



(2) Global Credit Investment Group

Integrating alternative investments from Japan and overseas

Sumitomo Trust took the opportunity to become the first Japanese bank to integrate the expertise earned through its overseas lending business and corporate bond investments in Japan into a specialized group under the concept of investing in marketable credit.

Traditionally, corporate loans have been the most common way to extend credit for banks and are normally held until maturity. However, as a result of progress in securitization techniques and development of the secondary market, corporate loans have gained liquidity and marketability. In the U.S., institutional investors recognize syndicated loans as an alternative investment vehicle and treat them as an established asset class comparable to stocks and corporate bonds. In recent years, Japan has seen both a rapid growth in asset-backed securities, and the gradual development of secondary markets for corporate loans. In the future, Japan's credit markets are expected to gain the same level of liquidity and marketability as those in the U.S.

Sumitomo Trust is leveraging the expertise of the group in global credit investment. This group has the following objectives: (1) To

establish a global alternative investment portfolio as our proprietary investment, and (2) To provide clients with opportunities in alternative investments.

In the domestic market, this group aims to build a well-balanced credit portfolio by purchasing corporate bonds and ABSs and investing in syndicated loans, which are relatively new to the Japanese market.

In the overseas markets, this group optimizes portfolios by diversifying investments in a wide range of credit, through three overseas branches in New York, London and Singapore, and a subsidiary in Hong Kong.

Besides debt investments, this group manages investments in private equities, with a view towards establishing a well-balanced alternative investment portfolio by undertaking venture capital activities in Japan and investing in selected private equity funds overseas.