

## PRESS RELEASE

MARCH 13, 2017

NIKKO ASSET MANAGEMENT CO., LTD.

# Nikko Asset Management Recognised as Best Asia Pacific Equity ETF Manager

Nikko Asset Management today announces that it has been voted the Best Asia Pacific Equity ETF Manager for the seventh time in eight years in a survey conducted by ETF Express, the digital news publisher serving institutional investors and investment advisers. The firm has been the most consistent ETF Express winner in any category, with more than 1,600 ETF Express subscribers taking part in the survey annually.

Nikko Asset Management's ETF business grew assets under management (AUM) to over JPY 4 trillion by December 2016, representing 29% year-over-year growth from JPY 3.1 trillion at the end of 2015. The firm's ETF business is ranked number two in Asia for AUM, and it is also one of the few investment managers that can provide a full range of ETF products across all major asset classes in Japan - Japanese equities, foreign equities, Japanese REITs and foreign REITs. Of the 11 new ETFs listed on the Tokyo Stock Exchange in 2016, three were from Nikko Asset Management, more than any other investment manager.

In March 2017 the company launched Japan's first equity long-short strategy ETF, the Listed Index Fund MSCI Japan Equity High Dividend Low Volatility (Beta Hedged)\*. The ETF invests in an equity portfolio made up of high dividend yield Japanese equities that minimise volatility while also taking short positions on futures (beta hedging) in order to minimise price sensitivity (beta) to volatility in the overall market.

"The increase in geopolitical risk in 2016 continues to influence markets globally. As a result, many institutional and retail investors are looking to minimise exposure to volatility. We have broadened – and will continue to expand – our ETF line-up to meet their needs," said Koei Imai, Head of the ETF Centre at Nikko Asset Management.

ETF Express surveys the best ETF managers in their respective asset classes, recognising managers based on product innovation, performance, consistency, expert knowledge and transparency. Results are centred on a peer review system that sees investors, managers, advisers and distributors and other industry participants nominate winners for each category. Firms are then subject to a final review by the ETF Express editorial team before the winners are named.

For more about Nikko AM's ETFs, please visit its ETF Centre.

*This award is based on past performance and does not guarantee future investment performance.*

\*According to Nikko Asset Management's research.

## About Nikko Asset Management

With US\$170.9 billion (19.93 trillion yen) under management, Nikko Asset Management is one of Asia's largest asset managers, providing high-conviction, active fund management across a range of Equity, Fixed Income, Multi-Asset and Alternative strategies. In addition, its complementary range of passive strategies covers more than 20 indices and includes some of Asia's largest exchange-traded funds (ETFs).

Headquartered in Asia for nearly 60 years, the firm represents more than 200 investment professionals and over 30 nationalities across 11 countries. More than 300 banks, brokers, financial advisors and life insurance companies around the world distribute the company's products.

The investment teams benefit from a unique global perspective complemented by the firm's historic Asian DNA, striving to deliver consistent excellence in performance. The firm also prides itself on its progressive solution-driven approach, which has led to many innovative funds launched for its clients.

For more information about Nikko Asset Management and to access our investment insights, please visit our [homepage](#).

\* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of December 31, 2016.

\*\* As of December 31, 2016, including employees of Nikko Asset Management and its subsidiaries.

Nikko Asset Management Co., Ltd.

Registration Number: Director of the Kanto Local Finance Bureau (Financial instruments firms) No. 368

Member Associations: The Investment Trusts Association, Japan/Japan Investment Advisers Association/ Japan Securities Dealers Association

**Note:** The information below is an English translation of a Japanese announcement of the Listed Index Fund MSCI Japan Equity High Dividend Low Volatility (Beta Hedged) ETF launched on March 9, 2017. Although Nikko AM intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed and thus you are encouraged to refer to the original Japanese document. Please note that you cannot purchase any products mentioned in this press release if you are not a Japanese resident or if you hold nationality of a country where there are legal restrictions on their ownership. The information referred to in this press release is for Japanese residents only. The information provided is designed for use by Japanese residents only and should not be relied on by residents of any other jurisdiction.

### ■Fund Outline for Exchange Trading

Product Type	Open-end investment trust / Domestic / Equity / ETF / Index-type
Listed Exchange	Tokyo Stock Exchange
Date Listed	March 13, 2017 (scheduled)
Security code	1490
Trading Unit at the Exchange	10 units
Trust Period	Unlimited (Launch date: March 9, 2017)
Closing Date	8th of January, April, July, and October (every year)
Dividends	Dividends will be distributed four times per year based on a distribution policy. *The payment of future dividends and dividend amounts cannot be guaranteed.

### Outline of Fees, etc.

Investors must bear the following expenses:

#### Fees charged at the time of trading at the Exchange

Trading Fees: Fee as determined by the distributor. Inquire with the distributor for details.

#### Fees and expenses charged indirectly through the trust assets (i.e. paid by the Fund)

Trust Fees: Trust fees will be the substantive amount of the fund's net asset value multiplied by a maximum of 0.486% (pre-tax 0.45%) per annum as calculated on a daily basis.

Other Expenses: An amount no greater than the total multiplied over the trust period of the amount reached by multiplying an annual rate of 0.1% on the fund's daily net asset value.

The following expenses will be paid from trust assets at the times stipulated by the asset manager: (i) expenses for creating and delivering prospectuses, (ii) expenses for accounting and related services, (iii) expenses for producing summaries of accounts (including outsourcing fees if the services set forth in (i)–(iii) are outsourced), (iv) audit costs, (v) listing fees, and (iv) index royalties for the MSCI Japan IMI Custom Long-Short Strategy 85% + Yen Cash 15% Index.

\* Audit costs are expenses for audits of the fund paid to an auditing firm, etc.

Brokerage commissions on securities in the portfolio, interest on borrowings, interest on advances, and fees related to securities lending are paid out of the fund's trust assets each time they are incurred (in the case of securities lending, the amount reached by multiplying a maximum of 0.54\* (0.5 before tax) (0.5 before tax as of the securities registration statement submission date) on the lending fee).

\*The rate or maximum amounts cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed.

For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of subscription).

### Fund Outline

This is applicable to direct subscriptions and redemptions of the fund, and not applicable to those investors who trade on the exchange.

Acquisition and Conversion Processing Hours	In principle, it shall be no later than 2:00 p.m. on any business day of the distributor. *Deadlines may vary, therefore please contact your distributor for more details.
Subscription Value	NAV on the day the purchase subscription is received
Subscription Unit	Unit stipulated by the distributor that is at least 1,000 units * Inquire with the distributor or the asset manager for details.
Redemption Value	NAV on the day the redemption subscription is received
Redemption Unit	1 lot of at least 1,000 units

### Fees charged at the time of purchase and conversion

- Purchase Fees:** Fee as determined by the distributor. Inquire with the distributor for details.  
Furthermore, an amount equivalent to the consumption tax levied on said fees will be included.
- Conversion Fees:** When a beneficiary places a redemption request or purchases beneficiary rights, the distributor may collect fees that it has determined as well as the amount equivalent to the consumption tax levied on said fees.  
\* Inquire with the distributor for details.
- Amount Retained in Trust Assets: Not applicable.

### Fees and expenses charged indirectly through the trust assets (i.e. paid by the Fund)

- Trust Fees:** Trust fees will substantially be an amount roughly the fund's net asset value multiplied by a maximum of 0.486% (pre-tax 0.45%) per annum as calculated on a daily basis.
- Other Expenses:** An amount limited to the total multiplied over the trust period of the amount reached by multiplying an annual rate of 0.1% on the fund's daily net asset value.  
The following expenses will be paid from trust assets at the times stipulated by the asset manager: (i) expenses for creating and delivering prospectuses, (ii) expenses for accounting and related services, (iii) expenses for producing summaries of accounts (including outsourcing fees if the services set forth in (i)–(iii) are outsourced), (iv) audit costs, (v) listing fees, and (iv) index royalties for the MSCI Japan IMI Custom Long-Short Strategy 85% + Yen Cash 15% Index.

\* Audit costs are expenses for audits of the fund paid to an audit corporation, etc.  
Brokerage commissions on securities in the portfolio, interest on borrowings, interest on advances, and fees related to securities lending are paid out of the fund's trust assets each time they are incurred (in the case of securities lending, the amount reached by multiplying a maximum of 0.54\* (0.5 before tax) (0.5 before tax as of the securities registration statement submission date) on the lending fee).

\*The rate or maximum amounts cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed.

For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of subscription).

**Risk Information**

Invested principal is not guaranteed and may incur losses where the value of your investment principal will fall below par as the result of a decline in the NAV. All gains and losses from the management of the fund belong to the investor (beneficiary). This fund also differs from bank deposits.

Stocks and stock-price index futures trading rights are the main investment instrument of this fund. Thus, decreases in the prices of stocks and stock-price index futures trading rights, as well as declines in the financial standing of stock issuers or their earnings, can cause drops in the NAV that may incur losses. If the fund invests in any assets denominated in a foreign currency, losses may be incurred due to fluctuations in the exchange rate.

The main types of risk are set forth below.

[Price Fluctuation Risk] [Liquidity Risk] [Credit Risk] [Exchange Rate Fluctuation Risk] [Derivative Risk] [Beta Hedging Risk] [Securities Lending Risk]

\*Factors for NAV fluctuation are not limited to those explained above.

**Other Matters to Consider**

- These materials were prepared by Nikko Asset Management for the purpose of promoting investors' understanding of "Listed Index Fund MSCI Japan Equity High Dividend Low Volatility (Beta Hedged)."
- Prior to investing in the fund, the distributor will deliver the investment trust explanatory document (prospectus distributed in advance of subscription). Please be sure to confirm its contents before making your own investment decision.

**Long Short Strategy Index on MSCI Japan IMI Custom (Price) 85% + CASH (JPY) 15% Index**

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This index is a custom index combining MSCI Japan IMI Custom Liquidity and Yield Low Volatility Index and MSCI Japan IMI based on the factors provided by Nikko AM.