

PRESS RELEASE  
MAY 6, 2016

NIKKO ASSET MANAGEMENT CO., LTD.

## Nikko Asset Management to List Japanese Equity ETF Invested in Firms Engaged in Physical and Human Capital Investment

Physical and Human Capital Focused ETF to be Listed on TSE on May 25

Nikko Asset Management is launching an ETF that tracks a Japanese equity index consisting of firms that take proactive and efficient measures with their investment in capital expenditure and human capital. The ETF will be launched on May 24 and listed on the Tokyo Stock Exchange on May 25.



The new ETF will track the JPX/S&P CAPEX & Human Capital Index by investing in its constituent stocks. The index was developed jointly by Japan Exchange Group, Inc., Tokyo Stock Exchange, Inc. ("JPX Group") and S&P Dow Jones Indices.

The JPX/S&P CAPEX & Human Capital Index consists of firms actively and efficiently engaged in capital expenditure and human capital investment. Specifically, the top 200 stocks are selected to be used in the index by first screening TOPIX constituents in terms of "liquidity", "creditworthiness", and "stability", and then assessing and ranking the remaining candidates based on three factors "capital expenditures growth", "capital expenditures efficiency" and "adequacy of human capital investment".

Firms that take a proactive stance on capital expenditure and human capital investment are in line with the direction of Abenomics and expected to benefit from the potential economic growth in Japan. Moreover, the Bank of Japan announced in December that it would provide support to companies that are "proactively making investment in physical and human capital" by spending JPY 300 billion a year in purchasing ETFs that track such companies. The Listed Index Fund Japanese Economy Contributor Stocks will invest in the constituent stocks of the JPX/S&P CAPEX & Human Capital Index, which is in congruence with the Bank of Japan's supplemental measure.

Having taken the initiative in creating a range of ETFs for different types of investors, Nikko Asset Management continues to develop products that provide a broad range of investment opportunities.

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*Note: This material is an English translation of a Japanese announcement made on May 6, 2016. 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	May 25, 2016 (scheduled)
Security code	1481
Trading Unit at the Exchange	1 units
Trust Period	Unlimited (Launch date: May 24, 2016)
Closing Date	8th of January and July (every year) *The first closing date will be January 8, 2017.
Dividends	In principle, all revenue from dividends, etc., arising from the trust assets will be paid as dividends, after deducting expenses, etc. *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: An amount no greater than the fund's net asset value multiplied by 0.378% (pre-tax 0.35%) per annum as calculated on a daily basis.
- Other Expenses: Expenses for creating and delivering prospectuses, accounting expenses (including outsourcing fees), audit costs, listing fees and index royalties, will be paid out of the fund's trust assets with an amount reached by multiplying an annual rate of no greater than 0.1% on the fund's daily net asset value.  
Brokerage commissions on securities in the portfolio, interest on borrowings and 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 0.54\* (0.5 before tax) on the lending fee).  
\*The rate or maximum amounts applicable to brokerage commissions on securities in the portfolio and other expenses cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed.

- \* The total amount of fees charged to the fund will vary depending on the length of investment period and other factors. Therefore, we cannot give a specific total.
- \* 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.]**

Subscription Cut-off Time	In principle, the administrative procedures for subscriptions required by distributors must be completed by 2 pm on a business day of distributors in order for the subscriptions to be accepted on the day.
Trading Value	NAV as of the application date.
Trading Unit	No less than 10,000 units, and as stipulated by the distributor. Please contact the distributor or management company for information on subscription units.
Conversion Value	NAV as of the redemption application date.
Conversion Unit:	1 unit; minimum of 10,000 units *May vary per distributor. *If the number of held beneficiary units does not meet the number stipulated by the financial instruments exchange, applications can be made to the distributor to buy back the relevant number of beneficiary units. Ask your distributor for further details.

### < Fees charged at the time of acquisition and conversion >

- Subscription Fees: As stipulated by the distributors. Please contact your distributor for details.  
A tax equivalent will also be added to this amount.
- Redemption Fees: The distributors may charge beneficiaries a fee determined by each distributor, together with consumption tax thereon, upon redemption or repurchase of beneficiary interests.  
\* Please contact your 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: An amount no greater than the fund's net asset value multiplied by 0.378% (pre-tax 0.35%) per annum as calculated on a daily basis.
  - Other Expenses: Expenses for creating and delivering prospectuses, accounting expenses (including outsourcing fees), audit costs, listing fees and index royalties, will be paid out of the fund's trust assets with an amount reached by multiplying an annual rate of no greater than 0.1% on the fund's daily net asset value.  
Brokerage commissions on securities in the portfolio, interest on borrowings and 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 0.54\* (0.5 before tax) on the lending fee).  
\*The rate or maximum amounts applicable to brokerage commissions on securities in the portfolio and other expenses cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed.
- \* The total amount of fees charged to the fund will vary depending on the length of investment period and other factors. Therefore, we cannot give a specific total.
- \* 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 are the main investment instrument of this fund. Thus, decreases in the prices of stocks, as well as declines in the financial standing of bond issuers or their earnings, can cause drops in the NAV that may incur losses. Losses may also be incurred due to exchange rate fluctuations when investing in assets denominated in foreign currencies.

The principal risks of this Fund are as follows:

[Price Fluctuation Risk] [Liquidity Risk] [Credit Risk] [Foreign Currency Risk] [Securities Lending Risk]

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

## ■ Other Matters to Consider

- These materials were prepared for the purpose of providing information on "Listed Index Fund Japanese Economy Contributor Stocks" offered by Nikko Asset Management and promoting investors' understanding of this fund.
- The provisions stipulated in Article 37-6 of the Financial Instruments and Exchange Act (the cooling-off period) do not apply to transactions of the fund.
- Unlike bank deposits or insurance policies, investment trusts are not protected by the Deposit Insurance Corporation or the Insurance Policyholders Protection Corporations. In addition, when purchased from registered financial institutions such as banks, investment trusts are not eligible for payments from the Japan Investor Protection Fund.
- In accordance with the provisions of Article 5 of the Financial Instruments and Exchange Law (Act No. 25 of 1948), Nikko Asset Management filed a security registration statement with the Head of the Kanto Local Finance Bureau on May 6, 2016 and it will become effective as of May 22, 2016. The content of the statement may be subject to change before becoming effective.
- Any profit or loss derived from the management of investment trusts belongs to all the beneficiaries. Please read the related contract prior to investing in the funds.

## ■ JPX/S&P CAPEX & Human Capital Index

The "JPX/S&P CAPEX & Human Capital Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), Japan Exchange Group, Inc. ("JPX"), and Tokyo Stock Exchange ("TSE"), Inc., and has been licensed for use by Nikko Asset Management Co., Ltd. Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Nikko Asset Management Co., Ltd. JPX® is a trademark of JPX and has been licensed for use by SPDJI and Nikko Asset Management Co., Ltd. Listed Index Fund Japanese Economy Contributor Stocks is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the JPX/S&P CAPEX & Human Capital Index. The TOPIX Index Value and the TOPIX Marks are subject to the exclusive rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks.

## About Nikko Asset Management

Nikko Asset Management is positioning itself to be Asia's premier global asset manager. The firm offers world-class asset management solutions for global investors, and has US\$153.7 billion (18.49 trillion yen) in assets under management\*. With more than 200 investment professionals\*\*, the firm leverages its extensive global resources representing over 30 nationalities across 11 countries. Headquartered in Asia for over 55 years, Nikko Asset Management's vantage point, extending east to west, distinguishes its investment approach.

For more information, please visit <http://en.nikkoam.com/>

\* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of December 31, 2015.

\*\* As of December 31, 2015, 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