

By-laws on Management of Investment Trusts, etc.

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Article 1 Purpose

These By-laws provide for matters necessary for enforcement of the Rules on Management of Investment Trusts, etc. (hereinafter referred to as the “Rules”) pursuant to the provisions of Article 31 of the Rules.

Article 1-2 Supervision by the Board of Directors, etc. for Liquidity Risk Management

The measures provided in the By-laws as prescribed in Article 2-4, Item 2 of the Rules shall be as follows:

- (1) To ensure appropriate implementation of Liquidity Risk Management, a Liquidity Risk Manager who evaluates whether the Liquidity Risk Management System is appropriate and effective shall be appointed. This person shall periodically report to the Board of Directors, etc. on the status of the management of liquidity risk and whether additional liquidity analysis, etc. has been implemented appropriately as necessary, and confirm that the company’s management system is appropriate and effective.
- (2) When the Board of Directors, etc. judges that the Company’s Liquidity Risk Management System is inadequate, the Company shall instruct the person in charge to take necessary measures such as appropriately reviewing the Liquidity Risk Management System and confirm the status of implementation thereof.
- (3) When verifying by the Board of Directors, etc. that its Liquidity Risk Management System is appropriate and effective, the following matters shall be taken into consideration:
 - (a) When it is necessary to use additional analysis and control tools, etc., are sufficient resources such as budget and personnel available?
 - (b) In the event that a short-term response is required based on a request from the relevant authorities, etc., are sufficient resources such as budget and personnel available?
 - (c) Is there a system in place to ensure that reports are made promptly within the company, to supervisory authorities, and to beneficiaries, depending on the situation?
 - (d) With regard to the use of various Liquidity Risk Management Tools, etc., has a designated person been appointed to decide on the commencement of use thereof?

- (e) Are the policies for exercising various Liquidity Risk Management Tools, such as the establishment and suspension of early cancellation, clearly documented?

Article 1-3 Retrospective Check System

The retrospective check system specified in the By-laws provided in Article 6, Item 2 of the Rules shall be a system that allows for the preservation and retrospective verification of the operation plan, the execution of the operation, and the reasons when the execution is not in accordance with the operation plan.

Article 1-4 Requirements, Procedures, etc. for Ordering Division to Handle Multiple Orders as a Batch Order

The requirements, procedures, etc. for handling orders as a Batch Order by the ordering division specified in the By-laws provided in Article 8-2, Paragraph 1, Item 2 of the Rules shall include any of the following:

- (1) When the ordering division is given discretion to execute
 - (a) When adding an order after placing a Batch Order, if the initial Batch Order is not yet executed, the order can be added at any time.
 - (b) When adding an order after placing a Batch Order, if the initial Batch Order contains partial execution, the execution up to the said additional order shall be allocated among the Investment Trust Property bundled in the initial Batch Order, and then a new Batch Order shall be placed for the unexecuted portion of the initial Batch Order and the additional order.
- (2) When the ordering division is not given discretion to execute

Only for buy/sell orders for Securities, etc. that have been received the same time (meaning those prescribed in Article 8-2 of the Rules; the same shall apply hereinafter in Article 1-5).

Article 1-5 Method of Calculating Average Unit Price for Batch Orders

The calculation method specified in the By-laws as prescribed in Article 8-2, Paragraph 3 of the Rules shall be the method of dividing the total contracted amount for a Batch Order by the total contracted volume.

In the event that any fraction arises in the price calculated by such method of calculation, the number of decimal places and the method of treatment of such fraction shall be decided in advance with the Type I Financial Instruments Business Operator (meaning a person engaged in the financial instruments business as defined in Article 28, Paragraph 1 of the Financial Instruments and Exchange Act (Act No. 25 of 1948; hereinafter referred to as the “FIEA”)), or a corporation established under the laws of a foreign country and similar thereto.

Article 1-6 Allocation Method for Batch Orders

1. The allocation method specified in the By-laws as prescribed in Article 8-2, Paragraph 4 of the Rules shall be the method set forth in the following items with respect to the following orders:

- (1) Purchase orders for Securities, etc.: Any of the methods listed in (a) or (b) below
 - (a) Calculated by multiplying the order volume for each Investment Trust Property by the ratio obtained by dividing the total contracted volume for the Batch Order by the total order volume.
 - (b) Calculated by multiplying the total contracted volume by the ratio of the total net asset value of the Investment Trust Property in question to the total net asset value of the multiple investment trust

properties pertaining to the Batch Order.

Provided, however, that the dividend quantity in case of distribution based on such a method shall not exceed the ordered quantity of said Investment Trust Property.

(2) Sales orders for Securities, etc.: Any of the methods listed in (a) or (b) below

(a) The method listed in (a) of the preceding item

(b) Calculated by multiplying the total contracted volume by the ratio of the holding volume of the Investment Trust Property in question to the total holding volume of the securities pertaining to the sale of the multiple Investment Trust Properties pertaining to the Batch Order.

Provided, however, that the dividend quantity in case of distribution based on such a method shall not exceed the ordered quantity of said Investment Trust Property.

(3) Other than those in the preceding two items, any other method in which fairness among funds is taken into consideration as prescribed by internal rules.

2. Rounding as provided in Article 8-2, Paragraph 4 of the Rules shall be as follows:

(1) When the number of dividend quantity calculated by the method set forth in the preceding paragraph is less than the number of trading units, the method of rounding off the number shall be the method set forth in (a) or (b) below:

(a) Truncating

(b) Rounding

(2) Allocation of the difference between the total number of units truncated based on the provisions in the preceding item or the total contracted volume resulting from rounding and the total number of dividend quantity to each Investment Trust Property shall be done by the Management Company in advance, based on reasonable standards for priority and other necessary matters set forth in its internal rules and distribute such amount based on such standards.

Article 1-7 The provisions of the preceding three Articles shall apply mutatis mutandis to the case where the management of the Batch Order for Investment Trust Property and Investment Property other than Investment Trust Property (meaning Investment Property as defined in Article 35, Paragraph 1, Item 15 of the FIEA; the same shall apply hereinafter) or Investment Property (limited to cases where Investment Trust Property is included) and Foreign Investment Property (meaning Foreign Investment Property as defined in Article 171, Paragraph 1, Item 1 of the Cabinet Office Order on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52 of 2007); the same shall apply hereinafter) is conducted. In this case, the term “Investment Trust Property bundled” in Article 1-3, Item 1 shall be deemed to be replaced with “investment assets or foreign investment assets bundled,” the term “each Investment Trust Property” in Article 1-5, Paragraph 1, Item 1 (a) shall be deemed to be replaced with “each investment asset or foreign investment asset,” the term “multiple Investment Trust Properties” in the same item (b) and the same paragraph, Item 2 (b) shall be deemed to be replaced with “multiple investment assets or foreign investment assets,” the term “the Investment Trust Property” in the same item (b) shall be deemed to be replaced with “the investment assets or foreign investment assets,” and the term “each Investment Trust Property” in the same paragraph, Paragraph 2,

Item 2 shall be deemed to be replaced with “the investment assets or foreign investment assets.”

Article 2 Requirements for Unlisted and Unregistered Shares

Those which satisfy the requirements provided in the By-laws as prescribed in Article 11, Item 2 of the Rules shall satisfy any of the requirements listed in the following items:

- (1) It shall be issued by any company that has submitted a securities report (including a Securities Registration Statement provided in Article 5 of the FIEA) under the provisions of Article 24 of the FIEA and such securities report has an audit report attached the overall opinion of which says such securities reports are appropriate.
- (2) The financial statements, etc. are audited under the Companies Act (Act No. 86 of 2005) by a certified public accountant or an auditing firm and accompanied by an audit report to the effect that the overall opinion thereof is proper or lawful and shall be issued by a company to which such financial statements, etc. are available.
- (3) The financial statements, etc. audited by a certified public accountant or an auditing firm in accordance with the provisions of the FIEA or the Companies Act and accompanied by an audit report to the effect that the overall opinion of the certified public accountant or the auditing firm is appropriate or legal shall be available and shall be issued by a company which is expected to be disclosed continuously in the future.

Article 3 Requirements for Foreign Investment Trust Securities

Foreign investment trust securities which conform to the requirements specified in the By-laws as prescribed in Article 12, Paragraph 1, Item 5 and Article 22, Paragraph 1, Item 1 of the Rules shall conform to the following requirements:

- (1) They have been established under the laws of a country or territory in which:
 - (a) Laws and regulations have been established with regard to a system for foreign investment trust securities
 - (b) Laws and regulations, etc. regarding disclosure pertaining to foreign investment trust securities are in place
 - (c) There is a supervisory government agency or any agency equivalent thereto which supervises the Issuer of foreign investment trust securities.
 - (d) Foreign investment trust securities shall be settled via purchase money, sale money, or fruits, etc.
- (2) They are foreign investment trust securities (excluding those listed or registered (hereinafter referred to as “listed, etc.”) in foreign financial instruments markets (as defined in Article 2, Paragraph 8, Item 3 (b) of the FIEA) or over-the-counter markets (hereinafter referred to as “Foreign Market”) or which are scheduled to be traded on a Foreign Market) that conform to the followings:
 - (a) The total amount of net assets of the foreign investment trust or foreign investment corporation (hereinafter referred to as the “Foreign Investment Trust, etc.”) shall be 100 million yen or more
 - (b) The total amount of the equity or net worth of the operating company or the management company shall be 50,000,000 yen or more

- (c) The other party shall have entrusted the business of custody of assets to a bank or a trust company
- (d) With respect to the short selling of securities (limited to real securities), the total market value of the securities for which short selling has been made shall not exceed the total amount of net assets.
- (e) Borrowings shall not exceed 10% of total net assets (excluding cases where the percentage temporarily exceeds 10% due to mergers, etc.), and
- (f) no more than 50% of the total number of issued shares (including investment securities issued by investment corporations) by a single issuing company (including investment corporations) shall be invested in.

Provided, however, that in the case of a trust contract type Investment Trust, the total amount of shares incorporated in all Investment Trusts for which the operating company or the management company of such Investment Trust gives investment instructions shall not exceed 50% of the total number of issued shares

- (g) In the case of investment in assets with insufficient liquidity such as privately placed shares, unlisted shares, securitized products with insufficient liquidity, a method shall be put in place to ensure price transparency

However, this shall not apply to those which have an investment policy that clearly stipulates that the amount of any assets with insufficient liquidity to be incorporated shall be 15% or below.

- (h) The foreign investment corporation shall not acquire securities issued by itself.
- (i) In cases where the investment trust securities to be incorporated are foreign investment trust beneficiary certificates, they shall be foreign investment trusts of which the operating company or the management company prohibit the transactions for the purpose of benefiting third party other than itself or the investment trust beneficiary certificates and transactions fail to protect beneficiaries or are detrimental to the propriety of the investment trust.
- (j) In cases where the investment trust securities to be incorporated are foreign investment trust certificates, they shall be foreign investment corporation of which the operating company prohibits the transactions for the purpose of benefiting itself or third party and transactions fail to protect investors or are detrimental to the propriety of assets of investment corporation.
- (k) The specified method of purchase in the countries or regions where setting or establishment has been done for the reselling from the investors shall be made clear.
- (l) Description of foreign investment trust beneficiary certificates or the foreign investment corporation shall be disclosed to the investors and the supervisory government agency in the countries or regions where setting or establishment has been done.

Provided, however, that this shall not apply to cases where disclosure is made under the FIEA.

- (m) It shall be audited by an independent auditor regarding the financial statements of the Foreign Investment Trust or the Foreign Investment Corporation
- (n) In the event that the amount calculated by a reasonable method determined in advance by the operating company or the investment management company as the amount corresponding to the risk that may arise due to fluctuations in interest rates, currency prices, quotations in financial

instruments markets, or other indices, or for any other reasons, exceeds the net assets, derivative transactions, etc. (meaning “Derivative Transactions, etc.” as prescribed in Article 17 of the Rules; the same shall apply hereinafter) shall not be conducted.

Provided, however, in cases where the relevant risks that may arise in relation to Derivative Transactions, etc. can be properly ascertained, such as by being able to obtain the daily base value of the Investment Trust Property of the relevant foreign investment trust or the investment assets of the relevant foreign investment corporation, the application of this item to cases where Derivative Transactions, etc. are properly managed in domestic investment trust securities in accordance with Article 17 of the Rules may be optional.

- (o) Transactions which would be contrary to the reasonable methods specified in advance by the operating company or the management company as a method for properly managing Credit Risk (meaning the risk which may occur with respect to owned securities or other assets due to default of the counterparty of the transaction or for any other reason.) shall not be conducted.

Provided, however, that if the exposure in such foreign investment trust securities can be looked through, the operation of this item in the case where Credit Risk is properly managed in domestic investment trust securities in accordance with Article 17-2 and 17-3 of the Rules shall be optional.

Article 3-2 Exception to Restrictions on Incorporation of Investment Trust Securities

The Investment Trust Securities specified in the By-laws as prescribed in Article 12, Paragraph 2 of the Rules shall be as follows:

- (1) Certificates which are listed, etc. on Financial Instruments Exchange Market (meaning a financial instruments market as defined in Article 2, Paragraph 17 of the FIEA) or a Foreign Market, and is available for sale at any time on such exchange market (except for a temporary decline in liquidity due to sudden market change, etc.)
- (2) Securities which become to be categorized as Investment Trust Securities through conversion, etc. of shares, etc. already incorporated in the Investment Trust Property

Article 3-3 Requirements for Beneficiary Certificates, etc. of Beneficiary Certificate Issuing Trusts

Those which satisfy the requirements provided in the By-laws as prescribed in Article 22, Paragraph 1, Item 2 (e) of the Rules shall satisfy the requirements listed in the following items:

- (1) Prices are published and can be measured at market value.
- (2) The status of operations at the time of settlement of accounts is disclosed, and such information is available.

Article 4 Limitation on Borrowing of Funds, etc.

The limit to be provided in the By-laws as prescribed in Article 15, Paragraph 1, Item 9 of the Rules shall be the period and limit to be provided in each of the following items:

- (1) When borrowing for the purpose of providing funds for payment of early cancellation charges of the Investment Trust Property (including repayment of funds borrowed for payment of early cancellation

charges), the period until the date of delivery of the sale proceeds of securities, etc. (meaning securities and financial instruments; the same shall apply hereinafter) held in the Investment Trust Property from the date of payment of early cancellation charges to the customer at the time of cancellation of the investment trust until the date of deposit of early cancellation charges of the securities, etc., or until the date of deposit of redemption money of securities, etc. shall be five business days or less; the total amount of the proceeds from the sale, early cancellation, and redemption of such securities, etc. shall be the limit of the balance of borrowings.

- (2) When borrowing for the purpose of providing funds to meet the payment of dividends for dividend reinvestment-type Investment Trusts, the limit on the outstanding balance shall be the amount of reinvestment of dividends, within a period from the dividend payment date to the next business day.
- (3) When borrowing for the purpose of providing funds in connection with accident handling (limited to those which do not cause the Investment Trust Property to bear the borrowing interest) this shall be borrowings for unavoidable accident handling which are considered to contribute primarily to investors, and the borrowing in this case shall be the borrowing period and the borrowing limit within the scope necessary for accident handling of the Investment Trust Property. Examples of such loans are as follows:
 - (a) In the event that the proceeds of sale of an incorporated investment trust are expected to be deposited in the payment of the purchase price of another brand in the reclassification of any issue of a fund of funds, borrowings for the purpose of making any financing incidental to delay in receipt of such proceeds of sale
 - (b) In the event that the payment of dividend from an incorporated investment trust is expected to be deposited in the payment of dividend for a fund of funds, borrowings for the purpose of making any financing incidental to the delay in receipt of such dividend
 - (c) In the event that the amount of margins received is expected to be funded on that day, borrowing for the purpose of making any financing incidental to the delay in receipt of such margins

Article 5 Maximum Amount of Foreign Exchange Purchase Reservation, etc. for Investment Trusts for the Purpose of Hedging

1. The acquisition price of assets denominated in foreign currencies and other money, etc. provided for in the By-laws as prescribed in Article 16, Item 1 of the Rules shall be as follows:
 - (1) Proceeds from foreign currency-denominated assets invested in Trust Property (including planned acquisitions)
 - (2) Money necessary for conducting transactions such as margin money and option fees denominated in foreign currencies pertaining to Derivative Transactions, etc. conducted in Trust Property (Derivative Transactions, etc. prescribed in Article 17 of the Rules)
 - (3) Expenses to be paid in foreign currency for Trust Property
 - (4) Settlement price for sales reservations
2. The maximum amount to be set forth in the By-laws as provided in Article 16, Item 1 of the Rules shall be the amount obtained by deducting the total market value of assets denominated in foreign currencies held by such Trust Property from the amount available for incorporation of assets denominated in foreign currencies

in the Trust Property at the time of execution of the reservation. However, any reservation for which a reversing trade contract has been executed (for which the currency and delivery date are the same) shall be deducted from the balance of the reservation.

Article 6 Maximum Amount of Foreign Exchange Selling Reservation, etc. for Investment Trusts for the Purpose of Hedging

1. The held assets denominated in foreign currencies and other money, etc. set forth in the By-laws as provided in Article 16, Item 2 of the Rules shall be as follows:
 - (1) Foreign currency-denominated assets held in Trust Property (including those for which acquisition is certain)
 - (2) Money to be received by the Trust Property such as interest and dividends, etc. pertaining to assets denominated in foreign currencies held by the Trust Property during the trust period (including those scheduled to be received)
 - (3) Settlement amount for purchase reservation
2. The maximum amount to be set forth in the By-laws as provided in Article 16, Item 2 of the Rules shall be the total amount of the market value of assets denominated in foreign currencies held by the Trust Property at the time of execution of the reservation plus interest and dividends, etc. that such Trust Property is expected to receive during the trust period. However, any reservation for which a reversing trade contract has been executed (for which the currency and delivery date are the same) shall be deducted from the balance of the reservation.
3. When calculating the total market value of assets denominated in foreign currencies prescribed in the preceding paragraph, bonds to be redeemed during the trust period may be calculated with the redemption amount in lieu of the market value of such bonds.

Article 6-2 Method of Investment Restrictions for Derivative Transactions, etc.

The methods to be specified in the By-laws as prescribed in Article 17, Paragraph 2 of the Rules shall be as follows.

- (1) Simplified method
- (2) Standard method
- (3) VaR method

Article 7 Investment Trusts Utilizing Derivative Transactions, etc. for Hedging Purposes

The investment trusts specified in the By-laws as prescribed in Article 18, Paragraph 2 of the Rules shall be the following investment trusts:

- (1) Long-Term Bond Investment Trust (meaning the long-term bond investment trust established in 1961)
- (2) Medium-Term Government Bond Funds
- (3) Asset Accumulation Funds
- (4) Interest Funds
- (5) Free Financial Funds

(6) Asset Accumulation Benefit Funds

Article 8 Other Requirements Specified in Article 22, Paragraph 1, Item 6 of the Rules

The requirements specified in the By-laws as prescribed in Article 22, Paragraph 1, Item 6 of the Rules shall be as follows:

- (1) Mutual or circular holding among investment trusts shall not be conducted.
- (2) A fund of funds must not be invested in (excluding when said fund of funds is an investment trust as defined in Article 12, Item 1 and 2 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations and mother fund (including foreign investment trusts that are similar to these)).
- (3) The amount that a single Management Company (including securities investment corporations to which the said Management Company provides investment instructions) may invest in a single investment trust security shall not exceed 50% of the total net asset value of the Investment Trust or Investment Corporation being invested in without the consent of the Management Company that is providing investment instructions to the Investment Trust or Investment Corporation associated with the investment trust security being invested in.

Supplementary Provision

These By-laws shall come into effect on April 1, 2004.

Supplementary Provision

This amendment shall come into effect on May 25, 2004.

Supplementary Provision

This amendment shall come into effect on June 9, 2005.

Supplementary Provisions

1. This amendment shall come into effect on May 24, 2006.
2. The audit provided for in Article 2, Item 2 of the revised Act shall include the audit conducted in accordance with the former Act on Special Provisions on the Commercial Code Concerning Audits of Stock Companies (Act No. 22 of 1974) with respect to companies that actually existed at the time of the enforcement of the Companies Act.

Supplementary Provision

This amendment shall come into effect on September 30, 2007.

Supplementary Provision

This amendment shall come into effect on November 16, 2007.

Supplementary Provision

This amendment shall come into effect on January 16, 2009.

Supplementary Provision

This amendment shall come into effect on March 19, 2009.

Supplementary Provision

This amendment shall come into effect on February 17, 2011.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

* The amended provisions are as follows:

Article 6-2 has been newly established.

Supplementary Provisions

This amendment shall come into effect on December 1, 2014.

However, the provisions of Article 3, Item 2, (o) shall not apply to investment trusts existing at the time of revision of these By-laws until the day on which five years have passed from the effective date. This shall not apply to cases in which reasonable methods prescribed in said article have been set forth for such Investment Trusts.

* The amended provisions are as follows:

Article 3, Item 2 (n) and (o) have been newly established.

This amendment shall come into effect on March 1, 2015.

* The amended provisions are as follows:

Article 1-3, Item 2, and Article 1-5, Paragraph 1, Items 1 and 2 have been revised.

Supplementary Provisions

This amendment shall come into effect on July 16, 2015.

* The amended provisions are as follows:

The introductory clause in Article 3 has been revised.

Supplementary Provisions

This amendment shall come into effect on June 13, 2018.

* The amended provisions are as follows:

Article 4, Item 3 has been newly established.

Supplementary Provisions

This amendment shall come into effect on January 1, 2022.

* The amended provisions are as follows:

Article 1-2 has been newly established. The former Articles 2-1 through 2-6 have been shifted to Articles 2-2 through 2-7.