

## **[Disclaimer]**

1. This document is an English translation of the Japanese language Prospectus Issued upon Request (hereinafter referred to as the “Prospectus”) of the NEXT FUNDS Nikkei 225 Exchange Traded Fund (hereinafter referred to as the “Fund”).  
This document is based on the Prospectus of the Fund as of September 29, 2023, except as otherwise indicated herein. There is no guarantee that this document is or will be updated or modified even if an update or modification to the corresponding Japanese language Prospectus occurs.
2. This English translation is not required by law or any regulation.
3. This document is offered for information purposes only and does not constitute a recommendation, offer, or solicitation to buy or sell any securities, or to adopt any investment strategy.
4. This English translation is not an official translation. In the event of any inconsistencies between this English translation and the official Japanese original of the Prospectus, the Japanese version shall prevail.
5. The accuracy, reliability and timeliness of this translation are not guaranteed. Should any error in translation of this document occur, neither Nomura Asset Management Co., Ltd., nor its translator, will be liable for the error.
6. The Fund is not registered with any applicable administrative organization other than those applicable to Japan. The Fund is not listed on any exchanges other than those in Japan.
7. A Japanese securities registration statement for the Fund, which is required by Japanese law, is filed with the proper Japanese authorities. The statement should be referred to for the detailed information of the Fund.
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10. The Net Asset Value of the Fund is subject to fluctuations in the prices of the securities in which the Fund invests. All profits and losses arising from fund management are borne by the investors. Principal invested in the Fund by investors is therefore not guaranteed. Investors may incur a loss and the value of their investment principal may fall below par as the result of a decline in the Net Asset Value. The investment trust differs from a savings deposit.
11. Trading should be conducted on the investor's own judgment and responsibility. Please fully read the Japanese language delivery prospectus, prospectus issued upon request and other documents distributed before concluding a contract with a financial instruments business operator, etc. with sufficient understanding of the product's attributes, trading mechanism, existence of risk, and sales commissions.

# NEXT FUNDS

# Nikkei 225 Exchange Traded Fund

(Nickname) NF Nikkei 225 ETF

Open-ended Domestic Stocks ETF Index Type

## 【Explanatory Booklet on the Investment Trust (Prospectus)】

(September 29, 2023)

In connection with public offering for subscription to the NEXT FUNDS Nikkei 225 Exchange Traded Fund, which is made by way of this prospectus, Nomura Asset Management Co., Ltd. (the Management Company), the Issuer of beneficiary certificates of the Fund, filed a securities registration statement with the Director of the Kanto Local Finance Bureau on September 28, 2023, pursuant to the provisions of Article 5 of the Financial Instruments and Exchange Act (Act No.25 of 1948). The filing took effect on September 29, 2023.

This prospectus is prepared to be published to the investors upon request pursuant to the provisions of Article 13 of the Financial Instruments and Exchange Act.

【Issuer Name】	: Nomura Asset Management Co., Ltd.
【Title and Name of the Representative】	: Hiroyasu Koike, CEO and Representative Director
【Address of Registered Headquarters】	: 2-1 Toyosu 2-chome, Koto-ku, Tokyo, Japan
【Place for Public Inspection】	: Tokyo Stock Exchange Group, Inc. 2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

**Nomura Asset Management**

## Table of Contents

Table of Contents .....	3
PART I 【Security Information】 .....	4
(1) 【Fund Name】 .....	4
(2) 【Legal Form, etc. of Domestic Investment Trust Beneficiary Certificates】 .....	4
(3) 【Total Amount of Issue(Offering)】 .....	4
(4) 【Issue (Offering) Price】 .....	4
(5) 【Application Fee】 .....	5
(6) 【Application Unit】 .....	5
(7) 【Application Period】 .....	5
(8) 【Place for Application】 .....	5
(9) 【Due Date of Payment】 .....	5
(10) 【Place for Payment】 .....	6
(11) 【Central Securities Depository】 .....	6
(12) 【Other Information】 .....	6
PART II 【Fund Information】 .....	7
I. 【Overview of Fund】 .....	7
1 【Features of Fund】 .....	7
2 【Investment Policy】 .....	14
3 【Investment Risks】 .....	21
4 【Fees, Charges, and Taxes】 .....	27
5 【Status of Investment Management】 .....	31
II. 【Administration and Operation】 .....	39
1 【Procedures, etc. for Application and Distribution】 .....	39
2 【Redemption Procedures, etc.】 .....	41
3 【Overview of Asset Management, etc.】 .....	45
4 【Rights, etc., of Beneficiaries】 .....	50
III. 【Financial Information of Fund】 .....	54
1 【Financial Statements】 .....	57
2 【Current Status of Fund】 .....	73
IV. 【Overview of Operational Procedures related to Domestic Investment Trust Beneficiary Certificates】 .....	74
PART III 【Information about Investment Trust Management Company, etc.】 .....	76
I. 【Overview of Investment Trust Management Company, etc.】 .....	76
1 【Overview of Investment Trust Management Company, etc.】 .....	76
3 【Financial Information of Investment Trust Management Company, etc.】 .....	78
4 【Restrictions on Transactions with Interested Parties】 .....	117
5 【Other】 .....	117
Basic Terms and Conditions .....	118

## PART I 【Security Information】

### (1) 【Fund Name】

NEXT FUNDS Nikkei 225 Exchange Traded Fund

(hereinafter referred to as the “Fund”)

“Nikkei 225 Exchange Traded Fund”, “Nikkei 225 Fund” or “Nikkei 225 ETF” (hereinafter referred to as the “Alias” collectively) may also be used for the name of the Fund. The nickname of the Fund is “NF Nikkei 225 ETF”.

### (2) 【Legal Form, etc. of Domestic Investment Trust Beneficiary Certificates】

Open-ended Securities Investment Trust: Beneficial Interests in shares (hereinafter referred to as the “Beneficial Interests in shares”)

Initial principal is 12,307 Yen per share.

#### ■Credit Rating■

No credit rating has been assigned or made available by a credit rating company. And no credit rating is or will be assigned or made available by a credit rating company.

All Beneficial Interests in shares of this Fund are governed by the Act on Book-Entry of Corporate Bonds, etc. (if it becomes the “Act on Book-Entry of Corporate Bonds, Shares, etc.” after the date specified by the cabinet order, it is read as the “Act on Book-Entry of Corporate Bonds, Shares, etc.” including “the Act on Book-Entry of Corporate Bonds, Shares, etc.” hereinafter referred to as the “Book-Entry Act;” the same applies hereinafter). The attribution of the Beneficial Interests in shares shall be determined based on the statement or recording made on the book-entry transfer account register of the Central Securities Depository set forth under “(11) Central Securities Depository” below and that of a subordinate account management institution of the aforesaid Central Securities Depository (the “Account Management Institution” provided in Article 2 of the Book-Entry Act; including Central Securities Depository, hereinafter referred to as “Central Securities Depository”). The Beneficial Interests in shares determined based on a statement or recording made on the transfer account register are hereinafter referred to as “Transfer Beneficial Interests in shares.” Nomura Asset Management Co., Ltd., as the Management Company of the Fund, does not issue the beneficiary certificates that represent Transfer Beneficial Interests in shares, except in the event of unavoidable circumstances. Furthermore, neither a bearer form nor a registered form is recognized as Transfer Beneficial Interests in shares.

### (3) 【Total Amount of Issue(Offering)】

Up to 20 Trillion Yen

### (4) 【Issue (Offering) Price】

The price is the Net Asset Value\* as of the acceptance day of creation application.

Please note that creation application completed, that are also accompanied by the completion of all related procedures designated by the respective distributing company, by 3 p.m. of the acceptance day of creation application shall be deemed to be accepted on this day. Provided that, when the creation applicant is an issuing company, etc. of component stocks in the Nikkei 225, the time limit is 2 p.m.

※ “Net Asset Value (hereinafter referred to as the “NAV”)” is the amount derived by dividing total net asset value by the total number of Beneficial Interests in shares as of the designated date. The NAV of the Fund is indicated per 10 shares.

If you have any questions on the NAV of the Fund, please contact the Management Company at the following:

**Nomura Asset Management Co., Ltd.**  
**Support Dial: 0120-753104 (toll-free) (in Japan only)**  
**(9 a.m. - 5 p.m. on business days (Japan Standard Time))**  
**Website: <http://www.nomura-am.co.jp/>**

#### (5) 【Application Fee】

The application fee is an amount<sup>※</sup> determined independently by the respective distributing company.

※Please contact the distributing company for further information.

#### (6) 【Application Unit】

1 UNIT<sup>※</sup> or more, available in multiple, indivisible units of 1 UNIT.

※A “UNIT” is comprised of the number of Beneficial Interests in shares that, when combined together in a UNIT, correspond to 1 unit of the stock portfolio which the Management Company deems will correlate to the Nikkei 225.

The Management Company determines the details (i.e., names and numbers of the stocks that compose a UNIT) of the actual stocks in the portfolio that correspond to 1 UNIT (hereinafter referred to as the “Designated Stock Portfolio”) as of the acceptance day of creation application and present such details to the distributing company no later than two business days prior to this day.

1 UNIT is comprised of integer multiples of 10 shares of Beneficial Interests in shares, which are to be specified by the Management Company on the acceptance day of creation application.

#### (7) 【Application Period】

The application period is from September 29, 2023 to September 25, 2024.

\*The application period may be renewed by filing another securities registration statement prior to the expiration date shown above.

#### (8) 【Place for Application】

If you have any questions regarding a place of application (hereinafter referred to as the “Distributing Company”), please contact the Management Company at the following:

**Nomura Asset Management Co., Ltd.**  
**Support Dial: 0120-753104 (toll-free) (in Japan only)**  
**(9 a.m. - 5 p.m. on business days (Japan Standard Time))**  
**Website: <http://www.nomura-am.co.jp/>**

#### (9) 【Due Date of Payment】

An investor shall deposit the Designated Stock Portfolio to the safe custody of the Distributing Company no later than two business days from the acceptance day of creation application.<sup>(※)</sup> In the event the market value of the Designated Stock Portfolio falls below the fair market value of the UNIT subscribed to within the application (i.e., the fair market value

thereof shall be derived by multiplying the number of Beneficial Interests in shares corresponding to the UNITS subscribed to within the application by the amount of NAV per UNIT, as of the acceptance day of creation application. The same shall apply hereinafter.), the investor shall pay the amount equivalent to such difference to the Distributing Company within a period of two business days from the acceptance day of creation application. In addition to the above, an investor shall pay the application fee and consumption tax, etc. thereon to the Distributing Company within a period of two business days from the acceptance day of creation application.

\* The Distributing Company may specify the details separately. Please contact the Distributing Company for further details.

The shares, etc., corresponding to the aggregate issuing prices of the UNITS subscribed to within the application, as of each acceptance day of creation application, will be deposited by each Distributing Company into the Fund's account, which is designated by the Trustee, on the day the additional trust is made (Monies, if included, will be deposited by the Distributing Company into the Fund's account, designated by the Trustee, through an account designated by the Management Company, on the day the additional trust is made.) .

(※) In the event an investor is an issuing company of a component stock within the Designated Stock Portfolio, or one of its subsidiaries (meaning a subsidiary defined in Article 2, Item 3 of the Companies Act. The issuing company or its subsidiary is hereinafter referred to as the "Issuing Company, etc."), in principle, the investor shall pay to the Distributing Company in cash (instead of depositing the issuing company's stock) the amount equivalent to the aggregate market value of the issuing company's stock in the Designated Stock Portfolio, as well as, an amount equivalent to the expense required for the acquisition of the issuing company's stock for the trust property (i.e., an amount equivalent to 0.15% of the aggregate market value of such stock), within a period of two business days from the acceptance day of creation application.

#### (10) 【Place for Payment】

An investor shall (i) deposit the Designated Stock Portfolio to the safe custody of the Distributing Company and (ii) pay the amount described in paragraph (9) above regarding the application fee and consumption tax, etc. thereon to the Distributing Company by the payment due date as stipulated in paragraph (9) above. If you have any questions regarding a place of payment, please contact the Management Company at the following:

**Nomura Asset Management Co., Ltd.**  
**Support Dial: 0120-753104 (toll-free) (in Japan only)**  
**9 a.m. - 5 p.m. on business days (Japan Standard Time))**  
**Website: <http://www.nomura-am.co.jp/>**

#### (11) 【Central Securities Depository】

The Central Securities Depository for the Beneficial Interests in shares of the Fund is as follows:

The Japan Securities Depository Center, Inc.

#### (12) 【Other Information】

Not Applicable

## PART II 【Fund Information】

### I. 【Overview of Fund】

#### 1 【Features of Fund】

##### (1) 【Purposes and Basic Features of the Fund】

The Fund aims at investment performance tracked to the Nikkei 225 (Benchmark Index).

The Fund is investing only in stocks that are included, or are due to be included, in the Nikkei 225. The goal of the Fund is to be managed so that the proportion of the number of shares of the individual stocks in the trust assets is held in a proportion that corresponds to the proportion of the number of shares of each individual stock in the Nikkei 225, and the Fund aims at an investment performance tracked to the Nikkei 225.

##### ■Maximum Amount of Trust■

The maximum amount of the trust is the amount equivalent to 10 Trillion Yen; provided, however, the Management Company may, by mutual agreement with the Trustee, alter the maximum amount stipulated above.

This Fund is classified as a contractual open-ended stock investment trust; however, this Fund is designed with the following characteristics that are different from a typical investment trust:

##### ① Beneficial Interests in shares of this Fund are listed in a financial instruments exchange

Beneficial Interests in shares of this Fund are listed in the following financial instruments exchange and are tradable at market value in the following financial instruments exchange, in the same manner as other stocks listed within the financial instruments exchange.

Tokyo Stock Exchange

Trading unit of the Beneficial Interests in shares of this Fund is 1 UNIT or more, available in multiple, indivisible units of 1 UNIT.

The method of trading is generally the same as that for listed stocks. Please contact a Type I Financial Instruments Business Operator for details such as trading fees, etc.

##### ② This Fund is Created by Means of Placing the Stock into a Trust

In principle, the Fund is created by means of placing the stock into a trust.<sup>(※)</sup>

The Management Company designates in advance the stock portfolio required for additional creation of Beneficial Interests in shares (this stock portfolio shall be hereafter referred to as the “Designated Stock Portfolio”) to the investor who applies for additional creation of Beneficial Interests in shares of this Fund.

An investor acquires the Beneficial Interests in shares in the form of the Designated Stock Portfolio.

In the event the market value of the Designated Stock Portfolio falls below the fair market value of the corresponding Beneficial Interests in shares that an investor acquires, the investor shall pay the amount equivalent to such difference to the Distributing Company.

(※) The Fund is created by means of placing in trust the securities designated by the Management Company, which shall satisfy all of the following requirements (such stock is hereinafter referred to as the “Trust Eligible Securities”):

- 1 In principle, stocks that are included or are due to be included in the Nikkei 225;
- 2 In principle, the proportion of stocks must meet the basic investment policy of the Management Company; and
- 3 Securities that are described in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations.

③ Beneficial Interests in shares are able to redeem with Stocks

A beneficiary who holds more than a specified number of Beneficial Interests in shares may redeem their Beneficial Interests in shares with a specified amount of the actual stock portfolio existing within the trust properties, which corresponds to such Beneficial Interests in shares (the name and number of stocks that compose such stock portfolio shall be designated by the Management Company, based upon the component proportion of the individual stocks in the trust properties as of the redemption. Such stock portfolio is hereinafter referred to as the “Redemption Basket”).

This aims to encourage the fair-price formation in the financial instruments exchange when there is a difference between the NAV of the Beneficial Interests in shares of the Fund and the market value of the stocks composing the Redeemed Basket at the financial instruments exchange, by converging such difference through a reasonable intervening resolution.



This Fund is classified as follows, in accordance with the Guidelines for Product Classification (*Shohin Bunrui ni kannsuru Shishin*) created by the Investment Trusts Association, Japan:

shade

(NEXT FUNDS Nikkei 225 Exchange Traded Fund)

## 《Product Classification》

Unit Type/ Open-ended Type	Eligible Market	Eligible Investments (Source of Income)	Independent Segment	Supplementary Classification
Unit Type	Domestic	Stocks	MMF	Index Type
	Overseas	Bonds		
		REITs	MRF	
Open-ended Type	Domestic and Overseas	Other Assets ( )	ETF	Special Type
		Multiple Assets		

### 《Segmentation by Attributes》

Eligible Investments	Timing of Accounting Period	Geographical Areas of Investment	Index Followed
Stocks	1 time yearly	Global	
General			
Large-cap	2 times yearly		
Small/Mid-cap	4 times yearly	Japan	Nikkei 225
Bonds		North America	
General	6 times yearly		
Public Bonds	(bimonthly)	Europe	
Corporate Bonds		Asia	TOPIX
Other Debentures	12 times yearly		
Credit Attributes	(monthly)	Oceania	
( )	Daily	Central and South America	
REITs	Others		Others
	( )	Africa	( )
Other Assets			
( )		Middle and Near East	
		(Middle East)	
Multiple Assets			
( )		Emerging	
Fixed Asset Allocation			
Type			
Flexible Assets			
Allocation Type			

Please refer to the following information for the definitions of product classification and segmentation by attributes mentioned above.

Please also refer to the website of the Investment Trusts Association, Japan for definitions of product classification and segmentation by attributes mentioned above.

《The Investment Trusts Association, Japan Website》 <http://www.toushin.or.jp/>

◆ The following are the definitions of product classification and segmentation by attributes listed in the Guidelines for Product Classification (*Shohin Bunrui ni kannsuru Shishin*) established by the Investment Trusts Association, Japan (as of January 19, 2023)

#### < Definitions of Product Classification >

##### [ Classification of Unit Type Investment Trust and Open-ended Investment Trust ]

- (1) Unit Type Investment Trust: A fund in which the money initially raised is placed in a trust as one unit and no additional units are issued afterwards.
- (2) Open-ended Investment Trust: A fund that issues additional units subsequent to its inception. Such additional units are invested together with the existing trust property that was deposited within the trust at an earlier point in time.

##### [ Classification According to the Eligible Market ]

- (1) Domestic: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from domestic assets.
- (2) Overseas: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from overseas assets.
- (3) Domestic and Overseas: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from both domestic and overseas assets.

##### [ Classification According to the Eligible Investments ]

- (1) Stocks: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from stocks.
- (2) Bonds: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from bonds.
- (3) Real Estate Investment Trusts (REITs): A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from beneficiary certificates of real estate investment trusts and investment securities from real estate investment corporations.
- (4) Other Assets: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from assets other than those stated within (1) through (3) above. The prospectus or basic terms and conditions of the investment trust may note the names of the specific assets that comprise the majority of the fund's investment income along with its Other Assets.
- (5) Multiple Assets: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the fund's investment income from its incorporated property is substantially derived from two or more assets that are listed within (1) through (4) above.

##### [ Independent Segment ]

- (1) MMF (Money Management Fund): A fund classified as the MMF defined under the “Regulations on Operation of MRF and MMF” (hereinafter referred to as the “MRF, etc., Regulations”) (MRF oyobi MMF no Un-ei ni kansun Kisoku).
- (2) MRF (Money Reserve Fund): A fund classified as the MRF defined under the MRF, etc., Regulations.
- (3) ETF: A fund classified as the Securities Investment Trust, as defined in Items 1 and 2 of Article 12 of the Order for Enforcement of the Act on Investment Trust and Investment Corporations (Cabinet Order No. 480 of 2000) and Listed Securities Investment Trust, as defined in Article 9-4-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957).

##### [ Supplementary Classification ]

- (1) Index Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund aims at an investment performance tracked to an index.
- (2) Special Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund is utilizing special investment structures or investment strategies, which is required to bring to the investors' attention the certain risks that may arise from or be associated with such structures or strategies. In the event a fund falls under the definition of the Conditional Management Type, as stated within the sub-classification of the segmentation by attributes listed below, such sub-classification shall be noted in parentheses in the prospectus or the basic terms and conditions

of the investment trust, and in the event that a fund falls under any other items within the sub-classification of the segmentation by attributes listed below, such sub-classification may be noted in parentheses in the prospectus or the basic terms and conditions of the investment trust.

#### < Definition of Segmentation by Attributes >

##### [ Segmentation by Attributes According to the Eligible Investments ]

###### Stocks

- (1) General: A fund of stocks that does not have attributes of Large-cap or Small/Mid-cap as described below.
- (2) Large-cap: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in Large-cap stocks.
- (3) Small/Mid-cap: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in Small/Mid-cap stocks.

###### Bonds

- (1) General: A fund of bonds that does not have attributes of Public Bonds, Corporate Bonds, or Other Debentures as described below.
- (2) Public Bonds: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in government bonds (including local bonds, government guaranteed bonds, government agency securities, and supranational bonds. The same shall apply hereinafter.) issued by the Japanese government or any other country's government.
- (3) Corporate Bonds: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in bonds issued by private companies or corporations.
- (4) Other Debentures: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in any bonds other than public bonds or corporate bonds.
- (5) Credit Attributes: In the event any matter related to the credit status of an issuer of bonds is clearly mentioned, in addition to the segmentation by attributes categorized by the nature of the bonds issuer listed above, in a prospectus or basic terms and conditions of the investment trust of a fund, a description related to the issuer's credit status (e.g., high-grade bonds or low-grade bonds) may be mentioned in addition to the segmentation by attributes listed from (1) through (4) above.

REITs: There are no additional categories.

Other assets: The name of the assets in which a fund invests shall be written in a prospectus or the basic terms and conditions of the investment trust.

Multiple Assets: In the event a fund falls under any of the following sub-classifications, such sub-classification may be written in a prospectus or the basic terms and conditions of the investment trust:

- (1) Fixed Asset Allocations Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund invests in two or more kinds of assets and the allocation ratio for each asset is fixed. In such cases, the type of invested assets shall be written in the prospectus or the basic terms and conditions of the investment trust.
- (2) Flexible Asset Allocation Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund invests in two or more kinds of assets, and (i) it also states the allocation ratio for each asset may change flexibly from time to time or (ii) it does not state the allocation ratio for each asset is fixed. In such cases, the type of invested assets shall be written in the prospectus or investment trust deed. In each case, the type of invested assets shall be written in the prospectus or the basic terms and conditions of the investment trust.

##### [ Segmentation by Attributes According to the Timing of Accounting Period ]

- (1) 1 Time Yearly: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund closes its account once a year.
- (2) 2 Times Yearly: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund closes its account twice a year.
- (3) 4 Times Yearly: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund closes its account four times a year.
- (4) 6 Times Yearly (Bimonthly): A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund closes its account six times a year.
- (5) 12 Times Yearly (Monthly): A fund that has a prospectus or basic terms and conditions of the investment trust that

states the fund closes its account twelve times a year (monthly).

- (6) Daily: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund closes its account every day.
- (7) Others: Any other fund that does not have the attributes of (1) through (6) above regarding the timing of its accounting period.

[Segmentation by Attributes According to the Geographic Areas of Investment (A Fund May Fall Under Two or More Categories Below)]

- (1) Global: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from global assets; provided it shall be clearly stated whether or not such global assets include Japanese assets.
- (2) Japan: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from Japanese assets.
- (3) North America: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from North American assets.
- (4) Europe: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from European assets.
- (5) Asia: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from Asian assets (this does not include Japanese assets).
- (6) Oceania: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from Oceanian assets.
- (7) Central and South America: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from Central and South American assets.
- (8) Africa: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from African assets.
- (9) Middle and Near East (Middle East): A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from Middle and Near Eastern assets.
- (10) Emerging: A fund that has a prospectus or basic terms and conditions of the investment trust that states the majority of the investment income from the fund portfolio derives from the assets of the emerging areas (emerging growth countries (areas)).

[Segmentation by Attributes According to the Investment Form]

- (1) Family Fund: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund primarily invests in the mother fund (this does not include a mother fund that only invests in the fund of funds, as defined below).
- (2) Fund of Funds: A fund of funds as defined in Article 2 of the “Regulations on Investment of Investment Trust” (*Toushi-shintaku tou no Un-you ni kansuru Kisoku*)

[Segmentation by Attributes According to Currency Hedge]

- (1) Currency Hedging: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund is fully or partially hedged against fluctuations within currency exchange rates.
- (2) Without Currency Hedging: A fund that has a prospectus or basic terms and conditions of the investment trust that (i) states the fund is not hedged against fluctuations within currency exchange rates or (ii) does not state the fund is hedged against fluctuations within currency exchange rates.

[Segmentation by Attributes of the Index Type Fund According to the Index Followed]

- (1) Nikkei 225
- (2) TOPIX
- (3) Others: Any Index other than (1) and (2) above.

[Special Type]

- (1) Bull/Bear Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund utilizes derivatives not for hedging purposes, but as a means of aggressive investment, aiming at investment performance tracked to, or inversely tracked to, a specific index or property (including, track and/or reverse track to a specific multiple).
- (2) Conditional Management Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund is investing in structured bonds or other special investment schemes; hence the performance of the fund

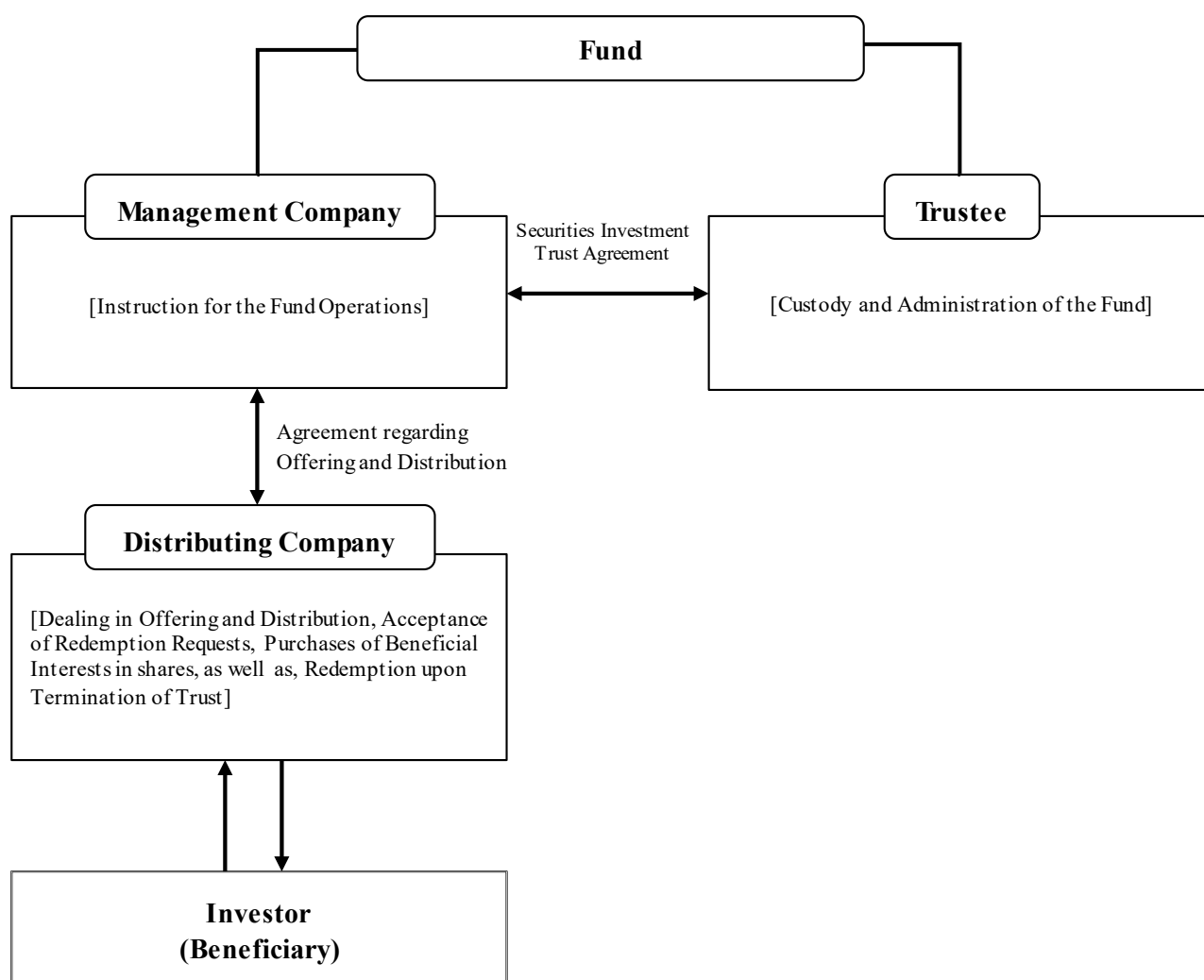
(including, NAV, redemption price and/or income distribution) and the termination date of the trust will be determined in accordance with the condition(s) which is/are to be fulfilled by a certain number/value of an index, etc.

- (3) Long-Short Type/Absolute Return Target Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund seeks to generate an absolute return regardless of the direction of a specific market, or that the fund seeks to generate a positive return by utilizing the long-short strategy.
- (4) Other Type: A fund that has a prospectus or basic terms and conditions of the investment trust that states the fund utilizes a special investment strategy or scheme other than (1) through (3) above.

## (2) 【Fund History】

July 9, 2001:	Execution of the Fund's trust agreement, Fund's inception date, and commencement of Fund's management.
July 13, 2001:	Listing of the Fund's beneficiary certificates on the Osaka Stock Exchange.
July 16, 2013:	Listing of the Fund's beneficiary certificates on the Tokyo Stock Exchange following the merger of the Osaka Stock Exchange and the Tokyo Stock Exchange.
September 30, 2020:	Renaming the Fund from "Nikkei 225 Exchange Traded Fund" to "NEXT FUNDS Nikkei 225 Exchange Traded Fund."

## (3) 【Fund Scheme】



Fund	NEXT FUNDS Nikkei 225 Exchange Traded Fund
Management Company (Trustor)	Nomura Asset Management Co. Ltd.
Trustee Company (Trustee)	Mitsubishi UFJ Trust and Banking Corporation (Re-trustee: The Master Trust Bank of Japan, Ltd.)

■ Profile of the Management Company (as of the end of August 2023) ■

• Corporate Name

Nomura Asset Management Co., Ltd.

• Capital Amount

17,180 Million Yen

• History

December 1, 1959

Established as Nomura Securities Investment Trust Co., Ltd.

October 1, 1997

Merged with Nomura Investment Management Co., Ltd., an investment management company, and changed the corporate name to “Nomura Asset Management Co., Ltd. (*Nomura Asset Management Toushin Kabushiki Kaisha*)”

November 1, 2000

Renamed to “Nomura Asset Management Co., Ltd. (*Nomura Asset Management Kabushiki Kaisha*)”

• Major Shareholders

Name	Address	Number of Shares Held	Holding Ratio
Nomura Holdings, Inc	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan	5,150,693	100%

## 2 【Investment Policy】

### (1) 【Investment Policy】

The Fund is investing only in stocks that are included, or are due to be included, in the Nikkei 225. The goal of the Fund is to manage it so that the proportion of the individual stocks in the trust assets are held in a proportion that corresponds to the proportion of these individual stocks within the Nikkei 225. Additionally, the Fund aims at an investment performance tracked to the Nikkei 225.

The Management Company may issue investment instructions to adjust the components of the trust assets in order to meet the policy listed above:

- If the calculation method of the Nikkei 225 changes;
- If an adjustment to the divisor of the Nikkei 225 occurs;
- If any change to the selected stocks in the Nikkei 225 occurs;
- If any additional trust or redemption of this trust is made; or

- In other instances, if it is necessary to ensure the track to the Nikkei 225.

Stocks that are indicated for investment are stocks that are issued by corporations and included, or are due to be included, in the Nikkei 225. However, this indication is not necessary for stocks that are acquired through allotments to stockholders.

Notwithstanding the above, with the purpose of achieving identical profits and losses, as those achieved from the investment in stocks included within the Benchmark Index, or stocks that are due to be included within the Benchmark Index, the Fund may make complementary purchases of stock index futures of the Benchmark Index to maintain performance tracking to the Nikkei 225 until investing in the stocks.

Management in accordance with the investment policy described above may not be possible due to funding trends or market trends.

Copyright, etc. of “Nikkei Stock Average (Nikkei 225)”

1. The Nikkei Stock Average (“Index”) is a copyrighted material calculated in a methodology independently developed and created by Nikkei Inc. and Nikkei Inc. is the sole exclusive owner of the copyright and other intellectual property rights in the Index itself and the methodology to calculate the Index;
2. The intellectual property and any other rights in the marks to indicate Nikkei and the Index shall be vested in Nikkei Inc.;
3. Nikkei Inc. does not sponsor, support, sell or market the Investment Trust. Nikkei Inc. has - besides granting the license to the Nomura Asset Management Co., Ltd. to use certain trademarks and to use the Index for the Investment Trust – no connection with the Investment Trust. The license agreement between Nikkei Inc. and the Licensee does not provide any rights to any third parties.
4. The Investment Trust is managed exclusively at the risk of the Nomura Asset Management Co., Ltd. and Nikkei Inc. shall assume no obligation or responsibility for its management and transactions of the Investment Trust. Nikkei Inc. is not responsible for the accuracy and the calculation of the Investment Trust or the data contained therein.
5. Nikkei Inc. shall not have the obligation to continuously announce the Index and shall not be liable for any error, delay, interruption, suspension or cessation of announcement thereof; and
6. Nikkei Inc. shall have the right to change the description of the stocks included in the Index, the calculation methodology of the Index or any other details of the Index and shall have the right to suspend or cease the announcement of the Index without owing any liability to the Nomura Asset Management Co., Ltd. or any other third party.

## (2) 【Investment Assets】

The Fund is investing only in stocks that are included, or are due to be included, in the Nikkei 225. The goal of the Fund is to manage it so that the proportion of the individual stocks in the trust assets are held in a proportion that corresponds to the proportion of these individual stocks within the Nikkei 225. Additionally, the Fund aims at an investment performance tracked to the Nikkei 225.

Stocks that are indicated for investment are stocks that are issued by corporations and included, or are due to be included, in the Nikkei 225. However, this indication is not necessary for stocks that are acquired through allotments to stockholders.

### ① Types of Assets as Investment Assets (Article 24 of the Basic Terms and Conditions of the Fund)

The types of assets included as investment assets under this trust (limited to the ones displayed in Japanese Yen) are listed below:

- (1) Specified Assets (meaning “the Specified Assets” defined in Article 2, Paragraph 1, of the Act on Investment

Trusts and Investment Corporations; the same applies hereinafter.)

- (a) Securities
- (b) Rights pertaining to Derivative Transactions (meaning those provided in Article 2, Paragraph 20 of the Financial Instruments and Exchange Act, and limited to those provided in “Item 5 of ③ Scope of Investment Instruction with respect to Financial Instruments and Futures Transactions” below)
- (c) Promissory Notes (excluding those that fall within the category of Item (a) hereof)
- (d) Monetary Claims (excluding those that fall within the category of Item (a) and (c) hereof)

(2) Assets Other than Specified Assets listed below:

- (a) Bills of Exchange

② Scope of Investment Instructions with Respect to Stocks (Article 25, Paragraph 1 of the Basic Terms and Conditions of the Fund)

The Management Company shall indicate to invest the trust property in stock.

③ Scope of Investment Instruction with Respect to Financial Instruments and Futures Transactions (Article 25, Paragraph 2 of the Basic Terms and Conditions of the Fund)

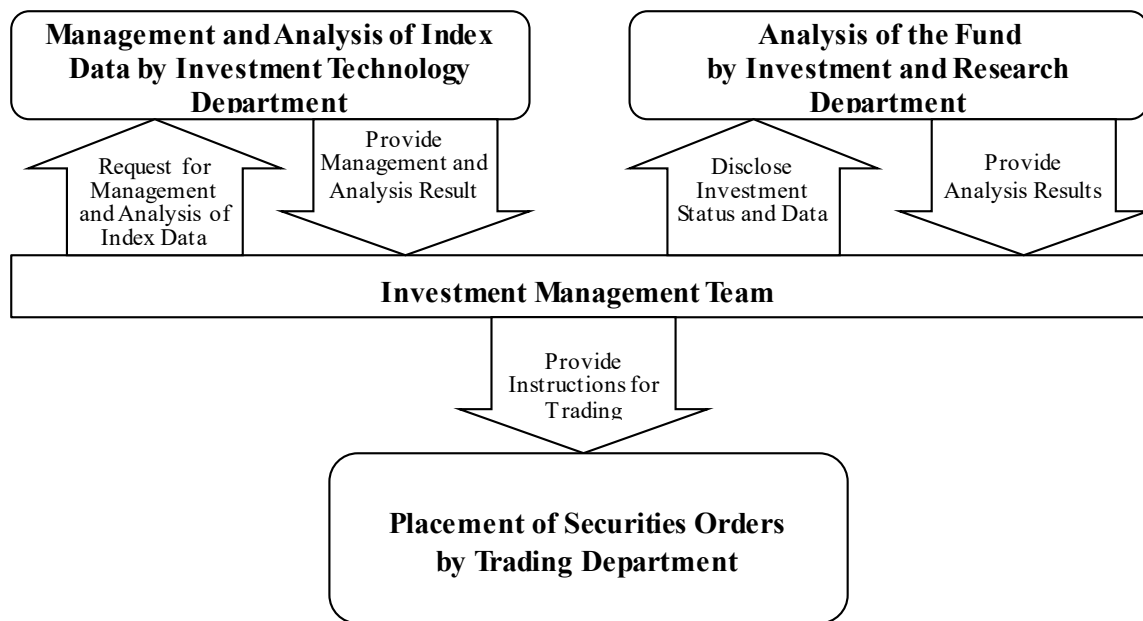
The Management Company may give instructions to manage the money belonging to the trust property through the following financial instruments and futures transactions, until investing in the stocks in accordance with the investment policy:

- (1) Deposits;
- (2) Specified Cash Trusts (excluding those indicated by beneficiary certificates of beneficiary securities issuing trusts prescribed in the Trust Act (Act No.108 of 2006) (provided in Article 2, Paragraph 1, Item 14 of the Financial Instruments and Exchange Act.);
- (3) Call Loans;
- (4) Negotiable Instruments Traded on the Discount Market; or
- (5) Stock Price Index Futures Trading that Target the Nikkei 225 (meaning those related to stock index among those described in Article 28, Paragraph 8, Item 3 of Financial Instruments and Exchange Act. The same applies hereinafter.).

### (3) 【Organization and Framework of Investment Management】

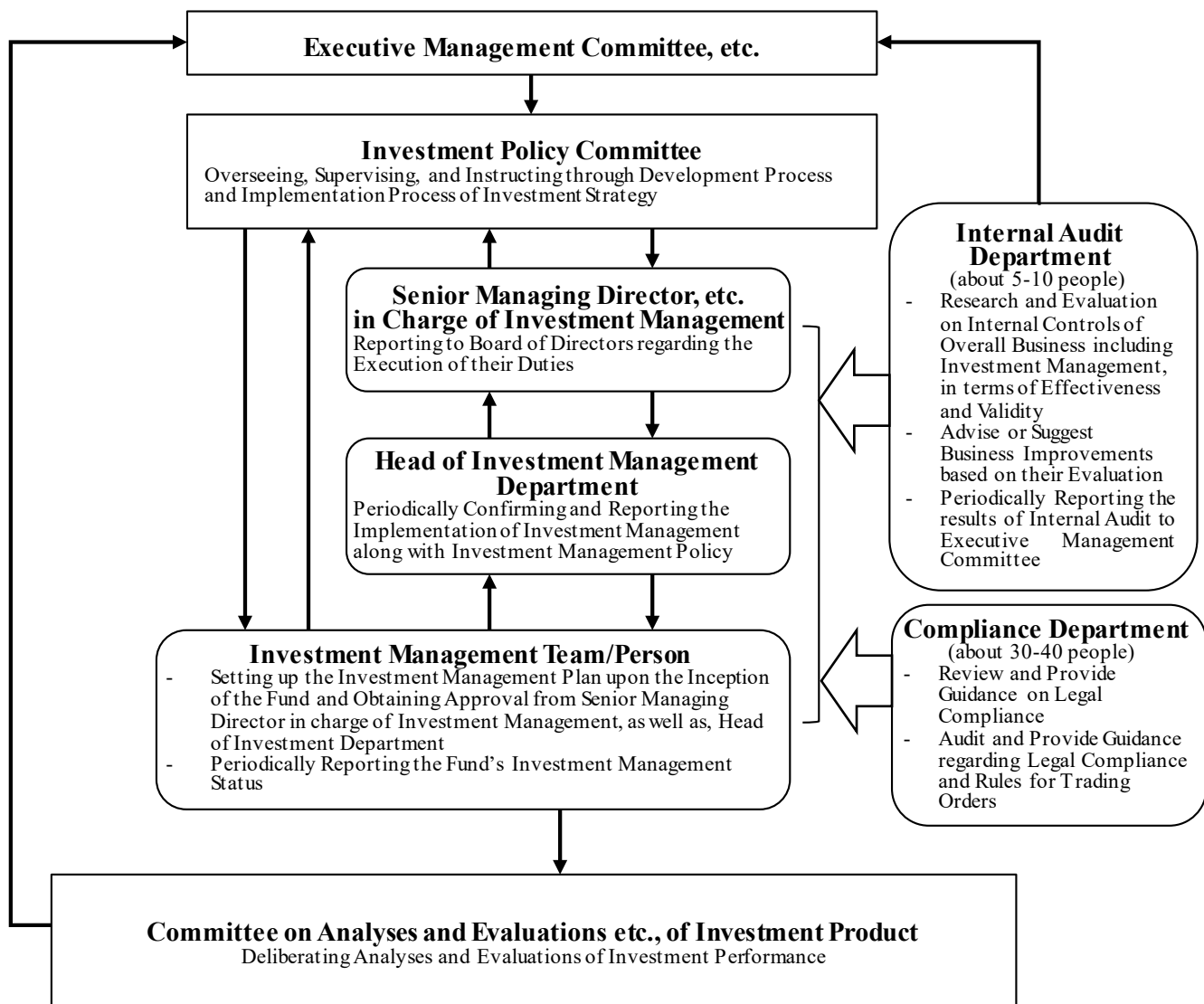
Organization and Framework of Fund’s Investment Management are as follows:





The Management Company has established internal regulations regarding its fund management operations, including regulations regarding the fund managers, as well as, regulations or guidelines regarding, for example, swap transactions, credit risk management, debt financing, foreign exchange forward transactions, and credit transactions.

The organizations that supervise the internal controls and decision making of the investment trusts (including this Fund) within the management system of the Management Company are as follows:



« Management Company's System of Control Over the Corporations Involved with the Fund (This Does Not Include the Distributing Company) »

The Management Company verifies the value of net assets held by the Trustee (or trustee company of the Trustee) on a daily basis and its account balances on a monthly basis. In addition, the Management Company periodically receives from the Trustee the audit report prepared by an auditor of the Trustee (or trustee company of the Trustee) with respect to the assurance of effective internal controls of the entrusted business of the Trustee (or trustee company of the Trustee).

In the event that the Management Company outsources the investment operations, the Management Company usually examines and confirms with the third party that entered the agreement to perform the outsourced investment operations whether each daily transaction made by the third party is in accordance with the investment guidelines. Further, the Management Company requires all third parties involved in outsourcing to submit compliance reports so as to receive periodic reports regarding the internal management of the third parties involved in the outsourcing. Furthermore, the Management Company examines and evaluates the internal management and compliance system of the third parties and periodically reports these examinations and evaluations to the product committee of the Management Company.

Organization and framework of the Fund's investment management may be subject to change in the future.

#### (4) 【Distribution Policy】

- ① As a general rule, the full amount of the Dividends and Other Income generated from the trust property (meaning the amount derived by deducting interest paid from the aggregated value of dividends received, stock dividends, interest income, and other income; the same applies hereinafter), after the deduction of Expenses (meaning the sum of trust fees, consumption tax, and local consumption tax on the trust fees and other costs; the same applies hereinafter), shall be distributed. However, no distribution may be paid in some circumstances. If profits are earned from the sale and/or purchase of stock, no distribution shall be paid.
- ② Dividends and Other Income arising from the trust property and reserve for distribution carried forward from the previous calculation period shall be distributed to beneficiaries at every calculation period of the trust after deducting the total amount of Expenses and, if the reserve for distribution carried forward from the previous calculation period is a negative number, after including such amount in the overall figure. If, however, for the purpose of making adjustments to the income distribution amount, a portion or all of the amount is retained within the trust property, such amount may be put aside as reserve for distribution and be allocated to the distribution in the following calculation period or thereafter. In the event that Expenses and a negative amount of reserve for distribution cannot be fully deducted, the difference shall be carried forward to the following calculation period as a negative amount of reserve for distribution.
- ③ At the end of every calculation period, the total amount of income arising from the trust property described in Item (1) below shall, after deducting the loss described in (2) below therefrom, and, if there is an amount of loss carried forward, after fully including such amount to the overall figure, be carried forward to the next calculation period:
  - (1) Gains from sale of securities, gains from trading futures transactions, etc., gains from additional trusts, and gains from redemption;
  - (2) Losses from sales of securities, losses from trading futures transactions, etc., losses from additional trusts, and losses from redemption.

\* There is no suggestion or guarantee regarding the payment or the amount of future distribution.

#### (5) 【Investment Restrictions】

- ① Restriction on Percentage of Investment in Stocks (Article 26, Item 4 of the Basic Terms and Conditions of the Fund)

There is no restriction on the percentage of investment in stocks.
- ② Scope of the Stocks to be Invested In (Article 26, Item 3 of the Basic Terms and Conditions of the Fund)

Stocks that are indicated by the Management Company to be invested in are stocks which are issued by corporations and included, or are due to be included, in the Nikkei 225. However, this indication is not necessary for stocks that are acquired through allotments to stockholders.
- ③ Instruction and Scope for Lending of Stocks (Article 28 of the Basic Terms and Conditions of the Fund)
  - (i) In order to contribute to the efficient management of the trust property, the Management Company may give instructions to lend stocks that belong to the trust property, so long as the total market value of the loaned stocks at the time of lending does not exceed the total market value of stocks held under the trust property.
  - (ii) In the event the maximum permitted amount described in (i) above is exceeded, the Management Company shall promptly take actions to cancel such lending contract(s) whose value is equivalent to the value of such exceeds.

(iii) The Management Company may instruct to accept collateral when it deems necessary upon lending stocks.

- ④ With the purpose of achieving identical profits and losses, as those achieved from the investment in stocks included within the Benchmark Index, or stocks that are due to be included within the Benchmark Index, the Fund may make complementary purchases of stock index futures of the Benchmark Index to maintain performance tracking to the Nikkei 225 until investing in the stocks. (Article 26, Item 5 of the Basic Terms and Conditions of the Fund)
- ⑤ Derivative transactions, etc. (meaning derivative transactions, etc., described under the rules of the Investment Trust Association of Japan), of a value calculated by a reasonable method described under the rules of the Investment Trust Association of Japan, that exceeds the total net asset value of the trust property, shall not be used. (Article 26, Item 7 of the Basic Terms and Conditions of the Fund)
- ⑥ The ratio of stock exposure, bond exposure, and derivative exposure to a person described under the rules of the Investment Trusts Association, Japan, for the total net asset value of the trust property will not exceed 10% respectively, or 20% in total. If such ratio exceeds such rates, the Management Company shall make adjustments so that such ratio is within such rate in accordance with the rules of the Investment Trusts Association, Japan. (Article 26, Item 8 of the Basic Terms and Conditions of the Fund)
- ⑦ Restriction on Investment in Stocks issued by a Single Corporation (Article 9 of Act on Investment Trusts and Investment Corporations)

The Management Company may not instruct the Trustee to use the trust property to acquire stocks issued by a single corporation if this would cause the number referred to in item (i) below to exceed the number referred to in item (ii) below:

- (i) The total number of voting rights from stocks held by all of the Funds managed under instructions from the Management Company;
- (ii) The number arrived at when the total number of voting rights from those stocks is multiplied by the rate of fifty-hundredths (50/100).

### 3 【Investment Risks】

#### <<Factors that Contribute to NAV Volatility>>

The NAV of the Fund is subject to fluctuations in the prices of the securities in which the Fund invests. **All profits and losses arising from fund management are borne by the investors.**

**Any principal invested in the Fund by investors is therefore not guaranteed. Investors may incur a loss and the value of their investment principal may fall below par as the result of a decline in the NAV. The investment trust differs from a savings deposit.**

#### [Stock Price Fluctuation Risk]

NAV of the Fund may be influenced by stock price fluctuations since the Fund invests in stocks.

※ The factors that contribute to fluctuations in NAV of the Fund are not limited to those mentioned above.

#### <<Primary Factors for Discrepancies Between the Benchmark Index and NAV>>

The Fund aims at an investment performance for NAV volatility tracked to that of the Benchmark Index; however, in managing the investment assets, we cannot guarantee that movements will be identical to those of the Benchmark Index primarily for the following reasons:

- ① The Fund may incur market impact or bear costs such as brokerage commission, etc., due to the trading of individual stocks, such as when portfolio adjustments are made due to changes of the component stocks in the Benchmark Index, partial redemption of actual stocks or any other causes.
- ② When cash remains as part of the trust assets as a result of additional creation partially made by cash, dividends obtained from individual incorporated stocks, or rights handling, etc.
- ③ There may be a price spread between the sale price and the appraised value of the object stocks.
- ④ We cannot make individual stocks' incorporated ratio in the Fund completely the same as the component proportion of component stocks in the Benchmark Index.
- ⑤ When futures transactions are made, there may be a disparity between the prices of the futures and the Benchmark Index.
- ⑥ The Fund bears certain costs, such as trust fees.

※ The factors that contribute to the discrepancy between the Benchmark Index and NAV of the Fund are not limited to those listed above.

#### <<Additional Considerations>>

- ◆ The provisions stipulated in Article 37-6 of the Financial Instruments and Exchange Act (so-called “cooling off”) are not applicable to transaction of the Fund.
- ◆ There are risks that trading cannot be done at the price expected with the market condition or trading amount is restricted because of temporal decline in liquidity of the incorporation property if fund for redemption is to be raised in a short time to deal with a large number of redemption or market condition is suddenly changed in major markets. Due to these risks, there are possibilities with adverse effect on the NAV, suspension of acceptance of application for conversion into cash, or payment delay of converted cash, etc.
- ◆ Management based upon the investment policy may not be achieved depending on funding trends, market trends, etc., or unexpected circumstances.
- ◆ The interest/termination amount from the issuers of the securities which are incorporated into the Fund may be delayed.
- ◆ Transactions pertaining to the Fund, such as an investment in securities and contracts related to such fund, may default

because of a bankruptcy, or other similar event, occurring to a counterparty.

- ◆ NAV of the Fund and the Benchmark Index may differ because of costs and other factors. It is not guaranteed that the Fund's investment performance will track or exceed the Benchmark Index.
- ◆ The market price of the Fund is determined based upon supply and demand, as calculated through competitive buying and selling on the exchange. Therefore, market price of the Fund may differ from the NAV itself.

#### <<Risk Management System of the Management Company>>

##### Committee Related to Risk Management

###### ◆ Examination of the Fund Performance

The committee reports and deliberates on the results of periodic examinations (analysis/evaluation) of the investment trust's asset performance results.

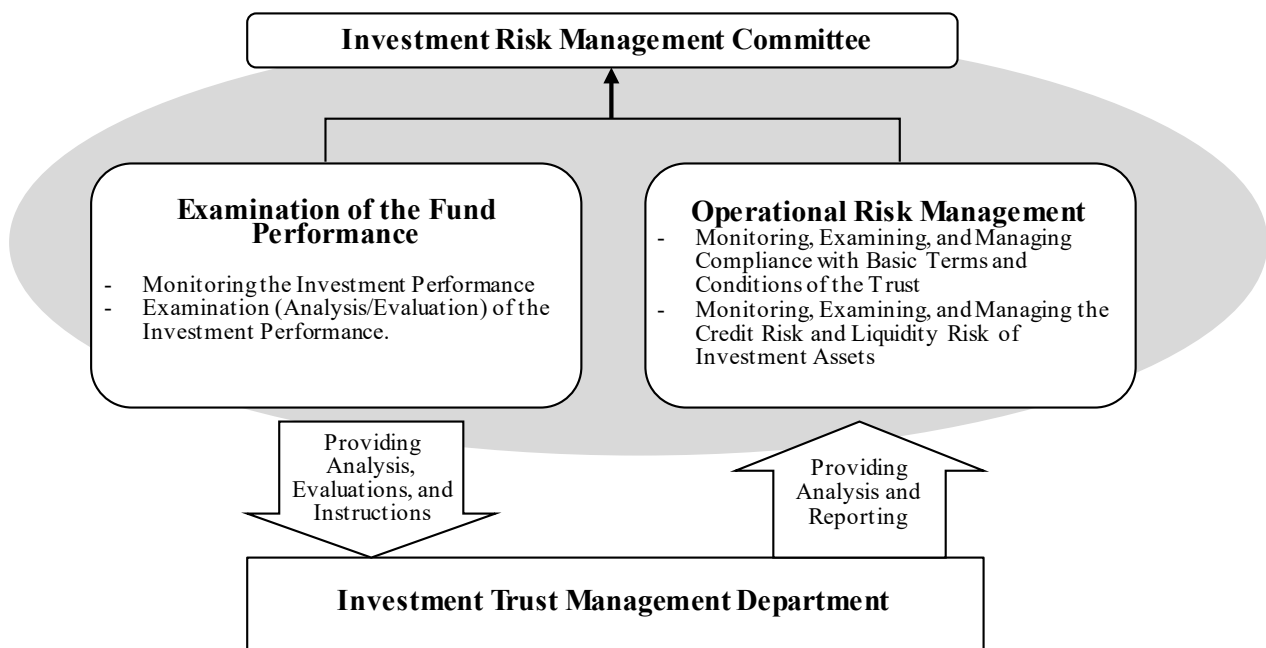
###### ◆ Administration of Operational Risk

The committee identifies and manages operational risk and based on its findings, provides guidance to the appropriate divisional management and any other relevant sections regarding corrective measures for appropriate administration.

※ Liquidity risk management

The committee establishes rules on liquidity risk management, monitors liquidity risk of incorporated assets of the Fund, and formulates and inspects the contingency plan. The committee on risk management supervises proper performance and structure of liquidity risk management.

##### Diagram of Risk Management System



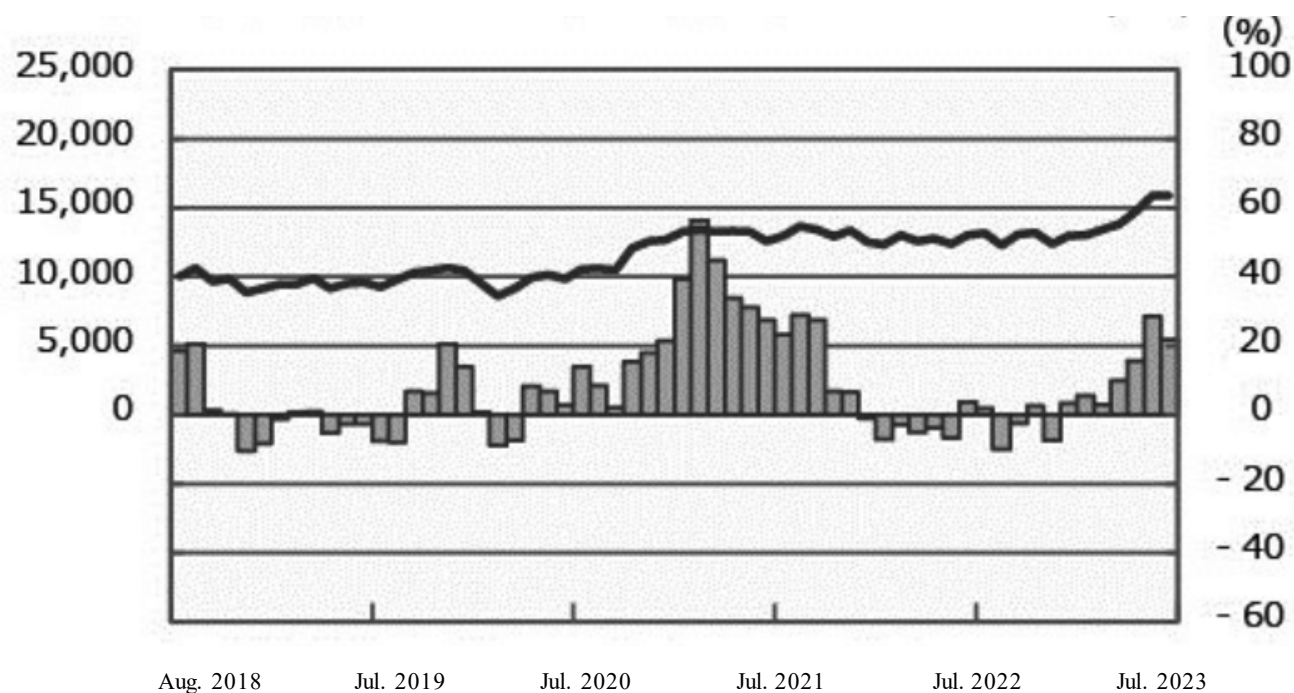
※ The investment risk management system described above may be subject to change in the future.

Risk Quantitative Comparison (from the end of August 2018 to the end of July 2023, per month.)

<The Fund's annual return and the change of distribution re-investment net asset value >

— Fund annual return (Right Axis)

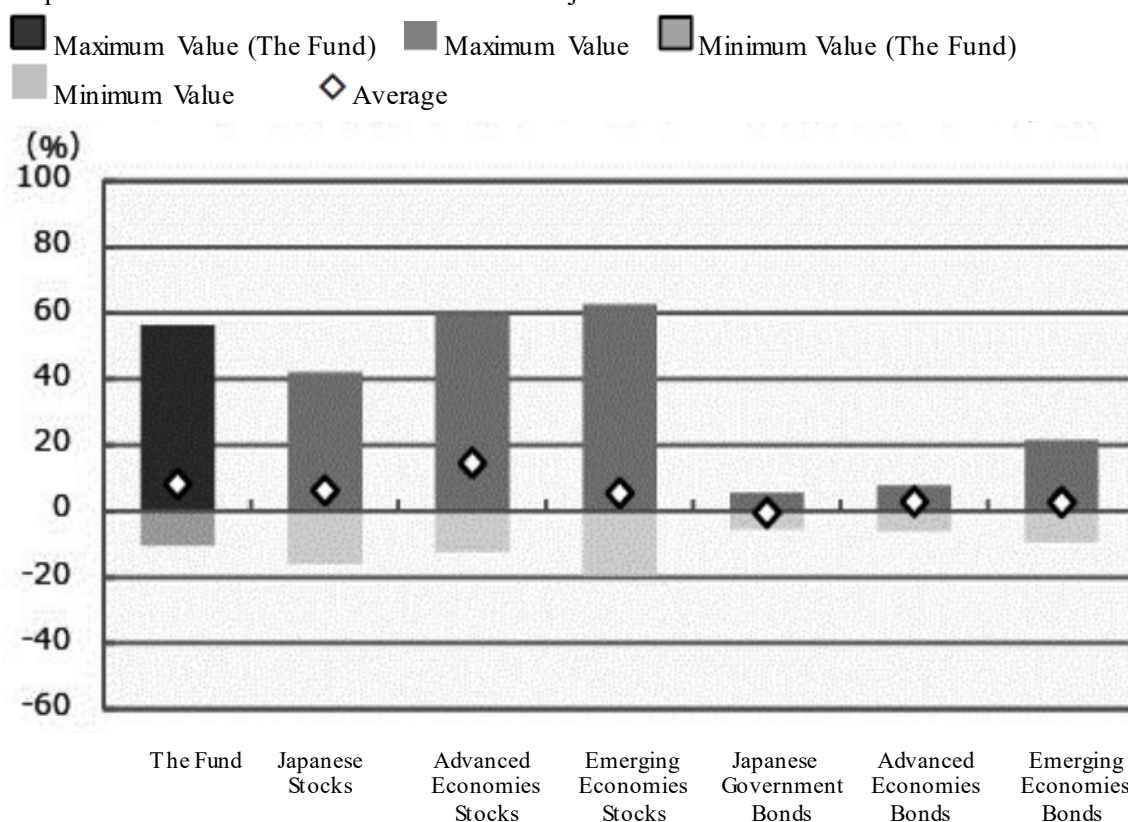
— Distribution re-investment net asset value (Left Axis)



\* The distribution re-investment net asset value is calculated by deeming that the distribution before income taxes is re-invested. The distribution re-investment net asset value is set by indexing the net asset value as of the end of August 2018 as 10,000.

\* The annual return displays the return in a single year at the end of each month for the five years from August 2018 to July 2023.

<Comparison of return between the Fund and the major asset class>



	The Fund	Japanese Stocks	Advanced Economies Stocks	Emerging Economies Stocks	Japanese Government Bonds	Advanced Economies Bonds	Emerging Economies Bonds
Maximum Value (%)	56.3	42.1	59.8	62.7	5.4	7.9	21.5
Minimum Value (%)	△ 10.5	△ 16.0	△ 12.4	△ 19.4	△ 5.5	△ 6.1	△ 9.4
Average (%)	8.3	6.3	14.6	5.5	△ 0.5	2.8	2.7

\* Not all asset classes are the subject of the Fund investment.

\* The above graph displays the Maximum Value, the Minimum Value and the Average of the annual return at the end of each month for the five years from August 2018 to July 2023.

\* The above numbers may not apply as of the accounting date.

\* The Fund uses the return of the distribution re-investment net asset value.

\* The distribution re-investment net asset value may occasionally differ from the actual basis price due to the distribution being deemed re-invested before the application of income taxes.

<The index of the major asset class>

○ Japanese Stocks: TOPIX Total Return Index

○ Advanced Economies Stocks: MSCI-KOKUSAI Index (including dividend, based on Japanese Yen)

○ Emerging Economies Stocks: MSCI Emerging Markets Index (including dividend, based on Japanese Yen)

○ Japanese Government Bonds: NOMURA-BPI JGB

○ Advanced Economies Bonds: FTSE World Government Bond Index (excluding Japan, unhedged, based on Japanese Yen)



○Emerging Economies Bonds: JP Morgan Government Bond Index - Emerging Markets Global Diversified (based on Japanese Yen)

■Copyright, etc., for the Index of the Major Asset Class■

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○MSCI-KOKUSAI Index (including dividend, based on Japanese Yen), MSCI Emerging Markets Index (including dividend, based on Japanese Yen)...MSCI-KOKUSAI Index (including dividend, based on Japanese Yen) and MSCI Emerging Markets Index (including dividend, based on Japanese Yen) are the indexes developed by MSCI. Copyright, intellectual property rights, and all other rights to these indexes belong to MSCI. In addition, MSCI also retains the right to change the contents and to suspend the disclosure of these indexes.

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○FTSE World Government Bond Index (excluding Japan, unhedged, based on Japanese Yen)...“FTSE World Government Bond Index (excluding Japan, unhedged, based on Japanese Yen)” is the bond index operated by FTSE Fixed Income LLC for the bond index comprised of the total investment profits of the government bonds of the major countries in the world, excluding Japan, as weight-averaged by the market capitalization in each market, and FTSE World Government Bond Index (excluding Japan, unhedged, based on Japanese Yen) is the intellectual property of FTSE Fixed Income LLC, and all rights regarding the index are retained by FTSE Fixed Income LLC.

○JP Morgan Government Bond Index -Emerging Markets Global Diversified (based on Japanese Yen)...The information provided here regarding the “JP Morgan Government Bond Index -Emerging Markets Global Diversified (based on Japanese Yen)” (here, for the sake of convenience, referred to as the “Index”.) (said information includes the Index level, but is not limited thereto) is used only for informative purposes, and is not intended as a solicitation for the sale and purchase of Financial Instruments, nor does it officially confirm certain sales and purchase, nor does it define the value and price of certain products related to the Index. Also, the Index does not legally constitute accounting advice regarding investment strategy and tax. The market price, data and other information included here are considered accurate, but JPMorgan Chase & Co. and its subsidiary company (hereinafter referred to as “JPM”) do not guarantee completeness and accuracy. The information included here may sometimes be changed without notice. Past performance does not suggest future return. With respect to the financial instruments of the issuers included in this document, JPM and its employees may possess both long and short positions, may perform sales and purchases, may perform market-making, and may also possibly be a subscriber of issuers, placement agencies, advisers, and lenders.

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(Source: Nomura Research Institute, Ltd., FTSE Fixed Income LLC, etc.)

#### 4 【Fees, Charges, and Taxes】

##### (1) 【Application Fee】

Application fee shall be set independently by the Distributing Company.\*

\* Please contact the Distributing Company for further information. When you want to know the Distributing Company, please direct your call to “Support Dial”.

The creation fee is collected at the time of creation to the Fund and is in consideration for the office procedures related to the creation of the Fund.

##### (2) 【Redemption Fee】

Upon the redemption or purchase of the Beneficial Interests in shares, the Distributing Company may charge an amount equivalent to the commission, determined independently by the Distributing Company, as well as, the consumption tax, etc. on such commission.

Please contact the Distributing Company for further information. When you want to know the Distributing Company, please direct your call to “Support Dial”.

The redemption commission is collected at the time of the Fund redemption, in consideration for the office procedures related to the redemption of the Fund.

##### (3) 【Trust Fees and Charges】

The total amount of the trust fee is the sum of the amount calculated by the method stated in ① below and the amount calculated by the method stated in ② below; provided, however, that the sum of the amount (exclusive of taxes) calculated by the method stated in ① below and the amount (exclusive of taxes) calculated by the method stated in ② below shall not exceed the amount obtained by multiplying the total net asset value of the trust properties by a rate of 0.165% per annum, less the expenses pertaining to the listing of the Fund that are borne by the investors, as well as, fees for the use of trademarks pertaining to the Benchmark Index that are also borne by the investors.

① The amount obtained by multiplying the daily total net assets of the Fund by the annual trust fee rate.

The trust fee rate and its distribution is as follows, according to the total net asset value of the Fund as of the last business day of every January and July. The trust fee rate according to the total net asset value of the Fund as of the last business day of July 2023 is 0.11715% (0.1065% exclusive of taxes) per annum, which is valid from September 29, 2023 to March 27, 2024.

The Total Net Assets of the Fund	1 trillion yen or less	More than 1 trillion yen, up to 2 trillion yen	More than 2 trillion yen, up to 4 trillion yen	More than 4 trillion yen, up to 5 trillion yen	More than 5 trillion yen, up to 8 trillion yen	More than 8 trillion yen
Annual Trust Fee Rate	0.1815% (0.165% exclusive of taxes) per annum	0.1595% (0.145% exclusive of taxes) per annum	0.1485% (0.135% exclusive of taxes) per annum	0.110% (0.100% exclusive of taxes) per annum	0.088% (0.080% exclusive of taxes) per annum	0.044% (0.040% exclusive of taxes) per annum
The Payee Distribution (Exclusive of Taxes) and the Service Details						

<Management Company> Fund operations and investigations related to Fund operations, instructions to trustees, preparation of legal documents, estimating base price, etc.	0.10% per annum	0.095% per annum	0.095% per annum	0.085% per annum	0.07% per annum	0.03% per annum
<Trustee> The storage/management of property of the Fund, execution of instructions from the Management Company, etc.	0.065% per annum	0.05% per annum	0.04% per annum	0.015% per annum	0.01% per annum	0.01% per annum

- ② When the Fund lends stocks, an amount obtained from no more than 44% (40% exclusive of taxes) of the rental fee accrues on a daily basis.

The distribution shall be 80% for the Management Company and 20% for the Trustee.

The trust fee of the Fund is summed up daily, and reflected within the NAV of the Fund. Also, the total amount of the trust fee is paid from the Fund (a) on every last day of the first six months of any calculation period and (b) every last day of any calculation period or the termination date of the trust.

#### (4) 【Other Fees and Charges】

- ① Taxes relating to the Fund, various expenses required in trust administration and interest on advances made by the Trustee, shall be borne by the beneficiaries and paid from the trust property. In addition, the expenses pertaining to the listing of the Fund and Fees for the Use of Trademarks, as well as, the amount equivalent to the consumption tax, and other taxes and fees thereon shall be borne by the beneficiaries and may be paid from the trust property. The Management Company is responsible for the amount that is not paid out of the trust property.
- ◆ Fees for the Use of Trademarks pertaining to the Benchmark Index (as of September 28, 2023)
- A percentage of not more than 0.0275% (0.025% exclusive of taxes) of the Fund's total net assets.
- ◆ Expenses pertaining to Listing of the Fund (as of September 28, 2023)
- Additional listing fee: 0.00825% (0.0075% exclusive of taxes) of the amount of increase upon the additional listing in value of the total net asset value at the end of the year as compared with the larger of i) the total net asset value at the time of the initial listing; or ii) the largest of the total net asset values at the end of each year from the year of the initial listing and up to the year immediately prior to the fee payment year.
  - Annual listing fee: Maximum of 0.00825% (0.0075% exclusive of taxes) of the total net assets at year-end.
- ② Brokerage commission on transactions in portfolio securities related to the Fund, the amount equivalent to the consumption tax and other taxes and fees on such brokerage commission, and costs for futures transactions, etc., related to the Fund, are paid from the trust property.
- ③ Costs paid to auditors for Fund audits, as well as, the amount equivalent to the consumption tax and other taxes and fees on such costs are paid from the trust property upon the payment of the annual trust fee.

\* These expenses and fees vary according to management and other conditions, so details of rates and upper limits cannot be provided ahead of time.

## (5) 【Taxation】

### ① Taxation on Individual Beneficiaries

#### ● Upon Sales of Beneficial Interests in shares

On sales profits (capital gains), a tax rate of 20.315% (National Tax (Income Tax and Special Reconstruction Income Tax): 15.315%; Local Tax: 5%) shall apply in a separate self-assessment taxation. If a specified account with tax withheld is chosen, taxes will be withheld at a tax rate of 20.315%.

#### ● Upon Receipt of Income Distribution

On distributions, taxes will be withheld at a tax rate of 20.315% (National Tax: 15.315%; Local Tax: 5%). Either separate self-assessment taxation or comprehensive taxation can be chosen by the final tax return.

#### ● Upon Redemption of Beneficial Interests in shares and Actual Stocks

Upon the redemption of Beneficial Interests in shares and actual stocks, the same taxation as described in “Upon Sales of Beneficial Interests in shares” above shall apply as such redemption is deemed to be a sale of Beneficial Interests in shares.

### 《Aggregation of Profits and Losses》

Aggregation of profits and losses within the following incomes and losses is allowed. As for the dividend income of listed stocks, etc., it should be limited to the instances where separate self-assessment taxation is chosen.

《Interest Income》	《Capital Gains Income, etc. Related to Listed Stocks, etc.》 (*2)	《Dividend Income》
• Interest on <u>specified</u> bonds (*1) • Income distribution of <u>publicly offered</u> bond investment trusts	• Capital Gains • Capital Losses of <u>specified</u> bonds, <u>publicly offered</u> bond investment trusts, listed stocks, publicly offered stock investment trusts	• Dividends of listed stocks • Income distribution of publicly offered stock investment trusts

(\*1) “Specified Bonds” shall be specific bonds such as government bonds, local bonds, foreign government bonds, publicly offered bonds, listed bonds, and bonds issued before December 31, 2015 (excluding bonds issued by a family company).

(\*2) Regarding capital gains income, etc., related to stocks, etc., these are classified into categories of (i) the capital gains income, etc., related to listed stocks and (ii) the capital gains income, etc., related to other stocks, etc., which are subject to different taxation that is applied separately. Therefore, the aggregation of profits and losses between these categories is, in principle, not allowed.

#### \* If you choose the Japanese version of the Individual Savings Account (known as “NISA”):

“NISA” is the (Nippon) Individual Savings Account, a tax exemption structure pertaining to a listed stock or a publicly offered stock investment trust, etc. If you choose to use the NISA structure, dividend income and capital gains income from newly purchased ETFs, etc., for investments of up to a specified amount each year, will be tax-exempt for a specified term. From January 1, 2024, income gains and capital gains from newly purchased ETFs etc., for investments of up to a specified amount each year, will be tax exempt for an indefinite term. Aggregation of profits and losses with dividend income and capital gains income accrued in a different type of account is not allowed. In order to be eligible for NISA, certain conditions, such as the requirement that the NISA account be opened by an investor with an eligible distributing company, must be met.

In addition, from January 1, 2024, tax exemptions will be available only for financial products that meet the requirements of applicable tax laws (as of the end of July, 2023).

Investors need to make sure whether or not distribution can be received as tax-exempt, as this may depend on the distribution payment method. Please confirm this with the distributing company for further details.

## ② Taxation of Corporate Beneficiaries

- Upon Sales of Beneficial Interests in shares

The difference between the purchase price and the selling price of Beneficial Interests in shares is aggregated with other corporate income for taxation, which is the same procedure used for the sale of usual stocks.

- Upon Receipt of Income Distributions

Income distributions will be subject to the exclusion from gross revenue.

The limit of the exclusion from gross revenue for income distributions will be the same as that of stock dividends.

- Upon Redemption of Beneficial Interests in shares with Actual Stock

Upon the redemption of Beneficial Interests in shares and actual stock, the same taxation as described in “Upon Sales of Beneficial Interests in shares” above shall apply as such redemption is deemed to be a sale of Beneficial Interests in shares.

We recommend that investors consult a tax or similar specialist for details of tax treatment.

\*The contents in “(5) 【Taxation】 ” (as of the end of July, 2023) may change in the event that tax laws are revised.

## 5 【Status of Investment Management】

The following is the management status of the Fund as of July 31, 2023. The Investment Ratio is the ratio of an asset's market value to the total net assets of the Fund.

### (1) 【Status of Investment】

Type of Assets	Country/Region	Total Market Value (Yen)	Investment Ratio (%)
Stocks	Japan	8,853,858,256,050	98.35
Cash, Deposits, Other Assets (after deduction of liabilities)	-	147,989,127,453	1.64
Total (Total Net Assets)		9,001,847,383,503	100.00

### Investment Status of Other Assets

※ As detailed below, the fund utilizes futures transactions as other assets. Such futures are valued at the clearing price or the closing price, which is published by the primary exchange on the most recent date that the most up to date information became available.

Type of Assets	Position	Country/Region	Total Market Value (Yen)	Investment Ratio (%)
Stock Index Futures Transactions	Long Position	Japan	147,341,800,000	1.63

### (2) 【Investment Assets】

#### ① 【Major Components of Investment Securities】

No.	Country /Region	Type	Name	Sector	Number of Securities	Book Value per Unit (Yen)	Book Value (Yen)	Valuation per Unit (Yen)	Valuation (Yen)	Investment Ratio (%)
1	Japan	Stock	FAST RETAILING CO., LTD.	Retail Trade	27,135,000	34,560.20	937,791,027,000	35,560.00	964,920,600,000	10.71
2	Japan	Stock	TOKYO ELECTRON LIMITED	Electric Appliances	27,135,000	20,204.53	548,249,921,550	21,245.00	576,483,075,000	6.40
3	Japan	Stock	SOFTBANK GROUP CORP.	Information & Communication	54,270,000	6,724.24	364,924,504,800	7,242.00	393,023,340,000	4.36
4	Japan	Stock	ADVANTEST CORPORATION	Electric Appliances	18,090,000	19,970.81	361,271,952,900	19,525.00	353,207,250,000	3.92
5	Japan	Stock	DAIKIN INDUSTRIES, LTD.	Machinery	9,045,000	29,108.99	263,290,814,550	28,690.00	259,501,050,000	2.88
6	Japan	Stock	KDDI CORPORATION	Information & Communication	54,270,000	4,290.94	232,869,313,800	4,187.00	227,228,490,000	2.52
7	Japan	Stock	SHIN-ETSU CHEMICAL CO., LTD.	Chemicals	45,225,000	4,597.02	207,900,229,500	4,679.00	211,607,775,000	2.35
8	Japan	Stock	FANUC CORPORATION	Electric Appliances	45,225,000	4,752.95	214,952,163,750	4,348.00	196,638,300,000	2.18

9	Japan	Stock	TERUMO CORPORATION	Precision Instruments	36,180,000	4,320.99	156,333,418,200	4,651.00	168,273,180,000	1.86
10	Japan	Stock	TDK CORPORATION	Electric Appliances	27,135,000	5,409.86	146,796,551,100	5,437.00	147,532,995,000	1.63
11	Japan	Stock	KYOCERA CORPORATION	Electric Appliances	18,090,000	7,583.89	137,192,570,100	7,644.00	138,279,960,000	1.53
12	Japan	Stock	RECRUIT HOLDINGS CO., LTD.	Services	27,135,000	4,532.07	122,977,719,450	4,933.00	133,856,955,000	1.48
13	Japan	Stock	SONY GROUP CORPORATION	Electric Appliances	9,045,000	13,004.62	117,626,787,900	13,315.00	120,434,175,000	1.33
14	Japan	Stock	DAIICHI SANKYO COMPANY, LIMITED	Pharmaceutical	27,135,000	4,132.63	112,138,915,050	4,347.00	117,955,845,000	1.31
15	Japan	Stock	CHUGAI PHARMACEUTICAL CO., LTD.	Pharmaceutical	27,135,000	3,906.86	106,012,646,100	4,231.00	114,808,185,000	1.27
16	Japan	Stock	TOYOTA MOTOR CORPORATION	Transportation Equipment	45,225,000	2,299.36	103,988,556,000	2,386.00	107,906,850,000	1.19
17	Japan	Stock	ASTELLAS PHARMA INC.	Pharmaceutical	45,225,000	2,060.91	93,204,654,750	2,080.50	94,090,612,500	1.04
18	Japan	Stock	NITTO DENKO CORPORATION	Chemicals	9,045,000	10,039.84	90,810,352,800	10,100.00	91,354,500,000	1.01
19	Japan	Stock	DENSO CORPORATION	Transportation Equipment	9,045,000	9,568.53	86,547,353,850	9,881.00	89,373,645,000	0.99
20	Japan	Stock	NTT DATA GROUP CORPORATION	Information & Communication	45,225,000	1,922.99	86,967,222,750	1,975.50	89,341,987,500	0.99
21	Japan	Stock	BANDAI NAMCO HOLDINGS INC	Other Products	27,135,000	3,160.96	85,772,649,600	3,214.00	87,211,890,000	0.96
22	Japan	Stock	SECOM CO., LTD.	Services	9,045,000	9,468.72	85,644,572,400	9,533.00	86,225,985,000	0.95
23	Japan	Stock	OLYMPUS CORPORATION	Precision Instruments	36,180,000	2,221.98	80,391,236,400	2,316.50	83,810,970,000	0.93
24	Japan	Stock	HONDA MOTOR CO., LTD.	Transportation Equipment	18,090,000	4,290.82	77,620,933,800	4,513.00	81,640,170,000	0.90
25	Japan	Stock	EISAI CO., LTD.	Pharmaceutical	9,045,000	9,381.19	84,852,863,550	8,976.00	81,187,920,000	0.90
26	Japan	Stock	TOYOTA TSUSHO CORPORATION	Wholesale Trade	9,045,000	7,168.01	64,834,650,450	8,295.00	75,028,275,000	0.83



27	Japan	Stock	HOYA CORPORATION	Precision Instruments	4,522,500	16,314.72	73,783,321,200	16,530.00	74,756,925,000	0.83
28	Japan	Stock	FUJIFILM HOLDINGS CORPORATION	Chemicals	9,045,000	8,297.84	75,053,962,800	8,247.00	74,594,115,000	0.82
29	Japan	Stock	KIKKOMAN CORPORATION	Foods	9,045,000	7,965.87	72,051,294,150	8,184.00	74,024,280,000	0.82
30	Japan	Stock	KONAMI GROUP CORPORATION	Information & Communication	9,045,000	7,328.18	66,283,388,100	7,969.00	72,079,605,000	0.80

#### Investment Ratio for each Type and Sector

Type	Domestic /Overseas	Sector	Investment Ratio (%)
Stock	Domestic	Fishery, Agriculture & Forestry	0.06
		Mining	0.07
		Construction	1.65
		Foods	3.34
		Textiles and Apparels	0.11
		Pulp and Paper	0.07
		Chemicals	6.68
		Pharmaceutical	6.42
		Oil and Coal Products	0.17
		Rubber Products	0.75
		Glass and Ceramics Products	0.77
		Iron and Steel	0.08
		Nonferrous Metals	0.72
		Metal Products	0.02
		Machinery	5.60
		Electric Appliances	24.49
		Transportation Equipment	4.64
		Precision Instruments	3.91
		Other Products	2.54
		Electric Power and Gas	0.15
		Land Transportation	1.33
		Marine Transportation	0.34
		Air Transportation	0.34
		Warehousing and Harbor Transportation	0.17

		Information & Communication	10.29
		Wholesale Trade	3.29
		Retail Trade	12.20
		Banks	0.65
		Securities and Commodities Futures	0.21
		Insurance	0.85
		Other Financing Business	0.75
		Real Estate	1.03
		Services	4.54
Total			98.35

② 【Components of Real Estate Investments】

Not applicable.

③ 【Major Components of Other Investments】

As detailed below, the Fund utilizes futures transactions as other assets. Such futures are valued at the clearing price or the closing price, which is published by the primary exchange on the most recent date that the most up to date information became available.

Type	Exchange	Name	Position	Number of Contracts	Currency	Book Value (Yen)	Valuation (Yen)	Investment Ratio (%)
Stock Index Futures Transactions	Osaka Exchange	Nikkei 225 Futures (Contract Month of September 2023)	Long Position	4,430	JPY	143,664,900,000	147,341,800,000	1.63

(3) 【Actual Performance】

① 【Changes in Net Assets】

The following illustrates the changes in net assets and in quoted prices at the financial instruments exchange (i) at the end of July, 2023, (ii) at the end of each month during the year leading up to the date of (i), and (iii) at the end of each calculation period.

	Total Net Asset Value (Mil. Yen)		Net Asset Value per Share (Yen)		Quoted Price at Tokyo Stock Exchange (Yen)
	(excluding distribution)	(including distribution)	(excluding distribution)	(including distribution)	
13 <sup>th</sup> Calculation Period (As of July 8, 2014)	1,916,575	1,941,107	15,547.3000	15,746.3000	15,560
14 <sup>th</sup> Calculation Period (As of July 8, 2015)	3,032,061	3,066,775	20,089.1000	20,319.1000	20,140
15 <sup>th</sup> Calculation Period (As of July 8, 2016)	2,890,625	2,941,229	15,365.7000	15,634.7000	15,390

16 <sup>th</sup> Calculation Period (As of July 8, 2017)	4,594,582	4,659,239	20,323.2000	20,609.2000	20,340
17 <sup>th</sup> Calculation Period (As of July 8, 2018)	5,563,227	5,650,756	22,245.6000	22,595.6000	22,270
18 <sup>th</sup> Calculation Period (As of July 8, 2019)	6,054,214	6,166,766	22,000.1000	22,409.1000	22,020
19 <sup>th</sup> Calculation Period (As of July 8, 2020)	6,249,863	6,355,672	22,977.1000	23,366.1000	23,000
20 <sup>th</sup> Calculation Period (As of July 8, 2021)	7,971,820	8,072,752	28,828.5000	29,193.5000	28,830
21 <sup>st</sup> Calculation Period (As of July 8, 2022)	7,377,049	7,512,000	27,168.4000	27,665.4000	27,255
22 <sup>nd</sup> Calculation Period (As of July 8, 2023)	8,807,364	8,959,710	33,299.5000	33,875.5000	33,380
As of the end of July 2022	7,710,463	—	28,480.8000	—	28,480
As of the end of August 2022	7,727,568	—	28,789.1000	—	28,795
As of the end of September 2022	7,213,752	—	26,799.9000	—	26,730
As of the end of October 2022	7,545,262	—	28,501.2000	—	28,485
As of the end of November 2022	7,623,274	—	28,900.4000	—	28,910
As of the end of December 2022	7,134,261	—	27,003.1000	—	27,000
As of the end of January 2023	7,446,650	—	28,276.0000	—	28,260
As of the end of February 2023	7,451,431	—	28,412.9000	—	28,385
As of the end of March 2023	7,674,043	—	29,296.3000	—	29,290
As of the end of April 2023	7,904,803	—	30,147.9000	—	30,140
As of the end of May 2023	8,470,817	—	32,275.2000	—	32,260
As of the end of June 2023	9,167,514	—	34,713.0000	—	34,740
As of the end of July 2023	9,001,847	—	34,105.1000	—	34,110

※ If the accounting date is not a business day, it shows the quoted price as of the preceding business day.

## ② 【Historical Records of Profit Distribution】

	Calculation Period	Distribution per Share
13 <sup>th</sup> Calculation Period	July 9, 2013 - July 8, 2014	JPY 199.0000
14 <sup>th</sup> Calculation Period	July 9, 2014 - July 8, 2015	JPY 230.0000
15 <sup>th</sup> Calculation Period	July 9, 2015 - July 8, 2016	JPY 269.0000
16 <sup>th</sup> Calculation Period	July 9, 2016 - July 8, 2017	JPY 286.0000
17 <sup>th</sup> Calculation Period	July 9, 2017 - July 8, 2018	JPY 350.0000
18 <sup>th</sup> Calculation Period	July 9, 2018 - July 8, 2019	JPY 409.0000
19 <sup>th</sup> Calculation Period	July 9, 2019 - July 8, 2020	JPY 389.0000
20 <sup>th</sup> Calculation Period	July 9, 2020 - July 8, 2021	JPY 365.0000

21 <sup>st</sup> Calculation Period	July 9, 2021 - July 8, 2022	JPY 497.0000
22 <sup>nd</sup> Calculation Period	July 9, 2022 - July 8, 2023	JPY 576.0000

### ③ 【Historical Records of Return Ratio】

	Calculation Period	Return Ratio
13 <sup>th</sup> Calculation Period	July 9, 2013 - July 8, 2014	10.1%
14 <sup>th</sup> Calculation Period	July 9, 2014 - July 8, 2015	30.7%
15 <sup>th</sup> Calculation Period	July 9, 2015 - July 8, 2016	△ 22.2%
16 <sup>th</sup> Calculation Period	July 9, 2016 - July 8, 2017	34.1%
17 <sup>th</sup> Calculation Period	July 9, 2017 - July 8, 2018	11.2%
18 <sup>th</sup> Calculation Period	July 9, 2018 - July 8, 2019	0.7%
19 <sup>th</sup> Calculation Period	July 9, 2019 - July 8, 2020	6.2%
20 <sup>th</sup> Calculation Period	July 9, 2020 - July 8, 2021	27.1%
21 <sup>st</sup> Calculation Period	July 9, 2021 - July 8, 2022	△ 4.0%
22 <sup>nd</sup> Calculation Period	July 9, 2022 - July 8, 2023	24.7%

※Return ratio for each calculation period is derived (i) by deducting the amount of the Net Asset Value (excluding distribution) as of the end of the immediately preceding calculation period (hereinafter referred to as “NAV as of the End of Preceding Period”) from the amount of the Net Asset Value (including distribution) as of the end of the relevant calculation period, then (ii) by dividing the amount obtained by (i) by the amount of NAV as of the End of Preceding Period, and lastly (iii) by multiplying the amount obtained by (ii) and 100. Each return ratio shown above is rounded to the nearest tenth.

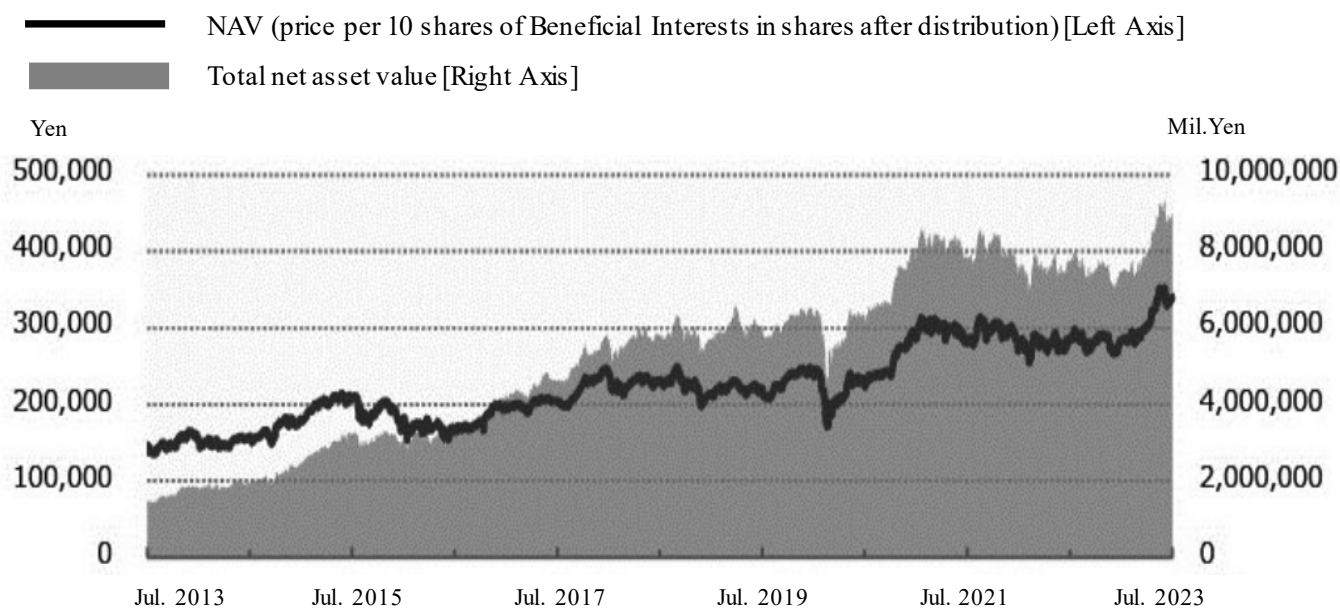
### (4) 【Historical Records of Creations and Redemptions】

	Calculation Period	Number of Shares Created	Number of Shares Redeemed	Number of Outstanding Shares
13 <sup>th</sup> Calculation Period	July 9, 2013 - July 8, 2014	46,249,390	25,355,251	123,274,254
14 <sup>th</sup> Calculation Period	July 9, 2014 - July 8, 2015	64,654,380	36,998,259	150,930,375
15 <sup>th</sup> Calculation Period	July 9, 2015 - July 8, 2016	87,193,230	50,002,010	188,121,595
16 <sup>th</sup> Calculation Period	July 9, 2016 - July 8, 2017	88,236,290	50,282,121	226,075,764
17 <sup>th</sup> Calculation Period	July 9, 2017 - July 8, 2018	94,207,410	70,200,861	250,082,313
18 <sup>th</sup> Calculation Period	July 9, 2018 - July 8, 2019	68,313,740	43,205,409	275,190,644
19 <sup>th</sup> Calculation Period	July 9, 2019 - July 8, 2020	39,783,640	42,969,873	272,004,411
20 <sup>th</sup> Calculation Period	July 9, 2020 - July 8, 2021	33,969,880	29,449,012	276,525,279
21 <sup>st</sup> Calculation Period	July 9, 2021 - July 8, 2022	16,958,150	21,953,065	271,530,364
22 <sup>nd</sup> Calculation Period	July 9, 2022 - July 8, 2023	16,179,300	23,220,297	264,489,367

※There are no historical records of creations and redemptions conducted outside of Japan.

**Historical Performance (As of July 31, 2023)**

## 1. Changes in NAV/Net Assets(per day)



## 2. Distribution Paid (per 10 shares, before tax)

July 2023	5,760 Yen
July 2022	4,970 Yen
July 2021	3,650 Yen
July 2020	3,890 Yen
July 2019	4,090 Yen
Cumulative since inception	50,569 Yen

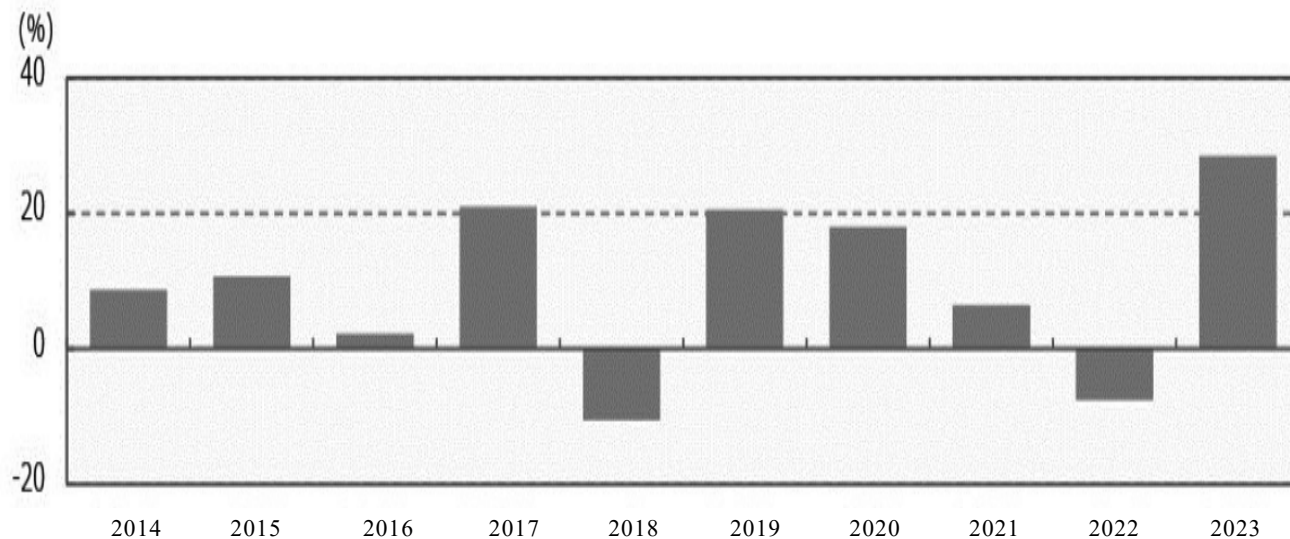
## 3. Status of Major Assets

## Top 10 component shares

	Company	Sector	% of NAV
1	FAST RETAILING CO., LTD.	Retail Trade	10.7
2	TOKYO ELECTRON LTD.	Electric Appliances	6.4
3	SOFTBANK GROUP CORP.	Information & Communication	4.4
4	ADVANTEST CORPORATION	Electric Appliances	3.9
5	DAIKIN INDUSTRIES, LTD	Machinery	2.9
6	KDDI CORPORATION	Information & Communication	2.5
7	SHIN-ETSU CHEMICAL CO., LTD.	Chemicals	2.4
8	FANUC CORPORATION	Electric Appliances	2.2
9	TERUMO CORPORATION	Precision Instruments	1.9
10	TDK CORPORATION	Electric Appliances	1.6

#### 4. Past Annual Returns

(based on the calendar year)



-The annual rates of return are calculated with distribution reinvested (before tax).

-The figure for 2023 shows the return rate from the beginning of the year to the base date.

- The performance data shown above represents historical performance, which is not a guarantee of future investment results.
- The Fund's investment performance may be disclosed on the Management Company's website.

## II. 【Administration and Operation】

### 1 【Procedures, etc. for Application and Distribution】

#### (1) Public Offerings for the Beneficial Interests in shares

Public offerings for the Beneficial Interests in shares are made each business day during the creation application period.

#### (2) Cut-off Time of Application

Creation application of the Beneficial Interests in shares completed by 3 p.m. on the acceptance day of creation application, that are also accompanied by the completion of all related procedures designated by the respective Distributing Company, shall be deemed to be accepted on this day. Provided that, when the creation applicant is an Issuing Company, etc. of component stocks in the Nikkei 225, the time limit is 2 p.m.

#### (3) Application Blackout Period (Basic Terms and Conditions)

In principle, the Management Company shall suspend any creation application of the Beneficial Interests in shares on the following days and periods: provided, however, creation application of the Beneficial Interests in shares may be accepted on or during the days and periods referred to below (except under the circumstances of Item 3) if the Management Company determines that the impact of such creation on the trust property is minimal in view of the condition of the trust property, funding trends, market trends, etc.

1. For a period of two business days, beginning from one business day prior to the ex-dividend date or ex-right date of any component stocks in the Nikkei 225.
- 1-2. The period, beginning from one business day prior to the delisting date of any component stocks in the Nikkei 225 due to stock exchange, merger and other reasons and ending on one business day prior to the including date of new stock within component stocks in the Nikkei 225 as the result from the stock exchange, merger and other reasons.
2. For a period of three business days, beginning from three business days prior to the last day of any calculation period of the Fund specified in Article 8 on the Basic Terms and Conditions of the Fund (provided, however, that if the accounting date is a holiday (meaning not a business day), the period shall be four business days, beginning from four business days prior to the accounting date.).
3. In addition to the items above, any time the Management Company determines that unavoidable circumstances have occurred that prevent it from making investments in accordance with the investment policies of the Fund specified in Article 26, Item 1 of the Basic Terms and Conditions of the Fund.

※Information on Application Blackout Period can also be provided via support dial.

#### (4) Creation Unit

Creation unit shall be one Unit or more, available in multiple, indivisible units of one Unit.

A “Unit” is comprised of number of Beneficial Interests in shares that, when combined together in a Unit, correspond to one unit of the stock portfolio which the Management Company deems will correlate to the Nikkei 225 (in principle, the portfolio is comprised of the individual stocks that comprise Nikkei 225, each unit of which shall be a minimum trading unit in each financial instruments exchange.).

The number of Beneficial Interests in shares in one Unit \* shall be integer multiples of 10 shares of the Beneficial Interests in shares, with the multiplier for the 10 shares of the Beneficial Interests in shares to be specified by the Management Company on the acceptance day of creation application.

- \* This number of shares shall be specified separately by the Management Company based on the number of portions required for a creation of the Beneficial Interests in shares for the individual stocks, the number of which shall be an integer multiple of a basic trading unit in a financial instruments exchange (“Exchange Trading Unit”), that comprise one unit of the actual portfolio (to be announced every day, in principle) whose proportion of the individual stocks corresponds to the component proportion of the individual stocks in the trust properties, and which the Management Company deems will correlate to the Nikkei 225.

## (5) Creation Price

Creation Price of the Beneficial Interests in shares is the Net Asset Value as of acceptance day of creation application.

## (6) Application Procedures

- The Management Company shall present the actual stocks in the portfolio (hereinafter referred to as the “Designated Stock Portfolio”) of one Unit to the Distributing Company no later than two business days prior to the acceptance day of creation application.

- A deposit of the Designated Stock Portfolio shall be made, in the appropriate amount based upon the number of Units applied for, to the safe custody of the Distributing Company within a period of 2 business days from the acceptance day of creation application.

- When the creation applicant is an Issuing Company, etc. of a component stock in the Nikkei 225, in principle, such creation applicant shall pay in cash an amount equal to the total market value of the issuing company’s individual stock included in the Designated Stock Portfolio, in place of such stock. The total market value of the individual stock, in this case, shall be the amount calculated by multiplying the closing price (or, if the closing price is not available, an equivalent price) at the financial instruments exchanges offering the issuing company’s stock, as of the calculation date of the NAV applied for on the acceptance day of creation application, by the number of such stock included in the Designated Stock Portfolio. Furthermore, in this case, the creation applicant shall also pay the amount equivalent to the expense required for the acquisition of the issuing company’s stock for the trust property (the amount of 0.15% of the total market value of the stock designated above).

- When the creation applicant is an Issuing Company, etc. of a component stock in the Nikkei 225, the Type I Financial Instruments Business Company that accepted the creation application (including any case where the Type I Financial Instruments Business Company applies for creation for its own account, if the Type I Financial Instruments Business Company is an Issuing Company, etc. of a component stock in the Nikkei 225) shall, at the time of intermediating the creation application, notify the Management Company to that effect.

- In the event such notification is not made at the time of intermediating the creation application, and this results in any damage to the trust property or others, the Type I Financial Instruments Business Company shall be liable for the damage.

- If the market value of the Designated Stock Portfolio is less than the value of the Units applied for, the creation applicant shall pay the Distributing Company the amount corresponding to the difference within a period of 2 business days from the acceptance day of creation application.

※ The Distributing Company may specify the details separately. Please contact the Distributing Company for further details.

## (7) Suspension and Cancellation of Acceptance of Application

In the event of a suspension of trading on the financial instruments exchange (meaning the Financial Instruments Exchange described in Article 2, Paragraph 16, of the Financial Instruments and Exchange Act), of a suspension of settlement functions, or of any other unavoidable circumstances, the Management Company may suspend the acceptance of any creation application



of the Beneficial Interests in shares of the Fund or cancel creation application already accepted, in accordance with the terms and conditions of the trust.

#### (8) Clearing Framework on Creation Application

When the distributing company applies to the Financial Instruments Clearing Organization\* (meaning Financial Instruments Clearing Organization provided in Article 2, paragraph 29, of the Financial Instruments and Exchange Act and hereinafter referred to as the “Clearing Organization”) for owing a debt on the delivery of the Designated Stock Portfolio to the Management Company etc., and the Clearing Organization owes the debt, payment procedure regarding creation application is performed between the Clearing Organization and the authorized participant through the Central Securities Depository in accordance with the business rules of the Clearing Organization.

\* The Financial Instruments Clearing Organization to be specified is Japan Securities Clearing Corporation.

#### (9) Reference for Application Procedures etc.

If you have any questions on application (distribution) procedures etc., for the Fund, please contact to the following reference.

**Nomura Asset Management Co., Ltd.**

**Support Dial: 0120-753104 (toll-free) (in Japan only)**

**Opening Hours: 9 a.m. - 5 p.m. on business days (Japan Standard Time)**

**Website: <http://www.nomura-am.co.jp/>**

## 2 【Redemption Procedures, etc.】

### (1) Request for Redemption

A Beneficiary may not apply for a partial redemption by cash of the trust during the term of this trust with respect to the Beneficial Interests in shares attributable to the beneficiary.

### (2) Redemption of the Beneficial Interests in shares

A beneficiary may request the Management Company redeem their own Beneficial Interests in shares, whose number of shares is an integer multiple of a certain number of shares, for the stock corresponding to their share of the Beneficial Interests in shares in the trust properties (hereinafter referred to as the “Redemption”).

### (3) Cut-off Time of Redemption

Request for Redemption that is completed by 3 p.m. of the acceptance day of redemption request shall be deemed to be accepted on that day. Provided that, when the beneficiary who requests for the Redemption is an Issuing Company, etc. of component stocks in the Nikkei 225, the time limit is 2 p.m.

### (4) Application Blackout Period (Basic Terms and Conditions)

The Management Company will, in principle, suspend the acceptance of the application for Redemption on the following days and period: provided, however, the Management Company may, even on the following days and period (except under the circumstances of Item 4), accept the Redemption application if the Management Company determines that the impact of such Redemption on the trust assets is minimal in view of the condition of the trust properties, funding

trends, market trends, etc.

1. One business day prior to the ex-dividend date or ex-right date of any component stocks in the Nikkei 225.
2. For a period of five business days, beginning from one business day prior to the date on which a change of the divisor is made due to changes of the component stocks in the Nikkei 225, the number of the individual stocks that comprise the component stocks in the Nikkei 225, or any other cause.
- 2-2. The period, beginning from one business day prior to the delisting date of any component stocks in the Nikkei 225 due to stock exchange, merger and other reasons and ending on one business day prior to the including date of new stock within component stocks in the Nikkei 225 as the result from the stock exchange, merger and other reasons.
3. For a period of three business days, beginning from three business days prior to the last day of any calculation period of the Fund specified in Article 8 on the Basic Terms and Conditions of the Fund. However, if the last day of the calculation period is a holiday (meaning not a business day), the period shall be four business days, beginning from four business days prior to the last day of the calculation period.
4. In addition to the period above, any time the Management Company determines that unavoidable circumstances have occurred that prevent it from making investments in accordance with the investment policies specified in Article 26, Item 1 of the Basic Terms and Conditions of the Fund.

※Information on Application Blackout Period can also be provided via support dial.

#### (5) Redemption Unit

The unit of Redemption shall be the number of shares specified by the Management Company, based on the number of shares required to exchange the Beneficial Interests in shares for the individual stock, the number of which shall be an integer multiple of the Exchange Trading Unit, that comprises one unit of the actual portfolio, whose proportion of individual stocks corresponds to the component proportion of the individual stocks in the trust properties, which the Management Company deems will

to the Nikkei 225 (hereinafter referred to as the “Minimum Redemption Shares”).

Minimum Redemption Shares shall be specified by the Management Company, which shall notify the Distributing Company no later than two business days prior to the Exchange Application Date.

#### (6) Redemption Price

The price of Redemption shall be the Net Asset Value as of the acceptance day of Redemption request.

#### (7) Redemption Procedures

- The beneficiary shall make a request for the Redemption to the distributing company with Transfer Beneficial Interests in shares.

- In the case where the beneficiary who requests for the Redemption is an issuing corporation of component stocks in the Nikkei 225, etc., the Type I Financial Instruments Business Company who accepts the request for the Redemption from the beneficiary (including the case where the Type I Financial Instruments Business Company is an issuing corporation of component stocks in the Nikkei 225, etc., and the Type I Financial Instruments Business Company requests for the Redemption by proprietary trading.) shall inform the Management Company to that effect upon intermediating the request for the Redemption. In the event the notification is not made at the time of intermediating the application for Redemption, which causes damage to the trust property or otherwise, the Type I Financial Instruments Business Company that intermediated the request for Redemption shall be liable for the damage.

(8) The Name and Calculation of the Number of Stocks to be Delivered Upon the Redemption

The name and number of individual stocks a beneficiary can obtain through the Redemption shall be determined based upon the individual stocks that belong to the Fund and the number calculated based on the Net Asset Value as of the acceptance day of Redemption request, with such number being an integer multiple of the Exchange Trading Unit (hereinafter referred to as the “Trading lot”).

In principal, the above calculation shall be made in accordance with the following method:

- I. Calculate the estimated total market value of the Redemption Shares of the trust properties as of the acceptance day of Redemption request;
- II. Calculate the number of stocks for each individual stock by multiplying the estimated total market value calculated at I above by the component proportion of the market value of such individual stocks in the Fund, and then divide such amount by the market value of each individual share;
- III. Adjust the number of stocks for each individual stock calculated at II above into the integer multiple of the Trading lot by rounding off to the nearest Trading lot (the portfolio comprised of the individual stocks adjusted for the number of stocks shall be referred to as “Provisional Redemption Basket”);
- IV. Calculate the total market value of the Provisional Redemption Basket by multiplying each individual stock comprising the components of the Provisional Redemption Basket calculated at III above by the market value of each such individual stock;
- V. Deem the Provisional Redemption Basket as the portfolio to be redeemed (hereinafter referred to as the “Redemption Basket”) in the event that the total market value of the Provisional Redemption Basket calculated at IV above is lower than the estimated total market value of the Redemption Shares calculated at I above. However, if the total market value of the Provisional Redemption Basket calculated at IV above is larger than the estimated total market value of the Redemption Shares calculated at I above, adjust the Provisional Redemption Basket as follows:
  - (i) Reduce the Trading lot by one by removing the individual stock whose rounded-up amount (which shall be the amount calculated by multiplying the number of stocks rounded up and the market price of such individual stock; hereinafter referred to as the “Rounded-up Amount”) was the largest in the round-off process at III above, from the previous Provisional Redemption Basket and deem the same as the new Provisional Redemption Basket;
  - (ii) Deem the new Provisional Redemption Basket as the Redemption Basket in the event the total market value of the new Provisional Redemption Basket is lower than the estimated total market value of the Redemption Shares calculated at I above. However, in the event the total market value of the new Provisional Redemption Basket is larger than the estimated total market value of the Redemption Shares calculated at I above, reduce the Trading lot by one by removing the individual stock whose Rounded-up Amount was the next largest in the round-off process at III above, from the new Provisional Redemption Basket and deem the same as the newest Provisional Redemption Basket; and
  - (iii) Repeat the process of (ii) above until the Redemption Basket is determined.
- VI. In principle, the name and number of stocks that comprise the Redemption Basket calculated in V above shall be the name and number of stocks to be delivered upon the Redemption.

In the event there are multiple beneficiaries who apply for the Redemption, resulting in the total number of shares of a specific individual stock to be redeemed become larger than the number of shares of that specific individual stock in the Fund’s possession, due to an error in the round-off process, etc., the Redemption Basket may be adjusted by, for example,

reducing by one the Trading lot of the individual stock from the Redemption Basket.

\* The individual stocks to be delivered for the Redemption shall not necessarily be all name of stocks in the Nikkei 225. The proportion of the individual stocks to be delivered to the Redemption shall not necessarily be the same as the proportion of these individual stocks in the Nikkei 225.

#### (9) Fixation of the Number of Beneficial Interests in shares to be Redeemed

- In the event the beneficiary requests an Redemption of their own Transfer Beneficial Interests in shares by offering them to the Management Company and the number of shares is an integer multiple of Minimum Redemption Shares, and the Management Company accepts the request, the Management Company shall calculate the number of individual shares the beneficiary can obtain by exchanging the Beneficial Interests in shares whose number of shares was offered by the beneficiary, and shall fix the number of Beneficial Interests in shares required for the Redemption (In this case, where there are any fractions less than one share, they shall be rounded up; hereinafter referred to as “Required Redemption Shares”).

- The Management Company shall give instructions to the Trustee to make Redemption of Required Redemption Shares for the Beneficial Interests in shares and the stocks, the number of which shall be an integer multiple of the Exchange Trading Unit, that comprise the trust property; provided however that if the beneficiary who requested the Redemption is an Issuing Company, etc. of a component stock in the Nikkei 225, the Management Company shall give instructions to make Redemption of the Beneficial Interests in shares whose number of shares is equivalent to the number calculated by deducting the total market value of the individual stocks of such issuing company from the Required Redemption Shares for the stock, the number of which shall be an integer multiple of the Exchange Trading Unit (excluding the stock of such issuing company). The total market value of individual stocks in this case shall be the amount calculated by multiplying the closing price (or, if the closing price is not available, an equivalent price) at the financial instruments exchange offering the stocks as of the calculation date of the Net Asset Value on the acceptance day of Redemption request, by the number of stocks calculated pursuant to the previous section: Name and Calculation of the Number of Stocks to be delivered to the Redemption.

#### (10) Delivery of Shares Upon Redemption, etc.

In principle, upon delivery of the redeemed shares to the beneficiary, on and after the third business day from the acceptance day of the Redemption request, the beneficiary's increased number of stock shall be stated or recorded within the account of a Central Securities Depository, etc.

#### (11) Suspension and Cancellation of Acceptance of Redemption Request

In the event of a suspension of trading on the Financial Instruments Exchange etc., of a suspension of settlement functions, or of any other unavoidable circumstances, the Management Company, at its own discretion, may suspend the acceptance of a Redemption request or cancel a Redemption request already accepted in accordance with the terms and conditions of the trust. When the acceptance of a Redemption request is discontinued, the beneficiary may withdraw the Redemption request which was made before the discontinuation of the request's acceptance. Provided, however, if the beneficiary does not withdraw the Redemption request, such request is deemed to be accepted on the first calculation date of the NAV after the discontinuation is cancelled.

#### (12) Clearing Framework on Redemption

When the distributing company applies to the Clearing Organization for owing a debt on the delivery of the Transfer Beneficial Interests in shares to the Management Company and the Clearing Organization owes the debt, delivery procedure

regarding Redemption is performed between the Clearing Organization and the authorized participant through the Central Securities Depository in accordance with the business rules of the Clearing Organization.

### (13) Purchase of Beneficial Interests in shares (Purchase Request System)

When receiving an application from a beneficiary, the Distributing Company shall purchase the Beneficial Interests in shares in the cases described in the following items; provided however that applications covered in Item 2 below shall be made two business days prior to the termination date of the trust:

- 1 Transfer Beneficial Interests in shares of less than the Exchange Trading Unit arise as a result of Redemption.
- 2 If delisted in all financial instruments exchanges where the Beneficial Interests in shares were listed.

The purchase price of the Beneficial Interests in shares shall be the Net Asset Value on the day the application for purchase is accepted.

In the event of suspension of trading at a financial instruments exchange, of suspension of settlement functions, or of any other unavoidable circumstances, the Distributing Company may, based on discussions with the Management Company, suspend purchase of Beneficial Interests in shares and may cancel previously-accepted applications for the purchase of the Beneficial Interests in shares in accordance with the terms and conditions of the trust.

If the purchase of Beneficial Interests in shares is suspended, a beneficiary may withdraw the application for purchase for the day made prior to the suspension of purchase. If, however, a beneficiary does not withdraw the application for purchase, the purchase price of the Beneficial Interests in shares shall be calculated in a manner that the application for purchase is accepted on the first calculation date of the NAV after the removal of suspension for purchase.

### (14) Reference for Redemption Procedures etc.

If you have any questions on Redemption procedures etc., for the Fund, please contact to the following reference.

**Nomura Asset Management Co., Ltd.**

**Support Dial: 0120-753104 (toll-free) (in Japan only)**

**Opening Hours: 9 a.m. - 5 p.m. on business days (Japan Standard Time)**

**Website: <http://www.nomura-am.co.jp/>**

## 3 【Overview of Asset Management, etc.】

### (1) 【Valuation of Assets】

#### <Calculation Method of Net Asset Value>

Net Asset Value is the amount per 10 shares, with such amount per unit being calculated by dividing (a) the amount calculated by deducting the value of total liabilities from the value of total assets derived by assessing the value of assets belonging to the trust property (excluding substitute securities for cash collateral) using market value or partially by amortized cost method in accordance with the respective laws and the rules of the Investment Trusts Association, Japan (hereinafter referred to as the “Total Net Asset Value”) by (b) the total number of Beneficial Interests in shares issued as of the calculation date.

The market value of the stocks belonging to the trust property (excluding those stocks which are subject to the Redemption and which have not been transferred to the beneficiaries (after transfer to the book-entry system, which have not transferred to the beneficiaries’ accounts set in the Central Securities Depository, etc.)) shall be valued, in principle, at the closing prices (or, if the closing price is not available, an equivalent price) of the financial instruments

exchange.

Regarding the Net Asset Value of the Fund, please contact the Management Company at the following:

**Nomura Asset Management Co., Ltd.**

**Support Dial: 0120-753104 (toll-free) (in Japan only)**

**(9 a.m. - 5 p.m. on business days (Japan Standard Time))**

**Website: <http://www.nomura-am.co.jp/>**

**<Accounting for Additional Trust>**

- (i) The amount corresponding to the additional trust shall be derived by multiplying the number of Beneficial Interests in shares corresponding to the additional trust by the amount of the Net Asset Value as of one business day prior to the date the additional trust is created, and adding the equivalent amount to the Expenses described in “1 Procedures, etc. for Application and Distribution” above.
- (ii) With regard to the amount corresponding to the additional trust, the difference between the amount corresponding to the additional trust and the amount corresponding to the principal shall be accounted for as the difference due to the additional trust.

**<Accounting for Redemption of Beneficial Interests in shares for Stocks>**

In exchanging Beneficial Interests in shares for stocks, the difference between (i) the amount obtained by multiplying the Required Redemption Shares (if the beneficiary who requested the Redemption is an Issuing Company, etc. of a component stock in the Nikkei 225 and the Beneficial Interests in shares are returned, the number of shares received after deducting the number of shares to be returned) by the Net Asset Value as of the acceptance day of Redemption request and (ii) the amount corresponding to the principal, shall be accounted for as the difference due to redeem (redemption).

**(2) 【Custody】**

The attribution of the Beneficial Interests in shares of the Fund shall be determined based on the statement or recording made on the book-entry transfer account register of a Central Securities Depository, etc., and the beneficiary certificates shall not be issued. Therefore, the section discussing custody of the beneficiary certificates does not apply.

**(3) 【Trust Period】**

Unlimited (inception date: July 9, 2001)

**(4) 【Accounting Period】**

From July 9 of each year to July 8 of the following year; provided that the last date of the final calculation period shall be the last date of the trust term when the trust is terminated.

(5) 【Other Information】

(a) Early Termination of the Fund

- (i) The Management Company, (i) when the number of Beneficial Interests in shares is less than 300,000 shares by exchanging the Beneficial Interests in shares with a part of the trust property or (ii) when the Management Company otherwise recognizing that terminating this trust is for the benefit of the beneficiaries, may, by mutual agreement with the Trustee, cancel this trust agreement and terminate the trust. In this case, the Management Company shall notify the regulatory authorities in advance of initiating early termination.
- (ii) When delisted from all financial instruments exchanges on which the Beneficial Interests in shares were listed, or when the Nikkei 225 itself is terminated, the Management Company shall cancel this trust agreement and terminate the trust by mutual agreement with the Trustee. In this case, the Management Company shall notify the regulatory authorities in advance of initiating early termination.

(b) Termination of the Trust Term

- (i) When terminating the trust term pursuant to “(a) Early Termination of the Fund” above, the Management Company, for matters described in paragraphs (i) and (ii) of “(a) Early Termination of the Fund,” shall provide public notification of its intent to cancel this trust agreement, and give notice in writing to that effect to known beneficiaries related to this trust agreement. However, if the Management Company gives notice in writing to all beneficiaries related to this trust agreement, public notification will not be provided, in principle.
- (ii) The public notification and the written notice mentioned in (i) above shall state that any beneficiaries who want to object to the cancellation must do so within a specific period of time. The specific period of time should be at least one month.
- (iii) If the total number of Beneficial Interests in shares of beneficiaries who object to the cancellation within the specific period of time pursuant to (ii) above exceed one half of the total number of Beneficial Interests in shares, the trust agreement is not cancelled as per paragraph (i) of “(a) Early Termination of the Fund.”
- (iv) If the trust agreement is not cancelled, the Management Company shall provide public notification of their intent not to cancel and its reason, and shall also provide notice in writing to that effect to known beneficiaries related to this trust agreement. If the Management Company provides notice in writing to all beneficiaries related to the trust agreement, public notice will not be provided, in principle.
- (v) When this trust is terminated pursuant to paragraph (ii) of “(a) Early Termination of the Fund,” the provisions of paragraphs (i) through (iv) of this “(b) Termination of the Trust Term” shall not apply. The same provisions shall not apply if a truly unavoidable circumstance arises with respect to the condition of the trust property, and there is difficulty in providing public notification and written notice with the specific period of at least one month as referenced in paragraph (ii) above.
- (vi) When receiving an order to terminate the trust agreement from regulatory authorities, the Management Company shall comply with such order, cancel this trust agreement and terminate the trust.

(c) Amendments to the Terms and Conditions of the Trust

- (i) The Management Company may, with the consent of the Trustee, amend the terms and conditions of the trust, and shall notify the regulatory authorities, in advance, of the intent to amend and of the contents of the amendment.
- (ii) With respect to a material amendment among the matters of amendment in paragraph (i) above, the Management Company shall provide public notification of the intent to amend and of the contents of the amendment, and shall deliver the document that describes those matters to the known beneficiaries in accordance with the terms and condition of the trust. However, when the Management Company delivers this document to all beneficiaries in accordance with the terms and condition of the trust, a public notification will not be made, in principle.

- (iii) When crafting the public notice and document described in paragraph (ii) above, the Management Company shall mention that a beneficiary who objects to the amendment shall state their objection to the Management Company within a specified period of time. This time period shall not be less than one month.
- (iv) When the number of Beneficial Interests in shares held by beneficiaries who object within the time period described in paragraph (iii) above exceeds half of the total number of Beneficial Interests in shares the Management Company shall not amend the terms and conditions of this trust pursuant to paragraph (i) above.
- (v) When the Management Company decides not to amend the terms and conditions of the trust, the Management Company shall make a public notification that no amendment will be made and the reason for its decision, and shall deliver the document that explains those matters to known beneficiaries associated with this trust agreement. However, in principle, when the Management Company delivers the document to all beneficiaries associated with this trust, public notification will not be made.
- (vi) When making amendments to the terms and conditions of this trust based upon an order from regulatory authorities, the Management Company shall abide by the provisions from (i) through (iv) above.

(d) Public Notification

Any public notification made by the Management Company for the beneficiaries shall be posted online on the website below by means of electronic public notification:

<http://www.nomura-am.co.jp/>

If public notice by electronic means cannot be made due to an accident or any other unavoidable circumstances, public notification shall be provided in Nihon Keizai Shimbun.

(e) Right to Demand Purchase by Objectors

When terminating this Fund's trust agreement or making amendments to the terms and conditions of the trust, any beneficiary who has made an objection to the Management Company within the specified period of time may request the Trustee purchase the Beneficial Interests in shares belonging to such beneficiary with the trust property. The details of the right to demand purchase and matters relating to the procedures for demanding purchase will be included in the public notification or the notice provided for in paragraph (i) of "(b) Termination of the Trust Term" above or paragraph (ii) of "(c) Amendments to the Terms and Conditions of the Trust" above.

(f) Listing on Financial Instruments Exchange

With respect to the Beneficial Interests in shares of this trust, the Management Company shall apply for a listing on the financial instruments exchange specified separately. Such Beneficial Interests in shares of this trust will be listed on the financial instruments exchange after the approval of the financial instruments exchange according to the regulations and rules promulgated by the financial instruments exchange.

When the Beneficial Interests in shares of this trust are listed, the Management Company shall comply with the rules and regulations promulgated by the financial instruments exchange above, and shall follow any directions, such as delisting, or suspension of sales purchase transactions, imposed on Beneficial Interests in shares by a financial instruments exchange per its regulations and rules.

(g) Withholding of Registration, etc. and Recording etc. of Trust Property

- (i) With regard to trust property that can be registered or recorded for the trust, the registration or recording of trust shall be made; provided however, that the registration or recording of trust may be withheld if the Trustee approves.
- (ii) Notwithstanding the provision of paragraph (i) above, registration or recording of trust shall be made if the Management Company or Trustee deems it necessary to do so for the protection of beneficiaries.
- (iii) With regard to trust property for which a statement or recording of belonging to the trust property can be made, such statement or recording shall be made, and concurrently, such trust property shall be segregated by clarifying



the accounting thereof. However, the property may simply be segregated by clarifying the accounting thereof, if the Trustee approves.

- (iv) Movables (excluding monies) may be segregated in the manner whereby they can be distinguished from each other on sight or by clarifying the accounting thereof.

(h) Instructions to Sell Stock

The Management Company may give instructions to sell stock that belongs to the trust property.

(i) Instructions for Reinvestment

The Management Company may give instructions to reinvest sales proceeds of stock, liquidating dividend from stocks, dividends from stock and other income. However, dividends shall be limited to being managed by a financial instrument described in Items (1) through (4) of “I. Overview of Fund, 2 Investment Policy, (2) Investment Assets, ③ Scope of Instructions for Financial Instrument and Futures Transaction”.

(j) Advance of Money by Trustee

When there is an issuance of new shares or allotment of shares with respect to stocks that belong to the trust property, the Trustee may advance funds if requested by the Management Company.

If estimates of amounts of distribution on liquidation of stocks, dividends, or any other receivables that are related to the stock that belongs to the trust property, can be made before the date of termination of this trust, the Trustee may advance these amounts to be incorporated into the trust property.

With regard to the settlement of advances and interest thereof, the Trustee and the Management Company shall discuss and decide how to treat such settlement and interest as they arise.

(k) Cancellation of Registration of the Management Company

- (i) In the event the Management Company is subject to cancellation of their registration by regulatory authorities, is dissolved, or suspends its operations, the Management Company shall cancel this trust agreement and terminate this trust.

- (ii) Notwithstanding the provisions of paragraph (i) above, if regulatory authorities issue an order that the operations of the Management Company relating to this trust agreement be substituted by another investment trust management company, this trust shall continue between the investment trust management company and the Trustee, with the exception of cases that fall under the provisions of paragraph (iv) of “(c) Amendments to the Terms and Conditions of the Trust”.

(l) Transfer and Succession of the Management Company

- (i) The Management Company may transfer all or part of its business, and in conjunction with this transfer, may transfer the business concerning this trust agreement.
- (ii) The Management Company may cause its business to be succeeded due to a company split, and in conjunction with this succession, its business concerning this trust agreement may be succeeded.

(m) Resignation or Removal of the Trustee

The Trustee may, with the consent of the Management Company, resign from its duties. In the event the Trustee breaches its duties or any other critical situation arises, the Management Company or a beneficiary may apply to the court to have the Trustee removed. If the Trustee resigns, or the court removes the Trustee, the Management Company shall select a new Trustee pursuant to the provisions of “(c) Amendments to the Terms and Conditions of the Trust.” In the event the Management Company cannot select a new Trustee, the Management Company shall cancel this trust agreement and terminate this trust.

(n) Splits and Re-splits of Beneficial Interests in shares, Content of Beneficial Interests in shares on Different Trust Date/Time

The Management Company shall split the Beneficial Interests in shares as of the date when the trust agreement is concluded equally to the initial number of shares at inception. If additional trusts are made, then the Management Company shall split the Beneficial Interests in shares attributable to the additional trusts equally into the number of additional shares.

No variance arises as a result of differences in trust dates/time with respect to the Beneficial Interests in shares of this trust.

(o) Doubts Concerning Trust Agreement

In the event any doubt arises regarding the interpretation of the terms and conditions of this trust, the Management Company and the Trustee shall solve the doubt based on mutual discussion.

(p) Renewal Procedures of Agreements with Related Corporations

“Agreement regarding Offering and Distribution” executed between the Management Company and the Distributing Company shall be automatically renewed on an annual basis, in principle, unless either party expresses a different intent to the other party at least three months prior to the then-current expiry date of such agreement.

#### 4 【Rights, etc., of Beneficiaries】

Primary rights that Beneficiaries have are as follows:

① Claims for Income Distribution and Registration

(a) A person whose name, address, and individual number or corporate registration number (name and address, if a person does not have an individual number or corporate registration number, or if a person receives income distributions via a person in charge of handling payment, as provided for in Article 9-3-2, Paragraph 1 of the Act on Special Measures Concerning Taxation) are registered with the Trustee as of the last day of the calculation period shall be treated as the beneficiary as of the last day of the calculation period (“Registered Beneficiary”), and the income distribution shall be paid to the Registered Beneficiary. Even if the Registered Beneficiary differs from a person who holds beneficiary certificates after transfer to the book-entry system as of the last day of the calculation period, the Management Company shall neither be under the obligation to pay income distributions to such person who holds the beneficiary certificates, nor be liable for any damage caused to such holder. \*

Beneficiaries shall, in principle, request the abovementioned registration through a member of the financial instruments exchange that lists the Beneficial Interests in shares of this trust (such member shall be limited to Account Management Institution; the same applies hereinafter). In this case, such member may charge the amount equivalent to a commission that the Account Management Institution set independently and the consumption tax, etc. on the commission. Provided, however, that securities finance companies, etc. may perform the registration directly with the Trustee.

The registration process shall be suspended for a period of thirty days beginning the day immediately following the last day of each calculation period. In this case, the Management Company shall provide a public notification to that effect in advance. Provided, however, the registration process for the Beneficial Interests in shares stated or recorded in the book-entry transfer account registry of the Central Securities Depository, etc. pursuant to the Book-Entry Act, etc. shall be processed as follows, and in the event that all of the Beneficial Interests in shares of this trust are Transfer Beneficial Interests in shares, the public notification above shall not be provided, in principle.

(i) The Beneficial Interests in shares shall be identified, by making a statement or recording of its number of shares on the book-entry transfer account register of the abovementioned member, in the number of shares stated or recorded on the book-entry transfer account registry.

(ii) The abovementioned member shall notify the Trustee of the personal name or entity name, address, and individual number or corporate registration number (personal name or entity name and address, for those who do not have an individual number or corporate registration number, or if a person receives income distributions via a person in charge of handling payment as provided for in Article 9-3-2, Paragraph 1, of the Act on Special Measures Concerning Taxation) of the beneficiary associated with the member, and of the matters prescribed by the Trustee in writing by the end of the calculation period. When the contents of the report have changed, the member shall notify the Trustee of the change based upon the request by the beneficiary in accordance with the method prescribed by the member. \*

(iii) The abovementioned member shall report to the Central Securities Depository matters as of the end of the calculation period, involving the beneficiary mentioned in (i) above related to the member, that are prescribed by the Central Securities Depository (if the member is not an Account Management Institution, through its superior institution), and the Central Securities Depository shall notify the Trustee to that effect.

\* These descriptions shall apply to any registration to a Trustee made after January 1, 2016. With regard to any registration to a Trustee before that date, the provisions then in force shall be applicable. Those who registered their personal name or entity name, and address to a Trustee before January 1, 2016, shall register their individual number or corporate registration number with a Trustee by the last day of calculation period which comes first after the day on which 3 years has elapsed from January 1, 2016 (If a person does not have an individual number or corporate registration number with a Trustee on the last day of such calculation period, within one month from the date the person received, for the first time, notification of their personal number and corporate registration number under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No.27 of 2013)).

The beneficiary at the time of the execution of this trust agreement and at the time of an additional trust before January 4, 2008, shall be registered as mentioned above and be delivered the beneficiary certificates, and the beneficiary at the time of an additional trust on or after January 4, 2008, shall be registered as mentioned above and be described or registered on the book-entry transfer account registry of the Central Securities Depository.

The payment of an income distribution shall be, in principle, made on the date specified by the Management Company, which falls within forty days after the end of every calculation period, by paying the income distribution by wire transfer to the savings account specified in advance by the beneficiary. Please note that if the Registered Beneficiary does not specify the savings account in advance, payment of the income distribution to the Registered Beneficiary may be delayed.

Notwithstanding the procedures listed above, if a Registered Beneficiary enters into a separate agreement regarding the treatment of income distributions\* with a member of a financial instruments exchange, the income distribution shall be paid pursuant to such agreement.

\* Please contact an abovementioned member of a financial instruments exchange for details.

(b) The Trustee shall, when there is an outstanding payable balance of income distribution after five years passed from the first payment date, pay such outstanding amount to the Management Company.

After the payment of the income distribution has been made to the Management Company, the Trustee shall not be held liable for the payment of the said amount to the Registered Beneficiary.

In the event that a beneficiary has not claimed any payment of income distribution for five years after the first payment date, the beneficiary shall lose the right to claim such payment, and such income distribution shall be attributed to the Management Company.

## ② Redemption Upon Termination of Trust

When this trust is to be terminated, the Management Company shall deliver to the beneficiary who holds more than a certain number of Beneficial Interests in shares (\*), shares equivalent to the Beneficial Interests in shares in the trust

property, which the beneficiary possesses four business days prior to the date the trust is terminated, redeemed for the Transfer Beneficial Interests in shares stated or recorded on the transfer account registry as the Beneficial Interests in shares or redeemed for the beneficiary certificates that represents Transfer Beneficial Interests in shares.

- (\*) The unit to be redeemed upon the termination of the trust shall be the number of shares specified by the Management Company, based on the number of shares required to redeem Beneficial Interests in shares for the individual stocks, the number of which shall be an integer multiple of the Exchange Trading Unit, that comprise one unit of the actual portfolio whose proportion of the individual stocks corresponds to the component proportion of the individual stocks in the trust properties, and which the Management Company deems will correlate to the Nikkei 225 (hereinafter referred to as “Minimum Redemption Shares upon Termination of Trust”).

Minimum Redemption Shares Upon Termination of Trust shall be decided by the Management Company at least five business days prior to the date of termination of trust, and notification shall be provided to the Distributing Company.

If a beneficiary who is an Issuing Company, etc. of a component stock in the Nikkei 225 makes Redemption, the Management Company shall give instructions to the Trustee to purchase the Beneficial Interests in shares in the number equivalent to the individual total market value of the stock of the issuing company. The individual total market value, in this case, shall be the amount by which such stock is sold by a market order on and after the opening of the market three business days prior to the date the trust is terminated (after deduction of commissions for sale).

The Redemption shall be done in the offices of the Distributing Company.

The name and number of the individual stocks acquired by the beneficiary shall be calculated based on the Net Asset Value four business days prior to the date of trust termination and which shall be an integer multiple of the Exchange Trading Unit.

The Distributing Company may charge, upon the Redemption, the amount corresponding to the commissions set independently by the Distributing Company and the consumption tax, etc. on the commission.

The Management Company shall, after three business days prior to the date the trust is terminated, recognize that the same number of Beneficial Interests in shares as that of the Transfer Beneficial Interests in shares and the Beneficial Interests in shares represented by the beneficiary certificates obtained by the trust property (including the Beneficial Interests in shares purchased by the trust property for each Beneficial Interests in shares) to be annulled due to the Redemption have become null and void, and the Trustee shall confirm that the Transfer Beneficial Interests in shares relating to such Beneficial Interests in shares have been annulled on the date of book-entry of the redeemed shares.

Notwithstanding the above, if any of the following items manifest, the Distributing Company shall purchase any of the following Beneficial Interests in shares based on the Net Asset Value at the time of the termination of this trust:

- 1 When there is a number of shares remaining after reducing the number of shares required for the Redemption of stock from the number of shares held by the beneficiary, such remaining number of Transfer Beneficial Interests in shares or beneficiary certificates; and
- 2 Transfer Beneficial Interests in shares or beneficiary certificates of less than the Minimum Redemption Shares upon Termination of Trust (including Transfer Beneficial Interests in shares or beneficiary certificates of less than the Exchange Trading Unit).

The Distributing Company may, upon purchasing the Beneficial Interests in shares, charge the amount corresponding to the commission set independently by the Distributing Company and the consumption tax, etc. on the commission.

The Redemption of stocks shall be performed, as for Transfer Beneficial Interests in shares, after the business day following the date on which the Trustee confirms the application for the annulment of the Transfer Beneficial Interests in shares is accepted by the Central Securities Depository, and, as for the beneficiary certificates, after the second

business day following the day on which the Trustee confirms the Beneficial Interests in shares to be redeemed are provided to the Trustee.

With respect to the Beneficial Interests in shares purchased by the trust property, the payment of money shall be made on the third business day after the date on which the individual total market value is fixed.

In the event a beneficiary has not requested Redemption for ten years from the initial date of Redemption, such beneficiary loses the right to request Redemption, and such rights are attributed to Management Company.

### III. 【Financial Information of Fund】

#### NEXT FUNDS Nikkei 225 Exchange Traded Fund

- (1) The Financial Statements of the Fund are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No. 59 of 1963; hereinafter referred to as “Financial Statements Regulation”) and, pursuant to the provisions of Article 2-2 of the Financial Statements Regulation, the Ordinance on Accounting of Investment Trust Property (Cabinet Office Ordinance No. 133 of 2000) (hereinafter referred to as “Investment Trust Assets Accounting Ordinance”). The Financial Statements are stated in Japanese Yen.
- (2) Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Fund’s Financial Statements for the 22<sup>nd</sup> calculation period (from July 9, 2022 to July 8, 2023) have been audited by Ernst & Young ShinNihon LLC.

# Independent Auditor's Report

September 15, 2023

To:  
The Board of Directors  
Nomura Asset Management Co., Ltd.

## **Ernst & Young ShinNihon LLC**

Tokyo Office, Japan

Designated Limited	Certificated	
Liability Partner	Public	Hisashi Yuhara
Engagement Partner	Accountant	

### Audit Opinion

To provide audit certification pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the financial statements listed in the "Financial Information of Fund," which comprise the balance sheet, the statement of profits and losses and retained earnings and the related notes, and the supplementary schedules for the NEXT FUNDS Nikkei 225 Exchange Traded Fund for the calculation period from July 9, 2022 to July 8, 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of trust properties as of July 8, 2023 and the status of profits and losses for the calculation period ending July 8, 2023, of the NEXT FUNDS Nikkei 225 Exchange Traded Fund, in accordance with accounting principles generally accepted in Japan.

### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of Nomura Asset Management Co., Ltd. and the Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Other information is information, apart from the financial statements and the auditor's report on them, that is contained in an entity's annual securities report and securities registration statement (including amended securities registration statement). Management, or those charged with governance, is responsible for preparing and disclosing other information. Other information is not included in the scope of our opinion on the financial statements and we do not provide our opinion on other information. Our responsibilities in financial statement audit, having read the other information, are to consider whether there is a material inconsistency between the other information and the financial statements or the auditor's knowledge obtained in the audit, and to pay attention to whether there is an indication that other information appears to be materially misstated other than such material inconsistency. When we become aware that other information appears to be materially misstated during our audit, we shall report the fact. There is no matter for us to report on other information.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide management with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Conflicts of Interest

We have no interest in Nomura Asset Management Co., Ltd. or the Fund which should be disclosed in accordance with the Certified Public Accountants Act.

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- (Note) 1. The original version of the Independent Auditor's Report is retained by us separately.  
2. XBRL data is not audited.



## 1 【Financial Statements】

## (1) 【Balance Sheet】

(Unit : JPY)

	21 <sup>st</sup> Fiscal Year (As of July 8, 2022)	22 <sup>nd</sup> Fiscal Year (As of July 8, 2023)
<b>Assets</b>		
Current assets		
Call loans	259,822,860,895	612,887,326,637
Stocks	7,285,903,128,320	8,662,818,839,840
Derivatives valuation account	-	437,823,575
Accounts receivable	-	760,577,291
Accrued dividends receivable	8,828,927,100	9,443,705,850
Accrued interest	1,036,072	32,908,438
Other accrued revenue	179,475,268	217,549,013
Customers' margin	22,396,432,501	9,348,381,773
Total current assets	7,577,131,860,156	9,295,947,112,417
Total assets	7,577,131,860,156	9,295,947,112,417
<b>Liabilities</b>		
Current liabilities		
Derivative evaluation account	4,089,939,299	177,371,250
Accounts payable – other	6,483,770,641	-
Unpaid distribution	134,950,590,908	152,345,875,392
Trustee fee payable	1,858,450,639	1,370,666,781
Invest trust management fee payable	5,586,083,967	3,809,989,677
Accrued interest expenses	46,056	425,158
Cash received on debt credit transaction of securities	44,651,124,942	328,421,073,050
Other accrued expenses	2,462,078,787	2,457,202,434
Total current liabilities	200,082,085,239	488,582,603,742
Total liabilities	200,082,085,239	488,582,603,742
<b>Net assets</b>		
Principal and other		
Principal	3,341,724,189,748	3,255,070,639,669
Surplus		
Surplus (deficit) at the end of the period (△)	4,035,325,585,169	5,552,293,869,006
(Reserve for distribution)	154,469,862	289,781,470
Total principal and other	7,377,049,774,917	8,807,364,508,675
Total net assets	7,377,049,774,917	8,807,364,508,675
Total liabilities and net assets	7,577,131,860,156	9,295,947,112,417

## (2) 【Statement of Income and Retained Earnings】

(Unit : JPY)

	21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022	22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023
Operating revenue		
Dividend income	152,163,042,112	162,866,560,314
Interest income	93,454	577,297
Profit and loss on buying and selling of securities and other	△ 420,972,456,271	1,566,391,772,706
Profit and loss on trading of derivatives	△ 11,176,220,531	50,840,221,009
Other revenue	1,049,375,486	3,697,805,930
Total operating revenue	△ 278,936,165,750	1,783,796,937,256
Operating expenses		
Interest expenses	△ 80,398,011	40,969,954
Trustee fee	3,861,907,284	2,931,193,088
Investment trust management fee	11,665,528,866	8,356,140,980
Other expenses	2,800,173,889	2,755,452,519
Total operating expenses	18,247,212,028	14,083,756,541
Operating profit (loss) (△)	△ 297,183,377,778	1,769,713,180,715
Ordinary profit (loss) (△)	△ 297,183,377,778	1,769,713,180,715
Profit (loss) (△)	△ 297,183,377,778	1,769,713,180,715
Distribution of profit (loss) from partial redemption (△)	-	-
Surplus (deficit) at beginning of period (△)	4,568,624,040,998	4,035,325,585,169
Increase in surplus or decrease in deficit	273,675,962,052	284,271,625,145
Increase in surplus or decrease in deficit from additional creation for period	273,675,962,052	284,271,625,145
Decrease in surplus or increase in deficit	374,840,449,195	384,670,646,631
Decrease in surplus or increase in deficit from partial redemption	374,840,449,195	384,670,646,631
Distribution	134,950,590,908	152,345,875,392
Surplus (deficit) at end of period (△)	4,035,325,585,169	5,552,293,869,006

## (3) 【Notes to Financial Statements】

(Notes regarding Significant Accounting Policy)

1. Basis and methods of valuation for the assets under management	<p>- Stocks</p> <p>Stocks are valued at market value, in principle.</p> <p>Market value is assessed by the closing price of a stock exchange on the last day of the calculation period for the listed stocks (or the closing price of a stock exchange on the closest day to the last day of the calculation period, if there is no closing price on the last day of the calculation period).</p> <p>- Futures transactions</p> <p>Futures transactions are valued at the settlement price published by a stock exchange on the last day of the calculation period.</p>
2. Basis of recording expenses and income	<p>- Dividend income</p> <p>In principle, the amount of dividend or expected dividend is recorded on ex-dividend date basis. With respect to investment trust beneficiary certificates, in</p>

	<p>principle, the amount of income distribution is recorded on ex-income distribution date basis.</p> <p>- Profits and losses on trading of securities. Recorded on trade date basis.</p> <p>- Profits and losses on trading of derivatives Recorded on trade date basis.</p>
3. Supplementary explanations regarding the matters concerning the market value of financial instruments	<p>The market value of financial instruments is calculated based on certain assumptions, and therefore the calculated value may vary if calculation of the value is made based on different assumptions.</p> <p>In addition, the contract amount of derivative transactions is just a notional contract amount or notional principal amount and therefore such amount does not directly indicate the maximum market risk of such derivative transaction.</p>
4. Others	<p>The calculation period of the Fund is from July 9, 2022 to July 8, 2023, in accordance with the provisions of the basic terms and conditions of the investment trust.</p>

(Notes regarding the Significant accounting estimates)  
Not applicable.

(Notes to the Balance Sheet)

21 <sup>st</sup> Fiscal Year As of July 8, 2022		22 <sup>nd</sup> Fiscal Year As of July 8, 2023	
1.	Total number of Beneficial Interests in shares as of the last day of calculation period 271,530,364 shares	1.	Total number of Beneficial Interests in shares as of the last day of calculation period 264,489,367 shares
2.	Amount of the Net asset per unit as of last day of calculation period Net asset per 1 share 27,168.4 yen (Net asset per 10 shares) (271,684 yen)	2.	Amount of the Net asset per unit as of last day of calculation period Net asset per 1 share 33,299.5 yen (Net asset per 10 shares) (332,995 yen)
3.	Securities loaned under lending and borrowing contracts for securities 43,223,100,520 yen	3.	Securities loaned under lending and borrowing contracts for securities 303,486,395,230 yen

(Notes to the Statement of Profit and Loss and Retained Earnings)

21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022			22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023		
1. Process for calculation of distribution			1. Process for calculation of distribution		
Item			Item		
Dividends and other income for the period	A	153,292,909,063 yen	Dividends and other income for the period	A	166,523,973,587 yen
Reserve for distribution	B	139,761,746 yen	Reserve for distribution	B	154,469,862 yen
Total dividends and other income	C=A+B	153,432,670,809 yen	Total dividends and other income	C=A+B	166,678,443,449 yen
Miscellaneous expenses	D	18,327,610,039 yen	Miscellaneous expenses	D	14,042,786,587 yen
Possible amount of profit distribution	E=C-D	135,105,060,770 yen	Possible amount of profit distribution	E=C-D	152,635,656,862 yen
Profit distribution	F	134,950,590,908 yen	Profit distribution	F	152,345,875,392 yen
Carry forward	G=E-F	154,469,862 yen	Carry forward	G=E-F	289,781,470 yen

(Reserve for distribution)			(Reserve for distribution)		
Number of shares	H	271,530,364 shares	Number of shares	H	264,489,367 shares
Distribution amount (per 10 shares)	$I=F/H \times 10$	4,970 yen	Distribution amount (per 10 shares)	$I=F/H \times 10$	5,760 yen
2 Other expenses			2 Other expenses		
2,165,325,229 yen out of other expenses is trademark license fee for the target index.			2,129,543,297 yen out of other expenses is trademark license fee for the target index.		

(Notes Regarding Financial Instruments)

(1) Matters concerning the State of Financial Instruments

21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022	22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023
<p>1. Policy on Handling of Financial Instruments</p> <p>The Fund is a Security Investment Trust as defined in Article 2, Paragraph 4 of the Act on Investment Trusts and Investment Corporations, and aims to manage the Fund by investing in financial instruments such as securities in accordance with the basic investment policy set forth in the basic terms and condition of the investment trust.</p> <p>2. Details of Financial Instruments and Risk Involved in Financial Instruments</p> <p>The types of financial instruments invested in by the Fund consist of monetary claims and monetary debts, including securities, derivative transactions, and call loans.</p> <p>The details of the financial instruments invested in by the Fund are stated in the sub-section “2 Matters concerning Securities” of the “Miscellaneous” Section below.</p> <p>The financial instruments invested in by the Fund are exposed to the market risks, such as price fluctuation risks, credit risks, and liquidity risks.</p> <p>The Fund carries out stock index futures transactions for the purpose of contributing to the efficient management of trust assets belonging to the Fund.</p> <p>The above derivative transactions are exposed to the risk of price fluctuations related to the targeting stock index.</p> <p>3. Risk Management System for Financial Instruments</p> <p>The Investment Risk Management Committee, a committee independent from the management department, is established to examine the Fund’s performance and to manage investment risk.</p> <p>○Market Risk Management</p> <p>To manage the market risk, the Management Company is constantly monitoring and analyzing the status of asset allocation, to ensure the investment of the trust property is in compliance with the investment policy set forth in the basic terms and conditions of the investment trust.</p> <p>○Credit Risk Management</p> <p>To manage the credit risk, the Management Company is constantly gathering and analyzing financial information of the issuers of securities and counterparties of transactions, and is also complying with internal restrictions on the incorporation of securities, which may be applied based on credit ratings.</p>	<p>1. Policy on Handling of Financial Instruments</p> <p>Same as on the left</p> <p>2. Details of Financial Instruments and Risk Involved in Financial Instruments</p> <p>Same as on the left</p> <p>3. Risk Management System for Financial Instruments</p> <p>Same as on the left</p>

<p>○Liquidity Risk Management</p> <p>To manage the liquidity risk, the Management Company is monitoring market liquidity status, as necessary, and is managing the trading volume and incorporation ratio of each security.</p>	
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(2) Matters concerning the Market Value, etc. of Financial Instruments

21 <sup>st</sup> Fiscal Year As of July 8, 2022	22 <sup>nd</sup> Fiscal Year As of July 8, 2023
<p>1. Amount Recorded on Balance Sheet, Market Value, and the Difference between Them</p> <p>Amounts are recorded on the balance sheet based on their market values. Therefore, there is no difference between them.</p> <p>2. Method of Calculation of Market Value</p> <p>Stocks</p> <p>As stated in “Notes Regarding Significant Accounting Policy” Section above.</p> <p>Derivative Evaluation Account</p> <p>As stated in the sub-section “3 Matters concerning Derivative transactions” of the “Miscellaneous” Section below.</p> <p>Monetary Claims and Monetary Debts Including Call Loans</p> <p>The market value is determined as the book value because these accounts will be settled in a short period of time and the book value of these accounts approximates their market value.</p>	<p>1. Amount Recorded on Balance Sheet, Market Value, and the Difference between Them</p> <p>Same as on the left</p> <p>2. Method of Calculation of Market Value</p> <p>Same as on the left</p>

(Notes regarding transactions with related parties)

21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022	22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023
There is no applicable item, since no transactions with related parties are made under terms and conditions different from the general and practical terms of certain transactions (which may be determined by taking market prices and/or other fair prices for such transactions into account).	Same as on the left

(Miscellaneous)

1 Changes in principal

21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022	22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023
<p>Amount of Principal at the beginning of the calculation period 3,403,196,608,653 yen</p> <p>Amount of Principal of Additional Trust created during the calculation period 208,703,952,050 yen</p> <p>Amount of Principal redeemed during the calculation period 270,176,370,955 yen</p>	<p>Amount of Principal at the beginning of the calculation period 3,341,724,189,748 yen</p> <p>Amount of Principal of Additional Trust created during the calculation period 199,118,645,100 yen</p> <p>Amount of Principal redeemed during the calculation period 285,772,195,179 yen</p>

2 Matters concerning Securities  
Trading Securities

Type	21 <sup>st</sup> Fiscal Year From July 9, 2021 to July 8, 2022	22 <sup>nd</sup> Fiscal Year From July 9, 2022 to July 8, 2023
	Unrealised gains or losses included in the profits and losses of the calculation period (yen)	Unrealised gains or losses included in the profits and losses of the calculation period (yen)
Stocks	△ 435,108,857,206	1,531,746,830,126
Total	△ 435,108,857,206	1,531,746,830,126

3 Matters concerning Derivative Transactions

Contracted amount, market value, and unrealized gains or losses of derivative transactions

Type	21 <sup>st</sup> Fiscal Year (As of July 8, 2022)				22 <sup>nd</sup> Fiscal Year (As of July 8, 2023)			
	Contacted amount, (yen)		Market value (yen)	Unrealised gains or losses (yen)	Contacted amount (yen)		Market value (yen)	Unrealised gains or losses (yen)
		Longer than 1 year				Longer than 1 year		
Market transaction								
Stock index futures transactions								
Long position	93,817,190,159	—	89,728,920,000	△ 4,089,939,299	143,726,549,875	—	143,989,200,000	260,452,325
Total	93,817,190,159	—	89,728,920,000	△ 4,089,939,299	143,726,549,875	—	143,989,200,000	260,452,325

(Note) Method of valuation of market value

1 Futures transactions

Domestic futures transactions

Futures transactions are valued at the settlement price published by a stock exchange as of the last day of the calculation period.

※Hedge accounting is not applied to any of the above transactions.

(4) 【Annexed Detailed Schedules】

I. Schedule of Securities

(1) Stocks (as of July 8, 2023)

(Unit:JPY)

Type	Currency	Name	Number of Shares	Valuation		Remarks
				Unit Price	Amount	
Stocks	JPY	NISSUI CORPORATION	9,064,000	643.00	5,828,152,000	Loaned securities 7,500Shares
		INPEX CORPORATION	3,625,600	1,602.00	5,808,211,200	

COMSYS HOLDINGS CORPORATION	9,064,000	2,746.50	24,894,276,000	Loaned securities 264,500Shares
TAISEI CORPORATION	1,812,800	5,014.00	9,089,379,200	Loaned securities 200Shares
OBAYASHI CORPORATION	9,064,000	1,225.50	11,107,932,000	
SHIMIZU CORPORATION	9,064,000	899.60	8,153,974,400	Loaned securities 290,100Shares
HASEKO CORPORATION	1,812,800	1,762.50	3,195,060,000	Loaned securities 118,700Shares
KAJIMA CORPORATION	4,532,000	2,152.50	9,755,130,000	Loaned securities 2,900Shares
DAIWAHOUSE INDUSTRY CO., LTD	9,064,000	3,697.00	33,509,608,000	Loaned securities 1,278,200Shares (45,700Shares)
SEKISUI HOUSE, LTD.	9,064,000	2,865.00	25,968,360,000	Loaned securities 5,396,400Shares
JGC HOLDINGS CORPORATION	9,064,000	1,812.00	16,423,968,000	Loaned securities 2,176,500Shares (2,176,500Shares)
NISSHIN SEIFUN GROUP INC.	9,064,000	1,695.00	15,363,480,000	
MEIJI HOLDINGS CO., LTD.	3,625,600	3,266.00	11,841,209,600	Loaned securities 1,700Shares
NH FOODS LTD.	4,532,000	3,916.00	17,747,312,000	
SAPPORO HOLDINGS LIMITED	1,812,800	3,611.00	6,546,020,800	
ASAHI GROUP HOLDINGS, LTD.	9,064,000	5,558.00	50,377,712,000	
KIRIN HOLDINGS COMPANY, LIMITED	9,064,000	2,085.00	18,898,440,000	
TAKARA HOLDINGS INC.	9,064,000	1,137.00	10,305,768,000	Loaned securities 24,600Shares
KIKKOMAN CORPORATION	9,064,000	7,966.00	72,203,824,000	Loaned securities 178,800Shares
AJINOMOTO CO., INC.	9,064,000	5,616.00	50,903,424,000	Loaned securities 415,600Shares (68,800Shares)
NICHIREI CORPORATION	4,532,000	3,052.00	13,831,664,000	Loaned securities 126,000Shares
JAPAN TOBACCO INC.	9,064,000	3,096.00	28,062,144,000	
TEIJIN LIMITED	1,812,800	1,476.00	2,675,692,800	Loaned securities 13,100Shares
TORAY INDUSTRIES, INC.	9,064,000	798.40	7,236,697,600	
OJI HOLDINGS CORPORATION	9,064,000	517.40	4,689,713,600	Loaned securities 646,100Shares (498,000Shares)
NIPPON PAPER INDUSTRIES CO., LTD.	906,400	1,184.00	1,073,177,600	Loaned securities 16,500Shares (3,300Shares)

KURARAY CO., LTD.	9,064,000	1,384.00	12,544,576,000	
ASAHI KASEI CORPORATION OJI HOLDINGS CORPORATION	9,064,000	979.80	8,880,907,200	
RESONAC HOLDINGS CORPORATION	906,400	2,285.50	2,071,577,200	Loaned securities 425,800Shares
SUMITOMO CHEMICAL COMPANY, LIMITED	9,064,000	435.70	3,949,184,800	Loaned securities 29,300Shares
NISSAN CHEMICAL CORPORATION	9,064,000	6,117.00	55,444,488,000	Loaned securities 8,100Shares
TOSOH CORPORATION	4,532,000	1,688.00	7,650,016,000	Loaned securities 22,800Shares
TOKUYAMA CORPORATION	1,812,800	2,355.00	4,269,144,000	
DENKA COMPANY LIMITED	1,812,800	2,692.50	4,880,964,000	Loaned securities 5,300Shares
SHIN-ETSU CHEMICAL CO., LTD.	45,320,000	4,597.00	208,336,040,000	Loaned securities 2,629,000Shares
MITSUI CHEMICALS, INC.	1,812,800	4,128.00	7,483,238,400	
MITSUBISHI CHEMICAL GROUP CORPORATION	4,532,000	851.10	3,857,185,200	Loaned securities 3,100Shares
UBE CORPOTATION	906,400	2,495.50	2,261,921,200	Loaned securities 700Shares
KAO CORPORATION	9,064,000	5,358.00	48,564,912,000	Loaned securities 18,900Shares
DIC CORPORATION	906,400	2,623.00	2,377,487,200	Loaned securities 49,000Shares
FUJIFILM HOLDINGS CORPORATION	9,064,000	8,298.00	75,213,072,000	
SHISEIDO COMPANY, LIMITED	9,064,000	6,290.00	57,012,560,000	Loaned securities 260,900Shares
NITTO DENKO CORPORATION	9,064,000	10,040.00	91,002,560,000	Loaned securities 16,100Shares (16,100Shares)
KYOWA KIRIN CO., LTD.	9,064,000	2,624.50	23,788,468,000	Loaned securities 375,400Shares
TAKEDA PHARMACEUTICAL COMPANY LIMITED	9,064,000	4,410.00	39,972,240,000	Loaned securities 566,500Shares
ASTELLAS PHARMA INC.	45,320,000	2,061.00	93,404,520,000	Loaned securities 3,129,100Shares
SUMITOMO PHARMA CO., LTD.	9,064,000	661.90	5,999,461,600	Loaned securities 1,540,900Shares (645,800Shares)
SHIONOGI & CO., LTD.	9,064,000	5,919.00	53,649,816,000	
CHUGAI PHARMACEUTICAL CO., LTD.	27,192,000	3,907.00	106,239,144,000	Loaned securities 532,500Shares
EISAI CO., LTD.	9,064,000	9,382.00	85,038,448,000	Loaned securities 268,200Shares
DAIICHI SANKYO COMPANY,	27,192,000	4,133.00	112,384,536,000	Loaned securities



LIMITED				1,128,600Shares
OTSUKA HOLDINGS CO., LTD.	9,064,000	5,216.00	47,277,824,000	Loaned securities 865,500Shares
IDEMITSU KOSAN CO., LTD.	3,625,600	2,889.00	10,474,358,400	Loaned securities 700Shares
ENEOS HOLDINGS, INC.	9,064,000	496.90	4,503,901,600	
THE YOKOHAMA RUBBER COMPANY, LIMITED	4,532,000	3,075.00	13,935,900,000	Loaned securities 465,200Shares (47,800Shares)
BRIDGESTONE CORPORATION	9,064,000	5,750.00	52,118,000,000	
AGC INC.	1,812,800	4,959.00	8,989,675,200	
NIPPON SHEET GLASS COMPANY, LIMITED	906,400	645.00	584,628,000	Loaned securities 2,200Shares
NIPPON ELECTRIC GLASS CO., LTD.	2,719,200	2,506.50	6,815,674,800	Loaned securities 63,600Shares
SUMITOMO OSAKA CEMENT CO., LTD.	906,400	3,646.00	3,304,734,400	Loaned securities 300Shares
TAIHEIYO CEMENT CORPORATION	906,400	2,777.00	2,517,072,800	
TOKAI CARBON CO., LTD.	9,064,000	1,274.00	11,547,536,000	
TOTO LTD.	4,532,000	4,197.00	19,020,804,000	Loaned securities 302,700Shares
NGK INSULATORS, LTD.	9,064,000	1,654.50	14,996,388,000	
NIPPON STEEL CORPORATION	906,400	2,993.50	2,713,308,400	Loaned securities 223,700Shares (123,300Shares)
KOBE STEEL, LTD.	906,400	1,395.00	1,264,428,000	
JFE HOLDINGS, INC.	906,400	1,989.50	1,803,282,800	Loaned securities 300Shares
PACIFIC METALS CO., LTD.	906,400	1,520.00	1,377,728,000	Loaned securities 364,700Shares (27,500Shares)
MITSUI MINING & SMELTING CO., LTD.	906,400	3,248.00	2,943,987,200	Loaned securities 1,400Shares
MITSUBISHI MATERIALS CORPORATION	906,400	2,534.00	2,296,817,600	
SUMITOMO METAL MINING CO., LTD.	4,532,000	4,577.00	20,742,964,000	Loaned securities 9,700Shares
DOWA HOLDINGS CO., LTD.	1,812,800	4,516.00	8,186,604,800	Loaned securities 73,100Shares (18,800Shares)
FURUKAWA ELECTRIC CO., LTD.	906,400	2,556.50	2,317,211,600	Loaned securities 55,300Shares (32,200Shares)
SUMITOMO ELECTRIC INDUSTRIES, LTD.	9,064,000	1,716.00	15,553,824,000	Loaned securities 93,300Shares

FUJIKURA LTD.	9,064,000	1,178.00	10,677,392,000	
SUMCO CORPORATION	906,400	2,000.00	1,812,800,000	Loaned securities 3,000Shares
THE JAPAN STEEL WORKS, LTD.	1,812,800	2,989.50	5,419,365,600	Loaned securities 16,900Shares
OKUMA CORPORATION	1,812,800	7,391.00	13,398,404,800	Loaned securities 333,000Shares (48,500Shares)
AMADA CO., LTD.	9,064,000	1,385.50	12,558,172,000	Loaned securities 44,900Shares
SMC CORPORATION	906,400	76,900.00	69,702,160,000	Loaned securities 67,600Shares (5,200Shares)
KOMATSU LTD.	9,064,000	3,727.00	33,781,528,000	
SUMITOMO HEAVY INDUSTRIES, LTD.	1,812,800	3,359.00	6,089,195,200	
HITACHI CONSTRUCTION MACHINERY CO., LTD.	9,064,000	3,898.00	35,331,472,000	Loaned securities 57,800Shares
KUBOTA CORPORATION	9,064,000	2,011.50	18,232,236,000	Loaned securities 1,139,900Shares
EBARA CORPORATION	1,812,800	6,906.00	12,519,196,800	
DAIKIN INDUSTRIES, LTD.	9,064,000	29,110.00	263,853,040,000	Loaned securities 360,000Shares
NSK LTD.	9,064,000	896.40	8,124,969,600	Loaned securities 40,000Shares
NTN CORPORATION	9,064,000	303.20	2,748,204,800	Loaned securities 150,300Shares
JTEKT CORPORATION	9,064,000	1,309.50	11,869,308,000	Loaned securities 36,300Shares
MITSUI E&S CO., LTD.	906,400	514.00	465,889,600	Loaned securities 6,800Shares
HITACHI ZOSEN CORPORATION	1,812,800	914.00	1,656,899,200	Loaned securities 10,400Shares
mitsubishi heavy industries, LTD.	906,400	6,627.00	6,006,712,800	
IHI CORPORATION	906,400	3,891.00	3,526,802,400	
KONICA MINOLTA, INC.	9,064,000	498.80	4,521,123,200	Loaned securities 122,500Shares (19,900Shares)
MINEBEA MITSUMI INC.	9,064,000	2,557.00	23,176,648,000	Loaned securities 1,208,600Shares (618,000Shares)
HITACHI, LTD.	1,812,800	8,825.00	15,997,960,000	Loaned securities 105,600Shares
MITSUBISHI ELECTRIC CORPORATION	9,064,000	1,999.50	18,123,468,000	

FUJI ELECTRIC CO., LTD.	1,812,800	5,985.00	10,849,608,000	Loaned securities 20,100Shares
YASKAWA ELECTRIC CORPORATION	9,064,000	6,217.00	56,350,888,000	Loaned securities 1,653,400Shares (317,700Shares)
NIDEC CORPORATION	7,251,200	7,520.00	54,529,024,000	Loaned securities 24,900Shares
OMRON CORPORATION	9,064,000	8,509.00	77,125,576,000	Loaned securities 1,800Shares
GS YUASA CORPORATION	1,812,800	2,850.00	5,166,480,000	Loaned securities 4,400Shares
NEC CORPORATION	906,400	6,942.00	6,292,228,800	
FUJITSU LIMITED	906,400	18,255.00	16,546,332,000	
RENASAS ELECTRONICS CORPORATION	9,064,000	2,688.50	24,368,564,000	Loaned securities 593,600Shares
SEIKO EPSON CORPORATION	18,128,000	2,196.00	39,809,088,000	Loaned securities 1,527,600Shares (899,800Shares)
PANASONIC HOLDINGS CORPORATION	9,064,000	1,719.00	15,581,016,000	Loaned securities 12,400Shares
SHARP CORPORATION	9,064,000	790.20	7,162,372,800	Loaned securities 7,396,000Shares (229,800Shares)
SONY GROUP CORPORATION	9,064,000	13,005.00	117,877,320,000	Loaned securities 575,700Shares
TDK CORPORATION	27,192,000	5,410.00	147,108,720,000	
ALPS ALPINE CO., LTD.	9,064,000	1,221.50	11,071,676,000	Loaned securities 1,546,300Shares
YOKOGAWA ELECTRIC CORPORATION	9,064,000	2,645.00	23,974,280,000	
ADVANTEST CORPORATION	18,128,000	19,970.00	362,016,160,000	Loaned securities 64,600Shares
KEYENCE CORPORATION	906,400	65,970.00	59,795,208,000	Loaned securities 22,900Shares
CASIO COMPUTER CO., LTD.	9,064,000	1,171.00	10,613,944,000	Loaned securities 350,500Shares
FANUC CORPORATION	45,320,000	4,753.00	215,405,960,000	Loaned securities 1,857,000Shares
KYOCERA CORPORATION	18,128,000	7,584.00	137,482,752,000	Loaned securities 132,500Shares
TAIYO YUDEN CO., LTD.	9,064,000	4,182.00	37,905,648,000	Loaned securities 207,200Shares
MURATA MANUFACTURING CO., LTD.	7,251,200	8,089.00	58,654,956,800	Loaned securities 68,500Shares (22,900Shares)
SCREEN HOLDINGS CO., LTD.	1,812,800	15,630.00	28,334,064,000	Loaned securities 206,900Shares (151,400Shares)

CANON INC.	13,596,000	3,725.00	50,645,100,000	
RICOH COMPANY, LTD.	9,064,000	1,216.00	11,021,824,000	Loaned securities 423,200Shares (383,800Shares)
TOKYO ELECTRON LIMITED	27,192,000	20,205.00	549,414,360,000	Loaned securities 535,400Shares
DENSO CORPORATION	9,064,000	9,569.00	86,733,416,000	Loaned securities 41,700Shares
KAWASAKI HEAVY INDUSTRIES, LTD.	906,400	3,718.00	3,369,995,200	Loaned securities 300Shares
NISSAN MOTOR CO., LTD.	9,064,000	597.10	5,412,114,400	Loaned securities 2,276,600Shares
ISUZU MOTORS LIMITED	4,532,000	1,757.50	7,964,990,000	
TOYOTA MOTOR CORPORATION	45,320,000	2,299.50	104,213,340,000	Loaned securities 2,760,500Shares
HINO MOTORS, LTD	9,064,000	597.60	5,416,646,400	Loaned securities 72,600Shares
MITSUBISHI MOTORS CORPORATION	906,400	503.30	456,191,120	Loaned securities 300,100Shares (10,400Shares)
MAZDA MOTOR CORPORATION	1,812,800	1,368.00	2,479,910,400	
HONDA MOTOR CO., LTD.	18,128,000	4,291.00	77,787,248,000	Loaned securities 497,800Shares
SUZUKI MOTOR CORPORATION	9,064,000	5,462.00	49,507,568,000	
SUBARU CORPORATION	9,064,000	2,615.50	23,706,892,000	Loaned securities 10,600Shares
YAMAHA MOTOR CO., LTD.	9,064,000	4,076.00	36,944,864,000	Loaned securities 200Shares
TERUMO CORPORATION	36,256,000	4,321.00	156,662,176,000	Loaned securities 2,455,500Shares (160,000Shares)
NIKON CORPORATION	9,064,000	1,827.00	16,559,928,000	Loaned securities 4,200Shares
OLYMPUS CORPORATION	36,256,000	2,222.00	80,560,832,000	Loaned securities 3,812,700Shares
HOYA CORPORATION	4,532,000	16,315.00	73,939,580,000	Loaned securities 239,400Shares
CITIZEN WATCH CO., LTD.	9,064,000	880.00	7,976,320,000	Loaned securities 4,496,300Shares (1,299,300Shares)
BANDAI NAMCO HOLDINGS INC.	27,192,000	3,161.00	85,953,912,000	
TOPPAN INC.	4,532,000	3,099.00	14,044,668,000	Loaned securities 88,700Shares
DAI NIPPON PRINTING CO., LTD.	4,532,000	3,966.00	17,973,912,000	Loaned securities 8,300Shares

YAMAHA CORPORATION	9,064,000	5,270.00	47,767,280,000	Loaned securities 88,900Shares (86,700Shares)
NINTENDO CO., LTD.	9,064,000	6,351.00	57,565,464,000	Loaned securities 506,400Shares
TOKYO ELECTRIC POWER COMPANY HOLDINGS, INCORPORATED	906,400	525.10	475,950,640	Loaned securities 274,000Shares
CHUBU ELECTRIC POWER COMPANY, INCORPORATED	906,400	1,717.50	1,556,742,000	Loaned securities 17,300Shares (17,300Shares)
THE KANSAI ELECTRIC POWER COMPANY, INCORPORATED	906,400	1,781.00	1,614,298,400	
TOKYO GAS CO., LTD.	1,812,800	3,115.00	5,646,872,000	Loaned securities 1,700Shares
OSAKA GAS CO., LTD.	1,812,800	2,145.50	3,889,362,400	
TOBU RAILWAY CO., LTD.	1,812,800	3,657.00	6,629,409,600	Loaned securities 23,600Shares (22,200Shares)
TOKYU CORPORATION	4,532,000	1,703.00	7,717,996,000	Loaned securities 425,200Shares
ODAKYU ELECTRIC RAILWAY CO., LTD.	4,532,000	1,872.00	8,483,904,000	Loaned securities 186,800Shares
KEIO CORPORATION	1,812,800	4,241.00	7,688,084,800	Loaned securities 167,200Shares
KEISEI ELECTRIC RAILWAY CO., LTD.	4,532,000	5,822.00	26,385,304,000	Loaned securities 104,000Shares
EAST JAPAN RAILWAY COMPANY	906,400	7,850.00	7,115,240,000	Loaned securities 200Shares
WEST JAPAN RAILWAY COMPANY	906,400	5,843.00	5,296,095,200	
CENTRAL JAPAN RAILWAY COMPANY	906,400	17,730.00	16,070,472,000	Loaned securities 800Shares
YAMATO HOLDINGS CO., LTD.	9,064,000	2,601.50	23,579,996,000	Loaned securities 260,600Shares (192,000Shares)
NIPPON EXPRESS HOLDINGS, INC.	906,400	8,070.00	7,314,648,000	Loaned securities 80,000Shares
NIPPON YUSEN KABUSHIKI KAISHA	2,719,200	3,352.00	9,114,758,400	Loaned securities 53,300Shares (53,300Shares)
MITSUI O.S.K. LINES, LTD.	2,719,200	3,678.00	10,001,217,600	Loaned securities 284,200Shares
KAWASAKI KISEN KAISHA, LTD.	2,719,200	3,877.00	10,542,338,400	Loaned securities 66,300Shares
JAPAN AIRLINES CO., LTD.	9,064,000	3,134.00	28,406,576,000	
ANA HOLDINGS INC.	906,400	3,427.00	3,106,232,800	Loaned securities 151,500Shares

MITSUBISHI LOGISTICS CORPORATION	4,532,000	3,458.00	15,671,656,000	Loaned securities 17,300Shares
NEXON CO., LTD.	18,128,000	2,583.50	46,833,688,000	
Z HOLDINGS CORPORATION	3,625,600	368.60	1,336,396,160	Loaned securities 718,100Shares
TREND MICRO INCORPORATED	9,064,000	6,821.00	61,825,544,000	Loaned securities 1,150,500Shares (256,700Shares)
NIPPON TELEGRAPH AND TELEPHONE CORPORATION	90,640,000	166.20	15,064,368,000	
KDDI CORPORATION	54,384,000	4,291.00	233,361,744,000	Loaned securities 166,800Shares
SOFTBANK CORP.	9,064,000	1,536.50	13,926,836,000	Loaned securities 3,900Shares
TOHO CO., LTD	906,400	5,370.00	4,867,368,000	
NTT DATA GROUP CORPORATION	45,320,000	1,923.00	87,150,360,000	Loaned securities 600Shares
KONAMI GROUP CORPORATION	9,064,000	7,328.00	66,420,992,000	Loaned securities 611,100Shares (22,800Shares)
SOFTBANK GROUP CORP.	54,384,000	6,724.00	365,678,016,000	Loaned securities 388,700Shares
SOJITZ CORPORATION	906,400	3,193.00	2,894,135,200	
ITOCHU CORPORATION	9,064,000	5,540.00	50,214,560,000	Loaned securities 48,100Shares
MARUBENI CORPORATION	9,064,000	2,400.50	21,758,132,000	Loaned securities 100Shares
TOYOTA TSUSHO CORPORATION	9,064,000	7,168.00	64,970,752,000	Loaned securities 136,800Shares
MITSUI & CO., LTD.	9,064,000	5,236.00	47,459,104,000	Loaned securities 45,600Shares
SUMITOMO CORPORATION	9,064,000	2,973.00	26,947,272,000	Loaned securities 1,600Shares
MITSUBISHI CORPORATION	9,064,000	6,832.00	61,925,248,000	Loaned securities 320,700Shares
J. FRONT RETAILING CO., LTD.	4,532,000	1,386.50	6,283,618,000	Loaned securities 104,600Shares
ISETAN MITSUKOSHI HOLDINGS LTD.	9,064,000	1,468.00	13,305,952,000	
SEVEN & I HOLDINGS CO., LTD.	9,064,000	6,023.00	54,592,472,000	Loaned securities 709,000Shares
TAKASHIMAYA COMPANY, LIMITED.	4,532,000	1,989.00	9,014,148,000	Loaned securities 355,700Shares (106,300Shares)
MARUI GROUP CO., LTD.	9,064,000	2,451.00	22,215,864,000	Loaned securities 232,500Shares
AEON CO., LTD.	9,064,000	2,960.00	26,829,440,000	Loaned securities

				806,400Shares (169,400Shares)
FAST RETAILING CO., LTD.	27,192,000	34,560.00	939,755,520,000	Loaned securities 1,541,300Shares (74,700Shares)
SHIZUOKA FINANCIAL GROUP, INC.	9,064,000	1,046.50	9,485,476,000	
CONCORDIA FINANCIAL GROUP, LTD.	9,064,000	588.70	5,335,976,800	Loaned securities 3,900Shares
AOZORA BANK, LTD.	906,400	2,707.50	2,454,078,000	Loaned securities 735,600Shares (102,600Shares)
MITSUBISHI UFJ FINANCIAL GROUP, INC.	9,064,000	1,057.50	9,585,180,000	Loaned securities 34,200Shares
RESONA HOLDINGS, INC.	906,400	716.30	649,254,320	Loaned securities 700Shares
SUMITOMO MITSUI TRUST HOLDINGS, INC.	906,400	5,332.00	4,832,924,800	
SUMITOMO MITSUI FINANCIAL GROUP, INC.	906,400	6,200.00	5,619,680,000	Loaned securities 4,800Shares
THE CHIBA BANK, LTD.	9,064,000	912.90	8,274,525,600	Loaned securities 59,900Shares
FUKUOKA FINANCIAL GROUP, INC.	1,812,800	3,095.00	5,610,616,000	Loaned securities 100Shares
MIZUHO FINANCIAL GROUP, INC.	906,400	2,211.00	2,004,050,400	Loaned securities 5,200Shares
DAIWA SECURITIES GROUP INC.	9,064,000	723.30	6,555,991,200	Loaned securities 16,200Shares
NOMURA HOLDINGS, INC.	9,064,000	542.20	4,914,500,800	
MATSUI SECURITIES CO., LTD.	9,064,000	801.00	7,260,264,000	Loaned securities 1,836,000Shares (72,800Shares)
SOMPO HOLDINGS, INC.	1,812,800	6,556.00	11,884,716,800	Loaned securities 300Shares
MS&AD INSURANCE GROUP HOLDINGS, INC.	2,719,200	5,226.00	14,210,539,200	Loaned securities 18,500Shares
DAI-ICHI LIFE HOLDINGS, INC.	906,400	2,859.00	2,591,397,600	Loaned securities 3,400Shares
TOKIO MARINE HOLDINGS, INC.	13,596,000	3,284.00	44,649,264,000	Loaned securities 118,800Shares
T&D HOLDINGS, INC.	1,812,800	2,242.00	4,064,297,600	Loaned securities 34,800Shares
CREDIT SAISON CO., LTD.	9,064,000	2,243.00	20,330,552,000	Loaned securities 103,200Shares
ORIX CORPORATION	9,064,000	2,571.00	23,303,544,000	
JAPAN EXCHANGE GROUP, INC.	9,064,000	2,364.00	21,427,296,000	Loaned securities 112,500Shares (112,500Shares)

		TOKYU FUDOSAN HOLDINGS CORPORATION	9,064,000	815.90	7,395,317,600	
		MITSUI FUDOSAN CO., LTD.	9,064,000	2,827.50	25,628,460,000	
		MITSUBISHI ESTATE COMPANY, LIMITED	9,064,000	1,711.50	15,513,036,000	
		TOKYO TATEMONO CO., LTD.	4,532,000	1,851.50	8,390,998,000	Loaned securities 479,000Shares
		SUMITOMO REALTY & DEVELOPMENT CO., LTD.	9,064,000	3,528.00	31,977,792,000	Loaned securities 131,300Shares
		M3, INC.	21,753,600	3,006.00	65,391,321,600	Loaned securities 40,300Shares
		DENA CO., LTD.	2,719,200	1,825.00	4,962,540,000	Loaned securities 9,200Shares
		DENTSU GROUP INC.	9,064,000	4,600.00	41,694,400,000	
		ORIENTAL LAND CO., LTD.	9,064,000	5,569.00	50,477,416,000	Loaned securities 114,400Shares (114,400Shares)
		CYBERAGENT, INC.	7,251,200	1,013.50	7,349,091,200	Loaned securities 841,800Shares
		RAKUTEN GROUP, INC.	9,064,000	528.90	4,793,949,600	Loaned securities 4,506,300Shares
		RECRUIT HOLDINGS CO., LTD.	27,192,000	4,532.00	123,234,144,000	Loaned securities 1,232,500Shares
		JAPAN POST HOLDINGS CO., LTD.	9,064,000	1,043.00	9,453,752,000	
		SECOM CO., LTD.	9,064,000	9,469.00	85,827,016,000	Loaned securities 200Shares
	Sub Total	Number of companies invested in : 225			8,662,818,839,840	
		Ratio of total market value to total amount of trust properties : 98.4%			100.0%	
	Total				8,662,818,839,840	

(Note1) The ratio shown on the left side indicates the ratio of total market value of the invested stocks to the amount of the net asset of the trust properties, and the ratio shown on the right side indicates the ratio of the aggregate amount written in each cell listed under the “Amount” column to the amount listed in the “Total” column.

(Note2) Each figure in parentheses shown under the “Remarks” column indicates the number of securities loaned to Nomura Securities Co., Ltd., an interested party to the Management Company, and each number in parentheses is a part of the total number of loaned securities listed under the “Remarks” column for that specific company.

## (2) Securities other than stocks (As of July 8, 2023)

Not applicable.

## II. Contracted Amounts of Derivatives Transactions and Forward Exchange Transactions and Market Value Status

Omitted since the information is stated in the sub-section “3 Matters concerning Derivatives Transactions” of “Miscellaneous” Section above. Please refer to such sub-section.



## 2 【Current Status of Fund】

### 【Calculation of Net Assets】

As of July 31, 2023

I Total assets	9,755,989,295,042 yen
II Total liabilities	754,141,911,539 yen
III Net assets (I－II)	9,001,847,383,503 yen
IV Number of Outstanding Shares	263,944,078 shares
V Net assets per share (III／IV)	34,105.1 yen

#### IV. 【Overview of Operational Procedures related to Domestic Investment Trust Beneficiary Certificates】

##### (1) Procedures for Registration of Title Transfer of Beneficiary Certificates

Not applicable.

The attribution of the Beneficial Interests in shares of the Fund is determined based on the statement or recording made on the book-entry transfer account register of the Central Securities Depository, etc., and the Management Company shall not issue beneficiary certificates representing the Transfer Beneficial Interests in shares, except in cases where the designation from the competent minister as a Central Securities Depository that handles the Beneficial Interests in shares of this trust is cancelled, or in cases where the designation is no longer in effect, by the rules of Book-Entry Act, and also in each case where there is no party to succeed the book-entry business of the Central Securities Depository, or when unavoidable circumstances occur.

Furthermore, the Beneficiaries shall not request a change from bearer beneficiary certificates to registered beneficiary certificates, a change from registered beneficiary certificates to bearer beneficiary certificates, or a reissuance of beneficiary certificates, except in cases where the Management Company issues beneficiary certificates due to unavoidable circumstances.

##### (2) Special Privileges for the Beneficiaries

Not applicable.

##### (3) Procedures for Transfer of the Beneficial Interests in shares

- ① When transferring a Beneficial Interests in shares it owns, a beneficiary must apply for book-entry transfer to a Central Securities Depository, etc. associated with the book-entry transfer account registry, which is where the Beneficial Interests in shares subject to the transfer is stated or recorded.
- ② In the case where an application for book-entry transfer in paragraph ① above is made, the Central Securities Depository, etc. in paragraph ① above must state or record on the book-entry transfer account registry maintained, the decrease in the number of Beneficial Interests in shares owned by the transferor due to the transfer and the increase in the number of Beneficial Interests in shares owned by the transferee. In the cases where the Central Securities Depository, etc. in paragraph ① above is not the party that opened the receiving book-entry transfer account, the Central Securities Depository, etc. must notify the Central Securities Depository, etc. that opened the receiving book-entry transfer account of the transferee (including the superior institution of the said Central Securities Depository etc.) in accordance with the provisions of the Book-Entry Act.
- ③ The Management Company may, with respect to the book-entry transfer provided in paragraph ① above, establish dates or periods of book-entry suspension in cases where, for example, the Central Securities Depository, etc., associated with the book-entry transfer account registry, on which the Beneficial Interests in shares of the beneficiary to be transferred are stated or recorded, differs from the Central Securities Depository, etc. that opened the receiving transfer account of the transferee and when the Management Company deems it necessary to do so or determines that there is an unavoidable circumstance.

##### (4) Perfection of Transfer of Beneficial Interests in shares

Any transfer of the Beneficial Interests in shares cannot be asserted duly to the Management Company or the Trustee, unless based on the statement or recording on the book-entry transfer account registry.

##### (5) Re-split of Beneficial Interests in shares

The Management Company shall not re-split the Beneficial Interests in shares. However, if the Act on Book-Entry of Corporate Bonds, Shares, etc., is enforced, the Management Company may, based on discussions with the Trustee and in

accordance with the provisions of the above-mentioned Act, re-split the Beneficial Interests in shares equally as of an agreed-upon date.

(6) Handling of Beneficial Interests in shares Stated or Recorded on Pledge Section

Payment of income distribution, acceptance of a redemption request, delivery of redeemed shares, and payment of termination amount, etc. relating to the Beneficial Interests in shares stated or recorded on the pledge section of the book-entry transfer account registry of Central Securities Depository, etc. shall be handled pursuant to the basic terms and conditions of the investment trust, as well as, by the Civil Code and other relevant laws and regulations.

PART III 【Information about Investment Trust Management Company, etc.】

I. 【Overview of Investment Trust Management Company, etc.】

1 【Overview of Investment Trust Management Company, etc.】

(1) The Amount of Capital

As of the end of August 2023: 17,180 Million Yen

Total number of shares issued by the company: 20,000,000 shares

Total number of shares issued: 5,150,693 shares

Major changes in capital over the past five years: Not Applicable.

(2) The Organization of the Company

(a) Company's Decision-Making Organization

The Management Company is a Company with Audit and Supervisory Committee and has Shareholders' Meetings, a Board of Directors, Representative Director, and an Audit and Supervisory Committee for its organizational structure. The authority associated with each of these components is as follows:

**Shareholders' Meeting**

The Shareholders' Meeting consists of shareholders and is authorized to elect or dismiss directors and accounting auditors, to approve dividends from a surplus, and to approve amendments to the articles of incorporation, mergers, and other important matters.

**Board of Directors**

The Board of Directors is composed of Directors and is authorized to make decisions regarding the company's business. The Board of Directors appoint Representative Director(s), etc., and supervise the execution of the Directors' duties.

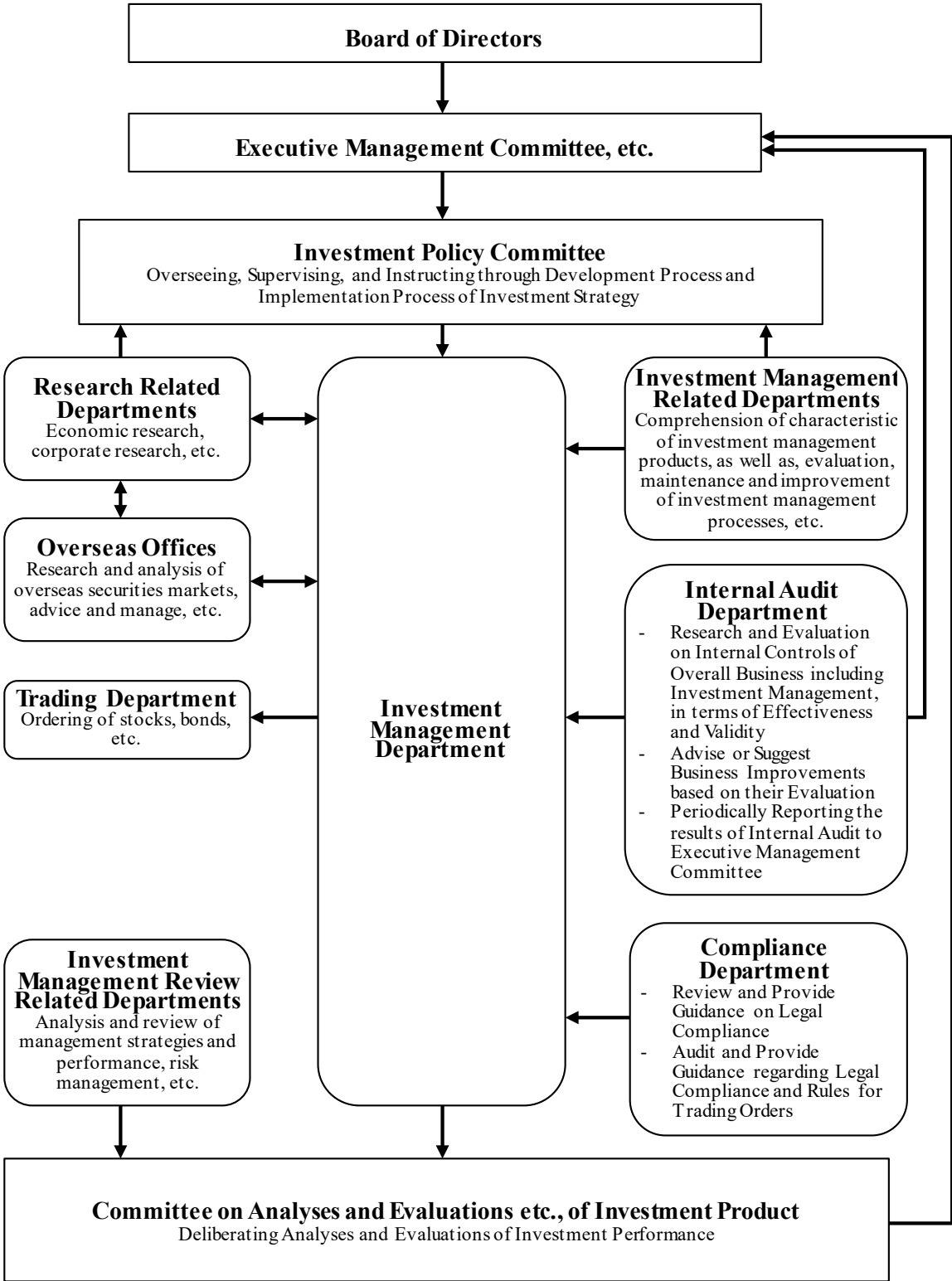
**Representative Director and Executive Director**

Each Executive Director, including the Representative Director, shall perform the execution of the operation of the company's business. The Representative Director shall represent the company. In addition, decisions on certain matters delegated by the Board of Directors are made by the Executive Management Committee, which consists of the Executive Directors, including the Representative Director. Our company introduced the Executive Officer System and the members of the Executive Management Committee include Executive Officers (Senior Managing Directors).

**Audit and Supervisory Committee**

The Audit and Supervisory Committee shall consist of three or more Directors, the Audit and Supervisory Committee Members (provided the majority of them shall be Outside Directors), and shall audit the legality and appropriateness of the Directors' execution of their duties. Additionally, it shall make decisions on the content of proposals submitted at the Shareholders' Meeting regarding the appointment, dismissal, and non-reappointment of the Accounting Auditors and on their opinion regarding the appointment, dismissal, resignation and remunerations of Directors, other than Directors who are Audit and Supervisory Committee Members.

(b) Management System for Investment Trust



## 2 【Description of Business and Overview of Operation】

The trustor, a Settlor Company of an Investment Trust, as defined in the “Act on Investment Trusts and Investment Corporations,” creates securities investment trusts, as well as, manages them (investment management business) as a Financial Instruments Business Operator, as defined in the “Financial Instruments and Exchange Act.” Additionally, the trustor contributes to a part of the Type II Financial Instruments Business and Investment Advisory Business, as defined in the “Financial Instruments and Exchange Act.”

As of July 31, 2023, the securities investment trusts managed by the trustor are as follows (except for the mother fund):

Type	Number of Units	Total Net Asset Value (Millions of Yen)
Open-type stock investment trust	1,012	44,968,856
Unit-type stock investment trust	188	688,054
Open-type bond investment trust	14	6,846,397
Unit-type bond investment trust	474	1,013,943
Total	1,688	53,517,250

## 3 【Financial Information of Investment Trust Management Company, etc.】

1. The financial statements of Nomura Asset Management Co., Ltd. (hereinafter referred to as the “Management Company”) have been prepared based on the "Cabinet Office Order on Financial Instruments Business" (Cabinet Office Order No. 52, August 6, 2007), in accordance with the provisions of the "Regulation on Terminology, Forms and Preparation of Financial Statements" (Ministry of Finance Order No. 59, 1963, hereinafter referred to as "Regulations for Financial Statements") and Article 2 of the same regulation.
2. Amounts recorded in the financial statements have been rounded down to the nearest million in yen.
3. Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Management Company received an audit of the financial statements for the fiscal year (from April 1, 2022 to March 31, 2023) by Ernst & Young ShinNihon LLC.

## Independent Auditor's Report

June 9, 2023

To:  
The Board of Directors  
Nomura Asset Management Co., Ltd.

**Ernst & Young ShinNihon LLC**  
Tokyo Office, Japan

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hisashi Yuhara
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Shintaro Mizunaga
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### Audit Opinion

To provide audit certification pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have audited the accompanying financial statements listed in the “Financial Information of Investment Trust Management Company, etc.,” which comprise the balance sheet, the statement of income, the statement of changes in equity, significant accounting policies, and other notes to the financial statements of Nomura Asset Management Co., Ltd. (the “Company”) applicable to the 64th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and the results of operations of the Company applicable to the fiscal year that ended on March 31, 2023, in accordance with accounting principles generally accepted in Japan.

### Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information is information, apart from the financial statements and the auditor's report on them, that is contained in an entity's annual securities report and securities registration statement (including amended securities registration statement). We did not do any work on other information because we identified that there

is no other information.

### **Responsibilities of Management and Audit Committee for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the execution of the Directors' duties upon the development and operation of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance as to whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of those that relied on the information within these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we



identify during our audit.

We provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate obstructive factors.

### **Conflicts of Interest**

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

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(Notes) 1. The original version of the Independent Auditor's Report is stored by us separately.

2. XBRL data is not included in the scope of the audit.

## (1) 【Balance Sheet】

		Previous Fiscal Year (March 31, 2022)		Current Fiscal Year (March 31, 2023)	
Division	Note No.	Amount (Millions of Yen)		Amount (Millions of Yen)	
(Assets)					
Current assets					
Cash and cash equivalents			2,006		1,865
Money held in trust			35,894		42,108
Securities			29,300		21,900
Advance payments			11		11
Prepaid expenses			454		775
Accounts receivable			694		1,775
Accrued investment trust management fees			27,176		26,116
Accrued investment advisory fees			4,002		3,780
Short-term loans receivable			1,835		1,001
Refund of income taxes etc. receivable			-		2,083
Other current assets			57		84
Allowance for doubtful accounts			△15		△15
Total current assets			101,417		101,486
Fixed assets					
Tangible fixed assets			1,744		1,335
Building	※2	1,219		906	
Furniture and fixtures	※2	525		428	
Intangible fixed assets			5,210		5,563
Software		5,209		5,562	
Other fixed assets		0		0	
Investments and other			16,067		16,336
Investment securities		2,201		1,793	
Investment in subsidiaries and affiliates		9,214		10,025	
Long-term guarantee deposits		443		520	
Long-term prepaid expenses		13		10	
Prepaid pension cost		1,297		1,553	
Deferred tax assets		2,784		2,340	
Other		112		92	
Total fixed assets			23,023		23,235
Total assets			124,440		124,722

		Previous Fiscal Year (March 31, 2022)		Current Fiscal Year (March 31, 2023)	
Division	Note No.	Amount (Millions of Yen)		Amount (Millions of Yen)	
(Liabilities)					
Current liabilities					
Deposit Received			120		124
Accounts payable			17,615		17,879
Investment trust profit distributions payable		0		0	
Investment trust redemptions payable		17		57	
Accrued commission payable		8,357		8,409	
Accounts payable to subsidiaries and Affiliates		8,149		8,911	
Other accounts payable		1,089		500	
Accrued expenses	※1		9,512		9,682
Accrued income taxes			1,319		1,024
Deferred income			22		22
Accrued bonuses			4,416		3,635
Other current liabilities			121		46
Total current liabilities			33,127		32,414
Long-term liabilities					
Reserve for retirement benefits			3,194		2,940
Reserve for loss on distribution of income and redemption after expiration			588		595
Asset retirement obligations			1,123		1,123
Total long-term liabilities			4,905		4,659
Total liabilities			38,033		37,074
(Net assets)					
Shareholder's equity			86,232		87,419
Common stock			17,180		17,180
Capital surplus			13,729		13,729
Capital reserve		11,729		11,729	
Other capital surplus		2,000		2,000	
Earned surplus			55,322		56,509
Earned surplus reserve		685		685	
Other earned surplus		54,637		55,823	
General reserve		24,606		24,606	
Earned surplus brought forward		30,030		31,217	
Valuation and translation adjustments			174		229
Net unrealized gain on investments			174		229
Total net assets			86,407		87,648
Total liabilities and net assets			124,440		124,722

## (2) 【Statement of Income】

		Previous Fiscal Year (from April 1, 2021 to March 31, 2022)		Current Fiscal Year (from April 1, 2022 to March 31, 2023)	
Division	Note No.	Amount (Millions of Yen)		Amount (Millions of Yen)	
Operating revenue					
Investment trust management fees			115,733		113,491
Investment advisory fees			17,671		18,198
Other operating revenue			530		331
Total operating revenue			133,935		132,021
Operating expenses					
Commissions			39,087		38,684
Advertising expenses			804		1,187
Public notice fees			0		0
Research expenses			26,650		29,050
Research expenses		4,867		6,045	
Research outsourcing expenses		21,783		23,004	
Data processing outsourcing fee			1,384		1,363
Operating miscellaneous expenses			3,094		3,302
Communication expenses		72		89	
Print expenses		918		903	
Association fee		79		83	
Sundry expenses		2,023		2,225	
Total operating expenses			71,021		73,587
General and administrative expenses					
Salaries			12,033		11,316
Remuneration for directors		229		226	
Salaries and allowances		7,375		7,752	
Bonuses		4,427		3,337	
Entertainment expenses			47		78
Donations expenses			73		115
Travel and Transportation expenses			65		283
Taxes and dues			1,049		963
Rent expenses on real estates			1,432		1,232
Retirement benefit expenses			1,212		829
Depreciation of noncurrent assets			2,525		2,409
Sundry expenses			11,116		12,439
Total general and administrative expenses			29,556		29,669
Operating income			33,357		28,763

		Previous Fiscal Year (from April 1, 2021 to March 31, 2022)		Current Fiscal Year (from April 1, 2022 to March 31, 2023)	
Division	Note No.	Amount (Millions of Yen)		Amount (Millions of Yen)	
Non-operating income					
Dividends	※1	3,530		7,645	
Interest income		10		45	
Net foreign currency translation gain		-		49	
Other		1,268		637	
Total non-operating income			4,809		8,377
Non-operating expenses					
Loss on investments in money held in trust		1,387		1,736	
Provision of reserve for loss on distribution of income and redemption after expiration		12		10	
Foreign exchange losses		23		-	
Other		266		8	
Total non-operating expenses			1,689		1,755
Ordinary income			36,477		35,385
Special profits					
Gain on sales of investment securities		26		10	
Gain on equity remuneration		53		46	
Gain on sales of fixed assets		9		-	
Differences between the asset retirement liability balance and the actual retirement costs		141		-	
Total special profits			230		57
Special losses					
Loss on sales of investment securities		0		16	
Loss on valuation of stocks of subsidiaries and affiliates		727		-	
Loss on retirement of noncurrent assets	※2	374		52	
Differences between the asset retirement liability balance and the actual retirement costs		0		-	
Office transfer expenses		54		-	
Total special losses			1,158		69
Income before income taxes			35,549		35,374
Income taxes-current			10,474		8,890
Income taxes-deferred			171		419
Net income			24,904		26,064

## (3) 【Statements of Changes in Equity】

Previous Fiscal Year (from April 1, 2021 to March 31, 2022)

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other earned surplus		Total earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	31,395	56,686	87,596
Change in the term									
Dividends of surplus							△ 26,268	△ 26,268	△ 26,268
Net income							24,904	24,904	24,904
Change in the term apart from shareholder's equity (Net)									
Total change in the term	—	—	—	—	—	—	△ 1,364	△ 1,364	△ 1,364
Balance at the end of year	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total valuation and translation adjustments	
Balance at beginning of year	57	57	87,654
Change in the term			
Dividends of surplus			△ 26,268
Net income			24,904
Change in the term apart from shareholder's equity (Net)	116	116	116

Total change in the term	116	116	$\triangle 1,247$
Balance at the end of year	174	174	86,407

Current Fiscal Year (from April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholder's equity								
	Common stock	Capital reserve			Earned surplus				Total shareholder's equity
		Additional paid-in capital	Other capital surplus	Total capital reserve	Earned surplus reserve	Other earned surplus		Total earned surplus	
						General reserve	Earned surplus brought forward		
Balance at beginning of year	17,180	11,729	2,000	13,729	685	24,606	30,030	55,322	86,232
Change in the term									
Dividends of surplus							△ 24,877	△ 24,877	△ 24,877
Net income							26,064	26,064	26,064
Change in the term apart from shareholder's equity (Net)									
Total change in the term	—	—	—	—	—	—	1,186	1,186	1,186
Balance at the end of year	17,180	11,729	2,000	13,729	685	24,606	31,217	56,509	87,419

(Millions of Yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on investments	Total valuation and translation adjustments	
Balance at beginning of year	174	174	86,407
Change in the term			
Dividends of surplus			△ 24,877
Net income			26,064
Change in the term apart from shareholder's equity (Net)	54	54	54



Total change in the term	54	54	1,240
Balance at the end of year	229	229	87,648

[Significant Accounting Policies]

1. Basis and methods of valuation for financial instruments	<p>(1) Stocks of subsidiaries and affiliates ...Recorded at cost using the moving average method</p> <p>(2) Other securities</p> <table> <tr> <td>Other securities than Shares etc., without market price...</td><td>Recorded at market value</td></tr> <tr> <td></td><td>(The cost of sale is calculated using the moving average method and all differences in valuation are recognized directly into net assets.)</td></tr> <tr> <td>Shares etc., without market price...</td><td>Recorded at cost using the moving average method</td></tr> </table>	Other securities than Shares etc., without market price...	Recorded at market value		(The cost of sale is calculated using the moving average method and all differences in valuation are recognized directly into net assets.)	Shares etc., without market price...	Recorded at cost using the moving average method
Other securities than Shares etc., without market price...	Recorded at market value						
	(The cost of sale is calculated using the moving average method and all differences in valuation are recognized directly into net assets.)						
Shares etc., without market price...	Recorded at cost using the moving average method						
2. Basis and method of valuation for money held in trust	Recorded at market value						
3. Basis and method of valuation for derivative transactions	Recorded at market value						
4. Basis for translation of foreign currency assets and liabilities into Japanese currency	Foreign currency monetary claims and debts are translated into Japanese yen in accordance with the spot exchange rate on the closing date. Exchange differences are treated as profit or loss.						
5. Depreciation and amortization Methods of Fixed Assets	<p>(1) Depreciation of tangible fixed assets</p> <p>Tangible fixed assets are depreciated by the declining-balance method, except for buildings (excluding equipment attached to the buildings) acquired on or after April 1, 1998 and equipment attached to the buildings and structures acquired on or after April 1, 2016, which are depreciated by the straight-line method.</p> <p>Major useful lives are as follows.</p> <table> <tr> <td>Buildings</td><td>6 years</td></tr> <tr> <td>Equipment attached to the buildings</td><td>6~ 15 years</td></tr> <tr> <td>Furniture and Fixtures</td><td>4~ 15 years</td></tr> </table> <p>(2) Amortization of intangible assets, investments and other assets</p> <p>Intangible assets, investments and other assets are amortized over their estimated useful lives primarily on the straight-line method. The useful lives of the software for in-house use are based on the straight-line method based on the period of its internal availability (five years).</p>	Buildings	6 years	Equipment attached to the buildings	6~ 15 years	Furniture and Fixtures	4~ 15 years
Buildings	6 years						
Equipment attached to the buildings	6~ 15 years						
Furniture and Fixtures	4~ 15 years						
6. Basis of Allowances	<p>(1) Allowance for doubtful accounts</p> <p>General claims are assessed at the historical default rate of uncollected accounts, and specific claims, such as those with doubtful accounts, are assessed individually for collectability and estimated uncollectible amounts are recorded.</p> <p>(2) Accrued bonuses</p> <p>To provide for bonus payments, accrual is recorded at the estimated amount to be paid as future bonuses.</p> <p>(3) Reserve for retirement benefits</p> <p>Allowance for retirement benefits is provided for future payments of retirement benefits to employees at an estimated amount based on the retirement benefit obligation and the estimated value of the pension plan assets at the end of this fiscal year.</p> <p>① Method for attributing the estimated future payment for</p>						

<p>7. Basis for recognition of revenues and expenses</p>	<p>retirement benefits</p> <p>The benefit formula method is used for attributing the estimated future payments to the amount of allowance for retirement benefits to the end of this fiscal year.</p> <p>② Method for dealing with Actuarial Differences and Prior Service Costs</p> <p>Any actuarial differences arising from the defined-benefit corporate pension plan are amortized, from the following fiscal year when the differences arose, by the straight-line method over a period within the average remaining years of service of the eligible employees, while those differences arising from the lump-sum payment plan are fully expensed in the following fiscal year when the differences arose.</p> <p>Prior service costs arising from the lump-sum payment plan and defined-benefit corporate pension plan are amortized by the straight-line method over a period within the average remaining years of service of the eligible employees from the fiscal year when they were incurred.</p> <p>(4) Reserve for loss on distribution of income and termination after expiration of the statute of limitations</p> <p>To provide for investment trust profit distributions and investment trust termination amount recognized as revenue due to the expiry of the statute of limitations, the estimated amount of payments in the future is recorded, based on actual payments.</p> <p>The Company earns investment trust management fees and investment advisory fees from asset management services. These may include success fees.</p> <p>① Investment trust management fees</p> <p>The investment trust management fee is recognized as a certain percentage of the daily total net assets based on the basic terms and conditions of the investment trust, and the vested fee is received by the investment trust mainly four times a year or twice a year. The fees are recognized as income over the investment trust management period based on the assumption that the performance obligations are satisfied over the period.</p> <p>② Investment advisory fees</p> <p>Investment advisory fees are recognized as a percentage of the total net assets during the contract period based on the investment advisory agreement, and vested fees are received mainly four times a year or twice a year by the advisory account. The fees are recognized as income over the investment period of the advisory account based on the assumption that performance obligations will be satisfied over the period.</p> <p>③ Success fees</p> <p>Success fees are recognized as a percentage of excess investment profits above a specific benchmark or other performance target of the underlying investment trust or advisory account. The fees are recognized as income when the right to receive the success fees is vested.</p>
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[Notes related to accounting estimates]

Not applicable.

[Change in accounting principle]

(Application of Accounting Standard for Market Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Market Value Measurement” (ASBJ Guidance No.31 June 17, 2021. Hereinafter referred to as "Market Value Accounting Standards Implementation Guidance".), etc. from the beginning of the current fiscal year, and in accordance with the transitional treatment set forth in paragraph 27-2 of the Market Value Accounting Standards Implementation Guidance the new accounting principle set forth in the Market Value Accounting Standards Implementation Guidance have been applied in the future.

In addition, in the “Notes Related to Financial Instruments”, matters related to the breakdowns of the market value of financial instruments by level are stated. The notes on investment trust for the previous fiscal year, in the “Notes Related to Financial Instruments”, matters related to the breakdowns of the market value of financial instruments by level, are omitted in accordance with paragraph 27-3 of the Market Value Accounting Standards Implementation Guidance.

[Unapplied Accounting Standards]

Not applicable.

[Notes]

◇ Notes Related to Balance Sheet

At the End of Previous Fiscal Year (March 31, 2022)	At the End of Current Fiscal Year (March 31, 2023)												
<p>※1. Assets and Liabilities in connection with Subsidiaries and Affiliates Items included in each account title, other than those listed separately, are as follows: Accrued expenses 1,223 Million Yen</p>	<p>※1. Assets and Liabilities in connection with Subsidiaries and Affiliates Items included in each account title, other than those listed separately, are as follows: Accrued expenses 1,350 Million Yen</p>												
<p>※2. Accumulated Depreciation deducted from Tangible Fixed Assets</p> <table> <tr> <td>Buildings</td><td>589 Million Yen</td></tr> <tr> <td>Furniture and fixtures</td><td>618</td></tr> <tr> <td>Total</td><td>1,207</td></tr> </table>	Buildings	589 Million Yen	Furniture and fixtures	618	Total	1,207	<p>※2. Accumulated Depreciation deducted from Tangible Fixed Assets</p> <table> <tr> <td>Buildings</td><td>901 Million Yen</td></tr> <tr> <td>Furniture and fixtures</td><td>657</td></tr> <tr> <td>Total</td><td>1,559</td></tr> </table>	Buildings	901 Million Yen	Furniture and fixtures	657	Total	1,559
Buildings	589 Million Yen												
Furniture and fixtures	618												
Total	1,207												
Buildings	901 Million Yen												
Furniture and fixtures	657												
Total	1,559												

◇ Notes Related to Statement of Income

Previous Fiscal Year (from April 1, 2021 to March 31, 2022)	Current Fiscal Year (from April 1, 2022 to March 31, 2023)																
<p>※1. Notes relating to Subsidiaries and Affiliates Items related to subsidiaries and affiliates, other than those listed separately, are as follows: Dividends 3,525 Million Yen</p>	<p>※1. Notes relating to Subsidiaries and Affiliates Items related to subsidiaries and affiliates, other than those listed separately, are as follows: Dividends 7,634 Million Yen</p>																
<p>※2. Loss on retirement of fixed assets</p> <table> <tr> <td>Buildings</td><td>346 Million Yen</td></tr> <tr> <td>Furniture and fixtures</td><td>28</td></tr> <tr> <td>Software</td><td>-</td></tr> <tr> <td>Total</td><td>374</td></tr> </table>	Buildings	346 Million Yen	Furniture and fixtures	28	Software	-	Total	374	<p>※2. Loss on retirement of fixed assets</p> <table> <tr> <td>Buildings</td><td>0 Million Yen</td></tr> <tr> <td>Furniture and fixtures</td><td>0</td></tr> <tr> <td>Software</td><td>52</td></tr> <tr> <td>Total</td><td>52</td></tr> </table>	Buildings	0 Million Yen	Furniture and fixtures	0	Software	52	Total	52
Buildings	346 Million Yen																
Furniture and fixtures	28																
Software	-																
Total	374																
Buildings	0 Million Yen																
Furniture and fixtures	0																
Software	52																
Total	52																

◇ Notes Related to Statements of Changes in Equity

Previous Fiscal Year (from April 1, 2021 to March 31, 2022)

1. Matters Related to the Type and Number of Shares Issued

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	5,150,693	—	—	5,150,693

2. Matters Related to Dividends of Surplus

(1) In Cases Where the Dividend Property is Cash, the Total Amount of Such Cash

The Board of Directors, on May 14, 2021, resolved the following:

Matters Related to Dividends on Common Stock

Total amount of Dividends 26,268 Million Yen

Source of Dividends Earned Surplus

Dividends per Share 5,100 Yen

Base Date March 31, 2021

Effective Date June 30, 2021

(2) Dividends with its Base Date in the Current Fiscal Year, but with an Effective Date of the dividends in the Following Fiscal Year

The Board of Directors, on May 18, 2022, resolved the following:

Matters Related to Dividends on Common Stock

Total amount of Dividends 24,877 Million Yen

Source of Dividends Earned Surplus

Dividends per Share 4,830 Yen

Base Date March 31, 2022

Effective Date June 30, 2022

Current Fiscal Year (from April 1, 2022 to March 31, 2023)

1. Matters Related to the Type and Number of Shares Issued

Type of shares	Number of shares at the beginning of the current fiscal year	Increase in the number of shares during the current fiscal year	Number of shares decreased in the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	5,150,693	—	—	5,150,693

2. Matters Related to Dividends of Surplus

(1) In Cases Where the Dividend Property is cash, the Total Amount of Such Cash

The Board of Directors, on May 18, 2022, resolved the following:

Matters Related to Dividends on Common Stock

Total Amount of Dividends 24,877 Million Yen

Source of Dividends Earned Surplus

Dividends per Share 4,830 Yen

Base Date March 31, 2022

Effective Date June 30, 2022

(2) Dividends with a Base Date in the Current Fiscal Year, but with an Effective Date of the dividends in the Following Fiscal Year

The Board of Directors, on May 23, 2023, resolved the following:

Matters Related to Dividends on Common Stock

Total Amount of Dividends 55,782 Million Yen

Source of Dividends Earned Surplus

Dividends per Share 10,830 Yen

Base Date March 31, 2023

Effective Date June 30, 2023

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

## 1. Matters Related to the Status of Financial Instruments

### (1) Policy on Management of Financial Instruments

The Management Company conducts investment trust management as its business and holds the investment trusts through Specified Trust of Money other than Money Trust for the purpose of maintaining the quality and liquidity of investment trusts managed by the Management Company. It is the Management Company's policy that derivative transactions being conducted through Specified Trust of Money other than Money Trust will be conducted not for speculative purposes, but only for the purpose of mitigating the foreign exchange risk and price fluctuation risk in connection with investment trusts, and therefore such derivative transactions will only be conducted within the balance of the created investment trusts managed by the Management Company.

It is also the policy to invest surplus funds of the Management Company only in financial assets with a higher degree of safety, including negotiable certificates of deposit, and to raise funds by short-term loans from Nomura Holdings, Inc., a Parent Company of the Management Company, and other financial institutions.

### (2) Details of Financial Instruments, their Related Risks and the Risk Management System

Most of the investment trusts held through the Specified Trust of Money other than Money Trust are duly hedged through derivative transactions, including forward exchange contracts, stock index futures and bond futures, although such investment trusts are exposed to the foreign exchange risk and price fluctuation risk. Stocks held by the Management Company, as a cross-shareholding or for the purpose of maintaining business relationships, are exposed to the price fluctuation risk. The finance department is in charge of the management of securities, investment securities, and money trust that the Management Company holds, and is regularly monitoring the market value and the financial conditions of the issuers and reports the results to management.

The finance department and the investment department are in charge of execution and management of the derivative transactions. Credit risk of the counterparty of derivative transactions is hardly recognized because the Management Company conducts derivative transactions only with financial institutions with a high credit rating. The finance department provides a financial report, including details of the derivative transactions, to the executive management committee on a monthly basis.

Credit risk associated with the accrued investment trust management fee, which consists of operating receivables for the Management Company, is also hardly recognized, because such management fee is the outstanding balance of management fees to be paid from the trust properties to the Management Company under the basic terms and conditions of the investment trust, and the trust properties are separately managed by the Trustee. The accrued investment advisory fee, which also consists of operating receivables for the Management Company, is the outstanding balance of fees payable to the Management Company under the investment advisory agreement. In cases where the accrued investment advisory fee is paid from the trust properties, the credit risk associated with such a fee is hardly recognized because trust properties are separately managed by the Trustee. On the other hand, in cases where the accrued investment advisory fee is paid directly from a client of the Management Company, such fee is exposed to the credit risk of the client. However, in such cases, the Management Company effectively manages the settlement date and unsettled balances depending on the respective client's credibility status, to ensure the mitigation of our clients' credit risk and early recognition of our clients' credit uncertainty (if any).

## 2. Matters Related to the Market Value of Financial Instruments

The following is the recorded value on the balance sheet, market values, and the differences between them as of March 31, 2022.

(Millions of Yen)

	Amount Recorded on the Balance Sheet	Market Value	Difference
(1) Money held in trust	35,894	35,894	-
Total assets	35,894	35,894	-
(2) Others (derivative transactions)	121	121	-
Total liabilities	121	121	-

Note 1: Cash and Deposit, Accrued investment trust management fee, Accrued investment advisory fee, Securities, Short-term loans receivable, Accounts payable, Expenses payable, Income taxes payable are omitted because these accounts will be settled in a short period of time and the market value of these accounts approximates their book value.

Note 2: Investment securities and shares of affiliated companies are not included in the table above, since they are shares, etc. with no market price and investments in partnerships, etc. The recorded value of such financial investments on the balance sheet are as follows.

Segment	Previous fiscal year (Millions of Yen)
Shares, etc. with no market price (※) 1, 2	9,529
Investments in partnerships, etc.	1,886
Total	11,415

(※) 1 Shares, etc. with no market price include unlisted stocks.

(※) 2 An impairment loss of 727 Million Yen was recorded for unlisted stocks during the previous fiscal year.

Note 3: The scheduled amount of terminations after the recorded date of financial statements for monetary claims and securities that have a maturity date

(Millions of Yen)

	Within 1 Year	More than 1 Year and Within 5 Years	More than 5 Years and Within 10 Years	Over 10 Years
Deposit	2,006	-	-	-
Money held in trust	35,894	-	-	-
Accrued investment trust management fees	27,176	-	-	-
Accrued investment advisory fee	4,002	-	-	-
Securities and Investment Securities				
Other securities	29,300	-	-	-
Short-term loans receivable	1,835			
Total	100,215	-	-	-

## 3. Notes on the breakdowns by level of market values of financial instruments

The market values of financial instruments are classified into the following three levels according to the



observability and significance of the inputs used to calculate the market values.

The market values of Level 1: the market value calculated by the (unadjusted) market price in an active market of the same assets or liabilities

The market values of Level 2: the market value calculated using directly or indirectly observable inputs other than used for Level 1

The market values of Level 3: the market value calculated using significant unobservable inputs

If multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified at the lowest priority level for the calculation of market value among the levels to which the inputs belong.

Division	Amounts recorded on balance sheet (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust (Purpose of investment and others) (※)	-	1,736	-	1,736
Total assets	-	1,736	-	1,736
Derivative transactions (Currency-related)	-	121	-	121
Total liabilities	-	121	-	121

(※) Transitional measures have been applied in accordance with Paragraph 26 of the Implementation Guidance on Accounting Standard for Market Value Measurement, 34,157 Million Yen of money held in trust, of which the main component is investment trusts, are not included in the table.

Note: Explanation of valuation techniques and inputs used to calculate market value

#### Money Held in Trust

The trust properties mainly consist of investment trusts, derivative transactions, and other assets (including, call loans and Customers' margin, etc.).

With regard to the market values of the financial instruments constituting the trust properties, (i) the market value of the investment trust is determined based on net asset value, (ii) the market value of listed derivative transactions is determined based upon the market price at the stock exchanges, (iii) the market value of forward exchange contracts is determined based on forward exchange rates, and (iv) the market value of OTC derivative transactions is determined based on the prices provided by the correspondent financial institution. In addition, for the other assets, the market value is represented by their recorded values because these assets are usually settled in a short period of time and their market value is nearly equal to the recorded book value.

#### Derivative Transactions

Market value is determined based on the prices provided by the correspondent financial institution and classified as the market values of Level 2.

## 1. Matters Related to the Status of Financial Instruments

### (1) Policy on Management of Financial Instruments

The Management Company conducts investment trust management as its business and holds the investment trusts through Specified Trust of Money other than Money Trust for the purpose of maintaining the quality and liquidity of investment trusts managed by the Management Company. It is the Management Company's policy that derivative transactions being conducted through Specified Trust of Money other than Money Trust will be conducted not for speculative purposes, but only for the purpose of mitigating the foreign exchange risk and price fluctuation risk in connection with investment trusts, and therefore such derivative transactions will only be conducted within the balance of the created investment trusts managed by the Management Company.

It is also the policy to invest surplus funds of the Management Company only in financial assets with a higher degree of safety, including negotiable certificates of deposit, and to raise funds by short-term loans from Nomura Holdings, Inc., a Parent Company of the Management Company, and other financial institutions.

### (2) Details of Financial Instruments, their Related Risks and the Risk Management System

Most of the investment trusts held through the Specified Trust of Money other than Money Trust are duly hedged through derivative transactions, including forward exchange contracts, stock index futures and bond futures, although such investment trusts are exposed to the foreign exchange risk and price fluctuation risk. Stocks held by the Management Company, as a cross-shareholding or for the purpose of maintaining business relationships, are exposed to the price fluctuation risk. The finance department is in charge of the management of securities, investment securities, and money trust that the Management Company holds, and is regularly monitoring the market value and the financial conditions of the issuers and reports the results to management.

The finance department and the investment department are in charge of execution and management of the derivative transactions. Credit risk of the counterparty of derivative transactions is hardly recognized because the Management Company conducts derivative transactions only with financial institutions with a high credit rating. The finance department provides a financial report, including details of the derivative transactions, to the executive management committee on a monthly basis.

Credit risk associated with the accrued investment trust management fee, which consists of operating receivables for the Management Company, is also hardly recognized, because such management fee is the outstanding balance of management fees to be paid from the trust properties to the Management Company under the basic terms and conditions of the investment trust, and the trust properties are separately managed by the Trustee. The accrued investment advisory fee, which also consists of operating receivables for the Management Company, is the outstanding balance of fees payable to the Management Company under the investment advisory agreement. In cases where the accrued investment advisory fee is paid from the trust properties, the credit risk associated with such a fee is hardly recognized because trust properties are separately managed by the Trustee. On the other hand, in cases where the accrued investment advisory fee is paid directly from a client of the Management Company, such fee is exposed to the credit risk of the client. However, in such cases, the Management Company effectively manages the settlement date and unsettled balances depending on the respective client's credibility status, to ensure the mitigation of our clients' credit risk and early recognition of our clients' credit uncertainty (if any).

## 2. Matters Related to the Market Value of Financial Instruments

The following is the recorded value on the balance sheet, market values, and the differences between them as of March 31, 2023.

(Millions of Yen)

	Amount Recorded on the Balance Sheet	Market Value	Difference
(1) Money held in trust	42,108	42,108	-
Total assets	42,108	42,108	-
(2) Others (derivative transactions)	46	46	-
Total liabilities	46	46	-

Note 1: Cash and Deposit, Accrued investment trust management fee, Accrued investment advisory fee, Securities, Short-term loans receivable, Accounts payable, Expenses payable, Income taxes payable are omitted because these accounts will be settled in a short period of time and the market value of these accounts approximates their book value.

Note 2: Investment securities and shares of affiliated companies are not included in the table above, since they are shares, etc. with no market price and investments in partnerships, etc. The recorded value of such financial investments on the balance sheet are as follows.

Segment	Current fiscal year (Millions of Yen)
Shares, etc. with no market price (※)	10,261
Investments in partnerships, etc.	1,557
Total	11,819

(※) Shares, etc. with no market price include unlisted stocks.

Note 3: The scheduled amount of terminations after the recorded date of financial statements for monetary claims and securities that have a maturity date

(Millions of Yen)

	Within 1 Year	More than 1 Year and Within 5 Years	More than 5 Years and Within 10 Years	Over 10 Years
Deposit	1,865	-	-	-
Money held in trust	42,108	-	-	-
Accrued investment trust management fees	26,116	-	-	-
Accrued investment advisory fee	3,780	-	-	-
Securities and Investment Securities				
Other securities	21,900	-	-	-
Short-term loans receivable	1,001			
Total	96,772	-	-	-

### 3. Notes on the breakdowns by level of market values of financial instruments

The market values of financial instruments are classified into the following three levels according to the observability and significance of the inputs used to calculate the market values.

The market values of Level 1: the market value calculated by the (unadjusted) market price in an active market of the same assets or liabilities

The market values of Level 2: the market value calculated using directly or indirectly observable inputs other than used for Level 1

The market values of Level 3: the market value calculated using significant unobservable inputs

If multiple inputs that have a significant impact on the calculation of market value are used, the market value is classified at the lowest priority level for the calculation of market value among the levels to which the inputs belong.

Division	Amounts recorded on balance sheet (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Money held in trust (Purpose of investment and others)	-	42,108	-	42,108
Total assets	-	42,108	-	42,108
Derivative transactions (Currency-related)	-	46	-	46
Total liabilities	-	46	-	46

Note: Explanation of valuation techniques and inputs used to calculate market value

#### Money Held in Trust

The trust properties mainly consist of investment trusts, derivative transactions, and other assets (including, call loans and Customers' margin, etc.).

With regard to the market values of the financial instruments constituting the trust properties, (i) the market value of the investment trust is determined based on net asset value, (ii) the market value of listed derivative transactions is determined based upon the market price at the stock exchanges, (iii) the market value of forward exchange contracts is determined based on forward exchange rates, and (iv) the market value of OTC derivative transactions is determined based on the prices provided by the correspondent financial institution. In addition, for the other assets, the market value is represented by their recorded values because these assets are usually settled in a short period of time and their market value is nearly equal to the recorded book value. It is classified as the market values of Level 2 based on level of the constituent.

#### Derivative Transactions

Market value is determined based on the prices provided by the correspondent financial institution and classified as the market values of Level 2.

◇ Matters concerning Securities

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

1. Trading Securities (As of March 31, 2022)

Not applicable.

2. Held-to-Maturity Bonds (As of March 31, 2022)

Not applicable.

3. Stocks of Subsidiaries and Affiliated Companies (As of March 31, 2022)

The amount recorded on the balance sheet of stocks of subsidiaries and affiliated companies that it is difficult to get its market value.

Division	Previous Fiscal Year (Millions of Yen)
Stocks of Subsidiaries	9,107
Stocks of Affiliated Companies	106

4. Other Securities (As of March 31, 2022)

Division	Amount Recorded on the Balance Sheet (Millions of Yen)	Acquisition Cost (Millions of Yen)	Difference (Millions of Yen)
Items for which the Amount recorded on the balance sheet exceeds the acquisition cost Stocks	-	-	-
Subtotal	-	-	-
Items for which the Amount recorded on the balance sheet does not exceed the acquisition cost Negotiable certificates of deposit	29,300	29,300	-
Subtotal	29,300	29,300	-
Total	29,300	29,300	-

※ Shares, etc. with no market price (315 million yen recorded on the balance sheet) and investments in partnership, etc. (1,886 million yen recorded on the balance sheet) are not listed.

5. Other Securities Sold During the Fiscal Year (From April 1, 2021 to March 31, 2022)

Not applicable.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

1. Trading Securities (As of March 31, 2023)

Not applicable.

2. Held-to-Maturity Bonds (As of March 31, 2023)

Not applicable.

3. Stocks of Subsidiaries and Affiliated Companies (As of March 31, 2023)

The amount recorded on the balance sheet of shares, etc. with no market price.

Division	Current Fiscal Year (Millions of Yen)
Stocks of Subsidiaries	9,919
Stocks of Affiliated Companies	106

4. Other Securities (As of March 31, 2023)

Division	Amount Recorded on the Balance Sheet (Millions of yen)	Acquisition Cost (Millions of Yen)	Difference (Millions of Yen)
Items for which the Amount recorded on the balance sheet exceeds the acquisition cost Stocks	-	-	-
Subtotal	-	-	-
Items for which the Amount recorded on the balance sheet does not exceed the acquisition cost Negotiable certificates of deposit	21,900	21,900	-
Subtotal	21,900	21,900	-
Total	21,900	21,900	-

※ Shares, etc. with no market price (235 million yen recorded on the balance sheet) and investments in partnership etc., (1,557 million yen recorded on the balance sheet) are not listed.

5. Other Securities Sold During the Fiscal Year (From April 1, 2022 to March 31, 2023)

Division	Sales Amount (Millions of Yen)	Total Amount of Profit (Millions of Yen)	Total Amount of Loss (Millions of Yen)
Shares	66	-	16
Total	66	-	16

◇ Matters concerning Derivative Transactions

1. Matters Related to Derivative transactions which hedge accounting does not apply to.

(1) Currency-Related

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

Division	Types of trade	Contract value (Millions of Yen)	Amount more than one year out of contracted value (Millions of Yen)	Market value (Millions of Yen)	Profit or loss from valuation (Millions of Yen)
Trade other than market trading	Forward exchange transaction Short position USD	1,714	-	△ 121	△ 121

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

Division	Types of trade	Contract value (Millions of Yen)	Amount more than one year out of contracted value (Millions of Yen)	Market value (Millions of Yen)	Profit or loss from valuation (Millions of Yen)
Trade other than market trading	Forward exchange transaction Short position USD	952	-	△ 46	△ 46

◇ Matters concerning Retirement Benefits

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)		
1. Overview of adopted retirement benefits plan		
The Company adopted a defined-benefit corporate pension plan and a lump-sum retirement payment plan, as the defined benefit pension plan, and also adopted a defined-contribution pension plan as the defined contribution plan.		
2. Defined benefit plan		
(1) Adjustment sheet of the difference between the beginning balance and the ending balance of the company's projected benefit obligation		
	23,270	
Beginning balance of projected benefit obligation		Million Yen
Service cost	961	
Interest cost	176	
Amount of actuarial difference accrued	△1,521	
Amount of paid retirement benefits	△904	
Other	△14	
Ending balance of projected benefit obligation	21,967	
(2) Adjustment sheet of the difference between the beginning balance and the ending balance of the pension assets		
	19,349	
Beginning balance of pension assets		Million Yen
Expected return on assets	454	
Amount of actuarial difference accrued	△258	
Contributions from the employer	814	
Amount of paid retirement benefits	△672	
Ending balance of pension assets	19,687	
(3) Adjustment sheet of the relationship between (i) the ending balances of the projected benefit obligation and the pension assets, and (ii) the amount of accrued retirement benefits and prepaid pension costs recorded on the balance sheet		
	18,807	
Projected benefit obligation of reserve-type plan		Million Yen
Pension assets	△19,687	
	△879	
Projected benefit obligation of non-reserve-type plan	3,159	
Unreserved projected benefit obligation	2,279	
Unrecognized amount of actuarial difference	△489	
Unrecognized amount of past service cost	106	
Net liabilities recorded on balance sheet	1,896	
Accrued retirement benefit	3,194	
Prepaid pension cost	△1,297	
Net liabilities recorded on balance sheet	1,896	
(4) Detailed retirement benefit cost		
Service cost	961	Million Yen



Interest cost	176
Expected return on assets	△454
Amount of actuarial difference recorded as cost on the balance sheet	322
Amount of past service cost recorded as cost on the balance sheet	△45
Retirement benefit cost regarding defined benefit pension plan	959

(5) Matters related to pension assets

① Major components included in the pension assets

The ratio of the amount of each major component included in the pension assets to the total pension assets is as follows:

Bonds	51%
Stocks	32%
Life insurance general account	10%
Life insurance special account	6%
Other	1%
Total	100%

② Setting method of expected long-term rate of return

To determine an expected long-term rate of return for pension assets, current and expected future allocation of pension assets and the current and expected long-term rate of return for the various assets included in the pension assets, are taken into consideration.

(6) Matters related to the basis of actuarial calculation

Major basis of actuarial calculation as of the end of the current fiscal year

Discount rate applied to the defined-benefit corporate pension plan	0.9%
Discount rate applied to the lump-sum retirement payment plan	0.6%
Expected long-term rate of return	2.35%

3. Defined contribution plan

Required amount of contribution to the company's defined contribution plan is 197 Million Yen.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

1. Overview of adopted retirement benefits plan

The Company adopted a defined-benefit corporate pension plan and a lump-sum retirement payment plan, as the defined benefit pension plan, and also adopted a defined-contribution pension plan as the defined contribution plan.

2. Defined benefit plan

(1) Adjustment sheet of the difference between the beginning balance and the ending balance of the company's projected benefit obligation

	21,967	
Beginning balance of projected benefit obligation		Million Yen
Service cost	853	
Interest cost	188	
Amount of actuarial difference accrued	△1,476	
Amount of paid retirement benefits	△1,133	
Other	△83	
Ending balance of projected benefit obligation	20,314	

- (2) Adjustment sheet of the difference between the beginning balance and the ending balance of the pension assets

	19,687	
Beginning balance of pension assets		Million Yen
Expected return on assets	462	
Amount of actuarial difference accrued	△716	
Contributions from the employer	819	
Amount of paid retirement benefits	△874	
Ending balance of pension assets	19,378	

- (3) Adjustment sheet of the relationship between (i) the ending balances of the projected benefit obligation and the pension assets, and (ii) the amount of accrued retirement benefits and prepaid pension costs recorded on the balance sheet

	17,386	
Projected benefit obligation of reserve-type plan		Million Yen
Pension assets	△19,378	
	△1,991	
Projected benefit obligation of non-reserve-type plan	2,927	
Unreserved projected benefit obligation	935	
Unrecognized amount of actuarial difference	398	
Unrecognized amount of past service cost	53	
Net liabilities recorded on balance sheet	1,387	
Accrued retirement benefit	2,940	
Prepaid pension cost	△1,553	
Net liabilities recorded on balance sheet	1,387	

- (4) Detailed retirement benefit cost

Service cost	853	Million Yen
Interest cost	188	
Expected return on assets	△462	
Amount of actuarial difference recorded as cost on the balance sheet	127	
Amount of past service cost recorded as cost on the balance sheet	△52	
Retirement benefit cost regarding defined benefit pension plan	653	

- (5) Matters related to pension assets

① Major components included in the pension assets

The ratio of the amount of each major component included in the pension assets to the total pension assets is as follows:

Bonds	34%
Stocks	27%
Life insurance general account	11%
Life insurance special account	7%
Other	21%
Total	100%

① Setting method of expected long-term rate of return

To determine an expected long-term rate of return for pension assets, current and expected future allocation of pension assets and the current and expected long-term rate of return for the various assets included in the pension assets, are taken into consideration.

- (6) Matters related to the basis of actuarial calculation

Major basis of actuarial calculation as of the end of the current fiscal year

Discount rate applied to the defined-benefit corporate pension plan	1.4%
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Discount rate applied to the lump-sum retirement payment plan	1.1%
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Expected long-term rate of return	2.35%
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3. Defined contribution plan

Required amount of contribution to the company's defined contribution plan is 202 Million Yen.

## 1. Details of major components of deferred tax assets and deferred tax liabilities by their origins

As of the End of Previous Fiscal Year (March 31, 2022)		As of the End of Current Fiscal Year (March 31, 2023)	
1. Details of major components of deferred tax assets and deferred tax liabilities by their origins		1. Details of major components of deferred tax assets and deferred tax liabilities by their origins	
Deferred tax assets	Millions of Yen	Deferred tax assets	Millions of Yen
Provision for bonuses	1,381	Provision for bonuses	1,138
Reserve for retirement benefits	990	Reserve for retirement benefits	911
Loss on valuation of stocks of affiliated companies	1,010	Loss on valuation of stocks of affiliated companies	1,010
Accrued enterprise taxes	285	Accrued enterprise taxes	227
Loss on valuation of investment securities	110	Loss on valuation of investment securities	11
Excess depreciation	272	Excess depreciation	331
Reserve for loss income distribution and redemption after extinctive prescription	182	Reserve for loss income distribution and redemption after extinctive prescription	184
Loss on sales of stocks of affiliated companies	505	Loss on sales of stocks of affiliated companies	505
Loss on valuation of golf club membership	92	Loss on valuation of golf club membership	78
Asset retirement obligation	348	Asset retirement obligation	348
Social insurance premium payable	114	Social insurance premium payable	85
Other	84	Other	44
Deferred tax assets subtotal	5,376	Deferred tax assets subtotal	4,878
Valuation allowance	△1,795	Valuation allowance	△1,696
Total deferred tax assets	3,581	Total deferred tax assets	3,181
Deferred tax liabilities		Deferred tax liabilities	
Retirement costs on asset retirement obligations	△233	Retirement costs on asset retirement obligations	△171
Gain on valuation of stocks of affiliated companies	△81	Gain on valuation of stocks of affiliated companies	△84
Unrealized gain on other securities	△78	Unrealized gain on other securities	△102
Prepaid pension cost	△402	Prepaid pension cost	△481
Total deferred tax liabilities	△796	Total deferred tax liabilities	△840
Net deferred tax assets	2,784	Net deferred tax assets	2,340
2. Details of major components which caused discrepancy between the normal statutory income tax rate and the effective income tax rate after adoption of tax-effective accounting		2. Details of major components which caused discrepancy between the normal statutory income tax rate and the effective income tax rate after adoption of tax-effective accounting	
Effective statutory tax rate	31.0%	Effective statutory tax rate	31.0%
(Adjustment)		(Adjustment)	
Items not permanently recorded as losses in the statement of income, including social expenses	0.0%	Items not permanently recorded as losses in the statement of income, including social expenses	0.3%
Items not permanently recorded as taxable income in the statement of income, including dividends	△2.9%	Items not permanently recorded as taxable income in the statement of income, including dividends	△6.4%
Taxation of tax haven subsidiaries	1.8%	Taxation of tax haven subsidiaries	2.1%
Foreign tax credit	△0.5%	Foreign tax credit	△0.6%
Foreign withholding tax levied on dividends received from foreign subsidiaries	0.4%	Foreign withholding tax levied on dividends received from foreign subsidiaries	0.7%
Other	0.1%	Other	△0.8%
Effective tax rate after adoption of tax-effect accounting	29.9%	Effective tax rate after adoption of tax-effect accounting	26.3%

## 2. Accounting for corporate tax, local corporate tax and relevant tax effect accounting

The Company applies the group tax sharing system from the beginning of this fiscal year. Additionally, the Company performs the accounting and disclosure for corporate tax, local corporate tax and relevant tax effect accounting in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42 August 12, 2021).

## ◇Notes Related to Asset retirement obligations

Asset retirement obligations recorded on balance sheet

### 1. Overview of the asset retirement obligations

Obligations for restoring the head office of the Management Company to its original state due to the real estate lease agreement.

### 2. Calculation method of the asset retirement obligations

The asset retirement obligations are calculated based on that the estimated period of use is the relevant real estate lease contract period, and that the discount rate is 0.0%.

### 3. Changes of the total amount of asset retirement obligations

	(Millions of Yen)	
	Previous Fiscal Year	Current Fiscal Year
	From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
Balance at the beginning of the year	1,371	1,123
Adjustment due to increase in acquisition of Tangible fixed assets	48	-
Adjustment due to decrease with performance of asset retirement obligation	△ 296	-
Balance at the end of the year	1,123	1,123

◇ Notes Related to Revenue Recognition

1. Information that breaks down the revenue generated from the contracts with a customer

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

Division	Previous Fiscal Year (From April 1, 2021 to March 31, 2022)
Investment trust management fees	115,670 Million Yen
Investment advisory fees	16,675 Million Yen
Success fees (※)	1,058 Million Yen
Other operating revenue	530 Million Yen
Total	133,935 Million Yen

(※) Success fees are included in investment trust management fees or Investment advisory fees in the statement of income.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

Division	Current Fiscal Year (From April 1, 2022 to March 31, 2023)
Investment trust management fees	113,491 Million Yen
Investment advisory fees	17,245 Million Yen
Success fees (※)	952 Million Yen
Other operating revenue	331 Million Yen
Total	132,021 Million Yen

(※) Success fees are included in investment trust management fees or Investment advisory fees in the statement of income.

2. Information that forms the basis for understanding the revenue generated from the contracts with a customer

As stated in [Significant Accounting Policies] 7, Basis for recognition of revenues and expenses.

3. Information on the relationship between fulfillment of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of income expected to be recognized after the last day of the current fiscal year from contracts with customers existing at the end of the current fiscal year

It is omitted due to less importance of its nature.

## ◇ Segment Information

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

### 1. Segment Information

Disclosures on segment information is omitted since the Company is an operator of an investment management business comprising a single segment.

### 2. Related Information

#### (1) Information for Each Product or Service

Information for each product or service is omitted since the Company classifies the segment for each product or service in the same manner as it classifies the components of operating revenue indicated on the Company's profit and loss statement.

#### (2) Information for Each Region

##### ① Revenue

Detailed information on regional operating revenue is omitted since over 90% of total operating revenue from external customers recorded on the Company's profit and loss statement is related only to domestic customers.

##### ② Tangible Fixed Assets

Detailed information on tangible fixed assets located in each region is omitted since over 90% of the amount of tangible fixed assets recorded on the Company's balance sheet is related only to the tangible fixed assets located in Japan.

#### (3) Information for Each Major Customer

Detailed information on the amount of operating revenue gained from each major customer is omitted since no individual external customer provides 10% or more of the total operating revenue recorded on the Company's profit and loss statement.

1. Segment Information

Disclosure on segment information is omitted since the Company is an operator of an investment management business comprising a single segment.

2. Related Information

(1) Information for Each Product or Service

Information for each product or service is omitted since the Company classifies the segment for each product or service in the same manner as it classifies the components of operating revenue indicated on the Company's profit and loss statement.

(2) Information for Each Region

① Revenue

Detailed information on regional operating revenue is omitted since over 90% of the total operating revenue from external customers recorded on the Company's profit and loss statement is related only to domestic customers.

② Tangible Fixed Assets

Detailed information on tangible fixed assets located in each region is omitted since over 90% of the amount of tangible fixed assets recorded on the Company's balance sheet is related only to the tangible fixed assets located in Japan.

(3) Information for Each Major Customer

Detailed information on the amount of operating revenue gained from each major customer is omitted since no individual external customer provides 10% or more of the total operating revenue recorded on the Company's profit and loss statement.



◇ Information on Related Parties

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

1. Transaction with Related Parties

(a) Parent Company, Major Institutional Shareholders, etc.

Not applicable.

(b) Subsidiary

Type	Company Name	Location	Share Capital	Business Involved	Proportion of Voting Rights Holding (or Held) (%)	Company's Relationship with Related Parties	Transaction Details	Transaction Volume (Millions of Yen)	Balance Sheet Account	Ending Balance (Millions of Yen)
Subsidiary	Nomura am finance, INC.	Cayman	2,500 (USD)	Fund management	Direct 100%	Leasing of assets	Financing	3,427	Short-term loans receivable	1,835
							Repayment of fund	1,709		
							Interest on loan	9	Accrued interest	4

(c) Affiliated Company

Type	Company Name	Location	Share Capital	Business Involved	Proportion of Voting Rights Holding (or Held) (%)	Company's Relationship with Related Parties	Transaction Details	Transaction Volume (Millions of Yen)	Balance Sheet Account	Ending Balance (Millions of Yen)
Subsidiary of the Parent Company	Nomura Securities Co., Ltd.	Chuo-ku, Tokyo	10,000 (Million Yen)	Securities Business	—	Dealing in offering and secondary distribution of the investment trusts managed by the Company and providing outsourcing services for investment trusts managed by the Company.  Interlocking Directorates	Payment of commission for outsourcing services concerning investment trusts (*1)	29,119	Accrued commission payable	6,013

(d) Officers and Major Individual Shareholders

Not applicable.

Note 1: Each amount shown in the “transaction volume” column above does not include the amount of consumption taxes. However, each amount shown in the “Ending balance” column includes the amount of consumption taxes.

Note 2: Transaction terms and conditions and policy for determining transaction terms

(\*1) Commission for outsourcing services concerning investment trusts is comprehensively determined by taking into account the merchantability of the products and other factors.

2. Notes Regarding Parent Company and Important Affiliated Companies

(1) Information Regarding Parent Company

Nomura Holdings, Inc. (Nomura Holdings, Inc. is listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Singapore Exchange (SGX), and New York Stock Exchange (NYSE))

(2) Summary of Financial Statements of Important Affiliated Companies

Not applicable.

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

1. Transaction with Related Parties

(a) Parent Company, Major Institutional Shareholders, etc.

Not applicable.

(b) Subsidiary

Type	Company Name	Location	Share Capital	Business Involved	Proportion of Voting Rights Holding (or Held) (%)	Company's Relationship with Related Parties	Transaction Details	Transaction Volume (Millions of Yen)	Balance Sheet Account	Ending Balance (Millions of Yen)
Subsidiary	Nomura am finance, INC.	Cayman	2,500 (USD)	Fund management	Direct 100%	Leasing of assets	Financing	5,736	Short-term loans receivable	1,001
							Repayment of fund	6,489		
							Interest on loan	44	Accrued interest	11

(c) Affiliated Company

Type	Company Name	Location	Share Capital	Business Involved	Proportion of Voting Rights Holding (or Held) (%)	Company's Relationship with Related Parties	Transaction Details	Transaction Volume (Millions of Yen)	Balance Sheet Account	Ending Balance (Millions of Yen)
Subsidiary of the Parent Company	Nomura Securities Co., Ltd.	Chuo-ku, Tokyo	10,000 (Million Yen)	Securities Business	—	Dealing in offering and secondary distribution of the investment trusts managed by the Company and providing outsourcing services for investment trusts managed by the Company.  Interlocking Directorates	Payment of commission for outsourcing services concerning investment trusts (*1)	27,180	Accrued commission payable	5,773

(d) Officers and Major Individual Shareholders

Not applicable.

Note 1: Each amount shown in the “transaction volume” column above does not include the amount of consumption taxes. However, each amount shown in the “Ending balance” column includes the amount of consumption taxes.

Note 2: Transaction terms and conditions and policy for determining transaction terms

(\*1) Commission for outsourcing services concerning investment trusts is comprehensively determined by taking into account the merchantability of the products and other factors.

2. Notes Regarding Parent Company and Important Affiliated Companies

(1) Information Regarding Parent Company

Nomura Holdings, Inc. (Nomura Holdings, Inc. is listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, Singapore Exchange (SGX), and New York Stock Exchange (NYSE))

(2) Summary of Financial Statements of Important Affiliated Companies

Not applicable.

◇ Per-Share Information

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)		Current Fiscal Year (From April 1, 2022 to March 31, 2023)	
Net assets per share	16,775.81 Yen	Net assets per share	17,016.74 Yen
Earnings per share	4,835.10 Yen	Earnings per share	5,060.34 Yen
Diluted earnings per share is not mentioned since there are no dilutive shares.		Diluted earnings per share is not mentioned since there are no dilutive shares.	
The basis of calculating earnings per share		The basis of calculating earnings per share	
Net profit recorded on profit and loss statement	24,904 Million Yen	Net profit recorded on profit and loss statement	26,064 Million Yen
Net profit attributed to common stocks	24,904 Million Yen	Net profit attributed to common stocks	26,064 Million Yen
Major components of net profit not attributed to common stocks	Not applicable	Major components of net profit not attributed to common stocks	Not applicable
Average number of shares of common stock outstanding	5,150,693 shares	Average number of shares of common stock outstanding	5,150,693 shares

#### 4 【Restrictions on Transactions with Interested Parties】

Pursuant to provisions of the Financial Instruments and Exchange Act, the Management Company is prohibited from conducting the following acts with interested parties:

- ① Making an investment intended to conduct a transaction with itself, any director, or executive officer thereof (provided, however, those specified by the Cabinet Office Ordinance, as acts not likely to result in insufficient protection of investors, harm the fairness of transactions, or cause a loss of confidence in the financial instruments business, shall be excluded);
- ② Making an investment intended to conduct a transaction between investment properties (provided, however, those specified by the Cabinet Office Ordinance, as acts not likely to result in insufficient protection of investors, harm the fairness of transactions, or cause a loss of confidence in the financial instruments business, shall be excluded);
- ③ Conducting sales and purchases or other transactions of securities or over-the-counter transactions of derivatives with the Parent Juridical Person, etc. (meaning a person that falls under the category of juridical person or other organization that satisfies the requirement that the juridical person or other organization holds the majority of the voting rights held by all the shareholders, etc. of the Management Company, or other requirements specified by a Cabinet Order, as those regarded as having a close relationship with the Management Company: the same shall apply in ④ and ⑤ below) or Subsidiary Juridical Person, etc. (meaning a person that falls under the category of juridical person or any other organization that satisfies the requirement that the Management Company holds the majority of voting rights held by all shareholders, etc. of the juridical person or other organization, etc., or other requirements specified by a Cabinet Order, as those regarded as having a close relationship with the Management Company: the same shall apply hereafter) of the Management Company under terms and conditions that are different from ordinary terms and conditions and detrimental to the fairness of transactions;
- ④ Making an investment intended to conduct a transaction with regard to its investment management business that is unnecessary in light of the policy of the investment, the amount of investment property, or the market conditions, for the purpose of securing the interest of the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Management Company; and
- ⑤ In addition to what is listed in the preceding paragraphs ③ and ④ above, any of the acts involving the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Management Company that is specified by a Cabinet Office Ordinance, as being likely to result in insufficient protection of investors, harm the fairness of transactions, or cause a loss of confidence in the financial instruments business.

#### 5 【Other】

##### (1) Amendments to the Articles of Incorporation

An amendment to the articles of incorporation of the Management Company requires a resolution at a shareholders' meeting.

##### (2) Lawsuits and Other Significant Matters

There are no lawsuits or any other matters that significantly affected the Management Company or the Fund, or that is likely to affect the Management Company or the Fund.

# Basic Terms and Conditions

Open-ended Securities Investment Trust  
NEXT FUNDS Nikkei 225 Exchange Traded Fund  
Terms and Conditions

**Article 1 (Type of Trust, Management Company, and Trustee)**

- 1 This trust is a securities investment trust. The Management Company is Nomura Asset Management Co., Ltd, and the Trustee is Mitsubishi UFJ Trust and Banking Corporation.
- 2 This trust is subject to the Trust Act (Act No. 62 of 1922) (hereinafter, the “Trust Act”, unless otherwise noted), except for the articles regarding the requirements for perfection concerning property that belongs to trust property.
- 3 The Trustee may conclude a trust agreement with, and delegate a part of its trust administration to, any financial institution authorized under Article 1, paragraph 1, of the Act on the Concurrent Undertaking of Trust Business by Financial Institutions (including any interested persons described in Article 29, paragraph 2, item 1 of the Trust Business Act as applied mutatis mutandis pursuant to Concurrent Undertaking of Trust Business by Financial Institutions. The same shall apply hereinafter in this Article), and delegate a part of the trust administration to such financial institution, as a delegation of the trust administration based on Article 26, paragraph 1 of the Trust Act.
- 4 Any delegation to an interested person based on the preceding paragraph can be done where such delegation will not interfere with the protection of the beneficiaries.

**Article 2 (The Purpose of the Trust and the Amount)**

- 1 The Management Company shall place in trust securities designated by the Management Company (hereinafter, “Trust Eligible Securities”) equivalent to the amount of not more than 10 million times larger than the closing price (rounded up to the nearest 1 yen) of the Nikkei Stock Average (hereinafter, “Nikkei 225”) of the business day previous to the day when the trust agreement is concluded, for the purpose of earning profits for the beneficiaries, and the Trustee shall undertake these securities.
- 2 The Trust Eligible Securities described in the preceding paragraph must be securities satisfying all the following requirements:
  - (1) In principle, stocks that are included or are due to be included in the Nikkei 225;
  - (2) In principle, the proportion of stocks must meet the basic investment policy described in Article 26, paragraph 1, herein; and
  - (3) Securities that are described in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations.

**Article 3 (The Maximum Amount of Additional Trust)**

- 1 The Management Company may, by mutual agreement with the Trustee, add trust funds up to the equivalent value of 10 trillion yen of the Trust Eligible Securities.
- 2 In cases where a trust fund is added, the Trustee shall deliver a document certifying the creation for such a trust to the Management Company.

- 3 The Management Company may, by mutual agreement with the Trustee, alter the maximum amount stipulated in paragraph 1 of this Article.

#### **Article 4 (Trust Term)**

This trust shall have an unlimited trust term, provided that the trust may be terminated pursuant to Article 11, Article 54, paragraph 1, Article 55, paragraph 1, and Article 57, paragraph 2 herein.

#### **Article 5 (Listing on Financial Instruments Exchange)**

- 1 With respect to the Beneficial Interests in shares (represented by beneficiary certificates before January 4, 2008; the same shall apply hereinafter in this Article) of this trust, the Management Company shall apply for a listing on the financial instruments exchange specified separately (the Financial Instruments Exchange described in Article 2, paragraph 16, of the Financial Instruments and Exchange Act; the same applies hereinafter). Such Beneficial Interests in shares of this trust will be listed on the financial instruments exchange after the approval of the financial instruments exchange according to the regulations and rules promulgated by the financial instruments exchange.
- 2 When the Beneficial Interests in shares of this trust are listed, the Management Company shall comply with the rules and regulations promulgated by the financial instruments exchange in the preceding paragraph, and shall follow any directions, such as delisting, or suspension of sales purchase transactions, imposed on Beneficial Interests in shares by a financial instruments exchange as per its regulations and rules.

#### **Article 6 (Definitions)**

In this terms and conditions, the following definitions shall apply:

- (1) “Total Net Asset Value” is the amount calculated by deducting the value of total liabilities from the value of total assets derived by assessing the value of assets that belong to the trust property (excluding substitute securities for cash collateral) in a market value or partly by amortized cost method in accordance with the respective laws and the rules of The Investment Trusts Association, Japan.
- (2) “Net Asset Value” is the amount derived by dividing Total Net Asset Value by the total number of Beneficial Interests in shares as of the calculation date.
- (3) “Dividend and Other Income” is the amount derived by deducting interest paid from the aggregated value of dividends received, stock dividends, interest income, and other income.
- (4) “Expense” is the sum of trust fees, consumption tax and local consumption tax on the trust fees (hereinafter referred to as the “Consumption Tax, etc.”), and other costs.

#### **Article 7 (Type of Solicitation of Creation Application for Beneficial Interests in shares)**

The solicitation of an creation application for a Beneficial Interests in shares relating to this trust falls under Article 2, paragraph 3, item (i), of the Financial Instruments and Exchange Act, and must be made by means of a public offering described in Article 2, paragraph 8, of the Act on Investment Trusts and Investment Corporations.

#### **Article 8 (Calculation Period of Trust)**

The calculation period of this trust shall be the period from July 9 of each year to July 8 of the following year; provided that the end date of the final calculation period shall be the last date of the trust term at the time the trust is terminated under the



proviso of Article 4 hereof.

#### **Article 9 (Attribution of Income and Loss)**

Any income and loss to the trust property as a result of acts based on instructions of the Management Company shall belong to the beneficiaries.

#### **Article 10 (Redemption during the Trust Term)**

A Beneficiary may not apply for a partial redemption of the trust during the term of this trust with respect to the Beneficial Interests in shares attributable to the beneficiary.

#### **Article 11 (Early Termination of Trust Agreement)**

- 1 The Management Company, (i) when the number of Beneficial Interests in shares is less than a certain amount, which shall be determined separately, by exchanging the Beneficial Interests in shares with a part of the trust property or (ii) when the Management Company otherwise recognizing that terminating this trust is for the benefit of the beneficiaries, may, by mutual agreement with the Trustee, cancel this trust agreement and terminate the trust. In this case, the Management Company shall notify the regulatory authorities in advance of its intent for early termination.
- 2 When delisted from all financial instruments exchanges on which the Beneficial Interests in shares were listed based on the provisions of Article 5, or when the Nikkei 225 itself is terminated, the Management Company may cancel this trust agreement and terminate the trust by mutual agreement with the Trustee. In this case, the Management Company shall notify the regulatory authorities in advance of its intent for early termination.
- 3 For the preceding two paragraphs, the Management Company shall provide public notification of its intent to cancel this trust agreement, and give notice in writing to that effect to known beneficiaries relating to this trust agreement. However, if the Management Company gives notice in writing to all beneficiaries relating to this trust agreement, public notification will not be provided, in principle.
- 4 The public notification and the written notice mentioned in the previous paragraph shall state that any beneficiaries who want to state an objection to the cancellation must do so within a specific period. The specific period should be at least one month.
- 5 If the total number of Beneficial Interests in shares of beneficiaries who object to the cancellation exceed one half of the total number of Beneficial Interests in shares, the trust agreement is not cancelled as per paragraph 1 hereof.
- 6 If the trust agreement is not cancelled, the Management Company shall provide public notification of their intent not to cancel and its reason, and shall also give notice in writing to that effect to known beneficiaries relating to this trust agreement. If the Management Company gives notice in writing to all beneficiaries relating to the trust agreement, public notice will not be provided, in principle.
- 7 When this trust is terminated pursuant to the provisions of paragraph 2 hereof, the provisions of paragraph 4 through the immediately preceding paragraph shall not apply. The same provisions shall not apply if a truly unavoidable circumstance arises with respect to the condition of the trust property, and there is difficulty in providing public notification and written notice with the specific period of at least one month as referenced in paragraph 4.

#### **Article 12 (Application for Unit of Beneficial Interests in shares and its Price)**

- 1 The distributing company (meaning Type I Financial Instruments Business Company (a company who engages in the

Type I Financial Instruments Business as prescribed in Article 28, paragraph 1, of the Financial Instruments and Exchange Act. The same shall apply hereinafter) designated by the Management Company) shall accept creation application of Beneficial Interests in shares, whose number of shares is an integer multiple of a certain number of shares specified by the Management Company, to be split pursuant to the provisions of Article 13, as long as the applicants apply by a time limit, specified separately by Management Company, of the acceptance day of creation application. In this case, the creation application shall be for the Trust Eligible Securities specified separately by the Management Company. However, if the value of the Trust Eligible Securities is less than the value of Beneficial Interests in shares, whose number of shares is an integer multiple of the certain number of shares, the amount corresponding to the difference will be charged.

- 2 The value of Beneficial Interests in shares referred to in the preceding paragraph above is the Net Asset Value as of the acceptance day of creation application. The distributing company may charge an amount equivalent to the commission individually defined by the distributing company, and the Consumption Tax, etc. on the commission from the creation applicant.
- 3 The certain number designated in paragraph 1 shall be specified separately by the Management Company based on the number of portions required for a creation of Beneficial Interests in shares for the individual stocks, the number of which shall be an integer multiple of a basic trading unit in a financial instruments exchange (“Exchange Trading Unit”), that comprise 1 unit of the actual portfolio (announced every day, in principle) whose proportion of the individual stocks corresponds to the component proportion of the individual stocks in the trust properties, and which the Management Company deems will correlate to the Nikkei 225.
- 4 Notwithstanding the provisions of paragraph 1, the Management Company shall suspend any creation application of Beneficial Interests in shares on the following days and periods; provided, however, the Management Company may accept creation application of Beneficial Interests in shares for the days and periods in the following items (except for the item 3 below) if the Management Company determines that the impact of such creation on the trust property is minimal in view of the condition of the trust property, funding trends, market trends, etc.
  - (1) For a period of two business days, beginning from one business day prior to the ex-dividend date or ex-right date of any component stocks in the Nikkei 225.
  - (1-2) The period, beginning from one business day prior to the delisting date of any component stocks in the Nikkei 225 due to stock exchange, merger and other reasons and ending on one business day prior to the including date of new stock within component stocks in the Nikkei 225 as the result from the stock exchange, merger and other reasons.
  - (2) For a period of three business days, beginning from three business days prior to the last day of any calculation period described in Article 8 (provided, however, if the accounting day is a holiday (meaning not a business day), the period shall be four business days, beginning from four business days prior to the accounting day).
  - (3) In addition to the items above, any time the Management Company determines that unavoidable circumstances occur that prevent it from making investments in accordance with the investment policies provided in Article 26, item 1.
- 5 When the creation applicant in paragraph 1 is an issuing company of component stocks in the Nikkei 225, or one of its subsidiaries (meaning the subsidiary defined in Article 2, item 3, of the Companies Act. The issuing company or its subsidiary shall be referred to as the “Issuing Company”), the Management Company may accept creation application in cash in an amount equal to the total market value of the individual stocks issued by such issuing company. The total market value of the individual stocks, in this case, shall be the amount derived by multiplying the closing price (or, if the

closing price is not available, an equivalent price) at the financial instruments exchanges of the stocks of the issuing company as of the calculation date of the Net Asset Value of the acceptance day of creation application, by the number of the stocks within the Trust Eligible Securities in case of the creation application applied by other party than the Issuing Company. Furthermore, the Management Company may charge the amount equivalent to the Expense required for the acquisition of the stocks of the issuing company for the trust property.

- 6 When the creation applicant is an Issuing Company of component stocks in the Nikkei 225, the Type I Financial Instruments Business Company who accepted creation application (including any case where the Type I Financial Instruments Business Company applies for creation for its own account if the Type I Financial Instruments Business Company is a Issuing Company of component stocks in the Nikkei 225; the same shall apply in the following item) shall, at the time of intermediating the creation application, notify the Management Company to the effect.
- 7 In the event the notification in the preceding paragraph is not made at the time of intermediating the creation application, and this results in damages to the trust property or others, the Type I Financial Instruments Business Company shall be liable for the damage.
- 8 The creation applicant in the paragraph 1 above shall present to the distributing company, at the time of creation application or in advance, an account with a Central Securities Depository, etc., opened for the creation applicant to book-entry transfer to make a book-entry for Beneficial Interests in shares for the trust, and the increase in the number of shares relating to the creation application is stated or recorded on the account. The distributing company may state or record the increase in the number of shares relating to the creation applicant to the account in exchange for the delivery of the Trust Eligible Securities (including an amount corresponding to the total market value of the individual stocks and required Expense in paragraph 5; the same applies hereinafter in this paragraph) or payment required for the creation application. When the distributing company who accepted the creation application applies to the Financial Instruments Clearing Organization specified separately (the Financial Instruments Clearing Organization described in Article 2, paragraph 29, of the Financial Instruments and Exchange Act; hereinafter referred to as the “Clearing Organization”) for owing a debt on the delivery of the Trust Eligible Securities to the Management Company or payment arising from the acceptance of the creation application and the Clearing Organization owes the debt in accordance with the business rules of the Clearing Organization, the increase in the number of shares is stated or recorded in the accounts in the Clearing Organization’s name of the Central Securities Depository, etc. The increase in the number of shares in an account with a Central Securities Depository, etc., opened for the creation applicant to book-entry transfer to make a book-entry for Beneficial Interests in shares for the trusts shall be stated or recorded by the Clearing Organization and the distributing company (including a Financial Instruments Business Operator or Registered Financial Institution when a Financial Instruments Business Operator or Registered Financial Institution conducts Broking for the Clearing of Securities, etc., described in Article 2, paragraph 27, of the Financial Instruments and Exchange Act under entrustment by the distributing company for the distributing company’s application to Clearing Organization for owing a debt) through the Central Securities Depository, etc.
- 9 Notwithstanding the provisions of paragraph 4, in the event of a suspension of trading on the financial instruments exchange, of a suspension of settlement functions, or of any other unavoidable circumstance, the Management Company may suspend the acceptance of any creation application of Beneficial Interests in shares or cancel creation application accepted.

- 1 The Management Company shall split the Beneficial Interests in shares as provided in Article 2 hereof equally to not more than 10 million shares. If additional trusts are made, then the Management Company shall split the Beneficial Interests in shares attributable to the additional trusts to the number of additional shares under Article 33 equally.
- 2 The Management Company shall not re-split the Beneficial Interests in shares. However, if the Act on Book-Entry of Corporate Bonds, Shares, etc., is enforced, the Management Company may, based on discussions with the Trustee, re-split the Beneficial Interests in shares equally as of an agreed-upon date.

#### **Article 14 (Initial Beneficiary)**

The initial beneficiary as of the day this trust agreement and that of additional trust shall be the creation applicant designated by the Management Company. Any Beneficial Interests in shares split conducted as described in the preceding Article shall belong to the creation applicant proportionally to the number requested by them. Provided that, when the distributing company who accepted the creation application provided in Article 12 hereof applies to the Clearing Organization for owing a debt on the delivery of the Trust Eligible Securities to the Management Company or payment arising from the acceptance of the creation application and the Clearing Organization owes the debt in accordance with the business rules provided in Article 12, paragraph 8 hereof, the initial beneficiary of additional trust shall be the Clearing Organization.

#### **Article 15 (Content of Beneficial Interests in shares on Different Trust Date/Time)**

No variance arises as a result of differences in trust dates/time with respect to the Beneficial Interests in shares of this trust.

#### **Article 16 (Attribution of Beneficial Interests in shares and Non-Issuance of Beneficiary Certificates)**

- 1 All Beneficial Interests in shares of this trust are governed by the Act on Book-Entry of Corporate Bonds, etc. (if it becomes the “Act on Book-Entry of Corporate Bonds, Shares, etc.” after the date specified by the cabinet order, it is read as the “Act on Book-Entry of Corporate Bonds, Shares, etc.”; including “the Act on Book-Entry of Corporate Bonds, Shares, etc.”, hereinafter referred to as the “Book-Entry Act”; the same applies hereinafter), on and after January 4, 2008. The attribution of the Beneficial Interests in shares additionally entrusted on and after January 4, 2008 shall be determined based on the statement or recording made on the book-entry transfer account register of the Central Securities Depository to which the Management Company had given its consent to handle the Beneficial Interests in shares of this investment trust (the “Central Securities Depository” provided in Article 2 of the Book-Entry Act, and hereinafter referred to as “Central Securities Depository”), and that of a subordinate account management institution of the aforesaid Central Securities Depository (the “Account Management Institution” provided in Article 2 of the Book-Entry Act; including Central Securities Depository, hereinafter referred to as “Central Securities Depository, etc.”). The Beneficial Interests in shares determined based on a statement or recording made on the book-entry transfer account register are hereafter referred to as “Transfer Beneficial Interests in shares.”
- 2 The Management Company shall not issue the beneficiary certificates that represent Transfer Beneficial Interests in shares in cases where the designation from the competent minister as a Central Securities Depository that handles the Beneficial Interests in shares of this trust is cancelled, or in cases where the designation is no longer in effect, by the rules of Book-Entry Act, and also in each case where there is no party to succeed the book-entry business of the Central Securities Depository, or when there are unavoidable circumstances occurred. Beneficiaries shall not request a change from bearer beneficiary certificates to registered beneficiary certificates, a change from registered beneficiary certificates to bearer beneficiary certificates, or a reissuance of beneficiary certificates, except in cases where the Management

Company issues beneficiary certificates due to an avoidable circumstance.

- 3 When the Beneficial Interests in shares are split pursuant to the provisions of Article 13, the Management Company shall notify the Central Securities Depository of matters provided for in the Book-Entry Act to newly state or record on the book-entry transfer account register of Central Securities Depository, etc. When the notification from the Management Company is made to the Central Securities Depository, the Central Securities Depository, etc., shall newly state or record on the book-entry transfer account register maintained, in accordance with the provisions of the Book Entry Act.
- 4 The Management Company may apply for a stating or recording of the Beneficial Interests in shares of this trust in the book-entry transfer receipts register on behalf of beneficiaries, and to the extent possible shall apply on behalf of beneficiaries for a recording of all of the Beneficial Interests in shares of this trust as of December 28, 2007 (including the Beneficial Interests in shares with respect to which the exchange of the trust property has been already recorded and the delivery date of shares in respect of such exchange is on and after January 4, 2008) in the book-entry transfer receipts register on January 4, 2008. However, with respect to the Beneficial Interests in shares in relation to the beneficiary certificates that are not stated or recorded in the register of participant accounts under the depository and book-entry system, and those in relation to the beneficiary certificates that are not deposited for safekeeping, the Management Company shall make such an application after the Management Company confirms the beneficiary certificates during the trust term. Beneficiary certificates of the Beneficial Interests in shares that are stated or recorded in the book-entry transfer receipt register will become ineffective, and such Beneficial Interests in shares will become Transfer Beneficial Interests in shares by such stating or recording. Upon the application for stating or recording the Beneficial Interests in shares of this trust on behalf of the beneficiary in the book-entry transfer receipt register, the Management Company may delegate the distributing company or a member of the financial instruments exchange which is the Account Management Institution.

#### **Article 17 (Notification by Trustee Concerning Creation of Beneficial Interests in shares)**

When receiving a notification on receipt or book-entry executed with regard to the Trust Eligible Securities relating to additional trust (including the amount equivalent to the total market value of the individual stocks and the required Expense stipulated to in Article 12, item 5), the Trustee shall notify the Central Securities Depository to the effect that the additional trust was placed. Provided that, when the Clearing Organization owes the debt on the delivery of the Trust Eligible Securities to the Management Company or payment in accordance with the business rules provided in Article 12, paragraph 8 hereof, the Trustee shall notify the Central Securities Depository to the effect that the additional trust was placed based upon the Management Company's instruction regardless of a notification on receipt or book-entry executed with regard to the Trust Eligible Securities.

#### **Article 18 (Statement or Recording Concerning Transfer of Beneficial Interests in shares)**

- 1 When transferring a Beneficial Interests in shares it owns, a beneficiary must apply for book-entry transfer to a Central Securities Depository, etc., relating to the book-entry transfer account registry on which the Beneficial Interests in shares subject to the transfer is stated or recorded.
- 2 In the case where an application for book-entry transfer in the preceding paragraph is made, the Central Securities Depository, etc., in the preceding paragraph must state or record on the book-entry transfer account registry maintained, the decrease in the number of Beneficial Interests in shares owned by the transferor relating to the transfer and the increase in the number of Beneficial Interests in shares owned by the transferee. In the cases where the Central Securities

Depository, etc., in the preceding paragraph is not the party that opened the receiving book-entry transfer account, the Central Securities Depository, etc., must notify another Central Securities Depository, etc., that opened the receiving book-entry transfer account of the transferee (including the superior institution of the said Central Securities Depository, etc.) in accordance with the provisions of the Book-Entry Act.

- 3 The Management Company may, with respect to the book-entry transfer provided in paragraph 1 above, establish dates or period of book-entry suspension in cases where, for example, the Central Securities Depository, etc., relating to the book-entry transfer account registry on which the Beneficial Interests in shares of the beneficiary to be transferred are stated or recorded differs from the Central Securities Depository, etc., that opened the receiving transfer account of the transferee and when the Management Company deems it necessary to do so or determines that there is an unavoidable circumstance.

#### **Article 19 (Perfection of Transfer of Beneficial Interests in shares)**

Any transfer of Beneficial Interests in shares cannot be asserted duly to the Management Company and the Trustee unless based on the statement or recording on the book-entry transfer account registry provided in the preceding Article.

#### **Article 20 (Deleted.)**

#### **Article 21 (Deleted.)**

#### **Article 22 (Deleted.)**

#### **Article 23 (Deleted.)**

#### **Article 24 (Types of Assets as Investment Objectives)**

The types of assets as investment objectives under this trust (limited to the Japanese yen display) shall be those listed below:

- (1) Specified Assets (meaning “the Specified Assets” defined in Article 2, paragraph 1, of the Act on Investment Trusts and Investment Corporations; the same applies hereinafter.)
  - (a) Securities
  - (b) Rights pertaining to Derivative Transactions (meaning those provided in Article 2, paragraph 20 of the Financial Instruments and Exchange Act, and limited to those provided in Article 25, paragraph 2, item 5 hereof)
  - (c) Promissory Notes (excluding those fall under the category of item (a) hereof)
  - (d) Monetary Claims (excluding those fall under the category of item (a) and (c) hereof)
- (2) Assets other than Specified Assets listed below:
  - (a) (Deleted)
  - (b) Bills of Exchange

#### **Article 25 (Scope of Investment Instructions)**

- 1 The Management Company shall indicate to invest the trust property in stocks.
- 2 The Management Company may give instructions to manage the money belonging to the trust property as follows, until investing in the stocks in accordance with investment policy in following Article:

- (1) Deposits;
- (2) Specified Cash Trusts (excluding those to be indicated by beneficiary certificates of beneficiary securities issuing trusts prescribed in the Trust Act (Act No.108 of 2006) (provided in Article 2, paragraph 1, item 14 of the Financial Instruments and Exchange Act.);
- (3) Call Loans;
- (4) Negotiable Instruments traded on the Discount Market;
- (5) Stock Price Index Futures Trading targeting Nikkei 225 (meaning those related to stock index among those described in Article 28, paragraph 8, item 3 (b) of Financial Instruments and Exchange Act.).

## **Article 26 (Investment Policy)**

For managing the trust property, the Management Company shall give instructions in accordance with the following investment policy:

- (1) This trust is investing only in stocks that are included or are due to be included in the Nikkei 225. The Management Company shall manage the trust property so that the proportion of the individual stocks in the trust assets are held in a proportion that corresponds to the proportion of these individual stocks in the Nikkei 225 and aims at investment performance tracked to the Nikkei 225.
- (2) The Management Company may issue investment instructions to adjust the component of the trust assets to meet policy (1) above if:
  - (a) the calculation method of the Nikkei 225 is changed;
  - (b) adjustments to the divisor of the Nikkei 225 are made;
  - (c) interchanges in the selected stocks in the Nikkei 225 are made;
  - (d) an addition or redemption of this trust is made; or
  - (e) necessary to ensure track to the Nikkei 225.
- (3) Stocks that are indicated to be invested are stocks which are issued by the issuing corporations whose issued stocks are included or are due to be included in the Nikkei 225. However, this indication is not necessary for stocks that are acquired through allotments to stockholders.
- (4) There is no restriction on the percentage of investment in stocks.
- (5) Notwithstanding item 1 above, the Management Company may make complementary purchases of stock index futures connected with the Nikkei 225 to achieve the same profit and loss that would be achieved in the case of investing only in stocks that are included or are due to be included in the Nikkei 225 in order to keep the performance tracked to the Nikkei 225 until investing in the stocks.
- (6) Investment in the manner described above may not be achieved due to capital trends, market trends, etc.
- (7) The derivative transactions, etc. (meaning the derivative transactions, etc., described by the rules of the Investment Trust Association of Japan), the value of which calculated by a reasonable method described by the rules of the Investment Trust Association of Japan will exceed the Total Net Asset Value of the trust property, shall not be used.
- (8) The ratio of stock exposure, bond exposure, and derivative exposure to a person described by rules of the Investment Trusts Association, Japan, to the Total Net Asset Value of the trust property will not exceed 10% respectively, or 20% in total. If such ratio exceeds such rates, the Management Company shall make adjustments so that such ratio is within such rate in accordance with the rules of the Investment Trusts Association, Japan.

### **Article 27 (Income Distribution Policy)**

- 1 As a general rule, the full amount of dividend income generated from the trust property after deduction of Expense shall be distributed. However, no distribution may be paid in some circumstances.
- 2 If profits are gained from the sales and purchase of stocks, no distribution shall be paid.

### **Article 28 (Instruction and Scope for Lending of Stocks)**

- 1 In order to contribute to the efficient management of the trust property, the Management Company may give instructions to lend stocks that belong to the trust property so long as the total market value of the lent stocks at the time of lending does not exceed the total market value of stocks held under the trust property.
- 2 In the event the maximum value described in the preceding paragraph will be exceeded, the Management Company shall promptly take actions to cancel such lending contract whose value is equivalent to the value of such exceeds.
- 3 The Management Company may instruct to accept collateral when it deems necessary upon lending stocks.

### **Article 29 (Withholding of Registration, etc. and Recording etc. of Trust Property)**

- 1 With regard to trust property that can be registered or recorded, the registration or recording of trust shall be made; provided however, that the registration or recording of trust may be withheld if the Trustee approves.
- 2 Notwithstanding the proviso of the preceding paragraph, register or record of trust shall be made if the Management Company or Trustee deems it necessary to do so for the protection of beneficiaries.
- 3 With regard to trust property for which a statement or recording to belong to the trust property can be made, such statement or recording shall be made, and concurrently, such trust property shall be segregated by clarifying the accounting thereof. However, the property may simply be segregated by clarifying the accounting thereof, if the Trustee approves.
- 4 Movables (excluding monies) may be segregated in the manner whereby they can be distinguished from each other on sight or by clarifying the accounting thereof.

### **Article 30 (Instructions to Sell Stock)**

The Management Company may give instructions to sell stocks that belong to the trust property.

### **Article 31 (Instructions for Reinvestment)**

The Management Company may give instructions to reinvest sales proceeds of preceding article, liquidating dividend from stocks, dividends from stocks and other income. However, dividends shall be limited to be managed in accordance with Article 25, paragraph 2, item (1) through (4) hereof.

### **Article 32 (Deleted)**

### **Article 32-2 (Delegation of Fiduciary Services)**

- 1 When the Trustee delegates a part of its fiduciary business described in Article 22, paragraph 1 of the Trust Business Act, after the consultation with the Management Company, the Trustee shall only select entities that fall under all of the following standards (including interested persons as described in Article 29, paragraph 2, item 1 of the Trust Business Act as applied mutatis mutandis pursuant to Concurrent Undertaking of Trust Business by Financial Institutions; The



same shall apply hereinafter in this Article) as its delegees:

- (1) Entities for which there are no concerns with conducting delegated business continuously, considering their creditworthiness;
  - (2) Entities that are deemed to be able to surely process the delegated business in light of their past results and other factors relating to the delegated functions;
  - (3) Entities that have already arranged a system for the separate management of assets belonging to the delegated trust property and their own assets; and
  - (4) Entities that have already arranged a system for the appropriate conduct of operations relating to internal management.
- 2 When selecting the delegees referred to the preceding paragraph, the Trustee shall confirm that each of the prospective delegees falls under the standards set out in the preceding paragraph.
- 3 Notwithstanding the preceding two paragraphs, the Trustee may delegate operations (limited to operations that do not require discretion) set out in the following items to any person or entity (including an interested party of the Trustee) deemed appropriate by both the Trustee and the Management Company:
- (1) Operations relating to custody of the trust property;
  - (2) Operations for utilisation or improvement of the trust property to the extent that the characteristics of the trust property will not be changed;
  - (3) Operations relating to acts necessary for disposal of the trust property and achievement of other trust purposes only under instructions of the Management Company; and
  - (4) Acts which have supplementary functions for the Trustee's conduct of operations.

#### **Article 33 (The Amount of Additional Trust)**

The amount corresponding to the additional trust shall be derived by multiplying the number of Beneficial Interests in shares corresponding to the additional trust by the amount of the Net Asset Value as of one business day prior to the date the additional trust is created, and adding the amount equivalent to the Expenses described in Article 12, paragraph 5.

#### **Article 34 (Accounting for Additional Trust)**

With regard to the amount corresponding to the additional trust, the amount of difference between the amount corresponding to the additional trust and the amount corresponding to the principal shall be accounted for as the difference on additional trust.

#### **Article 35 (Accounting for Redemption of Beneficial Interests in shares for Stocks)**

In exchanging Beneficial Interests in shares for stocks as described in Article 45, the amount of difference between (i) the amount obtained by multiplying the Net Asset Value on the acceptance day of redemption request, by the number of shares obtained after deducting the number of shares to be returned as per the proviso of Article 46, paragraph 2, from the Required Redemption Shares defined in Article 46, paragraph 1, and (ii) the amount corresponding to the principal, shall be accounted for as the difference on redemption.

#### **Article 36 (Mark-to-Market Valuation of Stocks)**

The market value of the stocks belonging to the trust property (excluding those stocks which are subject to the Redemption and which have not been issued to the beneficiaries (after transfer to the book-entry system, which have not transferred in the

accounts of beneficiary set in the Central Securities Depository, etc.)) shall be valued, in principle, at the closing prices (or, if the closing price is not available, an equivalent price) of the financial instruments exchange.

#### **Article 37(Advance of Money by Trustee)**

- 1 When there is an issuance of new shares or allotment of shares with respect to stocks that belong to the trust property, the Trustee may advance funds if requested by the Management Company.
- 2 If estimates of amounts of distribution on liquidation of stocks, dividends, or any other receivables that are related to the stocks that belong to the trust property, can be made before the date of termination of this trust, the Trustee may advance these amounts to be incorporated in the trust property.
- 3 With regard to the settlement of advances in the preceding two paragraphs and interest thereof, the Trustee and the Management Company shall discuss and decide how to treat such settlement and interest as they arise.

#### **Article 38(Expenses Concerning Trust Administration and Audit Expenses)**

- 1 Taxes relating to the trust property, various expenses required in trust administration and interest on advances made by the Trustee, shall be borne by the beneficiaries and paid from the trust property. In addition, the expenses pertaining to the listing of Beneficial Interests in shares and the fees for the use of trademarks pertaining to the Nikkei 225 (including any trademarks similar thereto) (hereinafter, "Fees for Use of Trademarks") as well as the amount equivalent to the Consumption Tax, etc., on such expenses pertaining to the listing and on such Fees for Use of Trademarks shall be borne by the beneficiaries and may be paid from the trust property.
- 2 Audit expenses in connection with the trust property and Consumption Tax, etc. on such audit expenses, shall be paid from the trust property on the last date of the first six months of every calculation period, and at the end of every calculation period or at the time of termination of this trust.

#### **Article 39(Total Amount of Trust Fees)**

- 1 The total amount of trust fees for the Management Company and the Trustee shall be the sum of the amount calculated by the method stated in item (1) below and the amount calculated by the method stated in item (2) below, every day throughout the calculation period provided in Article 8 hereof; provided, however, during each calculation period provided in Article 8 hereof, the total of the amount calculated by the method stated in item (1) below and the amount calculated by the method stated in item (2) below shall not exceed the amount derived by deducting the amount borne by beneficiaries in both expenses pertaining to the listing of Beneficial Interests in shares and the Fees for Use of Trademarks mentioned in paragraph 1 of the preceding Article from the amount obtained by multiplying the Total Net Asset Value of the trust property by a ratio of 16.5/10,000 per annum.
  - (1) The amount obtained by multiplying the Total Net Asset Value of the trust property by a ratio designated by the Management Company, which is no larger than 16.5/10,000 per annum.
  - (2) When any stock is lent pursuant to Article 28, an amount obtained from no more than 40% of the rental fee which accrues on a daily basis.
- 2 The trust fees in the preceding paragraph shall be paid from the trust property on the last day of the first six months of every calculation period and the end of every calculation period or at the time of termination of this trust. The distribution between the Management Company and the Trustee shall be separately provided.
- 3 The amount equivalent to the Consumption Tax, etc. on the trust fees in the first paragraph shall be paid from the trust

property at the time of paying the trust fees.

#### **Article 40 (Report on Trust Property)**

- 1 The Trustee shall calculate income and loss at the end of every calculation period, prepare a report on the trust property, and submit the report to the Management Company.
- 2 The Trustee shall perform the final calculation upon termination of the trust, prepare a report on the trust property, and submit the report to the Management Company.

#### **Article 41 (Method for Income Distribution)**

- 1 Dividend and Other Income arising from the trust property and reserve for distribution carried forward from the previous calculation period shall be distributed to beneficiaries at every calculation period of the trust after deducting the total amount of Expense and, if the reserve for distribution carried forward from the previous calculation period is negative number, after compensating such amount. If, however, for the purposes of making adjustments to the income distribution amount, a part or all of the amount is retained within the trust property, such amount may be put aside as reserve for distribution and be appropriated to the distribution in the following calculation period or thereafter. In the event that Expense and negative amount of reserve for distribution cannot be fully deducted, the difference shall be carried forward to the following calculation period as negative amount of reserve for distribution.
- 2 At the end of every calculation period, the total amount of income arising from the trust property described in item 1 below shall, after deducting the loss described in 2 below therefrom, and, if there is the amount of loss carried forward, after fully compensating such amount, be carried forward to the next calculation period:
  - (1) Gain on sale of securities, gain on trading futures transactions, etc., gain on additional trust, and gain on redemption;
  - (2) Loss on sales of securities, loss on trading futures transactions, etc., loss on additional trust, and loss on redemption.

#### **Article 42 (Registration and Payment of Income Distribution Amount)**

- 1 A person whose name, address, and individual number or corporate registration number (name and address, if a person who does not have any individual number or corporate registration number or if a person who receives income distribution amount via a person in charge of handling payment as provided for in Article 9-3-2, paragraph 1 of the Act on Special Measures Concerning Taxation) are registered at the Trustee as of the last day of calculation period shall be treated as the beneficiary as of the last day of the calculation period ("Registered Beneficiary"), and the income distribution amount shall be paid to the Registered Beneficiary. Even if the Registered Beneficiary differs from a person who holds beneficiary certificates even after transfer to the book-entry system as of the last day of the financial period, the Management Company shall neither be under the obligation to pay income distribution to such person who holds beneficiary certificates nor be liable to any damage caused to such holder.
- 2 Beneficiaries shall, in principle, request the registration provided in preceding paragraph through a member of the financial instruments exchange on which the Beneficial Interests in shares of this trust are listed (such member shall be limited to Account Management Institution; the same applies hereinafter). In this case, such member may charge the amount equivalent to the commission that the Account Management Institution set by their own and the Consumption Tax, etc. on the commission. Provided, however, that securities finance companies, etc. may perform the registration provided in the preceding paragraph directly with the Trustee.
- 3 The registration provided in paragraph 1 hereof shall be suspended for a period of thirty days after the day immediately

following the last day of each calculation period provided in Article 8 hereof. In this case, the Management Company shall give a public notification to that effect in advance. Provided, however, the registration process for the Beneficial Interests in shares stated or recorded in book-entry transfer account registry of the Central Securities Depository, etc. pursuant to the Book-Entry Act etc. shall be provided separately. Furthermore, in the event that all of the Beneficial Interests in shares of this trust are Transfer Beneficial Interests in shares, the public notification above shall not be given, in principle.

- 4 The beneficiary at the time of the execution of this trust agreement and at the time of the additional trust before January 4, 2008 shall be registered as set forth in paragraph 1 hereof and be delivered to the beneficiary certificates, and the beneficiary at the time of the additional trust on or after January 4, 2008 shall be registered as set forth in paragraph 1 hereof and be described or registered on the book-entry transfer account registry of the Central Securities Depository, etc.
- 5 The payment of income distribution amount provided in paragraph 1 above shall be, in principle, made at the day specified by the Management Company, which falls within forty days after the end of every calculation period, by paying the income distribution amount by wire transfer to the savings account specified in advance by the Registered Beneficiary. If the Registered Beneficiary separately enters into an agreement regarding the treatment of income distribution amount with a member of the financial instruments exchange provided in paragraph 2 hereof, the income distribution amount shall be paid pursuant to such agreement.

#### **Article 43 (Exemption from Responsibility of Trustee Regarding Issuance and Payment of Income Distribution Amount to the Management Company)**

- 1 The Trustee shall, when there is an outstanding payable balance of income distribution amount after five years have passed from the first payment date, pay such outstanding amount to the Management Company.
- 2 After the payment of the income distribution amount has been made to the Management Company pursuant to the provisions of the preceding paragraph, the Trustee shall not be held liable for the payment of the said amount to the Registered Beneficiary.

#### **Article 44 (Prescriptions concerning Income Distribution Amount)**

In the event that a beneficiary has not claim any payment of income distribution amount for five years after the first payment date, the beneficiary shall lose the right to claim such payment, and such income distribution amount shall be attributed to the Management Company.

#### **Article 45 (Application for Redemption Request)**

- 1 A beneficiary may request, after September 1, 2001, the Management Company to redeem their own Beneficial Interests in shares, whose number of shares is an integer multiple of a certain number of shares, for the stocks corresponding to their share of the Beneficial Interests in shares in the trust properties (hereinafter referred to as the “Redemption”) by the time specified by the Management Company on the acceptance day of Redemption request.
- 2 Notwithstanding the preceding paragraph, the Management Company will, in principle, suspend the application for redemption request on the following days and period; provided, however, the Management Company may, even on the following days and period (except for the day or period provided in item 4 below), accept the application for redemption request if the Management Company determines that the impact of such creation/redemption on the trust assets is

minimal in view of the condition of the trust properties, funding trends, market trends, etc.

- (1) One business day prior to the ex-dividend date or ex-right date of any component stocks in the Nikkei 225.
  - (2) For a period of five business days, beginning from one business day prior to the date on which a change of the divisor is made due to changes of the component stocks in the Nikkei 225, the number of the individual stocks that comprise the component stocks in the Nikkei 225, or any other cause.
  - (2-2) The period, beginning from one business day prior to the delisting date of any component stocks in the Nikkei 225 due to stock exchange, merger and other reasons and ending on one business day prior to the including date of new stock within component stocks in the Nikkei 225 as the result from the stock exchange, merger and other reasons.
  - (3) For a period of three business days, beginning from three business days prior to the last day of any calculation period stipulated in Article 8 hereof. However, if the last day of the calculation period is a holiday (meaning not a business day), the period shall be four business days, beginning from four business days prior to the last day of the calculation period.
  - (4) In addition to the period above, any time the Management Company determines that unavoidable circumstances occur that prevent it from making investments in accordance with the investment policies stipulated in Article 26, item 1 hereof.
- 3 A certain number of shares provided in paragraph 1 above shall be the number specified by the Management Company, based on the number of portions required to redeem Beneficial Interests in shares for the individual stocks, the number of which shall be an integer multiple of the Exchange Trading Unit, that comprise one unit of the actual portfolio whose proportion of the individual stocks corresponds to the component proportion of the individual stocks in the trust properties, and which the Management Company deems will correlate to the Nikkei 225 (hereinafter referred to as "Minimum Redemption Shares").
- 4 The beneficiary shall make a request for the Redemption described in paragraph 1 above to the distributing company with Transfer Beneficial Interests in shares. Provided, however, the request for the Redemption in which the redeemed shares are delivered to the beneficiaries on and after January 4, 2008 (or, after transfer to the book-entry system, the increase is described or registered in the accounts of the Central Securities Depository, etc.) and which is executed before January 4, 2008 shall be made with the beneficiary certificates that are sure to become the Transfer Beneficial Interests in shares.
- 5 The distributing company, provided in the preceding paragraph, shall perform the procedure for elimination of the Transfer Beneficial Interests in shares pursuant to the way that the Central Securities Depository provided. When the distributing company applies to the Clearing Organization for owing a debt on the delivery of the Transfer Beneficial Interests in shares to the Management Company and the Clearing Organization owes the debt in accordance with the business rules provided in Article 12, paragraph 8 hereof, the Clearing Organization shall perform the procedure for elimination of the Transfer Beneficial Interests in shares. After such elimination procedure and book-entry transfer request for the redeemed shares described in Article 46, paragraph 3 hereof have been made, the Central Securities Depository shall eliminate the Transfer Beneficial Interests in shares, which shares are equivalent to the number of Beneficial Interests in shares to be redeemed described in Article 46, paragraph 2 hereof, and the decrease of the number of shares shall be stated or recorded on the account of the Central Securities Depository, etc. in accordance with the provisions of the Book-Entry Act.
- 6 With regard to the Transfer Beneficial Interests in shares to be redeemed, the Trustee shall deem that the Transfer Beneficial Interests in shares have been received and the procedure for elimination has been completed pursuant to the

instruction for Redemption of the Management Company in Article 46, paragraph 2 hereof by taking the procedure for elimination on the book-entry transfer account registry and confirming the elimination provided in Article 47, paragraph 2 hereof.

- 7 The number of individual stocks the beneficiary can obtain by the redemption shall be the number calculated based on the Net Asset Value on the acceptance day of redemption request, which shall be an integer multiple of the Exchange Trading Unit.
- 8 Upon the Redemption, the distributing company may charge the amount equivalent to the commission that the distributing company set by its own and the Consumption Tax, etc. on the commission.
- 9 When the acceptance of request for the redemption request is suspended as per paragraph 2 above, the beneficiary may withdraw the request for redemption request which was made before the suspension of the acceptance of request. Provided, however, if the beneficiary does not withdraw the request for Redemption, such request is deemed to be accepted at the first calculation date of Net Asset Value after the suspension is cancelled, and the Redemption is deemed to be calculated according to paragraphs 7 and 8 above.
- 10 In case where the beneficiary who requests for the Redemption is an issuing corporation of component stocks in the Nikkei 225, etc., the Type I Financial Instruments Business Company who accepts the request for the Redemption from the beneficiary (including the case where the Type I Financial Instruments Business Company is an issuing corporation of component stocks in the Nikkei 225, etc., and the Type I Financial Instruments Business Company requests for the Redemption by proprietary trading; the same applies in the following paragraph) shall inform the Management Company to that effect upon intermediating the request for the Redemption.
- 11 In the event the notification in the preceding paragraph is not made at the time of intermediating the application for Redemption, which causes damage to the trust property or otherwise, the Type I Financial Instruments Business Company that intermediated the request for Redemption shall be liable for the damage.

#### **Article 46 (Instruction for Redemption)**

- 1 In the event that the beneficiary requests to redeem their own Transfer Beneficial Interests in shares and the number of shares is an integer multiple of Minimum Redemption Shares pursuant to the paragraph 1 of the preceding Article, and the Management Company receives the request, the Management Company shall calculate the number of individual stocks that the beneficiary can obtain by exchanging the Beneficial Interests in shares whose number of shares was suggested by the beneficiary, and shall fix the number of shares required for the Redemption (In this case, where there are any fractions less than one share, they shall be rounded up; hereinafter referred to as “Required Redemption Shares”).
- 2 The Management Company shall give instructions to the Trustee to make Redemption of Required Redemption Shares for the Beneficial Interests in shares and the stocks, the number of which shall be an integer multiple of the Exchange Trading Unit, that comprise the trust property, provided however that if the beneficiary who requested the Redemption is an Issuing Company of component stocks in the Nikkei 225, etc., the Management Company shall give instructions to make Redemption of the Beneficial Interests in shares whose number of shares is equivalent to the number derived by deducting the total market value of the individual stocks of such Issuing Company from the Required Redemption Shares for the stock, the number of which shall be an integer multiple of the Exchange Trading Unit (excluding the stock of such Issuing Company). The total market value of individual stocks in this case shall be the amount derived by multiplying the closing price (or, if the closing price is not available, an equivalent price) at the financial instruments exchange of the stocks as of the calculation date of the Net Asset Value in paragraph 7 of the preceding Article, by the

number of stocks calculated pursuant to paragraph 7 of the preceding Article.

- 3 The Trustee shall, when confirming that the procedure described in paragraph 5 of the preceding Article has been made, make a book-entry transfer request for the redeemed shares comprised of trust property by the way specified by the Central Securities Depository in accordance with instructions of the Management Company. Provided that, when the distributing company who accepted the application for redemption request provided in paragraph 5 of the preceding Article applies to the Clearing Organization for owing a debt on the delivery of the Transfer Beneficial Interests in shares to the Management Company and the Clearing Organization owes the debt in accordance with the business rules provided in Article 12, paragraph 8 hereof, the Trustee shall make a book-entry transfer request for the redeemed shares comprised of trust property by the way specified by the Central Securities Depository in accordance with instructions of the Management Company regardless of the procedure described in paragraph 5 of the preceding Article. Upon the delivery of the redeemed shares to the beneficiary, the increased number of stocks that the beneficiary who requested the Redemption in paragraph 1 of the preceding Article shall be stated or recorded to the account of a Central Securities Depository, etc., from the third business day from the acceptance day of Redemption request.

#### **Article 47 (Handling of Redeemed Beneficial Interests in shares)**

- 1 (Deleted.)
- 2 The Management Company shall, on the business day following the acceptance day of Redemption request and thereafter, recognize that the same number of Beneficial Interests in shares as that of the Transfer Beneficial Interests in shares to be annulled through Redemption has become null and void, and the Trustee shall confirm that the Transfer Beneficial Interests in shares relating to such Beneficial Interests in shares have been annulled on the date of book-entry of the redeemed shares.
- 3 The Management Company may, in the event of a trading suspension by a financial instruments exchange, of suspension of settlement functions, or of any other unavoidable circumstances, suspend accepting the application for the redemption request pursuant to Articles 45 and 46, and cancel previously-accepted applications for the redemption request, despite of creation of Article 45, paragraph 2.
- 4 When the acceptance of applications for the redemption request has been suspended pursuant to the preceding paragraph, Article 45, paragraph 9 shall apply mutatis mutandis.

#### **Article 48 (Purchase of Beneficial Interests in shares)**

- 1 The distributing company shall purchase the Beneficial Interests in shares in the cases described in the following items, and when receiving an application from a beneficiary, provided that the application for the case in item 2 below shall be made two business days prior to the date of termination of trust:
  - (1) Transfer Beneficial Interests in shares of less than the Exchange Trading Unit arise as a result of Redemption.
  - (2) If delisted in all financial instruments exchanges where the Beneficial Interests in shares were listed based on the provisions of Article 5.
- 2 The purchase price in the preceding paragraph shall be the Net Asset Value on the day the application for purchase is accepted.
- 3 The distributing company may, when purchasing Beneficial Interests in shares pursuant to the provisions of the preceding two paragraphs, charge the amount corresponding to the commission set independently by the distributing company and the Consumption Tax, etc., relating to the commission.

- 4 The distributing company may, in the event of suspension of trading at a financial instruments exchange, of suspension of settlement functions, or of any other unavoidable circumstance, suspend purchase of Beneficial Interests in shares in paragraph 1, based on discussions with the Management Company, and may cancel previously-accepted applications of the purchase of the Beneficial Interests in shares.
- 5 If, based on the provisions of the preceding paragraph, the purchase of Beneficial Interests in shares is suspended, a beneficiary may withdraw the application for purchase for the day made prior to the suspension of purchase. If, however, a beneficiary does not withdraw the application for purchase, the purchase price of the Beneficial Interests in shares shall be calculated in accordance with the provisions of paragraphs 2 and 3 above assuming that the application for purchase was accepted on the first calculation date of Net Asset Value after the removal of suspension for purchase.

#### **Article 49 (Redemption upon Termination of Trust)**

- 1 When this trust is to be terminated, the Management Company shall deliver to the beneficiary who holds more than a certain number of Beneficial Interests in shares set by the Management Company, shares equivalent to the Beneficial Interests in shares in the trust property which the beneficiary holds at four business days prior to the day the trust is terminated, redeemed for the Transfer Beneficial Interests in shares stated or recorded on the book-entry transfer account registry as the Beneficial Interests in shares or redeemed for the beneficiary certificates that represent Transfer Beneficial Interests in shares.
- 2 The Redemption provided in the preceding paragraph shall be done in the offices of the distributing company.
- 3 The number of the individual stocks acquired by the beneficiary according to paragraph 1 above shall be calculated based on the Net Asset Value on four business days prior to the date of trust termination and which is an integer multiple of the Exchange Trading Unit.
- 4 The distributing company may charge, upon the Redemption pursuant to paragraph 1 above, the amount corresponding to the commissions set independently by the distributing company and the Consumption Tax, etc., on the commission.
- 5 If a beneficiary who is an Issuing Company of component stocks in the Nikkei 225 makes Redemption pursuant to paragraph 1, the Management Company shall give instructions to the Trustee to purchase the Beneficial Interests in shares in the number equivalent to the individual total market value of the stock of the Issuing Company. The individual total market value, in this case, shall be the amount by which such stocks are sold by a market order on and after the opening of day of three business days prior to the day the trust is terminated (after deduction of commission for sale).
- 6 The Management Company shall, after three business days prior to the day the trust is terminated, recognize that the same number of Beneficial Interests in shares as that of the Transfer Beneficial Interests in shares and the Beneficial Interests in shares represented by the beneficiary certificates obtained by the trust property (including the Beneficial Interests in shares purchased by the beneficial property pursuant to the preceding paragraph as for each Beneficial Interests in shares) to be annulled through Redemption has become null and void, and the Trustee shall confirm that the Transfer Beneficial Interests in shares relating to such Beneficial Interests in shares have been annulled on the date of book-entry of the redeemed shares.
- 7 Notwithstanding the provisions of paragraphs 1 and 3 above, if any of the following items manifest, the distributing company shall purchase any of the following Beneficial Interests in shares based on the Net Asset Value at the time of the termination of this trust:
  - (1) In the case of paragraph 1 above, when there is a number of shares remaining after deducting the number of shares required for the Redemption to the stocks from the number of shares held by the beneficiary, such remaining number



of Transfer Beneficial Interests in shares or beneficiary certificates; and

(2) Transfer Beneficial Interests in shares or beneficiary certificates of less than a certain number of shares in the case of paragraph 1 above (including Transfer Beneficial Interests in shares or beneficiary certificates of less than the Exchange Trading Unit).

- 8 The distributing company may, upon purchasing the Beneficial Interests in shares as per the preceding paragraph, charge the amount corresponding to the commission set individually by the distributing company and Consumption Tax, etc., on the commission.
- 9 The Redemption of stocks provided in paragraph 1 above shall be performed, as for Transfer Beneficial Interests in shares, after the business day following the day on which the Trustee confirms that the application for the annulment of the Transfer Beneficial Interests in shares is accepted by the Central Securities Depository, and, as for the beneficiary certificates, after the second business day following the day on which the Trustee confirms that the Beneficial Interests in shares to be redeemed are provided to the Trustee.
- 10 With respect to the Beneficial Interests in shares purchased by the trust property pursuant to paragraph 5, the payment of money shall be made on the third business day after the day on which the individual total market value provided in paragraph 5 is fixed.
- 11 (deleted.)

#### **Article 50 (Time Limitations of the Redemption)**

In the event a beneficiary has not requested for the Redemption in Article 49, paragraph 1 for ten years from the initial date of Redemption, such beneficiary loses the right to request Redemption, and such rights are attributed to Management Company.

#### **Article 51 (Public Notification)**

- 1 Any public notification made by the Management Company for the beneficiaries shall be posted online on the website below by means of electronic public notification:  
<http://www.nomura-am.co.jp/>
- 2 If public notice by means of electronic public notice provided in the preceding paragraph cannot be made due to an accident or any other unavoidable circumstance, public notification shall be given in Nihon Keizai Shimbun.

#### **Article 52 (Amendments to the Terms and Conditions of the Trust)**

- 1 The Management Company may, with the consent with the Trustee, amend these terms and conditions hereof, and shall notify the regulatory authorities in advance of the intention to amend and of the contents of the amendment.
- 2 With respect to a material amendment among the matters of amendment in the preceding paragraph, the Management Company shall make public notification of the intention to amendment and of the contents of the amendment, and shall deliver the document that described those matters to the known beneficiaries relating to this terms and condition of the trust. However, when the Management Company delivers the preceding document to the all beneficiaries relating to this trust, a public notification will not be made, in principle.
- 3 When crafting the public notice and document described in preceding paragraph, the Management Company shall mention that the beneficiary who has objection to the amendment shall state objection to the Management Company in a certain time period. This time period shall not be less than one month.
- 4 When the number of Beneficial Interests in shares held by the beneficiaries who state an objection within the time period

described in the preceding paragraph exceeds half of the total number of Beneficial Interests in shares, the Management Company shall not amend the terms and conditions of the trust pursuant to paragraph 1.

- 5 When the Management Company decides not to amend the terms and conditions of the trust, the Management Company shall make a public notification that no amendment will be made and its reasons, and shall deliver the document that described those matters to known beneficiaries relating to this trust agreement. However, when the Management Company delivers the document to the all beneficiaries relating to this trust, public notification will not be made, in principle.

#### **Article 53 (Right to Demand Purchase by Objectors)**

When terminating this trust agreement under Article 11, or making amendments to these terms and conditions hereof under the preceding Article, any beneficiary who has made an objection to the Management Company in a certain time period pursuant to Article 11, paragraph 4, or paragraph 3 of the preceding Article may request the Trustee to purchase the Beneficial Interests in shares that belong to such beneficiary by the trust property. The details of the right to demand purchase and matters relating to procedures for the demand for purchase will be added in the notice provided for in Article 11, paragraph 3, or paragraph 2 of the preceding Article.

#### **Article 54 (Order from Regulatory Authorities Concerning Trust Agreement)**

- 1 When receiving an order to terminate the trust agreement from regulatory authorities, the Management Company shall comply with such order, cancel this trust agreement and terminate the trust.
- 2 When making amendments to these terms and conditions of this trust based on the order from the regulatory authorities, the Management Company shall abide by the provisions of Article 52.

#### **Article 55 (Cancellation of Registration of the Management Company, etc.)**

- 1 In the event the Management Company is subject to cancellation of their registration by regulatory authorities, is dissolved, or suspends its operations, the Management Company shall cancel this trust agreement and terminate this trust.
- 2 Notwithstanding the provisions of the preceding paragraph, if regulatory authorities issue an order that the operations of the Management Company relating to this trust agreement be substituted by another investment trust management company, this trust shall continue between the investment trust management company and the Trustee, with the exception of case falls under the provisions of Article 52, paragraph 4.

#### **Article 56 (Transfer and Succession of the Management Company)**

- 1 The Management Company may transfer all or part of its business, and in conjunction with this transfer, may transfer the business concerning this trust agreement.
- 2 The Management Company may make its business to be succeeded due to the company split, and in conjunction with this transfer, may its business concerning this trust agreement to be succeeded.

#### **Article 57 (Resignation or Removal of the Trustee)**

- 1 The Trustee may, with the consent of the Management Company, resign from its duties. In the event the Trustee breaches its duty or any other critical situation arises, the Management Company or a beneficiary may apply to the court to have the Trustee removed. If the Trustee resigns, or the court has removed the Trustee, the Management Company shall select

a new Trustee pursuant to the provisions of Article 52.

- 2 In the event the Management Company cannot select a new Trustee, the Management Company shall cancel this trust agreement and terminate this trust.

#### **Article 57-2 (Handling of Beneficial Interests in shares Stated or Recorded on Pledge Section)**

Payment of income distribution, acceptance of applications for redemption request, delivery of redeemed shares, and termination amount relating to the Beneficial Interests in shares stated or recorded on the pledge section of the book-entry transfer account registry of Central Securities Depository etc., shall be handled pursuant to these terms and conditions herein as well as by the Civil Code and other relevant laws and regulations.

#### **Article 58 (Doubts Concerning Trust Agreement)**

In the event any doubt arises regarding the interpretation of these terms and conditions of the trust herein, the Management Company and the Trustee shall solve the doubt based on mutual discussion.

#### **(Supplementary Provisions)**

##### **Article 1**

The provisions of Article 16 (Issuance and Type of Beneficiary Certificates) through Article 23 (Expense for Redelivery of Beneficiary Certificates) of these terms and conditions of the trust as of December 28, 2007, and the provisions related to the beneficiary certificates, in which “beneficiary certificates” are to be read as “Beneficial Interests in shares,” will remain effective if the Management Company issues beneficiary certificates for unavoidable reasons.

##### **Article 2**

- 1 The provision of Article 42, paragraph 1, and the attachment item 4 ② of the terms and conditions of the trust shall apply to any registration of a Trustee made after January 1, 2016. With regard to any registration of a Trustee before that date, the provisions then in force shall be applicable.
- 2 Those who registered their personal name or entity name, and address to a Trustee before January 1, 2016, shall register their individual number or corporate registration number to a Trustee by the last day of calculation period which comes first after the day on which 3 years has elapsed from January 1, 2016 (If a person does not have an individual number or corporate registration number to a Trustee at the last day of such calculation period, by the day on which one month has elapsed from the day when they first received the notification of their personal number and corporate registration number under the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No.27 of 2013)).

IN WITNESS WHEREOF, the parties hereto have executed the trust agreement.

July 9, 2001 (Date of conclusion of the trust agreement)

Management Company:

Nomura Asset Management Co., Ltd

2-2-1, Toyosu, Koto-ku, Tokyo, Japan

Trustee:

Mitsubishi UFJ Trust and Banking Corporation

1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan

- 1 The financial instruments exchange to be specified separately mentioned in Article 5, paragraph 1, of the terms and conditions of the trust is the following:  
Tokyo Stock Exchange.
- 2 The number of shares to be specified separately mentioned in Article 11, paragraph 1, of the terms and conditions of the trust is 300,000.
- 3 The time limit to be specified separately mentioned in Article 12, paragraph 1, of the terms and conditions of the trust is 3 p.m. Provided that, when the creation applicant is an issuing corporation of component stocks in the Nikkei 225, etc., the time limit is 2 p.m.
- 4 The Financial Instruments Clearing Organization to be specified separately mentioned in Article 12, paragraph 8, of the terms and conditions of the trust is Japan Securities Clearing Corporation.
- 5 The process to be specified separately mentioned in Article 42, paragraph 3, of the terms and conditions of the trust is the following:
  - (1) The Beneficial Interests in shares mentioned in Article 42, paragraph 3, of the terms and conditions of the trust must be identified by making a statement or recording of its number of shares on the book-entry transfer account register of the member mentioned in Article 42, paragraph 2, of the terms and conditions of the trust in the number of shares stated or recorded on the book-entry transfer account registry.
  - (2) The member mentioned in Article 42, paragraph 2, of the terms and conditions of the trust, shall notify the Trustee of the personal name or entity name, address, and individual number or corporate registration number (personal name or entity name and address, for those who do not have any individual number or corporate registration number, or if a person who receives income distribution amount via a person in charge of handling payment as provided for in Article 9-3-2, paragraph 1, of the Act on Special Measures Concerning Taxation) of the beneficiary of item 1 above related to the member, and of the matters prescribed by the Trustee in writing by the end of the calculation period.  
When the contents of the report have changed, the member shall notify the Trustee of the change based on the request by the beneficiary in accordance with the method prescribed by the member.
  - (3) The member mentioned in Article 42, paragraph 2, of the terms and conditions of the trust shall report Central Securities Depository the matters of beneficiary mentioned in item 1 above related to the member as of the end of the calculation period, which matters are prescribed by Central Securities Depository (if the member is not an Account Management Institution, through its superior institution), and the Central Securities Depository shall notify the Trustee to that effect.
- 6 The time limit to be specified separately mentioned in Article 45, paragraph 1, of the terms and conditions of the trust is 3 p.m. Provided that, when the beneficiary who requests for the Redemption is an issuing corporation of component stocks in the Nikkei 225, etc., the time limit is 2 p.m.