

## **IMPORTANT NOTICE ON THE TRANSLATION OF THIS PROSPECTUS**

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The Company has registered the fund in accordance with relevant laws and regulations in Japan. Registration of the fund with the Government of Japan is intended for residents of Japan and is not intended for distribution to, or use by, any person or entity from any other jurisdictions.

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## iShares 20+ Year US Treasury Bond JPY Hedged ETF

Open-Type Investment Trust / Overseas / Fixed Income / ETF / Index

Explanatory Documentation on the Investment Trust (Delivery Prospectus)

October 12, 2023

\* This booklet is a prospectus pursuant to the provisions of Article 13 of the Financial Instruments and Exchange Act.

- The management company filed a securities registration statement with the Director General of the Kanto Local Finance Bureau on May 2nd, 2023 pursuant to the provisions of Article 5 of the Financial Instruments and Exchange Act (Law No. 25 of 1948) in connection with the solicitation of iShares 20+ Year US Treasury Bond JPY Hedged ETF (the “Fund”). The filing took effect on October 12, 2023.
- The Fund’s explanatory booklet on the investment trust (Prospectus on request) is available via the website of the management company. It is also available from the funds authorized participants upon request. In case you request it, please keep a personal record of that fact.
- The complete terms and conditions of this investment trust fund are attached to the explanatory booklet on the investment trust (Prospectus on request).
- In case a significant change is made to the content of the Fund, notification to unitholders will be made in advance in accordance with the Act on Investment Trust and Investment Corporations (Law No. 198 of 1951).
- The investment trust fund assets are separately managed by the trustee in accordance with the Trust Act.

Product Classification					Attribute Category			
Unit-Type/ Open-Type	Investment Geography	Independent Asset Category	Fund Category	Supplementary Classification	Investment Assets	Book Close Frequency	Investment Geography	Target Index
Open-Type Investment Trust	Overseas	Overseas Bonds	ETF	Index Type	Government Bonds	4 times a year	North America	Other*

\* FTSE US Treasury Select JIT 20+ Years in JPY Terms Index 100% JPY Hedged Index (JPY)

\* Please refer to the website of the Investment Trusts Association, Japan (<http://www.toushin.or.jp/>) regarding the definitions relating to product classification and attribute categories.

#### **Management Company**

##### **BlackRock Japan Co., Ltd.**

- Registered as a financial instruments firm with Director General of the Kanto Local Finance Bureau (Kinsho) No. 375

- Date established: March 11, 1988

- Paid-in Capital: 3,120 million yen

- Total net asset value of investment trusts under management: 11.341 trillion yen (as of June, 2023)

<Detailed information about the Fund>

- Please contact us if you need detailed information about the Fund.

Phone: 03-6703-4110 (9:00 to 17:00, business days)

Website: <http://www.blackrock.com/jp/>

#### **Trustee**

##### **Mitsubishi UFJ Trust and Banking Corporation**

**Please read this document carefully before deciding to purchase units of the Fund.**

### **Objective and Characteristics of the Fund**

#### **Objective of the Fund**

The iShares 20+ Year US Treasury Bond JPY Hedged ETF aims to achieve a Net Asset Value (“NAV”) that closely corresponds to the movement of the FTSE US Treasury Select JIT 20+ Years in JPY Terms Index 100% JPY Hedged Index (JPY) by investing mainly in bonds determined to constitute the Index (the “Index” or the “Benchmark”).

- 1. The Fund aims to achieve a Net Asset Value (“NAV”) that closely corresponds to the movement of the FTSE US Treasury Select JIT 20+ Years in JPY Terms Index 100% JPY Hedged Index (JPY)**

We primarily invest in U.S. government bonds with maturities of more than 20 years.

- For the purpose of efficient management, we may use U.S. Treasury futures trading.

■ For the purpose of investing in a way that is linked to the movement of the target index, we may temporarily invest in U.S. government bonds at an investment ratio that exceeds the total net assets.

\* The Fund does not borrow funds for any purpose other than to provide for the payment of funds associated with cash exchange.

■ We may lend securities. In that case, BlackRock Institutional Trust Company, N.A., will be entrusted with all or part of its authority to direct the loan of securities.

As a general rule, foreign currency-denominated assets are subject to exchange rate fluctuations through exchange rate hedging.

**2. The Fund will, in principle, seek to reduce the risk of exchange rate fluctuations on assets denominated in foreign currencies by hedging foreign currency fluctuations.**

**3. Units of the Fund (“Units”) are listed on the Tokyo Stock Exchange.**

Units of the Fund can be traded at any time on the Tokyo Stock Exchange. The trading unit is 10 units. The fee for trading this product is determined by the Type 1 financial instruments operator who facilitates the transaction. The method of trading is similar of that of equity trading. For further information, please contact type 1 financial instruments operator who is a member of the Tokyo Stock Exchange.

\*The market price on the exchange fluctuates during trading hours and may deviate from the NAV of the ETF due to factors such as the balance of supply and demand on the exchange, the trading volume conditions, various trading regulations, time differences or difference in trading day between the market in which the investment is made and the market on which it is traded.

**4. The minimum number of units for creations and redemptions**

With the goal of tracking the index as closely as possible, the manager will set a minimum creation / redemption unit size. Additional creations and redemptions are done in units called a creation units. A creation unit is a unit, expressed in terms of the number of units of the fund, determined by the manager for the purpose of creating and redeeming units of the fund.

**5. Purchases and redemptions are limited to applications of a certain number of units or more**

In order not to interfere with the purpose of tracking the target index to a high position, it is limited to a certain number of units or more necessary to make up the portfolio of the target index.

## **Investment Management Structure**

- Every operation as it relates to fund management and administration is defined by the management company's internal rules.
- The management company's investment management division controls the investment management of the fund.
- The management company has established a department in charge of internal audits, a department that monitors fund performance and risk and provides feedback to the relevant departments. An investment committee oversees that each fund is being managed in accordance with its investment policy.
- The Fixed Income Management Department (approximately 6 members) will be in charge of the management of this fund.

\* The Fund's investment management structure may be changed in the future.

## **Investment Restrictions**

- There is no limit to the percentage of investment in bonds.
- There is no limit to the percentage of investment in foreign currency-denominated assets.
- Investment trust securities (excluding exchange-traded funds) The investment ratio shall be 5% or less of the total net assets of the trust property.

## **Distribution Policy**

At the time of the fiscal year four times a year (11th each of January, April, July, and October), dividends and other income after deduction of expenses, etc. (dividends received, interest income, and similar income minus interest expense) are calculated. In principle, the full amount of the above will be distributed. We do not guarantee the payment of future distributions or the amount thereof.

Copyrights of the FTSE US Treasury Select JIT 20+ Years in JPY Terms Index 100% JPY Hedged Index (JPY)

**FTSE US Treasury Select JIT 20+ Years in JPY Terms Index 100% JPY Hedged Index (JPY)** is based on FTSE Fixed Income It is a bond index managed by LLCs. FTSE Fixed Income LLC is not a sponsor of, and does not endorse, sell or promote the Fund. The data in this index is for informational purposes only and FTSE Fixed Income LLC does not guarantee the accuracy and completeness of such data and assumes no responsibility for errors, omissions or delays in the data. Intellectual property and all other rights to this index belong to FTSE Fixed Income LLC.

## **Investment Risk**

### **Factors that contribute to fluctuations in the NAV of the Fund**

The NAV of the fund is affected by the price movements of the assets held in the fund. All gains and losses arising from the management of these trust assets are passed on to the unitholders of the fund. Accordingly, the Fund does not guarantee for any loss to principal or income from the fund. Investors in the fund may incur a loss and the value of the investment principal may fall below its original principal amount as the result of a decline in the NAV. Investment trusts are different from bank deposits. The Fund's major risks are as follows:

#### **– Interest rate fluctuation risk**

Invest in U.S. government bonds. Bond prices fall when interest rates rise due to political, economic, social and other factors, and rise when interest rates fall. Therefore, fluctuations in interest rates will affect the performance of the Fund.

#### **– Credit risk**

Invest in U.S. government bonds. Depending on the financial condition of the issuer of the bond in which you have invested, you may be in default. In the event of a default, bond prices will fall, which will affect the performance of the Fund. In addition, changes in bond ratings may cause bond prices to fluctuate, which will affect the performance of the Fund.

#### **– Derivatives Trading Risk**

Derivatives trading can be used. These investment methods are used to improve the efficiency of investment in cash assets or to protect funds from the effects of fluctuations in securities prices, market interest rates, exchange rates, etc. As a result of the use of derivatives trading, there are costs and risks involved, which will affect the performance of the Fund. In addition, derivatives trading is not always used, and even if it is used, there is no guarantee that it will achieve its original purpose.

#### **– Securities Lending Risk**

Lending of securities involves counterparty risk, which is the risk of contractual default by the counterparty due to its insolvency or other events, and the Fund may suffer losses in such cases. Securities lending involves the risk that the fund may lose money because the borrower of the loaned securities fails to return the securities in a timely manner or at all. The fund could also lose money in the event of a decline in the value of collateral (Funds or ETFs which are managed or launched by BlackRock may be included as collateral) provided for loaned securities. To mitigate these risks, the

fund may benefit from a borrower default indemnity agreement signed with an affiliated BlackRock company. The indemnity allows for full replacement of the securities lent if the collateral received does not cover the value of the securities loaned in the event of a borrower default.

#### **Other Considerations**

The provision stipulated in Article 37-6 of the Financial Instruments and Exchange Act (“cooling-off period”) is not applicable to this fund.

#### **Matters Related to Liquidity Risk**

- The fund is exposed to the risk that the liquidity of securities held by the fund may decline due to market conditions or other factors, and that investors' requests for redemption may be restricted (liquidity risk). Situations in which liquidity risk may materialize for the fund are as follows
- When stock market volatility becomes high or trading volume decreases significantly, due to certain events impacting individual companies or the overall economy.

\*Redemption requests may be restricted when there are suspensions to settlement functions or to trading on financial instruments exchanges. There may be situations where the manager will restrict redemptions on large orders.

#### **Considerations regarding profit distribution**

- Distribution is paid out of the Fund’s net assets and is different from interest earned on bank deposits. Thus, the Fund’s NAV declines by the distribution amount when it pays out distribution.
- The distribution amount is not always the same as the income earned by the fund during each financial period.

## **Risk Management Framework**

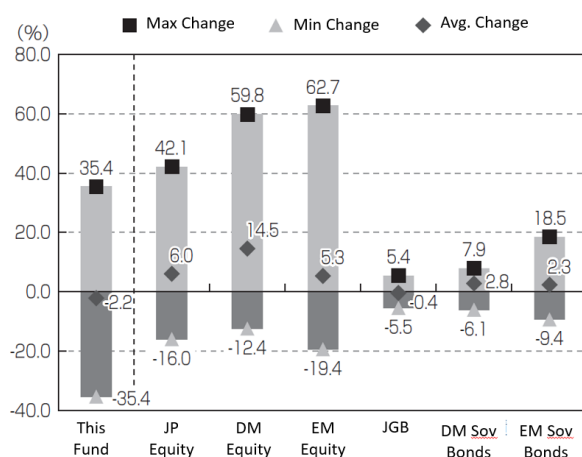
The management company places a high priority on risk management and uses a proprietary system for risk management. Specifically, the risk management department, which is independent from the investment management department, measures and analyzes investment risk and liquidity risk of funds, monitors investment and liquidity restrictions, and confirms that the investment risk (including liquidity risk) of funds is in line with the investment policy. The results are fed back to the department in charge of investment management and shared among relevant internal personnel. In addition, the Company has established internal rules for the management of risks related to the operations of the trustee.



(Reference Information)

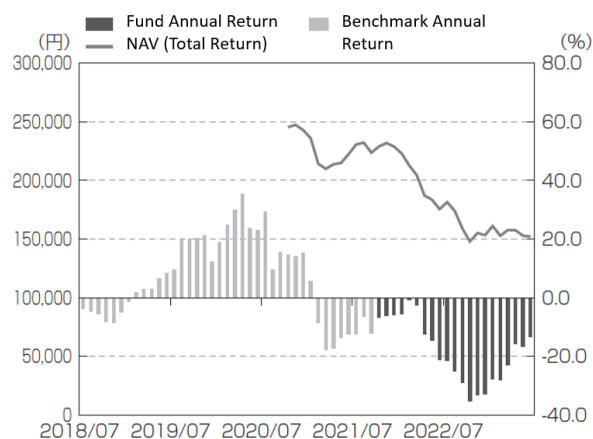
**Comparison of Returns between the Fund and Other Representative Asset Classes**

(July 2018 to June 2023)



**Annual return and NAV of the Fund**

(July 2018 to June 2023)



\* The above graph represents the annual average, maximum and minimum percentage changes at the end of each month during the previous five year period for the Fund and other representative asset classes. The percentage changes for the fund are calculated on assumption that the amount of distribution before tax is reinvested and may differ from the annual percentage change calculated based on the actual NAV. Because the launch date of the fund is June 7th, 2023, the percentage changes for the fund are calculated based on the value of the benchmark and differ from the actual results of the fund.

\* Not all asset classes are eligible for investment in the fund.

\* Index of each asset class

- Japanese equity:..... Tokyo Stock Price Index (TOPIX Total Return)
- Developed country equity: .... MSCI Kokusai Index (Total Return, Yen based)
- Emerging country equity:..... MSCI Emerging Markets Index (Total Return, Yen based)
- Japanese government bond: ... Nomura Bond Performance Index Government
- Developed country bond: ..... FTSE World Government Bond Index (excluding Japan, Yen based)
- Emerging country bond: ..... J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index (Yen based)

(Note) Foreign indexes are yen-based, assuming investments with no currency hedge.

\* The above graph shows the one-year rate of return and the distribution reinvestment NAV at the end of each month for the past five years. Since the Fund was established on June 7, 2023, the NAV for distribution reinvestment cannot be displayed. The annual return is calculated based on the benchmark values calculated on and after Nov 11, 2018. Because the annual return is of the benchmark, it differs from the Fund's actual performance.

\* The dividend-included NAV is calculated on assumption that the amount of distribution before tax is reinvested and may differ from the actual NAV.

<Indexes>

The TOPIX Total Return index is a market benchmark with functionality as an investable index, covering an extensive proportion of the Japanese stock market. TOPIX is a free-float adjusted market capitalization-weighted index. The TOPIX Total Return Index Value and the TOPIX Total Return Index Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX Total Return Index such as calculation, publication and use of the TOPIX Total Return Index Value and relating to the TOPIX Total Return Index Marks. JPX shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Total Return Index Value or to change the TOPIX Total Return Index Marks or cease the use thereof.

The MSCI Kokusai Index (Total Return, Yen based) and MSCI Emerging Markets Index (Total Return, Yen based) are benchmarks developed and calculated by MSCI Inc. The MSCI Kokusai Index (Total Return, Yen based) is an index which benchmarks the stock performance of developed countries of the world excluding Japan while the MSCI Emerging Markets Index (Total Return, Yen based) is an index which benchmarks the stock performance of emerging countries. The copyrights, intellectual property rights and all other rights concerning these indexes belong to MSCI Inc. In addition, MSCI Inc. holds the right to amend the content of each index and the right to terminate publication of these indexes.

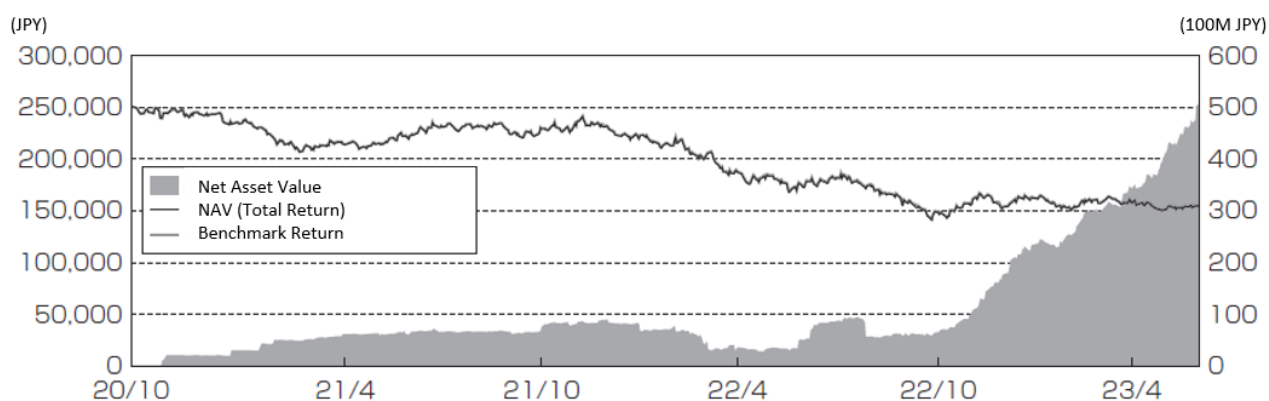
Nomura Bond Performance Index Government is an index published by Nomura Securities Co., Ltd. to measure the movements of Japanese government bonds and is calculated with the return on investment of a portfolio. The intellectual property right concerning this index belongs to Nomura Securities Co., Ltd. Note that Nomura Securities Co., Ltd. does not guarantee the accuracy, completeness, reliability and effectiveness of Nomura Bond Performance Index Government and bears no responsibility whatsoever on business activities and services implemented by BlackRock Japan Co., Ltd. using the index.

The FTSE World Government Bond Index (excluding Japan, Yen based) is a bond index published by FTSE Fixed Income LLC for benchmarking the overall investment return on government bonds of the world's major countries excluding Japan. The copyright, trademark right, intellectual property right and all other rights concerning this index belong to FTSE Fixed Income LLC.

The J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index (Yen based) is published by J.P. Morgan Securities LLC and is calculated to track local currency bonds issued by emerging market governments. The copyright concerning this index belongs to J.P. Morgan Securities LLC.

## Past Performance

### Changes in NAV and Net Assets



### Changes in Distributions

Cumulative total since creation		10,500 yen
FY6	April 2022	2,300 yen
FY7	July 2022	500 yen
FY8	October 2022	1,300 yen
FY9	January 2023	500 yen
FY10	April 2023	900 yen

\* Distributions are per 100 units before tax.

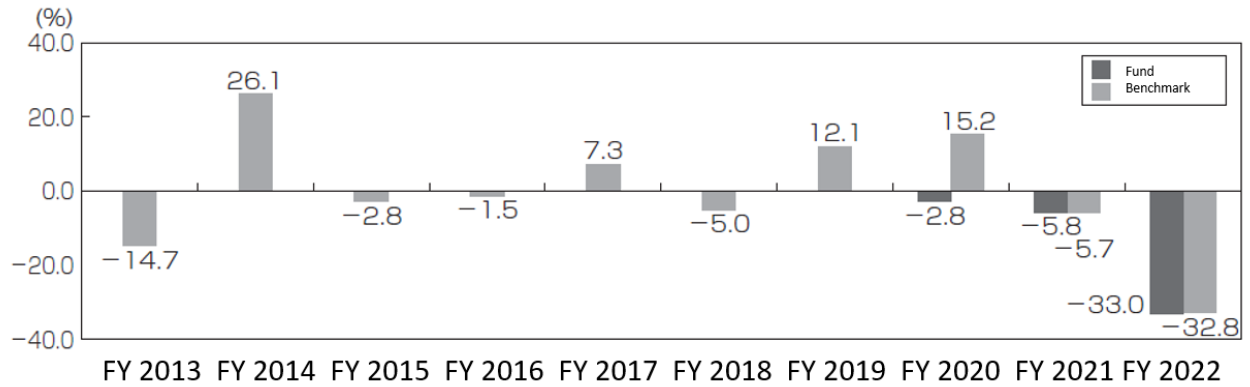
### Breakdown of Major Assets

	Name	Ratio (%)
1	UNITED STATES TREASURY NOTE/BOND 4% 2052/11/15	4.6
2	UNITED STATES TREASURY NOTE/BOND 3.625% 2053/02/15	4.3
3	UNITED STATES TREASURY NOTE/BOND 2.375% 2051/05/15	4.3
4	UNITED STATES TREASURY NOTE/BOND 2.875% 2052/05/15	4.0
5	UNITED STATES TREASURY NOTE/BOND 1.875% 2051/02/15	3.8
6	UNITED STATES TREASURY NOTE/BOND 2% 2051/08/15	3.8
7	UNITED STATES TREASURY NOTE/BOND 3% 2052/08/15	3.7
8	UNITED STATES TREASURY NOTE/BOND 2.25% 2052/02/15	3.6
9	UNITED STATES TREASURY NOTE/BOND 1.875% 2051/11/15	3.3
10	UNITED STATES TREASURY NOTE/BOND 1.625% 2050/11/15	3.2

### Changes in Annual Rates of Return

\* The rate of return of the fund is calculated based on the tax-free reinvestment of distributions at the time of closing.

\*From 2013 to 2019, the benchmark annual rate of return is shown.



\* The performance data is as of the creation of this document and is not a guarantee of future investment results.

\* Benchmarks are provided for reference purposes only, and do not represent the fund's actual performance.

\* The fund's performance will be disclosed separately on the website of the management company.

## Procedures & Fees

### Creation & Redemption Memo

Creation Unit	<p>For purchase units, please contact the Designated Participant* or the telephone number listed on the cover &lt;Inquiries for Fund Details&gt;</p> <p>*A Designated Participant is a Type 1 Financial Instruments Business Operator designated by the Entrusting Company as the person who purchases and converts beneficial rights into cash.</p>
Creation Price	<p>The NAV on the business day following the date of receipt of purchase plus an amount equivalent to the additional trust execution cost, or the NAV on the business day following the date of receipt of purchase *</p> <p>*When purchasing at NAV, an additional trust execution adjustment will be added or deducted. * The NAV of the fund is displayed per 100 units.</p> <p>* For details on the amount equivalent to the additional trust execution cost and the adjustment of the actual amount of additional trust execution, please refer to "Fund Expenses" on page 8.</p>
Creation Payment	Payment must be made by the date specified by the Designated Participant.
Amount per share on inception date	The amount per unit as of fund inception is 2500 yen per unit.
Redemption Unit	For the redemption unit, please contact the Designated Participant or the telephone number listed on the cover <Inquiries for Detailed Information of the Fund>
Redemption Price	<p>The NAV on the business day following the date of receipt of redemption minus the amount equivalent to the cost of partial cancellation, or the NAV of the business day following the date of receipt of redemption</p> <p>* In the case of redemption at the NAV, a partial cancellation execution actual adjustment will be added or deducted.</p> <p>* For details on the amount equivalent to the partial cancellation execution cost and the partial cancellation execution actual amount adjustment, please refer to "Fund Expenses" on page 8.</p>
Redemption Payment	As a general rule, the redemption fee will be paid by the Designated Participant from the 4th business day from the date of receipt of the exchange.
Creation / Redemption Application Cutoff	Applications received by 3 p.m. will be accepted on the day. However, reception hours may vary depending on the Designated Participant. Please contact the Designated Participant for details.

Creation / Redemption Application Period	Oct 12 <sup>th</sup> 2023 to April 11 <sup>th</sup> 2023  The application period is renewed by way of the filing of a securities registration statement before the expiration of the period stated in the securities registration statement.
Days on which Creation and Redemption Applications are not accepted	For the following dates and periods from 1 to 5, we may not accept purchases and exchanges.  1. Closed days of the New York Stock Exchange or closed days of banks in New York City  2. When the Trusting Company recognizes that there is a possibility of a shortage of funds in the Fund due to consecutive overseas holidays, holidays, etc. or holidays in Japan, etc.  3. From two business days before the end of the calculation period (closing date) to the previous business day (provided, however, if the closing date is a holiday, Between 3 business days before the closing date and the previous business day)  4. When the entrusting company recognizes that unavoidable circumstances have arisen that may interfere with the operation in accordance with the "Basic Investment Policy" stipulated in the Terms and Conditions.  5. In addition to 1 to 4 above, when the entrusting company recognizes that unavoidable circumstances have arisen that may interfere with the operation of this fund.
Suspension and or Cancellation of Creation and Redemption Applications	The fund may either suspend or cancel creations or redemption applications when trading on the stock exchange is halted, settlement functions are suspended, in the event of unavoidable circumstances or when the management company deems it necessary.
Trust Period	Indefinite Period (Established on October 14, 2020)
Early Termination	The management company may terminate the trust early prior to the expiration of the trust term (early redemption) if it considers that termination is beneficial to the unitholders, the number of units outstanding is less than 600,000 after than 3 years have elapsed since the establishment of the trust, or in the event of unavailable circumstance outside the control of the management company. The trust may also be terminated if the fund's units are delisted from the stock exchanges in which they are listed, or if the index is discontinued.

Record Dates	11th of January, April, July, and October of each year
Distribution	Distributions are paid twice a year, in accordance with the fund's distribution policy.
Maximum Trust Assets	Securities and cash equivalent to 10 trillion yen
Public Notification of Important Announcements	Public notices to unitholders shall be posted on the website shown below by means of electronic notice: <a href="http://www.blackrock.com/jp/">www.blackrock.com/jp/</a>
Management Reports	Management reports are not prepared and delivered to unitholders.
Tax Treatment	For tax purposes, the fund is treated as a listed securities investment trust, etc. Publicly-offered listed securities investment trusts are in scope of the Nippon Individual Savings Account scheme under tax laws. Dividend deduction or exclusion from income is not applicable.

## Fund Expenses and Taxes

### Fund Expenses

Expenses to be borne directly by investors		Details of expenses
Broker commissions for creation orders	Authorized participants may charge commissions and other fees related to facilitating creation orders (including consumption taxes, etc.). Please contact the fund's authorized participants for further information.	Expenses related to the explanation of the product and administrative procedures relating to the creation etc.
Additional Trust Execution Adjustment and Partial Termination Execution Adjustment	At the time of purchase and redemption, the investor will be responsible for the actual execution costs incurred in the securities purchase and sale transactions.	* For details, please refer to the next page "Actual Execution Adjustment or Amount Equivalent to Execution Costs in the Case of Additional Trust or Partial Termination".
Amount equivalent to additional trust execution costs and partial termination execution costs	At the time of purchase and redemption, the amount obtained by multiplying the base price on the business day following the date of receipt of purchase or redemption by the rate specified by the entrusting company will be charged as an amount equivalent to the additional trust execution cost and the partial cancellation execution cost.	* For details, please refer to the next page "Actual Execution Adjustment or Amount Equivalent to Execution Costs in the Case of Additional Trust or Partial Termination".
Broker Commissions charged on redemption orders	Authorized participants may charge commissions and other fees related to facilitating redemption orders (including consumption taxes, etc.). Please contact the fund's authorized participants for further information.	Expenses related to the explanation of the product and administrative procedures relating to the redemption etc.

\* The amount of the Additional Trust Execution Adjustment Fee and the Partial Termination Execution Adjustment Fee fluctuates from time to time, so the upper limit cannot be displayed in this document.

\* The rates for the amount equivalent to the additional trust execution cost and the amount equivalent to the partial cancellation execution cost fluctuate from time to time, so the upper limit cannot be displayed in this document. As a general rule, the applicable rates for the amount equivalent to the



additional trust execution cost and the amount equivalent to the partial termination execution cost will be presented to the Designated Participant on the business day prior to the date of receipt of purchase and the date of receipt of redemption (however, this does not apply in the event of unavoidable circumstances). Please contact the Designated Participant for the rate applicable on each business day.

\* The total amount of such fees and expenses cannot be displayed because it varies depending on the holding period of the fund. \* Fees at the time of purchase and fees at the time of exchange (purchase) include amounts equivalent to consumption tax and local consumption tax.

(With respect to the actual amount of execution adjustment or the amount equivalent to the execution cost at the time of additional trust or partial cancellation)

At the time of additional establishment or partial cancellation of the Fund, the cost of securities sales transactions, etc. associated with the additional establishment or partial cancellation (hereinafter referred to as "execution costs"). ) will be paid from the trust assets of the Fund and will be reflected in the base value.

The Fund has established additional trust execution costs and partial termination execution costs to be borne by investors who have set additional or partially terminated the fund.

By establishing additional trust execution costs and partial termination execution costs, we aim to maintain fairness among investors by ensuring that the investor who has established or partially canceled the trust bears the execution costs incurred due to the additional establishment or partial cancellation, thereby minimizing the impact on other investors.

The Contracting Company shall apply one of the following two execution cost methods at the discretion of the Commissioning Company. Under the Actual Execution Adjustment Method, the impact of execution costs on the trust assets and base value can be minimized because the actual execution costs incurred as a result of the additional establishment or partial cancellation of the Fund are covered. In this method, with some exceptions, the execution cost is determined after the application for additional setting or partial cancellation, so the amount of the execution cost cannot be confirmed at the time of application. In the Execution Cost Equivalent Amount Method, unlike the Actual Execution Adjustment Method, the investor who sets up an additional or partially cancels the contract is required to bear the amount equivalent to the execution cost, which is calculated at a predetermined rate based on the estimated cost, rather than the actual execution cost. The amount equivalent to the execution cost is calculated at a predetermined rate, so you can check the rate at the

time of application.

Since the execution cost equivalent method is calculated based on the estimated cost, there may be a discrepancy with the actual execution cost. If the actual execution cost exceeds the amount equivalent to the execution cost, the excess amount will be reimbursed by the Fund. Accordingly, investors who hold the Fund (other than those who have made additional or partial cancellations) will also indirectly bear a portion of the execution costs incurred by investors who have made additional or partial cancellations.

On the other hand, if the actual execution cost is less than the amount equivalent to the execution cost, the investor who made the additional establishment or partial cancellation will pay more to the fund than the actual execution cost, and the difference will belong to the fund.

#### (1) Actual Execution Amount Adjustment Method

In the event of an additional establishment or partial cancellation, the investor will be required to bear the actual execution costs incurred in the securities purchase and sale transactions associated with the additional establishment or partial cancellation as an actual execution adjustment. The Company shall bear the cost of foreign exchange and contract contracts associated with securities purchase and sale transactions in an amount calculated by multiplying the base price by a certain rate determined in advance by the entrusting company. In addition, there are cases where the consignment company does not impose costs for the exchange and reservation exchange contracts at its discretion. The actual amount of execution adjustment shall be calculated by the sum of (1) ~ (3) below.

(1) The difference between the contract price and the price at which the included securities are evaluated for the purpose of calculating the total net assets in the purchase and sale of the included securities (2) the estimated cost of foreign exchange and reserved exchange contracts associated with the purchase and sale of the included securities specified in advance by the entrusting company, (3) fees, taxes and other expenses separately collected in connection with the transactions of the included securities, etc. However, the calculation method may differ from the above depending on market trends and other unavoidable circumstances.

The actual amount of execution adjustment may differ for each additional trust and partial termination transaction. The purchase price (and redemption amount) is calculated by adding or subtracting the actual execution adjustment amount to the amount obtained by multiplying the purchase price (or redemption value) by the number of units required for the purchase (or redemption) according to the

amount of the actual execution adjustment.

The amount of the Actual Amount of Additional Trust Execution Adjustment and the Actual Amount Adjustment for Partial Termination Execution is subject to change from time to time, and the upper limit cannot be indicated herein.

(2) Execution Cost Equivalent Amount Method The execution cost equivalent amount method differs from the (1) Actual execution amount adjustment method in that the investor is required to bear the additional trust execution cost equivalent to the rate set by the entrusting company as an amount equivalent to the additional trust execution cost or an amount equivalent to the partial cancellation execution cost. The amount equivalent to the execution cost is basically calculated by weighting the difference between (1) and (2) or (3) according to (4), using (1) ~ (4) as the main calculation elements.

(1) The price at which the included securities are valued for the purpose of calculating the total net assets of the Fund, (2) the estimated transaction price when buying and selling the included securities, (3) fees, taxes and other transaction costs collected separately in connection with the transactions of the included securities, etc., (4) the inclusion ratio of the included securities in the Fund In addition, the amount equivalent to the additional trust execution cost at the time of purchase and the amount equivalent to the partial cancellation execution cost at the time of redemption are separately stipulated in. Notwithstanding the foregoing, depending on market trends and investment conditions at the time of calculation, the Company may take into account other factors that are judged to be effective in estimating the estimated transaction price and transaction cost of the stock to be traded as appropriate. In addition, if the number of purchases and redemption applications exceeds a certain number, the rate offered on the previous business day may be recalculated and changed.

Expenses to be borne indirectly by investors (i.e. expenses paid out of the Fund's assets)			Details of expenses
Management Fee (Trust Fee)	The Fund's total net assets at an annual rate of <u>0.0154% (incl. tax) (0.14% excl tax)</u> or less * The trust fees are calculated daily and paid out of the fund's assets at the end of the fund's calculation period and or at the termination of the trust.		Management fees (trust fees)=NAV during the calculation period x trust fee
	Breakdown of Management	Management Company	Annual rate of 0.1265%
			Expenses related to fund management, calculation of

	Fee		(0.115% excl taxes) or less	the NAV, preparation of various documents, and other services
		Trustee	Annual rate of 0.0275% (0.025% excl taxes) or less	Expenses related to administration of investment assets, execution of instructions received from the management company, and other services
Other Expenses and Fees	<p>Expenses related to listing and index licensing will be charged to the fund at the maximum annual rate of 0.0242% (0.022% excluding taxes). This expense is accrued daily and payable from the fund at the end of each calculation period or at the fund's termination.</p> <p>Other fund costs and expenses, including trading fees are paid out of the fund's assets at the time the costs arise or at the end of each calculation period or at the fund's termination.</p> <p>If the fund conducts securities lending, less than 50% of the proceeds from lending activities will be paid as compensation to the investment manager.</p> <p>* Other fees cannot be predetermined as they are subject to fluctuation of fund assets and other factors.</p>			<p>Other fund costs include:</p> <p>Auditing fees for the fund's financial statements, taxes imposed on fund assets, other misc. fees admin fees related to the management of the fund's assets, and interest on advances provided by the trustee.</p> <p>Trading fees include brokerage commissions related to the trading of the fund's underlying assets.</p>

\*The total amount of commissions, expenses, etc. borne by investors varies depending on the holding period of the units of the fund.

\*Broker commissions charged on creation orders, exchange (purchase fees), management fees (trust fees), and other expenses and fees include consumption tax and local consumption tax.

## Taxes

- Taxes are incurred as outlined below.
- The following table shows withholding tax rates for individual investors, which may vary depending on the investors tax situation and tax filing method.

Transaction	Item	Tax
Distribution	Income tax and local tax	Taxable as dividend income 20.315% of a distribution amount
Repurchase and Redemption	Income tax and local tax	Taxable as capital gains 20.315% of capital gains on the repurchase and redemption

\*For usage in the Nippon Individual Savings Account (known as “NISA”):

If the fund is held in NISA, the taxes on the dividend income and capital gains arising from the publicly-offered stock-type investment trusts and other instruments that are newly purchased up to a certain amount each year will be exempted for a certain period of time. A person who satisfies certain requirements such as opening tax-exemption account may use NISA. For the details thereof, including the amounts and periods eligible for tax exemption, please contact your type I financial instrument business firm.

\*Different tax rates are applicable to corporations.

\*Tax rates, etc. may be changed if tax laws are revised. The above tax rates are as of June 2023. It is recommended investors consult tax professionals regarding tax treatment.