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This Brochure provides information about the qualifications and business practices of Asset Management One Co., Ltd. If you have any questions about the contents of this Brochure, please contact us at 81-3-6774-5000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authorities.

Asset Management One Co., Ltd. is an SEC-registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Asset Management One Co., Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

This June 2017 edition of the Firm's Brochure contains certain material changes since the last update of the Brochure dated as of October 2016. Set forth below is a summary of the material changes:

Item 1: Cover Page

The Firm updated the date.

Item 4: Advisory Business

The Firm updated its AUM.

Item 5: Fees and Compensation

The Firm updated its fees and expenses description

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

The Firm updated its investment strategies.

Item 9: Disciplinary Information

The Firm added the disciplinary disclosure of closed case.

Item 13: Review of Accounts

The Firm added the frequency and method for reporting.

Pursuant to SEC Rules, Asset Management One will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of Asset Management One's fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We urge you to read it carefully and feel free to contact us with any questions you may have.

<b>Item 1 Cover Page.....</b>	<b>Page 1</b>
<b>Item 2 Material Change.....</b>	<b>Page 2</b>
<b>Item 3 Table of Contents.....</b>	<b>Page 3</b>
<b>Item 4 Advisory Business.....</b>	<b>Page 4</b>
<b>Item 5 Fees And Compensation.....</b>	<b>Page 5</b>
<b>Item 6 Performance-Based Fees and Side-By-Side Management.....</b>	<b>Page 6</b>
<b>Item 7 Types of Clients.....</b>	<b>Page 7</b>
<b>Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>Page 8</b>
<b>Item 9 Disciplinary Information.....</b>	<b>Page 12</b>
<b>Item 10 Other Financial Industry Activities and Affiliations.....</b>	<b>Page 13</b>
<b>Item.11 Code of Ethics.....</b>	<b>Page 15</b>
<b>Item 12 Brokerage Practices.....</b>	<b>Page 16</b>
<b>Item 13 Review of Accounts.....</b>	<b>Page 18</b>
<b>Item 14 Client Referrals and Other Compensation.....</b>	<b>Page 19</b>
<b>Item 15 Custody.....</b>	<b>Page 20</b>
<b>Item 16 Investment Discretion.....</b>	<b>Page 21</b>
<b>Item 17 Voting Client Securities.....</b>	<b>Page 22</b>
<b>Item 18 Financial Information.....</b>	<b>Page 23</b>

## **ADVISORY BUSINESS**

Asset Management One Co., Ltd. (the "Firm") is the Head Quarters of the Asset Management One Group, a global investment management company based in Tokyo, Japan. The Asset Management One Group was formed in 2016 as a joint venture between Mizuho Financial Group, Inc. (NYSE: MFG) and Dai-ichi Life Holdings, Inc. from pre-existing asset management units within each company.

Dai-ichi Life Holdings Inc. is one of the four major life insurance companies in Japan and Mizuho Financial Group, Inc. is one of the top banks in Japan. Dai-ichi Life Holdings, Inc. owns 49% and Mizuho Financial Group, Inc. owns 51% stake in the Firm, which in turn is the sole shareholder of other Asset Management One Group entities.

The Asset Management One Group consists of Asset Management One Co., Ltd., Asset Management One International, Ltd. (UK), Asset Management One USA Inc., Asset Management One Singapore Pte. Ltd., and Asset Management One Hong Kong Limited.

The Asset Management One Group inherited the years of experience and strong investment foundation of its predecessors and has further broadened its base to become one of the largest managers of Japanese pension assets in the world. Today, in an economic landscape undergoing seismic change, our experience in Japanese pension asset management and our access to the expertise of our global affiliates, uniquely positions us to assist investors in managing portfolio risks and returns on a global basis.

Asset Management One Co., Ltd. offers discretionary and non-discretionary investment advisory services to pension funds, public funds, financial institution, institutional clients, and corporate clients, for whom we provide strategic products tailored to suit their respective investment goals and investment time spans. We also provide investment advisory services to pooled investment vehicles including Japanese investment trusts.

Internationally, we offer institutional investors tailor-made, full-service managed solutions that draw on a wealth of expertise in Japanese equity, Japanese fixed-income, and a range of other pension and retirement planning products.

As of the end of March 2017, our assets under management are US\$463 billion.

## **FEES AND COMPENSATION**

Asset Management One Co., Ltd's (the "Firm") fee arrangements are generally based on a percentage of the market value of assets under management or advisement, although the firm may also charge performance-based fees, flat fees or apply other alternative fee structures. The specific fee arrangements with respect to any given account are negotiable on a client-by-client basis. When determining appropriate fees, the firm may take into account, among other things, the account's investment strategy, the level of servicing required by the account. The allocation of these expenses will be made in accordance with the agreement in place between Asset Management One Co., Ltd. and the separate account client.

Asset Management One Co., Ltd. does not select account custodians on behalf of separate account clients or serve as the custodian of separate account client account assets. Clients will be responsible for charges imposed by custodians, such as custodial fees.

Depending on the actual content of discretionary investment contracts with investors, Asset Management One Co., Ltd. may sometimes purchase investment trust products or conduct derivative transactions based on discretionary investment considerations. In such cases, there may be variable additional costs incurred, including investment trust management fees and derivative transaction execution fees. In such cases, total investment management costs may also vary.

Other expenses such as brokerage fees and custodial fees for foreign currency denominated securities may also be incurred. Audit costs and trust-related expenses may also be incurred as a result of investment trust purchases based on discretionary investment considerations. Amounts may vary according to investment management status, and cannot be stated in advance.

Asset Management One Co., Ltd. generally bills clients quarterly in arrears.

**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As mentioned in the Item 5, Asset Management One Co., Ltd. may sometimes charge performance-based fees to clients based on agreements. The criterion for calculating Performance-based fees may vary depending on agreements concluded between clients and Asset Management One.

Asset Management One manages both accounts that are charged a performance-based fee and accounts that are charged an asset-based fee. Even in such a situation, Asset Management One strictly pursues maximizing each client interest under proper corporate governance and internal control structure. To address the conflicts of interest arising between the firm and clients, Asset Management One has the conflicts of interest management policy. In the policy, the possible transactions which may incur the status of the conflicts of interests are broken down into specific patterns which are updating as needed.

### **TYPES OF CLIENTS**

Asset Management One Co., Ltd. offers discretionary and non-discretionary investment advisory services to pension funds, public funds, financial institutions, institutional clients, and corporate clients, for whom we provide strategic products tailored to suit their respective investment goals and investment time spans. We also provide investment advisory services to pooled investment vehicles including Japanese investment trusts.

The minimum account size will be determined by the Firm on a case-by-case basis, relying on a number of factors including (but not limited to) the types of investments to be made for the account.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **An investment philosophy**

We put the customer first in everything we do and build partnership with our clients to provide best solutions for our customers' financial needs by employing a forward-thinking and progressive approach, maintaining a broad overview of trends in a constantly changing world, and think flexibly rather than just focusing on the past. We work as a team, drawing on our wealth of experience and breadth of expertise, and aim to fully harness our combined capabilities. We are determined to overcome any challenges, paving the way for a better future.

We continuously watch for the market inefficiency (gaps between market price and fair value) and seek to capture investment opportunity by bottom-up approach leveraging the global research networks, top-down approach by macro-economic analysis and quantitative approach using the latest financial engineering to aim to achieve excess returns for the mid to long-term.

Furthermore, we will earn the trust of customers by enhancing the transparency and credibility of investment management through high levels of self-discipline, risk management and compliance based on our fiduciary duties.

### **A team approach that ensures better service at every level**

Asset Management One Co., Ltd. takes a team approach that enables us to continuously provide top-level services to all clients. Our approach is based on the belief that a team composed of professionals who share a common goal and rules enables us to avoid individual misjudgments, and to make high-quality investment decisions through creative information exchange and discussion. At all levels of investment meetings held at Asset Management One, investment professionals are reviewed and examined closely as to whether they have fulfilled their individual roles on the team, and contributed to the common goal of high-quality investment services.

### **A broad product line-up backed by global expertise**

Asset Management One Co., Ltd. provides a variety of strategies and funds by fully utilizing qualitative and quantitative investment platforms. With a combination of flexible investment approaches and strict risk management, we manage assets ranging from equity and fixed income investments, to quantitative and REIT products with various geographical focuses



such as Japan, regional and global. Whether it be active or passive, alpha-focused or beta-focused, our professionals are equipped with the know-how and experience to meet client needs.

### **Japanese Equity**

Asset Management One Co., Ltd. not only have well-built bottom-up and passive quantitative products, but also unique and strong top-down and active quantitative products. In Japan, Asset Management One Co., Ltd. is a leading force in the creation of active quantitative products. From large-cap focused blue-chips to high-growth potential small/mid-caps, we customize products according to various client needs.

### **Global Equity**

Asset Management One Co., Ltd. is not only an expert in managing Japanese products, but also has the expertise to provide global portfolios. Utilizing both qualitative and quantitative strategies, we have developed solid diversified global portfolios for our large domestic institutional clients for many years, and are now drawing on that experience to expand internationally.

### **Japanese Fixed Income**

In times of market uncertainty, global investors face a more challenging task when diversifying their assets for investment. For international institutional investors interested in fixed income investment, yen-denominated fixed income products are one major vehicle of currency and market diversification. In terms of Japanese fixed income strategies, Asset Management One has a team of dedicated specialists with wide-ranging investment experience and extensive knowledge of the unique practices and attributes of the Japanese fixed income market. Fully utilizing the strong economic research resources provided by our parent group companies and internal economic analysts and credit analysts, we offer a comprehensive product line covering relative return and absolute return strategies, and short-, mid-, and long-term investment horizons.

### **Global Fixed Income**

We offer global fixed income products to clients while cooperating with our overseas subsidiary, London, NY and SG. This cooperation enables us to invest not only in sovereign bonds in developed country but also in credit market and emerging market. We have developed solid diversified global portfolios for our large domestic institutional clients for many years, and are now drawing on that experience to expand internationally.

### **Investment Solution**

Product innovation has been vital to Asset Management One Co., Ltd.'s success in the pension market. It has led to the development of innovative solutions such as downside risk control and absolute return. Regarding downside risk control, we offer Dynamic Hedging Strategy, which aims to limit the range of the losses and enjoy the benefits of a rising market during a specific investment period. And regarding absolute return, we offer Multi-assets & Beta Control Strategy, which aims to generate stable risk adjusted returns by seeking a multitude of risk premium without relying on top-down judgments and forecasts.

### **REITs and Other Alternatives**

For investors who want to diversify their investments into assets other than traditional equity or fixed income products, we have strengthened our REIT-related and alternative product lines. In REITs, we offer a full line-up of Japanese REITs, as well as both active and passive global products. In alternative products, we draw on our strong customization capabilities to offer a diverse range of strategies with an absolute return focus.

### **Investment Advisory Service Financial Product Risks**

Securities and other instruments (stocks, government bonds, corporate debentures, real estate investment trusts, investment trust securities, etc.) are expected to experience price fluctuations, and such fluctuations may cause the value of discretionary and advisory account assets under management to fall below their value at time of purchase. As such, neither purchase price principal nor any specific dividend yield or performance rate is guaranteed. The purchaser shall assume responsibility for any losses incurred.

Major risks related to our investment strategies include the following:

- **Price Volatility Risk:**

Prices of stocks and securities are known to fluctuate widely and such price fluctuations in individual stocks and the stock market overall may contribute to a decline in the value of assets under management.

- **Securities Selection Risk:**

Securities selection may contribute to a decline in the value of assets under management irrespective of overall securities market trends.

- **Liquidity Risk:**

An inability to execute trades at the most advantageous time due to low trading volume

may contribute to a decline in the value of assets under management.

- **Credit Risk (Stocks):**

In such a case when the issuer of the stock goes into financial difficulty or default etc, invested assets may become unrecoverable. Additionally, in the case when the issuer is expected to go into such situation, the price of the stock issued by the issuer will decline and it may be the factor for the depreciation in the assets under management.

- **Interest Risk:**

Bond prices generally fall as interest rates rise, and such price fluctuations may contribute to a decline in the value of assets under management.

- **Credit Risk (Fixed Income):**

Invested assets may become unrecoverable if issuers of corporate/sovereign bonds, commercial paper or short-term financial instruments become insolvent or experience calamitous declines in creditworthiness. Market anticipation of such declines may also contribute to a decline in the value of assets under management.

- **Foreign Currencies Risk:**

Fluctuations in the currency market may have an impact on the value of assets under management. As a result, investors may suffer losses arising from foreign exchange fluctuations. Investment in foreign currency denominated assets may also be affected by regional political and economic conditions, currency and capital regulations and other factors that may contribute to a decline in the value of assets under management.

- **Country Risk:**

Financial market turbulence caused by country-specific political, economic or regulatory changes may constrain fund management and contribute to a decline in the value of assets under management.

- **Derivative Risk:**

Some products may include derivatives in their investment strategy. In such cases, declining or low correlation with underlying hedged products, liquidity risks, margin deposit losses, leverage risks and other factors may contribute to a decline in the value of assets under management.

### **DISCIPLINARY INFORMATION**

On September 30, 2016, the Tokyo District Court handed down a judgment requiring Shinko Asset Management Co., Ltd. (“Shinko,” which previously merged into DIAM Co. Ltd., an entity that changed its name to Asset Management One Co. Ltd. as of October 1, 2016) to pay Yen 40 million to a plaintiff alleging that Shinko negligently caused a trade error that allegedly resulted in a financial loss to the plaintiff. The plaintiff in the case was one of the investors in a privately placed Japanese investment trust fund (the “Fund”) for qualified institutional investors and which was managed by Shinko.

Shinko sold equities in the Fund in accordance with the plaintiff’s redemption requests by phone. Later on the same day the plaintiff submitted its redemption requests, it was discovered that the redemption amount entered was one figure greater than plaintiff’s intended amount. Shinko bought back the equities, but this resulted in a loss to the Fund. As a result, the plaintiff alleged that Shinko caused a financial loss to the plaintiff. The court’s award of damages to the plaintiff was only a part of the amount originally claimed by the plaintiff, as the court found that there was comparative fault (*i.e.*, the court found that the plaintiff’s negligence of conveying wrong redemption amount by phone, was one of the major causes of the alleged financial loss). Neither party appealed the ruling, and the case has been closed.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILITATIONS**

Asset Management One Co., Ltd. has relationships and arrangements which are material to its business as an investment adviser. These include:

*\* Direct parent companies and affiliates are publicly-traded issuers in Japan and the United States.* From time to time, Asset Management One Co., Ltd., in its capacity as your investment manager, may invest or may recommend an investment in securities issued by one of its publicly-traded affiliates ("Affiliate Securities"); Mizuho Financial Group, Inc. (NYSE: MFG, also traded in Japan), and Dai-ichi Life Holdings, Inc. both of which are listed in Japan. Mizuho Financial Group, Inc. is the holding company for the following affiliates: Mizuho Bank, Ltd (merger of Mizuho Corporate Bank, Ltd and Mizuho Bank, Ltd on July 1, 2013); Mizuho Securities Co, Ltd (merger of Mizuho Securities Co., Ltd and Mizuho Investor Securities Co., Ltd on January 4, 2013); and Mizuho Trust & Banking Co., Ltd..

Investments or recommendations for investments, as the case may be, in some or all of these Affiliate Securities may be made for your account in instances where the transaction meets the criteria set forth in your investment guidelines. Investment decisions are based on publicly available information and our analysis of that information. Even though Asset Management One Co., Ltd. is directly or indirectly affiliated with these companies, we do not have access to their non-public information such as earnings, other financial data or other information that could impact the price of their publicly-traded securities or otherwise improperly influence our investment decision.

Purchases of Affiliate Securities will only be made where such investments are suitable for the client and not prohibited by the applicable law or agreed-upon investment guidelines for the client's account. At no time will Asset Management One Co., Ltd. or its clients acquire a control position in these Affiliated Securities.

*\* Indirect client relationships.* Asset Management One Co., Ltd. recommends transactions to, and makes investment decisions on behalf of, its clients based solely on investment considerations, including whether the investments are suitable for the client and are consistent with the client's objectives, policies and restrictions, if any. From time to time, Asset Management One Co., Ltd. may recommend or make an investment decision that involves the equity securities of an issuer with which Asset Management One's affiliates, including Dai-ichi Life Holdings, Inc. and Mizuho Financial Group, Inc. has a client relationship. Asset Management One Co., Ltd. is at all times unaware of the nature and scope of any such relationships, other than any information disclosed in publicly available

## Item 10 Other Financial Industry Activities and Affiliations

sources. At no time does any such relationship influence any investment decision or recommendation made by Asset Management One Co., Ltd..

\* *Direct client relationships.* From time to time, we may invest equity accounts in securities of publicly-traded companies for which Asset Management One Co., Ltd. or its Asset Management One Group affiliates perform investment advisory services. Asset Management One Co., Ltd.'s investment decisions are based solely on investment considerations, including whether the investments are suitable for the client and are consistent with the client's objectives, policies and restrictions, if any.

\* *Sub-Advisory Relationships with Affiliates.* Mizuho-DL Financial Technology, an indirect affiliate, serves as a sub-adviser to certain funds managed by Asset Management One Co., Ltd.. Asset Management One Co., Ltd. acts as sub-adviser or lead adviser to other members of the Asset Management One Group.

\* *Transactions with Affiliates.* From time to time, Asset Management One Co., Ltd. may execute transactions through Mizuho Securities, an indirect affiliate or another Mizuho entity ("Mizuho Affiliate"), either in Japan or the United States. In some instances, the Mizuho Affiliate may effect these trades on a principal basis, with securities traded from its own account. Under the rules of the Securities and Exchange Commission, Asset Management One Co., Ltd. cannot engage in these principal transactions without your consent. Asset Management One Co., Ltd. does not receive compensation of any kind for placing these orders through the Mizuho Affiliate and will only trade with the Mizuho Affiliate in order to get the best price or the Mizuho Affiliate is the only broker or dealer that is able to execute the order due to size or other considerations. Where securities are purchased through unaffiliated brokers, Asset Management One Co., Ltd. will not request your consent prior to transactions unless specifically instructed by you in writing.

\* *Cost-plus Service from Asset Management One Group companies.* Asset Management One Co., Ltd. receives from *Asset Management One Group* investment management services and certain investment management-related support services. Asset Management One Co., Ltd. pay fees for such services to Asset Management One Group companies on a cost-plus basis pursuant to the Service Agreement between the parties.

## **CODE OF ETHICS**

Asset Management One Co., Ltd. operates under a Code of Ethics and Business Conduct pursuant to the provision of 204A-1 of the Investment Advisers Act of 1940. Asset Management One Co., Ltd.'s standards of business conduct as a fiduciary and specifically requires that Asset Management One Co., Ltd. employees comply with applicable laws, regulations, and Asset Management One Co., Ltd.'s policies and procedures.

Asset Management One Co., Ltd. has adopted other compliance related policies and procedures to address the matter of personal account trading by the employees, information security management, gifts and entertainment, insider trading, anti-money laundering, conflicts of interest, and so forth.

With respect to participation or interest in client transactions, Asset Management One Co., Ltd. may buy or sell the same securities that Asset Management One Co., Ltd. buys or sells for client accounts at or about the same time. To make sure that there shall be no conflict of interest between Asset Management One Co., Ltd. and its clients, Asset Management One Co., Ltd. separates the department in charge of Asset Management One Co., Ltd.'s own account trading from the Investment Division which manages the client accounts or portfolios pursuant to rules of the Japan Securities Investment Advisers Association. By separating those departments and divisions, the information regarding client transactions is not shared with the department in charge of Asset Management One Co., Ltd.'s own account trading.

Asset Management One Co., Ltd. provides a copy of above policies and procedures to any client or prospective client upon request.

Please see the section of this Brochure entitled "Other Financial Industry Activities and Affiliations" for a discussion of Asset Management One Co., Ltd.'s affiliation with other Asset Management One Group entities and how those affiliations may affect clients of Asset Management One Co., Ltd..

## **BROKERAGE PRACTICES**

Asset Management One Co., Ltd. selects the broker-dealers based on a variety of factors set forth in the Broker Selection Principles to perform fiduciary duty and best execution for our clients. These include, for instance, credit strength, trade execution capability, clearance and settlement practices and the quality of information services, and so forth. By recognizing the value of above factors, Asset Management One Co., Ltd. may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transactions. However, Asset Management One Co., Ltd. does not pay brokerage commissions higher in return for any proprietary research receives from brokers nor does Asset Management One Co., Ltd. engage in any soft dollar practices.

### **Research and other Soft Dollar Benefits**

The use of client securities transactions to obtain research and other benefits creates incentives that result in conflicts of interest between investment advisers and their clients. As a result, Asset Management One Co., Ltd. chooses not to enter into such arrangements.

Asset Management One Co., Ltd. receives proprietary research products from its executing broker-dealers as part of the ordinary course of business, without Asset Management One Co., Ltd. having any obligation to route our clients' trades to any specific broker-dealers. These research products include, but are not limited to, published reports and analysis of issuers, industries, market trends and related technical information and access to analysts on the telephone and at broker-dealer-sponsored research conferences and seminars. Research products may be used in servicing any or all of Asset Management One Co., Ltd.'s clients.

### **Brokerage for Client Referrals**

Asset Management One Co., Ltd. does not engage in and not intend to enter into the practice of selecting, recommending or otherwise rewarding broker-dealers where those broker-dealers refer clients to Asset Management One Co., Ltd. or any of its affiliates.

### **Directed Brokerage**

Asset Management One can accept that its clients direct it to execute transactions through a specified broker-dealer in accordance with clients request or the guidelines, provided that there shall be the approval by the director or executive officer over such directed brokerage. By accepting directed brokerage, Asset Management One Co., Ltd. may be unable to achieve most favorable execution of client transactions. And also, directing brokerage may



cost clients more money, for instance, the client may pay higher brokerage commissions because Asset Management One Co., Ltd. may not be able to aggregate order to reduce transaction cost, or the client may receive less favorable prices.

**Trade Aggregation**

Clients engaging an investment adviser can benefit when the investment adviser aggregates the purchase or sale of securities to reduce transaction costs. Asset Management One Co., Ltd. aggregates client orders where investment strategies are identical or substantially similar.

## **REVIEW OF ACCOUNTS**

Client accounts are reviewed daily by the portfolio managers for triggers such as release of economic data, price movements, or other material changes.

On daily basis, the Risk Management Group in charge of monitoring and control of risk management independent from the Investment Division, monitors portfolios with checking allocation rate of securities, investment trust ownership ratio, and other materials important to investment risk management.

On monthly basis, the Risk Management Group, a department independent from the Investment Division, conducts a fund examination to ensure consistency and stability of investment management and to see if funds are managed in accordance with the designated investment management processes, as well as to raise investment management quality.

The firm also conducts a client guideline check to monitor compliance with investment activities and a trade monitoring to prevent market manipulation and other illegal trade executions as well as unfair trade practices, such as making use of special position as an investment adviser.

The firm produces periodic statements and investment review reports in writing for each client in accordance with the requirements set out in individual investment management agreements.

**CLIENT REFERRALS AND OTHER COMPENSATION**

Asset Management One Co., Ltd. and any of our affiliates do not compensate a third party for client referrals. Asset Management One Co., Ltd. and any of our affiliates do not receive any compensation or economic benefit including sales awards and prizes from a third party for providing investment advice or other advisory services to clients.

**CUSTODY**

Asset Management One Co., Ltd. does not have any custody of client funds or securities. The clients will receive statements, at least quarterly, directly from their custodian. We urge our clients to carefully review these statements and compare them to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates and valuation procedures.

**INVESTMENT DISCRETION**

Asset Management One Co., Ltd. typically receives investment discretion in a written investment management agreement signed by each client. Discretion is granted to select the issuers, amount and brokers through which such transactions will be executed. The investment management also contains each client's specific investment objectives, guidelines and restrictions.

## **VOTING CLIENT SECURITIES**

From a point of view of fiduciary and social responsibilities as an investment manager, Asset Management One Co., Ltd. exercises the voting rights on behalf of clients in the way that seems the most appropriate to advance clients' or beneficiaries' interest.

By utilizing the proxy voting rights, Asset Management One Co., Ltd. urges the invested companies to pursue the primary goal, that is, to deliver shareholder value oriented management under proper corporate governance.

Asset Management One Co., Ltd.'s clients can direct proxy voting upon request. Asset Management One Co., Ltd. and the clients will discuss about criterion to decide to vote for, against, withheld, or give a carte blanche to invested companies.

The Responsible Investment Committee established as a management policy committee will supervise the exercise of voting rights and will seek to manage conflicts of interest. The Responsible Investment Committee is chaired by the head of the Investment Division, and the members of the committee include the head of the Risk Management Division. To promote responsible investment, the committee will thoroughly discuss issues in the asset management unit, which is independent of the corporate planning unit and the sales unit. The company will build a proper check system where the audit and supervisory committee members attend meetings of the Responsible Investment Committee.

Upon request, Asset Management One provides clients with information about how Asset Management One Co., Ltd. voted their securities and with a copy of the proxy voting policies and procedures.

**FINANCIAL INFORMATION**

Asset Management One Co., Ltd. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.