

## 1. Ensuring customer-oriented approach

- ◇ Based on the notion that taking initiatives consistently to delve into fiduciary duties (FD) that Mitsubishi UFJ Trust and Banking (MUTB) must fulfill allows it to be the “Trust drives our future” or the organization that is selected by customers, MUTB has established “Mitsubishi UFJ Trust and Banking Fiduciary Duty” as part of its company rules, which is positioned as principles guiding the mindset and behaviors required for its officers and employees.

— 『Our Fiduciary Duty』 — (Established as company rules effective April 2015)

- Mitsubishi UFJ Trust and Banking Corporation is an organization acting as a fiduciary that provides customers with not only banking services but also a wide variety of products and professional services including asset management and administration, real estate services, corporate agency and inheritance related services in an integrated manner.
- As well as fulfilling its legal obligations which are in the form of the duties of loyalty and care, a fiduciary must act for its entrustors at all times in line with rigorous standards backed by strong expertise and ethical values.
- As a fiduciary, MUTB has developed the following set of principles, and is committed to make continued efforts to reach higher levels for each of these principles.
  - (1) Morality and trustworthiness  
Based on the highest standards of morality and trustworthiness, MUTB makes efforts to improve itself in a continuous manner.
  - (2) Expertise and professionalism  
To provide the optimal solutions for its customers with prudence and proficiency, MUTB pursues strong expertise that a trust bank needs to provide services across multiple areas.
  - (3) Loyalty to customers  
MUTB acts in the best interests of its customers at all times, with a state of mind and in a manner of behavior in which MUTB identifies with its customers' interests.

- ◇ MUTB seeks to enforce through training the judgment and behaviors among its officers and employees based on the MUFG Group Code of Conduct, Mitsubishi UFJ Trust and Banking Fiduciary Duty and MUFG Basic Policy for Fiduciary Duties. MUTB will also seek to serve the best interest of its customers and increase customer satisfaction by implementing various initiatives based on customer feedback obtained through questionnaires, etc.
- ◇ MUTB conducts thorough conflict of interest management with an information barrier (Chinese Wall) system and other measures, based on the anticipation that any transactions of a trust bank – which provides a wide range of products and services to its customers in an integrated manner from banking services to asset management and administration, real estate, corporate agency and succession related services – could involve a conflict of interest. MUTB will continue to further enhance its conflict of interest management to prevent customers' interest from getting undermined with no due cause while maintaining and securing their benefits of transacting with the trust bank.

## 2. Developing and providing products that satisfy customers' needs

### (1) Developing and providing products that satisfy customers' needs

[Product development and management]

- ◇ MUTB will promptly develop products that satisfy its customers' investment needs and market trends. At the same time, MUTB will implement product development based on the areas that it is not handling.
- ◇ MUTB will enhance its line of products and improve their quality by having respective expertise strengthened in departments in charge of developing and investing in the company's

in-house products and of developing and investing in products in partnership with external investment management firms.

- ✧ MUTB will satisfy its customers' diverse and global investment needs by enhancing its overseas investment product line-up through partnerships with overseas investment management companies.

### 3. Implementing customer-oriented provision of information and consultation

#### (1) Implementing customer-oriented provision of information and consultation

[Sales]

- ✧ When proposing products, MUTB selects products based on customers' knowledge, experience, financial circumstances and transaction purposes. MUTB strives to propose products that fulfill customers' needs based on their life stages and attributes. Particularly with elderly customers and customers with limited investment knowledge and experience, MUTB will propose products with lower risks.
- ✧ MUTB will provide timely and adequate follow-up services including providing customers with a market outlook, status of investments and other information needed for their investment decisions in case of considerable market fluctuations. In addition, MUTB implements initiatives on holding seminars for its customers on a regular basis.

#### (2) Providing detailed information tailored to customers' level of understanding

[Sales]

- ✧ Upon proposing products, MUTB makes efforts to explain the characteristics, risks and fees of the products as well as market trends in easy-to-understand expressions and important information highlighted by such means as larger text and coloring, thereby providing necessary and sufficient information. Moreover, MUTB utilizes tablet terminals and other devices to provide its customers with easy-to-understand information – explaining returns, losses and other risks, terms and conditions of transactions with simulations, graphic charts and other tools.
- ✧ When proposing products, MUTB seeks to make even better proposals through dialogues with its customers including presenting performance simulations on tablet terminals and other devices based on their investment goals.
- ✧ MUTB classifies products into ranked categories for product solicitation and sales that match customers' risk tolerance. Furthermore, MUTB continuously seeks to improve its account executives' sales skills and place restrictions according to their skills, establishing an adequate information provision system.

#### (3) Greater transparency in fees to contribute to customers' investment decisions

[Sales]

- ✧ MUTB adopts an approach to increase transparency in fees for each product and provide in-depth explanations to contribute to customers' investment decisions.

#### (4) Developing a performance evaluation system that suits customer-oriented approaches

[Product development and management]

- ✧ MUTB will develop a performance evaluation system that evaluates performance based on customers' benefits and needs.

[Sales]

- ✧ MUTB will develop a performance evaluation system for comprehensive evaluation of sales activities that contributes to customers' benefits and needs. Furthermore, MUTB adopts a performance evaluation system that assesses such factors as expanded customer base and continuously accumulated deposit balance in a well-balanced manner.

(5) Approach to investment education

[Product development and management]

- ◇ MUTB leverages its asset management know-how in providing a variety of investment education programs to assist customers in considering their life plans and asset building as well as in taking actions. MUTB will increase the volume of its investment education and awareness-raising activities and enrich the contents at the same time.

4. Providing line of products to meet diverse needs

(1) Provision of line of products to meet diverse needs

[Sales]

- ◇ MUTB will offer a diverse and high quality line of products that enable customers to select appropriate products according to their investment goals and risk tolerances. In addition, in order to facilitate customers' choice of products, MUTB will present the "line-up of funds available over the counter" that introduces the main products by investment asset and region, thereby assisting customers to select the funds that suit their investment goals, investment experience and risk tolerances.
- ◇ MUTB will offer a product lineup including products with low risks or low fees allowing as many customers as possible including those with little investment experiences to utilize its services. MUTB also seeks to improve convenience in the utilization of online transactions and periodic investment plans, thereby enabling customers of broad age groups to use its services.

(2) Selection of products that contribute to customers' asset building and provision of sales procedures

[Sales]

- ◇ MUTB will select products and services that contribute to customers' benefits by soliciting ideas for products from diverse investment management companies and insurance companies, as well as utilizing evaluations by third-party assessment service providers, as necessary. Furthermore, MUTB will improve its products and services based on sincerely receiving customer comments, complaints and concerns with respect to the sales of its products and services.
- ◇ MUTB adopts following approaches to preclude prioritizing the products developed by affiliated investment managers at time of "selecting products" and "sale of products" and only recommending the products with high distribution fees.

- At the time of selecting products

Taking into account the "selection points" noted below, MUTB selects products among the same types of products.

< Selection points >

- (1) Risks of products
- (2) Costs
- (3) Track record of performance
- (4) Needs of potential customers, suitability, and consistency with investment environment
- (5) Complexity of product structures, degree of difficulty in products explanations, and distribution channels
- (6) Structures to support to be provided by investment managers for training for officers and employees of distributors
- (7) Conformity with relevant laws and regulations

As a result of consideration, products developed by affiliated investment managers may be selected. In addition, also in the case of operation and management of defined contribution pension fund (DC), MUTB will clarify the process for selecting the products to be presented by the same standards as the above selection points.

- At the time of sale

MUTB does not provide excessive incentives for handling the products of its affiliated

investment managers in order to propose to the customers the products best suited to their needs. In addition, upon performance evaluation of officers and employees, MUTB does not give preference to sales of products of affiliated investment managers over the products of other investment managers. Moreover, in order to preclude offering the products with high fees to customers, the divisions in charge of risks conduct monitoring on a regular basis, thereby maintaining the activities to make appropriate proposal to customers.

## 5. Sophistication of investment for the improvement of customers' investment results

### (1) Enhancement of investment for the improvement of customers' investment results

[Product development and investment]

- ◇ MUTB seeks to fulfill its stewardship responsibilities<sup>1</sup> with respect to all investment instruments for the purpose of increasing not only returns from active investment but index-based passive investment.
- ◇ MUTB has developed a disciplined process of “Plan (investment planning) → Do (investment execution) → See (investment evaluation)” for each product based on its investment philosophy, where professionals of their respective fields participate in each part of the process to ensure organizational investment and secure investment consistency.
- ◇ MUTB ensures the best executions with respect to assets entrusted for administration and investment based on its fiduciary responsibilities through monitoring conducted by both trust asset management and supervisory departments.

### (2) Ensuring independence and transparency in investment management

[Product development and investment]

- ◇ Given the fact that MUTB has, in its organization, both trust asset management and corporate business departments, it secures independence of and transparency in its investment management business as an investment management institution with an adequate governance system established.
- ◇ In addition to thoroughly controlling conflicts of interest with the conventional Chinese Wall, MUTB will further increase the effectiveness of its stewardship activities as an investment management company.

[Main contents]

< Reinforcing governance and conflict-of-interest control as an investment management institution >

- Commencing the full-scale operation of “Stewardship Committee” – an organizational body under the supervision of the Board of Directors with external, third-party figures comprising a majority of its membership – which was newly set up in March 2017 to check the adequacy and legitimacy of voting right exercises, engagement activities and investment actions in MUTB's trust asset management business in terms of securing and maximizing investors' interest;
- To block the risk of any influence from corporate business departments on trust asset management departments in Asset management and Investor ServicesUnit, prohibiting personnel transfer of any individual to an asset management department who has, within the past 5 years, belonged to a sales department that has direct contacts with corporate customers;
- To prevent any influence from being exercised on voting right exercises or investment judgement and to block non-disclosure information etc., setting explicit rules (in principle, prohibiting direct contacts between an investment management department and another department that is not directly related in investment management business); and
- Reinforcing the monitoring of voting right exercise and other processes conducted by Asset management and Investor ServicesUnit as well as other divisions outside Asset management and Investor ServicesUnit to block any influence from other business units and to reinforce

the effectiveness of information blocking system

< Enhancing disclosure of voting right exercises >

- To improve transparency relating to stewardship activities as an investment management institution through strengthening its governance, we disclose the pros and cons of proposals by agenda related to all the issues, among the Japanese equities that we manage, on which voting instructions are given based on the Voting Right Exercise Guideline, as well as the grounds for judgment in case of instructions for cons (instructions for pros in case of shareholder proposals)

< Disclosing MUTB's policy for engagement activities undertaken in passive investment >

- Disclosing MUTB's policy for engagement activities in passive investment undertaken based on certain criteria (e.g, low ROE and market capitalization)

< Enhancing self-assessment concerning stewardship activities of the investment management institution >

- Disclosing self-assessments of voting right exercises and engagement activities based on external, third-party reviews of their policies and results

## 6. Improving quality of comprehensive asset administration services to support customers' asset management

### (1) Improvement of quality of comprehensive asset administration services to support customers' asset management

[Asset administration]

- ◇ Making it a principle to prioritize trust and confidence of customers, MUTB adequately and swiftly matches customers' diverse needs not only in Japan but across the globe.
- ◇ MUTB proactively seeks to develop new areas of and new technologies for asset administration services and thereby to efficiently provide customers with the highest quality of comprehensive asset administration services.
- ◇ MUTB provides comprehensive asset administration services to match customers' diverse and global investment needs, utilizing MUFG Group's overseas network as well as a variety of overseas custodians.

### (2) Providing a broad range of information about asset administration

[Asset administration]

- ◇ MUTB researches and monitors relevant countries' laws and regulations (including tax systems) relating to asset administration and provides customers with such market information in an extensive and timely manner including its impacts on customers to support their efficient asset management.

## 7. Providing financial services leveraging the Group's comprehensive capabilities

[Sales]

- ◇ MUTB strives to make proposals by leveraging the comprehensive capabilities of Group companies including MUFG Bank and Mitsubishi UFJ Morgan Stanley Securities to fulfill diverse needs of the customers. Moreover, MUTB will satisfy the changing needs of customers by conducting proposal activities on an ongoing basis that reflect customer's intentions.
- ◇ MUTB makes comprehensive proposals not only on investment products but also on lending and support for inheritance and succession according to customers' life cycles and needs.

## 8. Establishing a structure enabling comfortable, secure and safe transactions

[Sales]

- ◇ MUTB seeks to increase convenience for customers based on the notion of "open innovation"

by proactively utilizing technologies and ideas acquired at home and abroad in cooperation with external parties and research institutions, such as additional services and functions in digital channels.

- ✧ Using devices such as tablet terminals, MUTB will strive to further increase convenience for customers by simplifying the procedures and speeding up the responses, as well as making better proposals.
- ✧ MUTB puts a framework in place to enhance security of Internet banking system day by day enabling customers to make transactions online with a sense of security.

[Asset administration]

- ✧ MUTB has introduced a globally-renowned state-of-the-art system and strives to provide comprehensive asset administration services utilizing cutting-edge technologies in various derivative transactions, mark to market valuations, provision of risk management information and on-demand information disclosure.

## 9. Exertion of professionalism

[Product development and investment]

- ✧ MUTB fosters professional human resources by formulating and implementing capacity building programs for the purpose of strengthening investment capabilities to provide products and services that are truly chosen by customers, offering extensive training programs for various levels of expertise.
- ✧ MUTB has an articulated remuneration system in place for fund managers who are required to possess a high degree of expertise.

[Sales]

- ✧ MUTB seeks to strengthen its staff's knowledge and skills in relation to products and investment environment through providing them with training and encouraging them to obtain outside professional qualifications, thereby developing expertise as professionals. Furthermore, MUTB makes efforts to improve quality of its officers and employees by encouraging the persons in charge of visiting individual customers to acquire qualifications including financial planner (FP). At the same time, MUTB strives to improve the knowledge and skills of its officers employees concerning products and investment environment by providing various training programs depending on their experience and level of positions.

[Asset administration]

- ✧ MUTB seeks to provide comprehensive asset administration services that are truly chosen by customers by providing its directors and employees with opportunities and workplaces where they enhance their expertise and unleash their capabilities and by having each of them grow as a professional recognized in the market.

1. "Stewardship responsibilities" refers to the responsibilities of institutional investors to enhance the medium-to long-term investment return for their clients and beneficiaries (including ultimate beneficiaries) by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment.

## [Implementation status]

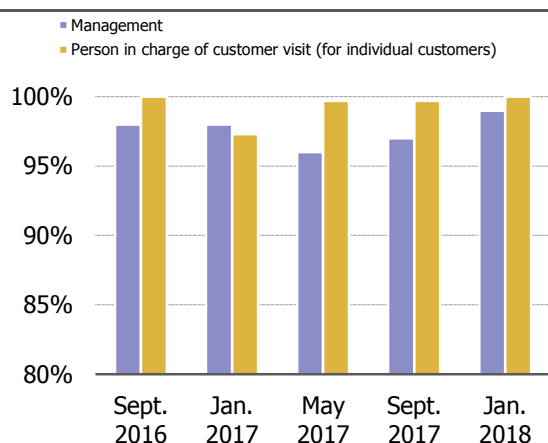
MUTB will regularly disclose the degree of adoption of customer-oriented undertakings including its initiatives for further improvement of products and services while reviewing its initiatives as needed.

### 1. [Sales]

#### Initiatives for improvement of quality of officers and employees, and for customer-oriented information provision and consultation

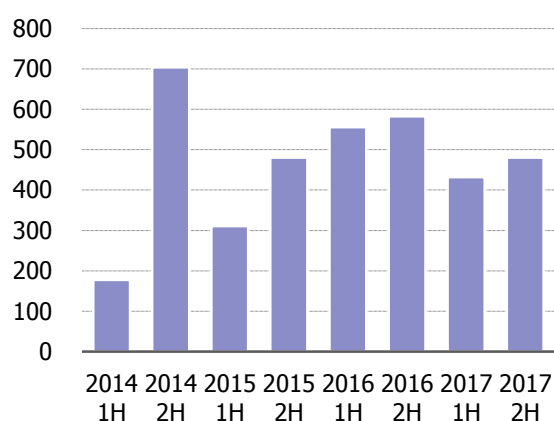
- FP2-level qualification<sup>1</sup> acquisition rates among its staff remain high and are further increasing. MUTB thus strives to maintain and enhance their expertise continuously as professionals.
- MUTB strives to implement customer-oriented information provision and consultation based on increased customer contacts including holding approximately 800 to over 1,100 seminars for its customers.

【Fig.1】FP2-level qualification<sup>1</sup> acquisition rate



1. FP2-level qualification: 2nd grade certification as Certified Skilled Worker of Financial Planning and/or AFP qualification

【Fig.2】Number of seminars held for customers<sup>2</sup>



2. Aggregated number of seminars for customers held

#### Improving Product Lines

- Regardless of affiliated investment managers, MUTB strives to enhance its product lineup to meet diverse customer needs. Out of the 259 investment trust funds that MUTB handles (as at the end of March 2018), 47 are no-load funds.
- Despite the continuously low interest rates causing suspension of the sale of some life insurance products, MUTB continues seeking to maintain and enhance its product line-up to meet diverse customer needs.

【Fig.3】Investment trust fund lineup (End-Mar. 2018)<sup>3</sup>

| Category            | No. of products handled | Ratio of products handled |
|---------------------|-------------------------|---------------------------|
| Japanese bonds      | 7                       | 0                         |
| Japanese equity     | 39                      | 15%                       |
| Global bonds        | 85                      | 33%                       |
| Developed countries | 52                      | 20%                       |
| High yield          | 12                      | 5%                        |
| Emerging markets    | 21                      | 7%                        |
| Global equity       | 45                      | 17%                       |
| Developed countries | 33                      | 13%                       |
| Emerging markets    | 12                      | 4%                        |
| REIT                | 23                      | 9%                        |
| Balanced type       | 56                      | 22%                       |
| Others              | 4                       | 2%                        |
| <b>Total</b>        | <b>259</b>              | <b>100%</b>               |
| No-load products    | 47                      | 18%                       |

- 3.
- Investment trust funds sold over the counter (including funds sold only through online banking service).
  - Open-end domestic investment trust funds only (excluding off-shore investment trust funds and unit-type money pool funds)
  - A currency selection-type fund is counted as one with its different classes combined

【Fig.4】Life insurance product lineup (End-Mar. 2018)

| Product type             | No. of products handled | Ratio of products handled |
|--------------------------|-------------------------|---------------------------|
| JPY denominated          | 9                       | 45%                       |
| Investment-type pension  | 0                       | 0%                        |
| Fixed annuity pension    | 2                       | 0%                        |
| Whole life               | 7                       | 35%                       |
| Nursing care and medical | 0                       | 0%                        |
| Non-JPY denominated      | 11                      | 55%                       |
| Investment-type pension  | 3                       | 15%                       |
| Fixed annuity pension    | 3                       | 15%                       |
| Whole life               | 5                       | 25%                       |
| <b>Total</b>             | <b>20</b>               | <b>100%</b>               |

| Product type                 | No. of products handled | Ratio of products handled |
|------------------------------|-------------------------|---------------------------|
| Whole life                   | 2                       | 40%                       |
| Term                         | 0                       | 0%                        |
| Medical and cancer treatment | 1                       | 20%                       |
| Educational endowment        | 0                       | 0%                        |
| Pension and endowment        | 1                       | 20%                       |
| Nursing care                 | 1                       | 20%                       |
| <b>Total</b>                 | <b>5</b>                | <b>100%</b>               |

| Products for which handling fees are disclosed <sup>4</sup> | 16 | 64% |
|---|----|-----|
|---|----|-----|

4. Disclosure of fees for specified insurance policies started in Oct. 2016

## Improving Product Lines

- MUTB strives to provide accurate information to enable customers to choose various products that suit their needs. Over the last five years, the sales ranking of investment trust funds has significantly changed. Sales of MUFG Fund Wrap and balanced-type funds, that contribute to mid-to-long-term as well as diversified investments, are in increase and positioned in the top rank.
- Regardless of affiliated investment managers, MUTB makes proposals that suit customers' needs. Currently, due to an increase in the sales of MUFG Fund Wrap and balanced-type funds, the amount of distribution of the products launched by affiliated investment managers is increasing. MUTB will continue making efforts to provide the products that are best suited to customers' needs, regardless of whether such products are launched within or outside the group.
- MUTB is making efforts to enhance user-friendliness of Internet transactions so that the customers with limited access to branches can subscribe to funds. The number of subscription of investment trust funds through Internet banking is on the rise.

【Fig. 5】Top10 Investment Trust Funds<sup>5</sup> in Distribution Amount and Ratio of Distribution Amount

FY2012

| No | Fund Name  | Category <sup>6</sup> | Monthly dividend | Distribution ratio |
|----|--|-----------------------|------------------|--------------------|
| 1  | Nissay J-REIT Fund (Monthly Settlement Type)                           | Satellite             | ○                | 12%                |
| 2  | Mitsubishi UFJ Global Bond Open (Monthly Settlement Type)              | Satellite             | ○                | 9%                 |
| 3  | Fidelity US High Yield Fund  | Satellite             | ○                | 9%                 |
| 4  | Mitsubishi UFJ Emerging Bond Fund Currency Series (BRL) (Monthly Type) | Satellite             | ○                | 8%                 |
| 5  | MUAM PIMCO Emerging Bond Open b (JPY Hedged)                           | Satellite             | ○                | 7%                 |
| 6  | Tokio Marine Yen Denominated Investment Grade Bond Fund (Monthly Type) | Core                  | ○                | 4%                 |
| 7  | Kokusai Emerging Sovereign Open (IM) Yen Hedged                        | Satellite             | ○                | 4%                 |
| 8  | Kokusai World REIT Open (1M)   | Satellite             | ○                | 4%                 |
| 9  | Mitsubishi UFJ Emerging Bond Fund Currency Series (AUD) (Monthly Type) | Satellite             | ○                | 4%                 |
| 10 | UBS(JP) Global Convertible Bond Fund 2012-09 (JPY Hedged)              | Satellite             | ○                | 4%                 |

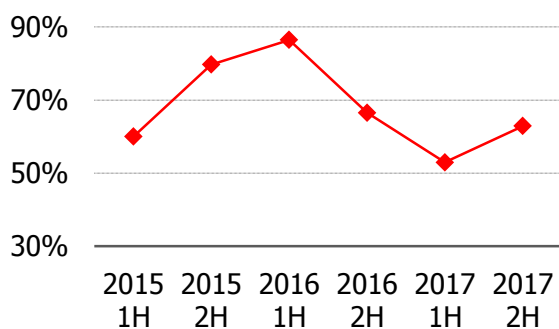
FY2017 2H

| No | Fund Name  | Category <sup>6</sup> | Monthly dividend | Distribution ratio |
|----|--|-----------------------|------------------|--------------------|
| 1  | MUFG Fund Wrap Accounts  | Basic                 |                  | 14%                |
| 2  | Trend Allocation Open  | Basic                 |                  | 12%                |
| 3  | GS Emerging Currency Bond Fund   | Advanced              | ○                | 6%                 |
| 4  | Mitsubishi UFJ Index 225 Open  | Basic                 |                  | 6%                 |
| 5  | Blue Chip Japan Equity Fund  | Advanced              |                  | 4%                 |
| 6  | Fidelity US High Yield Fund  | Advanced              | ○                | 4%                 |
| 7  | UBS Public Interest and Financial Related Corporate Bond Fund (Unhedged) | Advanced              | ○                | 4%                 |
| 8  | Australia Dollar Monthly Dividend Fund                                   | Advanced              | ○                | 3%                 |
| 9  | Nissay Australia High Income Equity Fund (Monthly Settlement)            | Advanced              | ○                | 3%                 |
| 10 | Europe High Yield Bond Fund Currency (Unhedged)                          | Advanced              | ○                | 3%                 |

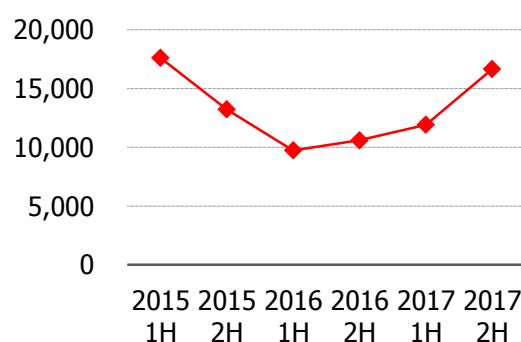
5. Sum of investment trust funds distributed over the counter (including the funds distributed only through online banking service)

6. "Basic" products include: a balanced type fund that adjusts asset allocation depending on investment environment; a fund managed with high-yield bond by reducing exchange fluctuation risks; and an equity fund managed with indices. These products are targeted for the customers who newly start asset management and who desire basic products to incorporate into their portfolio. Meanwhile, "advanced" products denote active funds investing in specific countries and/or regions, which widely satisfy the customers who wish to invest by incorporating specific portfolios. In addition, we have redefined the category of products as follows. Previously, the funds positioned as the core of stable asset management were categorized into "Core" products, and the funds, including active type funds, focusing more on profitability were positioned as "Satellite" products. However, we have changed each category to "Basic" and "Advanced", respectively, for the purpose of presenting easier-to-understand line-ups.

【Fig. 6】 Ratio of distribution of amount of products launched by affiliated investment managers



【Fig. 7】 Number of deals closed for investment trust funds via Internet banking

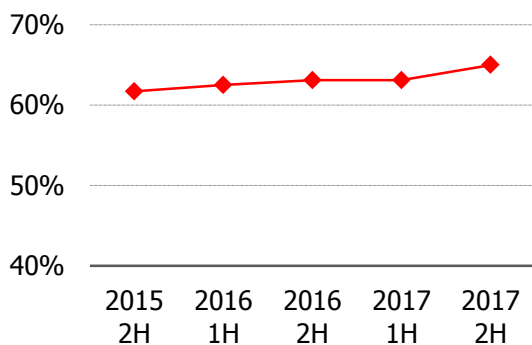




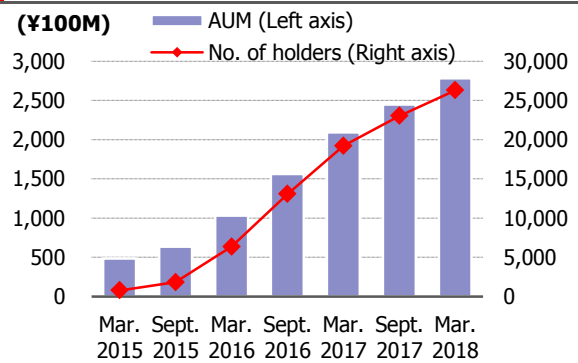
## Implementing customer-oriented provision of information and consultation

- MUTB is making proposals focusing on long-term diversified investments so that customers can enjoy stable fund performance.
- Specifically, MUTB is making proposals for holding multiple investment products including fund wrap and balanced-type funds from the perspective of asset diversification and currency diversification, as well as Investment Trust Tsumitate (regular saving) plan and Tsumitate NISA from the viewpoint of time diversification and long-term holding.
- The number of customers and deposit balance of wrap accounts are increasing every fiscal year, thanks to solid distribution of wrap accounts that are effective in medium- to long-term investment as well as in diversified investment.
- Optimizing its strength unique to trust bank, MUTB responds to diverse customer needs by not only providing asset management services but also holding consultation meetings on inheritance and real estate.

【Fig. 8】 Ratio of dividend amount out of balance of investment trust funds<sup>7</sup>



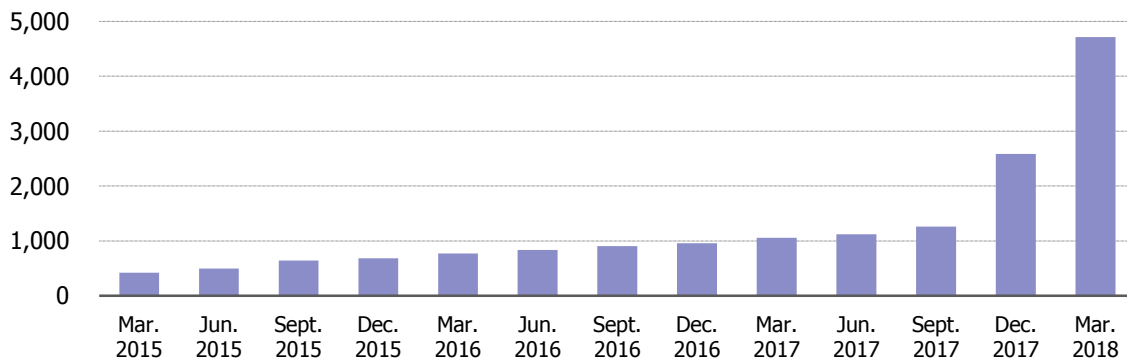
【Fig. 9】 Number of wrap account holders and the balance<sup>8</sup>



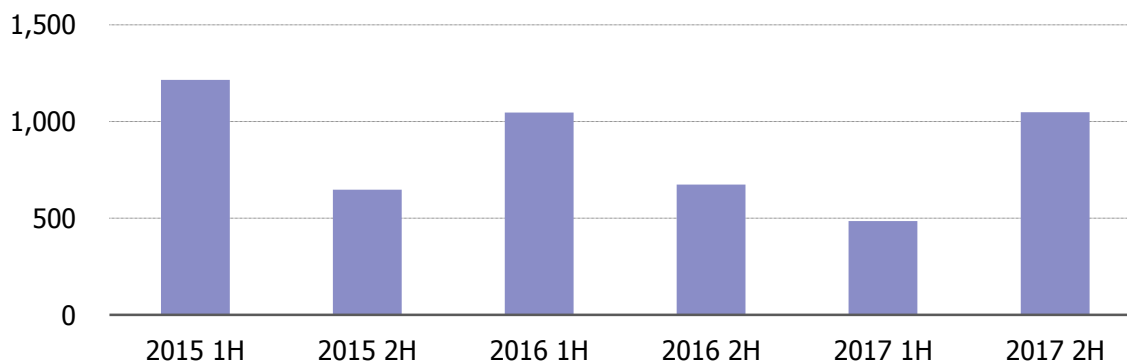
7. Average holding period is the result of dividing the average balance of investment trust funds held by the cumulative total of cancellation/redemption amount (for the past one year, respectively)

8. Wrap accounts include “managed accounts (Private Accounts and etc.) and “Mitsubishi UFJ Fund Wrap Accounts”.

【Fig. 10】 Number of holders of Periodic Investment and Tsumitate NISA



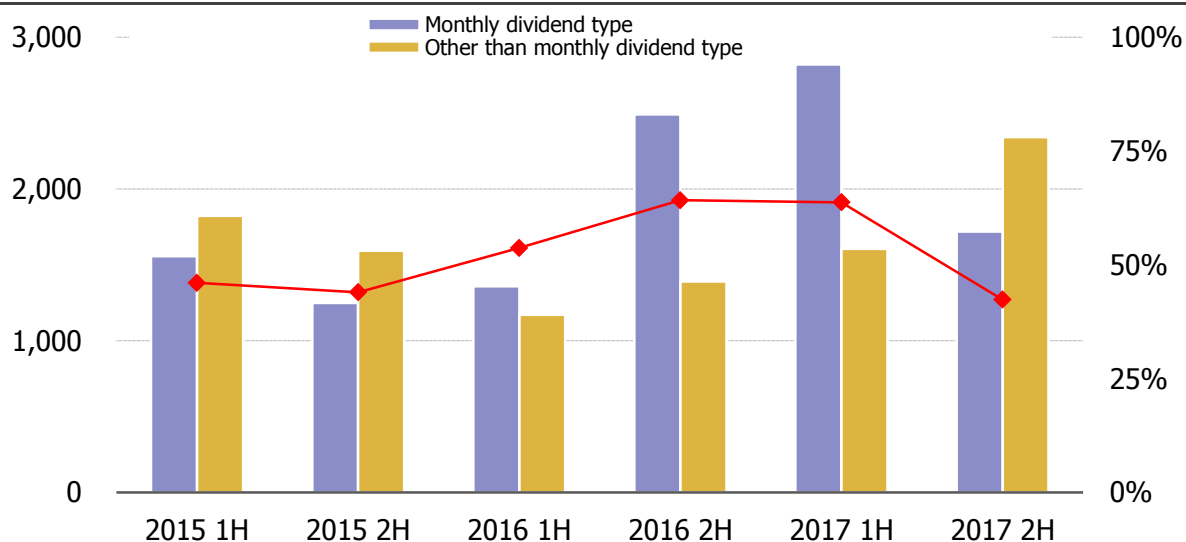
【Fig. 11】 Changes in the number of participants in individual consultation meetings on inheritance and real estate



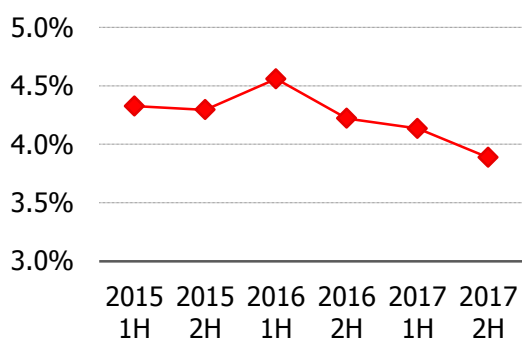
### Implementing customer-oriented provision of information and consultation

- MUTB is increasing the number of less-frequent settlement-type products (i.e. annual or semi-annual settlement) in addition to monthly dividend-type products in order to meet various needs of customers. Moreover, MUTB will make efforts to provide customers with information by creating materials where the difference between a monthly dividend-type product and a less-frequent settlement-type product is explained in an easy-to-understand manner.
- The average period for holding investment trust funds has become longer thanks to a steady increase in the sales of MUFG Fund Wrap.

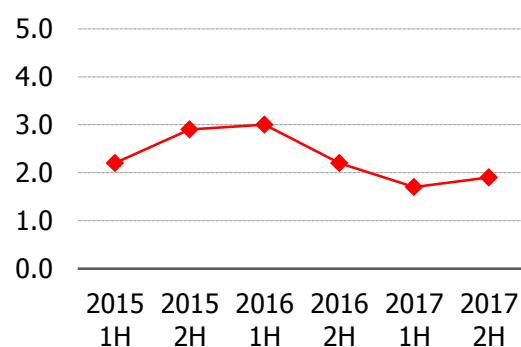
【Fig. 12】 Amount of distribution of monthly dividend type products (JPY100M) out of investment trust funds<sup>5</sup> and comparison with other funds



【Fig. 13】 Ratio of dividend amount<sup>9</sup> out of balance of investment trust funds<sup>5</sup>



【Fig. 14】 Average period (per annum)<sup>10</sup> of holding investment trust funds<sup>5</sup>



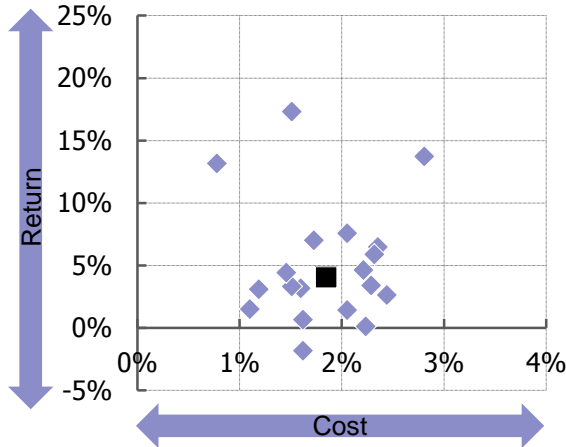
9. Dividend amount was calculated by totalling the receipt of dividends and re-investments.

10. Average holding period is the result of dividing the average balance of investment trust funds held (sum total of Fund Wrap) by the cumulative total of cancellation/redemption amount (for the past one year, respectively).

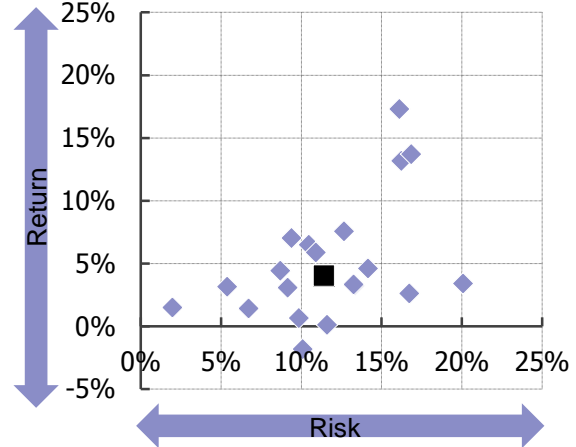
## Providing Stable Fund Performance ①

- Among top 20 AUM funds with the set period of five years or over, returns on 16 funds surpass costs. Bond funds that relatively minimize risks compared with equity and REIT funds account for the majority of top position in terms of balance.

【Fig. 15】Cost/return<sup>12</sup> on AUM of Top 20 investment trust funds<sup>11</sup> [Common KPI]



【Fig. 16】Risk/return<sup>12</sup> on AUM of Top 20 investment trust funds<sup>11</sup> [Common KPI]



11. As at the end of March 2018: Top 20 AUM confining to the funds with the set period of five years or over

12. Cost: Distribution fee/5 + Trust fee rate; Risk: Average deviation of monthly return for the last five years (Annual basis)  
Return: Total return for the last five years (Annual basis)

| Fund Name  | Cost  | Risk   | Return |
|--|-------|--------|--------|
| 1 Mitsubishi Hana-Koyomi   | 1.62% | 9.87%  | 0.65%  |
| 2 Fidelity US High Yield Fund  | 2.35% | 10.48% | 6.48%  |
| 3 Kokusai World REIT Open (1M)   | 2.21% | 14.17% | 4.61%  |
| 4 Australian Dollar Monthly Income Fund  | 1.62% | 10.09% | -1.82% |
| 5 Nissay J-REIT Fund (Monthly Settlement Type)   | 1.51% | 13.33% | 3.27%  |
| 6 GS Emerging Local Currency Debt Fund   | 2.24% | 11.62% | 0.12%  |
| 7 Kokusai Trend Allocation Open  | 1.60% | 5.38%  | 3.15%  |
| 8 Mitsubishi J-REIT Open (3 Months Type)   | 1.51% | 13.26% | 3.32%  |
| 9 Japan Blue Chip Fund   | 1.51% | 16.13% | 17.30% |
| 10 Nissay Australia High Income Equity Fund (Monthly Settlement Type)                        | 2.44% | 16.74% | 2.61%  |
| 11 TMA JPY Investment Grade Bond Fund (Monthly)  | 1.10% | 1.99%  | 1.50%  |
| 12 Mitsubishi Index 225 Open   | 0.78% | 16.24% | 13.16% |
| 13 Nomura Japan-US REIT Fund   | 2.05% | 12.67% | 7.57%  |
| 14 UBS (JP) Global Conservative Sector Corporate & Financials Bond Fund (w/o currency hedge) | 1.46% | 8.70%  | 4.43%  |
| 15 Kokusai Global Health Care & Bio Fund   | 2.81% | 16.85% | 13.71% |
| 16 LM USD Monthly Distribution Fund  | 1.19% | 9.17%  | 3.08%  |
| 17 Mitsubishi UFJ Emerging Bond Fund currency Series (BRL)                                   | 2.29% | 20.08% | 3.40%  |
| 18 PIMCO Emerging Bond Open B (Currency Hedged)  | 2.05% | 6.74%  | 1.43%  |
| 19 MUAM Euro High Yield Bond Fund (Unhedged)   | 2.32% | 10.92% | 5.88%  |
| 20 Mitsubishi Balanced Income Open   | 1.73% | 9.39%  | 7.02%  |
| Weighted average balance (■)   | 1.85% | 11.40% | 4.05%  |
| 【Ref.】MUFG Fund Wrap (Course in Seeking Stable Income) <sup>13</sup>                         | 1.51% | 3.21%  | 3.72%  |

13. Discretionary investment management funds handled by Mitsubishi UFJ Trust and Banking (i.e. MUFG Fund Wrap, asset management account) are posted. Figures released for MUFG Fund Wrap concern “Course in Seeking Stable Income” which has the largest number of account holders. Due to the impossibility of calculation by the definition of “FSA comparable common KPI”, calculation is made based on the following definition:

①Risk, return: As it has been less than five years since the launch of MUFG Fund Wrap, the simulation in the case of management with the same method as that for Course in Seeking Stable Income is used. Following ②Costs are deducted from the subject returns.

②Costs: Costs are defined as follows:

【Trust fee】Average fund composition of each asset is calculated based on the simulation, thereby calculating the weighted average of trust fee for the funds currently invested in.

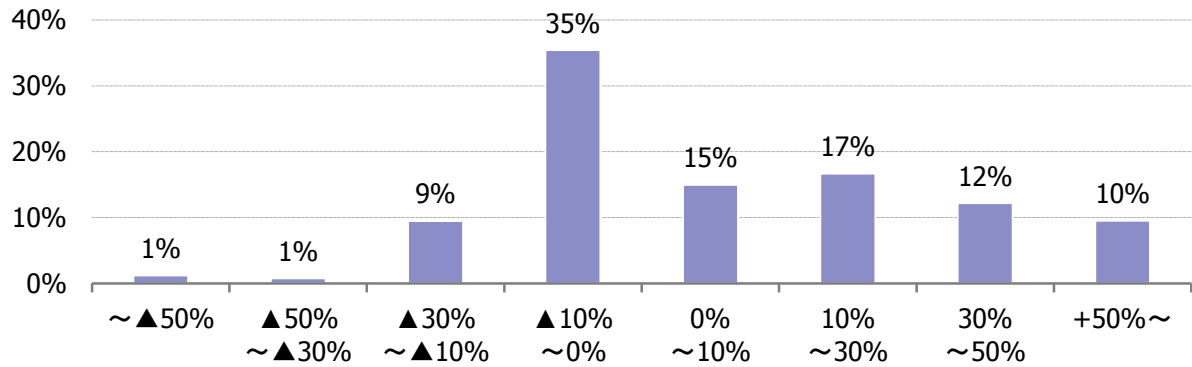
【Discretionary investment management fee】Highest rate of fixed compensation; calculation is made by applying 70% of long-term holding discount rate in and after the third year.

### Providing Stable Fund Performance ②

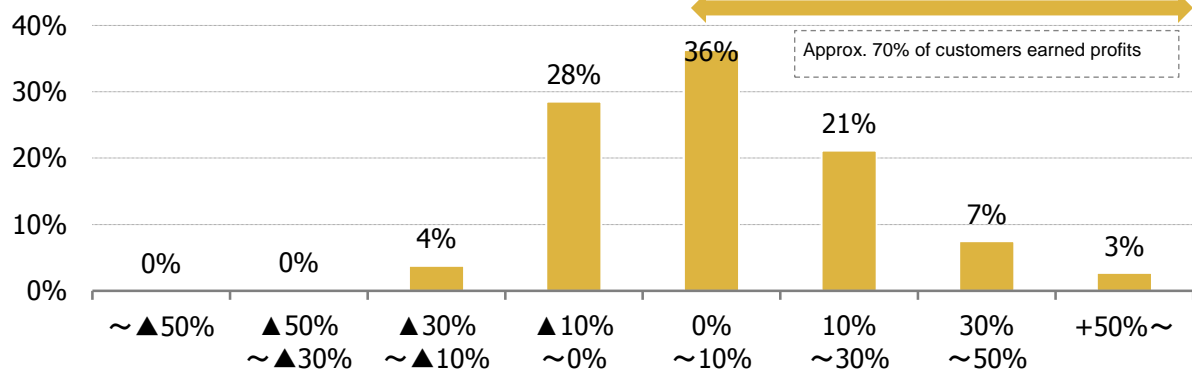
- Approximately 70% of the customers earned profits among those who hold investment trust funds at the end of March 2018 regarding the status of cumulative gains/losses since the start of the investment including the products sold and redeemed in the past.

【Fig. 17】Ratio of customers by gain/loss on fund performance<sup>14</sup>

[Common KPI]



【Fig. 18】Ratio of customers by gain/loss on fund performance incl. realized gain/loss<sup>14</sup>



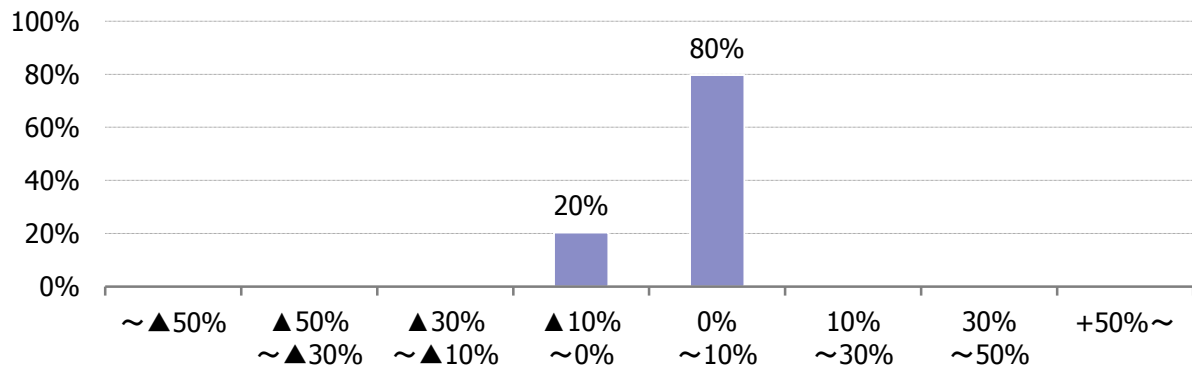
14. As at the end of March 2018. Denominators when calculating customer ratio by fund gain/loss: 【Fig. 17】Fair market valuation amount; and 【Fig. 18】Cumulative purchase amount.  
 【Fig. 18】Realized losses/gains are applicable to investment trust funds sold or redeemed since June 2006.

### Providing Stable Fund Performance ③

- For Fund Wrap, the customers who earned profits account for 80% of the total thanks to the stable investment performance.

【Fig. 19】Ratio of customers by gain/loss on performance of Fund Wrap<sup>15</sup>

[Common KPI]

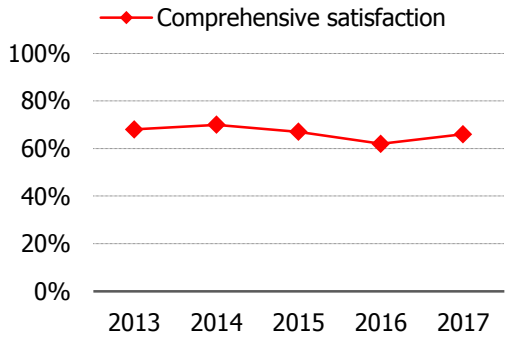


15. As at the end of March 2018  
 ①MUFG Fund Wrap total return  
 【Calculation formula】 (1) Monthly earnings ratio =  $(1+r_1)(1+r_2)\cdots(1+r_n)-1$  ※ $r_1\sim r_n$ : Each daily earnings ratio  
 (2) Multiply the above (1) by a few months of investment period  
 Earnings ratio for the period  $(1+R_1)(1+R_2)\cdots(1+R_N)-1$  ※ $R_1\sim R_N$ : Each monthly earnings ratio  
 ②Total return on asset management account  
 【Calculation formula】 Fair market valuation amount on base date ÷ Investment principal ※Investment principal: Taking into consideration partial payment and additionally increased amount

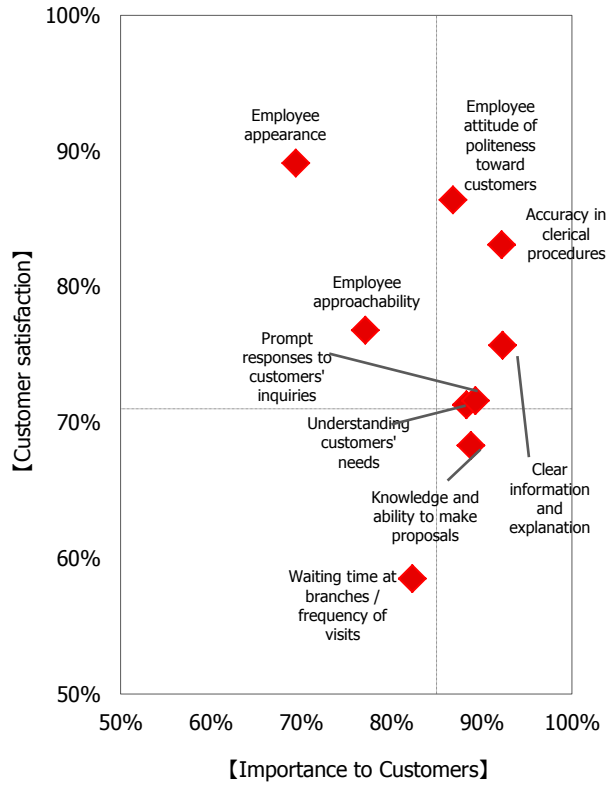
## Implementing customer-oriented information provision and consultation

- To confirm the adoption of customer-oriented undertakings, MUTB regularly conducts customer satisfaction surveys to directly obtain customer feedback, which indicates a high level of satisfaction on a comprehensive basis. MUTB nevertheless seeks to further improve customer satisfaction and thereby to continue to meet customer expectation.
- The number of cases where improvement was made based on customer feedback is steadily increasing every year on a cumulative basis.

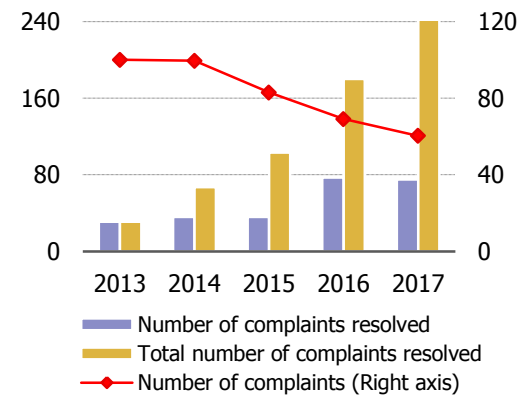
【Fig.20】Satisfaction survey<sup>16</sup>



【Fig.21】 Degree of emphasis on and satisfaction in aspects of person-in-charge's customer services<sup>16</sup>



【Fig.22】 Number of improvements based on customer feedback<sup>17</sup>



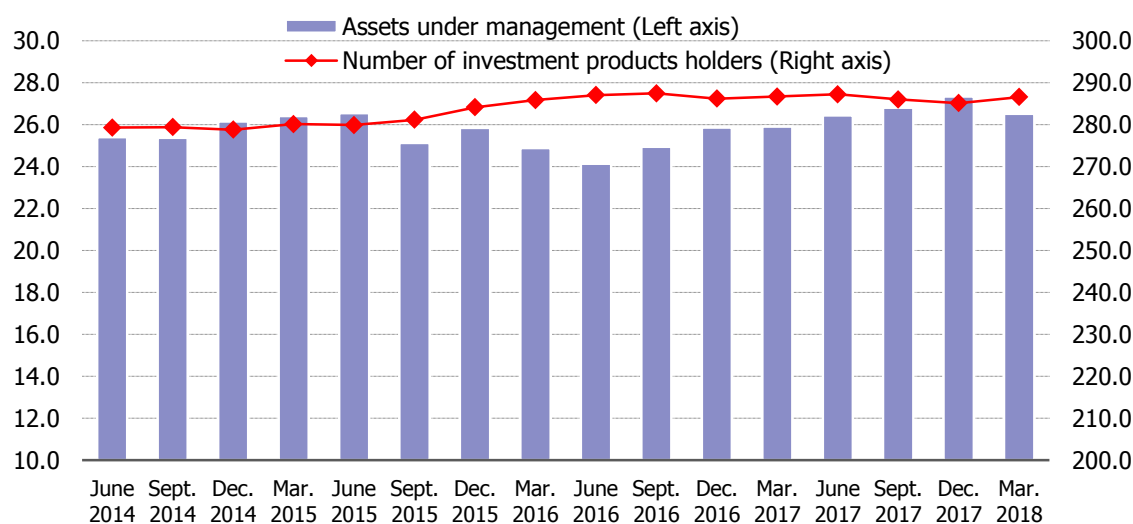
16 [Fig. 20&21] Survey outline and subject customers: Randomly selected individual customers (Questionnaires postal-mailed to approx. 2,500 customers and responded by approx. 1,800). / Comprehensive satisfaction: The ratio of responses indicating “satisfactory” or “fairly satisfactory” on a comprehensive basis regarding various transactions with MUTB. / Degree of satisfaction in aspects of person-in-charge's customer services: The ratio of responses indicating “satisfactory” or “fairly satisfactory” with respect to each question; / Degree of emphasis on aspects of person-in-charge's customer services: The ratio of responses indicating “Highly emphasis” or “emphasis ” with respect to each question;

17 [Fig. 22] Number of complaints: Indexed with FY2012 value as 100

### Ensuring customer-oriented approach (Track records)

- Under MUFG Basic Policy for Fiduciary Duties, MUTB seeks to establish a framework capable of providing “full financial services” where MUFG has its strength on a group integrated manner, in order to ensure the customer-oriented approach and to promote shifts” from savings to investment”.
- Assets under management for both MUFG group combined and MUTB non-consolidated are declining in response to an impact of factors in market value due to the changes in the current market trend; however, the number of holders of investment products continues showing an increasing trend, however slow it is.

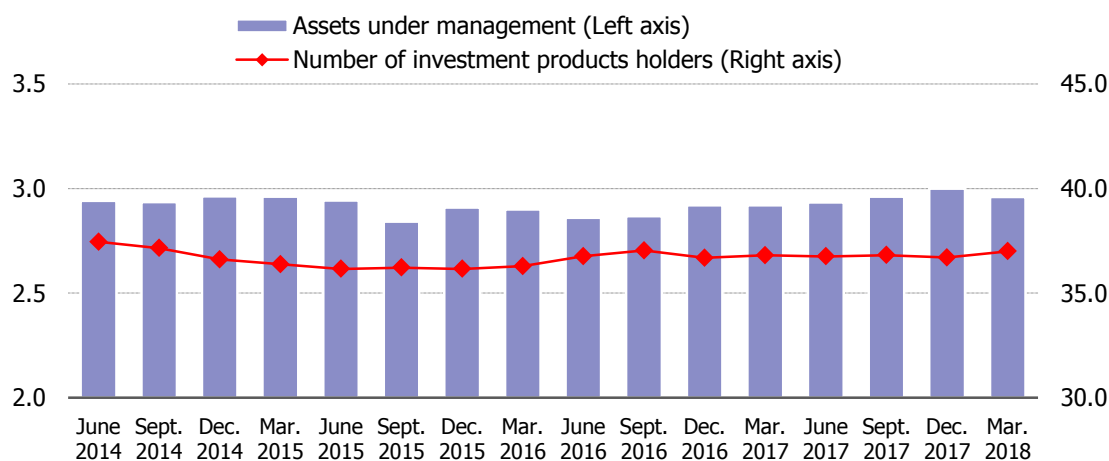
【Fig.23】 MUFG<sup>18</sup>: Changes in AUM (Left axis: JPY1.0 trillion) and number of investment products holders (Right axis : Ten thousand people)<sup>19</sup>



18. MUFG Bank, Mitsubishi UFJ Trust and Banking, Mitsubishi UFJ Morgan Stanley Securities, Mitsubishi UFJ PB Securities, and kabu.com Securities.

19. Track record of transactions with individual customers on a managerial accounting basis.

【Fig. 24】 MUTB: Changes in AUM (Left axis: JPY1.0 trillion) and number of investment products holders (Right axis: Ten thousand people)<sup>20</sup>



Nikkei  
Stock  
Average  
(Closing  
Price)

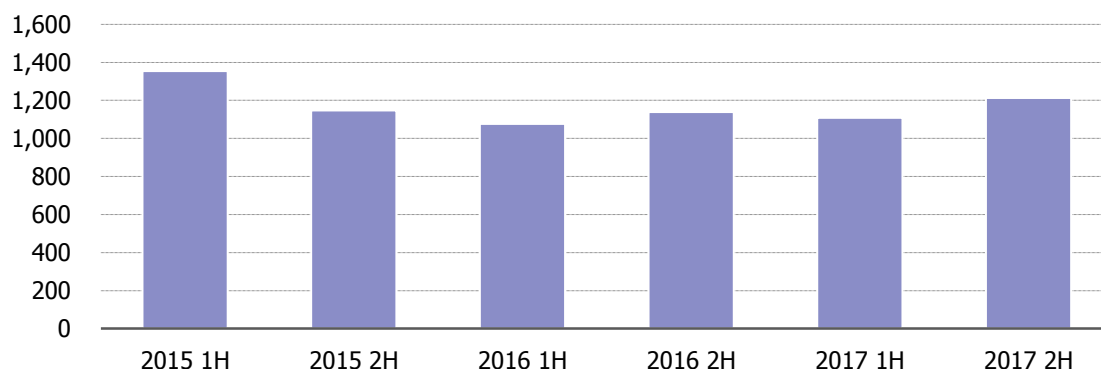


20. Track records of transactions with individual customers are on display.  
AUM: Calculated by totaling the balance of assets under management of investment products.  
Investment products holders: Aggregated by each holder in the name of customer (Customer who holds more than one products is counted as one.)

2. [Product development and investment] [Asset administration]

| Enhancing stewardship activities |   |
|----------------------------------|---|
| ■                                | As part of its stewardship activities, MUTB strives to continue dialogues (engagements) with its portfolio companies.   |
| ■                                | MUTB set up “Stewardship Committee” on April 1, 2017 with external third-party figures comprising the majority of its membership, thereby establishing a framework to verify the adequacy and appropriateness of its stewardship activities to secure the maximization of investors’ interests. |
| ■                                | MUTB will continue seeking to enhance its stewardship activities for maximizing investors’ interests based on the verification by Stewardship Advisory Council from the viewpoint of the third party.   |

【Fig.1】Number of dialogues (engagements) held with companies by the divisions in charge of asset management <sup>1</sup>



1. Number of direct dialogues held with companies including individual meetings.

| Evaluation by customers |  |
|-------------------------|--|
| ■                       | In the area of product development and investment, MUTB checks the degree of adoption of customer-oriented undertakings based on results of surveys conducted by external rating agencies that reflect feedback from institutional investors, MUTB’s customers. It seeks to further improve it and thereby to continue to meet customer expectation. |

【Fig.2】“Pension Customer Satisfaction Survey” by R&I<sup>2</sup>  
Aggregated results (Comprehensive satisfaction)

|               | Comprehensive satisfaction <sup>2</sup> | Overall ranking (Population <sup>3</sup> ) |
|---------------|---|--|
| <b>FY2017</b> | 3.64                                    | 2 <sup>nd</sup><br>(16 companies)          |
| <b>FY2016</b> | 3.58                                    | 5 <sup>th</sup><br>(14 companies)          |
| <b>FY2015</b> | 3.70                                    | 1 <sup>st</sup><br>(14 companies)          |
| <b>FY2014</b> | 3.57                                    | 6 <sup>th</sup><br>(15 companies)          |

【Fig.3】Number of funds that received R&I Fund Awards<sup>4</sup>  
(From 2015 to present)

|               | Number of awarded funds |
|---------------|-------------------------|
| <b>FY2018</b> | 2                       |
| <b>FY2017</b> | 3                       |
| <b>FY2016</b> | 1                       |
| <b>FY2015</b> | 0                       |

2. Targeted asset management companies: those who received responses from more than 50 customers; average score where the total scores are divided by the number of responses (on a scale of 1 to 5).

3. Asset management companies that received responses from more than 50 customers.

4. “R&I Fund Award” is presented to provide reference information based on the historical data that R&I believes to be reliable (however, its accuracy and integrity are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or to guarantee their future performance. The subject award is not the credit rating business, but one of the other lines of business (businesses excluding credit rating business as well as the business other than ancillary businesses) as set forth under Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect credit rating activities. Intellectual property rights including copyright and all other rights in the subject award are the sole property of R&I, and any unauthorized copying and reproduction are prohibited.

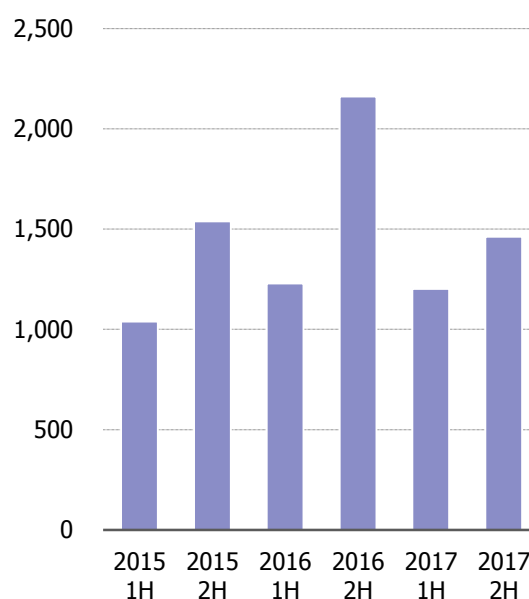
### Investment education initiatives

- In September 2015 MUTB set up an Investment Education Office within its Asset management and Investor Services Division, a specialized organizational unit for conducting investment education and awareness raising activities, that is hosting seminars for customers and implementing other relevant activities. In order to further enhance such activities, in October 2017, we merged Investment Education Office and relevant organizations, thereby newly establishing Asset Building Advisory Division.
- Furthermore, MUTB conducts online awareness raising activities on its website, “Investment Education Web,” where 85 contents are currently available (as at the end of March 2018).
- MUTB will continue seeking to further enhance education programs based on customers’ voice.

【Fig.4】Number of contents and brief description of main contents of Investment Education Web

| Period                          | No. of contents | Description of additional contents  |
|---------------------------------|-----------------|---|
| <b>2015 1H</b><br>(At start-up) | 3               | <ul style="list-style-type: none"> <li>■ Short movie on the ABC of financial planning</li> <li>■ Simulation tool</li> </ul>                     |
| <b>2015 2H</b>                  | 9               | <ul style="list-style-type: none"> <li>■ 3-minute movie</li> <li>■ Column</li> </ul>  |
| <b>2016 1H</b>                  | 21              | <ul style="list-style-type: none"> <li>■ Comics to understand financial planning</li> </ul>   |
| <b>2016 2H</b>                  | 39              | <ul style="list-style-type: none"> <li>■ Contents in relation to iDeCo</li> <li>■ The ABC of financial planning</li> </ul>                      |
| <b>2017 1H</b>                  | 62              | <ul style="list-style-type: none"> <li>■ Comics to understand iDeCo</li> <li>■ Shintaku Quest ~ Story of sword, magic and money</li> </ul>      |
| <b>2017 2H</b>                  | 85              | <ul style="list-style-type: none"> <li>■ Chapter 2 of Shintaku Quest (Final chapter)</li> <li>■ Video on history of investment trust</li> </ul> |

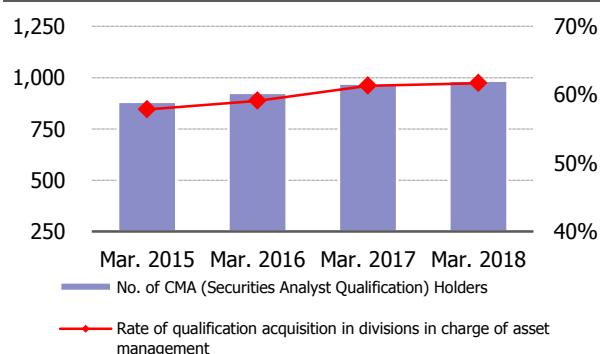
【Fig.5】Number of investment education seminars hosted by Investment Education Office



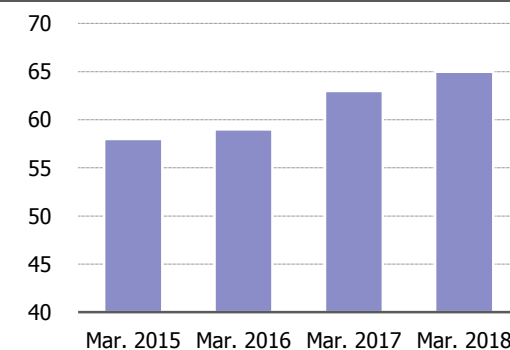
### Enhancing expertise

- MUTB is striving to maintain and enhance expertise among its staff by having them obtain securities analyst, pension fund actuary and other relevant qualifications and thereby to continue to further improve its skills as an investment manager.
- MUTB strives to maintain expertise of its staff by having them obtain CMA (securities analyst), pension fund actuary, and other related qualifications, and will continue further improving its skills as an asset manager.

【Fig.6】Number of CMA (securities analyst qualification) holders number and rate of qualification acquisition in the divisions in charge of asset management



【Fig.7】Number of pension fund actuary qualification holders

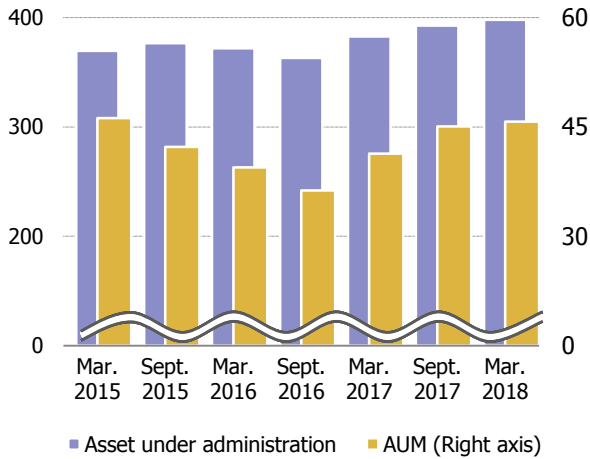




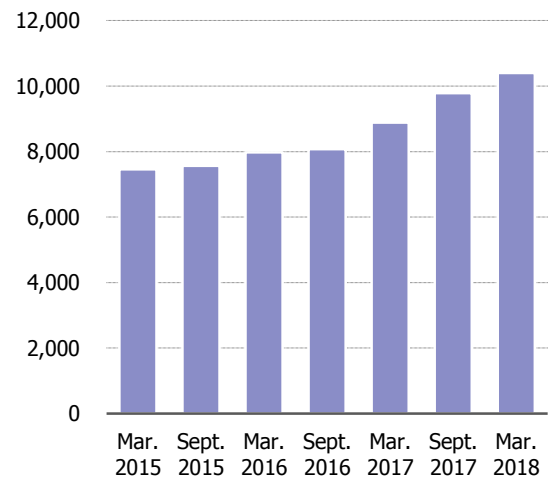
### Track records reflecting confidence

- Due to an increase in investment trust funds and pension business, assets under management maintain an increasing trend with the market fluctuations.
- Investment balance for defined contribution pension fund (DC) products continues to increase attributable to the increasing trend “from savings to investment” and the market fluctuations.

【Fig.8】Asset under administration<sup>5</sup> / Assets under management (JPY1.0 trillion)<sup>6</sup>



【Fig.9】Assets under management for DC (JPY100M)<sup>7</sup>



5. Including AUM under custody and administration, in addition to the balance of trust assets such as pension funds and investment trust funds

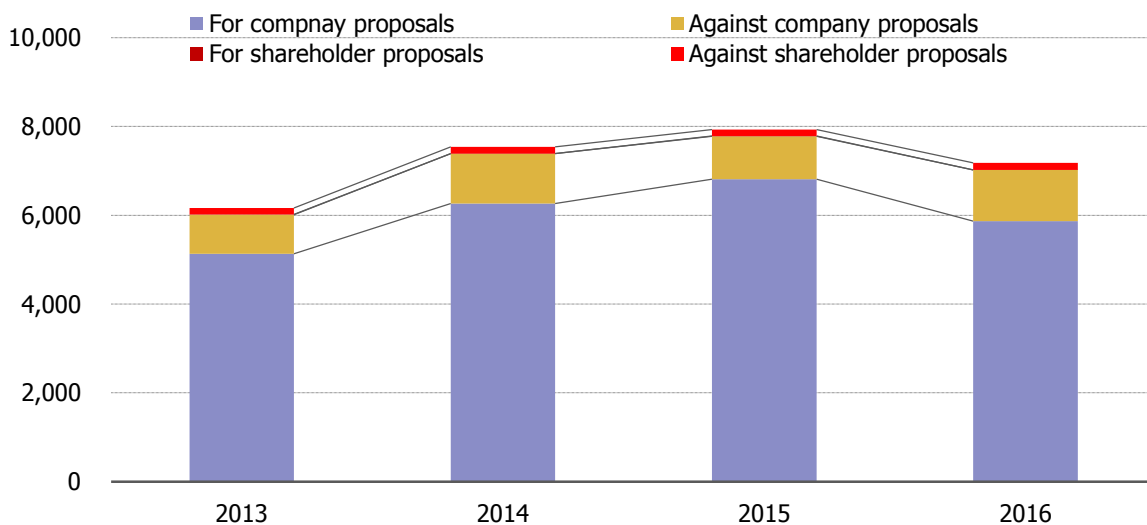
6. Excluding AUM of asset management companies within the group

7. AUM of DC products distributed as MUFG (excluding fixed deposits)

### Conflict of interest management

- MUTB considers the exercise of voting rights as on the important activities to assume the responsibility for stewardship, thereby managing the appropriate as well as highly transparent exercise of voting right upon defining the standards in exercise of voting rights as the criterion
- In order to protect beneficiaries' interests, MUTB carries out appropriate conflict of interest management such as blocking of information between the divisions in charge of asset management and other divisions, thereby securing the independence and transparency in the asset management business.

【Fig. 10】 Status of exercise of voting rights<sup>8</sup>



8. Responses to agendas for general meeting of shareholders held during the period between July and June in the following year.