

Nikko AM Launches Japan's First ETF to Invest in Global Emerging Bonds

Now Offers ETFs in Most Asset Classes, Allowing for “ETF-Only” Globally Diversified Investment

Nikko Asset Management Co., Ltd. (Nikko AM) has announced the launch of a new exchange traded fund (ETF), the Listed Index Fund Emerging Bond (Barclays Local EM) (Code: 1566). This fund will aim to track the movements of a global index comprised of emerging country bonds. It is scheduled to launch January 30 and to list on the Tokyo Stock Exchange March 30. This is Japan's first ETF to invest globally in the bonds of emerging countries.



Nikko AM has placed a strong emphasis on its ETF business and the launch of this new fund will mark its 21st ETF. Nikko AM now offers a wide range of ETFs covering most asset classes, such as Japanese and foreign equity, developed country bonds, and Japanese and foreign REITs. This lineup allows investors to inexpensively and effectively achieve global diversified investing in accordance with their level of risk tolerance.

	Japan	Developed countries (ex Japan)	Emerging countries
Equities			
	REIT		

Previously, developed countries projected a stable image, while emerging countries were thought of as highly risky but offering much growth potential. In recent years, however, a growing number of fiscal problems and credit downgrades have plagued developed nations. Meanwhile, many emerging countries have come to possess ample foreign currency reserves and now demonstrate sound fiscal standing. With its new ETF, Nikko AM aims to offer investors the opportunity to invest in local currency-denominated government bonds of the emerging countries that are expected to drive the future growth of the world economy.

The new ETF will aim to track the Barclays Capital EM Local Currency Government - 10% Country Capped Index (following yen conversion), which is made up of 400 local currency-denominated bond issues from 19 countries. The index is provided by Barclays Capital Inc., the world's largest provider* of bond indices. The index is a weighted average of total investment returns by market capitalization ratio, which limits concentrated investments in a single country, and expresses fluctuations in emerging country bonds and currencies.

Nikko AM's new ETF will pay dividends six times a year, every second month, to meet high investor demand for dividends. The minimum trading amount is expected to be approximately 50,000 yen.

Nikko AM will continue to endeavor to develop and manage various types of high quality ETFs and to provide a wide range of investment opportunities to meet the diverse needs of investors.

*Source: BlackRock, end -October 2011.

«Nikko AM's ETF lineup»

Security code	Category	Fund name	Index
1330	Japan Equity	Listed Index Fund 225	Nikkei Average
1308	Japan Equity	Listed Index Fund TOPIX	TOPIX
1314	Japan Equity	Listed Index Fund S&P Japan Emerging Equity 100	S&P Japan Emerging Equity 100 Index
1316	Japan Equity	Listed Index Fund TOPIX100 Japan Large Cap Equity	TOPIX100
1317	Japan Equity	Listed Index Fund TOPIX Mid400 Japan Mid Cap Equity	TOPIX Mid400
1318	Japan Equity	Listed Index Fund TOPIX Small Japan Small Cap Equity	TOPIX Small
1322	Foreign Equity	Listed Index Fund China A Share (Panda) CSI300	CSI300 Index
1345	REIT	Listed Index Fund J-REIT (Tokyo Stock Exchange REIT Index) Bi-Monthly Dividend Payment Type	Tokyo Stock Exchange REIT Index
1347	Japan Equity	Listed Index Fund FTSE Japan Green Chip 35	FTSE Japan Green Chip 35 Index
1677	Foreign Fixed Income	Listed Index Fund International Bond (Citigroup WGBI) Monthly Dividend Payment Type	Citigroup World Government Bond Index (ex Japan, no hedge, in yen)
1680	Foreign Equity	Listed Index Fund International Developed Countries Equity (MSCI-KOKUSAI)	MSCI KOKUSAI Index
1681	Foreign Equity	Listed Index Fund International Emerging Countries Equity (MSCI EMERGING)	MSCI Emerging Markets Index
1698	Japan Equity	Listed Index Fund Japan High Dividend (TSE Dividend Focus 100)	TSE Dividend Focus 100
1544	Japan Equity	Listed Index Fund Japan Equity (MSCI JAPAN)	MSCI JAPAN Index
1547	Foreign Equity	Listed Index Fund US Equity (S&P500)	S&P 500 Index
1548	Foreign Equity	Listed Index Fund China H-share (Hang Seng China Enterprises)	Han Seng China Enterprises Index
1549	Foreign Equity	Listed Index Fund S&P CNX Nifty Futures (India Equity)	S&P CNX Nifty Index Futures
1554	Foreign Equity	Listed Index Fund World Equity (MSCI ACWI) ex Japan	MSCI ACWI (All Country World Index) Index ex Japan
1555	REIT	Listed Index Fund Australian REIT (S&P/ASX200 A-REIT)	S&P/ASX 200 A-REIT Index
1556	Japan Equity	Listed Index Fund Nikkei China Related 50	Nikkei China Related Stock 50
1566	Foreign Fixed Income	Listed Index Fund Emerging Bond (Barclays Local EM)	Barclays Capital EM Local Currency Government-10% Country Capped Index

<Listed Index Fund Emerging Bond (Barclays Local EM)>

■Fund Outline for Exchange Trading

Product Type	Open-end investment trust / Overseas / Equity / ETF / Index-type
Listed Exchange	Tokyo Stock Exchange
Date Listed	March 30, 2012 (scheduled)
Security code	1566
Trading Unit at the Exchange	1 units
Trust Period	Unlimited (Launch date: January 30, 2012)
Closing Date	The 10th of every January, March, May, July, September and November (first settlement day shall be July 10, 2012)
Dividends	In principle, all revenue from dividends, etc., arising from the trust assets will be paid as dividends for every calculation period, after deducting expenses, etc.

■ Outline of Fees, etc.

Investors must bear the following expenses:

<Fees charged at the time of trading at the Exchange>

- Trading Commission: As stipulated by the brokers. Please contact your broker for details.

<Fees and expenses charged indirectly through the trust assets (i.e. paid by the Fund)>

- Trust Fees: The trust fee is calculated by multiplying the total net asset value by up to 0.4725% per annum (0.45% before tax).
The trust fee rate consists of 0.3675% per annum (0.35% before tax) for this fund and around 0.105% (0.1% before tax) for the investment trust securities.
* The actual annual rate of trust fees paid by beneficiaries varies depending on the percentage of invested investment trust securities, changes to such investment trust securities and other factors.
- Other Expenses: Expenses for creating and delivering prospectuses, accounting expenses (including outsourcing fees), audit costs, listing fees and index royalties, will be paid out of the fund's trust assets with an amount reached by multiplying an annual rate of no greater than 0.1% on the fund's daily net asset value.
Brokerage commissions on securities in the portfolio, interest on borrowings and advances, and fees related to securities lending are paid out of the fund's trust assets each time they are incurred (in the case of securities lending, the amount reached by multiplying 0.525 (0.5 before tax) on the lending fee).
* The rate or maximum amounts applicable to other fees and expenses cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed
- * The total amount of fees charged to the Fund will vary depending on the length of investment period and other factors. Therefore, we cannot give a specific total.
- * For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of subscription).

■ Fund Outline

[This is applicable to direct subscriptions and redemptions of the Fund, and not applicable to those investors who trade on the Exchange.]

Business Hours for Subscription and Redemption	In principle, it shall be no later than 2:00 p.m. on any business day of the distributor, and shall be accepted on the same day provided that the distributor's stipulated administrative procedures have been completed. Applications received after the time stated above shall be accepted on the following business day.
Days when Subscription is Unavailable	In principle, subscription applications will not be accepted if the application date falls on a holiday for the London Stock Exchange, the New York Stock Exchange, London banks, or New York banks during the period two business days before the 6th day of every odd-numbered month and two business days before the fund's settlement date. Please contact the distributor for more details.
Subscription Price	NAV as of the business day following the application date.
Subscription Unit	No less than 2,000 units, and as stipulated by the distributor. Please contact the distributor or management company for information on subscription units.
Days when Redemption is Unavailable	In principle, redemption applications will not be accepted if the application date falls on a holiday for the London Stock Exchange, the New York Stock Exchange, London banks, or New York banks during the period two business days before the 6th day of every odd-numbered month and two business days before the fund's settlement date. Please contact the distributor for more details.
Redemption Price	Amount after deducting the amount retained in trust assets from NAV of the following business day of the redemption application date
Redemption Payment Procedures	In principle, payment after 8 business days following the day of receiving the application for redemption.

■ Outline of Fees, etc.

Investors must bear the following expenses:

< Fees charged at the time of trading at the Exchange >

- Trading Commission: As stipulated by the brokers. Please contact your broker for details.
- Redemption Fees: The distributors may charge beneficiaries a fee determined by each distributor, together with consumption tax thereon, upon redemption or repurchase of beneficiary interests.
* Please contact your distributor for details.
- Amount Retained in Trust Assets: An amount calculated by multiplying NAV at the time of a redemption by 0.3% (per unit)

< Fees and expenses charged indirectly through the trust assets (i.e. paid by the Fund) >

- Trust Fees: The trust fee is calculated by multiplying the total net asset value by up to 0.4725% per annum (0.45% before tax).
The trust fee rate consists of 0.3675% per annum (0.35% before tax) for this fund and around 0.105% (0.1% before tax) for the investment trust securities.
* The actual annual rate of trust fees paid by beneficiaries varies depending on the percentage of invested investment trust securities, changes to such investment trust securities and other factors.
 - Other Expenses: Expenses for creating and delivering prospectuses, accounting expenses (including outsourcing fees), audit costs, listing fees and index royalties, will be paid out of the fund's trust assets with an amount reached by multiplying an annual rate of no greater than 0.1% on the fund's daily net asset value.
Brokerage commissions on securities in the portfolio, interest on borrowings and advances, and fees related to securities lending are paid out of the fund's trust assets each time they are incurred (in the case of securities lending, the amount reached by multiplying 0.525 (0.5 before tax) on the lending fee).
* The rate or maximum amounts applicable to other fees and expenses cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed
- * The total amount of fees charged to the Fund will vary depending on the length of investment period and other factors. Therefore, we cannot give a specific total.

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■ Risk Information

Invested principal is not guaranteed and may incur losses where the value of your investment principal will fall below par as the result of a decline in the NAV. All gains and losses from the management of the fund belong to the investor (beneficiary). This fund also differs from bank deposits.

This Fund will invest mainly in bonds. The NAV of the Fund may fall and you may suffer a loss for reasons such as a drop in the price of bonds or deterioration in the financial conditions and business performance of an issuer of stocks.

The principal risks of this Fund are as follows.:

[Price Fluctuation Risk][Liquidity Risk][Credit Risk][Foreign Currency Risk] [Country Risk] [Risk involved in securities lending, etc.][Risk Price Discrepancies Between Barclays Capital EM Local Currency Government - 10% Country Capped Index and NAV]

■ Other Matters to Consider

- These materials were prepared for the purpose of providing information on “ Listed Index Fund Emerging Bond (Barclays Local EM) ” offered by Nikko AM and promoting investors’ understanding of this Fund.
- Unlike bank deposits or insurance policies, investment trusts are not protected by the Deposit Insurance Corporation or the Insurance Policyholders Protection Corporations.
- In accordance with the provisions of Article 5 of the Financial Instruments and Exchange Law (Act No. 25 of 1948), Nikko AM filed a security registration statement with the Head of the Kanto Local Finance Bureau on January 11, 2012 and it will become effective as of January 27, 2012. The content of the statement may be subject to change before becoming effective.
- Any profit or loss derived from the management of investment trusts belongs to all the beneficiaries. Please read the related contract prior to investing in the Funds.

■ Management Company and Other Related Companies

Management Company: Nikko Asset Management Co., Ltd.

Trustee: The Sumitomo Trust and Banking Co., Ltd.
(Sub-Trustee: Japan Trustee Services Bank, Ltd.)

Distributor: Please contact below to inquire about distributors.

Nikko Asset Management Co., Ltd.

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

Call Center: 0120-25-1404

<About Other Funds>

■ Comprehensive Risk Information on Mutual Funds

- Investment trusts invest in assets whose prices fluctuate (foreign currency-denominated assets contain exchange rate risk as well), so the NAV will fluctuate accordingly. It is possible that the NAV will fall below the principal amount of your investment.
- Different investment trusts invest in different asset classes, markets, and countries, and contain different investment restrictions, so the details of their risks differ accordingly.

■ Overview of fees, etc.

Investors must bear the following expenses:

<Fees charged at the time of subscription and redemption>

- Subscription Fees: The distributors may charge subscribers a fee determined by each distributor. Please contact your distributor for details.
Consumption tax is levied on the subscription fee.
- Redemption Fees: The distributors may charge beneficiaries a fee determined by each distributor, together with consumption tax thereon, upon redemption or repurchase of beneficiary interests.
* Please contact the distributor for details.
- Amount Retained in Trust Assets: Up to 0.3%

<Fees charged at the time of trading at the Exchange>

- Trading Commission: As independently stipulated by the broker. Please contact your broker for details.

< Fees and expenses charged indirectly through the trust assets (i.e. paid by the Fund)>

- Trust Fees Up to 0.9975% (0.95% before tax)
When lending securities, an additional amount calculated by multiplying securities lending fees by a rate of 0.525 (0.5 before tax) or less.
 - Other Expenses Brokerage commission with respect to securities held in the portfolio, audit fees, interest on advances, costs of listing beneficiary interests, license fees, etc.
- * The rate or maximum amounts applicable to other fees and expenses cannot be disclosed in advance because the actual amount will vary depending on the state of the assets managed.
- * The total amount of fees above will vary depending on the length of investment period and other factors. Therefore, we cannot give a specific total.
- * For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of purchase).

<Disclaimer>

- Fees, etc. listed are the highest rates among those charged to the ETFs managed by Nikko Asset Management (as of January 11, 2012).
- The risk information and fees, etc. disclosed above are those typical for a general investment trust. Actual fees will vary for each specific investment trust. For more detail, please refer to the investment trust explanatory document (prospectus distributed in advance of subscription).

■ Other matters to consider

- These marketing materials were prepared for the purpose of providing information on the ETFs managed by Nikko Asset Management and promoting investors' understanding of this Fund.
- Unlike bank deposits or insurance policies, investment trusts are not protected by the Deposit Insurance Corporation or the Insurance Policyholders Protection Corporation.
- Any profit or loss derived from management of investment trusts belongs to all the beneficiaries. Please read the related contract prior to investing in the Funds.

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