

November 11, 2015

Press Release

Nikko Asset Management Co., Ltd.

Nikko Asset Management Launches Japan High-Dividend Low-Volatility Smart Beta ETF

– “Listed Index Fund MSCI Japan Equity High Dividend Low Volatility” to debut on TSE on Dec 1 –

Focusing on demand for exchange traded funds that offer high dividends at lower volatility, Nikko Asset Management announced today that it is offering a smart beta^{*1} ETF linked to a customized MSCI index designed for this purpose. This new ETF, Listed Index Fund MSCI Japan Equity High Dividend Low Volatility (Code: 1399), will be listed on the Tokyo Stock Exchange on December 1.



“With the rapid growth of the Japanese ETF market, institutional and retail investor requirements are now more sophisticated. We are focusing on the growing demand for funds that offer high dividends with low volatility,” said Hideo Abe, executive vice chairman of Nikko Asset Management. “This ETF clearly differentiates itself from other Japanese equity index funds that track the TOPIX or Nikkei 225, or existing high-dividend ETFs. From the perspective of both convenience and fund-management performance, we are confident it will deliver added value for investors.”

Portfolio construction for the new ETF is based on investing in the components of the recently developed MSCI Japan IMI Custom Liquidity and Yield Low Volatility Index in order to closely track the movement of stocks offering higher dividend yields at lower volatility. Restricting the eligible universe to stocks that combine relatively high dividend yields with a given level of liquidity, the smart beta index employs a weight optimization approach that aims to minimize overall price volatility. The weight for each individual share can only vary between 0.05% and 1.00% of the total. Another core characteristic is that the index excludes all financial stocks such as banks, insurers or brokerages, in addition to J-REITs (real estate investment trusts). Total holdings in the linked High-Dividend Low-Volatility ETF is expected to be around 120–130^{*2}. Holders of the ETF will receive dividends four times each year in January, April, July, and October.

Having taken the initiative in creating a range of ETFs tailored to the needs of every investor, Nikko Asset Management continues to develop products to provide a broad range of investment opportunities.

*1 Unlike traditional index funds that track the entire market, a smart beta fund aims to assemble a strategic stock selection based on specific factors.

*2 Actual number of holdings will vary.

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Note: This material is an English translation of a Japanese announcement made on November 11, 2015. 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	December 1, 2015 (scheduled)
Security code	1399
Trading Unit at the Exchange	10 units
Trust Period	Unlimited (Launch date: November 30, 2015)
Closing Date	8th of January, April, July, and October (every year)
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 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).

Nikko Asset Management Co., Ltd.

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■ 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, it shall be no later than 3:00 p.m. on any business day of the distributor. *Deadlines may vary, therefore please contact your distributor for more details.
Trading Value	NAV as of the business day following the application date.
Trading Unit	The integer multiple of the NAV of the day the acquisition application was received minus the market value of the unit stock.
Conversion Value	NAV on the day the redemption application is received
Conversion Unit:	The minimum number of units that can be requested for conversion is the integer multiple of the number of units determined by the asset manager.

< Fees charged at the time of acquisition and conversion >

- Subscription 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 (physical exchange) Fees: When a beneficiary places a conversion 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: 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 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.

[Price Fluctuation Risk] [Liquidity Risk] [Credit 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 MSCI Japan Equity High Dividend Low Volatility” 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 November 11, 2015 and it will become effective as of November 27, 2015. 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.

■ Management Company and Other Related Companies

Management Company: Nikko Asset Management Co., Ltd.

Trustee: Sumitomo Mitsui Trust Bank, Limited (Sub-Trustee: Japan Trustee Services Bank, Ltd.)

Distributor: Please contact below to inquire about distributors.

Nikko Asset Management Co., Ltd.

Website: <http://www.nikkoam.com/>

Call Center: 0120-25-1404 (9a.m. – 5p.m., excluding Saturdays, Sundays and public holidays)

■ **MSCI Japan IMI Custom Liquidity and Yield Low Volatility Index**

This Fund is not supported, sold, or promoted by MSCI Inc. (hereinafter referred to as the "MSCI"), its affiliated companies, information provider, and other third parties who were involved or related in edit, calculation, or creation of MSCI index (hereinafter referred to as the "MSCI related companies"). MSCI index is an exclusive property of MSCI. Name of MSCI and MSCI index is a service mark of MSCI and its affiliated companies, and Nikko Asset Management Co., Ltd. has been licensed to use it for a specific purpose. MSCI related companies make no representation or warranty, expressed or implied, to the owners or issuing company of the Fund or any other members or organizations regarding the suitability of investing in funds generally or in the Fund particularly or the ability of MSCI index to track return of the corresponding stock markets. MSCI or its related companies are licensors of MSCI index which were determined, edited, calculated by MSCI regardless of specific trade marks, service marks or names, and the Fund or issuing company, owner and other members or organizations of the Fund. MSCI related companies are not responsible for considering the requests of issuing company or owner of the Fund, or other members or organizations when determining, editing and calculating MSCI index. MSCI related companies are not responsible for or has participated in the determination of the timing of, price at, or amount of the Fund to be issued or in the determination or calculation of the equation by which the Fund to be converted into cash. MSCI related companies are not under any obligation to or take responsibility for the issuing company or owner of the Fund, or other members or organizations regarding management, marketing, or subscription of the Fund.

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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\$161.3 billion (19.74 trillion yen) in assets under management*. With approximately 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 June 30, 2015.

** As of June 30, 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