, based on projections for spreads and risk scenarios.

What changes have occurred as a result of the Group's collaborative asset management?

Ban: TDAM's Equity Investment Department excels at researching individual companies. Daido Life takes a broad perspective when making investment decisions, in considering asset allocation. We are integrating the strengths of both organizations in our approach to managing investments. The inclusion of team members from Daido Life has enhanced communication during meetings and the preparation of documents. When creating forecasts, there are now more opportunities to share macro perspectives that go beyond the boundaries of asset classes, such as stocks and bonds, as well as cross-regional perspectives across regions such as Japan, the United States and Europe. In this environment, I believe that we can now evaluate companies from a more comprehensive perspective when researching and making investment decisions. I have listened to the positive opinions of people around me. Some say that we should have pursued integration sooner.

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Hiratsuka: In alternative investments, we benefit from collaborating with the equity and bond teams when developing macro and market outlooks. The world of alternative investments is limited, and entry is somewhat determined by existing relationships. Currently, personnel from Taiyo, Daido, and TDAM are collaborating to share their relationships and ideas regarding investments. This has broadened the options available compared to when individual companies manage their own investments. By bringing together the frontline knowledge from each Group company, I feel that I am growing.

Aiba: I feel that at TDAM, not only the front-office departments but also the back-office and systems departments are collaborating towards the common goal of increasing the profits from investments. Fund managers with decades of experience share the decisions they make every day and their knowledge. We have established a system that facilitates the sharing of information throughout the organization, which enhances the skills of individuals and our human resources as a whole. I believe that sharing information and engaging in discussions are fostering a sense of unity. Trading operations are managed by a dedicated team at TDAM. After being assigned to TDAM, I have been able to concentrate on making investment decisions and selecting stocks, which I believe enhances my efficiency.

Ban: I also believe that streamlining overlapping tasks has allowed me to focus on managing investments. I believe that sharing information and expertise every day has made it possible to narrow the distances between TDAM team members and

between the individual life insurance companies and TDAM.

Namioka: As an in-house employee of TDAM, I believe we can engage with the people assigned to our team on an equal footing. This is one of the great things about TDAM. I initially felt uncertain and somewhat anxious about the unified investment management. Over time, however, I have come to sense a newfound unity.

What have been the results of your efforts to achieve your goals regarding the increased investment yield, the reinforced and streamlined structure, and the enhanced development of management personnel?

Aiba: The fund managers in the Equity Investment Department share information with the investment personnel every day, openly sharing the background behind their investment decisions. This accelerates the development of these personnel. Senior in-house analysts also provide systematic training to help less experienced staff develop a practical understanding of stock analysis skills. I believe that TDAM invests significant effort into personnel development. Former colleagues at Daido have said that they wish to work at TDAM.

Ban: Before joining TDAM, I worked in public relations and investor relations, where I had the opportunity to explain the company's policies and its approaches of asset management. Since joining TDAM, I have realized the importance of experience and intuition in frontline situations. TDAM's fund managers demonstrate a strong sense of responsibility for profits and a high level of professionalism. They strive to elevate the entire team, and they listen to my opinions as an analyst. Our investment personnel development system is very effective. I believe we are growing every day.

Takahashi: Daido Life's Investment Division has a trainee system that allows back- or middle-office employees to gain practical experience in the stock and bond departments for a

certain period. If it is recognized that they have developed some expertise in this area, they will have the opportunity to be transferred. Last year, several people worked as trainees at TDAM. This year, it is scheduled for there to be even more trainees. I believe that offering people the chance to work at an asset management company has a positive effect on the development of human resources in the Group.

Namioka: I believe that investment yields have improved primarily due to TDAM's incorporation of the life insurance companies' investment approaches through collaboration with them. In yen bond investments, the unique perspectives of the life insurance companies, which differ from those of asset management companies, have contributed to improving yields amid rising interest rates. Meanwhile, I believe that the collaboration has enhanced the unique long-term perspective of the life insurance companies and improved the accuracy of their analysis of super-long-term bonds.

Hiratsuka: As previously mentioned, the collaboration has brought the individual companies closer together, which has expanded investment options. This has significantly enhanced and streamlined our investment practices. In fact, when considering new investment opportunities for assets managed under a discretionary mandate from Daido Life, a manager who had previously been invested in by Taiyo Life was shortlisted and ultimately selected as an investment destination. We meet with individuals from organizations associated with Taiyo, Daido and TDAM, which increases investment opportunities.

The individual companies have been brought together, which has expanded investment options.

(Hiratsuka)



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As the Group's collaborative asset management progresses, are there any issues you feel need to be addressed?

Aiba: Daido Life and TDAM occasionally have differing views regarding investment timeframes, which results in inconsistent investment decisions. Currently, the TDAM staff are actively working to contribute to Daido's super-long-term investment strategy. We, the people who have been assigned to TDAM, need to understand TDAM's investment strategy and foster an environment where we can create synergy.

Takahashi: Our qualitative targets, which I mentioned earlier, include the provision of information that is useful when Daido Life is making asset allocation decisions. However, we are uncertain about the type of information that Daido Life requires. I am worried that the information we provide may not be what they actually need. What type of information does Daido want? What information can TDAM provide? I believe that it is essential to enhance communication and increase mutual understanding.

Namioka: To reinforce and streamline our structure, the Group needs to consolidate the balance and personnel into TDAM. To attract young talent, TDAM needs to increase its presence. To that end, it is crucial for TDAM to be recognized as an asset management company with strong management capabilities. It is essential to secure a mandate to manage the funds of public pensions and other sources and to enhance its management

capabilities, including its academic analysis capabilities. TDAM already manages not only the T&D Group's funds but also public pension funds and some external funds. I believe that increasing our investment personnel and assets under management will lead to increased external recognition, which will further increase our assets under management and facilitate the hiring of new talent.

Hiratsuka: I see two challenges. First, as Mr. Aiba mentioned, if, within TDAM, we share knowledge about the unique investment concepts used by life insurance companies, including investments that consider solvency margins and the ESR, I believe we will develop a better understanding of the asset management needs of life insurance companies. Second, to develop the collaborative framework, we need to further consolidate the assets managed by the individual companies, explore new investment models other than discretionary investment, and increase the number of personnel involved in collaboration. In July 2025, Taiyo Life will transfer its domestic stocks to TDAM. I believe this will advance collaboration within the Group.

Ban: I feel that TDAM is at a point where it needs to explore and share a unique perspective that is required in the management of life insurance assets while preserving its expertise as an asset management company.

Takahashi: I think that bond management is more compatible with the management of life insurance assets, compared with stock management in terms of the forecasts that are made based on the analysis of fundamentals. To promote integrated management, we should recognize areas that are compatible and those that are not. For example, TDAM is not responsible for managing Japanese government bonds due to its relationship to insurance liabilities, its large scale, and the fact that they are a continuously purchased asset. Rather than assuming that consolidation is always necessary, I believe that the flexible structure like this is also desirable.

What are your aspirations and goals regarding the increase of the corporate value of the T&D Insurance Group?

Namioka: I appear in the media and will continue to promote the T&D Insurance Group extensively. To achieve this, I will continue to develop precise analyses.

Takahashi: It has been some time since I was assigned to TDAM, and I still have a lot to learn. I believe I will be able to apply what I learn effectively. I am eager to continue learning with renewed enthusiasm.

Ban: Throughout my career, I have wanted to pursue a job that is closer to the market. I believe the best aspect of the T&D Insurance Group is that it provides opportunities to take on challenges like this. I aim to achieve strong results at TDAM and contribute positively to the Group.

Aiba: If I present the results of my time at TDAM when I return to Daido, I will be able to demonstrate that the collaborative system has succeeded in terms of human resource development. Regarding my performance at TDAM, I strive to improve the management of the individual stocks that have been transferred to TDAM. In addition, I aim to contribute to the Group as a whole. To do this, I will use TDAM's unique tools and knowledge to propose new strategies and products.

Hiratsuka: The purpose of Group's collaborative asset management is for companies to work together to facilitate the growth of the entire Group. The growth of the individual companies is also a major factor to consider. I believe that when each person brings the results of our collaboration back to their companies and leverages these results to achieve growth, and when companies work together to become even stronger, it creates synergy and enhances the overall value of the Group. I am committed to working diligently towards these goals.

