

5-Nov-12

Important disclosures
and disclaimers appear
at the back of this
document.

FISCO Ltd. Analyst
Yuzuru Sato

■ Medium-to-long-term growth potential increased

In the fiscal year through August 2012 (FY8/12), the company's sales grew by 5.6% year-on-year (YOY) to ¥14,484 million (mn) and its recurring profit rose by 7.2% YOY to ¥3,727mn. Both figures were record highs. This growth was primarily attributable to the Meiko Gijuku schools, which increased the numbers of its schools and students. The company also started franchises of its new Waseda Academy Kobetsu Schools and Meiko Soccer Schools as part of its medium-term management strategy of building new businesses, strengthening its base for future growth.

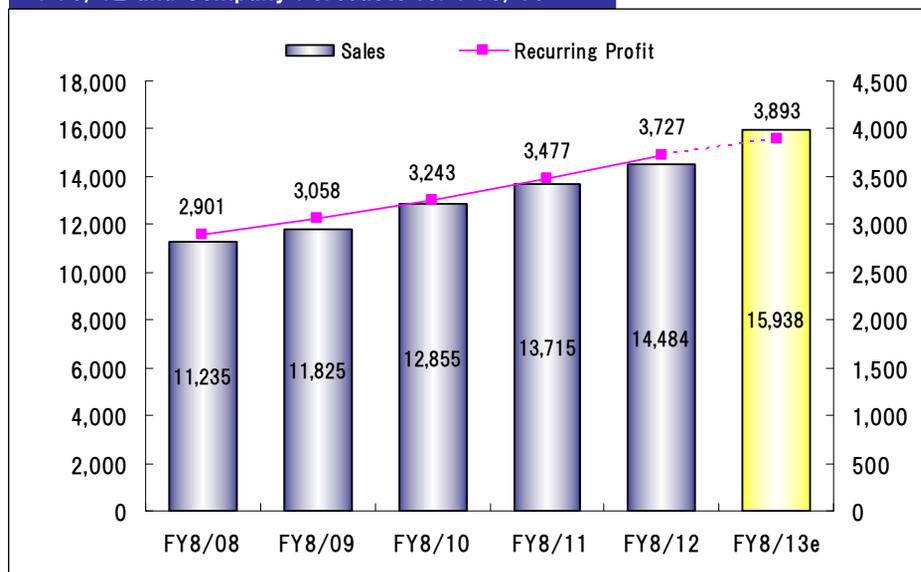
For FY8/13, the final year of the company's current three-year management plan, the company projects sales of ¥15,938mn (up 10.0% YOY) and recurring profit of ¥3,893mn (up 4.5% YOY). This growth is predicated on the steady expansion of the Meiko Gijuku schools and contributions from the franchises of Waseda Academy Kobetsu Schools and Meiko Soccer Schools. Life Support Co., which became an equity-accounted affiliate in June 2012, and Youdec Co., which became a fully consolidated subsidiary in July 2012, are also expected to contribute to growth.

Meiko Network Japan intends to maintain its policy of maximizing shareholder returns. It will increase its dividend per share for FY8/13 by ¥2 to ¥27, making this the fifteenth consecutive fiscal year of dividend increases. It also plans to distribute ¥3,000 QUO cards to all holders of a minimum lot of 100 shares, a benefit it began in FY8/12. The company expects its new businesses to supplement the growth of the Meiko Gijuku school business, increasing its growth potential over the medium-to-long term. Given this growth potential and the company's commitment to maximizing shareholder returns, the company is likely to remain attractive to equity investors.

■ Check Points

- Sales and profits hit record highs
- Steady growth of the Meiko Gijuku school business and franchises of new businesses contributed to these records
- The company plans to raise its dividend in FY8/13, for the fifteenth straight fiscal year and to maintain FY8/12's shareholder award; its dividend yield is more than 7%

Sales and Recurring Profit (¥mn) in FY8/08 to FY8/12 and Company Forecasts for FY8/13



■ Business Trends FY8/12

Record-high sales and profits

As the company announced on October 11, 2012, in FY8/12, its sales grew by 5.6% YOY to ¥14,484mn, its operating profit increased by 5.3% YOY to ¥3,543mn, its recurring profit advanced by 7.2% YOY to ¥3,727mn, and its net profit rose by 2.4% YOY to ¥1,969mn. Thus, sales and profits reached record highs. As profits continued to increase, the company raised its dividend per share for FY8/12 by ¥3 to ¥25, making last term the fourteenth fiscal year in a row of increased dividends. The consolidated recurring profit margin rose to 25.7% in FY8/12 for 2 consecutive fiscal year growth, from 25.4% in FY8/11 and 25.2% in FY8/10, the first year in which the company declared consolidated results.

Performance (¥mn) by Business, FY8/10 to FY8/12

Sales	FY8/10	FY8/11	FY8/12	YOY
Meiko Gijuku schools (directly)	6,287	6,574	6,864	4.4%
Meiko Gijuku schools (franchised)	5,846	6,402	6,736	5.2%
Supplemental education	633	594	559	-5.9%
Other businesses	87	143	324	125.3%
Total sales	12,885	13,715	14,484	5.6%
Operating profit				
Meiko Gijuku schools (directly)	1,128	1,315	1,443	9.8%
Meiko Gijuku schools (franchised)	3,055	3,256	3,313	1.7%
Supplemental education	40	7	-7	-
Other businesses	7	-174	-120	-
Company-wide operating costs	-1,123	-1,041	-1,086	-
Total operating profit	3,108	3,363	3,543	5.3%
Operating profit margin (%)				
Meiko Gijuku schools (directly)	17.9%	20.0%	21.0%	
Meiko Gijuku schools (franchised)	52.2%	50.9%	49.2%	
Supplemental education	6.4%	1.2%	-1.3%	
Other businesses	8.0%	-121.7%	-37.0%	
Total operating profit margin	24.2%	24.5%	24.5%	

The main factors supporting growth in FY8/12 were increases in the numbers of schools and students in the Meiko Gijuku school business, which provides more than 90% of consolidated sales and profits. Furthermore, the establishment of the first franchises of Waseda Academy Kobetsu Schools and Meiko Soccer Schools helped to reduce the losses of other businesses.

The sales cost ratio raised by 0.2 point (pt) to 58.0%. This is mainly because the company renewed educational materials of junior high school (middle school) students due to change of government guidelines of education. The company incurred some new selling, general and administrative (SGA) costs, such as ¥30mn for shareholder awards and a ¥10mn donation to the School Meals Program of the United Nations World Food Programme. However, it controlled other SGA costs, so the ratio of SGA costs to sales declined by 0.2pt to 17.5%, and the operating profit margin remained unchanged YOY at 24.5%. The non-operating profit margin improved, reflecting a valuation gain on investment securities and an increase in earnings by affiliates accounted for by the equity-in-earnings method. Consequently, the recurring profit margin rose by 0.3pt to 25.7%.

■ Business Trends FY8/12

Profit and Loss Statement (¥mn) and Margins (%), FY8/11 to FY8/12

	FY8/11	FY8/12	Factors contributing to change in FY8/12
Sales (YOY)	13,715 6.7	14,484 5.6	<ul style="list-style-type: none"> Meiko Gijuku schools increased school and student numbers Franchises of new businesses begun
Cost of sales (ratio to sales)	7,922 57.8	8,403 58.0	<ul style="list-style-type: none"> Company renewed educational materials of junior highschool students due to change of government guidelines of education
SGA costs (ratio to sales)	2,429 17.7	2,537 17.5	<ul style="list-style-type: none"> Company started shareholder awards (¥30mn) Company contributed ¥10mn to the School Meals Program of the United Nations World Food Programme
Operating profit (YOY) (ratio to sales)	3,363 8.2 24.5	3,543 5.3 24.5	<ul style="list-style-type: none"> Profit from Meiko Gijuku school business increased Losses from new businesses declined
Recurring profit (YOY) (ratio to sales)	3,477 7.2 25.4	3,727 7.2 25.7	<ul style="list-style-type: none"> ¥60mn valuation gain on investment securities ¥16mn increase in earnings from equity-accounted affiliates
Extraordinary profits Extraordinary losses	26 169	24 166	<ul style="list-style-type: none"> ¥155mn asset impairment loss from Tokyo Medical School Preparatory Institute
Pretax profit (YOY) (ratio to sales)	3,334 3.9 24.3	3,585 7.5 24.8	
Tax (effective tax rate)	1,411 42.3	1,616 45.1	
Net profit (YOY) (ratio to sales)	1,922 1.4 14.0	1,969 2.4 13.6	

Due to the profit growth in FY8/12, operating cash flow came to ¥2,443mn. Investment cash flow was negative by ¥1,026mn, mainly because the company took a stake in Life Support Co., which operates day care centers and nursing homes, making this company an equity-accounted affiliate, and raised its stake in Youdec, which publishes a magazine called Gakuan, with information on entrance exams both of private junior high schools and public and private high schools in Greater Osaka. Youdec therefore became a fully consolidated subsidiary of Meiko Network Japan. Financial cash flow was negative by ¥1,158mn, mainly for two reasons: 1) the company reduced its interest-bearing debt to ¥1,902mn, raising its equity ratio to 66.6%, from 64.2% at the end of FY8/11, and 2) the company increased its dividend payment.

Summary of Consolidated Cash Flow (¥mn), FY8/11 to FY8/12

	FY8/11	FY8/12	Factors contributing to change in FY8/12
Cash flow from operations	2,375	2,443	<ul style="list-style-type: none"> Earnings grew
Cash flow from investments	-758	-1,026	<ul style="list-style-type: none"> Initial investment of ¥521mn in Life Support Co. Additional investment of ¥105mn in Youdec Co.
Cash flow from financing	-904	-1,158	<ul style="list-style-type: none"> Repaid ¥500mn of bank borrowings Paid ¥661mn in dividends
Increase in cash and cash equivalents	712	257	
Balance of cash and cash equivalents at term end	4,173	4,431	



Business Trends by Division

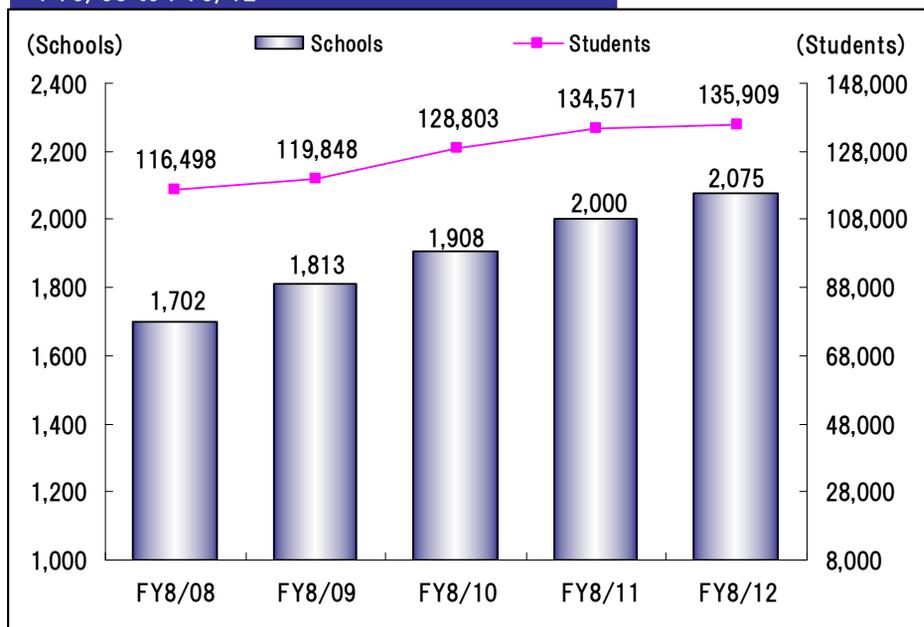
Numbers of schools and students continued to grow steadily

(1) Meiko Gijuku schools

In FY8/12, sales from Meiko Gijuku schools increased by 4.8% YOY to ¥13,600mn and operating profit rose by 4.0% to ¥4,757mn. This growth reflected ongoing increases in the combined number of directly operated and franchised schools and in the number of students at these schools. Sales from directly operated schools rose by 4.4% YOY and operating profit from these schools advanced by 9.8%, while sales from franchised schools grew by 5.2% and operating profit from these schools, by 1.7%.

As shown in the graph below, the numbers of schools and students at Meiko Gijuku schools have regularly increased. In FY8/12, the number of schools grew notably in rural areas of Japan. In the Chubu, Tokai and Hokuriku areas of Japan, the number of schools increased by 21. The Tohoku, Kinki, Kita Kanto and Koshinetsu areas recorded smaller but notable increases.

Number of Meiko Gijuku Schools and Students, FY8/08 to FY8/12

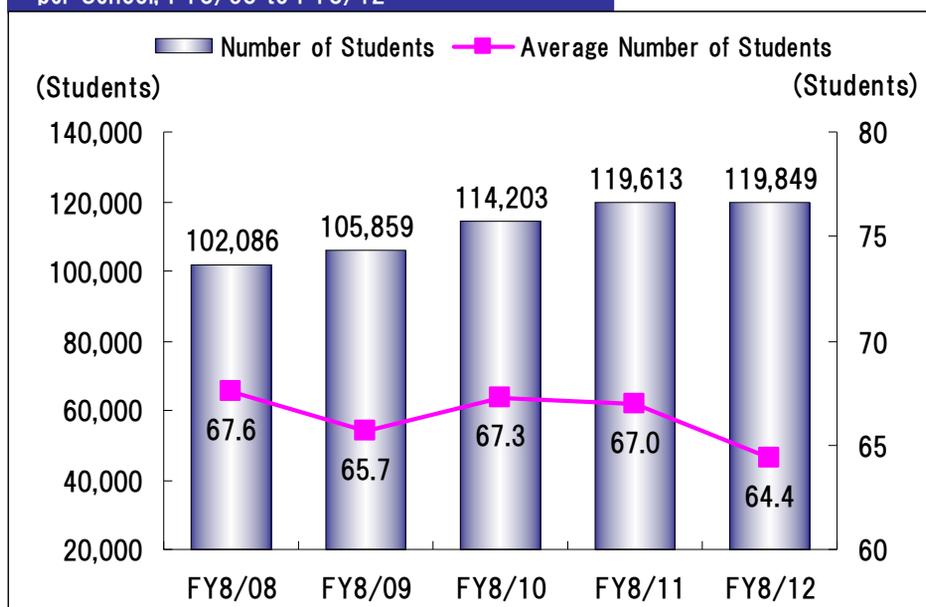


■ Business Trends by Division

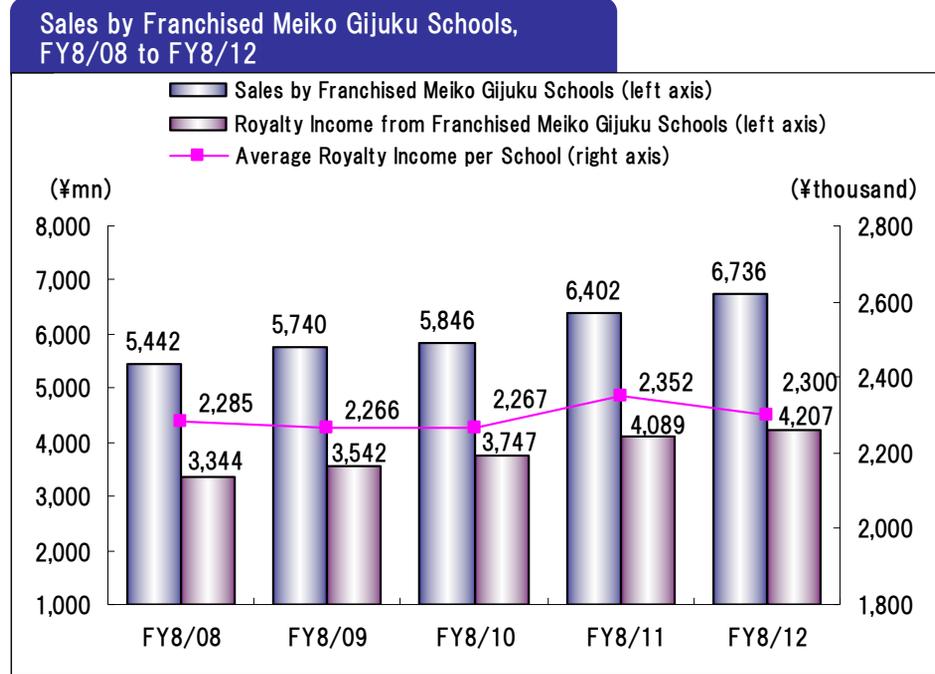
Region	No. of schools	YOY change
Hokkaido	72	0
Tohoku	164	12
Kita Kanto/Koshinetsu	256	11
Greater Tokyo	591	8
Chubu/Tokai/Hokuriku	291	21
Kinki	328	12
Chugoku/Shikoku	163	9
Kyushu/Okinawa	210	2
Total	2,075	75

The number of franchised Meiko Gijuku schools increased by 76 in FY8/12 to 1,861, and the number of students at these schools grew by 0.2% YOY to 119,849. Thus, the average number of students per school came to 64.4, which was 2.6 fewer than the average number in FY8/11. Reflecting this decline, royalty income per franchised school decreased. However, the number of schools increased, as did revenue from sources other than royalty income. Thus, sales from franchised schools grew by 5.2% YOY.

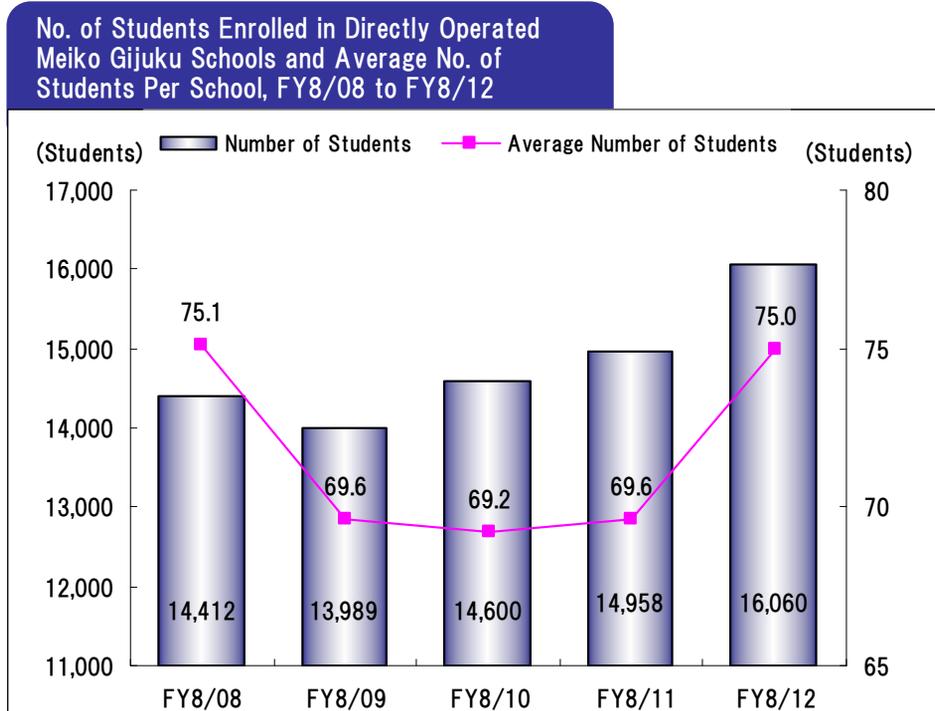
No. of Students Enrolled in Franchised Meiko Gijuku Schools and Average No. of Students per School, FY8/08 to FY8/12



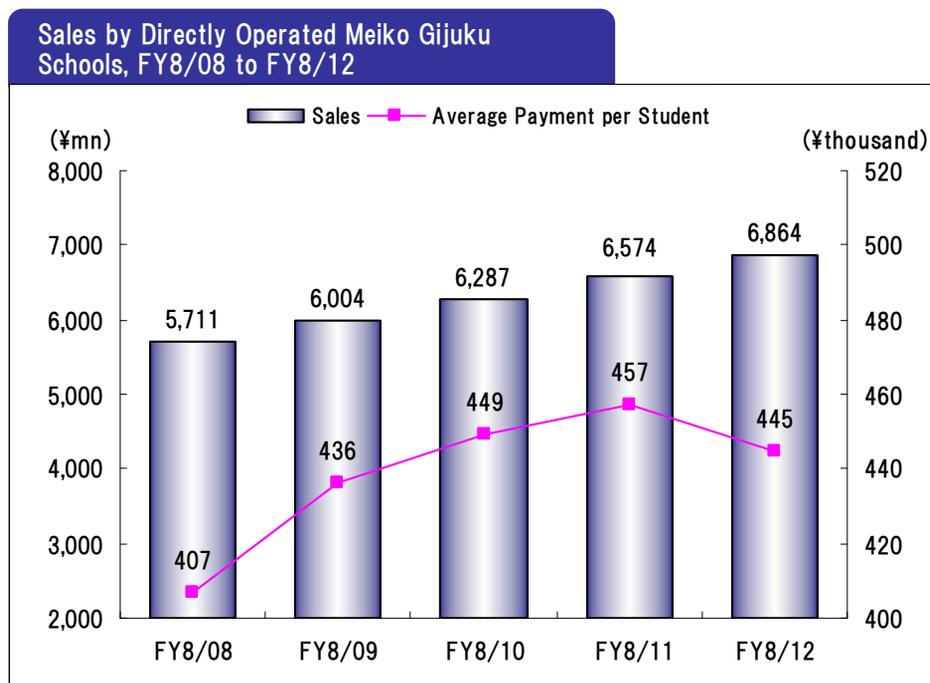
Business Trends by Division



The number of directly operated Meiko Gijuku schools decreased by one in FY8/12 to 214, but the number of students at these schools grew by 7.4% YOY to 16,060. The average payment per student declined YOY to ¥445,000, but because of the increase in the number of students, sales from directly operated schools rose by 4.4% YOY to ¥6,864mn. The company believes that the number of students at its directly operated schools increased notably in FY8/12 largely because of its relocation and renovation of schools since the Great East Japan Earthquake of March 11, 2011, which improved the learning environment of these schools.



■ Business Trends by
Division

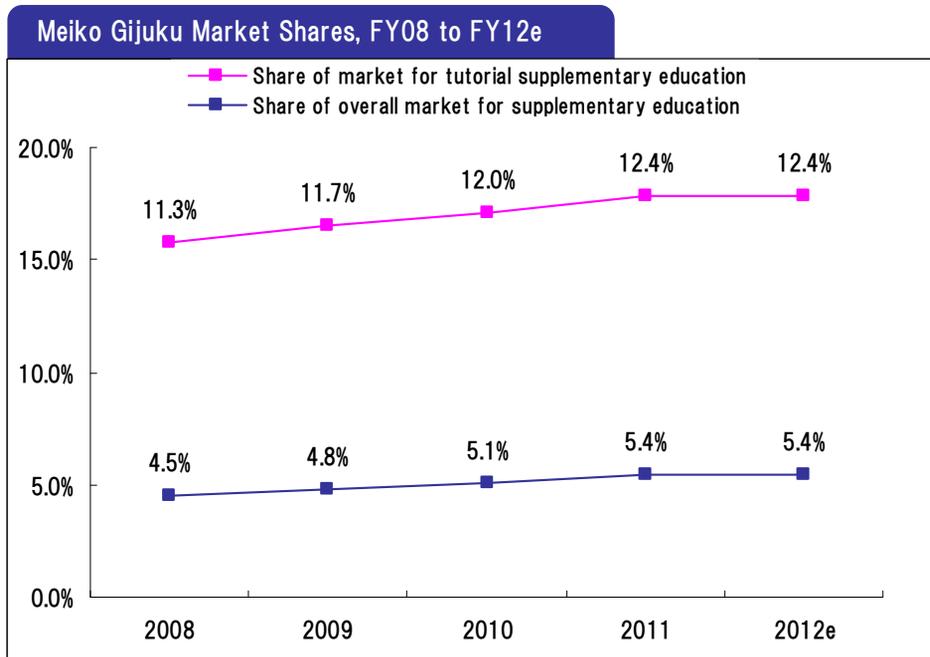


Japan's market for supplementary education shrank in the government's FY09, i.e., the fiscal year through March 2010. By FY11, however, this market had returned to its FY08 level, and it generally continues to grow. One reason for this growth is that the Japanese government has required English conversation to be taught in all public elementary schools in Japan since FY11. The proportion of the supplementary education market accounted for by individual (tutorial) or small-group education has risen steadily, reaching 43.4% in FY11. Meiko Network Japan specializes in such education, and the number of providers has increased, but Meiko Network Japan has continued to expand its market shares. In the government's FY11, the company raised its share of the Japanese market for supplementary education by 0.3pt to 5.4% and its share of the market for tutorial education by 0.4pt to 12.4%.

■ Business Trends by Division



Source: Yano Research Institute, *Educational Industry White Paper 2012*



Source: Yano Research Institute, *Educational Industry White Paper 2012*



Asset impairment loss in FY8/12 eliminated goodwill cost

(2) Supplemental education

This division is operated by consolidated subsidiary Tokyo Ishin Gakuin (Tokyo Medical School Preparatory Institute), which prepares students for entry into medical school. In FY8/12, the number of students at this institute fell by 10 to 120, reflecting 1) increased competition accompanying an upturn in the number of schools or institutes offering similar courses, and 2) a weakening of household income. Thus, sales at this unit declined by 5.9% YOY to ¥559mn and the unit suffered an operating loss of ¥7mn. To improve the financial condition of this institute, the company has decided to merge the institute's two residential schools in March 2013. The institute has been amortizing ¥74mn of goodwill each year. However, in FY8/12, it amortized all remaining goodwill and other costs of ¥155mn as an asset impairment loss. Thus, it will have no goodwill expense in FY8/13.

Business Results (¥mn) of Tokyo Medical School Preparatory Institute

	FY8/10	FY8/11	FY8/12
Sales	633.9	594.0	559.0
Operating profit	40.9	7.6	-7.0
Recurring profit	29.5	4.5	-10.0

Initial franchises put new businesses on a growth path

(3) Other businesses

Meiko Network Japan operates the five new businesses described in the table below. In FY8/12, the company started franchising its Meiko Soccer Schools and Waseda Academy Kobetsu Schools. Thus, sales by all new businesses surged by 125.3% YOY to 324mn, beginning a steady growth path. The new businesses continued to suffer an aggregate operating loss, as the company experimented with the models for some of these businesses, but the loss declined, reflecting the expansion of the Waseda Academy Kobetsu Schools.

Sales (¥mn) by Five New Businesses and Aggregate Operating Profit (¥mn) for These Businesses, FY8/10 to FY8/12

	FY8/10	FY8/11	FY8/12	Status in FY8/12
Total Sales	87	143	324	
Meiko Soccer Schools	87	93	104	In March 2012, this business opened its first franchised school and two directly operated schools, bringing the total to six directly
Waseda Academy Kobetsu Schools	-	45	199	This business opened its first seven franchised schools to supplement two directly operated schools
Meiko Kids	-	4	12	Business model is being developed
AbraKadoodle Art Studios	-	0.6	7	In April 2012, this business opened a multipurpose facility, Future Kids Club, business model is being developed
Meiko ALC English Language Studios	-	-	0.7	
Operating profit	7	-174	-120	



■ Company Forecasts for FY8/13

Sales and profit growth projected, assuming continued growth by Meiko Gijuku schools and further franchising of new businesses

For FY8/13, the company projects that its sales will grow by 10.0% YOY to ¥15,938mn, operating profit will advance by 8.6% to ¥3,846mn, recurring profit will rise by 4.5% to ¥3,893mn, and net profit will advance by 18.0% to ¥2,323mn. The company expects its Meiko Gijuku schools to continue to grow and its new businesses to expand through franchising. FY8/13 will be the first full fiscal year in which Youdec Co. will be a fully consolidated subsidiary. The company forecasts that Youdec will generate sales of ¥675mn in FY8/13 and operating profit of ¥17mn, the same as its operating profit in its latest fiscal year, FY3/12. If Youdec achieves these forecasts for FY8/13, Meiko Network Japan assumes it will impair the consolidated profitability of Meiko Network Japan, causing the latter's operating profit margin to drop by 0.4pt YOY to 24.1%. Without the contribution of Youdec, Meiko Network Japan calculates that its consolidated sales would rise by only 5% YOY in FY8/13, but its operating profit would rise by 8%, boosting profitability.

Total Sales (¥mn) by Business Segment FY8/10 to FY8/13e, and YOY change for FY8/13e

	FY8/10	FY8/11	FY8/12	FY8/13e	YOY
Meiko Gijuku schools (directly operated)	6,287	6,574	6,864	14,244	4.7%
Meiko Gijuku schools (franchised)	5,846	6,402	6,736		
Supplemental education	633	594	559	578	3.4%
Other businesses	87	143	324	1,115	244.1%
Total sales	12,885	13,715	14,823	15,938	10.0%

The company's current forecasts for FY8/13 are close to the targets set three years ago, sales of ¥16,307mn, recurring profit of ¥3,877mn, and net profit of ¥2,206mn, although the contributions by business vary somewhat from those targets.

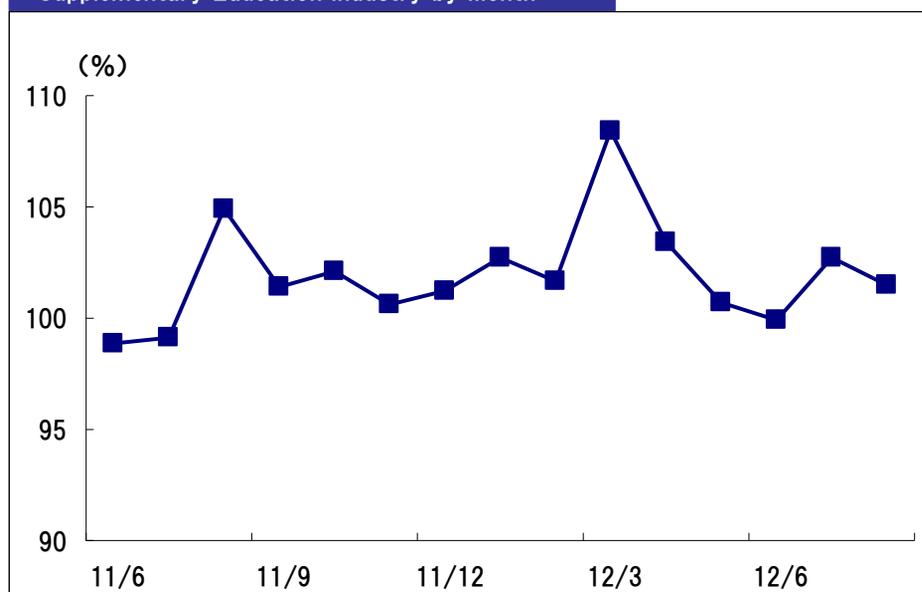
Reorganization paves the way for flexible expansion

(1) Meiko Gijuku schools

For FY8/13, the company projects that the combined sales from Meiko Gijuku both directly operated schools and franchised schools will grow by 4.7% YOY to ¥14,244mn. In FY8/12, sales from franchised schools grew slowly than they had in previous fiscal years. To enable these sales to grow faster, the company reorganized its Meiko Gijuku school business in September 2012. Previously, five geographical divisions had overseen both directly operated schools and franchised schools. However, now there are 11 divisions, five for franchised schools and six for directly operated schools. The company hopes that this new organization will facilitate more agile operations. Now, the company will aim to increase the number of Meiko Gijuku schools and the number of students at these schools aggressively. To improve schools administration and personnel skills, the company will also promote training in management, school leadership, and counseling for admission more actively than it has to date.

According to the Survey of Designated Service Industries by the Ministry of Economy, Trade and Industry, Japan's supplementary education industry continues to grow. Therefore, the achievement of the company's projected growth in sales from the Meiko Gijuku school business will depend on its pace of opening new franchised schools. For FY8/13, the company aims to open 90-100 new schools, the range it has opened in recent years.

YOY Rate of Change in Japan's
Supplementary Education Industry by Month



Source: Ministry of Economy, Trade and Industry, *Survey of Designated Service Industries*

Restructuring to achieve profitability

(2) Supplemental education

As mentioned previously, to return the Tokyo Medical School Preparatory Institute to profitability, the company will merge this institute's two residential schools in Tokyo in March 2013 and continue to operate three schools for commuting students. The company expects the merger to lower fixed costs, enabling the institute to earn a profit on annual sales of ¥550mn. The company also plans to recruit students for the institute more aggressively than it has in the past.

Growth to be led by Waseda Academy Kobetsu Schools business

(3) Other businesses

The company's sales forecasts for its new businesses in FY8/13 are summarized in the table below. The company foresees substantial growth for its Waseda Academy Kobetsu Schools business. In FY8/12, the company opened its first seven franchised Waseda Academy Kobetsu Schools, and in FY8/12, it plans to open 12 more franchises, bringing the total number of schools to 21, including two directly operated schools. Within five years, the company aims to have 100 schools in operation. Many current owners of franchised Meiko Gijuku schools have expressed interest in owning franchised Waseda Academy Kobetsu Schools. The company's strategy for these schools is to raise their brand image by advertising the schools' high rate of success in placing students in top-ranked schools, to accumulate knowhow in the management of these schools through stronger ties with Waseda Academy, and to open more franchised Waseda Academy Kobetsu Schools and acquire more students.

The company plans to open five new Meiko Soccer Schools in FY8/13, bringing the total number to 12. Thus, it foresees continued sales growth from these schools. To improve operational efficiency at these schools, the company has developed a system of operations based on the iPad. This system had been introduced to all schools as of October 2012. The use of this system makes operations completely paperless, increases operational efficiency, and lowers the fixed costs of operations. Meiko Soccer Schools employ former player of the Japan Soccer League (J League) who teach the fundamental techniques of the game. Thus, many members of school soccer clubs attend Meiko Soccer Schools. Some graduates of Meiko Soccer Schools will enter the Japan Soccer League in next spring, enhancing the brand value of these schools. In the future, the company aims to operate Meiko Soccer School franchises nationwide.



■ Company Forecasts for
FY8/13

The company is still developing models for its Meiko Kids, Abrakadoodle Art Studios, and Meiko ALC English Language Studios businesses, aiming to organize them well enough to be franchised. The Japanese market for preschool education is small, but it has great growth potential, which the company intends to exploit.

Sales (¥mn) by Six New Businesses, FY8/10 to FY8/13e

	FY8/10	FY8/11	FY8/12	FY8/13e
Total Sales	87	143	324	1,115
Meiko Soccer Schools	87	93	104	121
Waseda Academy Kobetsu Schools	-	45	199	272
Meiko Kids	-	4	12	17
Abrakadoodle Art Studios	-	0.6	7	29
Meiko ALC English Language Studios	-	-	0.7	
Youdec	-	-	-	675

■ Strategy for the medium-to-long term

Aiming to franchise educational and cultural businesses

Over the medium-to-long term, the company plans to continue to develop businesses based on its basic principles of nurturing human resources by contributing to educational and cultural programs and achieving goals by developing and diffusing franchising knowhow.

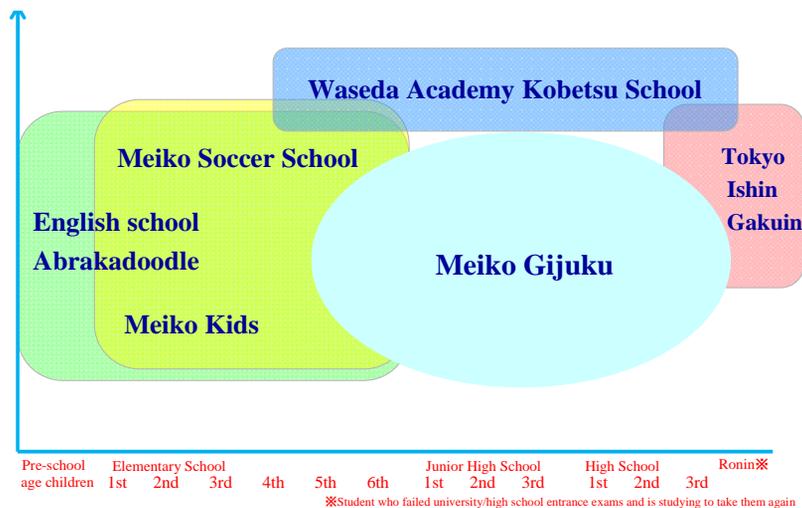
While maintaining the Meiko Gijuku schools business as its core business, the company will develop franchises of educational and cultural businesses, thereby achieving sales and profit growth. It will also consider growing through the merger or acquisition of other companies that meet its basic business principles.

Meiko Network Japan is gradually raising its shares of the Japanese market for supplementary education, but these shares remain low. Even in the submarket for tutorial supplementary education, the company's share is just over 12%. Thus, it could expand its shares more. It should be able to expand its core Meiko Gijuku schools business, mainly through franchising. Furthermore, the new businesses of Waseda Academy Kobetsu Schools and Meiko Soccer Schools are likely to contribute more to company growth. Thus, it appears that the company has greater potential for sales and profit growth over the medium-to-long term than it has had in the past.

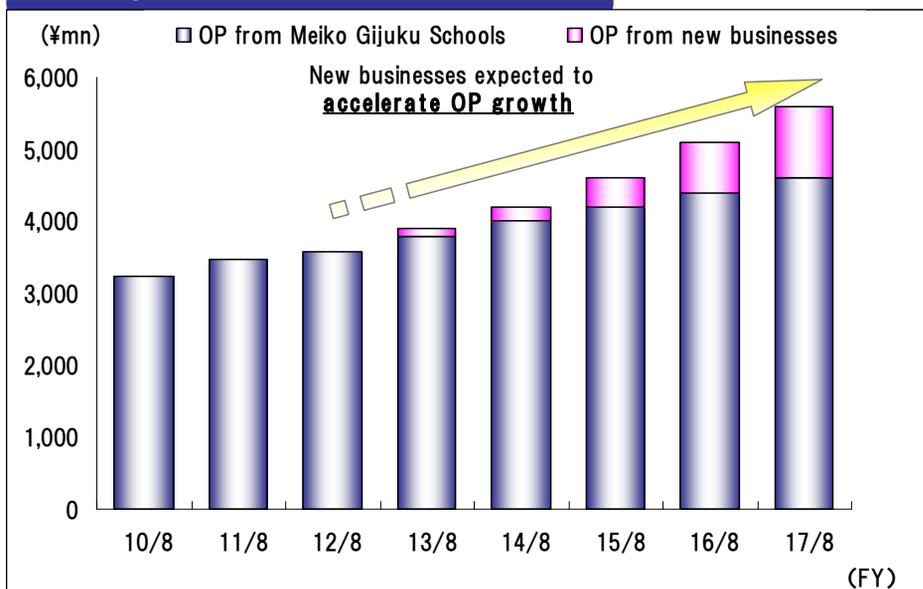


■ Strategy for the medium-to-long term

Business domain will grow to whole area by centering around Meiko Gijuku Schools



Projected Growth in Operating Profit from Meiko Gijuku Schools and New Businesses



Shareholder Return Policy

The company plans to raise its dividend in FY8/13, for the fifteenth straight fiscal year and to maintain FY8/12's shareholder award; its dividend yield is more than 7%

Because of its concern for shareholder returns, Meiko Network Japan remains popular among equity investors. For FY8/12, the company plans to raise its dividend payment per share by ¥2 to ¥27, marking its fifteenth straight year of dividend increase. It also plans to continue a shareholder award program begun in FY8/12 through which each shareholder of a minimum lot receives a ¥3,000 QUO card. Based on the company's closing share price on October 25, 2012, of ¥818, and the proposed dividend per share payment of ¥27, the dividend yield exceeded 7%. This is a high yield compared with the yields offered by other listed Japanese companies engaged in supplementary education and compared with listed Japanese convenience stores, which are increasing their sales and profits through franchising (see table below). In FY8/12, the company made its first contribution to the School Meal Program of the United Nations World Food Programme, and it intends to continue this contribution in FY8/13. Through such measures, the company is developing a reputation for contributions to society.

Note: The School Meal Program by the UN WFP aims to provide nutritious school meals to children in developing countries. The Program contributes to the sound development of children, the improvement of the school attendance rate, and the expansion of educational opportunities. The contribution to this program by Meiko Network Japan comes from part of the sales of original educational materials used at Meiko Gijuku schools.

Prospective PERs and Dividend Yields of Leading Japanese Providers of Educational Services and of Other Listed Companies Growing through Franchising

Company code	Company	Share price (30th Oct)	Projected EPS	Planned DPS	Prospective PER	Dividends yield	Shareholder award program
4668	Meiko Network Japan	803	84.2	27.0	9.5	3.4%	¥3,000 QUO cards for holders of 100 shares or more
4714	Riso Kyoiku	5,910	476.9	300.0	12.4	5.1%	
4645	Ichishin Holdings	253	-49.5	10.0	-5.1	4.0%	¥10,000 discount coupons for holders of 500 shares or more
4745	Tokyo Kobetsu Shido Gakuin	139	6.8	6.0	20.4	4.3%	¥1,000 tuition discount coupons
6053	Eiko Holdings	610	67.8	24.0	9.0	3.9%	
2651	Lawson	5,840	334.4	200.0	17.5	3.4%	
2702	McDonald's Japan	2,205	116.6	30.0	18.9	1.4%	¥3,000 food purchase coupons
7611	Hiday Hidakaya	1,304	141.7	32.0	9.2	2.5%	¥2,000 coupons for cash or rice
2674	Hardoff Corporation	552	66.7	25.0	8.3	4.5%	

Note: The shareholder awards are for holders of minimum share units for all companies except Ichishin Holdings



Disclaimer

FISCO Ltd. (the terms “ FISCO ” , “ we ” , mean FISCO Ltd.) has legal agreements with the Tokyo Stock Exchange, the Osaka Securities Exchange, and Nikkei Inc. as to the usage of stock price and index information. The trademark and value of the “ JASDAQ INDEX ” are the intellectual properties of the Osaka Securities Exchange, and therefore all rights to them belong to the Osaka Securities Exchange.

This report is based on information that we believe to be reliable, but we do not confirm or guarantee its accuracy, timeliness, or completeness, or the value of the securities issued by companies cited in this report. Regardless of purpose, investors should decide how to use this report and take full responsibility for such use. We shall not be liable for any result of its use. We provide this report solely for the purpose of information, not to induce investment or any other action.

This report was prepared at the request of its subject company using information provided by the company in interviews, but the entire content of the report, including suppositions and conclusions, is the result of our analysis. The content of this report is based on information that was current at the time the report was produced, but this information and the content of this report are subject to change without prior notice.

All intellectual property rights to this report, including copyrights to its text and data, are held exclusively by FISCO. Any alteration or processing of the report or duplications of the report, without the express written consent of FISCO, is strictly prohibited. Any transmission, reproduction, distribution or transfer of the report or its duplications is also strictly prohibited.

The final selection of investments and determination of appropriate prices for investment transactions are decisions for the recipients of this report.