

PRESS RELEASE

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NIKKO ASSET MANAGEMENT CO., LTD.

Nikko AM Launches “Listed Tracers” ETF Series, Using Rules-Based Investing Approach



“Listed Tracers US Government Bond 0-2 years Ladder” to be listed on TSE on 5 October

Nikko Asset Management Co., Ltd. (Nikko AM) has launched a new series of exchange traded funds (ETF) called “Listed Tracers”. The ETFs in the series “trace” or follow rules-based investing for a low-cost, non-active approach.

The first in the “Listed Tracers” series of ETFs is “Listed Tracers US Government Bond 0-2 years Ladder (No Currency Hedge)” (Securities code: 2093). It invests in US government bonds with a remaining maturity of two years or less. Nikko AM is scheduled to launch the ETF on 2 October and list it on the Tokyo Stock Exchange (TSE) on 5 October.



The TSE has recently introduced active ETFs (Domestic Actively Managed ETFs), which offers flexible management without being tied to an index. This ETF is passively managed according to a rules-based approach, but as there is no corresponding index to track, it falls under the category of “Domestic Actively Managed ETF” under TSE’s classification.

	Index-tracking passive management	Non-index-tracking passive management (rules-based management, formula-based management, etc.)	Active management
Tracking an index?	YES	NO	
Classification under TSE rules(※)	Domestic Index-Tracking ETF	Domestic Actively Managed ETF	
Nikko AM ETFs	 Total of 35 ETFs (as of 31 August 2023)	 Listed Tracers US Government Bond 0-2 Years Ladder (No Currency Hedge)	—

(※) Excluding domestic commodity spot ETFs and foreign listed ETFs.

*The above are Nikko AM’s classifications, and may differ from other commonly held classifications.

The rules-based approach for “Listed Tracers US Government Bond 0-2 years Ladder (No Currency Hedge)” is it invests into four groups of bonds according to their remaining maturities: 6 months or less, more than 6 months but less than 12 months, more than 12 months but less than 18 months, and more than 18 months but less than 24 months. The ETF invests in each group in approximately equal amounts, taking into account liquidity and trading costs.

In general, fixed income investments tend to provide more stable returns than other types of investments because, with the exception of default by the issuer, investors will receive the par value of their investments on the maturity date. The ETF invests in US government bonds, which are considered to have relatively high creditworthiness among developed countries, with a remaining maturity of two years or less, and thus have an early maturity cycle and relatively low credit risk and price volatility risk. The ETF's trust fee is 0.066% per annum (0.06% excluding tax).

Nikko AM has been working to expand its ETF line-up to meet the various needs of investors. The firm will continue to strive to further provide a wide range of innovative investment opportunities.

– ENDS –

Fund Outline for Exchange Trading

Product Type	Open-end/Overseas/Fixed Income/ETF
Listed Exchange	Tokyo Stock Exchange
Listing Date	5 October 2023 (scheduled)
Securities Code	2093
Trading Unit on Exchange	10 units
Trust Period	Unlimited (launch date: 2 October 2023)
Closing Dates	10 February, 10 May, 10 August and 10 November of each year
Dividends	Distributions will be made four times a year in accordance with the distribution policy. *In principle, the trustee company will transfer the dividend to the bank account, etc. designated in advance by the beneficiary on the date designated by the trustee company, which falls within 40 days after the end of each calculation period. If the beneficiary has entered into a separate agreement with the handling company regarding the handling of profit distribution, it shall be paid in accordance with the said agreement.

Outline of Fees, etc.

Investors bear the following expenses:

Fees charged at the time of trading at the Exchange

- Trading Fees: Fees are determined by each authorised participant. Inquire with the relevant authorised participant for details. Fees are subject to Japanese consumption tax.

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

- Trust Fees: Fund: annual rate of up to 0.066% (0.06% excluding tax) of total net assets
- Other Expenses An amount no greater than the total obtained by multiplying the fund's daily total net assets by an annual rate of 0.03% and multiplying the result by the trust period.
Expenses including the following 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 (if the services set forth in (i)–(iii) are outsourced, they will also include outsourcing fees), (iv) audit costs, (v) listing fees, and (vi) fees for using the indices.
* Audit costs are expenses for audits of a fund paid to an auditing firm, etc. Brokerage fees for securities purchased, interest on borrowings and interest on advance payments are paid from trust assets upon occurrence.

* As miscellaneous expenses can vary depending on a fund's management status and other such circumstances, it is not possible to provide information such as rates and maximum amounts in advance. As the funds do not include any securities lending at present, no securities lending-related fees apply.

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

Fund Outline

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

Subscription and Redemption Processing Hours	Orders will in principle be processed on the same business day if all administrative procedures prescribed by the authorised participant are completed by 3:00 p.m. Japan time.
Creation Value	Fund's Net Asset Value (NAV) as of business day following date of application receipt
Creation Units	No less than 2,000 units and as stipulated by authorised participant * Please direct inquiries to authorised participant
Redemption Value	NAV as of business day following date of application receipt
Redemption Units	No less than 2,000 units and in units of one * May vary depending on authorised participant. * If number of beneficiary rights held is below minimum trading unit specified by the financial instruments exchange, the beneficiary may apply for those beneficiary rights to be bought back. Inquire with authorised participant for details.

Fees charged at the time of creation and redemption

- Creation Fees: Fees are determined by each authorised participant. Inquire with the authorised participant for details. The fees are subject to Japanese consumption tax.
- Redemption Fees: When a beneficiary makes a redemption request or applies to have beneficiary rights bought back, the authorised participant can collect any fees it has stipulated as well as the amount equivalent to the Japanese consumption tax applicable to said fees.
* Inquire with the authorised participant for details.
- Amount Retained in Trust Assets (Redemption charge): None

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

- Trust Fees: Fund: annual rate of up to 0.066% (0.06% excluding tax) of total net assets
- Other Expenses: An amount no greater than the total obtained by multiplying the fund's daily total net assets by an annual rate of 0.03% and multiplying the result by the trust period.
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Brokerage fees for securities purchased, interest on borrowings and interest on advance payments are paid from trust assets upon occurrence.
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For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of creation).

Risk Information

Invested principal is not guaranteed. The investment's value may fall below the principal amount if a fall in market price and/or the NAV of the fund invested in causes a loss. All gains and losses from management of the funds are attributable to the investor (beneficiary). The funds are different from bank deposits.

As the funds are mainly invested in bonds, they may experience losses from falls in NAV caused by adverse impacts from bond price drops or adverse changes in a bond issuer's financial situation or results. Losses may also occur from exchange rate fluctuations if assets denominated in foreign currencies are included.

The major risk factors involved in investing in fund securities are as below:

[Price Fluctuation Risk] [Liquidity Risk] [Credit Risk] [Currency Risk]

* Refer to the explanatory prospectus delivered prior to investment for details.

Other Matters to Consider

- This material was prepared by Nikko Asset Management to enhance investors' understanding of Listed Tracers US Government Bond 0-2 years Ladder (No Currency Hedge).
- The authorised participant will provide a prospectus and other such explanatory materials prior to investment. Please be sure to read the materials before making your own investment decision.

About Nikko Asset Management

With US\$219.2 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 leading exchange-traded funds (ETFs).

Headquartered in Asia since 1959, Nikko Asset Management and its subsidiaries employ personnel representing around 30 nationalities, including approximately 200 investment professionals**. The firm has a presence through subsidiaries or affiliates in a total of 11 countries and regions. More than 400 banks, brokers, financial advisors and life insurance companies around the world distribute the firm'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 30 June 2023.

** Including employees of Nikko Asset Management and its subsidiaries as of 30 June 2023.

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