

The SPARX Group: Asia's Center for Investment Intelligence

Shuhei Abe, President & CEO
SPARX Asset Management Co., Ltd.

April 26, 2006



SPARX Asset Management Co., Ltd.
www.sparx.co.jp

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Overview

SPARX and PMA to combine, forming the leading alternative investment firm in Asia

- ▶ SPARX is now Asia's single largest alternative investment firm, with approximately \$8 billion (JPY1 trillion) of alternative type assets under management*
- ▶ SPARX now enters the ranks of the world's biggest alternative asset managers and becomes the No. 1 firm pioneering the development of the investment management business in Asia
- ▶ SPARX now offers its premier global institutional client base the ability to tap into unrivaled Asian market investment intelligence



* Assets under management exclude traditional long-only products for both SPARX and Cosmo, including Active Equity Strategy and Mid/Small Cap Strategy related portfolios.

Strategic Rationale

The SPARX Group has created an integrated Asian investment platform to provide...

- ▶ A vastly broader and more sophisticated selection of Asia/Pacific-centered alternative investment products
- ▶ Greater economies of scale in operations and leverage
- ▶ A deeper talent pool with local market knowledge and investment experience, coupled with shared core values



Transaction Summary

- ▶ US \$226.4 million consisting of cash and SPARX stock for 100% of PMA
- ▶ As a result, certain key PMA employees will become significant shareholders of SPARX



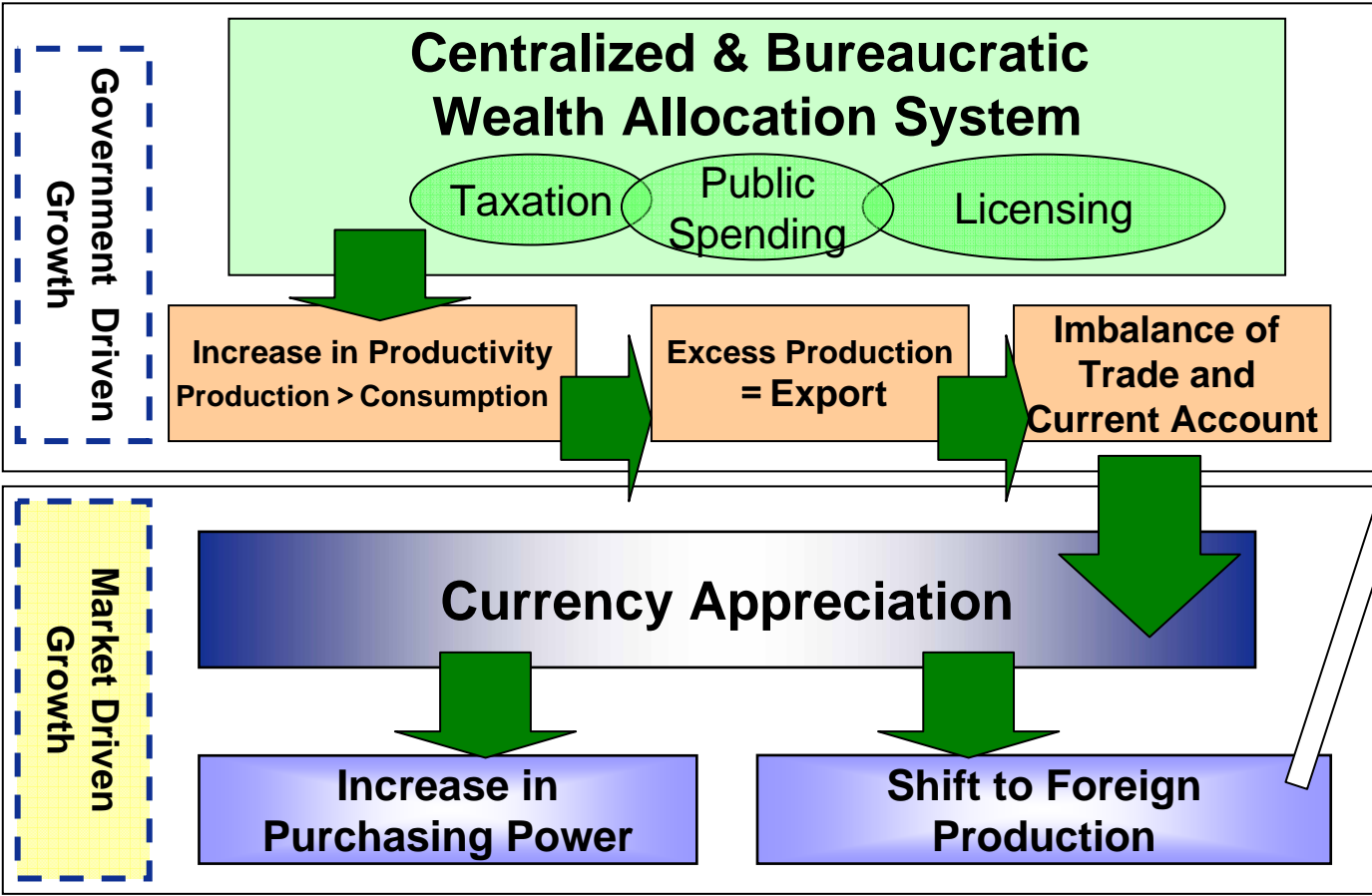
Why is SPARX focusing on Asia?

- *To establish a dominant position in Asia and participate in the growth potential of the region's emerging economies*
- *To quickly build up an Asia/Pacific platform and capture a greater share of the liquidity flowing into the region*

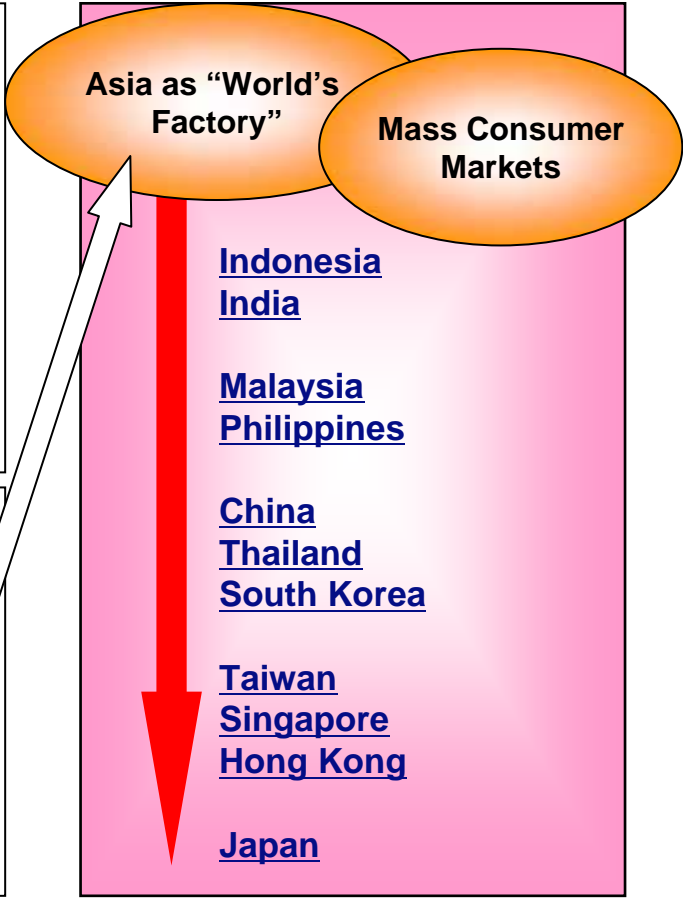


SPARX Investment Strategies for Asia

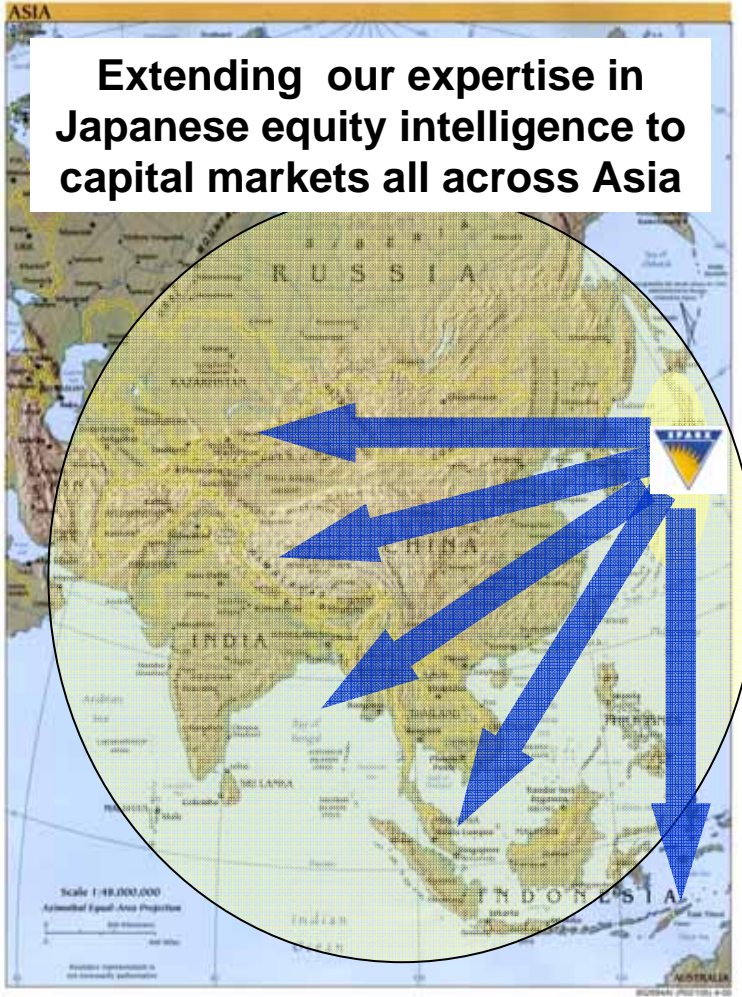
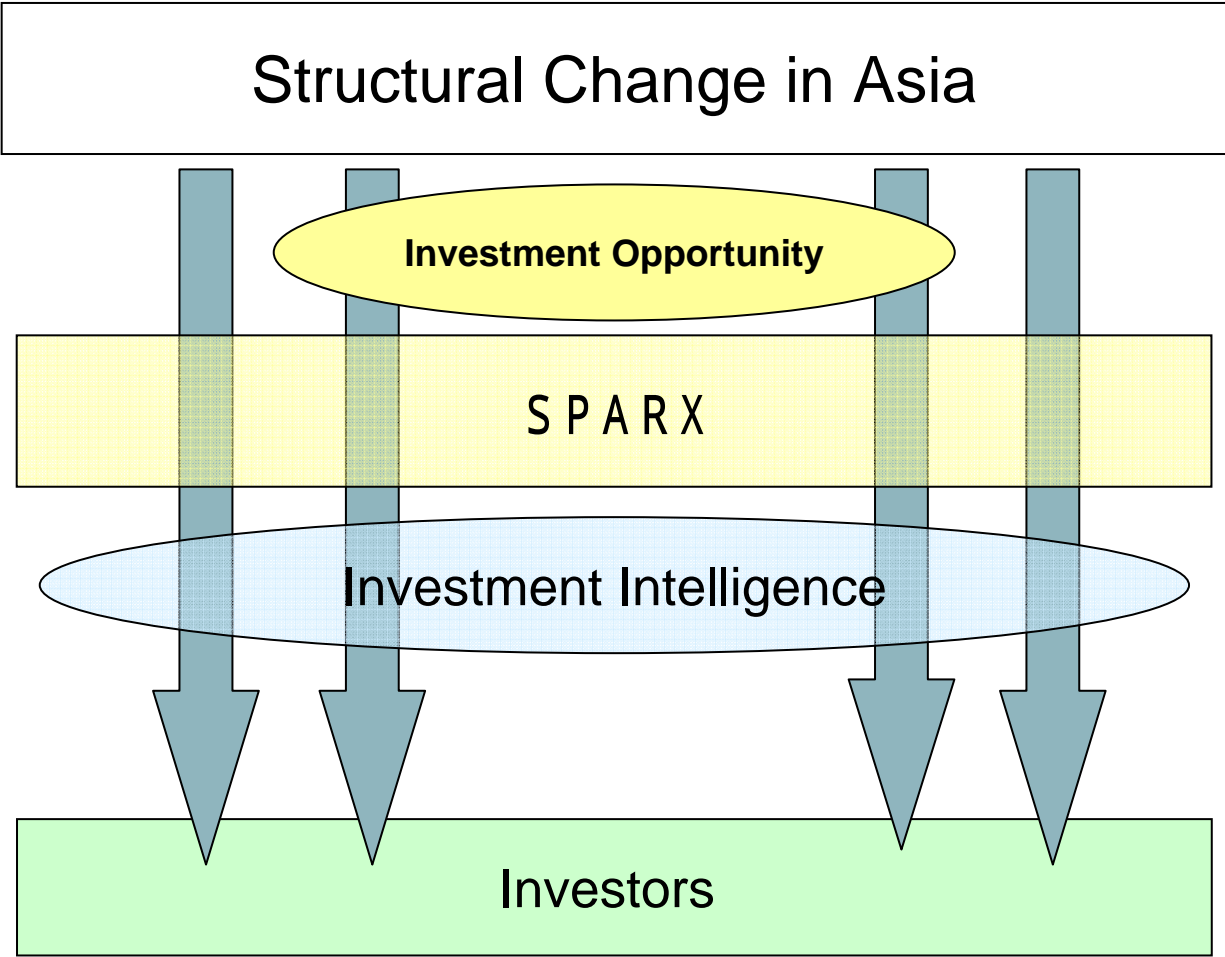
< Socio-Economic Model of Japan after WW II >



< Asian Dynamism >



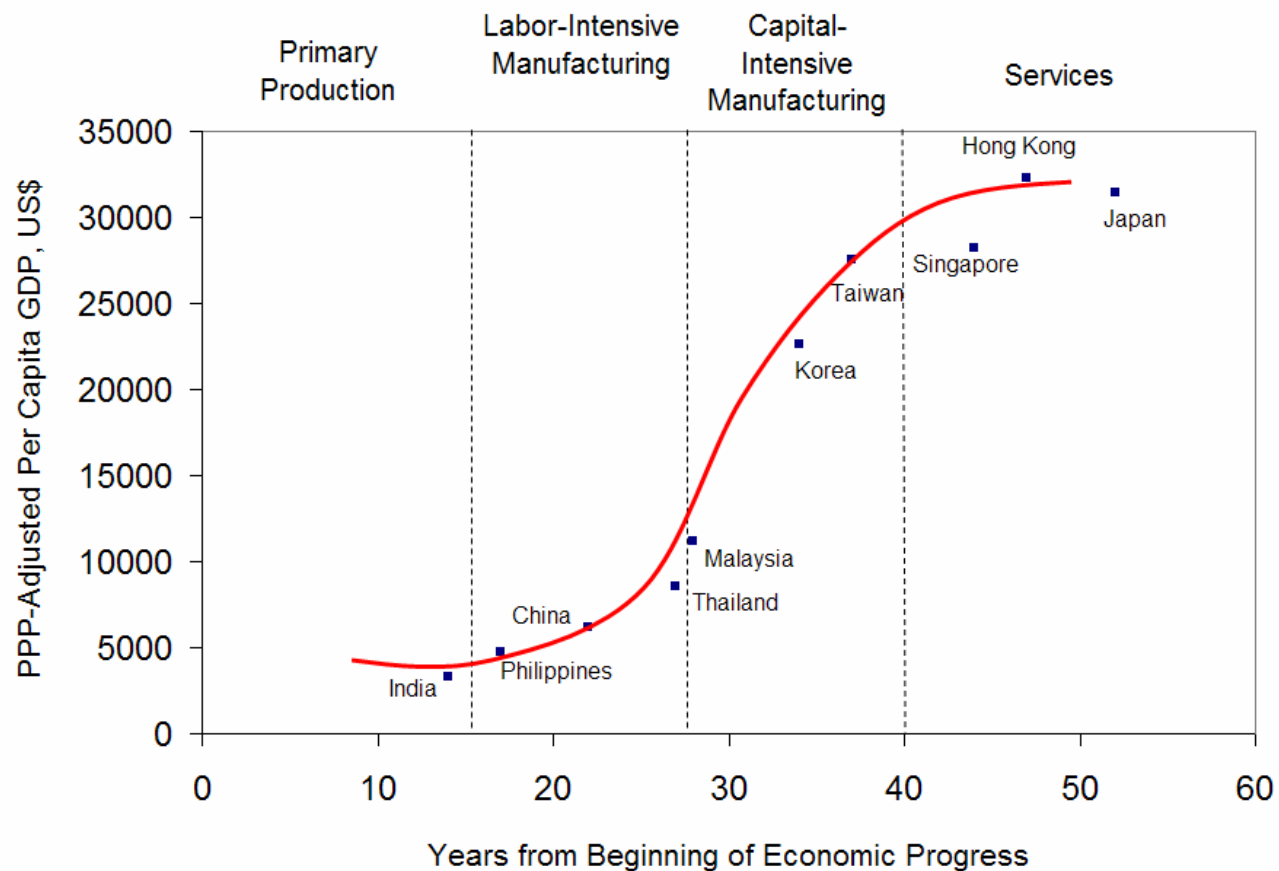
SPARX's Role in Asia



Time / Growth Stage of Asian Countries

- ▶ The exact same economic growth pattern that occurred in Japan is being followed by other Asian countries

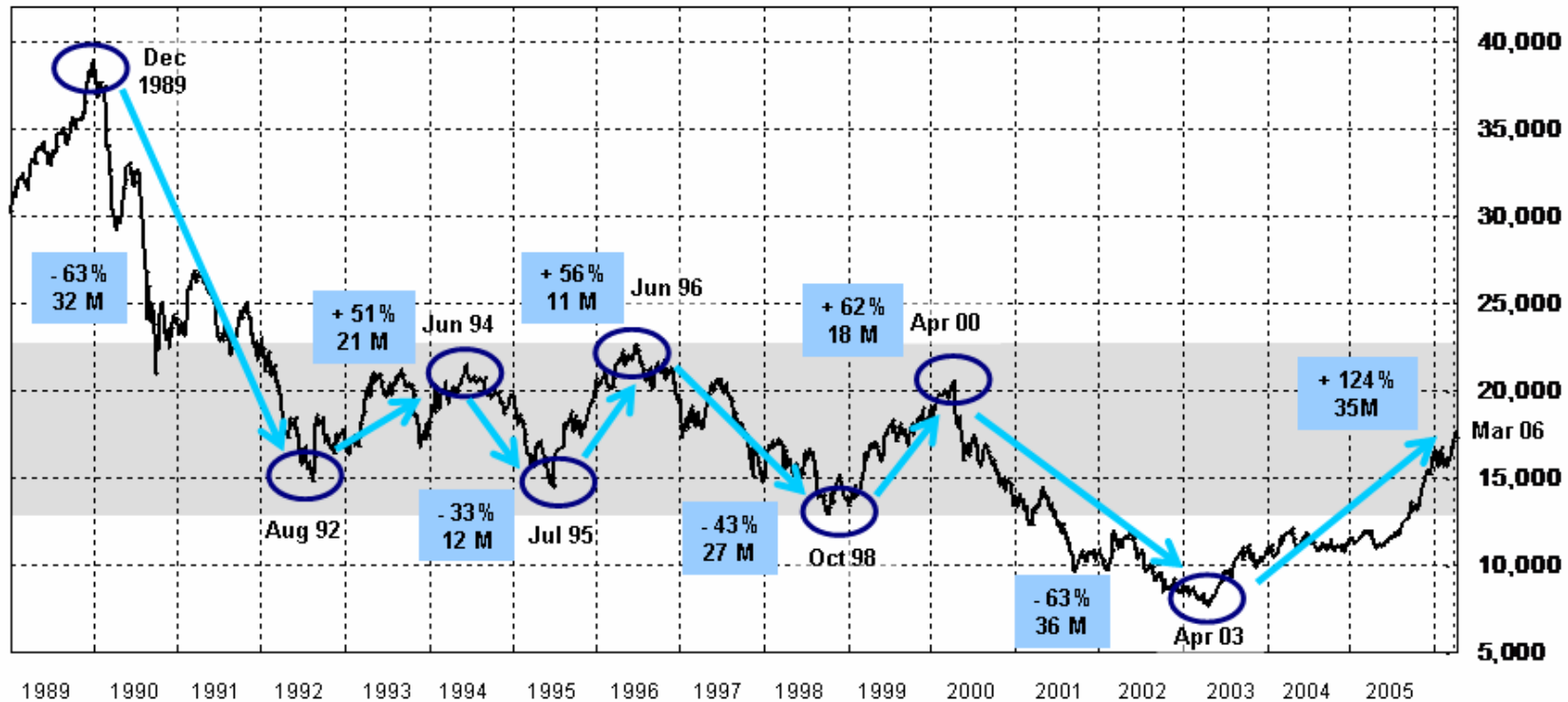
Per Capita GDP and Time (Asian countries)



Source: IMF forecast (2005)

In addition, a new paradigm for Japan-centered growth has just started to unfold. The era of a “post-deflationary” Japan is now beginning...

- ▶ The Nikkei 225 stock index has bottomed out and is on the ascent once again



End of Deflation

Cyclical Recovery

Coming Age of Japanese Consumer



Source : Bloomberg, as of March 31, 2006

The SPARX Group's Growing Footprint Across Asia

- ▶ Beginning with its pioneering efforts in the Japanese market for alternative investments, the SPARX Group now encompasses all major markets across Asia



- SPARX pioneered Japan equity intelligence through intensive, bottom-up research and a unique investment strategy



- Cosmo, a leading Korean equity investment asset manager is now a SPARX partner firm

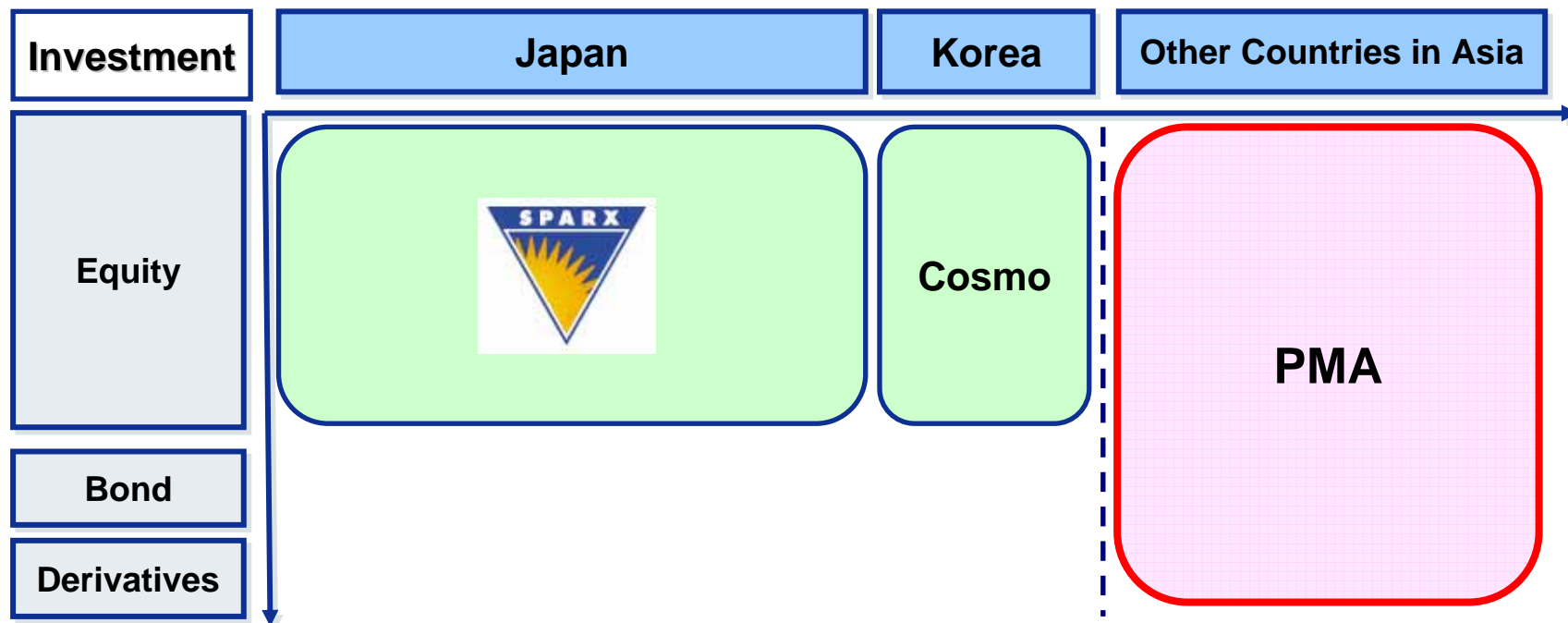


- PMA, the largest alternative asset manager in Asia outside of Japan, joins the SPARX Group

Together with PMA and Cosmo, SPARX can realize its vision of becoming the global Center for Asian Investment Intelligence

- ▶ By combining forces, the three arms of the SPARX Group can establish a dominant operating platform to better participate in the growth potential of Asia

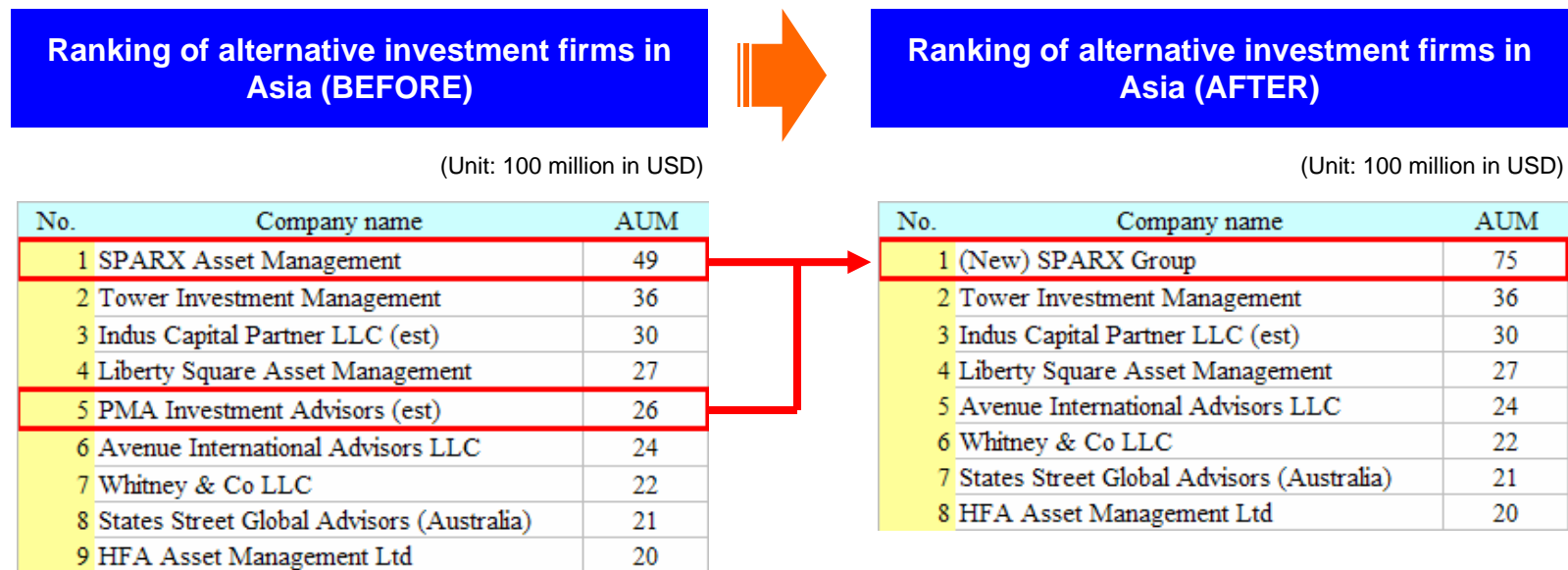
Business Domains of the SPARX Group



GOAL: Become the Center for Asia Investment Intelligence

SPARX as No.1: Asia's Top Alternative Investment Manager

- ▶ SPARX is now the largest alternative investment manager in Asia, boasting an unrivaled investment platform that bridges the region's fragmented markets



(Note 1) Excludes top-ranked Platinum Asset Management with AUD 18.2 billion assets under management, which manages long-only equity products including International and European portfolios.

(Note 2) Excludes the SPARX Group's activist Value Creation Strategy portfolio; BY including that portfolio, the SPARX Group's alternative investment-only AUM would total "61" in the BEFORE chart and "83" in the AFTER chart



Source: AsiaHedge, February 2006

The New SPARX: Navigator of the World's Capital Markets

- 1) SPARX has a globally diversified, highly selective institutional client base
 - Serves a broad-based clientele with high exposure to Asia
 - Scale of economies from deep asset pool allow SPARX to hold down costs
 - On-the-ground expertise across the region provides first-mover advantage

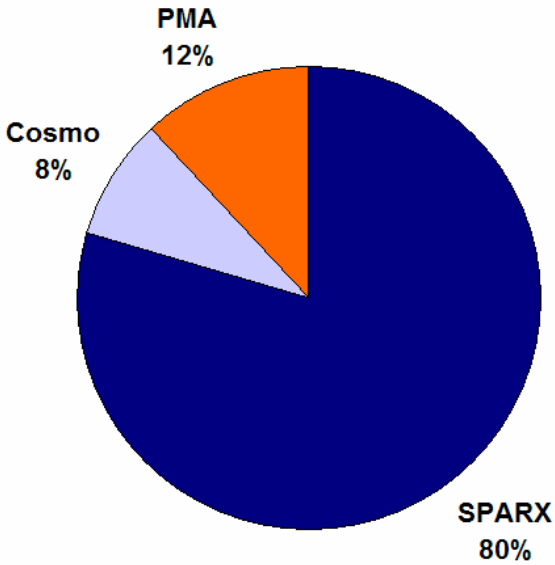
- 2) SPARX partners share corporate values and goals as investment managers
 - Sophisticated investments and strong relationship-building with clients
 - Compliance-focused culture all across the group investment platform
 - High transparency of management and investment strategies
 - Shared history of entrepreneurship and pioneering skills in Asia



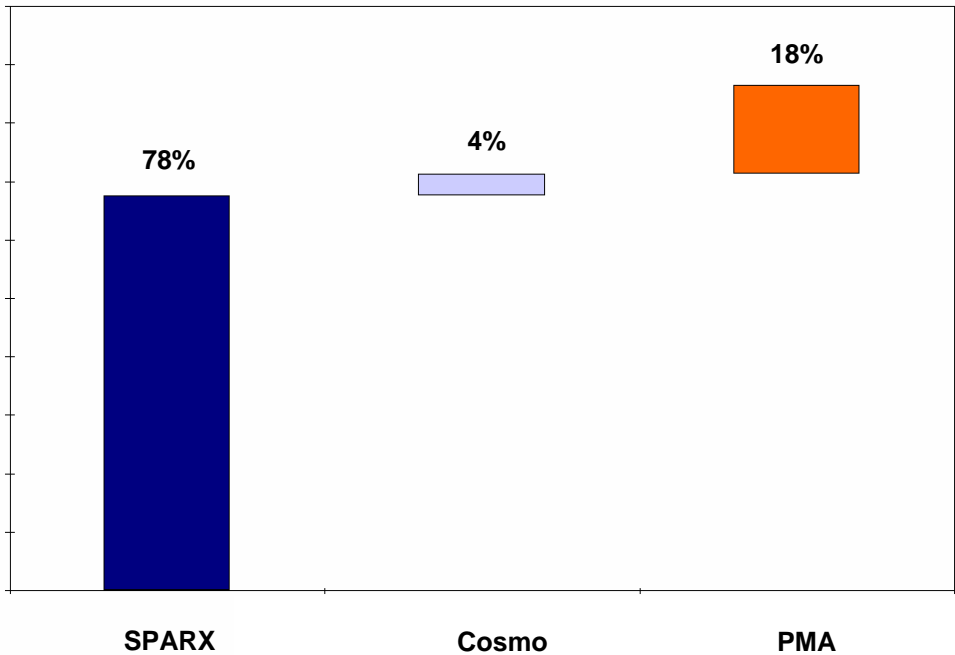
The New SPARX: Partners Strengthen Group Revenue Base

- ▶ PMA's high profits will improve SPARX Group profitability without revenue dilution

AUM structure of SPARX Group



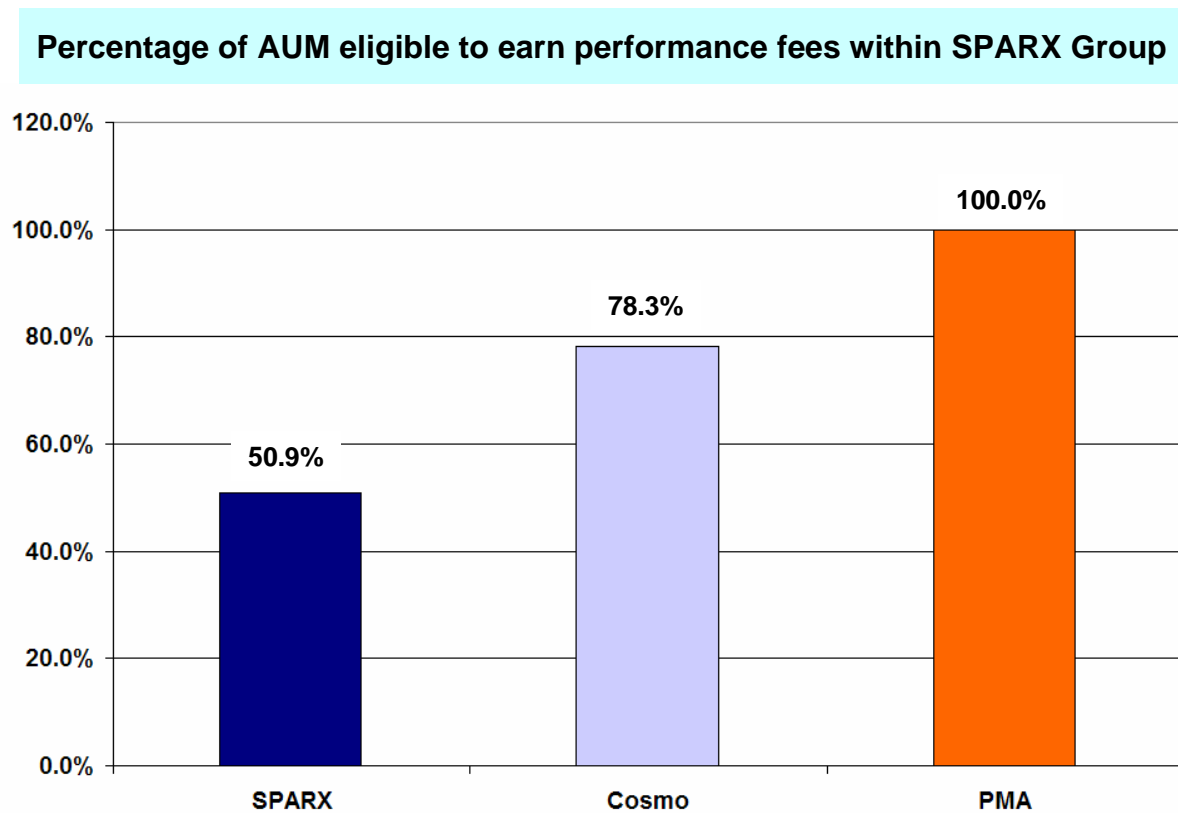
Management fee structure of SPARX Group



Source: Internal estimate (SPARX data is as of Dec., 05. Cosmo and PMA data is as of Mar., 06)

The New SPARX: Partners Strengthen Group Earnings

- ▶ PMA injects more AUM eligible to earn performance fees into the SPARX Group

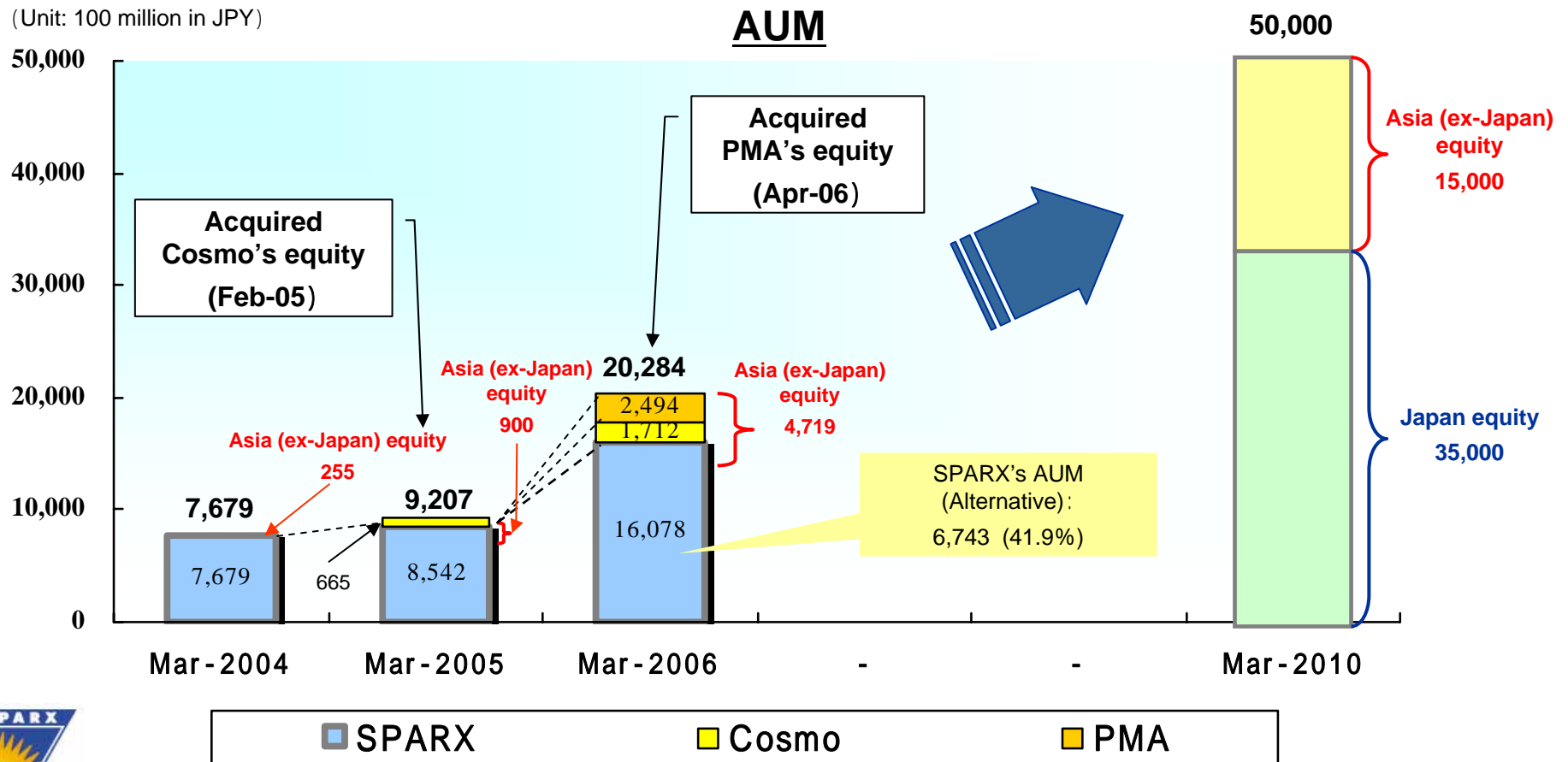


(Note) Percentage of AUM eligible to earn performance fees (Cosmo) (Absolute return type: 30.9%, Benchmark type: 39.8%, Hurdle rate type: 7.6%)

Source: internal estimate (SPARX data is as of Dec., 05 and Cosmo's and PMA's data are as of Mar., 06)

Why 1+1+1 = More Than 3 for the SPARX Group in Asia

- ▶ Even as SPARX grows at home, its investment platform is tapping into growth outside of Japan



Source: internal estimate

PMA Capital Management



Farhat Malik, CEO

April 26, 2006



SPARX Asset Management Co., Ltd.
<http://www.sparxgroup.com>

Introduction

- PMA was established in April 2002 to provide investment advisory and investment management services in Asia's growing alternative investment sector
- PMA is the largest hedge fund company in Asia ex-Japan with AUM of USD 2.2 billion
- PMA has 45 large European and US based institutional investors, including pension funds, insurance companies, global financial institutions, central banks and government related agencies
- PMA is headquartered in Hong Kong with offices in London and Dubai and a total headcount of 46 professionals
- PMA was founded upon a strong culture of risk control and operational excellence

Source: Company, as of March 31, 2005



PMA Investment Strategies

PMA currently operates seven funds based on three investment themes

Equities

- Research based approach targeting multiple markets
- Bottom-up style using fundamental research
- Internal and external idea generation
- Interpretative of market trends as opposed to reactive

Credit

- Trading based on improving credit quality in Asia – a blend of distressed, high yield and high grade investments
- Full regional diversification and exposure to the entire credit curve
- Selective use of complementary equity investments
- Primarily focused on USD assets

Macro

- Specialise in Asian currency and interest rate markets
- A combination of fundamental, technical and product analysis
- Employ different trading strategies including macro directional, intra-Asia cross currency and relative value

The three investment themes encompass over 12 strategies



Solid Returns and Track Record

- PMA's strong performance and stable returns have been achieved without taking on excessive risks. Historical Sharpe ratios for all the funds have been consistently above 1.0.
- Performance based on solid infrastructure of risk controls and procedures are instantly recognisable by institutional investors and support retention of investors on a long-term basis
- PMA's success has been underpinned by strong AUM growth of over ten times since inception

PMA Fund Performance

Fund Name	Launch date	YTD	12 Mths	ITD	Standard Deviation	Sharpe ratio
Diversified Asian Strategies	Oct-02	11.4%	13.4%	68.0%	3.6%	3.5
Asian Diversified Total Return	Dec-03	9.4%	9.4%	22.8%	3.7%	1.5
Prospect Fund	Nov-03	7.8%	10.1%	27.6%	6.1%	1.1
Credit Opportunities	Apr-04	3.4%	8.3%	28.5%	2.3%	4.1
Asian Opportunities	Jun-05	9.1%	11.3%	11.3%	3.4%	2.0
Koryo Fund	Apr-06	4.2%	4.2%	4.2%	8.3%	10.9

Source: Company Data
As at 20 Apr 2006



Agenda

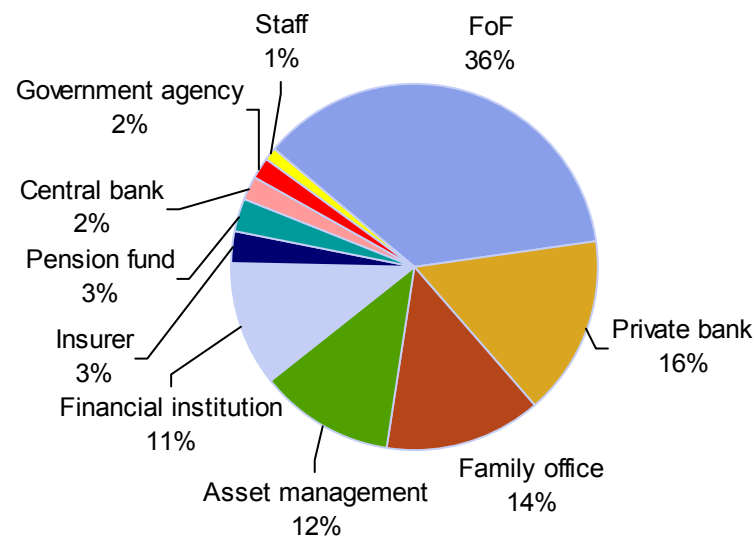
- ▶ Overview
- ▶ SPARX Asia Strategy
- ▶ PMA Capital Management Ltd. (“PMA”)
- ▶ Cosmo Investment Management Co., Ltd. (“Cosmo”)



Top Tier Investor Profile

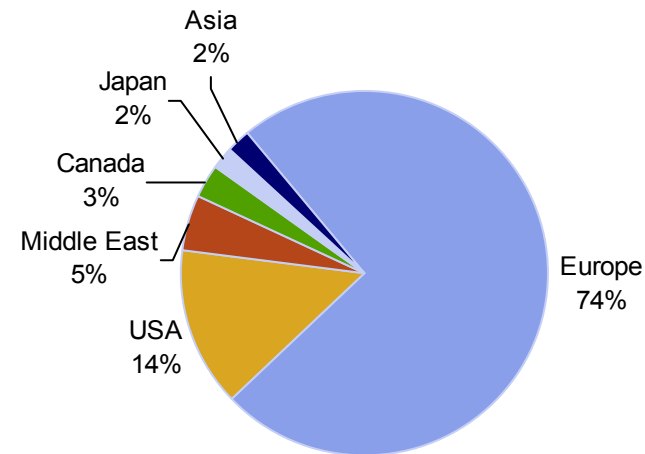
- PMA has a distinguished list of institutional investors
- PMA is one of the leading hedge fund players with traction and creditability with larger institutional investors
- PMA has yet to market into Japan, the Middle East and the US, where demand for Asian exposure is strong

Distribution of Investors by Type



Source: Company data

Distribution of Investors by Region



Source: Company data

Sophisticated Risk Control and Process

- At PMA, risk management is a tailored process designed for PMA's unique risk:
 - Defined and documented operational manuals and processes
 - Independent supervisors with direct senior management oversight
 - Internally developed and implemented

PMA's Independent Risk Control Framework



Operational Excellence

- **Strong compliance culture** throughout the company – regulated by SFC, FSA and the SEC
- PMA has **cutting edge technology** to support its business. PMA's infrastructure is tailor-made and is one of the key pillars of strength that differentiates itself from other competitors
- **Independent middle office function** focused on valuation and completeness and accuracy of position data
- **Dedicated in-house Operations Team** focused on the clearing and settlement of trades
- **Transparency to clients**
 - Daily independent NAV's
 - Daily independent investor guideline monitoring
 - Access to portfolio management team
 - Extensive monthly reporting package



Why SPARX makes sense for PMA

■ Shared Values

- Investment philosophy
- Institutional platform
- Compliance culture
- Transparency
- Entrepreneurship

■ Regional Integration

- Access to SPARX's Japan investment intelligence

■ Dominance

- Leaders in Japan and non-Japan Asia coming together
- Size matters

■ The combined alternatives investment business alone will be in excess of \$8 billion



Cosmo Investment Management Co., Ltd.

A member of the SPARX Group

Kevin Choi, President & CIO

April 26, 2006



COSMO Investment Management Co., Ltd.

Introduction

Cosmo Investment Management Co., Ltd.

Founded: June 1999 in Seoul, Korea
*AUM (28/FEB/2006): **\$ 1.5 billion** or **KRW 1.4 trillion**
Licenses: Investment advisory and discretionary investment
Group Staff: 28 employees (*as of February, 2006*)

Korean Bottom-up Research Specialist

- Intensive **bottom-up research**
- **800+ company meetings annually**
- 14 investment professionals, with average **investment experience of 10 years**
- Equity focused investment products: long-short, long-only absolute return, enhanced index

Institutional Client Base

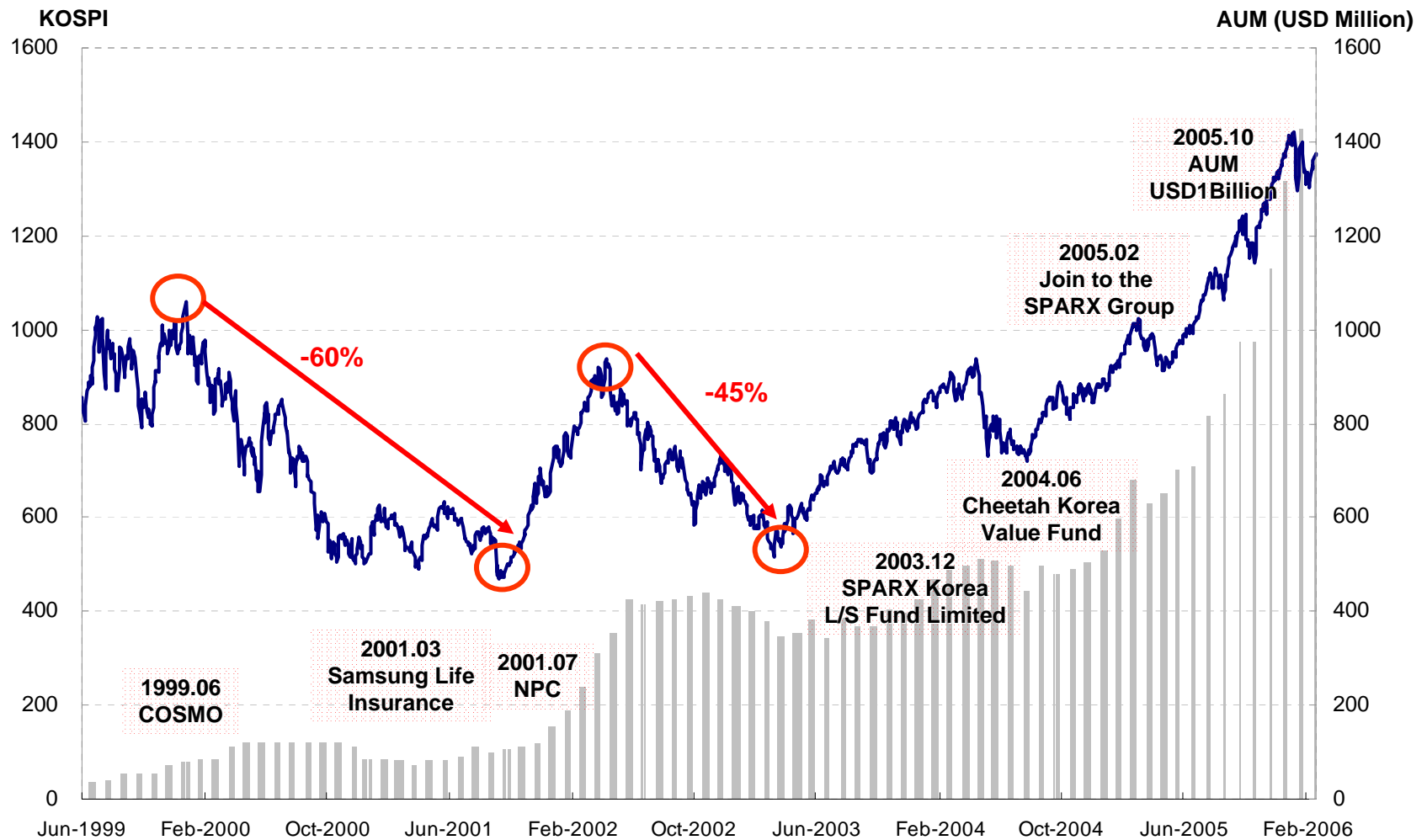
- **Korea**
 - Pension funds
 - Insurance companies
 - Banks / Savings & Loans
 - Corporations
 - High net worth clients
- **Global financial institutions**



* Source: COSMO Investment Management Co., Ltd, Internal estimates



History of COSMO and Korean equity market

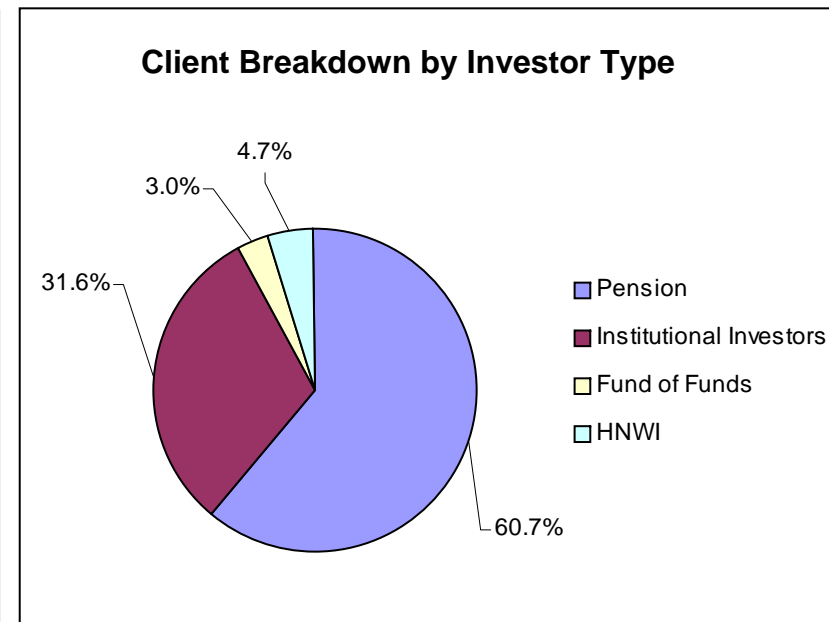
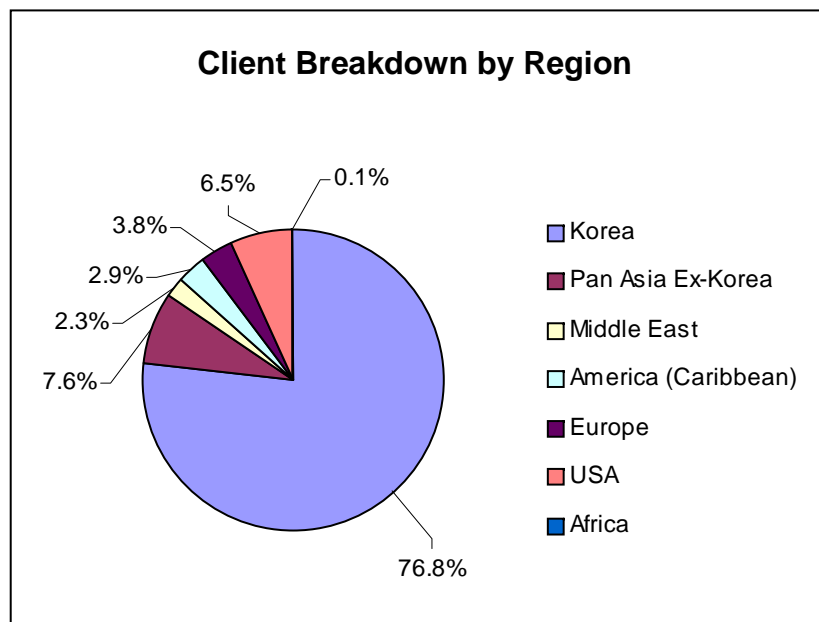


* Source: Korea Stock Exchange, COSMO Investment Management Co., Ltd, Internal estimates(From June 1999 to January 2006)



Investor Profile

- ▶ Proven track record and creditability to enjoy broad base of investors from domestic to overseas
- ▶ Institutional and pension clients account for more than 90% of AUM



As of December 31, 2005

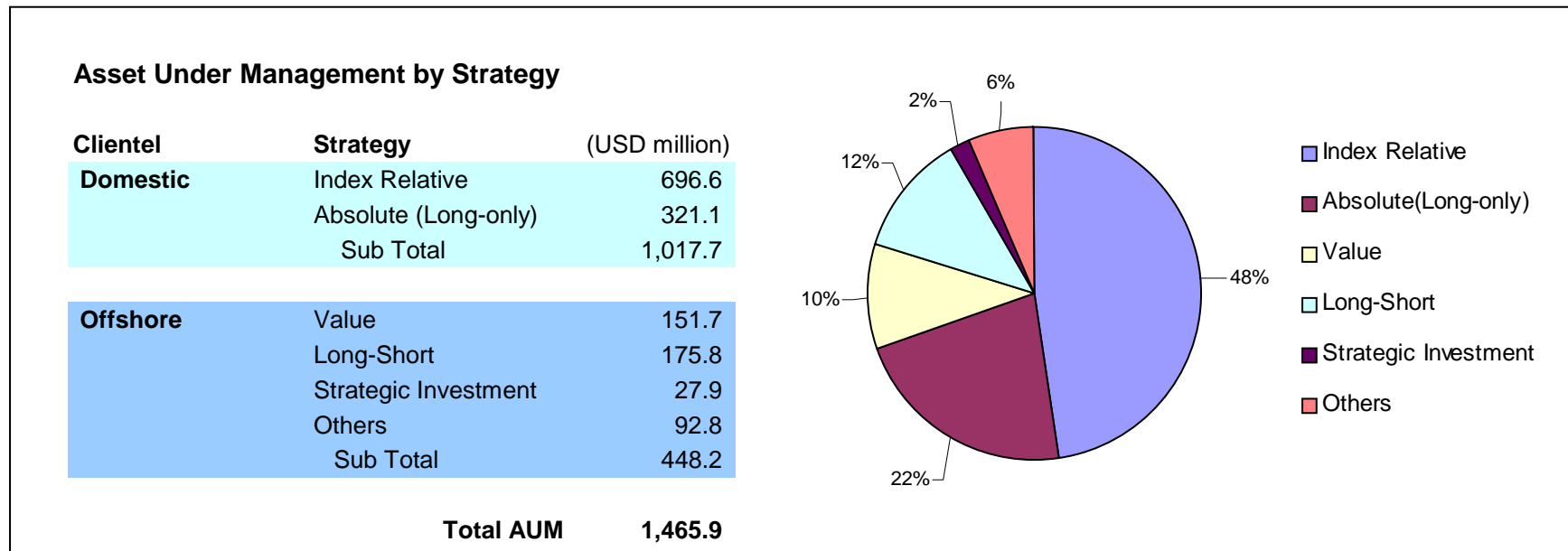
*KRW/USD = 1,010 quoted on December 31, 2005
Source: COSMO Investment Management Co., Ltd.



AUM Profile

- ▶ Since its inception, COSMO has enjoyed rapid AUM growth rate despite operating in a volatile market

Based on internal estimates




As of March 31, 2006

*KRW/USD = 971.6 quoted on March 31, 2006

Source: COSMO Investment Management Co., Ltd.



Investment Approach and Process

<p>Approach</p>	<p>Focusing on fundamental driven, bottom-up investment Established one of the largest in-house research teams dedicated to equities in Korea Generating investment themes through bottom-up aggregates with top down overlay</p>
	
<p>Proprietary Model & Analysis</p>	<p>Utilizing quantitative screening model to filter investment universe Sector/Industry analysis to identify best candidates based on absolute/relative valuation Sector strategy quantitative model to assist sector allocation and gross (net) exposure</p>
<p>Bottom-up Research</p>	<p>800 company visits annually Extensive and in-depth company analysis by 14 investment professionals</p>
<p>Portfolio Construction</p>	<p>Weekly portfolio meeting for major investment decisions and portfolio rebalancing</p>
<p>Monitoring</p>	<p>Daily portfolio reports to monitor individual P/L, drawdown, industry diversification An Independent risk manager and a compliance officer monitor trading activities</p>



Key Professionals

- ▶ COSMO has experienced key professionals working in a strong team environment
- ▶ On average, 14 years industry experience and over 5 years experience working together at COSMO

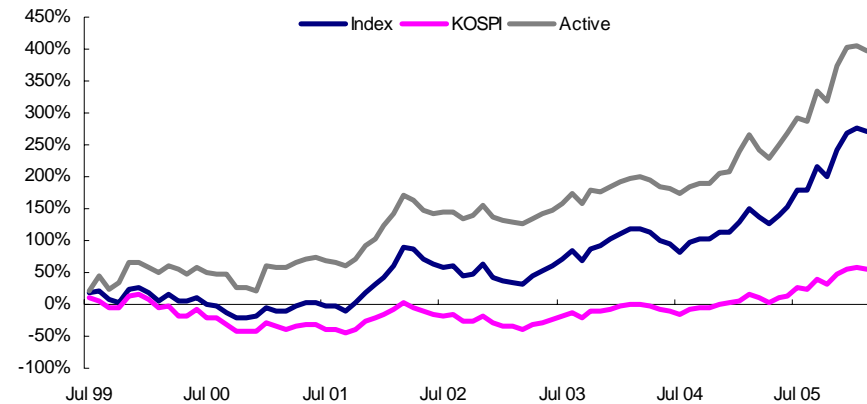
Key Professional	Industry Experience	Years at Cosmo
Kevin Choi <i>President & CIO</i> <i>Long-Short</i>	<ul style="list-style-type: none"> - Over 16 years of industry experience - Fund Manager at Seoul Asset Management & Hyundai Asset Management 	Founder
Sang-Rae Jo <i>Fund Manager</i> <i>Index Relative & Value</i>	<ul style="list-style-type: none"> - Joined Cosmo in 2001 - 17 years of experience in investment management industry 	5 years
Justin Kim <i>Fund Manager</i> <i>Active Strategy</i>	<ul style="list-style-type: none"> - 16 years of experience in the investment management industry - Fund Manager at Kookmin Bank Asset Management & KLB, Analyst at Daewoo Securities 	Founder
Harrison Jeong <i>Fund Manager</i> <i>Strategic</i>	<ul style="list-style-type: none"> - Joined Cosmo in 2004 - 11 years of research experience in equity investment - Analyst, Model Portfolio Manager at Samsung Securities 	2 years
Minkey Seo <i>Head of Research & Fund Manager</i> <i>Index Relative & Value</i>	<ul style="list-style-type: none"> - 10 years of experience in the investment management industry - Fund Manager at Kookmin Bank 	Founder
Koen Jo <i>Head of Fund Admin and Risk Mgmt</i>	<ul style="list-style-type: none"> - 13 years of experience in the investment management industry - Risk Manager at Seoul Asset Management & Meritz Securities 	Founder



Historical Performance

- ▶ COSMO has achieved strong returns since inception. Annualized average return is over +20% while the market (KOSPI) return is +6.6% over the same period.

	Index Relative	Active Strategy	KOSPI
1999.07~	26.13	65.95	16.43
2000	-36.31	-11.44	-50.92
2001	62.24	68.49	37.47
2002	9.69	16.47	-9.54
2003	41.43	19.89	29.19
2004	5.60	9.95	10.51
2005	72.78	62.90	53.96
~2006.03	-0.62	-0.38	-1.43
Avg. Annual Return	21.27	26.75	6.60



- ▶ Downside protection: The winning ratio for the winning month to the negative market is 76.92% for Index Relative and 89.74% for Active Strategy

Active Strategy			Index Relative		
Winning %	Average Monthly Return		Winning %	Average Monthly Return	
	COSMO	KOSPI		COSMO	KOSPI
89.74%	-1.58%	-6.38%	76.92%	-4.30%	-6.83%

- ▶ Firm's AUM has grown 40 times since inception and an average annual AUM growth of +79.76%.

Performance is compounded daily return which calculated by asset weighting of the individual portfolio returns
 Source: COSMO Investment Management Co., Ltd.



Efficient Operations and Compliance Focused

▶ License / Registration

- Licensed by FSS to operate both an investment advisory and discretionary investment business
- Registered with the SEC under the Investment Advisers Act of 1940

▶ Efficient Operation

- The AITAS System integrated to consolidate and automate trading, fund administration, risk management and compliance monitoring. (AUM of Korean asset management companies utilizing the AITAS system amounted to an estimated USD \$111 billion)
- 5 professional employees dedicated to fund administration and risk management

▶ Strong Compliance

- Enforcing the Compliance Manual & Code of Ethics
- Non-conforming orders traded only by pre-approval of the compliance officer through the AITAS system
- Cosmo corporate policy prohibits trading securities for its own proprietary trading account
- Employees prohibited from engaging in personal trading in Korean listed securities



COSMO since SPARX Partnership in Feb 2005

▶ The 1st year of the Partnership between SPARX and Cosmo has been successful and achieved...

1. Scalability
 - AUM Growth
 - People Growth
 - Integration for BD, Compliance, IT, Ops

2. Quality
 - Excellent investment performance
 - Overseas client base diversification

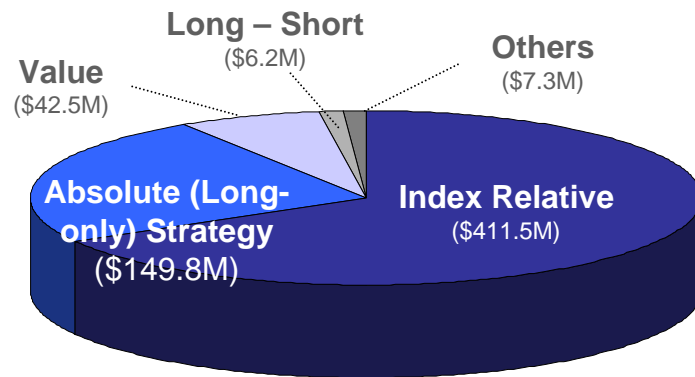
3. Profitability
 - Average management fee enhancement
 - Alternative investment product focus
(Korea Long Short, Korea Strategic)



Assets Under Management by Strategy

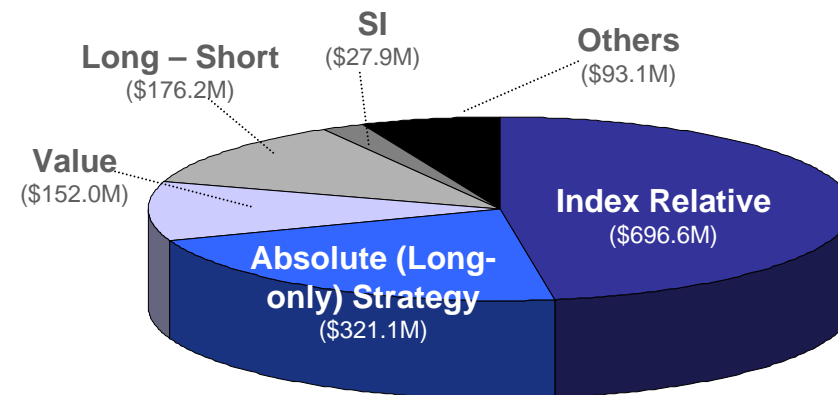
Based on internal estimates

March 31, 2005



AUM: \$617.3M

March 31, 2006



AUM: \$1,466.9M

Source: Company, as of March 31, 2005



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