

PRESS RELEASE

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NIKKO ASSET MANAGEMENT CO., LTD.

Nikko AM to List Yen-Hedged ETF Linked to S&P 500 Index

ETF to debut on TSE on 3 August

Nikko Asset Management (Nikko AM) today announces a new exchange traded fund (ETF) linked to the S&P 500 Index with a currency hedge for the yen. The ETF will launch on 31 July and be listed on the Tokyo Stock Exchange on 3 August .

The “Listed Index Fund US Equity (S&P500) Currency Hedge” [Ticker: 2521] is an ETF with a yen hedge on the US dollar–denominated value of the S&P 500, a core US equity index. The new fund will be the first Japan-listed ETF of its kind.

Nikko AM’s current ETF offerings include the “Listed Index Fund US Equity (S&P500)” [Ticker: 1547], which is linked to a yen-converted S&P 500. The new ETF was developed in response to requests from institutional investors who want exposure to US equities that is not vulnerable to currency fluctuations. The price fluctuations of the new ETF and that of the existing unhedged offering differ greatly. The two funds have a low correlation*, which makes the new ETF effective for investors seeking diversification in their investment portfolio.

Listed Index Fund US Equity (S&P500) Currency Hedge is a cash creation/cash redemption type ETF, in which cash payments are made into the fund at its creation or time of subscription and payouts are made at the time of redemption or cancellation. Compared to an in-kind type of ETF that pays out cash equities at the time of creation and receives cash equities at the time of exchange, this type of instrument is convenient for financial institutions and other institutional investors because the minimum cash requirements at the time of creation and redemption are relatively low and there are relatively few days when transactions can’t be executed.

Nikko AM has proactively developed various types of ETFs to meet the needs of investors and will continue to build a diversified and robust portfolio of investment products that provide clients with a broad range of opportunities.

*Correlation coefficient between the two linked indices (July 1, 2013 to June 29, 2018) = 0.04

Fund Outline for Exchange Trading

Product Type	Open-Ended Fund / Overseas / Stocks/ REIT / ETF / Index Fund
Listed Exchange	Tokyo Stock Exchange
Date Listed	August 3, 2018 (scheduled)
Security code	2521
Trading Unit at the Exchange	10 units
Trust Period	Unlimited (Launch date: July 31, 2018)
Closing Date	20th of January (every year)
Dividends	Dividends will be distributed once a year based on a distribution policy. ※As a general rule, the trustee will transfer dividends into the bank account designated in advance by the beneficiary on the day specified by the management company, which will be within 40 days of the end of each accounting period. In addition, if the beneficiary has entered into a revenue-sharing agreement with a separate handling company, dividends will be distributed in accordance with that contract.

■ S&P500 index

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About Nikko Asset Management

With US\$220.1 billion (23.41 trillion yen)* under management, Nikko Asset Management is one of Asia's largest asset managers, providing high-conviction, active fund management across a range of Equity, Fixed Income, Multi-Asset and Alternative strategies. In addition, its complementary range of passive strategies covers more than 20 indices and includes some of Asia's largest exchange-traded funds (ETFs).

Headquartered in Asia since 1959, the firm represents nearly 200** investment professionals and over 30 nationalities across 9 countries. More than 300 banks, brokers, financial advisors and life insurance companies around the world distribute the company's products.

The investment teams benefit from a unique global perspective complemented by the firm's historic Asian DNA, striving to deliver consistent excellence in performance. The firm also prides itself on its progressive solution-driven approach, which has led to many innovative funds launched for its clients.

For more information about Nikko Asset Management and to access its investment insights, please visit the firm's [homepage](#).

* Consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as of 31 March 2018.

** As of 31 March 2018, including employees of Nikko Asset Management and its subsidiaries.

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