

PRESS RELEASE
17 AUGUST 2020

NIKKO ASSET MANAGEMENT CO., LTD.

Nikko AM Launches First REIT ETF with ESG Elements

To be listed on the Tokyo Stock Exchange 7 September, Track Nikkei ESG-REIT Index

Nikko Asset Management Co., Ltd. (Nikko AM) today announces the 7 September listing of **Listed Index Fund Nikkei ESG-REIT (Code: 2566)**, the first exchange traded fund (ETF) to track the Nikkei ESG-REIT Index. The new ETF is scheduled to be launched on 3 September before its listing on the Tokyo Stock Exchange on 7 September.



The ETF tracks the Nikkei ESG-REIT Index, which is compiled from all of the real estate investment trusts (REITs) traded on the Tokyo Stock Exchange, first excluding the ones with low liquidity, and then putting a focus on market capitalisation and environmental, social and governance (ESG) factors. This is to be the first ETF listed on the Tokyo Stock Exchange that tracks a REIT index with ESG elements¹.

ESG investment is growing as global awareness of climate change, human rights and other societal issues is rapidly taking hold. In addition to companies' financial results, investors are paying more attention to non-financial elements such as ESG initiatives, as they can be perceived as an indicator on whether a company can achieve sustainable growth. This emphasis expanded to real estate investment as well, uncovering a need for REIT products with ESG assessments. Nikko AM includes both fiduciary and ESG principles in its corporate philosophy and investment process, and launched the ETF to meet this demand.

Nikko AM Head of ETF Center Koei Imai commented, "In recent years, both retail and institutional investors in Japan and around the world have been placing more emphasis on ESG when choosing investees. We expect they will make the same ESG considerations when choosing REITs. Nikko AM's ETF development and other innovations are driven by investors' needs, and we strive to always stay one step ahead."

Listed Index Fund Nikkei ESG-REIT tracks the Nikkei ESG-REIT Index, which utilises ESG assessments based on benchmarks set by the Netherlands-based ratings agency GRESB, a specialist agency that performs ESG ratings of companies and building owners on a portfolio basis. GRESB assigns REITs with a five-tiered ESG rating, referencing topics such as "do they monitor how much water and electricity used and waste generated", "are they providing a safe and sanitary environment for employees" and "is there a specific ESG objective". The Nikkei ESG-REIT Index assigns the most weight to REITs with the highest rating.

– ENDS –

¹ According to Nikko AM research, as of 13 August, 2020

Fund Outline for Exchange Trading

Product Type	Open-Ended Fund / Domestic / REIT / ETF / Index Fund
Listed Exchange	Tokyo Stock Exchange
Date Listed	7 September, 2020 (scheduled)
Security code	2566
Trading Unit at the Exchange	10 units
Trust Period	Unlimited (launch date: 3 September, 2020)
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 are subject to Japan's consumption tax.

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

- Trust Fees: Less than 0.165% per year (0.15% excluding tax) of the NAV
- 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 (vi) fees for using the Nikkei ESG-REIT index symbol.
* Audit costs are expenses for audits of the fund paid to an auditing firm, etc.
Brokerage fee for securities purchased, interest on borrowings and interest on advance payment are paid from trust assets.
* 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 details, 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	As a general rule, orders will be processed on the same business day if all administrative procedures prescribed by the distributor are completed by 3:00 p.m. Japan time.
Subscription Value	NAV on the day the trading subscription is received
Subscription Unit	The integer multiple of the market value of the unit REITs divided by the NAV of the day the subscription application was received.
Redemption Value	NAV on the day the redemption application was received.
Redemption Unit	The minimum number of units that can be requested for redemption is the integer multiple of the number of units determined by the asset manager. *The trading value of the minimum number of units that can be requested for redemption is determined by the ETF issuer, based on the number of units being requested for redemption multiplied by the NAV on the day of the request, assuming that the ETF tracks the Nikkei ESG-REIT Index, and calculated from the current value of the components of the Nikkei ESG-REIT Index.

Fees charged at the time of purchase and conversion

- Purchase Fees: Fee as determined by the Authorised Participant. Inquire with the Authorised Participant for details.
Furthermore, an amount equivalent to the consumption tax levied on said fees will be included.
- Redemption Fees: When a beneficiary places a redemption request or purchases beneficiary rights, Authorised Participant may collect fees that it has determined as well as the amount equivalent to the consumption tax levied on said fees.
* Inquire with the Authorised Participant for details.
- Amount Retained in Trust Assets None

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

- Trust Fees: Less than 0.165% per year (0.15% excluding tax) of the NAV
- 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, (vi) fees for using the Nikkei ESG-REIT index symbol.
* Audit costs are expenses for audits of the fund paid to an audit corporation, etc.
Brokerage fee for securities purchased, interest on borrowings and interest on advance payment are paid from trust assets.
*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 the investor may incur a loss when the market transaction price or the fund's base value (NAV) fall below the invested principal amount. All gains and losses stemming from management of the fund are attributed to the investor (beneficiary). This fund is different from bank deposits.

This fund invests mainly in REITs. Accordingly, REIT price declines and deterioration in the finances and business results of the companies that issued the REITs held by the fund can cause drops in the fund's base value (NAV) that result in losses for the investor.

The main types of risk are set forth below.

[Price Fluctuation Risk] [Liquidity Risk] [Credit Risk] [Risk involved in securities lending, etc.]

* As the value of the investment trust securities that are the investment targets of the fund are exposed to price fluctuations caused by the above factors, the fund itself is also exposed to these risks.

* 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 Nikkei ESG-REIT".

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.

About the Nikkei ESG-REIT Index

1. The Nikkei ESG-REIT Index is a copyrighted material calculated in a methodology independently developed and created by Nikkei Inc. and Nikkei Inc. is the sole exclusive owner of the copyright and other intellectual property rights in the Nikkei ESG-REIT Index itself and the methodology to calculate the Nikkei ESG-REIT Index;
2. The trademark rights and any other intellectual property and any other rights in the marks to indicate Nikkei and the Nikkei ESG-REIT Index shall be vested in Nikkei Inc.;
3. The ETF is managed exclusively at the risk of the Licensee and Nikkei Inc. shall assume no obligation or responsibility for its management and transactions of the ETF Nikkei Inc. shall not have the obligation to continuously announce the Nikkei ESG-REIT Index and shall not be liable for any error, delay, interruption, suspension or cessation of announcement thereof; and
4. Nikkei Inc. shall have the right to change the composition of the stocks included in the Nikkei ESG-REIT Index, the calculation methodology of the Nikkei ESG-REIT Index or any other details of the Nikkei ESG-REIT Index and shall have the right to discontinue the publication of the Nikkei ESG-REIT Index.
5. All intellectual property rights to the GRESB Assessment data belong exclusively to GRESB BV. All rights reserved. GRESB BV has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.

About Nikko Asset Management

With US\$205.2 billion* 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 since 1959, the firm employs approximately 200** investment professionals, representing approximately 30 nationalities across 11 countries. More than 400 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 its investment insights, please visit the firm's [homepage](#).

* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 31 March 2020.

** As of 31 March 2020, including employees of Nikko Asset Management and its subsidiaries.