

PRESS RELEASE
AUGUST 10, 2016

NIKKO ASSET MANAGEMENT CO., LTD.

Nikko Asset Management to List Currency Hedged and Non-Hedged US Bond ETFs

Listed Index Fund US Bond (Currency Hedge) / (No Currency Hedge) ETFs to be listed on August 31

Nikko Asset Management is launching two ETFs – a currency hedged type and a non-currency hedged type – that will track indexes of US government bonds with maturities of 7-10 years. The ETFs will launch on August 29 and then list on the Tokyo Stock Exchange on August 31.



Fund Name	Security Code	Index
Listed Index Fund US Bond (Currency Hedge)	1487	S&P U.S. Treasury Bond 7-10 Year Index (TTM JPY Hedge)
Listed Index Fund US Bond (No Currency Hedge)	1486	S&P U.S. Treasury Bond 7-10 Year Index (TTM JPY)

The two ETFs will track US government bond indexes by primarily investing in investment trust securities that invest in US bonds. The **Listed Index Fund US Bond (Currency Hedge) ETF** will track the S&P U.S. Treasury Bond 7-10 Year Index (TTM, JPY, JPY Hedge) and the **Listed Index Fund US Bond (No Currency Hedge) ETF** will track the S&P U.S. Treasury Bond 7-10 Year Index (TTM JPY). The two indexes track total investment returns from US government bonds with maturities of 7-10 years and are classified into currency hedged and non-hedged types.

The Listed Index Fund US Bond (No Currency Hedge) ETF and the Listed Index Fund US Bond (Currency Hedge) ETF will provide an opportunity for investors to invest in instruments with high creditworthiness and relatively low trust fees of about 0.1728% (0.16% before tax).

Nikko Asset Management continues to develop ETF products that provide investors with a broader range of investment opportunities.

Note: This material is an English translation of a Japanese announcement made on August 10, 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 / Overseas / Bond / ETF / Index-type
Listed Exchange	Tokyo Stock Exchange
Date Listed	August 31, 2016 (scheduled)
Security code	Listed Index Fund US Bond (Currency Hedge): 1487 Listed Index Fund US Bond (No Currency Hedge): 1486
Trading Unit at the Exchange	1 unit
Trust Period	Unlimited (Launch date: August 29, 2016)
Closing Date	10th of January and July (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:
 - <The funds> An amount no greater than 0.1026% (0.095% before tax) of net asset value per annum.
 - <Investment trust securities invested in> About 0.0702% (0.065% before tax) of net asset value per annum.
 - <Actual fee> About 0.1728% (0.16% before tax) of net asset value per annum
 - * Fees will vary depending on the weightings of the investment trust securities invested in, changes in said investment trust securities, and other factors.
 - 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 business day following the application date.
Trading Unit	No less than 500 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 business day following the redemption application date.
Conversion Unit:	1 unit; minimum of 500 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) >

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■ 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.

Bonds are the main investment instrument of this fund. Thus, decreases in the prices of bonds, 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]

*As the prices of investment trust securities the fund invests in fluctuate due to the above-mentioned risks, the funds will also fluctuate due to them.

*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 US Bond (Currency Hedge) and Listed Index Fund US Bond (No Currency Hedge) 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 August 10, 2016 and it will become effective as of August 26, 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.

■ S&P U.S. Treasury Bond 7-10 Year Index

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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\$154.9 billion (17.42 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 March 31, 2016.

** As of March 31, 2016, 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