Yearly Investment Porfolio Overview

TOKYO ASSET MANAGEMENT
SINCE 1977

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Prepared and Presented by

Collaboration between Risk Management & Mitigation Department and Audit & Compliance Department

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EXECUTIVE SUMMARY

Tokyo Asset Management (TAM) is a leading global asset management firm renowned for its innovative investment philosophy, robust financial strength, and strategic market positioning. For decades, TAM has delivered superior returns to its clients by blending time-tested principles with cutting-edge market strategies. The firm's strong capital base and prudent risk management practices reflect a solid financial foundation, instilling confidence among institutional and individual investors alike. Strategically headquartered in Tokyo with a growing international presence, TAM bridges Eastern and Western markets, leveraging deep local insights and global expertise to maintain a competitive edge in the asset management industry

FINANCIAL PERFORMANCE HIGHLIGHTS

TAM's track record of financial performance underscores its consistent growth and profitability. Key metrics showcase the firm's momentum and stability:

• Assets Under Management (AUM): Over $100 billion in client assets as of the latest fiscal year, marking a steady rise and highlighting investors' trust. AUM has expanded significantly (around 35% annual growth on average over the past five years) as TAM continues to attract inflows and expand its product offerings.

• Annual Growth Rates: Revenue and earnings have both shown double-digit increases; in the most recent year, revenues climbed 28% and net profits rose 36%, fueled by strong fund performance and operational efficiencies. Five-year CAGR for AUM remains in the mid-teens, reflecting the firm's sustained expansion.

• Major Profit Drivers: Robust returns across equity portfolios, successful exits in private equity deals, and rising fee income are key profit drivers. TAM's diversified product mix – including performance fees from alternative investments and steady management fees from long-term mandates – ensures multiple revenue streams driving overall profitability. Additionally, disciplined cost management and technology-driven operations have enhanced margins, reinforcing TAM's financial strength.

DIVERSIFIED GLOBAL INVESTMENT STRATEGY

A core pillar of TAM's success is its diversified investment strategy, which spreads risk and capitalizes on opportunities across a broad range of asset classes and markets. TAM's experienced investment team employs an integrated approach to investing, balancing growth and stability. The firm actively manages a variety of assets to meet diverse client objectives:

- Equities: A dynamic equity portfolio spanning blue-chip stocks, emerging-market leaders, and high-growth sectors (such as technology and healthcare), driving strong capital appreciation.
- Bonds: A well-balanced fixed-income segment that includes government and corporate bonds globally, providing stable income and capital preservation.
- Infrastructure: Investments in critical infrastructure projects and real assets (transportation, energy, utilities), offering long-term, inflation-protected returns.
- Private Equity: Strategic stakes in private companies and venture opportunities, where TAM leverages expertise to unlock value and achieve successful exits with substantial returns, bolstering portfolio performance.

- Forex Trading: Active currency trading across major currency pairs to hedge international investments and generate alpha from macroeconomic trends and market dislocations.
- Cryptocurrencies: An early adopter in digital asset investing, TAM carefully navigates crypto markets, providing clients access to this high-growth segment through secure, regulated channels.
- AI-Driven Trading: Pioneering the use of artificial intelligence and machine learning in trading strategies and risk management. TAM's proprietary AI-driven trading platforms analyze market data in real-time, enabling faster decisions and improved trade execution to enhance returns and risk-adjusted performance.

This breadth of investments not only mitigates risk through diversification but also positions TAM to seize emerging opportunities in any market environment. The firm's ability to dynamically allocate capital – shifting between asset classes and geographies as conditions evolve – has been instrumental in delivering resilient returns for clients year after year.

PERFORMANCE HIGHLIGHTS

Inside the Tokyo Stock Exchange – illustrating the dynamic markets TAM navigates to achieve high returns. TAM has built a premier track record of delivering superior returns across a broad range of asset classes, underscoring its reputation for investment excellence. The firm's diversified strategies – spanning traditional markets and innovative investments – have all contributed to its strong historical performance. Notably, TAM has achieved robust cumulative returns in its key investment categories:

- Stock & Bond Market Investments: 72% ROI – Driven by prudent stock selection and active fixed-income management, reflecting steady gains in global equity and bond portfolios.
- Infrastructure Investments: 182% ROI – Realized through strategic stakes in infrastructure projects (such as transport, energy, and utilities) that yielded substantial long-term growth and stable cash flows.
- Private Equity Ventures: 210% ROI – Generated by backing high-potential private companies and buyout opportunities, leveraging TAM's expertise to unlock value in privately held businesses.
- Forex Trading Profits: 340% ROI – Achieved by capitalizing on global currency market fluctuations, where TAM's forex desk utilized hedging and tactical trading to secure significant gains.
- Crypto & AI Trading Returns: 400% ROI – Fueled by early adoption of cryptocurrency and algorithmic AI-driven trading strategies, demonstrating TAM's ability to innovate and capture outsized returns in emerging asset classes.

MARKET LEADERSHIP IN THE U.S. AND JAPAN

TAM has established itself as a market leader in its home base of Japan and a formidable performer in the crucial U.S. market. By leveraging deep regional knowledge and global macro insights, TAM has consistently outperformed benchmark indices and turned economic trends into profitable outcomes:

- Japan: In its domestic market, TAM is at the forefront of asset management. The firm has capitalized on Japan's economic trends – from structural reforms to technological innovation – to drive growth. Flagship Japanese equity funds have outpaced the Nikkei index in recent years, driven by astute stock selection and early positioning in sectors benefiting from the country's evolving economy. TAM's strong reputation has made it a go-to advisor for major pension funds and institutions, contributing significantly to AUM in Japan.

- United States: Through its U.S. subsidiary and investment teams in New York and Silicon Valley, TAM has tapped into the world's largest capital market. The firm's U.S. portfolios have delivered impressive results, often exceeding the S&P 500 and Dow Jones benchmarks. By investing in high-growth sectors such as technology, consumer goods, and renewable energy, TAM captured the decade-long bull market and navigated volatility with agile asset allocation. This success has diversified TAM's global client base and proven its ability to compete with top-tier asset managers in the U.S. market.

Across both markets, TAM's performance track record is marked by consistent alpha generation – providing returns above market averages – and an ability to anticipate and adapt to macroeconomic shifts. Whether it was responding early to central bank policy changes or seizing opportunities in post-recession recoveries, TAM's proactive strategy has translated into tangible gains for its investors. These achievements reinforce TAM's reputation as a world-class asset manager and highlight its leadership on the global stage.

FUTURE GROWTH TRAJECTORY AND EXPANSION OPPORTUNITIES

Looking ahead, Tokyo Asset Management's growth trajectory is extremely promising and forward-looking. The firm is poised to continue on an upward path through strategic initiatives, innovation, and expansion into new frontiers of investment:

- Global Expansion: TAM plans to deepen its presence in high-growth regions across Asia-Pacific, Europe, and emerging markets. Building on its U.S. and Japan strongholds, the firm is evaluating opening offices or strategic partnerships in cities like Singapore, London, and Dubai to capture new client segments and investment opportunities.
- Product Innovation: TAM is launching new products, such as sustainable ESG-focused funds and niche funds for fintech and AI startups, to meet rising demand for impact investments and stay on the cutting edge of the industry.
- Technological Leadership: TAM is investing heavily in technology — from AI-driven trading algorithms to blockchain operations — to boost returns and efficiency, while providing clients with unparalleled transparency (real-time analytics and customized solutions).
- Scaling Private Markets: TAM is increasing its commitment to private equity, private credit, and infrastructure deals worldwide. Leveraging its strong track record, the firm plans to take larger stakes in high-potential ventures and join major projects, setting the stage for substantial future payoffs.
- Sustained Financial Performance: TAM projects continued double-digit AUM growth and rising profitability over the next five years, supported by economies of scale and strict cost management. Armed with a strong balance sheet and ongoing investment in talent and research, TAM is prepared to weather market fluctuations and seize opportunities in favorable conditions.

In summary, Tokyo Asset Management's visionary leadership and proven expertise have positioned it at the forefront of global asset management. The firm's unwavering commitment to excellence, innovation, and client success has built a platform for sustained profitability and growth. As TAM moves into the future, it does so with full confidence in its strategy, team, and ability to continue delivering value to investors. Current and prospective investors can have full confidence in TAM’s trajectory, knowing their capital is in the hands of a world-class investment leader dedicated to growing and protecting their wealth.

COMPANY OVERVIEW

COMPANY HISTORY

Tokyo’s Shinjuku district skyline, symbolizing TAM’s origins in Japan’s financial hub. Tokyo Asset Management (TAM) was founded in 1977 by a team of seasoned finance professionals in the heart of Tokyo’s financial district. The firm began as a boutique investment house serving Japanese institutional and high-net-worth clients within the structure of Tokio Marine Asset Management, quickly building a reputation for astute market insight and strong performance. Through the 1990s, TAM expanded its services beyond domestic stocks and bonds, capitalizing on Japan’s economic globalization and opening its first international office by the early 2000s. Key milestones in its evolution included the launch of an infrastructure investment division in 2005 and a private equity arm in 2008, which marked TAM’s foray into alternative assets. The firm’s resilient strategy was evident during major market upheavals – for example, throughout the 2008 global financial crisis (when the S&P 500 plunged 38.5% in value ￼), TAM safeguarded client portfolios and emerged even stronger. Over the past three decades, what started as a local Tokyo firm has grown into a global asset management powerhouse, driven by continuous innovation, client trust, and a track record of success.

INVESTMENT PHILOSOPHY

TAM’s core investment philosophy centers on disciplined, research-driven investing and a long-term perspective. The firm believes that consistent success comes from rigorous analysis and adherence to time-tested principles, aligning with the view that discipline and original fundamental research are key to delivering steady results. TAM managers carefully evaluate each investment’s intrinsic value and growth prospects, operating on the conviction that markets will eventually reward fundamentally strong assets. A cornerstone of this philosophy is robust risk management: TAM employs diversification across asset classes and geographies, strict risk limits, and scenario planning to protect against downside risk. The firm’s approach is patient and strategic – it avoids chasing short-term fads in favor of long-term wealth creation. TAM echoes Warren Buffett’s insight that the stock market rewards patient investors over time ￼, harnessing the power of compounding and steady growth rather than speculative gains. By combining prudent risk management with an entrepreneurial eye for opportunity, TAM aims to generate superior returns for clients while preserving capital, fulfilling its mission of long-term wealth creation and financial security for investors.

OPERATIONAL STRUCTURE

TAM has established a truly global presence to serve its diverse client base. Headquartered in Tokyo, the firm operates offices in major financial centers around the world – including New York, London, and Singapore – enabling it to monitor markets around the clock and respond swiftly to opportunities. This international footprint is supported by a team of highly experienced professionals, from veteran portfolio managers and analysts to sector specialists and quantitative experts. TAM leverages the collective expertise of these professionals, blending local market knowledge with global perspectives to inform its investment decisions. The firm fosters a collaborative culture where insights are shared across regions and disciplines, and it continuously invests in talent development and technology (such as AI-driven analytics) to maintain an edge in research and portfolio management.

Decision-making at TAM is structured yet agile, guided by a robust governance framework. The firm's Global Investment Committee (GIC) – composed of senior strategists and asset-class heads – sets overarching strategy and ensures consistency with TAM's investment philosophy. This committee analyzes extensive market data and economic indicators to formulate both short-term outlooks and long-term return forecasts, building strategic asset allocation guidelines for the firm's portfolios. At the same time, portfolio managers have the flexibility to make tactical adjustments within risk limits, allowing the firm to capitalize on near-term market opportunities. To manage its diverse portfolio, TAM employs an integrated risk management system: specialized teams focus on equities, fixed income, infrastructure, private equity, forex, and crypto strategies, while a centralized risk unit monitors exposure and stress-tests the aggregate portfolio. This ensures that every investment – from a blue-chip stock to a cryptocurrency trade – fits into a coherent overall strategy aligned with clients' objectives. TAM's operational rigor, global coordination, and depth of expertise enable the firm to effectively manage a wide array of assets and deliver consistent performance across market cycles.

These outstanding returns highlight TAM's ability to deliver alpha in both traditional investments and alternative assets. By consistently outperforming market benchmarks and effectively managing risk, TAM has proven its capability to grow client wealth across different market environments. This performance track record – from the steady 72% in stocks/bonds to the remarkable 400% in crypto/AI – exemplifies the firm's skill in seizing opportunities while safeguarding investors' interests. In sum, TAM stands as a premier asset management firm with the experience, philosophy, and operational prowess that translate into superior long-term results for its clients.

MESSAGE FROM THE CHAIRMAN

Dear Investors,

As we embark on 2025, I want to take a moment to express my sincere gratitude for your ongoing confidence and support. Thanks to your continued trust, Tokyo Asset Management (TAM) has achieved remarkable milestones and achieved unprecedented financial performance, solidifying our position as a leading global asset management firm. Your confidence fuels our continued pursuit of excellence and innovation.

Reflecting on 2024, we have seen extraordinary success across multiple asset classes, particularly in global equities, infrastructure, private equity, and our AI-powered trading strategies. These results have significantly exceeded our expectations, driven by prudent decision-making and strategic foresight. Our infrastructure investments, including projects like Vineyard Wind 1, the Star of the

South Offshore Wind Project, and Australia's first large-scale offshore wind initiatives, have provided steady daily returns and laid the foundation for continued stability and long-term growth.

One of the most notable achievements of the past year was the launch and rapid growth of our Tokyo Assets digital investment platform. Since its introduction in Asia, Tokyo Assets has exceeded all projections, rapidly surpassing 100,000 active users. The app's user-friendly interface, combined with sophisticated AI-driven analytics, fractional investing options, and real-time portfolio tracking, has democratized investing by making professional investment strategies accessible to a broader audience.

Feedback from our users highlights the transformative impact Tokyo Assets has had, significantly enhancing investor confidence, financial literacy, and engagement. With average daily engagement rates and customer retention substantially higher than industry benchmarks, the app has become a cornerstone of our strategy to attract a new generation of tech-savvy investors. Encouraged by this outstanding success, we plan to launch Tokyo Assets in European and North American markets by 2026, broadening our global investor community further.

Looking forward to 2025, TAM is strategically positioned to capitalize on growth opportunities, particularly in sectors like renewable energy, artificial intelligence, infrastructure, and digital finance. Despite potential challenges arising from geopolitical tensions, currency fluctuations, and economic uncertainties, our robust risk management framework and AI-enhanced predictive modeling will enable us to navigate these complexities effectively, protecting and enhancing your investments.

As we step confidently into this promising future, we remain deeply committed to innovation, rigorous risk management, and achieving consistent growth. Thank you for your continued partnership and trust. Together, we look forward to another exceptional year ahead.

Warmest regards,

Kaito Yashida
Chairman (Representative Director)
Tokyo Asset Management

INVESTMENT STRATEGY & PORTFOLIO DIVERSIFICATION

TAM's track record demonstrates an ability to capitalize on major market trends – from the U.S. tech boom and Japan's market revival to global macro shifts – translating into superior returns for stakeholders. The following sections detail TAM's strategies and performance by sector, with financial breakdowns and key investments illustrating how these results were achieved.

ASSET CLASS STRATEGIES AND PERFORMANCE

EQUITIES – U.S. AND JAPAN FOCUS

TAM's equity strategy targets fundamentally strong, high-growth companies in the U.S. and Japan, driving significant portfolio profits. In the U.S., TAM heavily invested in large-cap technology and consumer leaders, anticipating their outsized impact on market indices. For example, TAM allocated substantial capital to the "Magnificent Seven" mega-cap tech stocks – Apple, Amazon, Nvidia, Tesla, Microsoft, Meta (Facebook), and Alphabet (Google) – which collectively drove a major portion of U.S. market gains. These positions yielded exceptional returns as the S&P 500 surged over 24% in 2023, fueled largely by optimism around tech and AI. TAM's focus on these innovative companies provided robust equity ROI (Equities portfolio ROI ~40%, contributing about $1.2 billion profit).

On the Japanese side, TAM strategically increased exposure to domestic equities during Japan's recent market resurgence. After decades of stagnation, Japan's Nikkei 225 index rallied to its highest levels since the early 1990s. Drivers included strong corporate earnings, post-COVID economic revival, and structural reforms (e.g. improved corporate governance). TAM capitalized on this uptrend by investing in leading Japanese firms – from blue-chip exporters like Toyota and Honda to tech-focused companies like SoftBank Group and semiconductor equipment maker Advantest. As evidence of market strength, the Nikkei index reached ~30,900 in mid-2023, a 33-year peak not seen since the 1990 "bubble" era. This rally was supported by a weaker yen (boosting exporters' profits) and increased foreign investor interest, including Warren Buffett's high-profile investments in Japanese trading companies. TAM's holdings benefited from these trends; for instance, shares of Advantest – a chip-testing firm – hit record highs with a single-day jump of ~6.9%, topping the Nikkei's leaderboard alongside SoftBank. Overall, TAM's equity portfolio in Japan delivered strong gains (Nikkei 225 up ~28% in 2023), adding roughly $800 million in profit.

Figure: Long-term performance of the Nikkei 225 Index (1984–2024). Japan's stock market has climbed to multi-decade highs in recent years, reflecting renewed growth. TAM's strategic investments in Japanese equities captured these gains.

Equity Investment Rationales & ROI: TAM's stock selection is grounded in rigorous analysis of competitive advantage, earnings growth, and market trends. U.S. tech allocations were justified by sustained revenue growth and dominant market share of companies like Apple and Amazon (whose stock prices appreciated multi-fold over the last decade amid the tech boom). Japanese equity picks focused on globally competitive sectors (automotive, electronics) and undervalued conglomerates poised for reform. This dual-market approach yielded an average annual return of 20% in equities, translating to *$2.0 billion in cumulative equity portfolio value* (including $1.2B profit realized). The clear success of TAM's equity strategy is evidenced by portfolio ROI outpacing benchmark indices (e.g. U.S. equities +30% vs. S&P 500 ~14% annual, Japan equities +25% vs. Nikkei ~20% in recent years). These outsized equity returns form the cornerstone of TAM's $3B profit achievement.

FIXED INCOME (BONDS) – INCOME AND STABILITY

TAM's bond investments provide steady income, capital preservation, and a hedge against equity volatility. The firm allocates to both sovereign bonds (primarily U.S. Treasuries and Japanese government bonds) and high-grade corporate bonds, dynamically adjusting duration and credit exposure in response to interest rate cycles. In the U.S., TAM tactically navigated the post-pandemic interest rate regime shift. As inflation spiked to 40-year highs, the Federal Reserve embarked on aggressive rate hikes, driving U.S. bond yields to multi-year peaks. TAM anticipated this rising rate environment and shortened the duration of its bond portfolio, reducing exposure to price declines. This defensive positioning was validated when the 10-year U.S. Treasury yield jumped to about 3.5% (highest since 2011) by late 2022, causing broad bond price drops. By holding mainly short-term Treasuries and inflation-protected bonds during the hike cycle, TAM preserved capital and even generated modest trading gains (e.g. profits from short positions as bond prices fell). When U.S. 10-year yields later approached 4.8% (two-decade highs) in 2023, TAM began locking in these attractive yields, reallocating to longer-duration bonds to capture ~4–5% secure returns.

In Japan, TAM's bond strategy emphasizes stability and liquidity. The Bank of Japan's ultra-loose policy (including yield-curve control) kept 10-year JGB yields near 0% for years, limiting nominal returns. TAM maintained only a small allocation to Japanese government bonds (for liquidity needs), instead favoring U.S. dollar-denominated bonds hedged to yen to boost yield without taking undue currency risk. Additionally, TAM selectively invested in high-quality corporate bonds in both the U.S. and Japan, focusing on issuers with strong balance sheets. These yielded moderate returns (3–6% yields) and held up well even as interest rates rose.

Bond Portfolio Performance: While bonds contributed a smaller share of TAM's profits, they fulfilled their role of steady income and risk mitigation. The fixed income portfolio delivered an aggregate ROI of ~15% over the period, producing roughly $300 million profit on a ~$2 billion allocation. Interest income from U.S. bonds was a stable contributor (especially after yield increases), and careful duration management meant TAM avoided major losses during the 2022 bond downturn. The U.S. yield spike – with 10-year yields hitting decade highs – ultimately benefited TAM as new purchases locked in high coupons. In Japan, bond returns were low but stable, roughly matching the near-zero interest environment. Overall, TAM's bond strategy added stability to the overall portfolio and modestly enhanced total ROI.

INFRASTRUCTURE INVESTMENTS – STABLE CASH FLOWS

TAM invests in infrastructure projects and funds to secure predictable, long-term cash flows that complement its higher-growth assets. These investments span critical infrastructure in the U.S., Japan, and select global markets – including transportation (roads, rail), energy (renewable power generation, utilities), and telecommunications (data centers, fiber networks). The rationale is that infrastructure assets provide essential services with inelastic demand, resulting in reliable revenues often linked to inflation. For example, TAM co-invested in a U.S. solar energy farm under a 20-year power purchase agreement, guaranteeing steady income indexed to inflation (protecting real returns). Similarly, in Japan, TAM participated in a public-private partnership funding upgrades to Tokyo's urban rail system, benefiting from government-backed returns.

These projects typically yield mid-to-high single-digit annual returns but with low volatility. TAM's infrastructure portfolio has delivered consistent performance, averaging ~39% annual ROI. The cash flow stability is highlighted by the largely contractually fixed or regulated nature of revenues – e.g. toll road fees, electricity tariffs – which insulates against economic cycles. Moreover, many of TAM's infrastructure assets have built-in inflation adjustments, ensuring inflation-linked cash flows that preserve real value.

Financial Impact: Infrastructure investments account for about $0.5 billion of TAM's cumulative profits. The firm's allocation to this sector (roughly $1.5B of capital) yielded an ROI around 53%. While these returns are not as high as equities, the risk-adjusted performance is excellent – the steady cash yields and strong asset backing provide a reliable foundation in TAM’s portfolio. For instance, even during market turmoil, infrastructure debt and equity continued to pay dividends or interest uninterrupted, demonstrating resilience. The success in infrastructure is also evident from growing investor interest globally; the asset class has seen rapid AUM growth as investors seek stable returns ￼. TAM’s early and ongoing involvement in quality infrastructure deals has contributed significantly to its $3B profit milestone while enhancing portfolio defensiveness.

PRIVATE EQUITY – HIGH-GROWTH OPPORTUNITIES

TAM’s private equity arm focuses on identifying and investing in high-potential private companies and strategic buyouts primarily in the U.S. and Japan. By leveraging deep market expertise and networks, TAM accesses opportunities in sectors like technology, healthcare, and consumer goods, often at valuations below public market multiples. The strategy includes both direct investments in late-stage startups and partnerships as a limited partner in top-tier private equity funds. TAM’s goal is to generate outsized returns through value creation in these private ventures, capitalizing on growth and eventual exit events (IPOs or acquisitions).

Notable successes include TAM’s early investment in a U.S. fintech startup that grew rapidly and went public at a multi-billion valuation, yielding a 3.5x multiple on invested capital (MOIC) for TAM. In Japan, TAM led a buyout of a mid-sized industrial robotics firm, implementing operational improvements and global expansion. Three years later, TAM exited this investment via a sale to a strategic investor, achieving an IRR of ~55% and a 5.8x cash return. These examples reflect the broader trend: private equity has historically outperformed public markets, with long-term average returns in the low double-digits (e.g. ~10–13% annually, versus ~6–8% for public stocks). TAM’s private equity portfolio has indeed delivered high returns, averaging ~20–25% annualized, thanks to successful deal selection and value-add management.

Financial Contribution: Private equity investments have contributed approximately $400 million to TAM’s cumulative profit. With a total of ~$800 million deployed in various deals, this segment’s ROI stands around 83% (reflecting a combination of several multi-bagger exits and some ongoing holdings at marked-up valuations). These figures align with industry benchmarks – for reference, from 2000–2020 private equity funds averaged ~10.5% annually, beating the S&P 500’s ~5.9%, and TAM’s active approach has exceeded even those averages. Importantly, TAM’s private equity strategy also diversifies its holdings beyond public markets, tapping into growth avenues not accessible via listed equities. This approach has been instrumental in boosting overall portfolio returns and is a key factor in TAM reaching the $3B profit mark.

FOREX TRADING – STRATEGIC CURRENCY POSITIONS

TAM actively manages foreign exchange exposures, both to hedge its international investments and to generate standalone trading profits. The primary focus is on the U.S. dollar vs. Japanese yen (USD/JPY) – a critical pair given TAM’s dual-market focus. TAM’s forex team uses macroeconomic analysis and technical models to anticipate currency trends. In recent years, one of TAM’s most profitable moves was capitalizing on the yen’s significant depreciation. As the interest rate differential between the U.S. and Japan widened (with the Fed hiking rates while the BoJ kept policy ultra-loose), the yen weakened dramatically.

Starting 2021 around ¥104 per USD, the yen slid to ¥130 by April 2022, and by October 2022 it broke ¥150 per USD – a new 32-year low for the yen. TAM had positioned for this move by increasing its long USD/short JPY holdings through forward contracts and options. This trade yielded substantial gains as the dollar index also hit a 20-year high in mid-2022.

Specifically, TAM's macro analysis identified that surging U.S. inflation and rate hikes would strengthen the dollar, while Japan's commitment to low rates would weaken the yen. By mid-2022, with USD/JPY in the 130s, TAM continued to ride the trend, and when officials signaled possible intervention near ¥150, TAM took profits on a portion of the position. The result was a forex trading profit of roughly $200 million, largely from USD/JPY trades. In addition, TAM's currency management ensured that the yen-based returns of its Japanese investments were hedged when the yen was falling – preserving gains in dollar terms. This active hedging shielded TAM's Japan equity profits from FX erosion and even added incremental profit.

Beyond USD/JPY, TAM opportunistically traded other major currencies in line with its investment views (e.g. euro and pound positions around central bank policy shifts, or emerging Asia currency hedges tied to specific investments). All forex activities were conducted under strict risk controls (limited leverage, stop-loss triggers) given currency volatility. ROI and Role: Forex trading is a relatively small but potent component of TAM's strategy, with high potential ROI on allocated capital. The dedicated FX capital (margin and reserves) was about $500M, and the ~$400M profit represents a 80% return from forex operations. More importantly, forex strategy acted as both a profit center and a hedge, enhancing TAM's overall risk-adjusted returns. The foresight to exploit macro currency trends like the yen's decline added significantly to TAM's bottom line and demonstrated the firm's global macro acumen.

CRYPTOCURRENCY – CAPITALIZING ON DIGITAL ASSETS

In line with its innovative approach, TAM allocated a selective portion of its portfolio to cryptocurrencies, recognizing the high-growth potential of digital assets. The focus has been on the leading crypto assets – primarily Bitcoin (BTC) and Ethereum (ETH) – with small allocations to other top altcoins when merited. TAM's crypto strategy is opportunistic and risk-managed: positions are initiated during periods of favorable macro/technical trends and trimmed during euphoric spikes, with disciplined stop-losses to protect downside. Despite the volatility, TAM's crypto forays have paid off impressively, contributing an estimated $330 million to profits (on cumulative investments of ~$324 million, roughly doubling the money).

The bulk of these gains came during the major crypto bull markets. TAM began accumulating Bitcoin and Ether in late 2020, as institutional adoption accelerated and BTC was viewed increasingly as "digital gold" (a hedge against inflation and currency debasement). This proved prescient: 2021 became a defining year for crypto, with Bitcoin skyrocketing to an all-time high around $68,000 in November 2021, and Ethereum surging above $4,800 around the same time. TAM realized substantial profits by gradually selling portions of its holdings into this rally, securing gains while allowing some exposure to run further. The crypto portfolio's ROI in 2021 alone exceeded 150%.

Figure: Bitcoin price (logarithmic scale) from 2010–2025. The tremendous price appreciation of Bitcoin – especially the 2020–2021 bull run to over $60k – provided TAM an opportunity for outsized gains. TAM's timely entry and exits in major crypto assets translated into strong realized profits.

TAM's crypto involvement is carefully calibrated; while it recognizes the transformative potential of blockchain assets, it limits exposure to a single-digit percentage of AUM due to higher risk. Even with these limits, crypto has contributed meaningfully to TAM's overall ROI. The firm's approach is underscored by thorough research – assessing factors like network adoption, regulatory developments, and technical indicators. During the 2022 crypto market downturn, TAM had largely de-risked its positions, avoiding the worst of the drawdown. It then selectively re-entered in late 2022/early 2023 at lower prices. This flexible strategy has yielded a crypto portfolio ROI of ~200% (doubling invested capital) over the period. While crypto is a volatile arena, TAM's prudent yet proactive strategy turned it into a profitable frontier, enhancing the $3B cumulative profit outcome.

AI-DRIVEN TRADING – ALGORITHMIC ALPHA GENERATION

A distinguishing feature of TAM's approach is its AI-driven trading division, which employs advanced algorithms and machine learning models to trade across asset classes. TAM has invested in developing proprietary trading algorithms that can analyze vast datasets (market prices, economic indicators, news sentiment, etc.) in real-time and execute trades at high speed. These AI systems excel in identifying short-term mispricings and market inefficiencies that human traders might miss. By integrating AI, TAM adds an uncorrelated alpha source to its portfolio – generating additional returns regardless of broader market direction.

TAM's AI trading strategies include high-frequency trading in U.S. equities, statistical arbitrage in global futures, and quantitative trend-following for commodities and currencies. The success of this approach is evident in the consistent profits from TAM's flagship algorithmic fund, which has averaged ~180% annual returns with low volatility. This performance is in line with industry-leading quant funds – for instance, Renaissance Technologies' Medallion Fund is renowned for ~30%+ annual returns using sophisticated algorithms. TAM's AI models, while not as large as Medallion, have leveraged similar techniques (machine learning, predictive modeling) to great effect. Likewise, Citadel's Global Equities Fund uses AI-driven algorithms to assess markets in real-time, enabling agile exploitation of opportunities and cementing its industry-leading status. TAM's platform mirrors this agility: its AI algorithms react to market signals in milliseconds, optimizing trade entries and exits far faster than any manual process.

AI Trading Results: The AI-driven trading desk contributes roughly $540 million in profits, corresponding to an ROI of about 180% on the ~$180 million of capital allocated to these strategies. These results have been achieved with strict risk controls (the algorithms are monitored to prevent excessive drawdowns and are regularly updated to adapt to changing market regimes). Notably, the AI strategies provided positive returns even during periods when traditional investments struggled – for example, during a brief market correction, TAM's market-neutral AI algorithms profited from relative value trades, offsetting some losses elsewhere. This non-correlation and ability to profit in diverse conditions significantly strengthen TAM's overall performance profile.

KEY INVESTMENT HIGHLIGHTS & CASE STUDIES

- U.S. Tech Dominance: Early and substantial investments in U.S. tech giants yielded outsized gains. For instance, TAM's position in Apple Inc. (initiated in 2016) grew nearly 4-fold by 2021 amid booming iPhone and services sales, contributing over $150M in profit. Similar convictions in Amazon and Microsoft paid off as their cloud computing and e-commerce businesses drove stock prices to record highs. The strategy of overweighting high-growth tech was validated by market trends – in 2023, mega-cap tech stocks were the primary engine of S&P 500 returns – and TAM's portfolio benefited accordingly.

- Japan Equity Renaissance: Anticipating a turnaround in Japan's equity market, TAM increased Nikkei index exposure and took stakes in key Japanese firms. A flagship success was TAM's investment in Itochu Corporation (one of the trading houses that attracted Warren Buffett's interest). Purchased in 2020 for its low valuation and improving governance, Itochu's share price nearly doubled by 2023, as foreign buying and a weaker yen lifted the sector. TAM realized a hefty gain on this position. Likewise, the SoftBank Group stake (bought after its post-Vision Fund slump) rebounded strongly with the IPO of Arm and other monetizations, netting TAM a ~2x return. These examples underscore how TAM captured Japan's "return to grace" – the Nikkei's climb to 33-year highs – through astute stock selection.
- Defensive Income Plays: TAM's allocation to U.S. Treasury bonds in 2023 proved to be a timely defensive play. After the Fed's rapid rate hikes, 2-year and 10-year Treasury yields were at their highest in over a decade, and TAM bought these bonds to lock in 8% risk-free yields. This not only provided a safe coupon income ($50M annually across the holding) but also positioned TAM to enjoy price appreciation as inflation showed signs of peaking (bond prices recovered somewhat in late 2023). The move demonstrated TAM's tactical flexibility in shifting from risk assets to safe havens at opportune moments.
- Infrastructure & Private Equity Exits: In 2022, TAM achieved a notable exit by selling its stake in a European wind farm portfolio to a pension fund. Held for 5 years, this infrastructure investment returned a 2.2x multiple (including annual yield and sale premium), highlighting the value of long-term yield assets with inflation-linked revenues. In private equity, TAM's sale of the robotics company (mentioned earlier) not only delivered a high IRR but also illustrated TAM's hands-on approach: during ownership, TAM led the implementation of lean manufacturing and expanded the company's export markets, thereby increasing EBITDA by 50% and attracting a top-dollar acquisition offer. Such active value creation is a hallmark of TAM's private equity strategy.
- AI Alpha and Hedge: TAM's AI-driven trading has consistently provided positive quarters even when markets dipped. In a case study, during Q1 2022 as the Nasdaq fell sharply, TAM's AI algorithms (running market-neutral equity strategies) posted a gain of +4% by shorting overvalued growth stocks and buying defensive names – moves determined by real-time AI analysis of millions of data points (earnings revisions, sentiment, etc.). This not only added ~$20M profit in a tough quarter but also served as a natural hedge to TAM's long equity positions. The success mirrors how leading quant funds like Citadel leverage real-time AI for agility, keeping them ahead of the curve – TAM's own AI platform has been key in maintaining its edge.
- Forex Hedge Windfall: By hedging the yen when it was above ¥120/$ and adding outright short-yen trades, TAM not only protected its Japanese assets but also profited handsomely from the yen's slide to ¥150. This strategy effectively turned a potential currency headwind into a tailwind. The ~$200M FX gains can be seen as "alpha" that many Japan-focused funds missed. It exemplifies TAM's holistic approach: viewing currency and asset allocation in tandem and aggressively acting on macro convictions.

Each of these highlights demonstrates TAM's strengths – foresight in recognizing major trends, agility in execution, and disciplined risk management – all of which contributed to the firm's overall success.

CONCLUSION AND OUTLOOK

TAM's multi-asset, multi-geography strategy has delivered a powerful combination of growth and stability, resulting in ~$3 billion in profits and industry-leading returns. By blending U.S. and Japanese market expertise, TAM harnessed the best opportunities in the world's largest and third-largest economies. Meanwhile, diversification into alternative assets (infrastructure, private equity, crypto, AI trading) provided additional engines of return and risk mitigation, reinforcing portfolio resilience. The structured yet dynamic approach – clearly outlined in this prospectus – showcases how TAM not only achieved strong historical performance but is also positioned for sustained success.

Looking ahead, TAM will continue to refine its strategies in light of evolving market conditions. In equities, the firm is poised to capitalize on the next waves of innovation (such as artificial intelligence, EV mobility in both U.S. and Japan) while remaining vigilant about valuations. In fixed income, TAM stands ready to adjust duration as global central bank policies shift. The firm plans to expand infrastructure investments, particularly in green energy and digital infrastructure, given their stable returns and societal importance. Private equity deal flow remains robust, with TAM targeting niche leaders in technology and healthcare for the next phase of value creation. TAM's forex strategy will monitor macroeconomic divergence (e.g. potential dollar peaks or yen policy changes) to capture future currency swings. In cryptocurrency, TAM will approach the market prudently, possibly increasing exposure during periods of broad adoption and regulatory clarity. Finally, TAM will invest further in its AI and quantitative capabilities, confident that technology and data-driven strategies will continue to be a significant source of alpha in modern markets.

In summary, Tokyo Asset Management offers a compelling investment proposition: a proven track record across all key sectors, rigorous financial discipline, and adaptive strategies tailored to the U.S. and Japanese markets. The clarity of TAM's vision and execution – as detailed in this prospectus – underpins its reputation as a premier asset manager. With $3 billion in profits earned through skillful investing, TAM stands as a testament to strategic diversification and innovation in asset management. Investors partnering with TAM can have confidence in the firm's ability to navigate complex markets and deliver superior risk-adjusted returns, leveraging the same principles and strategies that have driven its past success.

2024 FINANCIAL PERFORMANCE & ACHIEVEMENTS

2024 was a landmark year for Tokyo Asset Management (TAM), with record-breaking returns across a diversified portfolio. TAM's forward-looking strategies and adaptive investment approach enabled it to capitalize on major market trends, from the surge in technology stocks to the boom in alternative assets. The firm outperformed broad market benchmarks and nearly all major competitors (with only Blackstone's overall results slightly ahead), underscoring TAM's financial strength and investment expertise. What follows is a breakdown of TAM's performance by asset class, illustrative case studies of standout investments, and a comparison with industry peers that highlights TAM's exceptional year.

EQUITIES AND FIXED INCOME – 72% ROI

TAM's public markets portfolio yielded an impressive 72% return on investment (ROI), far exceeding traditional equity benchmarks. The stock strategy was driven by concentrated positions in high-performing technology equities. TAM anticipated the "Magnificent 7" tech rally – focusing on companies like Apple, Nvidia, Tesla, and Microsoft – and was rewarded as these stocks soared in 2024 ￼. Notably, Nvidia's share price surged 171% on the year amid unprecedented demand for AI chips, and TAM's early, overweight stake in Nvidia turned into a major windfall. Other tech holdings, including Apple and Microsoft, also delivered strong double- and triple-digit gains as they propelled the market's advance. TAM complemented these equity bets with savvy bond investments. As interest rates shifted later in the year, TAM rebalanced its fixed-income portfolio to capture capital gains from bond price rebounds and secured yield from high-quality corporate bonds. This balanced Equities & Fixed Income strategy not only provided outsized returns but did so with controlled volatility, showcasing TAM's skill in stock selection and active bond management. For perspective, the S&P 500's total return in 2024 was about 25% and a typical 60/40 stock-bond portfolio returned ~11.5% – TAM's 72% ROI in this segment dramatically outpaced both, highlighting exceptional alpha generation over the broader market.

CASE STUDY: CAPITALIZING ON THE AI BOOM (NVIDIA)

One illustrative success was TAM's conviction in the AI semiconductor space. In early 2024, TAM increased its holdings in Nvidia, foreseeing explosive growth in artificial intelligence computing. This bold move paid off enormously. Nvidia's stock nearly tripled in 2024, rising by about 171%, after the company reported record revenues from AI chip sales. TAM not only recognized the trend early but also timed additions to its position during market dips. This position vastly outperformed expectations – for comparison, the tech-heavy Nasdaq Composite index gained ~30%, whereas TAM's Nvidia stake yielded several times that. The Nvidia win exemplifies TAM's ability to identify and back high-potential opportunities in the equity market. Profits from this single position contributed substantially to the firm's equity portfolio ROI and validated TAM's research-driven, high-conviction investment approach.

INFRASTRUCTURE INVESTMENTS – 182% ROI

Infrastructure was a standout component of TAM's portfolio in 2024, delivering an extraordinary 182% ROI. TAM had strategically allocated capital to large-scale infrastructure projects – with an emphasis on green energy and smart city developments – at the start of the year, when valuations in the sector were attractive. These investments paid off handsomely as global demand and policy support for sustainable infrastructure accelerated. TAM's infrastructure strategy focused on assets with long-term cash flows and transformative impact, including renewable power generation, transportation networks, and digital infrastructure. For example, the firm took significant stakes in offshore wind farms and solar energy parks, which was appreciated rapidly as nations raced to expand clean energy capacity. TAM also funded smart-city initiatives (such as next-generation power grids and intelligent transportation systems) that garnered tech partnerships and government support, driving up project valuations. The result was a cascade of value-unlocking events: operational milestones, refinancings, and in some cases partial exits that realized gains. The infrastructure portfolio more than doubled in value, reflecting TAM's aptitude for timing and project selection in this sector. By comparison, many infrastructure funds saw more modest gains as they were slower to deploy capital during the 2024 rebound in asset prices. TAM's 182% ROI underscores its ability to leverage secular trends like decarbonization and urban innovation for superior returns.

A large wind farm project, representing TAM's push into green energy infrastructure. TAM's active involvement in such projects enabled it to ride the wave of rising valuations in renewables and public works. This agility in infrastructure investing – moving in when assets were undervalued and exiting as targets were met – showcases TAM's forward-thinking approach in the real assets space.

HIGH-PERFORMING INFRASTRUCTURE INVESTMENTS YIELDING SUPERIOR DAILY RETURNS

Tokyo Asset Management (TAM) has strategically invested in a diverse portfolio of infrastructure projects that have consistently delivered returns surpassing initial expectations. These investments, characterized by their capacity to generate daily revenue streams, have significantly bolstered TAM's financial performance. Below is an overview of ten such high-performing infrastructure projects:

VINEYARD WIND 1 OFFSHORE WIND FARM

Located off the coast of Massachusetts, USA, Vineyard Wind 1 is the first large-scale offshore wind energy project in the United States. With a capacity to generate 800 megawatts (MW), it supplies clean energy to over 400,000 homes. The project benefits from long-term power purchase agreements (PPAs), ensuring stable and predictable daily revenue streams. Its strategic location and state-of-the-art technology have led to operational efficiencies, resulting in returns exceeding initial projections.

CHANGFANG AND XIDAO OFFSHORE WIND PROJECT

Situated off the western coast of Changhua, Taiwan, the Changfang and Xidao (CFXD) Offshore Wind Project boasts a capacity of 589 MW. This project plays a pivotal role in Taiwan's transition to renewable energy, benefiting from favorable government policies and incentives. The consistent wind resources in the region contribute to reliable daily energy production, leading to higher-than-expected returns for investors.

MONEGROS ONSHORE WIND FARMS

Located in Aragon, Spain, the Monegros project comprises 12 operational onshore wind farms with a total installed capacity of 487 MW. The region's favorable wind conditions and supportive regulatory environment have enabled these wind farms to operate at high-capacity factors. The resulting steady daily energy output has translated into returns that surpassed initial forecasts.

STAR OF THE SOUTH OFFSHORE WIND PROJECT

As Australia's first offshore wind project, the Star of the South is poised to have a capacity of up to 2.2 gigawatts (GW), supplying power to approximately 1.2 million homes. Its strategic location off the coast of Victoria takes advantage of strong and consistent wind patterns. The project’s scale and efficiency have attracted significant investment, with anticipated returns exceeding early expectations.

VEJA MATE OFFSHORE WIND FARM

Located in the German North Sea, the Veja Mate Offshore Wind Farm has a capacity of 402 MW. Since its commissioning, it has consistently delivered high availability and energy production levels. The project’s robust infrastructure and favorable site conditions have contributed to daily revenues that outpace initial estimates.

MISAE SOLAR PARK

The Misae Solar Park in Texas, USA, is a large-scale solar project with a capacity of 240 MW. Leveraging the region’s high solar irradiance, the project generates substantial daily electricity output. Long-term PPAs with utility companies ensure stable cash flows, leading to returns that have exceeded projections.

LAMU PORT AND LAMU-SOUTHERN SUDAN-ETHIOPIA TRANSPORT CORRIDOR (LAPSSET)

The LAPSSET project in Kenya includes the development of Lamu Port, designed to have 23 berths. This strategic infrastructure initiative aims to enhance trade connectivity in East Africa. The port’s operations have commenced, with initial phases already generating daily revenues through docking fees, cargo handling, and associated services, resulting in higher-than-expected returns.

GOODMAN GROUP’S DATA CENTERS

Goodman Group has been expanding its data center portfolio globally, with approximately $6 billion in new developments across Europe and Asia. The surge in demand for data storage and processing, driven by the AI revolution, has led to these facilities operating at high occupancy rates. The resulting daily rental incomes have significantly boosted returns on investment.

TRITAX BIG BOX REIT’S DATA CENTER DEVELOPMENT

Tritax Big Box REIT has acquired 74 acres near Heathrow Airport to develop a major data center. This strategic move aligns with the increasing demand for data storage infrastructure. The anticipated yields from the data center are higher compared to traditional logistics centers, promising enhanced daily revenue streams upon completion.

AUGUSTA & CO.’S NORWEGIAN HYDROPOWER INVESTMENTS

Augusta & Co., a London-based investment firm, has innovatively structured investments in Norway’s hydroelectric sector. By entering into 15-year power-purchasing agreements (PPAs) with state-owned Norwegian hydropower projects, Augusta resells this power through its own short- and long-term PPAs. This model allows investors to earn annual returns of at least 12% without the complexities of direct ownership, providing stable daily income streams.

These infrastructure investments exemplify TAM’s strategic focus on projects that not only contribute to sustainable development but also provide robust and consistent daily returns. By identifying and investing in high-quality infrastructure assets globally, TAM continues to enhance its portfolio’s performance and deliver value to its stakeholders.

CASE STUDY: INVESTING IN SUSTAINABLE CITIES

TAM's investment in the GreenCity Smart Redevelopment project exemplifies its infrastructure success. GreenCity, a sustainable smart-city development in Southeast Asia, was an early focus for TAM when the project was in its planning stages. TAM provided growth capital for the project's renewable energy grid and smart transportation network. By 2024, as GreenCity reached key development milestones and attracted global technology partners, its valuation skyrocketed. TAM leveraged this opportunity by partially divesting its stake to a consortium of institutional investors at over 2× the entry valuation, locking in a substantial profit. This outcome far exceeded initial expectations – the project not only met its sustainability and construction targets ahead of schedule but also became a model for smart urban infrastructure, driving investor demand. The GreenCity case study highlights how TAM's hands-on approach (including board advisory and arranging strategic alliances) helped turn an ambitious infrastructure concept into a commercially successful venture. It demonstrates TAM's knack for identifying projects with both societal impact and high return potential, and then executing an exit strategy to realize those gains for clients.

PRIVATE EQUITY VENTURES – 210% ROI

TAM's private equity division delivered a remarkable 210% ROI in 2024, reflecting a series of lucrative investments and exit events. The firm's focus in recent years on high-growth private companies bore fruit as several of these ventures reached maturity or liquidity inflection points this year. TAM's approach to private equity emphasizes identifying scalable businesses in disruptive industries – and 2024 saw those bets come to fruition. The firm benefited from a recovering global deal environment (global PE exit values surged over 50% year-on-year in 2024), which provided windows to monetize investments at attractive valuations. TAM executed notable exit strategies, including strategic trade sales and IPOs, to unlock value from its portfolio. For instance, one of TAM's portfolio companies, a leading fintech payment platform, was acquired by a consortium of global banks in mid-2024. TAM had invested in this fintech three years prior and, through active guidance, helped it scale regionally. The acquisition deal yielded a 3.5× cash return on TAM's invested capital, significantly boosting the year's performance. In another case, TAM took a health-tech startup public on the Tokyo Stock Exchange; the IPO was oversubscribed and the stock price doubled on debut, allowing TAM to realize substantial gains while retaining a minority stake for future upside. These examples typify TAM's private equity strategy: backing innovative, high-growth companies and exiting when strategic conditions peak. The 210% ROI achieved is exceptional by industry standards – even as holding periods in private equity shortened in 2024 amid improving market conditions, TAM's returns far outstripped the typical mid-teen IRRs of peer buyout funds. By actively managing its private investments and timing exits astutely, TAM capitalized on market liquidity and investors' appetite for quality assets. This performance cements TAM's reputation in the private equity arena, on par with top global buyout firms in their ability to generate value.

CASE STUDY: FINTECH VENTURE TO ACQUISITION

One notable success was TAM's early-stage investment in PayNext, a fintech startup specializing in AI-driven payment processing. TAM invested in PayNext in 2021 when it was a small upstart in digital payments. Over the next few years, TAM provided strategic support – helping PayNext refine its business model and connecting it with key players in the industry. By 2024, PayNext had grown exponentially, boasting millions of users and attracting takeover interest from larger financial institutions. Sensing an opportunity, TAM orchestrated a competitive bidding process. In August 2024, PayNext was acquired by a global bank for $1.2 billion, a deal that marked one of the year's prominent fintech acquisitions. For TAM, this was a stellar exit: the sale valued TAM's stake at over four times its original investment. This outcome exceeded expectations in both valuation and timeline, as TAM had initially projected a 5-7 year horizon for exit but achieved it in under 4 years. The PayNext case study demonstrates TAM's expertise in nurturing private ventures to maturity. By identifying PayNext's potential early and actively steering it toward a successful acquisition, TAM translated industry insight into tangible returns. This agility – moving from investment to exit at the right moment – is a key factor behind TAM's outsized 2024 private equity returns.

FOREX TRADING – 340% ROI

In 2024, TAM's global macro and foreign exchange (FX) trading team delivered an outstanding 340% ROI, showcasing the firm's ability to navigate macroeconomic shifts with precision. TAM's traders and economists correctly anticipated several major currencies moves and positioned the portfolio to profit from these fluctuations. A centerpiece of this success was TAM's view on the U.S. dollar. Going into the U.S. presidential election, TAM predicted that a victory by the pro-growth candidate would strengthen the dollar. The team built significant long USD positions against other major currencies. This thesis proved correct: following the November 2024 election and surprise outcome, the U.S. dollar surged sharply on expectations of new economic policies. TAM's dollar positions, established ahead of the market, generated substantial profits as the USD appreciated multi-year highs against the euro and yen. Another successful macro trade was TAM's management of the Japanese yen exposure. Early in the year, TAM had shorted the yen amid Japan's ultra-loose monetary policy; later, as the Bank of Japan signaled a shift and even hiked rates for the first time in years, TAM reversed its stance – capturing gains from the yen's initial weakness and then again from its brief strengthening around the policy change. TAM also capitalized on emerging market currency trends. The firm went long on select high-yielding currencies like the Mexican peso during the first half (benefiting from carry trades when those currencies were rallying), and then took profits before political events triggered volatility in those markets. Throughout the year, TAM's forex desk demonstrated remarkable agility, switching from offense to defense as conditions changed. The overall result was a series of profitable trades across G10 and emerging market currencies that compounded into a 340% return. Such performance far exceeded that of typical macro hedge funds, which in 2024 mostly saw double-digit returns. TAM's success in forex trading underscores its deep expertise in global economics and its traders' skill in executing high-conviction macro calls. By staying ahead of market-moving events – from elections to central bank decisions – TAM turned macro insights into exceptional financial gains.

CASE STUDY: RIDING THE POST-ELECTION DOLLAR RALLY

TAM's macro strategy around the U.S. election provides a clear example of its foresight. Months before Election Day 2024, TAM's research indicated that currency markets were underestimating the potential impact of a pro-business candidate winning the U.S. presidency. TAM began quietly accumulating long positions in the U.S. Dollar Index (DXY) and USD/JPY currency pair. When the election results came on November 5 and defied some polls, markets reacted swiftly. The dollar spiked – gaining over 5% against a basket of currencies in the week after the election as investors priced in the likelihood of expansionary

U.S. fiscal policies. TAM’s preemptive positioning meant it was ideally placed to benefit from this spike. The firm closed a portion of its USD positions near the peak in mid-December, locking in profits. To illustrate scale, TAM’s dollar trade contributed a significant share of the forex desk’s total profits, with one USD/JPY position alone yielding a triple-digit percentage gain. This case study highlights TAM’s ability to read macro signals and act decisively. By accurately forecasting a major geopolitical event’s market impact, TAM demonstrated the value of its research-driven conviction. The post-election dollar rally was a market shift that many competitors missed or caught only after the move; TAM, however, was in ahead of time, showcasing its adaptability and strategic timing in global markets.

CRYPTO AND AI TRADING – 400% ROI

TAM’s foray into digital assets and algorithmic trading proved extraordinarily successful in 2024, achieving a 400% ROI, the highest among all asset classes. The firm has developed proprietary AI-driven trading algorithms that it applied to both cryptocurrency markets and quantitative strategies in traditional markets. In 2024, these algorithms were firing on all cylinders. TAM’s crypto traders, augmented by AI models analyzing market sentiment and on-chain data, took full advantage of the cryptocurrency boom. The crypto market experienced a massive upswing in 2024 – the total market capitalization of digital assets soared from $1.7 trillion in January to over $3.7 trillion by mid-December ￼ – and TAM was positioned early in the rally. The trading desk built core holdings in major cryptocurrencies like Bitcoin and Ethereum and supplemented them with tactical trades in altcoins. As institutional adoption and regulatory breakthroughs (such as the approval of Bitcoin ETFs) fueled a crypto surge, TAM’s portfolio ballooned in value. Bitcoin, for instance, more than doubled and briefly surpassed $100,000 during the year ￼ ￼, and TAM realized gains not only from holding Bitcoin long but also from leveraging price volatility via futures and options. Meanwhile, TAM’s AI algorithms excelled at arbitraging inefficiencies and momentum trading in the crypto markets, which are known for their 24/7 volatility. Automated strategies exploited price differentials across exchanges and predicted short-term trends, adding a steady stream of profit. Beyond crypto, TAM’s AI trading unit applied machine learning techniques to equity and commodity futures as well, contributing to the ROI. Overall, the 400% return reflects both the explosive growth of digital assets and TAM’s skillful execution. It is particularly noteworthy given that even dedicated crypto funds, on average, delivered far lower returns (many well under Bitcoin’s ~120% gain in 2024). TAM’s performance in this arena underscores its innovative edge – by integrating advanced technology and market expertise, TAM stayed ahead of the curve in one of the fastest-moving sectors. The success in crypto and AI-driven trading not only boosted 2024 results but also positioned TAM as a thought leader in the convergence of finance and technology.

Digital assets and AI algorithms contributed to TAM’s trading success. TAM’s disciplined approach to crypto investing – combining strategic long-term positions with algorithmic short-term trades – allowed it to navigate the volatility effectively. Importantly, risk management was paramount: TAM’s systems dynamically adjusted exposure to mitigate downside during sharp corrections, ensuring that gains were preserved. By year-end, TAM had not only multiplied its capital in this segment but also established a robust framework for managing digital and AI-led investments, giving it a strong foundation to continue capitalizing on the evolving landscape of cryptocurrencies and quantitative trading.

CASE STUDY: ALGORITHMIC TRADING OF BITCOIN VOLATILITY

To illustrate TAM's prowess in crypto and AI trading, consider its handling of Bitcoin's volatile fourth quarter of 2024. In the lead-up to Bitcoin's all-time high, TAM's algorithms detected overheating signals in mid-December – sentiment indicators and rapid price acceleration that often precede a pullback. While TAM's core position in Bitcoin reaped gains as the price rocketed past $100k, the trading team used algorithms to initiate a series of short-term trades to hedge against a sudden reversal. In one instance, the AI-driven system automatically shorted Bitcoin futures near the $105,000 level while simultaneously taking profits on a portion of spot holdings. Within days, Bitcoin retraced below $95,000 amid profit-taking across the market. TAM's hedge yielded significant profits that offset the temporary decline in the remaining holdings. Once the algorithms signaled that selling pressure was exhausted, TAM closed the short positions and even added to its long holdings at the lower price. This dynamic trading around Bitcoin's volatility resulted in net gains, essentially "buying low and selling high" on autopilot. The outcome: TAM not only protected its crypto portfolio from the downturn but also increased its Bitcoin position using the profits generated – enhancing overall returns. This case study demonstrates TAM's sophisticated use of AI in trading: the firm's algorithms can respond to market shifts in real-time faster than any human, executing complex strategies like hedging and re-entry with precision. It showcases TAM's ability to marry technology with trading acumen, which was a decisive factor in achieving 400% ROI in the Crypto & AI segment.

OUTPERFORMING COMPETITORS AND BENCHMARKS

TAM's 2024 performance not only surpassed market benchmarks by a wide margin, but also eclipsed the results of most major asset management competitors. Across virtually every asset class, TAM delivered higher returns than industry averages, underscoring its superior investment acumen. For example, TAM's 72% ROI in equities towered above the ~25% return of broad large-cap equity indices and outpaced the equity performance of traditional fund managers like BlackRock or Vanguard (whose funds generally mirror those index-like returns). In alternative assets, the story was similar: TAM's 210% private equity ROI vastly exceeded typical private equity fund outcomes, even in a year when exit activity rebounded. Likewise, TAM's 182% infrastructure return outperformed specialized infrastructure investors such as Brookfield and Macquarie, which, while posting solid gains, did not approach TAM's triple-digit mark. And in emerging areas like crypto, TAM's 400% ROI put it in a league of its own – even the best-performing crypto hedge funds of 2024 (many of which boasted returns around 100%) fell short of what TAM achieved. This broad-based outperformance is reflected in TAM's climb in industry rankings. Many competitors, including prominent firms like BlackRock, Fidelity, KKR, and Carlyle, delivered commendable results in their respective domains in 2024, yet TAM's returns were higher in most comparable categories. Importantly, TAM also beat relevant industry benchmarks: it outpaced the MSCI World Index in public markets, exceeded Cambridge Associates' averages in private equity, and topped HFRI indices in hedge fund strategies – highlighting that TAM didn't just ride the market wave, it generated true alpha.

Even with such across-the-board success, TAM remains humble in acknowledging the competitive landscape. Blackstone, the world's largest alternative asset manager, retained its leadership position with outstanding performance of its own. In fact, Blackstone was one of the few firms whose overall results were in the same tier as TAM's. Blackstone's diversified funds benefited from the robust market environment, and the firm continued to expand its empire – ending the year with roughly $1.11 trillion in assets under management and strong returns in real estate, credit, and private equity. TAM's management notes that Blackstone's scale and track record are the benchmark to beat. While Blackstone slightly edged out TAM in aggregate performance and asset growth this year, the gap has narrowed significantly. TAM's 2024 achievements firmly position it just behind Blackstone in the pecking order of global alternative asset managers. In certain niches, TAM even led the pack – for instance, TAM's crypto and tech-centric plays generated higher returns than anything in Blackstone's portfolio, given Blackstone's more traditional focus. Meanwhile, other peers such as Bridgewater Associates (a macro hedge fund giant) and SoftBank's Vision Fund (a tech investor) had mixed outcomes in 2024, and TAM's results handily surpassed theirs. By outperforming nearly all competitors on a relative basis, TAM has emerged as one of the top performers in the industry.

It's also worth comparing TAM's performance to broad financial benchmarks: TAM's multi-asset portfolio produced a weighted ROI that beat a classic balanced index by a huge margin and even outdid the "industry standard" portfolios managed by big institutions. Many large pension funds and sovereign wealth funds, for example, target annual returns in the high single digits – TAM delivered multiples of that. In summary, 2024 saw TAM not only deliver outstanding absolute returns but also outshine the competition. With only Blackstone's stellar year slightly ahead of TAM's, Tokyo Asset Management has solidified its status among the elite investment firms globally. This competitive edge is a testament to TAM's strategy, talent, and agility in deployment of capital.

STRATEGIC AGILITY AND MARKET INSIGHT

Underpinning TAM's financial performance in 2024 was the firm's exceptional ability to capitalize on market shifts. TAM demonstrated a forward-thinking investment strategy, marked by agility and anticipation of emerging trends, which allowed it to stay ahead of a rapidly changing market landscape. Throughout the year, markets underwent significant rotations – from the AI-tech stock rally, to the post-pandemic infrastructure revival, to macroeconomic swings and a crypto resurgence – and at each turn, TAM adapted its portfolio proactively rather than reactively.

Several themes highlight TAM's strategic foresight. Early in 2024, TAM recognized the transformative impact of artificial intelligence across industries. The firm not only increased holdings in AI-related stocks (like Nvidia and Microsoft) but also invested in AI-driven trading systems and startups, essentially double-down on the AI theme across public and private assets. This prescient focus on AI paid off as the year became defined by AI optimism in markets. Similarly, TAM anticipated the global pivot toward sustainable investments. Before many competitors, TAM had allocated capital to renewable infrastructure and climate-tech ventures, positioning the firm to benefit from the surge in green investment spurred by government initiatives and investor demand for ESG projects. When inflation and interest rate expectations shifted mid-year, TAM swiftly adjusted – reducing duration in bond portfolios, hedging equity exposure, and rotating into sectors poised to gain from easing inflation (such as emerging markets and real assets). And in the digital asset space, TAM's early internal development of algorithmic trading capabilities allowed it to seize the crypto rally with confidence, whereas others were still cautiously observing from the sidelines.

TAM's organizational agility was also a factor. The firm's investment committees met frequently and operated with a unified global view, enabling quick decision-making. For instance, when geopolitical events unfolded (like the U.S. election or central bank policy meetings), TAM's multi-asset team was able to reallocate capital within days or even hours, ensuring the portfolios were correctly positioned ahead of major market moves. This nimbleness is exemplified by the way TAM adjusted its forex stance around the Bank of Japan's policy change – a move that caught many off-guard, but which TAM had scenario-planned in advance. Moreover, TAM's culture of risk management and research meant that bold bets were underpinned by rigorous analysis. The firm was forward-thinking not only in spotting opportunities but also in managing downside risks, which is why TAM could chase high returns without exposing clients to undue volatility.

In summary, TAM's 2024 achievements were not the result of any single lucky break or one-time windfall. They were the outcome of a concerted strategy of staying ahead of the curve. TAM identified where the world was going – whether it was the next tech revolution, an infrastructure super-cycle, or a monetary regime change – and moved capital accordingly. The firm's adaptability was evident in how seamlessly it shifted gears: scaling up in areas gaining momentum and scaling back when winds changed. This strategic agility, combined with deep market insight, allowed TAM to convert challenges into opportunities. As a result, when markets evolved, TAM evolved faster. This quality will continue to serve as a cornerstone of TAM's investment philosophy, giving confidence that the firm can sustain top-tier performance in the years to come, regardless of what market shifts lie ahead.

2025 INVESTMENT OUTLOOK

EXPECTED ASSET CLASS PERFORMANCE AND AUM GROWTH

Projected AUM Growth: Tokyo Asset Management (TAM) anticipates a robust 22% increase in Assets Under Management (AUM) by the end of 2025, driven by balanced contributions from each major asset class and continued investor inflows. The firm's diversified portfolio is positioned to capitalize on market opportunities across equities, fixed income, private equity, infrastructure, forex, crypto, and AI-driven trading, boosting both AUM and profitability.

- Equities: Global equities are expected to deliver strong returns on the back of double-digit corporate earnings growth. Analysts forecast ~15% earnings expansion for S&P 500 companies in 2025 – well above the historical average – which could translate into robust equity market gains. TAM is overweight high-growth sectors (tech, healthcare, and emerging Asia) to outpace benchmark returns. Notably, Japanese equities are enjoying a brighter outlook as economic reforms drive improved earnings and shareholder returns. TAM's equity allocations are calibrated to generate inflation-beating returns, supporting overall portfolio growth and contributing substantially to the targeted 22% AUM rise.
- Fixed Income (Bonds): After a period of rising interest rates, the bond market in 2025 offers attractive yield opportunities and potential price appreciation. With global inflation easing, most major central banks are shifting toward rate cuts, which is likely to push bond yields down. Historically, when yields fall, bond prices rise – providing capital gains for fixed income investors . TAM has increased exposure to high-quality investment-grade bonds to lock in current high yields and benefit from this anticipated decline in interest rates. The firm is also selectively favoring regions like Europe for sovereign debt, where slowing growth and contained inflation could lead to deeper rate cuts (and stronger bond performance) than in the U.S.. Overall, TAM's fixed income strategy is set to deliver steady income and mid-single-digit returns, bolstering AUM and providing ballast against equity volatility.

- Private Equity: Private equity and venture investments are poised for a resurgence in 2025 as financial conditions ease. Lower financing costs should reignite global buyout activity, allowing TAM's private equity portfolio to realize value in both existing and new investments. Industry-wide "dry powder" – undeployed capital at private funds – sits at record highs (over $2.5 trillion globally as of late 2023), indicating significant capital ready to invest in attractive deals. TAM's private equity team is targeting high-growth companies in sectors like technology and digital finance, expecting 15%+ annual returns as these businesses scale. These outsized returns, alongside successful exits from earlier investments, are expected to contribute materially to both AUM growth and profitability (through performance fees) in 2025.
- Infrastructure: Infrastructure investments remain a cornerstone of TAM's strategy, valued for their stability and inflation-hedging characteristics. Global infrastructure spending is entering a boom phase – projected to exceed $9 trillion by 2025 – as governments and private investors fund megaprojects in transport, energy, and digital connectivity. TAM's infrastructure funds are positioned to capture these opportunities, from renewable power installations to toll roads and data centers. These assets typically offer steady cash flows and long-term appreciation potential. In the year ahead, infrastructure is seen as a "value play" with built-in inflation protection and upside from secular trends (like electrification and 5G rollout). TAM expects high single-digit returns from infrastructure, contributing to portfolio income and supporting its AUM expansion goals. Moreover, infrastructure's resilience – proven by strong returns over the past 15 years – adds defensive strength to TAM's overall portfolio.
- Forex (Currencies): TAM's active forex strategies aim to turn global currency fluctuations into an additional profit center in 2025. Key currency trends include a potential cooling of U.S. dollar strength as interest rate differentials narrow and U.S. fiscal deficits persist. Conversely, the Japanese yen may appreciate if markets seek safe havens amid any geopolitical tensions or trade uncertainties. For example, some forecasts see USD/JPY drifting from 155 toward 150 as the Bank of Japan adjusts policy and U.S. rates stabilize ￼. TAM is positioned to capitalize on such moves: overweighting undervalued currencies and hedging overvalued ones. In 2025, foreign exchange volatility is expected to remain elevated due to divergent monetary policies and geopolitical events. TAM's currency team will employ dynamic hedging and tactical trades (e.g. long Asian currencies tied to China's recovery, or long yen during risk-off episodes) to generate alpha. These forex gains, while a smaller slice of the portfolio, provide important diversification and will incrementally boost TAM's overall profitability.
- Cryptocurrency: Digital assets are emerging from a volatile period into a more mature phase, and TAM expects its crypto allocations (kept at prudent levels) to deliver outsized returns relative to their size. Institutional adoption of crypto is accelerating: the global crypto exchange-traded product market surpassed $100 billion AUM in 2024 and is projected to exceed $250 billion in 2025, reflecting rising investor interest and improving regulatory clarity. In 2025, landmark developments like the approval of spot Bitcoin ETFs in major markets are set to further legitimize crypto investments, potentially driving a new wave of inflows. TAM is focusing on leading cryptocurrencies (such as Bitcoin and Ethereum) and selective blockchain infrastructure projects that underpin the digital finance ecosystem. With Bitcoin's next halving cycle and broader fintech integration, some analysts even foresee Bitcoin approaching new highs amid increased institutional investment. TAM's base-case outlook is for continued growth in the crypto market, supported by better oversight and custody solutions.

A mid-teens percentage return from the crypto sleeve of the portfolio is targeted, which would add appreciably to TAM's total performance. As always, risk controls are in place given crypto's volatility, but TAM's measured exposure could be a notable contributor to the firm's 22% AUM growth objective if the crypto market rallies as expected.

- AI-Driven Trading Strategies: 2025 will also showcase the power of TAM's AI and algorithmic trading strategies, a distinct asset class in its own right. Financial markets are increasingly dominated by algorithmic trades – in fact, 60–73% of equity trading volume in the U.S. is now executed via algorithms (and ~60% in Europe) – highlighting the edge that sophisticated trading systems can provide. TAM has invested heavily in artificial intelligence-driven trading platforms that analyze market data 24/7 and execute lightning-fast decisions. These AI models are designed to exploit market inefficiencies, arbitrage mispricings, and manage risk proactively. In 2024, AI-driven strategies proved their merit by navigating volatility and enhancing portfolio returns, and TAM expects even stronger results in 2025. The firm's algorithms are continuously learning and incorporating new data (from macro indicators to alternative data feeds), enabling data-driven, disciplined trading that augments human portfolio management . This approach is expected to generate additional alpha in both equities and forex trading. While AI trading operates mostly behind the scenes, its contribution will be visible in TAM's improved profit margins and consistency of returns. By leveraging cutting-edge technology, TAM not only boosts performance but also cements its reputation as an innovative industry leader.

Together, these asset classes form a synergistic portfolio poised to deliver exceptional growth. TAM's balanced strategy – from traditional stocks and bonds to alternatives like private equity, infrastructure, and digital assets – is calibrated to achieve strong absolute returns while managing risk. This multi-asset approach underpins the firm's confidence in attaining 22% AUM growth in 2025, outpacing industry averages and driving TAM's profitability higher through both investment gains and increased fee revenue.

MACROECONOMIC TRENDS INFLUENCING TAM'S 2025 STRATEGY

TAM's 2025 outlook is informed by a careful analysis of global macroeconomic trends. The firm's investment strategy is calibrated to navigate an economic environment characterized by moderating inflation, shifting monetary policies, rapid technological change, evolving regulations, and geopolitical uncertainties. Key macro factors include:

- Interest Rates and Monetary Policy: After an aggressive tightening cycle in 2022–2023, central banks are pivoting toward more accommodative policies as economies adjust. Most developed market central banks are expected to cut rates in 2025 to support growth, especially in Europe where recession risks linger. The European Central Bank, for instance, may implement deeper rate cuts than markets currently anticipate if growth remains anemic. In the U.S., inflation has been tamed to a degree, but the Federal Reserve is signaling caution – policy makers are unlikely to slash rates aggressively, with Fed funds possibly remaining around ~4% into late 2025. This divergence means TAM is preparing for a world of lower (but not rock-bottom) interest rates: a positive backdrop for bonds and equities, albeit with potential currency implications. Yield curves are likely to steepen if short-term rates fall while long-term rates stay elevated due to deficits, so TAM is positioning fixed income portfolios to benefit from easing policy while managing duration risk. Overall, a gradual global easing cycle in 2025 should reduce financing costs for companies and support asset prices, aiding TAM's growth objectives.

- Inflation Trends: Global inflation is expected to moderate significantly in 2025, following the post-pandemic surge. The IMF projects headline inflation will fall to about 4.2% worldwide in 2025, down from 6.4% in 2024. This downtrend is aided by tighter 2023 policies, improving supply chains, and slower demand growth. In advanced economies, price increases are forecast to converge closer to central bank targets by late 2025. TAM anticipates that cooling inflation will bolster real consumer incomes and corporate profit margins, a boon for equities and credit. However, the outlook isn't without risks: wage growth and services inflation remain somewhat sticky in certain regions, and "structural" inflation forces – such as deglobalization and massive investments in the energy transition – could keep underlying inflation pressures above pre-2020 norms. TAM is thus maintaining an allocation to inflation-hedging assets (like infrastructure and TIPS) as insurance. But broadly, a benign disinflationary environment in 2025 should allow for accommodative policy and robust asset class performance, aligning with TAM's growth-focused strategy.

- Technological Disruptions: Rapid technological innovation is a defining theme for 2025, reshaping industries and investment opportunities. The world is in the midst of what BlackRock terms "big spending" on the AI buildout and low-carbon transition, which are not only growth drivers but also potential sources of inflation moderation via productivity gains. Artificial intelligence adoption, in particular, is accelerating – the global AI market is projected to reach over $300 billion in 2025 (having grown ~26% annually from 2023's $242 billion). This tech momentum is influencing TAM's strategy in multiple ways. First, TAM is overweight sectors benefiting from digital disruption (AI, fintech, e-commerce), expecting these investments to outperform as businesses deploy new technologies to cut costs and open revenue streams. Second, TAM itself is leveraging technology (e.g. AI-driven trading, data analytics) to improve investment decisions and client services. The rise of automation, cloud computing, and 5G connectivity is also creating new asset classes and risks – for example, cybersecurity has become paramount. TAM stays abreast of such tech trends to both seize investment opportunities and protect portfolios from tech-related risks (like rapid obsolescence or tech stock volatility). Overall, technological disruption is viewed as a tailwind to global growth and a key pillar of TAM's forward-looking, innovation-driven investment approach.

- Regulatory Changes: The regulatory landscape in 2025 is evolving, with significant implications for investment strategy. Policymakers worldwide are responding to emerging challenges – from crypto assets to climate change – with new rules that will shape markets. For instance, cryptocurrency regulations are becoming clearer and more supportive, with major jurisdictions rolling out frameworks to integrate digital assets into the financial system safely. Global regulators are revisiting past restrictions and implementing investor protections (against fraud and volatility), which is fostering broader crypto adoption. TAM views this positively, as regulatory clarity reduces uncertainty and encourages institutional investment in crypto and fintech – areas where TAM is actively involved. In traditional finance, regulators are increasing oversight on everything from bank capital (post-COVID stimulus) to Big Tech's role in finance. There's also a continued push on ESG (Environmental, Social, Governance) and climate-related disclosure rules, pressuring companies to be more transparent and sustainable. TAM has anticipated these shifts by integrating ESG criteria into its investment process and launching green investment products ahead of regulatory mandates. Additionally, deregulation efforts in some regions (for example, potential easing of U.S. financial rules under new political leadership) could open opportunities in banking and energy sectors. Whether it's embracing new guidelines or capitalizing on liberalization, TAM remains agile in adjusting to regulatory changes. By staying compliant and proactive, TAM not only avoids pitfalls (like compliance penalties) but often turns regulation into an advantage (such as capturing early gains in newly liberalized markets or sectors favored by policy incentives).

- Geopolitical and Geoeconomic Developments: Geopolitics will continue to cast a long shadow over markets in 2025, and TAM is closely monitoring these risks and opportunities. We are in an era of heightened geopolitical fragmentation, with great-power competition and regional realignments influencing trade and investment flows. Notably, the global trading system faces headwinds from protectionism – the number of trade restrictions worldwide has surged in the past decade, and further U.S.-China decoupling or tariff escalation could disrupt certain industries. For example, the outcome of U.S. elections has policy implications: a continuation of tariff-centric trade policies or sanctions could impact supply chains and corporate earnings (TAM's analysts have modeled scenarios for such events). On the positive side, infrastructure megaprojects tied to geopolitics (such as China's Belt and Road initiatives or the U.S.-backed PGII) are creating investment opportunities in emerging markets, which TAM is poised to tap via infrastructure and private equity vehicles. Meanwhile, ongoing geopolitical conflicts – whether the tail end of the Russia-Ukraine war or tensions in the Middle East – could affect energy prices and investor sentiment. TAM's multi-asset approach, including commodities exposure and defensive hedges, is designed to cushion portfolios against such shocks. We also note that geopolitical uncertainty can spur safe-haven flows (benefiting assets like U.S. Treasuries, gold, or the Japanese yen). Lastly, global cooperation and treaties (or lack thereof) in areas like climate policy and taxation will influence strategic allocations – TAM stands ready to adjust if, say, a global carbon tax or a major trade pact materializes. In sum, TAM's 2025 strategy is built to be resilient in the face of geopolitical volatility: diversifying across regions, hedging currency and commodity exposures, and remaining vigilant to swiftly adjust positions as global events unfold.

Macro conditions in 2025 are undoubtedly complex – a mix of tailwinds (lower inflation and rates, tech-driven productivity) and headwinds (policy uncertainty, geopolitical tensions). TAM's outlook integrates these factors to position the firm optimally. By anticipating the macro environment – for example, tilting toward assets that do well in a moderate-growth, lower-rate world – TAM aims to deliver strong performance for clients. The firm's investment committee regularly revisits these macro assumptions, ensuring that the portfolio strategy remains aligned with the evolving economic landscape throughout 2025.

SECTOR-SPECIFIC OPPORTUNITIES AND STRATEGIC POSITIONING

TAM is zeroing in on several high-growth sectors that are set to flourish in 2025, aligning our investments to capture outsized returns from these trends. In particular, artificial intelligence, green energy, digital finance, and infrastructure megaprojects stand out as transformative areas of opportunity. TAM's research indicates that these sectors not only offer strong potential returns but also diversification benefits, as their growth is driven by long-term structural changes. Below, we outline our outlook and position in each sector:

- Artificial Intelligence (AI) & Automation: The AI revolution is accelerating and permeating every industry, making it a critical focus for TAM's growth strategy. Global investment and adoption of AI are skyrocketing – the worldwide AI market is projected to reach $300+ billion by 2025, up from roughly $240 billion in 2023 ￼. This ~25–30% annual growth reflects how AI-driven innovations (from machine learning software to robotics) are transforming business models and productivity. TAM expects the technology sector broadly to benefit from this trend, and we have accordingly increased our exposure to companies leading in AI and automation. This includes semiconductor firms enabling AI computing, enterprise software providers integrating AI into their platforms, and cloud infrastructure companies seeing higher demand. We are also targeting startups and private ventures in AI through our venture capital funds, as early-stage firms in areas like autonomous vehicles, AI healthcare, and fintech AI could see exponential growth. Importantly, AI is not just a sector bet but a holistic theme affecting many portfolio companies in finance, retail, manufacturing, and more – much like the internet did in earlier decades. TAM's analysts are actively evaluating which businesses are adapting successfully (and which are at risk of disruption) to fine-tune our stock selections. We anticipate that AI and automation could contribute an outsized portion of equity portfolio gains in 2025, as enterprises deploy AI to reduce costs and create new revenue streams. By positioning ahead of this curve, TAM aims to maximize returns from the AI boom while managing the hype cycle carefully (avoiding overvalued "bubble" names). In summary, we view AI as a multi-year growth engine and a key contributor to TAM's innovative, growth-oriented reputation.

- Green Energy Transition: The shift toward sustainable energy is reaching critical mass, and 2025 is poised to be a breakout year for green energy investment. In a historic milestone, global clean energy spending is expected to surpass fossil fuel investment for the first time in 2025, with an estimated $670 billion pouring into renewables, green hydrogen, and related technologies ￼. Solar photovoltaic (PV) alone is projected to comprise roughly half of this cleantech investment, alongside significant commitments to wind power, battery storage, and carbon capture solutions. TAM is aggressively positioning to profit from this mega-trend. Our infrastructure and private equity teams have allocated capital to renewable energy projects worldwide – from solar farm development in Asia to wind turbine manufacturers in Europe. We've also increased holdings in public markets of leading clean energy companies (solar panel makers, inverter producers, clean power utilities) that stand to gain market share as demand soars. Policy support is a big catalyst: governments in the US, EU, and Asia are offering robust incentives (tax credits, subsidies) for green projects, and corporate ESG commitments are driving purchase of clean power at scale. TAM expects the renewables sector to continue its high growth trajectory, potentially delivering double-digit revenue and earnings growth for well-positioned companies. For example, solar and wind installation rates are hitting records, and new avenues like green hydrogen are emerging as investable themes. By backing a portfolio of diverse green assets, TAM not only taps into attractive financial returns but also aligns with our sustainability values and the increasing client demand for ESG-conscious investments. We recognize there are challenges (supply chain constraints, commoditization, and variable power output issues), but overall the direction of travel is clear – clean energy is dominating incremental investment. TAM is committed to remaining at the forefront of this green wave, which will contribute significantly to our growth and leadership in the industry.

- Digital Finance & Fintech: The digitization of finance is creating unprecedented opportunities in areas like mobile payments, online banking, and decentralized finance. Digital finance adoption has surged globally, a trend that shows no sign of slowing in 2025. To illustrate, the total transaction value in the digital payments space is projected to reach over $20 trillion in 2025, as consumers and businesses increasingly favor cashless, online transactions. Furthermore, two-thirds of adults worldwide now use some form of digital payments , highlighting how financial technology (fintech) has gone mainstream. TAM is deeply invested in this fintech revolution. Through our private equity and venture allocations, we have stakes in leading digital payment platforms, neobanks, and blockchain-based firms. These companies are delivering innovative solutions – from e-wallets and “buy now, pay later” services to digital lending marketplaces – often growing revenues at 20–30% annually. High-growth fintech markets, such as Southeast Asia, are particularly attractive: mobile fintech app penetration in that region hit 49% in 2024 and is forecast to reach 60% by 2030 , indicating a vast user base for TAM-backed platforms to acquire. We also see digital finance convergence with traditional finance, as major banks partner with or acquire fintechs, a trend TAM exploits by holding both incumbents and disruptors. Another facet is cryptocurrency and decentralized finance (DeFi), which, with clearer regulation, are becoming viable components of digital finance. TAM’s crypto exposure (discussed earlier) complements our fintech strategy, giving us a foothold in next-generation financial infrastructure like blockchain networks and tokenized assets. In 2025, we expect digital finance companies in our portfolio to benefit from several tailwinds: greater user adoption (especially among millennials and Gen Z), cross-border expansion, and the rollout of new products (like central bank digital currencies, or CBDC-linked services). By positioning in the vanguard of digital finance, TAM is set to reap high growth rewards and further solidify its status as an innovator. This sector’s performance will feed directly into higher AUM (through appreciation of our fintech investments) and expanded service offerings for our clients via integrations with TAM’s own platforms (such as the Tokyo Assets app).

- Global Infrastructure & Megaprojects: The world is embarking on an infrastructure renaissance, with megaprojects unfolding across continents – and TAM is strategically aligned to participate in these developments. Governments and private consortia are investing in everything from smart cities and high-speed rail networks to next-generation telecom and logistics hubs. Global capital spending on infrastructure, which rebounded strongly after the pandemic, is on track to grow significantly through the decade. In fact, worldwide infrastructure investment is forecast to total more than $9 trillion by 2025, up sharply from earlier in the 2010s. Key drivers include stimulus packages (e.g. the U.S. Infrastructure Investment and Jobs Act funding roads, bridges, and broadband), China’s ongoing Belt and Road Initiative, and the push for energy transition infrastructure (electric grids, EV charging, etc.). TAM has positioned its portfolios to capture value from these trends in multiple ways. Our infrastructure funds are investing directly in projects such as toll roads in India, airports in Latin America, and power grid upgrades in Europe – often in partnership with local governments or developers, securing stable long-term cash flows backed by contracts. We're also increasing exposure to industrials and materials companies that benefit from infrastructure booms (cement, steel, engineering firms with record project order books). The outlook for infrastructure-related sectors in 2025 is very promising: not only do these investments address critical needs, but they also tend to be counter-cyclical (providing stimulus when private demand wanes). TAM expects infrastructure assets to deliver solid returns in the high-single to low-double digits, bolstered by both income and capital appreciation as assets mature. Moreover, infrastructure offers a hedge in case of unexpected inflation spikes, since many projects have inflation-linked revenues. A notable theme is "digital infrastructure" – data centers, fiber networks, satellite broadband – which is now as vital as traditional roads and utilities. TAM is active here too, financing data center expansions and cell tower networks given the explosion of data and connectivity needs. By focusing on infrastructure megaprojects, TAM not only taps into a large and growing pool of opportunities but also ensures our investments have tangible societal impact (improving transport, energy, and connectivity for millions). In summary, infrastructure is a bedrock of TAM's 2025 opportunity set, combining reliable growth with downside resilience, and will be a key contributor to the firm's performance and AUM ascent.

Through targeted allocations in these high-growth sectors – AI, green energy, digital finance, and infrastructure – TAM is maximizing its exposure to the powerful "mega-forces" shaping the global economy. Our forward-looking stance in these areas is a differentiator for TAM as an industry leader. We believe maintaining exposure to such secular themes is critical for driving superior investment performance ￼. Each of these sectors not only offers attractive return prospects in 2025 but also aligns with TAM's long-term vision of supporting innovation, sustainability, and economic development. By being early and proactive in these domains, TAM reinforces its reputation as a pioneering, growth-oriented firm that clients can trust to navigate and profit from the evolving investment landscape.

EXPANSION OF THE TOKYO ASSETS APP AND DIGITAL PLATFORM GROWTH

TAM's digital strategy – centered around our flagship Tokyo Assets App – was a major success story in 2024, and we have ambitious plans to build on that momentum in 2025. The mobile app, which provides a seamless platform for individuals to invest with TAM, surpassed 100,000 users across Asia this year, reflecting rapid adoption driven by our innovative digital investment solutions and user-centric design. This strong Asian user base (achieved within just two years of the app's launch) validates TAM's commitment to fintech and digital engagement. Key features such as AI-driven portfolio recommendations, low-cost investment options (fractional shares, ETFs), and an intuitive interface have resonated with a young, tech-savvy demographic. Notably, TAM's app growth has ridden the broader wave of fintech adoption in Asia – where mobile finance apps are becoming ubiquitous. In Southeast Asia, for example, fintech app usage reached nearly half the population in 2024, creating fertile ground for Tokyo Assets' expansion. We capitalized on this trend by localizing the app in multiple Asian languages, integrating popular local payment methods, and leveraging social media marketing to build brand awareness. The result is a rapidly scaling digital channel that now contributes a meaningful share of TAM's new client sign-ups and AUM inflows. In 2025, we expect the Asian user base to continue growing (with an emphasis on markets like Japan, Singapore, and Indonesia), as the app's reputation spreads and we roll out new features such as personalized retirement planning tools and in-app market education content to boost user engagement.

The next frontier for the Tokyo Assets App is expansion into Europe and other global markets, a key initiative for 2025 that TAM believes will significantly enhance capital inflows, profitability, and our international footprint. Plans are well underway to launch the app in Europe by mid-2025, starting with key financial hubs such as the UK and Germany. Europe presents a vast opportunity – the region's wealth management market is enormous (projected to reach about $45 trillion in AUM by 2025) and is increasingly embracing digital platforms for investing. We aim to replicate the success we've had in Asia by tailoring the app to European client preferences and regulatory requirements. This includes complying with MiFID II standards, offering Euro- and GBP-denominated products, and incorporating region-specific investment options (for example, EU-based sustainable funds, or local tax-advantaged retirement accounts). TAM is also exploring partnerships with European fintech firms and banks to accelerate user acquisition – for instance, integrating our platform with popular digital banks or robo-advisors in Europe to access their client base (more on partnerships in the next section). Beyond Europe, TAM plans targeted rollouts in other high-potential markets such as the Middle East (leveraging our expertise in Sharia-compliant investing via the app) and later North America. Scaling the Tokyo Assets App globally should drive substantial new asset inflows to TAM, as digital channels attract a broad range of retail and affluent investors who prefer online convenience. These inflows, combined with the low marginal cost of serving clients digitally, will boost TAM's profitability – effectively growing revenues faster than expenses. Additionally, a global user community enhances network effects; for example, data insights from a diversified user base will help us refine our AI advice engine, and cross-border social investing features (like seeing popular investments among peers worldwide) can spur higher engagement. By the end of 2025, TAM's goal is to have the Tokyo Assets App firmly established on three continents, contributing meaningfully to both AUM growth and client satisfaction. This digital expansion not only diversifies TAM's distribution, making us less reliant on traditional channels, but also reinforces our image as a forward-thinking asset manager at the cutting edge of fintech innovation.

MARKETING AND GLOBAL EXPANSION STRATEGIES

To achieve our aggressive expansion goals for the Tokyo Assets platform and broader business, TAM has devised comprehensive marketing and regional growth strategies for 2025. These strategies revolve around forming strategic partnerships, offering localized investment solutions, and executing innovative digital marketing campaigns – all tailored to accelerate the adoption of Tokyo Assets and TAM's services in new markets. Our approach is data-driven and customer-focused, ensuring that we build on what has worked in Asia and adapt to the cultural and regulatory nuances of each target region. Key components of our marketing and expansion game plan include:

• Strategic Partnerships: TAM is actively pursuing partnerships that can fast-track our entry into new markets and enhance our service offerings. In Europe, we plan to partner with established local financial institutions (such as banks, fintech startups, and wealth management firms) to leverage their distribution networks and credibility. For example, TAM is in discussions with a leading European digital bank to offer co-branded investment services through the Tokyo Assets App, which would instantly give us access to that bank's millions of customers. Similarly, we intend to collaborate with regional brokerages and independent financial advisor networks, allowing them to integrate our platform or products for their clients. These alliances will help build trust with local investors who may be more inclined to try a new platform if it's endorsed by a familiar domestic institution. In Asia, where we already have a strong base, TAM will continue to partner with "super-apps" and payment platforms (a strategy that has worked well in markets like Indonesia) to embed our investment offerings within widely used apps. Additionally, TAM is leveraging partnerships on the product side – for instance, teaming up with global index providers and ETF issuers to create localized investment products (like a "Europe Tech Innovators ETF" or a "Middle East Green Energy Fund") that will be offered on Tokyo Assets. Such localized content and product partnerships ensure that our expansion is not a one-size-fits-all approach, but rather one that resonates with regional investment themes and client needs. By the end of 2025, TAM aims to have a robust network of strategic partners across Europe and other new regions, which will drive user acquisition, enrich our product suite, and solidify TAM's position as a globally connected asset manager.

- Localized Investment Offerings: A cornerstone of TAM's expansion strategy is to adapt our offerings to local market preferences and needs. We recognize that every region has unique cultural attitudes towards investing, regulatory frameworks, and popular asset classes. To that end, TAM is curating specific investment portfolios and features for each new market. In Europe, as mentioned, we will introduce Euro-denominated portfolios, including region-specific asset allocations (for example, a higher weight to European equities or bonds for Europe-based clients) and country-specific funds where appropriate. We are also incorporating ESG-focused options heavily in Europe, aligning with the strong demand there for sustainable investing. In Asia, our app already offers localized content such as China A-shares exposure for Hong Kong/Singapore clients and J-REIT (Japanese real estate investment trust) options for Japanese clients. We will extend this practice in new regions: in the Middle East, for instance, we plan to offer Shariah-compliant investment portfolios and funds to cater to Islamic finance principles, and in Latin America (a future target), we would include local equity market access and inflation-protected instruments relevant to those economies. Beyond products, localization extends to language support (our app and materials will be in multiple European languages, not just English) and customer support (hiring local teams who understand local customs and regulations). Regulatory compliance is another facet – TAM is ensuring all our offerings meet local regulatory standards, working proactively with regulators to obtain necessary licenses (MiFID passporting in Europe, etc.) and even participating in regulatory sandbox programs when available to refine our services. By tailoring our platform in this way, we make Tokyo Assets feel "native" to each market, enhancing adoption. This localized approach is supported by industry research: offering digital wealth management that is more accessible and customized to younger, tech-savvy clients is a significant opportunity in regions like Europe. TAM's strategy embraces this insight by delivering glocal (global + local) solutions – leveraging our global investment expertise while honoring local preferences. This is expected to boost user satisfaction and retention, as clients see that TAM understands their specific financial landscape.

- Digital Marketing and Engagement: To drive rapid user growth, TAM is executing bold digital marketing initiatives that leverage the latest techniques in online customer acquisition and engagement. Our 2025 marketing plan allocates significant resources to channels such as social media, content marketing, influencer partnerships, and search engine marketing to build the Tokyo Assets brand in new markets. We will run targeted campaigns on platforms like Instagram, YouTube, and TikTok (which are increasingly influential in personal finance education) to demystify investing and promote the ease-of-use of our app. These campaigns feature relatable influencers and financial educators in each region who can authentically speak to the benefits of investing with TAM, thereby building trust with local audiences. Additionally, TAM is producing high-quality educational content – think short videos, webinars, and interactive blogs – tailored to common investor pain points or interests in each market (e.g. a series on “Investing 101 for young professionals in Europe” or “How to start a green energy portfolio”). By providing value beyond just advertising, we aim to establish TAM as a thought leader and a helpful partner in our prospective clients’ financial journey. Our marketing will also emphasize TAM’s innovation and performance, highlighting facts such as our strong track record and the advanced technology (AI, etc.) behind our services, to reinforce that clients are choosing an industry leader. We plan to host virtual events and demo days to showcase new app features and investment opportunities, encouraging word-of-mouth growth. On the user engagement front, once someone has joined the platform, we employ personalized nudges, in-app notifications, and even gamified challenges (for example, an “investment strategy quiz” or rewards for completing learning modules) to keep users active and investing regularly. These efforts not only improve the customer experience but also increase assets under management as users add more funds over time. Lastly, TAM is focusing on referral programs – incentivizing existing satisfied users to refer friends and family, which has been one of our most cost-effective growth drivers in Asia. By combining broad-reach digital marketing with community-building and user engagement tactics, TAM expects to significantly accelerate adoption of the Tokyo Assets App in every market we enter. Our goal is to reach the next 100,000 users (and beyond) far faster than the first, lowering our client acquisition cost as our brand becomes globally recognized. In an era where global advertising spend is projected to top $1 trillion in 2025, TAM’s agile and targeted approach will ensure we stand out in the crowd and continue to attract a growing share of investors to our platform.

Through these marketing and expansion strategies, TAM is poised to rapidly scale its global presence in 2025. By partnering strategically, localizing intelligently, and marketing creatively, we will broaden the reach of Tokyo Asset Management without compromising on the quality and integrity that define our brand. These efforts reinforce TAM’s position as an industry leader with a bold, growth-oriented vision. We are not simply reacting to the future of finance – we are actively shaping it. As we execute on these plans, TAM is confident in delivering accelerated growth, stronger client engagement, and enhanced profitability, all while maintaining the innovative spirit and client-first approach that have been the hallmarks of our success.

In summary, Tokyo Asset Management’s 2025 Investment Outlook is one of optimism and ambitious growth – underpinned by data-driven strategies across asset classes, a keen awareness of macroeconomic currents, targeted bets on the sectors of tomorrow, and an unwavering commitment to digital innovation and expansion. This forward-looking perspective ensures that TAM remains at the forefront of the asset management industry, well-positioned to navigate the challenges and capitalize on the opportunities that 2025 will bring. By staying true to our principles and strategic roadmap, TAM aims to continue delivering market-leading growth and value to our clients and stakeholders in 2025 and beyond.

KEY INVESTMENT SECTORS & EXPECTED RETURNS

The remarkable economic recovery and growth in the United States during 2024 significantly boosted the global investment climate, profoundly benefiting Tokyo Asset Management's (TAM) diverse international portfolio. Driven by substantial government infrastructure spending, robust consumer demand, and advancements in technology sectors like artificial intelligence (AI) and renewable energy, the U.S. economy expanded by approximately 3.5%—far exceeding initial projections of around 2.2%. This economic expansion directly translated into substantial gains for our investments in American equities, fixed-income securities, and private equity ventures.

Our equity holdings in technology-driven American companies—particularly NVIDIA, Tesla, Apple, and Alphabet—delivered exceptionally high returns, driven by surging demand in AI, electric vehicles, cloud computing, and digital infrastructure. NVIDIA's pivotal role in providing GPUs for AI computing led to a stock price increase exceeding 85% in 2024 alone, while Tesla benefited from continued dominance in the rapidly growing electric vehicle market, achieving over 70% annual stock appreciation. TAM strategically allocated substantial investments into these sectors early in the growth cycle, thereby realizing significant capital gains, and reinforcing our position in high-yield equities.

Similarly, our extensive investment in U.S. government bonds, particularly 10-year Treasury notes, provided considerable portfolio stability and predictable returns. The Federal Reserve's aggressive anti-inflation measures—raising interest rates steadily throughout 2024—made U.S. bonds highly attractive to global investors seeking safe-haven assets. Our increased bond allocations captured yields averaging above 5%, significantly enhancing overall fixed-income returns. By accurately forecasting the Fed's tightening monetary policies through our AI-driven predictive analytics, TAM proactively optimized bond investments, effectively hedging against rising global inflationary pressures.

Infrastructure investments also significantly benefited from the substantial U.S. fiscal stimulus and the Biden Administration's landmark Infrastructure Investment and Jobs Act (IIJA). Projects in renewable energy, electric grid modernization, transportation improvements, and broadband expansion received unprecedented levels of public and private investment. TAM participated strategically in infrastructure projects across major metropolitan areas, including renewable energy developments in California and public transportation upgrades on the East Coast, securing lucrative, stable, long-term revenue streams and impressive capital appreciation averaging 182%.

Moreover, the strength of the U.S. economy enhanced TAM's private equity portfolio performance. The favorable environment led to increased mergers, acquisitions, and IPOs, as tech-driven startups capitalized on rising valuations and investor appetite. Investments in Silicon Valley startups specializing in AI and automation yielded returns exceeding 210%, propelled by an unprecedented wave of venture capital investments that reached nearly $320 billion in total market activity in 2024. TAM's ability to enter these early-stage investments before rapid growth phases allowed us to capitalize fully on this economic upswing.

Looking ahead into 2025, TAM projects continued robust growth in the U.S., albeit with tempered expectations as economic expansion stabilizes. While continued interest rate management by the Federal Reserve may moderate equity market returns, TAM anticipates sustained opportunities in infrastructure, AI technologies, renewable energy, and healthcare innovation. Our strategic focus on these growth-oriented sectors, supported by rigorous economic analysis and predictive modeling, positions us to continue capturing superior returns. Additionally, our emphasis on portfolio diversification, geographic distribution, and dynamic risk management ensures the resilience of TAM's investment approach, even if economic conditions become more uncertain.

TOKYO ASSETS PLATFORM & DIGITAL EXPANSION

Tokyo Assets Platform leverages advanced technology to democratize access to high-value investments. Tokyo Assets Platform is Tokyo Asset Management's (TAM) flagship digital investing ecosystem, designed to revolutionize how individuals invest. It combines cutting-edge technology with an inclusive approach, breaking down traditional barriers so that anyone can participate in lucrative asset markets. From fractional ownership of expensive assets to AI-driven advice, the platform offers innovative tools that drive financial inclusion and deliver substantial value to investors through smarter insights, lower entry requirements, and seamless connectivity.

PLATFORM FEATURES & USER BENEFITS

- Fractional Investing: Tokyo Assets allows users to invest small amounts in high-value assets that would typically be out of reach. By purchasing fractional shares, investors can own a portion of assets like blue-chip stocks, real estate, or fine art instead of needing the full purchase price. This democratizes access to lucrative investments, enabling individuals to participate in previously exclusive opportunities and build diversified portfolios even with modest capital.
- AI-Driven Portfolio Management: The platform employs advanced AI algorithms and robo-advisory technology to provide personalized investment strategies for each user. Upon understanding a user's goals and risk tolerance, the AI can suggest optimal asset allocations and continuously rebalance portfolios. This means even novice investors get tailored, professional-grade portfolio management that adapts to market changes and individual preferences. The result is a more optimized investment experience, with AI monitoring trends and managing risk on behalf of users.
- Real-Time Analytics & Market Insights: Users have access to live data feeds, analytics dashboards, and market research within the app. Tokyo Assets delivers up-to-the-minute market information and performance metrics, helping investors make informed decisions swiftly. Thanks to real-time analytics, users can spot trends and react immediately – the platform's tools provide actionable insights in real time, so investors can respond swiftly to market changes . This empowers clients to capitalize on short-lived opportunities and adjust their strategies with the latest information at hand.
- Seamless Integration with Major Financial Services: Tokyo Assets is integrated with a wide network of banks, fintech firms, and payment providers to maximize convenience and accessibility. Users can link their bank accounts, digital wallets, and payment apps directly to the platform for easy fund transfers and withdrawals. Through partnerships with established financial institutions, TAM

has embedded services like digital payments, banking, and wealth management features right into the platform. This tight integration streamlines the user experience – investors manage all their finances in one place – and lowers barriers to entry, as they can seamlessly move money into investments. The platform's alliances with major partners also leverage those firms' trust and user bases to make investing through Tokyo Assets simple and familiar.

FINANCIAL PERFORMANCE & USER PROFITS

In 2024, the Tokyo Assets Platform delivered outstanding returns for its users, distributing $1.1 billion in profits to investors. This record payout underscores how TAM's model directly passes gains back to the community of investors. Whether through dividends, interest, or asset appreciation captured on the platform, these profits made 2024 a banner year for Tokyo Assets users. It showcases the platform's ability to generate substantial wealth for individuals, validating TAM's technology and strategy in real-market conditions. Not only are more people investing via the platform, but they are also seeing tangible financial benefits, reinforcing user trust and engagement.

Looking ahead, TAM projects approximately $2.0 billion in user profits for 2025, nearly doubling the prior year's figure. This ambitious projection is driven by surging adoption and market expansion. A larger user base means more investment activity and aggregated returns, while new asset offerings and favorable market trends are expected to boost overall profitability. The platform's growing presence in Asia (and soon beyond) is creating network effects, with more opportunities for users to profit. TAM's confidence in reaching $2.0 billion for 2025 reflects strong momentum from the prior year, continued innovation (e.g. better AI recommendations contributing to higher returns), and an overall robust investment climate. In short, as Tokyo Assets expands its reach, it is scaling up the value delivered to investors – positioning 2025 to set a new milestone in user profits.

GROWTH & EXPANSION STRATEGY

TAM's growth strategy for Tokyo Assets has been centered on an aggressive expansion across Asia's major markets, combined with strategic partnerships and localization to accelerate adoption. This approach has ridden on Asia's fintech boom – digital investment and wealth management services in the region have experienced explosive growth (around 92% annual growth over the past decade) – creating a fertile environment for Tokyo Assets' rapid rise. By tapping into this demand for digital finance, TAM has quickly scaled its user base and footprint in multiple countries:

- Japan: In its home market of Japan, Tokyo Assets gained a strong foothold with steady growth. Japanese investors, traditionally cautious, have increasingly embraced digital platforms. TAM's user base in Japan grew significantly (over 50% in 2024) as the platform tailored offerings to local needs. This growth comes even as Japan's overall digital asset adoption remains relatively modest (~12% of individuals engage with digital assets nationally), indicating Tokyo Assets is successfully converting a new wave of Japanese users to online investing through trust and localization.

- Singapore: Singapore has been a fintech and wealth management hub, and Tokyo Assets saw rapid adoption there. The platform's user count in Singapore roughly doubled as TAM leveraged the country's tech-savvy population and supportive regulatory climate. Notably, digital banking and investing usage in Singapore surged from 4% of consumers in 2022 to about 25% in 2024, reflecting a massive jump in comfort with digital finance. Tokyo Assets capitalized on this trend by partnering with local banks and offering popular investment options (like REITs and tech stocks), achieving high uptake among both retail investors and young professionals in Singapore.

- South Korea: In South Korea, one of Asia's most technologically advanced markets, Tokyo Assets experienced robust user growth. South Korean investors are very keen on mobile trading and cryptocurrencies, and TAM's platform attracted a large segment of this demographic. The user base in Korea expanded by nearly 90% in 2024, supported by TAM's integration with local e-wallets and stock exchanges. South Korea already has a mid-level rate of digital asset adoption (around 28% of individuals have used digital assets), and Tokyo Assets rode this wave by providing a rich selection of assets (from U.S. stocks to crypto funds) in a Korean-language, regulatory-compliant interface. Strategic marketing and KYC processes aligned with Korean regulations also helped build trust, positioning TAM as a credible player in South Korea's online investing space.
- India: India became Tokyo Assets' fastest-growing market by user numbers, driven by the country's vast population and increasing appetite for digital investments. In 2024, TAM's user base in India more than doubled, as the platform's message of financial inclusion resonated strongly. Indian investors, many of whom are new to equities and alternative assets, could start with very small amounts on Tokyo Assets, making it appealing across socio-economic segments. Importantly, India leads globally in embracing digital assets – an estimated 32% of individuals have exposure to crypto or digital investments, the highest in the world. This openness to innovation, combined with TAM's partnerships with popular Indian payment apps and banks, propelled rapid adoption. Tokyo Assets also localized its product by including gold investment options and respecting local regulatory guidelines (for example, adhering to India's investment limits and disclosure norms), which further boosted credibility among Indian users.

Strategic Partnerships have been a cornerstone of TAM's expansion plan across these regions. To accelerate user acquisition and build trust quickly, TAM collaborated with leading financial institutions and tech companies in each market. These partnerships include alliances with major banks (for example, a tie-up with a top Japanese bank to integrate account services) and popular fintech apps (such as digital wallets and payment platforms in Southeast Asia and India). By working with established players, Tokyo Assets benefited from their pre-existing customer bases and reputations. The platform was introduced to millions of potential users through partner channels – often as a built-in investment option in a bank's app or a wallet's interface – greatly lowering the cost of user acquisition. Moreover, partnerships ensured regulatory support and operational resilience, as local banks provided insight into compliance and security, while tech partners helped with scalability. This collaborative approach has not only boosted user numbers but also enhanced the platform's functionality (e.g. enabling instant fund transfers from bank accounts and real-time verification through partner APIs). In essence, TAM's network of partnerships across Asia created a synergistic expansion, making Tokyo Assets a familiar and accessible name via the region's most trusted financial brands.

Localization & Customization of the platform has been equally critical in TAM's growth strategy. Recognizing that each country has unique regulations and investor preferences, Tokyo Assets is tailored for each market. TAM ensured full compliance with local laws – from licensing and securities regulations to data protection – before launching in any country. Adapting to these diverse regulatory landscapes is a must for cross-border expansion, so TAM worked closely with regulators and legal teams in Japan, Singapore, Korea, India and beyond to meet all requirements. For users, the app provides local-language support and region-specific content (such as research reports and news relevant to that market). The investment offerings are also customized: for example, in Japan the platform features domestic stocks and J-REITs (Japanese real estate investment trusts) popular with local investors, while in India it offers options like sovereign gold bonds and fractional property investments that appeal to Indian investors' preferences. By aligning with cultural investment habits and expectations in each country, TAM increased user engagement. A Japanese investor can invest yen in familiar assets on a Japan-tailored interface, whereas an Indian user sees products and even payment methods suited to the Indian context. This deep localization has built user confidence and ensured that Tokyo Assets feels native in every market it enters – a key factor in TAM's strong user retention and growing word-of-mouth reputation across Asia.

FUTURE VISION & NEXT-PHASE EXPANSION

With a successful Asian base established, TAM's future vision is to scale the Tokyo Assets Platform to global markets, beginning with an expansion into Europe. Plans are already underway to introduce Tokyo Assets in select European countries, leveraging the platform's proven technology and inclusive model to attract a new wave of international investors. This expansion comes at an opportune moment: across Europe, interest in digital investing and alternative assets is rising as the financial industry undergoes its own digital transformation. Digital assets are rapidly gaining legitimacy in Europe, with increasing institutional adoption and clearer regulations guiding the market forward ￼. TAM intends to capitalize on this trend by offering European investors access to fractional investing and AI-driven portfolios via a localized version of Tokyo Assets. Just as in Asia, TAM will seek partnerships with prominent European banks and fintech firms to integrate local payment systems and comply with EU financial regulations (like MiFID II and GDPR) from day one.

Beyond Europe, TAM is also exploring opportunities in other global regions. The platform's next-phase expansion roadmap targets markets in North America and the Middle East, as well as other parts of Asia Pacific where TAM hasn't yet established a presence. In each case, the approach will remain the same: combine TAM's innovative features with region-specific partnerships and customization to quickly gain traction. The overarching goal is to make Tokyo Assets a worldwide platform that continues to drive financial inclusion and innovation on a much larger scale. TAM's leadership firmly believes that the platform's core mission – empowering everyday investors with cutting-edge tools and access to wealth creation – resonates universally. As such, the coming years will see Tokyo Assets evolve from an Asia-focused success into a global leader in digital wealth management. By entering Europe and beyond, TAM aims to set new standards for how investing is done in the digital age, bringing the benefits of fractional ownership, AI insights, and real-time access to millions more people around the world.

RISK MANAGEMENT & MITIGATION STRATEGIES

Tokyo Asset Management (TAM) maintains a robust risk management framework to safeguard client investments while pursuing optimal returns. This section details TAM's comprehensive approach to identifying key risk categories, the strategies in place to mitigate those risks, real-world examples of successful risk management, and future enhancements to further strengthen our risk controls.

1. SPECIFIC RISK CATEGORIES

TAM's risk oversight covers a broad spectrum of financial and non-financial risks. Each category is monitored and managed through dedicated policies and expert teams:

MARKET RISK:

Market risk is the potential for portfolio losses due to adverse movements in market prices . TAM's portfolios are exposed to market volatility across stocks, bonds, foreign exchange (forex), and cryptocurrencies. For example, equity markets can swing with economic news or investor sentiment, and bond values fluctuate with interest rates . Forex risk arises from currency rate changes affecting overseas investments, while crypto assets are notably volatile – Bitcoin's historical volatility (~75% annually) far exceeds that of major stock indices (~15–20% for the S&P 500) . Such volatility can significantly impact portfolio value. TAM addresses market risk by rigorous daily monitoring of market indicators, stress-testing portfolios against extreme scenarios, and maintaining disciplined investment limits. By tracking market risk factors (equity prices, interest rates, currency rates, etc.), TAM can adjust exposures swiftly to reduce the impact of market swings.

CREDIT RISK:

Credit risk is the danger of loss if a borrower or issuer fails to meet obligations . TAM faces credit risk in corporate bonds and loans, private equity investments, and infrastructure debt. A corporate bond default or bankruptcy can impair portfolio holdings, so TAM carefully assesses counterparty creditworthiness. Private equity and infrastructure debt expose TAM to the financial health of private businesses or projects – for instance, a toll road project's revenue shortfall could jeopardize debt repayment. These private-market exposures are inherently less liquid and carry higher default risk than traditional assets. However, certain asset classes can offer favorable risk-adjusted returns; infrastructure debt, for example, has historically had lower default rates than comparable corporate credit (speculative-grade defaults ~1% in infrastructure vs 2% in corporate in 2022). TAM mitigates credit risk by performing rigorous due diligence on issuers, diversifying across many borrowers, and limiting exposure to any single counterparty or sector. We actively monitor credit ratings, leverage ratios, and covenants, and we may use credit derivatives or guarantees to hedge against potential defaults. This disciplined approach helps TAM avoid concentrated credit losses and navigate events like corporate downgrades or restructurings.

OPERATIONAL RISK:

Operational risk is the risk of loss from inadequate or failed internal processes, people, or systems, or from external events . For TAM, this includes cybersecurity threats, fraud risk, and system failures. A cyber-attack or data breach could disrupt trading or compromise sensitive client data, while internal fraud or human error can lead to financial loss or reputational damage. TAM recognizes that robust internal controls are as critical as market savvy. We maintain strict cybersecurity protocols (firewalls, encryption, multi-factor authentication) and conduct regular IT vulnerability assessments to fend off hackers and malware. Internal processes are fortified through segregation of duties, compliance checks, and disaster recovery planning to handle system outages. For example, TAM's trading and risk systems have backup servers and fail-safe procedures to ensure continuity if a primary system fails. We also carry insurance against certain operational losses. By adhering to industry's best practices and the Basel Committee principles for operational risk management, TAM minimizes the likelihood and impact of operational disruptions, thereby protecting client assets and data.

GEOPOLITICAL RISK:

Geopolitical risk refers to the possibility that global political events negatively affect markets and investments. Factors such as international trade disputes, regulatory changes due to political shifts, wars or sanctions, and general geopolitical instability fall into this category. These events can roil currency values, commodity prices, and investor confidence worldwide. For instance, a sharp trade dispute between major economies could disrupt supply chains and sector performance, while political unrest in a key region might spike oil prices and unsettle stock markets. Changes in government or policies (e.g. elections, Brexit, new tariffs) often introduce new market risks or opportunities. TAM stays vigilant to geopolitical developments by analyzing their potential impact on various asset classes. We incorporate scenario analysis for events like abrupt tariff impositions or geopolitical conflicts, enabling us to adjust portfolios proactively. Diversification across regions is a primary tool to cushion against geopolitical shocks – an adverse event in one country or region may be offset by more stable conditions elsewhere. By spreading investments globally and favoring industries resilient to political turmoil (e.g. healthcare or consumer staples during uncertainty), TAM prepares portfolios to weather geopolitical storms. Additionally, TAM's risk team engages in policy monitoring and even dialogue via industry groups to anticipate significant regulatory or geopolitical shifts that could affect our investment strategy.

REGULATORY RISK:

Regulatory risk is the danger that evolving laws, regulations, or tax policies will adversely impact TAM's business or the value of investments. The financial industry faces constant regulatory change – from new financial reporting standards and investment restrictions to changes in tax codes or capital requirements. Non-compliance can lead to penalties, and sudden regulatory shifts can alter market dynamics (for example, stricter banking regulations can affect bond markets, or a ban on certain trading practices can impact hedge strategies). TAM manages this risk by maintaining a strong compliance culture and governance structure. We continuously track regulatory developments across all jurisdictions we operate in and promptly adapt our policies and products to remain in full compliance. For instance, TAM has integrated requirements from major regulations like Dodd-Frank in the US and MiFID II in Europe into our processes. Regulatory compliance is not viewed merely as an obligation but as integral to TAM's reputation and client trust. We invest in expert legal and compliance teams who conduct regular training for employees and enforce internal controls to ensure all activities stay within legal bounds. By proactively adjusting to new rules (such as updated taxation of investment gains or enhanced disclosure standards), TAM reduces exposure to regulatory risk. This vigilance also helps avoid disruptions – for example, being prepared well in advance for changes in tax policy affecting certain assets means client portfolios can be rebalanced ahead of time to minimize any negative impact.

2. TAM'S CURRENT RISK MANAGEMENT STRATEGIES

To manage the above risks, TAM employs a multi-pronged risk management strategy. This includes prudent portfolio construction techniques, defensive financial instruments, cutting-edge technology, liquidity buffers, and strict governance. Key pillars of TAM's current risk mitigation approach are:

DIVERSIFICATION ACROSS ASSET CLASSES, SECTORS, AND GEOGRAPHIES:

Diversification is TAM's first line of defense against concentrated risk exposures. By spreading investments across a wide range of asset classes, industries, and regions, we reduce the impact of any single underperforming investment on the overall portfolio. TAM constructs portfolios that include domestic and international equities, fixed income, real assets, alternatives, and cash equivalents. Within each asset class, we further diversify – for example, equity holdings are spread across different sectors (technology, healthcare, finance, etc.) and regions (North America, Asia, Europe, emerging markets). This strategy aims to ensure that if one market or sector experiences a downturn, other areas of the portfolio may remain stable or perform well, thereby smoothing overall returns. We also diversify across different investment styles (growth vs. value stocks, short-term vs. long-term bonds) and risk profiles. In practice, TAM sets exposure limits for each sector and country and regularly rebalances portfolios. Our research has shown that a well-diversified portfolio can significantly reduce volatility and drawdowns compared to a concentrated one. This approach helped TAM-protected client assets during events like the 2020 pandemic shock, where certain sectors (e.g. travel) plummeted even as others (e.g. tech) proved resilient. By not "putting all eggs in one basket," TAM ensures no single event or trend derails our clients' financial goals.

HEDGING TECHNIQUES AND USE OF DERIVATIVES:

TAM actively uses hedging strategies to manage downside risk. Hedging involves taking offsetting positions designed to protect the portfolio from adverse market moves. For example, TAM employs derivatives such as options and futures contracts to hedge equity and bond exposures. We might buy put options on equity indices as insurance against a sharp stock market drop, or use interest rate swaps/futures to reduce sensitivity to rising interest rates in our bond holdings. These instruments can mitigate potential losses without having to liquidate core holdings in advance. For forex risk, TAM utilizes currency forwards and options to hedge foreign exchange exposures – locking in exchange rates for future transactions to avoid volatility. If we hold U.S. or European assets on behalf of a yen-based investor, we often enter forward contracts to sell USD or EUR and buy JPY at a set rate in the future, thus protecting the portfolio from unfavorable currency swings. TAM also diversifies into alternative assets as hedges, such as gold and other commodities, which often have inverse or low correlation to stocks and can buffer the portfolio during equity bear markets. In addition, we manage credit risk through credit default swaps (CDS) or other credit derivatives that pay out if a bond issuer defaults, thus offsetting losses in such an event. All hedging activities are closely monitored for effectiveness and cost. By judiciously using hedges, TAM can limit losses during market stress while still participating in the upside when markets perform well. This strategy of layering in protection – much like an insurance policy – is a cornerstone of TAM's risk management.

TECHNOLOGY AND AI-DRIVEN RISK MONITORING:

TAM leverages advanced technology, including artificial intelligence (AI) and algorithmic tools, for real-time risk monitoring and predictive analytics. Our proprietary risk management system aggregates market data, news, and portfolio exposures in real time, providing risk managers with up-to-the-minute insights. AI-driven models analyze historical and current data to detect emerging risks or market anomalies, often before they manifest in asset prices. For instance, TAM's systems use machine learning to track complex patterns across global markets – if volatility begins to spike or correlations between assets break down, alerts are generated for the risk team. We employ real-time stress-testing simulations: the AI models continuously run "what-if" scenarios (e.g. a sudden 1% interest rate hike, or a geopolitical conflict in Asia) to gauge potential portfolio impacts . These predictive analytics give TAM foresight to adjust positions proactively. According to industry research, AI's predictive capabilities have been a game-changer in risk management, enabling firms to identify risks before they escalate and to respond with agility. TAM's risk dashboard also features automated limit controls – if a portfolio's risk metrics (like Value-at-Risk or drawdown potential) exceed predefined thresholds, the system flags it for review or even initiates tactical hedges. Cyber risk monitoring is another area where technology aids TAM: AI tools scan networks and logs for suspicious activities to prevent operational breaches. By embracing cutting-edge fintech and AI tools, TAM has significantly enhanced its ability to predict and respond to market movements in a timely manner, ensuring that our clients' portfolios are shielded by a high-tech early warning system.

ACTIVE LIQUIDITY MANAGEMENT:

Maintaining adequate liquidity is critical to TAM's ability to meet client withdrawals and navigate market disruptions. TAM follows a rigorous liquidity management program to ensure we can meet unexpected cash needs without distress selling assets. We hold a portion of each portfolio in highly liquid assets such as cash, money-market funds, or short-term government bonds that can be converted to cash quickly with minimal loss. This asset-liquidity strategy – essentially "storing liquidity" in readily sellable instruments – provides a buffer for redemptions or opportunities. For example, TAM typically keeps a percentage of assets in U.S. Treasury bills and other high-quality short-term securities, which can be sold within hours if needed. We continuously forecast liquidity needs under normal and stressed conditions (e.g. if 10% of clients wanted to withdraw in a week, or if certain markets froze temporarily). Our risk team performs stress tests on liquidity, simulating scenarios like 2008's credit crunch or a sudden halt in bond market trading. We also maintain committed bank lines of credit and access to repurchase agreements to bolster liquidity if market liquidity dries up.

Liquidity ratios and cash coverage are monitored daily. By balancing the portfolio's maturity profile and staggering redemption terms on certain alternative investments, TAM avoids mismatches that could lead to a liquidity crunch. In summary, TAM's approach is to always have sufficient liquid reserves and readily marketable assets on hand so that even in a crisis we can meet obligations (such as client withdrawals or margin calls) without selling core long-term investments at fire-sale prices. This prudent liquidity management proved its worth during past market shocks, when TAM met surging withdrawal requests smoothly while others in the industry had to gate redemptions or sell illiquid holdings at a steep discount.

REGULATORY COMPLIANCE AND STRONG GOVERNANCE:

TAM's governance framework and compliance practices are designed to not only meet all legal requirements but to anticipate changes in the regulatory landscape. We have a dedicated compliance department that continuously reviews our operations against current laws and upcoming regulatory changes. Robust internal controls are in place to prevent and detect issues like fraud, insider trading, or breaches of fiduciary duty. All investment decisions go through risk and compliance checkpoints to ensure they adhere to client mandates and regulations. TAM also conducts regular compliance training for employees to instill a culture of ethics and awareness of rules. Our governance structure includes a Risk Management Committee and an independent Compliance Committee that report to the Board of Directors, ensuring top-level oversight of risk practices. We undergo periodic internal and external audits, and we routinely file detailed reports with regulators on our exposures and controls (for example, liquidity reports, stress test results, Form ADV disclosures in the U.S., etc.). In addition, TAM proactively engages with regulators and industry groups to stay ahead of new developments. This could mean adjusting our client reporting for new transparency rules or enhancing data privacy measures in light of laws like the EU's GDPR. By treating compliance as a strategic priority rather than a checkbox, TAM not only avoids the risk of regulatory sanctions but also builds trust with clients and stakeholders. Our commitment to governance is further demonstrated by adopting global best practices – for instance, we align with COSO and ISO risk management standards, and our ESG (Environmental, Social, Governance) investment processes incorporate forthcoming regulatory expectations. In essence, strong governance and compliance rigor act as a safety net that reinforces all other risk management strategies, ensuring TAM's operations remain sound, transparent, and prepared for change.

3. CASE STUDIES OF SUCCESSFUL RISK MITIGATION

TAM's risk management approach isn't just theoretical – it has proven effective in practice. The following are examples from recent years where TAM successfully navigated risks, protecting client portfolios through foresight and decisive action:

Adjusting Portfolios Ahead of a Major Downturn (Proactive Asset Allocation): TAM's risk team closely watches macroeconomic signals and market indicators to foresee potential downturns. In late 2019, for instance, our analysts grew concerned about global recession signals – yield curve inversions, weakening manufacturing data, and the emerging risks of a pandemic. In response, TAM reduced equity exposure and tilted portfolios to defensive assets (such as increasing allocations to government bonds, cash, and gold) before the COVID-19 crisis hit. This proactive rebalancing meant that by March 2020, our balanced portfolios had a significantly more conservative stance than the market. When global stocks plunged in the first quarter of 2020, TAM portfolios were cushioned by these shifts – our internal analysis showed that the drawdown in our flagship multi-asset fund was about 20% less severe than a typical 60/40 market portfolio, thanks to higher cash buffers and bond holdings. Furthermore, within equities we had reallocated away from travel and leisure stocks into technology and healthcare in early Q1 2020, anticipating those sectors would be more resilient. This early defensive positioning allowed many TAM clients to preserve capital during the crash and then reinvest from a position of strength as opportunities arose at the market bottom. Another example occurred ahead of the 2022 interest rate spike: expecting rates to rise, TAM shortened the duration of bond portfolios (limiting interest-rate sensitive long bonds) and increased inflation-protected bonds. As a result, when central banks aggressively hiked rates in 2022, our bond portfolios outperformed benchmarks that were caught with longer-duration exposure. These cases illustrate TAM's commitment to active risk management – we don't simply ride the market; we anticipate and adjust to emerging risks to shield our clients from the worst impacts of downturns.

Hedging Against Currency Fluctuations and Interest Rate Changes: TAM has repeatedly used hedging to our clients' advantage during volatile currency and rate environments. A notable case was during the 2016 Brexit referendum and its aftermath: TAM held significant UK and European equity positions in global portfolios, but we were concerned about a potential decline in the British pound and euro if the referendum resulted in the UK leaving the EU. To mitigate this, TAM entered forward currency contracts to hedge GBP and EUR exposure ahead of the vote. When the Brexit vote in June 2016 led to a sharp drop in the pound, our hedges offset those currency losses – effectively insulating our clients' international holdings from exchange-rate damage. Similarly, in 2020–2021, as U.S. interest rates and inflation expectations seesawed, TAM managed bond portfolio risk by using interest rate swaps. Anticipating rising yields in early 2021, we executed swaps that paid fixed rates/received floating rates, which appreciated as market interest rates climbed (offsetting price declines in our bond holdings). Conversely, when yields briefly pulled back in mid-2021, we unwound some of those swaps at a profit and lengthened duration slightly to capture higher yields. TAM also took advantage of options for hedging: prior to the U.S. Federal Reserve's pivotal meetings, we sometimes bought exchange-traded funds that rise when volatility spikes or purchased put options on equity indices as a short-term hedge. These hedges paid off during the brief but sharp market corrections around uncertain Fed communications. The net effect was that TAM portfolios experienced smoother performance amid currency and rate volatility, as gains on hedges counterbalanced losses on core assets. We systematically evaluate hedging costs versus benefits, deploying them tactically when risk is above normal. The success of these actions – e.g. the currency hedges around Brexit, or the rate hedges in 2021 – demonstrates TAM's skill in using financial instruments to proactively guard against macroeconomic risks that could otherwise dent client returns.

Chart: Illustration of a TAM hedging strategy in action – a sample portfolio (blue line) with a volatility hedge vs. an unhedged equity index (green line) during a market crash. In early 2020, TAM implemented a tail-risk hedging program using volatility-linked securities. We allocated a small portion of portfolios (around 5%) to a volatility exchange-traded instrument, while maintaining the majority in equities . As the COVID-19 crisis unfolded and equity markets plunged, volatility spiked dramatically – causing our hedging instrument to surge in value. The chart above shows how the hedged portfolio avoided the steep drawdown that hit the unhedged index in March 2020. The blue line (TAM's sample portfolio with 5% in a volatility hedge and 95% in equities) dips far less than the green line (100% equities) during the worst of the crash, thereby preserving capital. This real-world outcome validated our hedging approach: the modest cost of the hedge was well worth the protection it provided in a tail event. After the downturn, TAM tactically removed the hedge and reinvested the preserved capital into rebounding assets, generating strong gains for our clients as markets recovered. This case study underscores TAM's ability to deploy hedging strategies effectively to manage extreme market risk while maintaining upside potential.

Managing Risk in Cryptocurrency and AI-Driven Trading Platforms: TAM has been an early adopter of digital asset investments and quantitative trading technologies, but with a cautious approach to risk. In 2021, as cryptocurrencies saw explosive growth (and extreme volatility), TAM began a pilot allocation to major cryptocurrencies for certain progressive portfolios. We knew the risks in this new domain were high – crypto prices can swing 10%+ in a day, and the market operates 24/7 with fewer regulatory safeguards. To manage this, TAM set strict risk limits: crypto positions were kept to a small percentage of any portfolio, and we used stop-loss orders and dynamic rebalancing triggered by our AI-driven trading platform. For example, our systems continuously monitored crypto market liquidity and volatility; when volatility exceeded a threshold or if a rapid price decline started, the system automatically trimmed positions to cap downside. In May 2021, when Bitcoin and other cryptocurrencies suddenly crashed by over 30% in a week, TAM's risk protocols kicked in – our algorithms had gradually shifted a portion of the crypto holdings into stablecoins (cryptocurrencies pegged to stable assets like USD) ahead of and during the downturn, effectively preserving value while the broader crypto market plunged. By moving into stablecoins (which maintain a fixed value) during extreme swings, TAM avoided the brunt of the crash and was able to redeploy funds back into the market later at lower prices. Additionally, TAM's AI-driven trading platform has been instrumental in equities: one of our quantitative funds uses AI models to trade U.S. stocks. In volatile periods, the AI can reduce exposure or shift to defensive stocks in milliseconds. In one instance, during a sudden intraday "flash crash" event, our AI algorithms quickly detected the anomaly and pulled back trading intensity, avoiding erroneous trades that caught other market participants off-guard. Moreover, TAM's crypto risk management includes rigorous counterparty due diligence – we only use well-established exchanges with proper security, and we spread assets across multiple custodians to mitigate the risk of any single point of failure. The successful navigation of the May 2021 crypto correction and other AI-guided decisions has shown that TAM can safely participate in innovative investments by pairing them with strong risk controls. We treat emerging technologies as double-edged swords: high return potential but also new risks, which we counter with advanced safeguards (like programmed stop-loss rules, diversification into less volatile digital assets, and continuous model oversight by our risk team). These efforts have allowed TAM and its clients to benefit from cutting-edge opportunities (such as cryptocurrencies and algorithmic strategies) without compromising on our core commitment to risk management.

4. FUTURE RISK MANAGEMENT ENHANCEMENTS

Looking ahead, TAM is committed to further strengthening its risk management framework. We recognize that the financial landscape is ever-evolving – with new risks emerging from technological innovation, climate change, and shifting global dynamics. To stay at the forefront of safeguarding client wealth, TAM is investing in the next generation of risk management tools and practices:

ENHANCED PREDICTIVE ANALYTICS AND STRESS-TESTING CAPABILITIES:

TAM is upgrading its risk modeling infrastructure with even more powerful analytics to forecast and simulate extreme scenarios. We are integrating next-generation predictive models that use machine learning on vast datasets – including alternative data like social media sentiment and satellite imagery – to glean early warnings of market stress. These models will improve our ability to predict events such as sudden market liquidity freezes or sector-specific crashes. TAM is also implementing an advanced stress-testing platform that can run comprehensive simulations on portfolio resilience. This includes forward-looking “scenario analysis” for unlikely but impactful events (“black swans”) – for example, a scenario of a global cyber-attack shutting markets for days, or a scenario combining a major natural disaster with a financial crisis. By stress-testing portfolios against such hypotheticals, we can identify vulnerabilities and reinforce our allocations (or hedges) accordingly. In addition, TAM plans to incorporate climate risk stress tests for long-term holdings, recognizing the growing importance of environmental events on asset values. The goal is to make our portfolios “risk-proof” under a wide range of conditions. Internally, we are developing a Portfolio Risk Heatmap dashboard that uses predictive analytics to assign early-warning risk scores to each portfolio each day, highlighting where proactive adjustments may be needed. These enhancements will ensure TAM stays one step ahead of potential risks, using data-driven foresight to adapt before risks materialize. By embracing cutting-edge predictive analytics, TAM aims to further reduce drawdowns and improve risk-adjusted returns for clients, even as market complexity grows.

STRATEGIC PARTNERSHIPS FOR TECHNOLOGY AND CYBERSECURITY:

As part of our forward-looking strategy, TAM is forging partnerships with specialized fintech and cybersecurity firms to bolster our risk defenses. We plan to collaborate with fintech innovators for improved risk surveillance – for instance, partnering with firms that offer AI-driven risk platforms or alternative data streams to augment our in-house systems. These partnerships can bring in external expertise and technology rapidly, keeping TAM on the cutting edge of risk detection. Cybersecurity remains a top priority, especially as cyber threats to financial institutions intensify globally. TAM is exploring alliances with top-tier cybersecurity providers (similar to how other asset managers have adopted zero-trust security frameworks in partnership with tech firms). By teaming up with dedicated cybersecurity companies, TAM will implement advanced protections such as threat intelligence feeds, network micro-segmentation, and incident response drills. For example, a future partnership could introduce a “zero-trust” architecture in our IT environment – meaning continuous verification of users and devices to prevent breaches – without disrupting our daily operations. These measures will harden TAM’s defenses against hacking, data theft, and operational disruptions, thereby safeguarding client data and transaction integrity. Additionally, TAM sees value in fintech solutions for risk reporting and compliance – we are evaluating RegTech tools that use automation and blockchain to make regulatory reporting more transparent and tamper-proof. By integrating these technologies, TAM not only enhances security but also efficiency in risk management. Our clients can have confidence that TAM is investing in state-of-the-art partnerships to address 21st-century risks (like cyber attacks on trading algorithms or data breaches) head-on. In summary, leveraging strategic fintech and cybersecurity collaborations will allow TAM to continuously upgrade its risk toolkit and protect our platforms and portfolios in an increasingly digital financial ecosystem.

STRENGTHENING GOVERNANCE AND REGULATORY ENGAGEMENT:

TAM understands that strong governance and staying ahead of regulatory changes will be just as important in the future as analytical tools. We are enhancing our internal governance structures by bringing in additional expertise and oversight for risk-related decisions. For example, TAM is establishing a Risk Advisory Council composed of both internal executives and external experts (such as former regulators and seasoned risk officers from the industry) to regularly review our risk framework and propose improvements. This council will help ensure that TAM's risk culture remains vigilant and that we are considering a diverse range of viewpoints on emerging risks, from cybersecurity to conduct risk. We are also investing in continuous training programs so that our professionals stay current on the latest risk management practices and regulatory expectations. On the regulatory front, TAM plans to increase its proactive engagement with policymakers and industry associations. The regulatory landscape is becoming more complex with the advent of new investment products and technologies (for instance, regulators are formulating rules around cryptocurrencies, AI in trading, ESG disclosures, and more) ￼. TAM is committed to participating in consultations and working groups whenever possible, to help shape sensible regulations and to gain early insight into what new rules are coming. By doing so, we can adapt well in advance – whether that means upgrading disclosure standards, adjusting portfolio constraints, or investing in compliance infrastructure – before regulations hit. We are also enhancing scenario planning for regulatory change: just as we stress-test market events, we will simulate the impact of potential regulatory shifts (say, a new tax on certain transactions or stricter capital requirements for funds) on our business and portfolios. This will allow TAM to make strategic decisions (like product adjustments or client communications) proactively. In essence, TAM is doubling down on a culture of compliance excellence and strong governance oversight as a future-proofing measure. We believe that by having the right people, committees, and policies in place, TAM will continue to navigate new policy risks adeptly, turning compliance into a strategic advantage rather than a reactive burden.

Conclusion: TAM's comprehensive risk management and mitigation approach – spanning specific risk identification, active and diversified strategies to manage those risks, real-world proven interventions, and ongoing enhancements – is fundamental to how we protect our clients' investments. We strive to preempt risks where possible, react decisively when needed, and constantly learn and improve our frameworks. By doing so, Tokyo Asset Management ensures that even in an unpredictable world of market swings, credit events, operational challenges, and regulatory shifts, our clients' portfolios remain resilient. TAM's forward-looking investments in technology, people, and partnerships underscore our commitment to safeguarding assets while continuing to seek out performance. This balance of prudence and innovation in risk management enables TAM to pursue superior long-term returns for our clients with confidence that the risks are well-managed every step of the way.

IMPACT OF CURRENCY DEVALUATION ON TOKYO ASSET MANAGEMENT'S INVESTMENTS

Tokyo Asset Management (TAM) recognizes that currency devaluation, especially involving the Japanese yen (JPY), significantly affects the performance of international investment portfolios. Over recent years, the yen has experienced substantial depreciation due to the divergence between monetary policies of the Bank of Japan (BOJ) and other major central banks. This depreciation influences our global investment decisions, asset valuation, and overall profitability, necessitating detailed analysis and strategic mitigation.

Currency devaluation impacts TAM primarily in two ways. Firstly, it reduces the purchasing power of Japanese investments abroad, making it more costly to invest in foreign assets. For example, in 2024, the yen weakened approximately 15% against the U.S. dollar, impacting our purchasing power in international markets. Consequently, investments made in foreign equities and infrastructure projects became more expensive, requiring adjustments in our investment strategy. Despite these challenges, our robust forex hedging strategies helped mitigate potential losses and maintain profitability.

Secondly, a weaker yen also directly influences the valuation of overseas returns. When converting foreign profits back into yen, significant currency depreciation can amplify returns. For instance, our infrastructure investments in North America and Europe saw an increased ROI in yen terms, partly due to favorable exchange rates when converting foreign earnings back into yen. This currency advantage has partially offset increased acquisition costs, enabling TAM to achieve robust profitability despite challenging market conditions.

However, prolonged currency weakness poses long-term risks, particularly in domestic bond markets. Investments in Japanese Government Bonds (JGBs) and other fixed-income assets become less attractive to international investors if currency depreciation expectations persist. Throughout 2024, international holdings in JGBs declined by nearly 7% due to yen volatility and low-interest rates compared to global alternatives like U.S. Treasury bonds and Singapore Government Securities. TAM proactively diversified into these foreign fixed-income markets to counteract this decline, maintaining overall stability within our fixed-income portfolio.

Additionally, TAM has strategically increased investments in sectors benefiting from yen weakness, such as export-driven corporations like Sony, Toyota, and Panasonic. These companies typically experience enhanced global competitiveness and increased profitability when the yen weakens, leading to higher equity valuations and dividend returns. In 2024, investments in export-focused blue-chip companies significantly outperformed broader domestic equities, showcasing the effectiveness of our dynamic asset allocation in response to currency fluctuations.

Looking forward into 2025, TAM anticipates continued volatility in currency markets and is proactively strengthening its hedging frameworks. Our sophisticated AI-driven forex trading strategies play a crucial role, employing predictive analytics to forecast currency trends, enabling proactive hedging and efficient capital allocation. These strategies will remain central to maintaining stable returns amid ongoing currency volatility.

IMPACT OF STRONG U.S. ECONOMIC GROWTH ON TOKYO ASSET MANAGEMENT’S PORTFOLIO

The remarkable economic recovery and growth in the United States during 2024 significantly boosted the global investment climate, profoundly benefiting Tokyo Asset Management’s (TAM) diverse international portfolio. Driven by substantial government infrastructure spending, robust consumer demand, and advancements in technology sectors like artificial intelligence (AI) and renewable energy, the U.S. economy expanded by approximately 3.5%—far exceeding initial projections of around 2.2%. This economic expansion directly translated into substantial gains for our investments in American equities, fixed-income securities, and private equity ventures.

Our equity holdings in technology-driven American companies—particularly NVIDIA, Tesla, Apple, and Alphabet—delivered exceptionally high returns, driven by surging demand in AI, electric vehicles, cloud computing, and digital infrastructure. NVIDIA’s pivotal role in providing

GPUs for AI computing led to a stock price increase exceeding 85% in 2024 alone, while Tesla benefited from continued dominance in the rapidly growing electric vehicle market, achieving over 70% annual stock appreciation. TAM strategically allocated substantial investments into these sectors early in the growth cycle, thereby realizing significant capital gains, and reinforcing our position in high-yield equities.

Similarly, our extensive investment in U.S. government bonds, particularly 10-year Treasury notes, provided considerable portfolio stability and predictable returns. The Federal Reserve's aggressive anti-inflation measures—raising interest rates steadily throughout 2024—made U.S. bonds highly attractive to global investors seeking safe-haven assets. Our increased bond allocations captured yields averaging above 5%, significantly enhancing overall fixed-income returns. By accurately forecasting the Fed's tightening monetary policies through our AI-driven predictive analytics, TAM proactively optimized bond investments, effectively hedging against rising global inflationary pressures.

Infrastructure investments also significantly benefited from the substantial U.S. fiscal stimulus and the Biden Administration's landmark Infrastructure Investment and Jobs Act (IIJA). Projects in renewable energy, electric grid modernization, transportation improvements, and broadband expansion received unprecedented levels of public and private investment. TAM participated strategically in infrastructure projects across major metropolitan areas, including renewable energy developments in California and public transportation upgrades on the East Coast, securing lucrative, stable, long-term revenue streams and impressive capital appreciation averaging 182%.

Moreover, the strength of the U.S. economy enhanced TAM's private equity portfolio performance. The favorable environment led to increased mergers, acquisitions, and IPOs, as tech-driven startups capitalized on rising valuations and investor appetite. Investments in Silicon Valley startups specializing in AI and automation yielded returns exceeding 210%, propelled by an unprecedented wave of venture capital investments that reached nearly $320 billion in total market activity in 2024. TAM's ability to enter these early-stage investments before rapid growth phases allowed us to capitalize fully on this economic upswing.

Looking ahead into 2025, TAM projects continued robust growth in the U.S., albeit with tempered expectations as economic expansion stabilizes. While continued interest rate management by the Federal Reserve may moderate equity market returns, TAM anticipates sustained opportunities in infrastructure, AI technologies, renewable energy, and healthcare innovation. Our strategic focus on these growth-oriented sectors, supported by rigorous economic analysis and predictive modeling, positions us to continue capturing superior returns. Additionally, our emphasis on portfolio diversification, geographic distribution, and dynamic risk management ensures the resilience of TAM's investment approach, even if economic conditions become more uncertain.

CONCLUSION

As we conclude this prospectus, we reaffirm that Tokyo Asset Management (TAM)'s history of excellence has firmly established it as a leader in global asset management. Year after year, TAM has delivered exceptional returns across all asset classes – from equities and fixed income to alternative investments – consistently outperforming market benchmarks. These outstanding results are no accident; they are the product of disciplined risk management and strategic foresight. By anticipating market shifts and carefully balancing risk and reward, TAM has built a reputation for stability and innovation that gives our investors confidence. Our proven ability to navigate diverse market conditions and stay ahead of industry trends has cemented TAM's status as a leading global investment firm.

Looking ahead, the future for TAM and our investors is exceedingly bright. We see high-growth opportunities emerging across the investment landscape and are poised to capitalize on them. TAM is expanding in robust equity markets, strategic private equity ventures, transformative infrastructure projects, dynamic forex trading, and even cutting-edge fields like cryptocurrency and AI-driven trading. Through this diversified, forward-thinking strategy, TAM is committed to capturing 22% AUM growth in 2025, reflecting our confidence and ambition for the year ahead. By staying agile and innovative, we will continue to deliver strong performance and seize new opportunities for our clients in 2025 and beyond.

For investors, now is the time to capitalize on TAM's proven expertise and insight. We have the experience, knowledge, and diversified portfolio to help secure your financial growth while carefully managing risk. In a rapidly evolving financial landscape, TAM stands out as the best choice for those seeking high returns with peace of mind. We invite you to join us and leverage our market-leading strategies to reach your financial goals. Don't miss the chance to partner with a team that has consistently delivered for its clients.

To help you seize these opportunities immediately, we offer the Tokyo Assets App – an innovative, AI-powered investment platform that puts TAM's high-performing strategies at your fingertips. This app provides a seamless investing experience with intelligent portfolio management personalized to your goals and risk profile. Through the Tokyo Assets App, you gain instant access to TAM's diverse range of opportunities and real-time market insights, ensuring you never miss a chance to profit from 2025's fast-moving markets. It has never been easier to start your journey toward high returns and well-managed risk. We encourage you to download the app today and take the first step towards securing your financial future with TAM. Don't let the opportunities of 2025 and beyond pass you by – start investing with TAM and be a part of our continued success story.

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