

## **< Disclaimer for the English Translation of the Delivery Prospectus of Listed Index Fund Emerging Bond >**

This document is an English translation of the Japanese “Summary Prospectus” (the “Delivery Prospectus”) of Listed Index Fund Emerging Bond (the “Fund”). The Japanese Delivery Prospectus is the offering document. This English translation is not required by law or any regulation.

While every effort has been made to ensure the accuracy or completeness of this translation, Nikko Asset Management Co., Ltd. cannot guarantee this translation is accurate or complete as differences of interpretation may arise between the English and Japanese language. In the event of any inconsistency between this English translation and the Japanese version, the Japanese version shall prevail, except to the extent prohibited by the applicable law of any jurisdiction where the units of the Fund are sold.

Except as otherwise indicated herein, this material is based on the Japanese version dated as of 10 April 2021. In case of any update to or modification of the Japanese version of the terms and conditions, there is no guarantee that a corresponding update or modification will be made to this English translation.

This translation of the Delivery Prospectus has been prepared by Nikko Asset Management Co., Ltd. for English speaking investors for information purposes. Investors should not subscribe for these securities solely relying on this document, as this is a translation of the original Delivery Prospectus. As the English translation may differ from the Japanese Prospectus as explained above, this document does not contain or constitute, and should not be relied upon as an offer or invitation to make an offer for the purchase of these securities (including units of the Fund) to any person or entity in any jurisdiction.

Neither this material nor any part hereof may be reproduced, transmitted, reprinted, or redistributed without the prior written authorization of Nikko Asset Management Co., Ltd.

April 10, 2021

# Listed Index Fund Emerging Bond

**Nickname: JoJo Emerging Bond**

Open-end Investment Trust, Overseas, Bonds, ETF, Index Type

● This prospectus is published pursuant to the provisions of Article 13 of the Financial Instruments and Exchange Act (No. 25 of 1948).

Please read this document carefully before deciding to subscribe to units of the Fund.

● The prospectus for the Fund provided under Article 15, Paragraph 3 of the Financial Instruments and Exchange Act (hereinafter referred to as the "Prospectus Issued upon Request") can be read or downloaded from the website of the Management Company. You can also obtain a copy of the Prospectus Issued upon Request from a Distributor. If you do so, please make a personal record to that effect.

● This document includes the main contents outlined in the trust deeds. The complete text of the trust deeds is provided in the Prospectus Issued upon Request.

● For information on the NAV or Distributors of the Fund, please contact the Management Company.

**Management Company** (the party issuing investment instructions for the Fund)

**Nikko Asset Management Co., Ltd.**

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

**Website:** [www.nikkoam.com/](http://www.nikkoam.com/)

+813-6447-6653 (9 a.m.-5 p.m., excluding Saturdays, Sundays and public holidays)

**Trustee** (the party responsible for custody and management of Fund assets)

**Sumitomo Mitsui Trust Bank, Limited**

Established and managed by  
**Nikko Asset Management Co., Ltd.**

- When a significant amendment is made to the content of the Fund, we will confirm the intention of investors (beneficiaries) in advance under the Act on Investment Trust and Investment Corporations (No. 198 of 1951).
- The Fund assets are classified and managed by the Trustee under the Trust Act (No. 108 of 2006).
- In connection with the invitation for subscription to Listed Index Fund Emerging Bond, which is extended by way of this prospectus, the Management Company filed a securities registration statement with the Director-General, Kanto Local Finance Bureau on April 9, 2021 pursuant to the provisions of Article 5 of the Financial Instruments and Exchange Act. The filing took effect on April 10, 2021.

Product Classification					Segmentation by Attribute					
Unit-Type/ Open-end Investment Trust	Eligible Market	Eligible Investments (Source of Income)	Independent Segment	Supplementary Classification	Eligible Investments	Timing of Accounting Period	Geographical Areas of Investment	Investment Category	Currency Hedging	Index Followed
Open-end	Overseas	Bonds	ETF	Index type	Other Assets (Investment Trust Securities (Bonds, Public Bonds))	6 times yearly (Bimonthly)	Emerging	Fund Of Funds	No hedge	Other (Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index)

Please refer to the Investment Trusts Association, Japan website for definitions of products classification and segmentation by attribute at <https://www.toushin.or.jp/>.

\*\*“Currency Hedging” under segmentation by attribute shows whether or not hedging is performed on currency risk against the yen.

### Management Company Details

Name:	Nikko Asset Management Co., Ltd.
Date of establishment:	December 1, 1959
Capital:	17,363.04 million yen
Total net asset value of investment trust assets under management:	24,590.1 billion yen (As of the end of January 2021)

# Objective and Characteristics of the Fund

## Objective of the Fund

This Fund seeks to achieve net asset volatility per unit of trust assets which closely correlates with that of the yen-converted Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index by investing mainly in all or portion of separately stipulated investment trust securities.

\* Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index is the total return of local currency-denominated emerging market bonds weighted by the market capitalization. The index limits concentrated investments in just one country and expresses fluctuations in emerging country bonds and currencies.

$$\text{Bloomberg Barclays Emerging Markets Local Currency Government - 10\% Country Capped Index} = \frac{\text{Aggregate market value at the time of calculation}}{\text{Aggregate market value at base point in time}} \times 100$$

Copyrights to "Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index"

The Bloomberg Barclays EM Local Currency Government - 10% Country Capped Index is a bond index developed by Bloomberg and Barclays Capital Inc. and is a weighted average of total investment returns of local currency-denominated emerging market bonds by market capitalization ratio. The index limits concentrated investments in just one country and expresses fluctuations in emerging country bonds and currencies.

“BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates (collectively, “Bloomberg”) or Bloomberg’s licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES. Neither Bloomberg nor Barclays Bank Plc or Barclays Capital Inc. or their affiliates (collectively “Barclays”) guarantee the timeliness, accuracy or completeness of any data or information relating to BLOOMBERG BARCLAYS INDICES or make any warranty, express or implied, as to the BLOOMBERG BARCLAYS INDICES or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with BLOOMBERG BARCLAYS INDICES or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the BLOOMBERG BARCLAYS INDICES shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (*i.e.*, recommendations as to whether or not to “buy,” “sell,” “hold” or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the BLOOMBERG BARCLAYS INDICES should not be considered as information sufficient upon which to base an investment decision. All information provided by the BLOOMBERG BARCLAYS INDICES is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. In addition, Barclays is not the issuer or producer of the BLOOMBERG BARCLAYS INDICES and has no responsibilities, obligations or duties to investors in these indices. While Bloomberg may for itself execute transactions with Barclays in or relating to the BLOOMBERG BARCLAYS INDICES, investors in the BLOOMBERG BARCLAYS INDICES do not enter into any relationship with Barclays and Barclays does not sponsor, endorse, sell or promote, and Barclays makes no representation regarding the advisability or use of, the BLOOMBERG BARCLAYS INDICES or any data included therein. Customers should consider obtaining independent advice before making any financial decisions. ©2016 Bloomberg Finance L.P. All rights reserved.”

## Characteristics of the Fund

## Characteristics of the Fund

- While the Fund is a contractual-type investment trust, it is structured differently from ordinary investment trusts with respect to the following points:

**Units are listed on Tokyo Stock Exchange and can be traded at any time during trading hours.**

- Units may be traded in blocks of one unit (as of the date when the securities registration statement was filed).
  - Brokers determine trading commissions.
  - The method of trading is generally the same as that for stocks.
- \*Please contact your broker for further information.

- This Fund of Funds invests in securities held for investment trust.

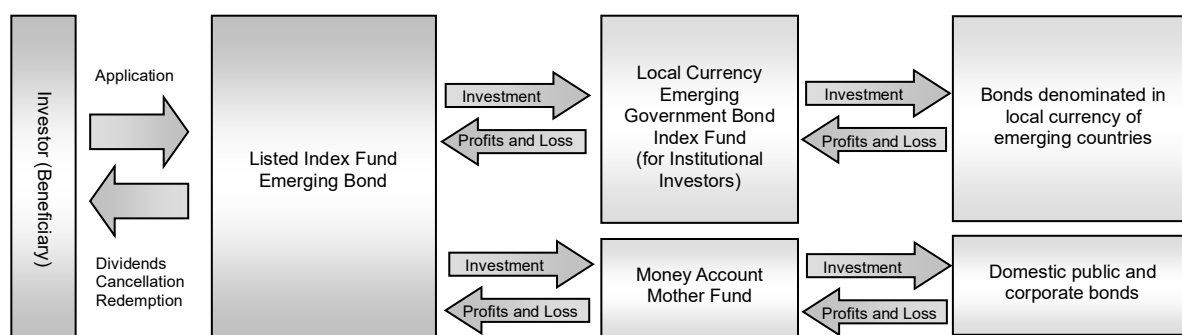
### **Emerging Markets Local Currency Government Index Fund (for Institutional Investors)**

This fund seeks to achieve results that correlate to the movements of the yen-converted Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index by investing mainly in bonds denominated in the local currencies of emerging countries.

### **Money Account Mother Fund**

This Fund seeks to achieve stable returns through stable management by investing in public and corporate bonds.

### Fund Structure



### Investment Restrictions

- The fund will not directly invest in portfolio, stocks and bonds other than securities held for investment trust, short term corporate bonds, etc., commercial paper and designated money in trust.
- There is no restriction on the investment ratio for assets denominated in foreign currencies.

### Distribution Policy

- As a general rule, the full amount of dividends and other income arising from the trust assets is distributed after deduction of expenses.

\*There is no guarantee for the amount and payment of dividends in the future.

# Investment Risks

The risks associated with investment in the Fund are outlined below. The risk of changes in NAV in the fund is large, so investors should ensure they carefully examine and understand fully these risks before deciding to subscribe to units of the Fund.

## Factors that contribute to NAV volatility

**Investors are not guaranteed the investment principal that they commit. Investors may incur a loss and the value of their investment principal may fall below par as the result of a decline in NAV. All profits and losses arising from investments in the Fund belong to the investors (beneficiaries). This fund is different from saving deposit.**

The Fund invests primarily in bonds. The NAV of the Fund may fall and you may suffer a loss for reasons such as a drop in the price of bonds or deterioration in financial conditions and business performance of an issuer of stocks. Investors may also incur losses due to exchange rate fluctuations when investing in assets denominated in foreign currencies.

Major risks are as follows:

### Price Fluctuation Risk

- Corporate and government bonds generally have a price fluctuation risk arising from changes in interest rates. Generally, their prices go down when interest rates rise, causing the NAV of the funds to fall. The degree of price fluctuation varies depending on the remaining time to maturity and the terms of issue in question.
- The price of bonds in emerging countries to be targeted tends to be more volatile as compared with bonds in advanced countries. Consequently, price fluctuation may have significant impact on the NAV.

### Liquidity Risk

- Where the market size or trading volume is small, buying and selling prices for securities may be largely affected. This results in the risk that securities cannot be traded at the expected prices, sold at the appraised prices, or that trading volume is limited regardless of prices. This creates the risk of unexpected losses.
- Bonds of emerging countries tend to be more susceptible to liquidity risk due to their smaller market size and trading volume when compared to those of advanced countries.

### Credit Risk

- If a default has occurred or is expected to occur, for issuers of public and corporate bonds or short-term financial assets, the price of such public and corporate bonds or short-term financial assets decline (the value could even fall to zero). This results in a decline of the Fund's NAV. In addition, if default in fact occurs, there is a high possibility of being unable to collect investment funds.
- While the return on emerging countries' bonds may be higher than those of advanced countries, they also have more price volatility and higher risk of default.

### Currency Fluctuation Risk

- For foreign-currency-denominated assets, in general, if the yen is stronger than the currencies of such assets, the Fund's NAV will decline.
- In general, currencies of emerging countries may exhibit higher volatility than those of developed countries.

## Country Risk

- There is a risk that the Fund could incur material losses as a result of unexpected market fluctuation or flow of funds, including the occurrence of any state of emergencies in a target country (such as a financial crisis, government default due to financial reasons, significant policy change, introduction of new regulations including asset freezes, natural disasters, coups, significant change of regime or war). In such cases, the fund may not be managed as planned.
- Emerging countries in general tend to be insufficient or slow in information disclosure or in the dispatch of accurate information, when compared to advanced countries.

## Security-Lending Risk

- Lending securities is accompanied by counterparty risks, which are the risks of default or cancellation of lending agreements as a result of bankruptcy, etc. by the counterparties. As a result, there is a risk that the Fund will suffer unanticipated losses. Following the default or cancellation of a lending agreement, when liquidation procedures are implemented by using the collateral that is set aside in the lending agreement, the procurement cost of buying back the securities can surpass the collateral value, due to price fluctuations in the market. In such a case, the fund would need to make up for the price difference, and therefore incur a loss.

Main Factors Contributing to the Discrepancies between Yen-converted Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index and NAV

This Fund seeks to ensure that its NAV has the same volatility as the yen-converted Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index; however, we cannot always guarantee that the Fund will have the same volatility as the Index due to the following factors attributable to this Fund and to the investment trust securities invested in by this Fund:

- Lag in the timing of fund inflows and to the purchase of investment trust securities.
- Where the portfolio is adjusted through investment in issues other than the constituent issues of the Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index or through changes in the constituent issues or weighting of Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index, the trading of individual issues may be affected by market impact or the Fund may bear costs such as management fees, brokerage fees and auditing fees.
- Securities lending fees from lending securities; and
- Where derivative transactions such as futures are conducted, discrepancies in price movements between such transactions and part or all of the constituent issues of the Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index.

Discrepancies between the market prices at which stocks are traded on the exchange and the NAV

This Fund is listed on and will be publicly traded on the Tokyo Stock Exchange, however, the market price of the units will depend mainly on the demand for the Fund, its investment performance, and how attractive it is to investors in comparison to alternative investments, etc. We cannot predict whether this fund will be traded as a market value below or above its NAV.

\*The prices of securities targeted for investment of this Fund will fluctuate under the influence of the aforementioned risks. Therefore, please note that this Fund itself has these risks as well.

\* The factors that contribute to fluctuations in the NAV are not limited to those listed above.



### **Additional Considerations**

- The provisions stipulated in Article 37-6 of the Financial Instruments and Exchange Act (the "cooling-off period") is not applicable to Fund transactions.
- This Fund differs from deposits or insurance policies in that the Deposit Insurance Corporation of Japan or the Policyholders Protection Corporation of Japan does not protect it. Furthermore, units purchased from registered financial institutions, such as banks, are exempted from compensation by the Japan Investor Protection Fund.

### **Risk Management System**

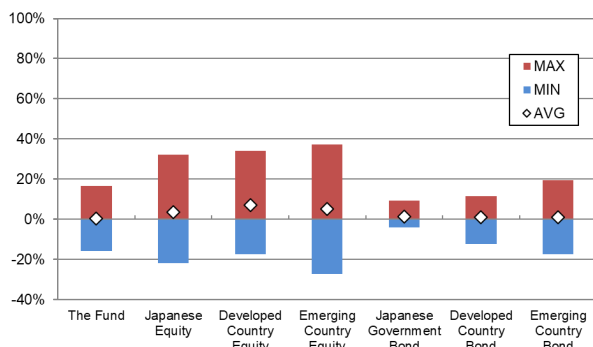
- The departments in charge of risk management and compliance will be independent from fund management departments, and will evaluate and analyze risks and performance, risk management, and monitor the status of compliance with laws and regulations.
- To maintain an appropriate management system, the departments in charge of risk management and compliance will report and propose to the committee associated with risk management and compliance, and instruct fund management departments to take corrective actions as necessary.

\*The system described above is as of the end of January 2021, and may be subject to change in the future.

**(Reference information)**

**Comparison of fluctuations the fund with other representative asset classes**

February 2016~January 2021



**< Average, annual Maximum, and Minimum fluctuations of this fund and other representative assets (%) >**

	The Fund	Japanese Equity	Developed Country Equity	Emerging Country Equity	Japanese Government Bond	Developed Country Bond	Emerging Country Bond
AVG	0.3%	3.7%	7.1%	5.3%	1.4%	1.0%	1.1%
MAX	16.5%	32.2%	34.1%	37.2%	9.3%	11.4%	19.3%
MIN	-15.7%	-22.0%	-17.5%	-27.4%	-4.0%	-12.3%	-17.4%

※The above is compiled to compare the fund to representative asset classes quantitatively.

※All asset class may not be investments in the fund.

※The above is the Maximum, Minimum, and Average of the last year's fluctuations in the percentage at the end of each month for five years from February 2016 to January 2021 for the fund and other representative asset classes. This fund's fluctuations in the percentage are theoretical data calculated with dividends reinvested (before tax) and may differ from the data calculated based on NAV.

**<Indices of each asset class>**

Japanese Equity:

Tokyo Stock Price Index(TOPIX, Total return)

Developed Country Equity:

MSCI Kokusai Index(Total return, Yen based)

Emerging Country Equity:

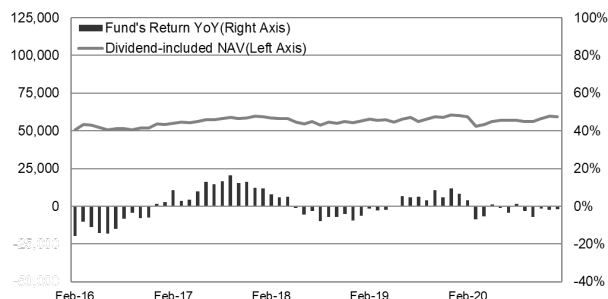
MSCI Emerging Markets Index(Total return, Yen based)

※Indices of foreign assets are calculated in JPY with no currency hedge.

**Changes in annual fluctuations and Dividend-included NAV of the fund**

February 2016~January 2021

(Yen)



※NAV is the price per 1 unit after management fees (trust fees) have been deducted.

※Dividend-included NAV is calculated based on the NAV as of the end of February, 2016.

※The fund's Dividend-included NAV and fluctuations in the percentage are theoretical data calculated with dividends reinvested (before tax) and may differ from the data calculated based on NAV.

Japanese Government bond:

Nomura BPI Government

Developed Country Bond:

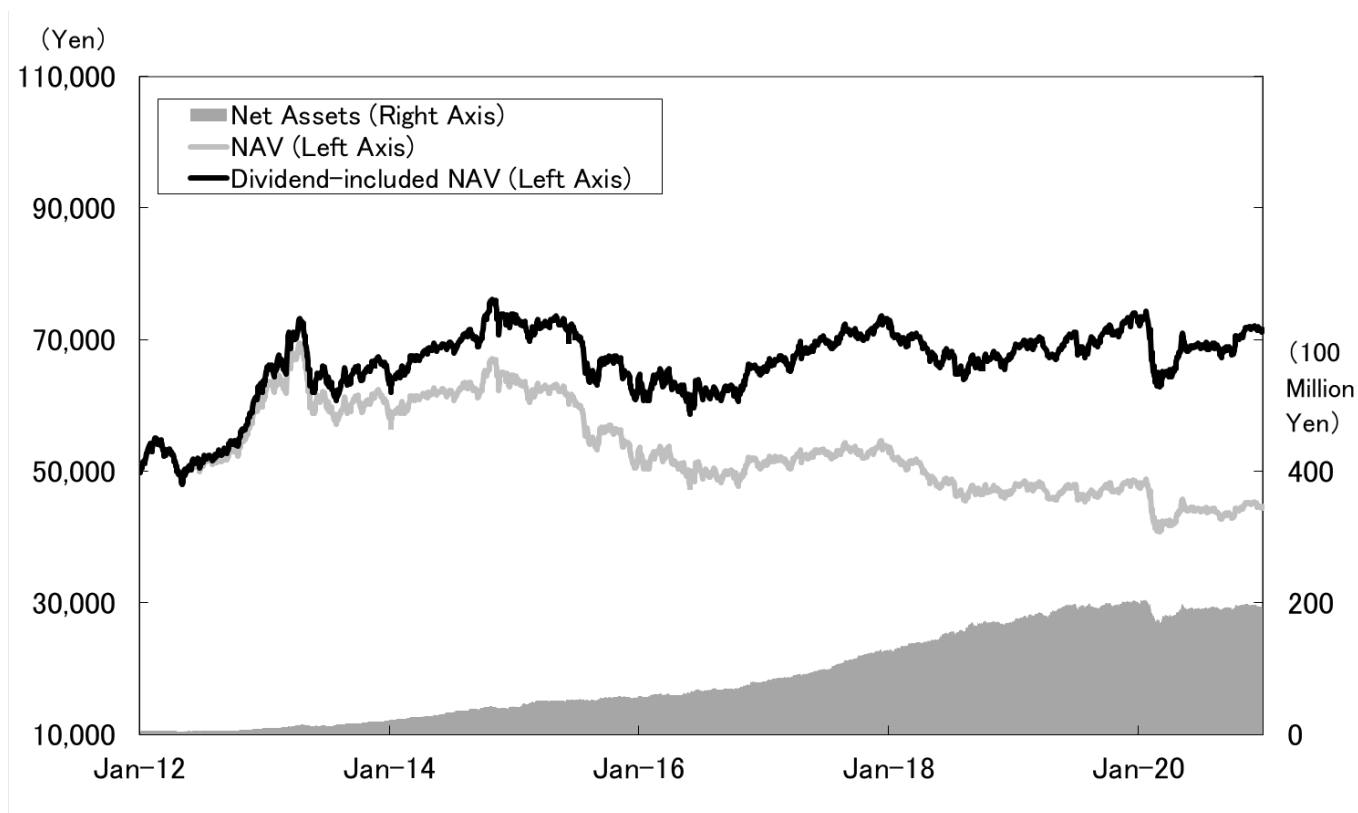
FTSE WGBI (ex Japan, Yen based)

Emerging Country Bond:

JPM GBI-EM Global Diversified Index(Non-hedge, Yen based)

## ■ Changes in NAV/Net Assets

Launch Date (30 January 2012)~January 29 2021



NAV ..... ¥ 44,606

AUM ..... ¥ 19.531 billion

\*NAV is the price per 1 unit after management fees (trust fees) have been deducted.

\*Please be aware that the dividend-included NAV is a theoretical value calculated with dividends reinvested (before tax).

## ■ Dividends Paid (before tax, per unit)

May-20	Jul-20	Sep-20	Nov-20	Jan-21	Cumulative
JPY 369	JPY 377	JPY 370	JPY 362	JPY 372	JPY 24,983

## ■ Status of Major Assets

### <Component and Breakdown>

Asset Types	%
Local Currency Emerging Government Bond Index Fund (for Institutional Investors)	99.96%
Money Account Mother Fund	0.00%
Cash and Others	0.04%

\*As percentage of net assets

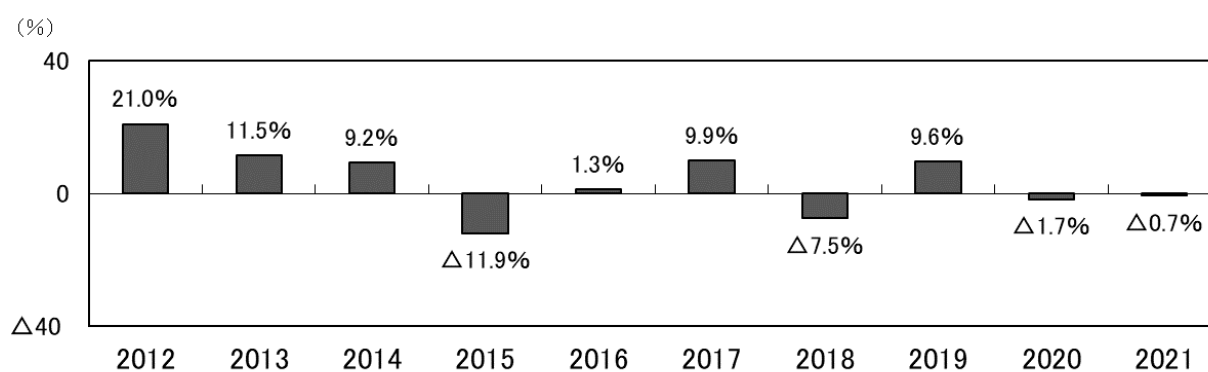
<Top10 Component Shares>

Local Currency Emerging Government Bond Index Fund (for Institutional Investors)

	Name	Country / Region	Type	Coupon	Maturity	%
1	CHINA GOVERNMENT BOND	China	Government Bond	3.220%	2025/12/6	1.92%
2	NOTA DO TESOURO NACIONAL	Brazil	Government Bond	10.000%	2025/1/1	1.87%
3	NOTA DO TESOURO NACIONAL	Brazil	Government Bond	10.000%	2023/1/1	1.78%
4	CHINA GOVERNMENT BOND	China	Government Bond	4.080%	2048/10/22	1.74%
5	CHINA GOVERNMENT BOND	China	Government Bond	3.290%	2023/10/18	1.51%
6	CHINA GOVERNMENT BOND	China	Government Bond	2.750%	2022/8/8	1.49%
7	INDONESIA GOVERNMENT	Indonesia	Government Bond	8.375%	2034/3/15	1.43%
8	INDONESIA GOVERNMENT	Indonesia	Government Bond	9.000%	2029/3/15	1.39%
9	MEX BONOS DESARR FIX RT	Mexico	Government Bond	8.500%	2029/5/31	1.33%
10	INDONESIA GOVERNMENT	Indonesia	Government Bond	7.000%	2027/5/15	1.30%

As percentage of net assets of Local Currency Emerging Government Bond Index Fund (for Institutional Investors)

## ■ Past Annual Returns



\*The annual rates of return are calculated with dividends reinvested (before tax).

\*The figure for 2012 shows fluctuations in the percentage from the inception up until the end of 2012.

\* The figure for 2021 shows fluctuations in the percentage up until the end of January 2021.

\*The above graph represents past performance and does not guarantee future investment results.

\*Investment performance of the Fund will be disclosed on the Management Company website.

# Procedures, Fees, and Other Items

## ■ Subscription Memorandum

Subscription Units	Units to be determined by the distributors starting at no less than 200 *Please contact the distributor.
Subscription Price	The NAV as of the next business day after the day on which the subscription is accepted.
Subscription Payment	To be paid by the day indicated by the distributor.
Redemption Units	Units of 200 or more *Units to be determined by the distributor. *A beneficiary may ask a Distributor to buyback his or her Units where the total number of Units owned is less than the minimum trading unit for the Units established by the stock exchange. Please contact the distributors for details.
Redemption Price	The NAV obtained by deducting the trust assets reserves on the business day after the redemption is accepted.
Redemption Proceeds	As a rule, payment will be made from the eighth business day after and including the day on which a request for a redemption is made.
Business Hours for Subscription and Redemption	As a rule, applications for subscription and redemption that are completed by 2 p.m. on the days Distributors are open for business are deemed to have been accepted on that day. It must be pursuant to the procedures established by the Distributor.
Subscription Period	From April 10, 2021 to October 8, 2021 *The subscription period can be renewed by filing another securities registration statement before the expiration date shown above.
Non-acceptance Days for Subscriptions	Even on the days Distributors are open for business, applications for subscriptions will not be accepted on the days below. Please contact the distributor for more details.  1) When the application day for subscriptions is two business days prior to the accounting date. (For a period of two business days, beginning three business days prior to the accounting date when the accounting date falls on non-business day.)  2) When the application day for subscriptions is non-business day for the British or New York stock exchanges or banks in London or New York.  3) In addition to the days referred to in 1) and 2) above, any time the Management Company determines that unavoidable circumstances may prevent it from making investment in accordance with the basic policies set forth in the trust deeds.

Non-acceptance Days for Redemptions	<p>Even on the days Distributors are open for business, applications for redemptions will not be accepted on the days below. Please contact the distributor for more details.</p> <p>1) When the application day for redemptions is for a period of five business days, beginning six business days prior to the accounting date. (For a period of six business days, beginning seven business days prior to the accounting date when the accounting date falls on non-business day.)</p> <p>2) When the application day for redemptions is non-business day for the British or New York stock exchanges or banks in London or New York.</p> <p>3) In addition to the days referred to in 1) and 2) above, any time the Management Company determines that unavoidable circumstances may prevent it from making investment in accordance with the basic policies set forth in the trust deeds.</p>
Restrictions on Redemption	<p>Based on the size or product qualities of the fund, restrictions may be placed on the timing or volume of large redemption units to avoid adverse effects on the fund's management.</p>
Suspension or Cancellation of Subscription, Redemption Applications	<p>The Management Company may suspend acceptance of applications for subscription or requests for redemptions, or cancel applications for subscription or requests for a redemption that have already been accepted in the event that the Fund is unable to invest in target investment trust securities, exchanges of the target investment trust securities are no longer possible, trading on a stock exchange is suspended, trading of foreign exchange is suspended, settlement functions are halted, emergencies in invested countries (such as financial crises, government default, significant policy changes or introductions of new regulations including asset freezes, natural disasters, coups or significant political changes, or war) results in market suspension or substantial decrease in liquidity, or the Management Company determines that there are some other unavoidable reasons.</p>
Trust Term	<p>Unlimited (launch date: January 30, 2012)</p>
Early Termination	<p>Early termination may be carried out in any of the following cases:</p> <ul style="list-style-type: none"> <li>▪ If the Units are delisted from all the financial instruments exchanges on which they have been listed.</li> <li>▪ If Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index is discontinued.</li> <li>▪ If the Management Company or Trustee deem it necessary to amend the trust deed because of a change in the calculation method of Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index, but such change to the trust deed is not made as it does not meet the written resolution requirement.</li> </ul> <p>Early termination is possible in any of the following events:</p> <ul style="list-style-type: none"> <li>▪ Net assets of the Fund fall below JPY 300 million</li> <li>▪ It is deemed advantageous for beneficiaries, or</li> <li>▪ Unavoidable circumstances arise.</li> </ul>
Closing of Account	<p>On the 10th day of January, March, May, July, September and November in every year.</p>

Income Distribution	<p>Distributions are paid six times in a year in accordance with the income distribution policy.</p> <p>*As a rule, the Trustee shall transfer income to beneficiaries to the bank account designated in advance by the beneficiary on the day specified by the Management Company but within 40 days from the end of each calculation period. When a beneficiary has signed a separate agreement with his or her broker in connection with the treatment of income distribution, payment will be made pursuant to the provisions of such agreement.</p>
Maximum Amount of Trust Money	Equivalent to 5 trillion yen
Public Notification	<p>Notifications are posted on the Management Company website.</p> <p>URL: <a href="http://www.nikkoam.com/">www.nikkoam.com/</a></p> <p>*In the event that the notification cannot be posted due to unavoidable circumstances, this will be published in The Nikkei.</p>
Investment Reports	As defined in the Act on Investment Trust and Investment Corporations, investment reports are not prepared and published.
Tax Treatment	<p>For tax purposes, the Fund is treated as an exchange-traded fund (ETF).</p> <ul style="list-style-type: none"> <li>▪ Publicly-offered Equity Investment Trusts can be held in Nippon Individual Savings Account.</li> <li>▪ Tax credits for dividends will not apply.</li> <li>▪ As a rule, the system excluding dividends from gross revenue will not apply.</li> </ul>

There is additional information on this page that does not appear on the original Japanese Delivery Prospectus.

## Fund Expenses and Taxes

### Fund Expenses

Expenses to be borne directly by investors

Subscription Fee	<p><b><u>Independently set by Distributors</u></b></p> <p>*Please contact your Distributor for further information. *Subscription Fee is compensation for explanation and information providing about the Fund or investment environment, and is also including expense of clerical processing of the subscription.</p>
Redemption Fee	<p><b><u>Independently set by Distributors</u></b></p> <p>*Please contact your Distributor for further information. *Exchange Fee is compensation for clerical processing of the exchange.</p>
Amount to be Retained in Trust Assets	<p><b><u>An amount calculated by multiplying NAV at the time of a redemption by 0.3% (per unit)</u></b></p>

Costs paid indirectly by the customer for the trust assets (paid from the fund)

TER (Total Expense Ratio)	<p>0.5699% (TER includes Trust Fee, management fee and other costs below) ※ This represents the actual TER for the period of January 14, 2020 -January 8, 2021</p>																	
Investment Management Expenses (Trust fee)	The Fund	<p>No more than 0.385%(0.35% excluding taxes) per annum of the daily total NAV of the Fund.</p> <p>The investment management fee is daily recorded and paid out of the trust assets at the end of each calculation period or at the time of termination of the Trust.</p> <p>&lt;Distribution of Investment Management Expenses (annual rate)&gt;</p> <p>When the investment management expense is 0.35%, as of the date of filing of the securities registration statement:</p> <table border="1" style="margin-left: 40px;"> <tr> <th colspan="3">Investment Management Expenses(Trust fee)</th> </tr> <tr> <th colspan="3">=NAV of investment period X Trust fee rate</th> </tr> <tr> <td>Total</td> <td>Management Company:</td> <td>Trustee</td> </tr> <tr> <td>0.35%</td> <td>0.31%</td> <td>0.04%</td> </tr> </table> <table border="1" style="margin-left: 40px;"> <tr> <td>Management Company</td> <td>Compensation for investment management</td> </tr> <tr> <td>Trustee</td> <td>Compensation for administration of assets under management and execution of orders from Management Company</td> </tr> </table> <p>*Figures are excluding tax. Consumption tax will be added.</p>	Investment Management Expenses(Trust fee)			=NAV of investment period X Trust fee rate			Total	Management Company:	Trustee	0.35%	0.31%	0.04%	Management Company	Compensation for investment management	Trustee	Compensation for administration of assets under management and execution of orders from Management Company
Investment Management Expenses(Trust fee)																		
=NAV of investment period X Trust fee rate																		
Total	Management Company:	Trustee																
0.35%	0.31%	0.04%																
Management Company	Compensation for investment management																	
Trustee	Compensation for administration of assets under management and execution of orders from Management Company																	



	Target Investment Trust Securities	Annual rate of approx. 0.11%(0.1% excluding tax) of the total net assets
	Actual Cost	<b>Approx. 0.495%(0.45% excluding tax) per annum of net assets</b> ※Subject to change based on changes in the constituent issues or weighting of the target investment trust securities.
Other Expenses and Fees	Expenses (Expenses for preparation of prospectus and other expenses)	<b>Not more than 0.1% per annum of the daily total NAV of the Fund</b> The following expenses are paid out of the trust assets at the times specified by the Management Company: 1. Expenses for the preparation and distribution of prospectuses; 2. Cost for accounting and its incidental operations; 3. Cost for preparation of financial summary statement (including the cost to outsource the work involved in 1. - 3.); 4. Auditing fee; 5. Expenses for listing the Fund; and 6. Royalties for Bloomberg Barclays Emerging Markets Local Currency Government - 10% Country Capped Index, etc. * Auditing fee is an expense paid to audit firm for auditing of the Fund.
	Brokerage commissions and other fees	Brokerage commissions on securities in the portfolio, interest on borrowings, interest on advances, and other fees are paid out of the trust assets each time they are incurred. These fees are incorporated in the TER stated. * The figures for items such as the rate and maximum amount cannot be provided in advance as they fluctuate in line with investment performance and other factors.
<b>Securities lending</b>		
Lending Fee	Nikko Asset Management runs a securities lending program to enhance the net return of the fund for investors. Nikko Asset management receives the amount obtained by multiplying a lending fee on securities lent by a figure not exceeding 0.55 (0.5 excluding taxes) (0.5 excluding taxes as of the date of the filing of the securities registration statement) to cover all the operational costs of engaging in this activity for the fund.	

The total amount of expenses of the Fund to be borne by investors varies according to holding length and investment status, and thus cannot be shown.

## Tax Treatment

### Tax treatment for individual investors

#### 1) Taxation upon sale of Units

- Gains on sale (capital gains) are deemed to be income from transfer and thus have to be filed to declare for separate taxation at 20.315%. When a beneficiary has chosen a designated account with tax withholding (an account with tax withholding at the taxpayer's option), tax will be withheld at source at 20.315%. (As a general rule, tax filing is not necessary.)

#### 2) Taxation upon receipt of income distributions

- Income distributions are regarded as dividend income, and tax is withheld at source at 20.315%. (As a general rule, tax filing is not necessary.) You can also file a tax return, and choose either separated taxation, based on declaration, or consolidated taxation (under which tax credits for dividends will not apply).

#### 3) Taxation upon cancellation or termination

- Gains upon cancellation or termination (capital gains) are deemed to be income from transfer and thus have to be filed to declare for separate taxation at 20.315%. When a beneficiary has chosen a designated account with tax withholding (an account with tax withholding at the taxpayer's option), tax will be withheld at source at 20.315%. (As a general rule, tax filing is not necessary.)

- By filing a tax return, you can offset losses upon sale (capital losses) against capital gains from listed stocks, dividends etc. from listed stocks, and interest income from public and corporate bonds and such like (as long as separated taxation has been chosen upon declaration). In addition, gains on sale (capital gains), income distributions, and interest income from public and corporate bonds etc. (if separated taxation has been chosen upon declaration) can be offset against capital losses from listed stocks and such like.
- When investing through a Nippon Individual Savings Account (NISA), income gains and capital gains from the investments in Publicly-offered Equity Investment Trusts will be tax-free for five years if the investments have been newly purchased within 1.2 million yen per year. Investors need to meet certain conditions, such as aged 20 or above, having opened a tax-free account at a Distributor. In addition, when investing through a Junior NISA, income gains and capital gains from the investments in Publicly-offered Equity Investment Trusts will be tax-free for the next five years for those under 20 years old as long as the newly purchased investment amount is less than 0.8 million yen every year. For further details, please contact a Distributor.
- In cases of being applied to the foreign tax deduction, tax on distributions may differ from the aforementioned descriptions.
- The aforementioned descriptions do not apply to Japanese corporations.
- Above tax rates are as of April 9, 2021, so those may change in the event that tax laws are revised. We recommend that investors consult a tax or similar specialist for details of tax treatment.

**nikko am**