



## Invesco Asset Management (Japan) Limited

### **Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of Invesco Asset Management (Japan) Limited. If you have any questions about the contents of this brochure, please contact us at: (813)6447 3000 or by email at: [tsuyoshi.mochiyama@invesco.com](mailto:tsuyoshi.mochiyama@invesco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Invesco Asset Management (Japan) Limited is available on the SEC's website at [www.adviseinfo.sec.gov](http://www.adviseinfo.sec.gov).

**December 31, 2020**

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

The last annual update to the Form ADV was completed on March 31, 2020.

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### **Material Changes since the Last Update**

The last annual update to the Form ADV Part 2 was completed on March 28, 2020. No material changes have been occurred since the previous review of the firm Brochure on December 31, 2020.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (813) 6447 3000 or by email at: [tsuyoshi.mochiyama @invesco.com](mailto:tsuyoshi.mochiyama@invesco.com)

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## **Advisory Business**

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### **Firm Description**

Invesco Asset Management (Japan) Limited (“IAMJ”) is a leading independent global investment management company and operating and managing equity, balanced and money market vehicles since 1983. The Tokyo based Invesco office obtained a Japanese Investment Trust Manager license as one of the first foreign fund management companies in 1990, and today, Japanese equity is one of the largest foreign owned fund management operations in Japan, is managing Japanese assets for institutional clients and individual investors.

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### **Principal Owners**

IAMJ is wholly-owned by Invesco Far East Limited which is wholly-owned by Invesco Holding Company Limited. Invesco Holding Company Limited is wholly-owned by Invesco Ltd, which is publicly traded on the New York Stock Exchange as IVZ.

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### **Types of Advisory Services**

IAMJ provides investment supervisory services, also known as asset management services; manages investment accounts and provide investment advice for the advisory accounts; issues periodical materials about the fund performance as well as market views.

As of December 31, 2020, IAMJ manages approximately \$ 34,813 million in assets for its discretionary and advisory accounts.

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### **Tailored Relationships**

The goals and objectives for each client are documented in investment management agreements/advisory agreements. Clients may impose restrictions on investing in

certain securities or types of securities for the Discretionary Investment Management Agreement.

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## Types of Agreements

The following agreements define the typical client relationships.

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### Investment Management Agreement

Most clients choose to have IAMJ manage their assets through a Discretionary Investment Management Agreement (hereinafter called the “IMA”). These include full discretionary, Japanese investment portfolio services to pension clients based in Japan. These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

The scope of work and fee for an Investment Management Agreement is provided to the client in writing prior to the start of the relationship.

Investments mainly include equities, bonds, funds, cash equivalents and financial derivative instrument.

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### Investment Trust Management

This represents the management of investment trusts (hereinafter called the “J-fund”) which are organized under Japanese laws and regulations and distributed to investors in Japan, usually distributed through broker dealers and retail banks.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate

Investments mainly include equities, bonds, funds, cash and cash equivalents and financial derivative instrument.

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## Advisory Service Agreement

Some of the IAMJ's client would like to obtain IAMJ's advice on IAMJ expertise of managing a portfolio of Japanese securities and enter an Advisory Service Agreement (hereinafter called the "ASA") with IAMJ.

The scope of work and fee for an ASA is provided to the client in writing prior to the start of the relationship.

These services will be furnished against the payment of a fee which is based on the value of asset under management and complexity of the mandate, and it is subject to negotiation.

IAMJ will also provide sub-advisory services to affiliated entities under common ownership of Invesco Ltd.

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## Termination of Agreement

The IMA and the ASA generally may be terminated by either party upon prior written notice. Upon termination, any unearned fee will be refunded to the client in accord with the client.

## **Fee and Compensation**

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### Description

With regards to investment service includes the IMA, the J-fund and the ASA, IAMJ receives payment of a fee which is based on the value of asset under management and complexity of the mandate which are subject to negotiation.

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### Billing

Investment management fees are billed in arrears, meaning that IAMJ invoices the

client for the IMA and the ASA after the billing period ended. Billing period would be subject to the agreement with the client; Payment in full is expected upon invoice presentation. Client can elect to deduct fees from client's assets or to have separate bill on this.

With regards to the J-fund IAMJ will receive management fee after billing period ended from a J-fund respectively. Billing period would be subject to its trust deed.

## **Performance-Based Fees**

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### Performance-Based Fees

The client for Discretionary Investment Management Agreement can select fixed fee or performance-based fees. Some of IAMJ's clients select performance-based fee.

IAMJ has the fair allocation policy and procedures in place to ensure fair allocation of executed securities among accounts/funds. Under certain condition, the orders are combined with other client's account and executed shares are allocated fairly by trading system automatically. IAMJ Compliance receives Daily Allocation Report and confirms if there is any unfair allocation or suspicious allocation by manually. In addition, IAMJ monitors asset commonality of accounts which hire same investment strategy and asset commonality report is periodically reported to Investment Risk Management Committee.

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### Performance fees

As negotiated with certain clients or the trust deed of J-Fund, additional fees may be paid, based on portfolio out-performance relative to an agreed formula.

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### Other Fees

Brokerage fees would be incurred during the execution of securities transactions. Custodian who keeps client money in outside Japan may charge transaction fees for



certain transaction that are usually small and incidental to the purchase or sale of a security.

IAMJ may buy or sell securities or investment products in which IAMJ or Invesco Ltd's affiliates or the portfolios managed by IAMJ or IAMJ's affiliates' may have some financial interest.

Concerning said investment product, there may be other fees such as the initial fees or the redemption charges which are stated in the relevant prospectuses.

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## Conflicts of Interest

IAMJ may acquire funds which are managed by IAMJ's affiliates for the clients' portfolios. In these cases, pre-approvals from clients need to be obtained in writing and the limits on such investment, as well as the fees are needed to be agreed before any purchase can be made.

## Types of Clients

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### Description

IAMJ generally provides investment advice/managed assets for financial institutions, investment companies, pension, trusts or foundations, corporations or business entities, or other entities. Client relationships vary in scope and length of service. J-fund is mainly distributing to mainly individual investors in Japan.

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### Account Minimums

In general, the minimum account size for Japanese equity strategies is \$ 30 million of assets under management for the IMA which have direct holdings on the investments.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

#### **Japanese Equity Investment**

Security analysis methods are essentially based on company fundamentals analysis. The research is primarily done by the internal analysts and portfolio managers. The main sources of the information are obtained from direct contacts with companies including meetings with company officials and/or management, onsite visits, conference calls, etc. Sell-side research is also utilized complementarily.

#### **Global Quantitative Equity Investment**

Security analyses are based on quantitative research. The research team at Invesco Global Quantitative Equity is responsible for all the quantitative researches, which include factors analysis, investment infrastructure maintenance, simulation of fund management methodology, investment model development, academic research monitoring, etc. Publicly available data such as equity market related data, financial results of individual companies, and also estimated earnings by sell-side analysts are utilized.

#### **Japanese Government Bond Investment**

We invest in Japanese bond market by quantitative approach to analyze individual securities. We manage risk of Japanese bond portfolio by sector, duration and yield curve.

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### **Investment Strategies**

#### **Investment style of Japanese Equity Value strategy**

We see our investment style as “relative value,” as we construct portfolios with inexpensive stocks relative to the market according to our in-depth analysis after the valuation screening using price to earnings (P/E), price to book (P/B) and price to cash flow (P/CF) ratios as screening criteria. We believe that stocks selected from the cheapest quartile of the Japanese listed market can offer investors the opportunity for superior returns relative to the benchmark over the long term. Based on this conviction, the strategy seeks to outperform the benchmark over a full market cycle using a value-oriented investment approach.

**Investment style of Japanese Equity Advantage strategy**

We pursue a relatively concentrated approach to investing in Japanese companies with measurable intrinsic value at compelling valuations. In search of high quality securities, we focus on free cash flow generation by companies, and pay particular attention to the advantages of intangible values (for example, but not limited to, brands, technical development or strong customer base) which we believe contribute to strong free cash flow generation and more pronounced shareholder value. Our unique approach to identifying value generating companies has no bias towards style (value/growth) or market capitalization (large/mid/small cap).

**Investment style of Japanese Equity Small/Mid Growth**

We primarily invest in the small/mid cap companies in their early stages where the companies will grow in size and their potential investment returns are deemed to be the highest. Accordingly, the investment style is very much growth oriented focusing on the growth stage of evolution of companies based on bottom up company research including one-on-one meetings with management as well as on-site visit. The investment time horizon is typically 3 to 5 years.

**Investment style of Japanese Equity Dividend Growth strategy**

Through the team based and bottom-up approach, we select 60 to 80 attractively valued Japanese companies with strong business model and sound balance sheet, which can deliver sustainable dividend growth in the medium to long term in order to achieve superior excess returns over a full market cycle. We utilize the established stock selection process composed of the proprietary fundamental research and analysis, and screenings based upon Invesco Japan devised “PDI (Probability of Dividend Increase) score” and dividend yield.

**Investment style of Global Quantitative Equity strategy**

We manage global or regional equity portfolios based on our proprietary quantitative investment models/approaches as a part of Invesco Global Quantitative Equity. Our products are categorized as passive strategy as well as quantitative active strategy. Passive strategy pursues rigorous risk management in order to minimize tracking errors but also paying attention to preservation of capital, which include thorough cost control and default probability screening. Quantitative active strategy portfolio is managed with

our proprietary portfolio management system. The strategy seeks to outperform the benchmark steadily by maximizing quantitative “alpha score” at a predefined level of risk. Alpha score is generated from different kinds of factors such as valuation ratios, price trend, earnings momentum etc.

### **Investment Style of Japanese Government Bond Strategy**

This strategy seeks to track the investment results of the Invesco JGB Index (JPY) by investing in Japanese bonds market. Replication strategy of the index adopts sampling method.

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### **Risk of Loss**

All investment programs have certain risks that are borne by investors. Our investment approaches constantly keep the risk of loss in mind. Investors may face the following investment risks:

- **Market Risk:** The price of equity, bond, fund or derivatives product may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a real value of money in the future will not be the same as that of today because purchasing power will be eroded at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the foreign exchanges between the home or base currency and the currencies of the investments made. This is also referred to as exchange rate risk.
- **Business Risk:** These are specific risks associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are considered liquid if securities can be sold or bought in

large quantities with small bid and offer spreads. For example, Treasury bills are highly liquid, while real estate properties are not.

- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During the periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a significant declining of market value.
- Coronavirus and Public Health Emergencies: As of the date of this filing, there is a continuing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared constitutes a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Measures taken by national and regional governments, states, districts and municipalities, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.
- Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant impact on IAMJ and its client accounts. The extent of the impact of COVID-19 or any other public health emergency on the operational and financial performance of IAMJ's client accounts will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the investments held in any client accounts as well as the ability of IAMJ to source, manage and divest investments and achieve the investment objectives of its clients, all of which could result in significant losses to such clients. In addition, the operations of IAMJ and/or its affiliates may be

significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. The full effects, duration and costs of COVID-19 are impossible to predict, and the circumstances surrounding the COVID-19 will continue to evolve.

## **Disciplinary Information**

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### **Legal and Disciplinary**

IAMJ has not been involved in legal or disciplinary events related to our asset management business.

## **Other Financial Industry Activities and Affiliations**

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### **IAMJ**

IAMJ is an indirect, wholly-owned subsidiary of Invesco Ltd. Invesco Ltd is publicly traded on the New York Stock Exchange as IVZ.

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### **Affiliations**

#### **Brokers/Dealers**

By virtue of Registrant's common ownership by Invesco Ltd, IAMJ is a related person to the broker/dealer listed below. From time to time this broker/dealer may distribute funds, limited partnerships or other private placement offerings IAMJ advises or sub-advises.

INVESCO DISTRIBUTORS, INC

INVESCO CAPITAL MARKETS, INC

### **Investment Advisers**

From time to time IAMJ or its related parties may have arrangements with the below listed investment advisers associated with creating, sponsoring, advising, owning, or providing services to mutual funds or separate accounts that may be material to the IAMJ's advisory business or its clients.

The following are the affiliated SEC Registered Investment Advisors under the common ownership of Invesco Ltd:

FOUR RIVERS INVESTMENT MANAGEMENT CO., LTD.  
HARBOURVIEW ASSET MANAGEMENT CORPORATION  
INVESCO ADVISORS, INC  
INVESCO ASSET MANAGEMENT (INDIA) PVT LTD  
INVESCO ASSET MANAGEMENT DEUTSCHLAND GMBH  
INVESCO ASSET MANAGEMENT LTD.  
INVESCO ASSET MANAGEMENT SA  
INVESCO CANADA LTD  
INVESCO CAPITAL MANAGEMENT LLC  
INVESCO CLO EQUITY FUND 3 L.P.  
INVESCO DISTRIBUTORS INC  
INVESCO EUROPEAN RR L.P.  
INVESCO FUND MANAGERS LTD  
INVESCO GLOBAL REAL ESTATE ASIA PACIFIC, INC.  
INVESCO HONG KONG LIMITED  
INVESCO INVESTMENT ADVISERS LLC  
INVESCO INVESTMENT MANAGEMENT LTD  
INVESCO LOAN MANAGER, LLC  
INVESCO MANAGED ACCOUNTS, LLC  
INVESCO MANAGEMENT S.A.  
INVESCO PRIVATE CAPITAL, INC.  
INVESCO REAL ESTATE MANAGEMENT S.À R.L.INVESCO RR FUND L.P.  
INVESCO RR FUND L.P.  
INVESCO SENIOR SECURED MANAGEMENT INC  
INVESCO SPECIALIZED PRODUCTS, LLC  
INVESCO TRUST COMPANY  
IRE (CAYMAN) LIMITED  
JEMSTEP, INC.

OPPENHEIMERFUNDS INC  
WL ROSS & CO. LLC

**Insurance Company or Agency/Trust Company**

Under the common ownership of Invesco Ltd, IAMJ is also a related person to the affiliated SEC Registered companies below.

INVESCO INSURANCE AGENCY, INC.

INVESCO PENSIONS LTD

INVESCO TRUST COMPANY

**Conflict of Interest**

The high quality of the service provision is not always the better performance of the client asset but the total service including other service, e.g., the efficient and correct operations, proper trade monitoring, etc. In principle, we should prioritize the customer's interests and effort to maximize their interest. We can realize the above service by the better performance of client asset, the efficient operations, the proper risk management, the better customer service as well as the compliance with the laws and regulations and the risk management.

As described above, for the better service provision, it is important to the better performance, the compliance with laws and regulations, and the establishment of the risk management of the risk management but in considering the maximization of the investors' interests. It is very vital to protect the conflicts of interests.

**Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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Code of Ethics

The employees of IAMJ have committed to a Code of Ethics which is approved by Invesco Ltd. IAMJ will provide a copy of the Code of Ethics to a client upon request.

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## Participation or Interest in Client Transactions

IAMJ and/or its related persons may recommend to client assets be invested in shares of investment companies or other collective investment schemes of which IAMJ or its affiliates act as investment advisor. In such cases, IAMJ will consider adjustment of investment management fee.

Furthermore, it is possible that the Applicant or its affiliates may invest their own capital in securities or investment products in which clients may also have made investment. But in normal course of business, the Applicant does not operate proprietary trading accounts.

If authorized by client, the Applicant may engage any of its affiliates to perform any services deemed necessary or appropriate in connection with the investment management services provided by the Applicant. Such engagements, including fee payments, are required to be on arms-length terms.

The Applicant has a Code of Ethics and internal policy designed to promote high ethical and professional standards and prevent conflicts of interest.

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## Personal Trading

All IAMJ employees are required to adhere to Personal Trading Policy and they are required to submit the pre-clearance personal trade request through the Compliance Reporting System and obtain pre-clearance approval prior to order for a securities transaction for their accounts including their related accounts. As a basic rule, an employee should not buy or sell for himself or permit any related account to buy or sell a security or any instrument which is (a) on the same day as any client account is trading the stock; (b) where he knows that the sale or purchase of the securities are being considered for a client account; (c) within 3 business days before or after the day on which any client account trades in the same security or instrument or in a security convertible into or exchangeable for such security or instrument (including options) on transactions.

The personal trading is reviewed by the Compliance Reporting system and Compliance

Department ensure that the personal trading of employees does not affect the markets, and conflict of interest against client asset.

## **Brokerage Practices**

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### Selecting Brokerage Firms

We will only place trades with broker-dealers approved by Tokyo Trading Oversight Committee (hereafter "TTOC") which consists of Chief Investment Officer (CIO) and representatives of Trading, Investment, Compliance, Operations, Equity & Multi Asset Product, Fixed Income Product and Performance Measurement. With an approval by TTOC, the brokers are officially added on the approved broker's list. TTOC evaluates brokers and reviews approved broker's list on a quarterly basis.

IAMJ uses multiple criteria to evaluate brokers and allocate the trades accordingly. The criteria include quality of research, execution ability, level of operational ability, technology infrastructure, etc. The ranking of brokers is determined based on the scoring system where the scores are given by members of TTOC. The traders will place trades according to the trade allocation plan based on these scores.

### Criteria for Approval

In order to be an authorized broker, the broker to be deliberated can be evaluated as having excellent information provision ability and trading execution ability, the business system is well established, and it must meet one of the following criteria A, or meet criteria B.

- Stock, Convertible Bond and Bond

#### Criteria A:

- The capital adequacy ratio of the broker should be no less than 250%
- Credit rating should be rated A or higher (it must be rated by at least one of Moody's, S & P, and Fitch).
- The broker should be a Trading Participants of the Japan Exchange Group.

#### Criteria B

- Broker is on the Global Approved-Status List

- Forex

Criteria A:

- The capital ratio should be no less than 8% of the BIS Standard.
- Credit rating should be rated A or higher (it must be rated by at least one of Moody's, S & P, and Fitch).

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## Best Execution

While neither the Financial Services Agency ("FSA") nor the domestic regulatory organizations have formally defined "best execution", Invesco considers it is our obligation to seek the best execution for clients. Best execution at IAMJ means the quality of execution and it is not determined solely by level of commission or price of securities. The decision of how and when to execute an order involves complicated judgments requiring consideration over a number of factors including the following;

- Price
- Cost
- Speed
- Liquidity
- Order characteristics
- Any other considerations relating to the execution of the order

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## Soft Dollars

Accounts to which soft dollar applied are strictly specified by clients' agreements. In principle, the soft dollars are prohibited to Japanese clients' accounts.

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## Order Aggregation

Where it has been decided to purchase a security for more than one portfolio, the order will be aggregated for transmission to the broker and then must be allocated between each individual portfolio so as to be fair between portfolios and reasonable in the

interests of each portfolio. Allocation must be done by the dealers by means of auto pro-rata calculation done by the IAMJ's trading system-Charles River Developments Investment Management System. Partially filled orders will be allocated among all aggregated accounts on pro-rata based on order size.

## **Review of Accounts**

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### **Periodic Reviews**

Account reviews are formally conducted monthly in the Investment Risk Management Committee, chaired by Head of Performance Measurement , with CIO, Head of Investment Risk Management and Quantitative Research, , Head of Compliance, Head of Enterprise Risk Management, Head of Product Management Division, Head of Equity & Multi Asset, Head of Real Asset and Head of Fixed Income Product.

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### **Review Triggers**

While the reviews are regularly conducted on monthly basis, if the changes in market environment or conditions are deemed to require special reviews, the committee can be held as necessarily.

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### **Regular Reports**

The client who signs the Investment Management Agreement with IAMJ and is regarded as a general investor under Japan's Financial Instruments and Exchange Act will receive account statements from IAMJ on a monthly basis. Other regular reports are also available upon request.

Investor who invests in a J-fund managed by IAMJ will receive the investment report after investment period.

## **Client Referrals and Other Compensation**

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### **Referrals**

IAMJ has received a number of client referrals over the years. The referrals came from current clients, independent financial consultants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Other Compensation**

IAMJ will enter into agreements with licensed broker and bank for distribution of J-fund. Compensation will be provided to these entities with regards to their services.

## **Custody**

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### **Custody of client funds or securities**

The firm does not have custody of U.S. client or investor funds or securities so therefore this section is not applicable to the firm.

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### **Discretionary Authority for Trading**

IAMJ accepts discretionary authority to manage securities accounts on behalf of clients who sign the Investment Management Agreement with IAMJ. IAMJ has the authority to determine the securities to be bought or sold, and the amount of the securities to be bought or sold. In some cases, clients may place limitations such as setting a block or requesting a prior client approval when trading some particular stock. These limitations are all agreed between IAMJ and its clients and stated out on the Investment Management Agreement before executing the agreement.

Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that IAMJ may promptly implement the investment policy that the clients have

approved in writing.

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## Limited Power of Attorney

The signing of the Investment Management Agreements is a discretionary Authorization for trading purpose.

## Voting Client Securities

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### Proxy Votes

#### 1. Our Principles on Proxy Voting

- The sole objective of proxy voting at IAMJ is to exercise voting rights, based on its fiduciary duties, recognizing the importance of corporate governance, in order to maximize the long-term benefits of clients (investors) or the beneficiaries. In exercising the proxy voting rights, IAMJ acts solely in the benefits of the clients (investors) or the beneficiaries and not in the benefits of the third parties or of its own. When investing in stocks, it must be monitored by the shareholders at all times whether the companies invested are appropriately managed in light of their economic interests. From this point of view, IAMJ has stipulated the proxy voting rules and set up the comprehensive proxy voting procedure and structure.

#### 2. Proxy Voting Structure and Process

- IAMJ has established the Responsible Investment Committee and set out the Proxy Voting Guidelines in order to appropriately exercise proxy voting rights based on our policy principles on proxy voting above. The Responsible Investment Committee consists of Chief Investment Officer as chairman, Head of Investments, Responsible Investment Officer, Portfolio Managers appointed by the chairman, and the other committee members including the members of Client Reporting and Compliance Department. In principle, decisions related to exercising of proxy voting are made by Portfolio Managers in accordance with the Proxy Voting Guidelines.

- In exercising proxy voting, advice from an outside professional proxy voting service may be retained in accordance with our Proxy Voting Guidelines.

### **3. The Outline of Proxy Voting Guidelines**

- In our Proxy Voting Guidelines, in order to appropriately exercise proxy voting, the guidelines are set out to assist decisions on various individual agenda items. Each agenda item shall be scrutinized according to those guidelines to make a decision on proxy voting.
- The main criteria of the Proxy Voting Guideline are as following

#### **(1) Items on Financial Statements**

Is Interest Appropriation/Loss Disposal recognized on reasonable grounds?

#### **(2) Appointments of Directors/Statutory Auditors**

- 1) Are there not any doubts on the independence of the nominees?
- 2) Is any violation of laws or an anti-social act not recognized?
- 3) Given poor business performance, are business improvement efforts insufficient?

#### **(3) Items related to Corporate Governance**

- 1) Is there any possibility of a limitation to the shareholder's rights due to amendments to articles of incorporation as such.

#### **(4) Director Compensation and Retirement Benefits**

- 1) In accordance with business performance, is any payment of inappropriate executive remuneration/retirement benefits not made?
- 2) Is any plan introduced such as a stock option plan not impaired the interests of the existing shareholders?

#### **(5) Equity Financing Policy**

Is the policy not recognized as unreasonable in light of an increase in the economic interests of the shareholders?

#### **(6) Items related to anti-takeover measures**

Is there not any introduction of anti-takeover measures which impair the interests of shareholders?

#### **(7) Others**

- 1) What are the impacts on the shareholder value of the agenda items related to social, environmental, and political issues?
- 2) Is the inappropriate disclosure not impaired the shareholders' economic interests?

- 3) Abstain voting for the company which gives rise to conflict of interests
- 4) Does the shareholder's proposal contribute to an increase in the shareholders' economic interests?

## **Financial Information**

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### Financial Condition

IAMJ does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because IAMJ does not serve as a custodian for the client funds or securities.

Prospectus of J-fund that is public placed includes audited financial statement of IAMJ.