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Nikko Asset Management

INITIATIVES FOR A BUSINESS MANAGEMENT STRUCTURE THAT PURSUES THE BEST INTERESTS OF CUSTOMERS (FY2024)

Nikko Asset Management Co., Ltd.
June 30, 2025

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1. Introduction

1 Introduction

Principle 1

Principle 2
Principle 2 (Note)

We regard acting in the best interests of the customers who entrust us with their assets as our primary mission. This means that we attach the highest importance to fiduciary and ESG principles in our corporate philosophy and business activities.

In view of our status as a responsible institutional investor, we also position Environment, Society and Governance ("ESG") assessments and stewardship activities at the heart of our investment process. With this in mind, we strive constantly to help investee firms to enhance their long-term corporate value and to help society grow sustainably.

Our company is a dedicated maker of a diverse range of funds and investment products intended to deliver various investment methods to a broad range of investors, from individuals to institutions. As such, we are responsible for helping our clients to build and manage their assets by considering how to provide them with investment products they feel they can support, looking into ways of enhancing our ability to manage those products, and putting our ideas into practice.

This report provides specific examples of our initiatives, as well as voluntary indicators to measure their impact, in the year from April 2024 to March 2025. (including the latest information at the time this report was prepared).

- We agree with the JFSA's publicly released Principles for Customer-Oriented Business Conduct (including revisions). In order to ensure that we put the best interests of our clients first in our business operations, we have formulated and publicly released our Corporate Missions and Fiduciary & ESG Principles, which we review periodically. We have also been releasing regular updates on our initiatives since 2017.

2. Activities for individual clients

2.1 Total AUM of Japan-domiciled publicly offered funds (including ETFs and MRFs)
2.2 Initiatives for cumulative investment including cumulative Nippon Individual Savings Accounts (NISA)
2.3 Fund Efficiency Initiatives
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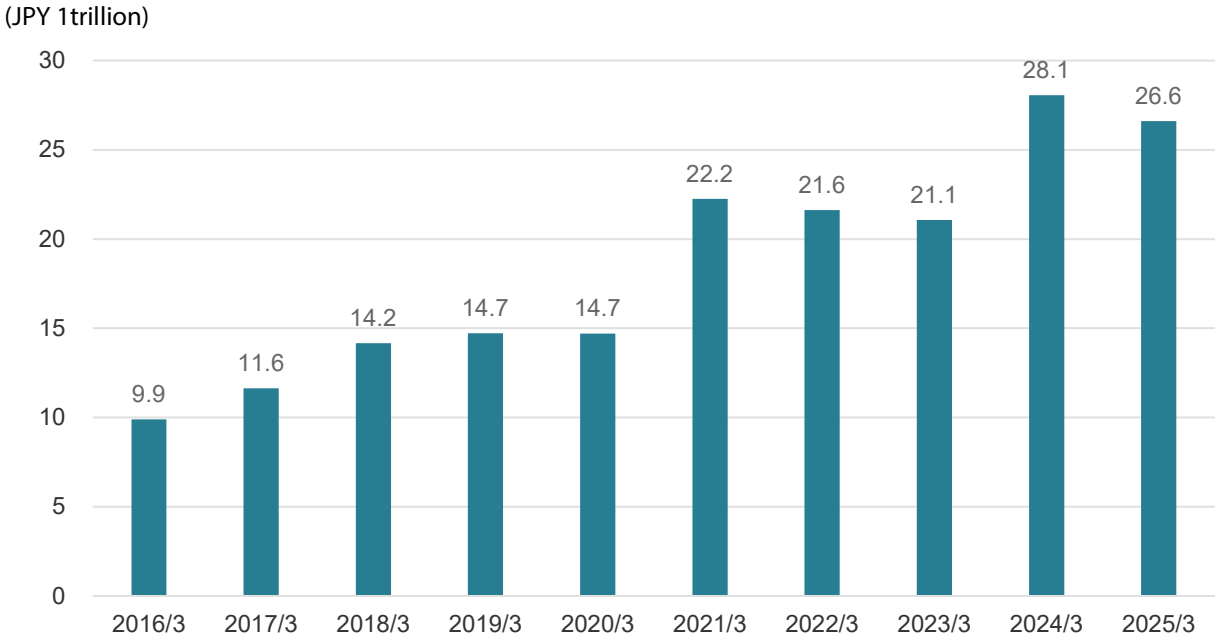
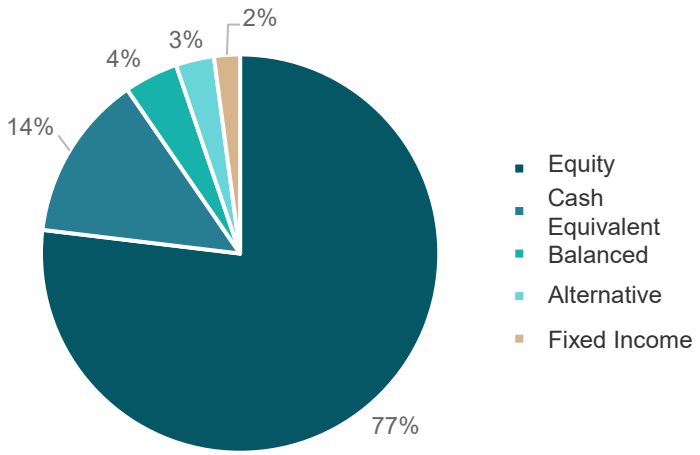
2.5 Fee Transparency
2.6 Easy-to-understand provision of important information to clients
2.7 Provision of neutral information for investment decisions
2.8 Number of seminars held
2.9 Number of fund awards won
2.10 ESG funds

2 Activities for individual clients

As an asset management company, our paramount mission is to be useful to our customers in their medium-to long-term asset building. Realizing this mission is not just a case of delivering strong investment management outcomes, however. We also need to put a great deal of effort into every aspect of our services, including understandably and simply imparting accurate knowledge of investment management and the products we offer, proactively delivering timely and appropriate information on market trends from a neutral standpoint to help customers make investment decisions, providing products that are suitable for medium-to long-term investment that serves customer needs, and helping customers to manage risks.

2.1 Total AUM of Japan-domiciled publicly offered funds (including ETFs and MRFs)





As of end of March 2025

2.2 Initiatives for cumulative investment including cumulative Nippon Individual Savings Accounts (NISA)

Principle 2
Principle 2 (Note)

In order to meet cumulative investment needs, in addition to cumulative NISAs, we also promote the use of defined contribution plans, personal defined contribution pension plans and general accounts. Through these products, we advocate long-term, cumulative and diversified investments to those who wish to build up their assets. We also provide assistance to distributors for cumulative investment initiatives by not only providing products but also creating and offering a variety of support tools.

We have now registered sixteen of our funds qualified for the cumulative NISA quota (Tsumitate NISA)(as of end of March 2025).

In addition, we emphasise the importance of using cumulative investment as a highly effective way of enhancing returns in forums such as product strategy seminars for distributors.

Funds qualified for cumulative NISA quota	AUM (JPY 100 million) * As of end of March 2025
Nikko DC J Growth	974
Index Fund Emerging Equity	647
Listed Index Fund US Equity (S&P500)	588
Index Fund TOPIX (Japanese Equity)	295
Index Fund International Equity (No Hedge)	271
Listed Index Fund International Developed Countries Equity (MSCI-KOKUSAI)	256
Index Fund 225 (Japanese Equity)	246
Lindex Fund NY Dow 30 (American Equity)	124
Listed Index Fund World Equity (MSCI ACWI) ex Japan	122
Index Portfolio	88
Listed Index Fund International Emerging Countries Equity (MSCI EMERGING)	82
Tracers MSCI All Country Index (World Equity)	57
Index Fund International Equity (Hedge)	17
Tracers Global Triple Fund（Grown-ups' Balance）	11
Ni-Tsumi Index Wrap Global 10 Indices (Equal Weight Type)	0.5
Ni-Tsumi Index Wrap Global 10 Indices (Stable Growth Type	0.4

2.3 Fund efficiency initiatives

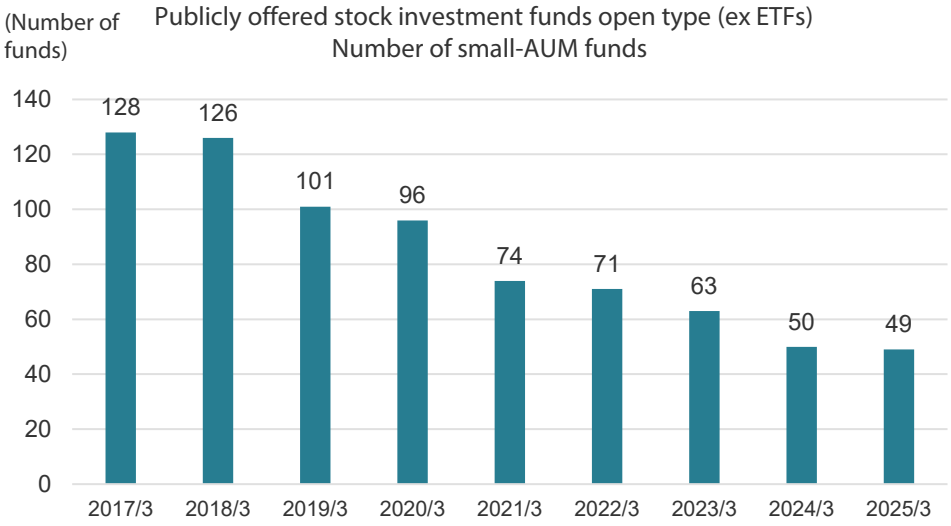
Principle 2
Principle 2 (Note)

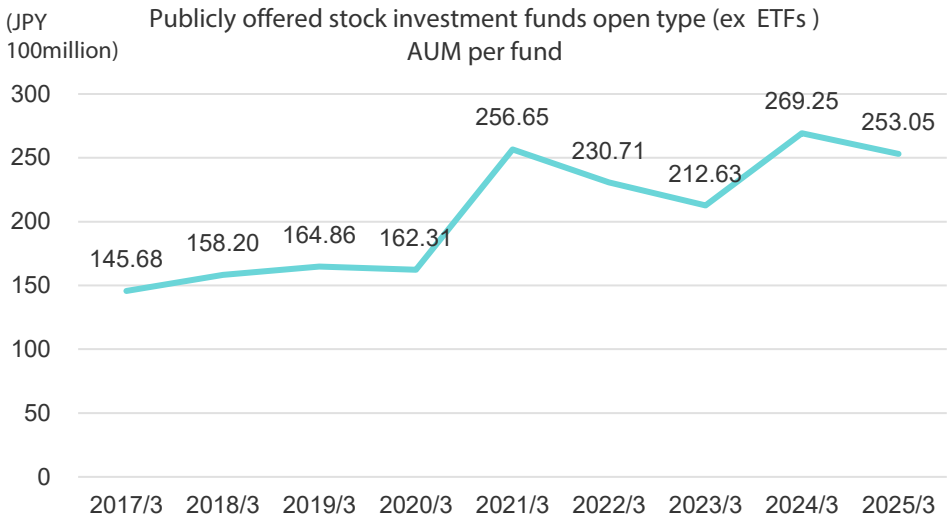
We believe that it is imperative for asset managers to constantly develop and manage more attractive and effective products for investors. We strive to achieve this goal through constant efforts to enhance our fund lineups and to expand AUM. However, it is also true that some of our funds have small AUMs. Funds with smaller AUMs cost more to manage than other funds and are less likely to realize the investment policies set out in their investment prospectuses or trust deeds, making it harder to deliver the sustained medium- and long-term investment performances that customers expect.

We address this by not only terminating smaller funds once they reach maturity but also terminating them early by shortening their trust periods based on legally stipulated procedures.

From April 2024 to March 2025, nine publicly offered investment trust were redeemed at maturity, and two funds were redeemed early with the consent of the beneficiaries

These efforts are essential ways for us to maintain the strength of our funds' product attributes and to deliver strong investment performances. We firmly believe that the effective allocation of human resources is the key to delivering medium- and long-term profits to investors.

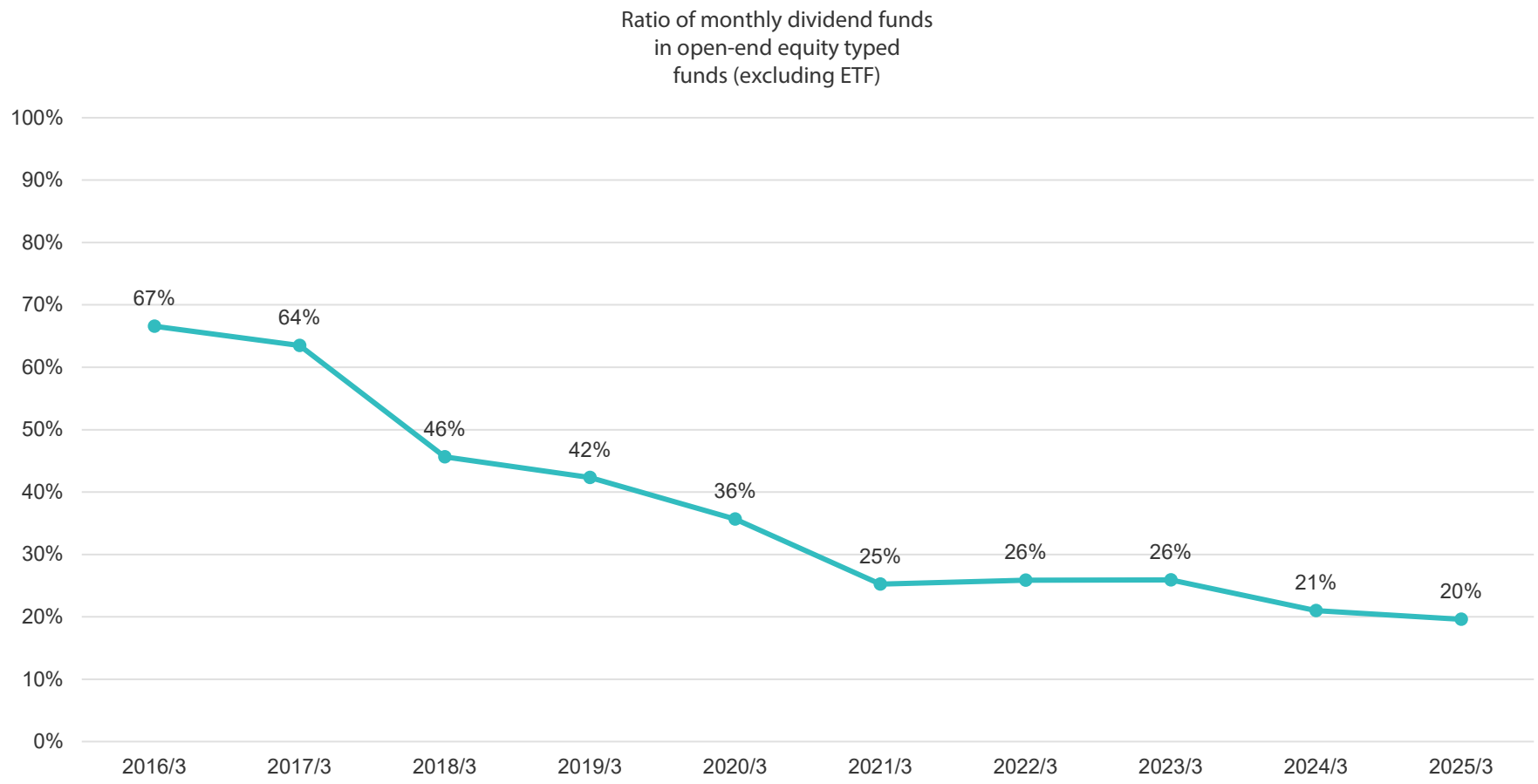




2.4 Trends in Distribution Patterns for Medium- and Long-Term Investments

Principle 2
Principle 2 (Note)

The ratio of publicly offered funds (excluding ETFs) that pay out monthly dividends is falling and stood at 20% as of March 2025.



2.5 Fee transparency

Principle 4

Given that we develop funds, we are naturally obligated to provide clients with detailed and easy-to-understand explanations of fees and other such costs. We provide this information in delivery prospectuses to enable clients to compare our many publicly offered funds. In some cases, we also include figures such as the amount of fees payable for each JPY 1 million purchase in sales materials for distributors to enable them to provide more detailed explanations to retail clients.

Furthermore, our investment reports include details of costs per unit and total expense ratios.

In addition to linking expenses and other information to important information sheets prepared and presented by distributors, we started including total expense ratios in delivery prospectuses in February 2024. We will continue our constant efforts to provide correct information to individual customers in an easy-to-understand manner. Fund-specific details of our activities can be found on our website.

ファンドの費用・税金

ファンドの費用

投資者が直接的に負担する費用

購入時手数料	**購入時の基準価額に対し3.85%(税抜3.5%)以内** ※購入時手数料は販売会社が定めます。詳しくは、販売会社にお問い合わせください。 ※購入時手数料は、商品および関連する投資環境の説明や情報提供など、ならびに購入に関する事務コストの対価です。
信託財産留保額	**ありません。**

投資者が信託財産で間接的に負担する費用

運用管理費用(信託報酬)	**ファンドの日々の純資産総額に対し年率1.936%(税抜1.76%)** 運用管理費用は、日々計上され、毎計算期間の最初の6カ月終了日(当該終了日が休業日の場合はその翌営業日とします。)および毎計算期末または信託終了のときに、信託財産から支払われます。 <運用管理費用の配分(年率)> 運用管理費用(信託報酬)=運用期間中の基準価額×信託報酬率 合計 1.76%; 委託会社 0.85%; 販売会社 0.85%; 受託会社 0.06% 委託会社: 委託した資金の運用の対価 販売会社: 運用報告書など各種書類の送付、口座内でのファンドの管理、購入後の情報提供などの対価 受託会社: 運用財産の管理、委託会社からの指図の実行の対価 ※表中の率は税抜です。別途消費税がかかります。 ※マザーファンドの投資顧問会社が受ける報酬は、上記委託会社が受ける運用管理費用の中から支払います。	
その他の費用・手数料	諸費用(目論見書の作成費用など)	**ファンドの日々の純資産総額に対して年率0.1%を乗じた額の信託期間を通じた合計を上限とする額** ①目論見書などの作成および交付に係る費用、②運用報告書の作成および交付に係る費用、③計理およびこれに付随する業務に係る費用(①~③の業務を委託する場合の委託費用を含みます。)、④監査費用、⑤運用において利用する指数の標章使用料などは委託会社が定めた時期に、信託財産から支払われます。 ※監査費用は、監査法人などに支払うファンドの監査に係る費用です。
	売買委託手数料など	組入有価証券の売買委託手数料、資産を外国で保管する場合の費用、借入金の利息、立替金の利息および貸付有価証券関連報酬(有価証券の貸付を行なった場合は、信託財産の収益となる品貸料に0.55(税抜0.5)を乗じて得た額)などがその都度、信託財産から支払われます。 ※運用状況などにより変動するものであり、事前に料率、上限額などを表示することはできません。

投資者の皆様にご負担いただくファンドの費用などの合計額については、保有期間や運用の状況などに応じて異なりますので、表示することができません。

○1万口当たりの費用明細

(2023年7月21日~2024年7月22日)

項目	当期 金額	当期 比率	項目の概要
	円	%	
(a) 信託報酬	673	1.947	(a)信託報酬=期中の平均基準価額×信託報酬率
(投信会社)	(325)	(0.940)	委託した資金の運用の対価
(販売会社)	(325)	(0.940)	運用報告書など各種書類の送付、口座内でのファンドの管理、購入後の情報提供などの対価
(受託会社)	(23)	(0.066)	運用財産の管理、投信会社からの指図の実行の対価
(b) 売買委託手数料	4	0.010	(b)売買委託手数料=期中の売買委託手数料÷期中の平均受益権口数 売買委託手数料は、有価証券等の売買の際、売買仲介人に支払う手数料
(株式)	(4)	(0.010)	
(c) 有価証券取引税	1	0.002	(c)有価証券取引税=期中の有価証券取引税÷期中の平均受益権口数 有価証券取引税は、有価証券の取引の都度発生する取引に関する税金
(株式)	(1)	(0.002)	
(d) その他費用	7	0.019	(d)その他費用=期中のその他費用÷期中の平均受益権口数
(保管費用)	(4)	(0.011)	保管費用は、海外における保管銀行等に支払う有価証券等の保管及び資金の送金・資産の移転等に要する費用
(監査費用)	(2)	(0.004)	監査費用は、監査法人等に支払うファンドの監査に係る費用
(印刷費用等)	(1)	(0.004)	印刷費用等は、法定開示資料の印刷に係る費用、運用において利用する指数の標章使用料など
合計	685	1.978	
期中の平均基準価額は、34,591円です。			

2.6 Easy-to-understand provision of important information to clients

Principle 5
Principle 5
(Note 1,3-5)

Principle 6
Principle 6
(Note 1, 5)

As a creator of funds, We provide fund distributors with product outlines for the creation of Key Investor Information Documents as well as information on elements such as risk, costs and investment track records. This enables distributors to convey accurate and impartial information to customers and provides support for proper investment decisions. In addition, we disclose information on product risks, product characteristics, target market trends, and costs such as fees for each of our funds in distributor materials and prospectuses. Based on our belief that ongoing follow-up work after making a sale is an important responsibility of fund developers, we also provide information on matters including trends in target markets and their impact on funds in materials such as spot reports, videos and dedicated websites using simple expressions, pictures and charts.

We obtain this kind of information on market trends and product attributes directly from investment managers (including investment advisors) and believe that it is important to disclose negative information as well as positive news to clients if we deem it important.

Fund-specific details of our activities can be found on our website.

2.7 Provision of neutral information for investment decisions

Principle 5 (Note 1,3-5)

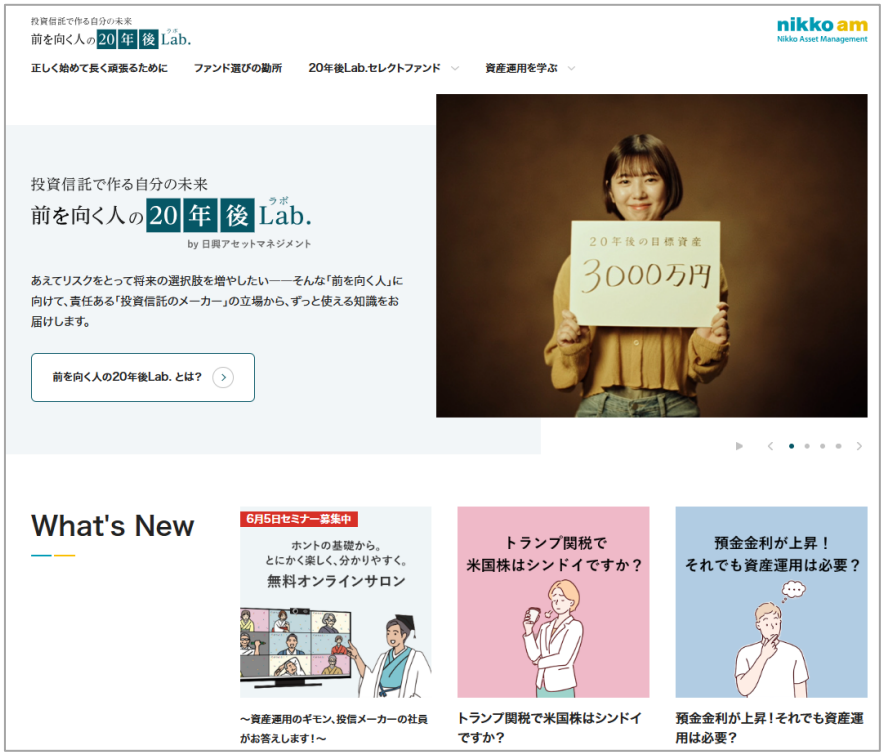
Principle 6 Principle 6 (Note 1, 5)

We have a long history of providing information on fundamentals that is not just tied to specific products. In addition, our provision of market information goes beyond simple market explanatory material. Our information provision is founded on our sincere belief on the investment approaches individuals engaged in long-term investment should take (see “What Nikko AM Wants you to know about healthy money management” below).

In addition, we are firmly committed to sharing our knowledge as a maker of funds to ensure that people understand the fundamentals of investing and the characteristics of funds (see “Lab for 20-year goals” below.)

Special material: “What Nikko AM wants you to know about healthy money management” vol. 26

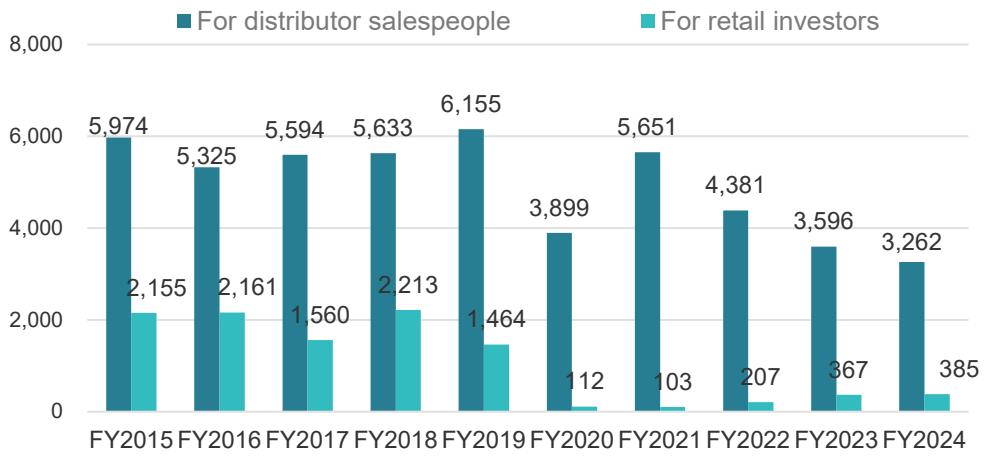
Website: “Lab for 20-year goals”



2.8 Seminars held

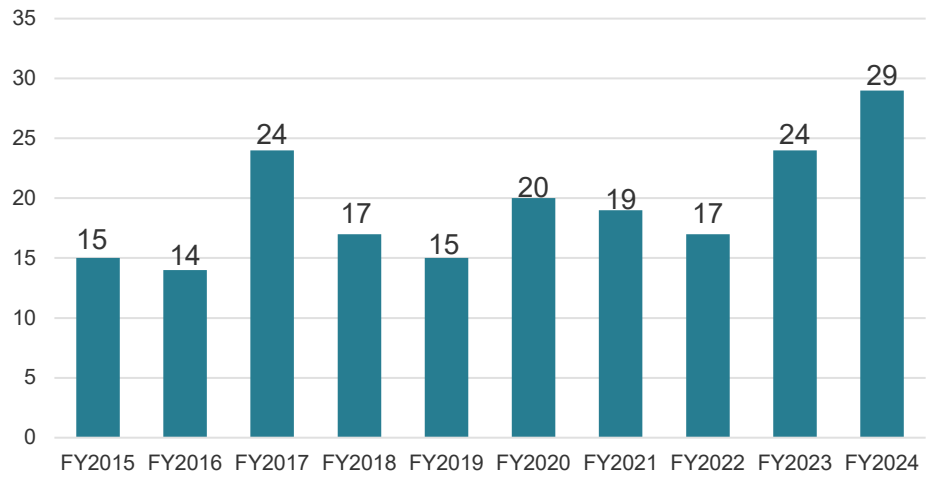
Principle 5 (Note1, 3-5)

Principle 6 Principle 6 (Note 1,5)



We deliver our products via channels including the sales teams of the distributors we work with and the internet. The information we provide to retail investors, as well as our efforts to supply appropriate information and training to salespeople, contribute to the final investment decisions made by individuals. We provide large numbers of training sessions and seminars for salespeople and retail investors as part of these overall efforts.

2.9 Number of fund awards won



We work daily to develop products that serve the interests of our customers. In fiscal year 2024, external assessment institutions have given awards to eight of our Japanese equity funds, seven of our foreign equity funds, six of our foreign bond funds and four of our balanced funds, four of our other funds, recognising a total of 29 of our funds.

* Aggregation of awards from R&I Fund Awards, Fund of the Year (Former company name Morning Star) and Lipper Fund Awards. After FY2022, the Fund of the Year award is not to be announced.

2.10 ESG funds

Based on a partial revision (establishment of points to consider regarding ESG funds) of the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators etc., nine of our publicly offered funds were recognised as ESG funds in October 2024. For the ESG funds, we added ESG-related information to the prospectuses and investment reports, and for the non-ESG funds, we added cautionary notes and changed the fund names in the prospectuses. In addition, we established a framework for ESG assessments and ongoing monitoring in FY2023.

Our ESG Funds	AUM (JPY 100 million)
Global Exponential Innovation Fund	2,730
Listed Index Fund Nikkei ESG REIT	294
Nikko World Bank Bond Fund (Monthly Dividend Payment Type)	91
Nikko Eco Fund	85
Global Equity Top Focus	33
DC Global Equity Best Selection Investment Fund	23
Nikko DC Eco Fund	10
DC Japanese Equity Human Capital Empowerment Fund	0.1

*As of end of March 2025

3. Initiatives as institutional investor

3.1 Stewardship activities
3.2 Engagement results
3.3 Voting track record
3.4 ESG initiatives as an institutional investor
3.5 Appropriate management of conflicts of interest

3 Initiatives as institutional investor

3.1 Stewardship Activities

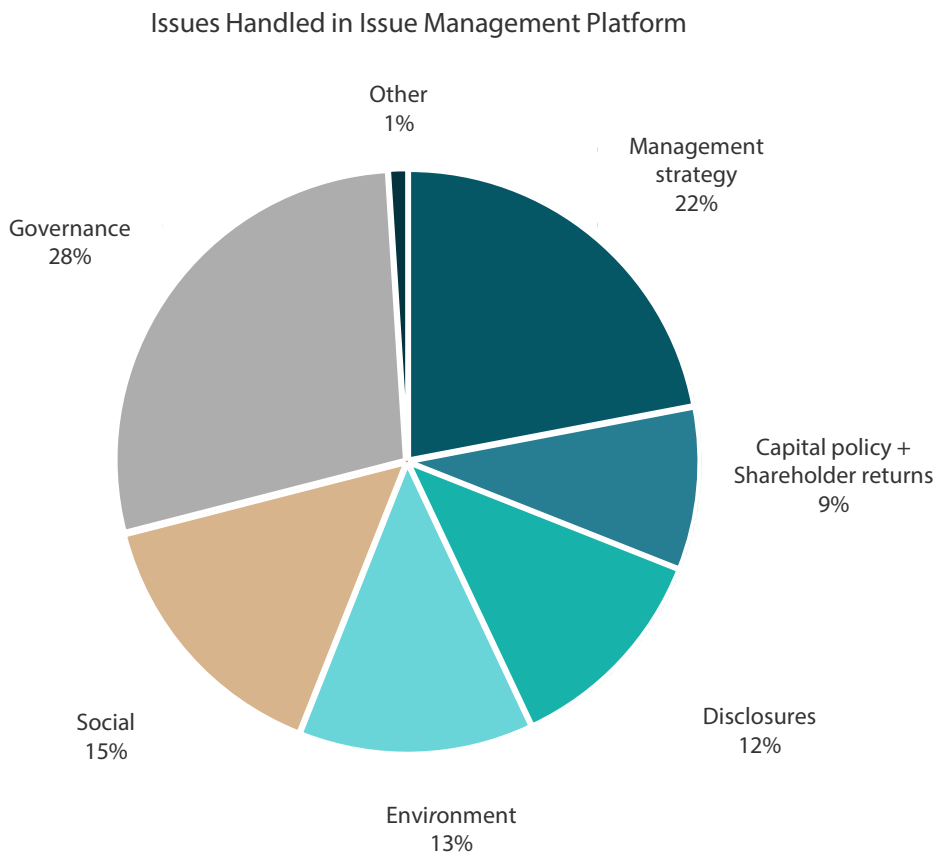
We believe that engaging (holding constructive, objective-focused dialogue) with investee firms as well as proactively conducting stewardship activities including proxy voting are extremely important aspects of our responsibilities as a fiduciary trusted by its clients. Furthermore, we see ESG matters as an essential concept in fulfilling our fiduciary duty. We therefore incorporate ESG considerations in all areas of our investment management process and conduct assessments of investees' corporate value that include non-financial information in order to stimulate sustainable growth as well as medium- and long-term corporate value improvements. The results of these assessments are also reflected in our investment decisions.

3.2 Engagement results

In FY2024, we engaged with many companies as in the previous year. During engagement, we examined publicly available information on the companies to understand the essential issues in advance, shared the issues we had identified with the companies, and encouraged them to take action to resolve them. To improve the effectiveness of our engagement activities, we revised our voting standards in response to changes in the social environment, and participated in various initiatives to acquire ESG knowledge.

(Issue progress management)

Issues identified in engagement are monitored on the issue progress platform. As of end-March 2025, there were 380 companies and 627 issues managed on the platform.. Progress on issues is analysed annually to assist in planning for the next fiscal year.



3.3 Voting track record

Proxy voting regarding investee companies is a key right granted to shareholders with the aim of growing companies' medium- and long-term corporate value. We exercise voting rights solely to fulfil our fiduciary duty and solely for the benefit of our clients and beneficiaries. We do so from an independent standpoint.

We also understand that the three factors that constitute the indicators of sustainable, responsible investment to create long-term value, Environment ("E"), Society ("S") and Governance ("G") (collectively "ESG") are inseparable.

We are shareholders that make active use of proxy voting and engagement with investee companies. As long-term investors, we also believe that properly engaging with management teams where necessary helps to improve companies' ESG indicators and their sustainability, and helps investors to deepen their understanding of the efforts companies are making. As appropriate, we also work to address ESG issues through proxy voting and engagement in our passive strategies. See the below for the details of our proxy voting approach.
https://www.nikkoam.com/about/vote(Japanese)

Status of exercise of voting rights by agenda item (July 2023- June 2024)

Company-generated proposals

Proposal		Yea	Nay	Subtotal	Nay ratio
Proposal on company	Election/dismissal of directors	15,261	2,898	18,159	16.0%
	(Reference) Number of companies	1,216	1,026	2,242	45.8%
	Election/dismissal of corporate auditors	1,659	227	1,886	12.0%
	(Reference) Number of companies	690	184	874	21.1%
	Selection of accounting auditors	46	1	47	2.1%
Proposal on executive remuneration	Executive remuneration	738	75	813	9.2%
	Retirement benefit payments	20	63	83	75.9%
Proposal on capital policy (Except proposals concerning the articles of incorporation)	Appropriation of surpluses	1,358	72	1,430	5.0%
	Restructuring	52	3	55	5.5%
	Introduction, update, abolition of takeover defense measures	1	40	41	97.6%
	Other proposals on capital policy	67	4	71	5.6%
Partial revision to articles of incorporation		466	43	509	8.4%
Other		1	0	1	0.0%
Total		19,669	3,426	23,095	14.8%

Shareholder proposals

Proposal		Yea	Nay	Subtotal	Nay ratio
Proposal on company	Election/dismissal of directors	3	79	82	3.7%
	(Reference) Number of companies	0	0	0	0.0%
	Election/dismissal of corporate auditors	0	2	2	0.0%
	(Reference) Number of companies	0	0	0	0.0%
	Selection of accounting auditors	0	1	1	0.0%
Proposal on executive remuneration	Executive remuneration	5	14	19	26.3%
	Retirement benefit payments	0	0	0	0.0%
Proposal on capital policy (Except proposals concerning the articles of incorporation)	Appropriation of surpluses	15	20	35	42.9%
	Restructuring	0	0	0	0.0%
	Introduction, update, abolition of takeover defense measures	0	0	0	0.0%
	Other proposals on capital policy	13	17	30	43.3%
Partial revision to articles of incorporation		53	153	206	25.7%
Other		1	1	2	50.0%
Total		90	287	377	23.9%

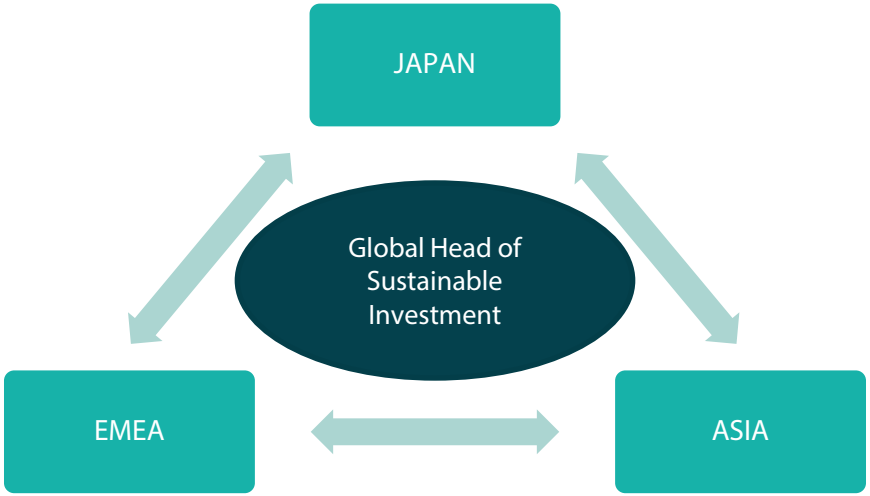
3.4 ESG initiatives as an Institutional Investor

We launched the Nikko Eco Fund, which invests in companies with strong environmental initiatives in 1999. We have been incorporating ESG factors in all our investment management process since then based on our view that they contribute to medium- and long-term enterprise value. Furthermore, we consistently introduce innovations in our approach to ensure that we invest responsibly. In fiscal year 2023 we strengthened our investment product offerings that help to address ESG issues with initiatives such as submitting new applications for some of our Japanese equity active funds to be Article 8 funds under the EU's Sustainable Finance Disclosure Regulation (SFDR). We also established our new Japan Sustainable Investment Department in our Japan office April 2023 with the aim of conducting stewardship activities and deepening ESG integration across multiple asset classes. Going forward, the department's mission is to enhance the degree to which ESG issues are addressed for each of our investment products by supporting our various investment management departments' ESG integration efforts. We will also augment our ESG initiatives to ensure that they are of a high quality that meets the expectations of customers around the world. As part of this, we will strengthen coordination among our global offices with our Global Sustainable Investment Team in our Singapore office taking a central role.

Given how essential obtaining ESG knowledge is to engagement, we actively participate in a wide range of initiatives such as CA100+ and the 30% Club. We are working to share the knowledge we acquire from these activities internally and to use it to enhance the quality of our engagement and investment management methods.

Sharing knowledge
Hold weekly global meetings to share important updates:

- ✓ Global Head and each region share information on a regular basis
- ✓ Each region exchanges information as needed



Utilization of working groups
- ✓ Working groups have been set up for multiple projects (UK Stewardship Code, etc.) and suitable members are assigned from the global team

Global coordination
- ✓ The global team also coordinates ESG activities with other regions, incl. New Zealand and Americas

3.5 Appropriate management of conflicts of interest

Principle 3
Principle 3 (Note)

Our conflict of Interest Control Policy sets out its approach to conflicts of interest as an asset manager. We impose strict controls on transactions with potential conflicts of interest to prevent unfair harm to client interests based on the policy.

Given that proxy voting is identified in our internal regulations as a form of transaction in which influence is exercised, we take a particularly intensive approach to controlling our proxy voting activities to ensure that they do not unfairly compromise client interests.

Controls on conflicts of interest in our stewardship activities are discussed based on the principle of putting client interests first by our Stewardship and Voting Rights Policy Oversight Committee, whose membership mainly consists of outside directors including its chair.

4. ESG Initiatives as a Firm

4.1 Environmental
4.2 Social
4.2a Establishment of Global D&I Policy
4.2b Increase in ratio of female managers
4.2c Sustainability Working Group activities
4.2d Donations and support activities for charitable organizations
4.3 Governance
4.3a Management governance
4.3b Voting rights governance
4.3c Fund governance
4.4 Donations and support activities for charitable organisations

4 ESG Initiatives as a Firm

As an asset manager engaged in ESG initiatives directed at investee companies, we also believe in the importance of implementing our own ESG activities as a firm.

4.1 Environmental

We are committed to contributing to the sustainability of the environment by reducing our greenhouse gas emissions, creating environmentally friendly workplaces and implementing employee-led environmental initiatives. Considering our status as an asset manager that has agreed to the Task Force on Climate-related Financial Disclosures ("TCFD"), we also understand the importance of promoting awareness of climate change and other such environmental issues in our investment and business activities.

Our Group Carbon Footprint	2019 (base year)	2020	2021	2022	2023	2024	Compared to the base year (2019)
Total Tonnes CO2 Emissions	5,477.4	2,067.3	1,185.5	1,723.2	2,170.1	2,795.6	-49.0%
Tonnes of CO2 / Employee	5.9	2.4	1.3	1.8	2.2	2.8	-52.5%

*2022 data: full time employees and permanent employees of our Group (As of 31 Dec 2024) (Note) Includes direct / indirect emissions in Scopes 1&2 (fuel combustion and consumption of purchased electricity), and certain indirect emissions in

Scope 3 (transmission & distribution of energy and business travel not included in Scopes 1&2), as defined by the Greenhouse Gas Protocol.

Our Environmental Policy(https://americas.nikkoam.com/environment-policy?highlight=WyJlbnZpcm9ubWVudGFsIl0=), which we renewed in 2021, shows our environmental approach in its business operations with expanded content and coverage that extends beyond the areas that currently attract the most attention. We regard our establishment of a group-wide target for reducing greenhouse gas emissions (including at overseas offices) as a particularly important effort in this area. Specifically, we are aiming to reduce our firm-wide greenhouse gas emissions per employee by 40% from the 2019 figure by 2030 (see Note).

The target is based on a measurement of our greenhouse gas emissions coupled with a voluntarily credit offsetting process that we established ourselves.

For several years, we have been aggregating data on our energy usage and business travel, and having external consultants convert the figures into equivalent greenhouse gas emission figures. These actions demonstrate our ongoing commitment to contributing to environmental sustainability through efforts including the creation of environmentally friendly workplaces, the implementation of employee-led environmental initiatives, and reductions in greenhouse gas emissions. For office electricity, we purchase green energy contracts or their equivalent where available. We have also implemented a process to visualize the impact business travel has on our carbon footprint by requiring international flights for business trips to be included in the carbon footprint.

We offset our calculated greenhouse gas emission figures by purchasing carbon credits through a certified project. Our plan is to develop this initiative further by working to minimise our carbon footprint (i.e., its greenhouse gas emissions) and only offsetting emissions for which a reduction is not possible.

We will continue to be focused on the two areas that account for most of our carbon footprint: emissions from energy usage in our office buildings and from business travel.

In order to deepen our employees' understanding of environmental issues, we have been operating our Environmental Working Group, in which employees can voluntarily participate, since 2019. We strive to educate our employees by holding online events for all employees with external experts on topics of interest based on the group's discussions, and by planning volunteer activities in which employees can participate.

Note: Includes direct / indirect emissions in Scopes 1 and 2 (fuel combustion and consumption of purchased electricity), and certain indirect emissions in Scope 3 (transmission and distribution of energy and business travel not included in Scopes 1 and 2), as defined by the Greenhouse Gas Protocol.
Past performance is not indicative of future results.

4.2 Social

We strive to enhance social causes, both within the company by supporting a diverse and inclusive environment, and outside of the company through hands-on initiatives and charitable donations.

4.2a Establishment of Global D&I Policy

We established our Global D&I Policy in 2021 in order to nourish a culture of diversity and inclusion among employees and underscore our commitment to maintaining that culture. The policy expresses our commitment to strengthening our organization by developing a sound work environment in which all employees can contribute based on their differences. In addition to ensuring that our corporate culture promotes respect for diversity, we will continue to contribute to the furthering of social causes through other efforts including external charitable activities and donations. We are involved in addressing societal issues from a range of perspectives as part of our efforts to increase our employees awareness of diversity and inclusion, from acting as a venue for transformation to taking the lead in initiatives.

4.2b Increase in ratio of female managers

We recently stepped up our efforts to enable women to thrive by setting a new target of raising the ratio of female managers throughout the Group, including overseas offices, to 30% by 2030. Clarifying our target for females in managerial positions is intended to enhance the transparency of disclosures on our progress in this area, further expand our efforts to promote career progression for women, and further improve our employees' diversity awareness.

The ratio of female employees and the ratio of female managers in our company

	Apr-2021	Apr-2022	Apr-20/23	Apr-2024	Apr-2025
Women in total workforce（Global）	37.1%	37.3%	38.7%	40.1%	**40.0%**
Women in total workforce（Japan）	35.1%	35.8%	36.7%	37.9%	**38.5%**
Women in managerial roles（Global）	19.4%	20.1%	22.5%	24.9%	**25.2%**
Women in managerial roles（Japan）	16.9%	17.9%	19.8%	22.1%	**21.4%**

4.2c Activities of Employee Resource Groups

We operate 11 Employee Resource Groups (ERGs) in which employees with common characteristics and values voluntarily come together to engage in activities. The ERGs discuss sustainability issues and launch bottom-up sustainability initiatives. In the field of DEI, ERGs focusing on women, people with disabilities, LGBTQ, racial equality and other themes work in collaboration with company departments including HR and General Affairs with the goal of creating an environment where more employees can thrive. We have appointed at least one member of senior management as an “executive sponsor” for each group to actively engage with them and enhance their visibility.

4.2d Donations and support activities for charitable organizations

We also support organizations and participate in charitable activities that help to address a variety of societal issues. Employees can directly contribute portions of their monthly wages to charitable causes through our Employee Charity Program, in which the company matches their contributions. Given that we have also considered and provided one-off donations for aid and humanitarian assistance following major disasters, our track record of charitable activities is wide ranging and extends beyond Japan.

Please refer to our 2024 Sustainability Report for more information on our environmental and social initiatives.

4.3 Governance

Our role as an asset manager is not only to seek improvements in the governance of investee companies but to continuously ensure that our own governance is at a world-class level. To achieve this, we work on the three governance areas shown below.

4.3a Management governance

Our governance framework is distinctive in the Japanese asset management industry for its extremely high levels of independence and transparency. Specifically, our Board of Directors is chaired by an outside director, and as of April 1st 2025, 8 of its 11 members are outside directors, seven of whom are independent directors with no capital relationship with our company.
In June 2019, we transformed our company into a company with an Audit and Supervisory Board in order to strengthen the auditing and supervision of our Board of Directors, to further enhance our corporate governance framework and to boost our corporate value. The transition has enabled us to incorporate monitoring-board-style governance in our management, to separate management monitoring from business execution more clearly, and to speed up management decision-making.
Furthermore, in August 2021, the Nomination and Corporate Governance Committee, an advisory committee to the Board of Directors, was reorganized as the Nomination Committee to establish a future-oriented and sustainable management structure to realize our vision of placing the highest priority on client interests and strengthening management capabilities as a global asset management company. Specifically, the committee is led by an independent outside director, and the committee has established a system to carefully discuss management personnel who will lead the Company from various perspectives. We continue to discuss the corporate governance functions at the Board of Directors meetings.
*Independent Directors and Independent Corporate Auditors refer to the independence criteria in “Securing Independent Directors and Independent Corporate Auditors” disclosed by the Tokyo Stock Exchange.

4.3b Voting rights governance

We established the Stewardship and Voting Rights Policy Oversight Committee in June 2016 as a way of improving transparency in our stewardship activities such as engaging with firms and exercising voting rights as well as strengthening our governance. Drawing the majority of its members from outside the company, the committee is the first such third-party body to be established at a Japanese asset management company. It holds meetings once a quarter in principle and provides a venue for outside committee members to have lively discussions on how we exercises its voting rights.

The main topics discussed by the Stewardship and Voting Rights Policy Oversight Committee are as below.

Main topics discussed
Revisions to proxy voting standards
Summary of FY2023 stewardship activities
Creation and release of our stewardship activities self-assessments
Report on proxy voting results
Measurement of engagement impact
Japanese fixed income management stewardship activity results

4.3c Fund governance

See 5. Product governance initiatives for the details.

4.4 Appropriate frameworks for motivating employees

Principle 7
Principle 7 (Note)

We have established six values (Stability, Diversity, Focus, Innovation, Teamwork, and Communication) as key indicators that clearly express who we are, what we achieve, and how we work. They unite all employees including those working globally.

An asset manager's most important role is to deliver optimal performances and solutions to customers over the long term. We work to do so by conducting assessments of those in leadership positions and providing various training programmes to help employees in all positions at all levels to deliver results through conduct that is underpinned by our values. We also work to strengthen these efforts by confirming employee engagement levels every two years.

Since FY2021 we have enhanced our employee evaluation process by adding efforts to pursue best practice and make improvements (in addition to simple compliance with laws, regulations and internal rules, considerations of whether employees have acted appropriately in the interests of clients and stakeholders and have consistently worked to make improvements) as an assessment criterion for all employees. We have also introduced a mechanism by which employees' final evaluations are deemed not to meet the required standard if they are found to have any compliance areas that need to be improved, regardless of other evaluation items.

Furthermore, as investment management teams are positioned as professionals, fund managers and analysts have their own unique career paths. We also employ an evaluation and compensation framework that emphasises medium- and long-term investment management performance. In addition, a global retention framework has been introduced for main portfolio managers.

We are committed to developing the environment needed to ensure that our employees continue to conduct customer-oriented business operations with a highly professional mindset through the introduction of these kinds of motivational frameworks.

5. Product governance initiatives

5.1 Product governance policy
5.2 Product governance framework
5.3 Product governance committee
5.4 Handling upon creation
5.5 Post-creation handling
5.6 Information disclosure by investment professionals
5.7 Provision of solutions to investors by offering diverse products
5.8 Strengthening of product development capabilities

5 Product governance initiatives

We strive to implement customer-oriented business operations in line with the Supplementary Principles for Financial Product Governance announced by the Financial Services Agency by establishing and operating effective frameworks at each of the product creation, provision and administration stages.

When creating financial products, we work to accurately ascertain clients' true needs and their asset building expectations and carefully consider the reasonability and sustainability of products. We also share the necessary information on the attributes of the clients for whom the product is intended by properly identifying them and coordinating with all parties involved in sales activities.

After a product has been put on sale, we work to maintain and improve its quality through ongoing monitoring that takes into account factors including the attributes of the clients that actually invest in the product, how well the product is selling, and its investment performance. We believe that these efforts to manage product quality and strengthen governance throughout the lifecycle help us to ensure accountability towards clients, product suitability and better effectiveness.

We also emphasise the need to clearly convey information on our investment management and governance capabilities to clients and work to provide the proper information through collaboration with distributors.

We continue to be committed to enhancing product governance centred on maximising the interests of clients by pushing further forward with integrated efforts by the product creation and sales sides.

5.1 Product governance policy

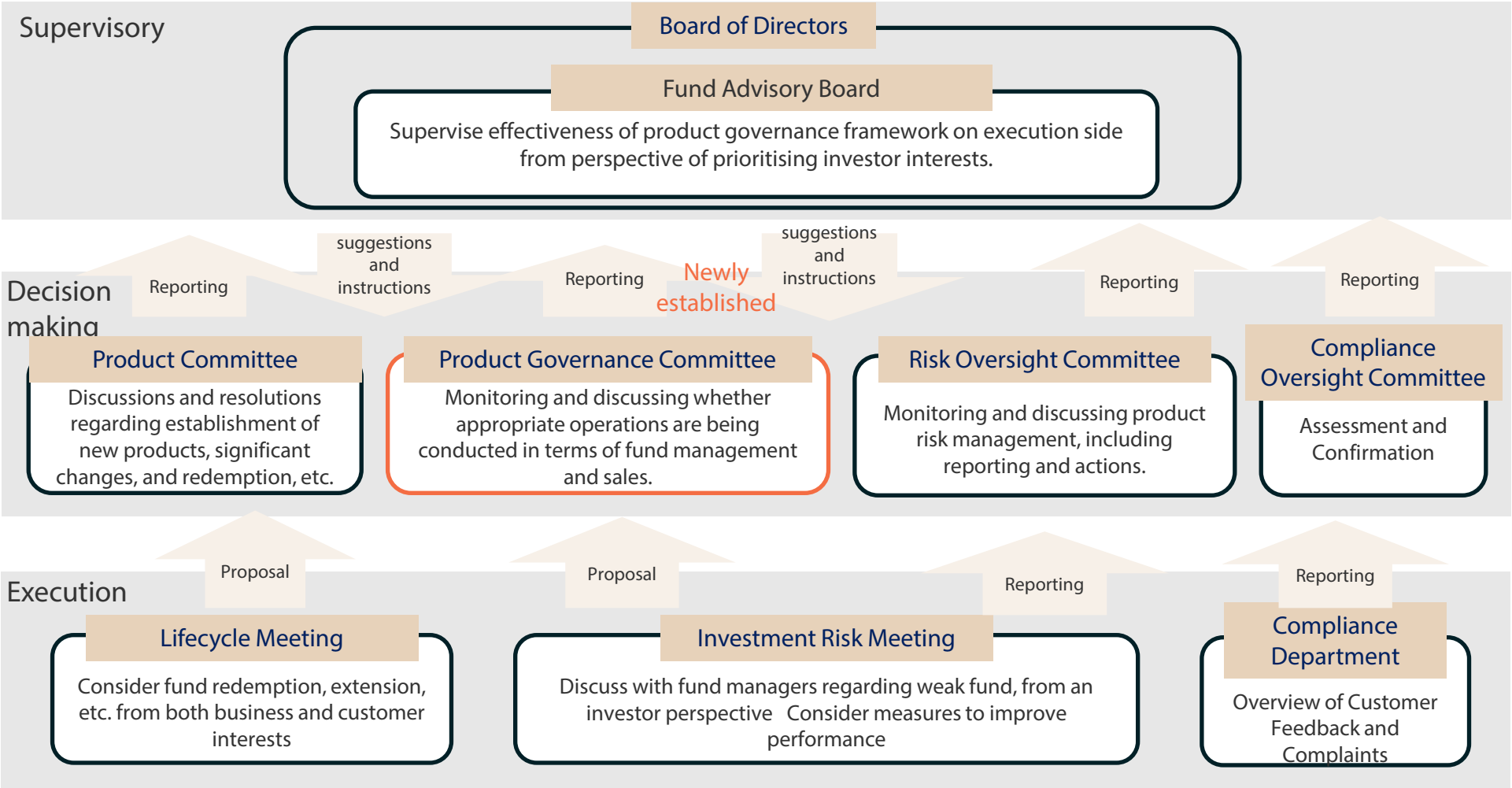
Supplemental principle 1

Policy	Title	Content
1	**Basic policy**	• We prioritise ensuring the best interests of our customers and establish and maintain transparent product governance. We develop and manage products in response to changes in the market environment and customer needs, with the aim of providing products that contribute to long-term asset formation.
2	**Product governance framework**	• We establish Product Governance Committee to ensure appropriate management of products after they have been developed, with a view to realising customer-oriented business operations. • We ensure that the risk function, which is the administration function, conducts discussions focused on governance from an independent perspective.
3	**Product development/provision**	• Based on information provided by distributors and customer feedback, we design and offer products that meet diverse customer needs, taking into account changes in the investment environment and market characteristics. • We design products that pursue the optimal balance for our customers in terms of cost, taking into full consideration their investment objectives and risk characteristics. • We design products with an emphasis on long-term sustainability and contributing to our customers' asset formation.
4	**Product investment/management**	• We regularly evaluate investment performance and verify whether we are delivering results that meet customer expectations, taking into account the level of fee received. • We continuously monitor whether products are being managed appropriately in light of changes in market conditions and economic trends. • From a risk management perspective, we will utilise data analysis to ensure the soundness of investment and establish a framework to implement improvement measures as necessary.
5	**Information disclosure**	• We provide accurate and concise information on fund performance, risks, and fees. • We actively provide detailed explanations regarding investment strategies and changes in market conditions to enable customers to make appropriate investment decisions, and strive to ensure transparency. • We provide important information in a timely and easy-to-understand format to support the improvement of financial literacy.

Policy	Title	Content
6	**Cooperation with distributors**	• We monitor sales through distributors and strive to ensure that appropriate products are supplied. • In monitoring, we endeavour to obtain useful information for providing better products by utilising not only information on customer attributes but also information on complaints from customers and sales.
7	**Cooperation with external subadvisors**	• We ensure the appropriateness of operations by coordinating appropriately with subadvisors and confirming and verifying the appropriateness of their investment. • We strictly manage conflicts of interest when entrusting the management of assets to investees with whom we have strategic alliances.
8	**Continuous improvement**	• We regularly review our product governance policies and their implementation, and take appropriate measures in response to changes in the market environment and regulations. We also strengthen our internal management systems and aim to build a more advanced product governance system.

5.2 Product governance framework

Supplemental principle 2
Supplemental principle 2 (Note 1-2)



5.3 Product Governance Committee

Supplemental principle 2
Supplemental principle 2
(Note 1-2)

We consider how to provide appropriate long-term investment management of the products we create and manage, as well as to deliver the value expected by our customers.
From a client suitability perspective, we also closely check for discrepancies between the client types we envisage for a product and the actual sales situation.
These examinations are intended to ensure ongoing improvements in product governance through data-based discussions and analyses by the relevant departments and, where necessary, the formulation and approval of improvement measures.
Our efforts in this area underpin governance from an independent standpoint and are led by our functions responsible for risk management. In addition to managers from related departments, the committee counts management meeting members among its participants. It provides us with a framework for speedy and appropriate management decision-making through the direct sharing of issues and challenges regarding fund operations with upper management.

5.4 Handling upon creation

Principle 6 (Note 3-4)

Supplemental principle 3
Supplemental principle 3 (Note 1-3)

When a financial product is created, Product Committee ensures that the proper amount of time is devoted to examining whether a product truly meets client needs and periodically checks the reasonableness of risk/return levels and costs. This provides a framework for working to ensure that the product is sustainable and offers adequate value. For all of our funds, we also clearly identify the client types to be targeted in view of the product's characteristics and risk levels, and provide that information to distributors. These efforts help to improve the quality of client handling on the sales side and to ensure effectiveness in meeting the principle of suitability. Furthermore, we proactively participate in discussions related to current industry-wide studies regarding the range and nature of the information-sharing that should be in place with distributors, as well as the methods that should be used for it. The studies are being led by Japan's Investment Trusts Association. These efforts demonstrate our ongoing commitment to strengthening product governance through integrated efforts on both the product development and sales sides.

5.5 Post-creation handling

Supplemental principle 4
Supplemental principle 4
(Note 1-3)

At present, Japan's Investment Trusts Association is at the centre of work to develop a scheme for sharing information with distributors. Looking ahead, we intend to analyse the data provided to our company and provide information based on the analysis results to distributors as feedback.

This will enable us to deepen our understanding of factors such as actual sales situations and the attributes of the client types expected to purchase the product, and to engage in constructive discussions on future sales strategies and product delivery methods through integrated efforts on both the product creation and sales sides.

We also plan to use the analysis results we obtain to review or improve existing products and develop new products. This will help us to ensure that products are in line with client needs and provide more understandable explanations of product details.

5.6 Information disclosure by investment professionals

Supplemental principle 5
Supplemental principle 5
(Note 1-2)

We work to provide extensive information on its investment management capabilities to ensure that clients are able to select more suitable financial products. We currently disclose the names of the portfolio managers for some funds and, for all funds, we continue to disclose information on the timing at which portfolio managers joined our company as well as their years of experience. We believe that this enables us to enhance transparency regarding our investment management capabilities and provide information to support clients' investment decisions. Going forward, we will conduct examinations in order to provide disclosures, in stages, of information including the overall capabilities of our investment teams, our investment management approach (investment management philosophy), and team composition. We will work to ensure that these initiatives further enhance product governance and help to realise the best interests of clients.

揺るぎない投資哲学—Future Quality

当社は2014年にスコットランド・エジンバラのある運用会社で世界株運用をしていたベテランのチームを、当社の世界株の旗艦戦略の運用担当者として採用。以来、日本の投資家だけでなく世界中の投資家に「世界標準クオリティ」の運用戦略として広く紹介してきました。

特徴は「顧客の損失こそが真のリスク」と考えるエジンバラ伝統の保守的な運用スタンスをベースにした成長株投資です。短期的な流行に乗って無理なリスクを取りに行かないそのスタイルは、ナポレオン戦争で生じた多数の未亡人を助けようという助け合いから運用会社が生まれたという、エジンバラ伝統のDNAともいえます。

当ファンドはその「エジンバラスタイル」を貫き、以下4つの柱とESGの厳しい視点から選別する「Future Quality」という投資哲学から、40～60銘柄程度へと徹底的に銘柄を厳選します。

事業 Franchise	経営 Management	財務 Balance Sheet	株価水準 Valuation
事業の今と将来に持続的な競争優位性があるか	資本政策を含む経営判断の能力がある経営陣か	健全な成長を担保する財務基盤の堅固さがあるか	高クオリティを台無しにする割高な株価でないか

大前提としてのESG視点

Fund information
販売用資料

ファンドマネージャーからのメッセージ

この度、ミュータントの運用を担当することになりました、ファンドマネージャーの荒木と申します。2001年に新卒で運用業界に身を投じて以降、ほぼ一貫して日本株式の運用業務に従事して参りました。

私の銘柄選択や運用の特徴は以下の3点です。

- ファンダメンタルズと株価バリュエーションに基づいた銘柄の選択
- 内需株や外需株、大型株や中小型株、また、業種などを問わず、バランス良くリターンの獲得を目指す
- アナリストと連携してボトムアップとトップダウンの両アプローチを併用し、より効果的な投資行動を志向する

これまで培ってきたファンドマネージャーとしてのこれらの特徴と、ミュータント・カンパニーへの厳選投資という当ファンドの特性を組み合わせることで、中長期的な信託財産の成長を目指して参ります。

「ポートフォリオの状況と今後の運用方針」

当ファンドの運用を担当して以降、小型株のウェイトを引き下げ、中長期的に業績拡大や株主還元の拡充が見込まれる、ポートフォリオのコアとなる銘柄群への入れ替えを進めております。具体的には、息の長い業績拡大が見込まれる電力設備投資や防衛関連銘柄、株主還元の拡充が見込まれる銀行株や保険株、さらに、生成AI関連や半導体関連銘柄、アニメやゲームなどのIP関連銘柄などへの入れ替えを進めております。

トランプ米大統領が打ち出した相互関税の影響により、不安定な市場環境が続いています。しかし、足元では各国との関税交渉が始まっており、一部では関税率引き下げの可能性も言及されるなど、相互関税の現実的な在り方が見えてくるにつれ、株式市場も徐々に落ち着きを取り戻すものと考えています。

投資銘柄について、関税の影響を過度に悲観して輸出関連銘柄を避け内需関連銘柄へのシフトを進めるというより、内需関連銘柄についても海外に事業機会を求めて成長を志向する企業などに注目していきます。

ファンドマネージャー　荒木 和行

●上記の見解は資料作成時点のものであり、将来の市場動向や運用成果等を保証するものではありません。また、見解は変更されることがあります。

nikko am
Nikko Asset Management

■掲載されている見解は、当資料作成時点のものであり、将来の市場動向の変動や運用成果などを保証するものではありません。
【本資料の「お申込みに際しての留意事項」を必ずご覧ください。】

2/6

5.7 Provision of solutions to investors by offering diverse products

We offer investment management products in a timely manner to meet the ever-diversifying needs of investors. In addition, we work ensure that our products are of a high quality by using in-house investment management in fields in which we deem the our Group to be competitive and, on the other hand, selecting external asset managers with proven track records to manage products specialised in fields such as overseas markets in which we have no investment management base. In recent years, we have also started to offer previously unavailable investment strategies by actively pursuing capital and business tie-ups with external asset managers. In partnership with ARK Investment Management, we develop and provide investment solutions focused on cutting-edge technology and innovation. We also work with Osmosis Investment Management to offer sustainable investment products and with Tikehau Capital in the field of private asset investment. These initiatives enable us to provide unique products that differentiate us from competing asset managers.

5.8 Strengthening of product development capabilities

A key example of our work to develop new products by actively using the Group's investment management capabilities is the Tracers series, for which we emphasise fund designs that anticipate investor needs and manage (trace) funds in line with predetermined rules as a series of low-cost, no-load funds exclusively over the internet.

6. In conclusion

6 In conclusion

Throughout the many changes we have experienced—including changes in the business environment, technological innovations, and growth in financial products—we have consistently striven to act in the best interests of our customers. We strongly believe that continuing to do so is our mission as a firm.

We have developed an ever keener awareness of the importance of adapting to different environments by continuing to give clients ways of building their assets as well as enabling them to continue investing for their long-term goals, regardless of short-term turmoil in the market.

We will continue to ensure that we earn the trust of customers and attracts praise for its performance by fostering investment management innovation, developing products that fully serve the interests of customers, and strengthening our corporate governance.