

Guidelines on Product Classification

Established on October 26, 2006
Revised on September 19, 2008
Revised on September 16, 2009
Revised on March 18, 2010
Revised on February 21, 2013

Purpose

These Guidelines are intended to provide guidelines for investors and beneficiaries to classify products in an easy-to-understand manner and to state the classification on the cover page, etc. of the prospectus and other documents in order to contribute to the use of the selection of products, such as the purchase of investment trusts (which shall cover investment trust beneficiary certificates for public offering), and settlor companies shall classify the products according to the methods stipulated below:

I. Product classification stated on the cover page of the prospectus, etc.

The product classification stated on the cover page of the prospectus, etc. shall be, in principle, the combination of “1.,” “2.,” and “3.” below. In addition, if the classification listed in 4. is applicable, such classification shall be indicated in addition to “1.,” “2.,” and “3.”

1. Categories of unit-type investment trusts and additional-type investment trusts

- (1) Unit-type investment trust: A fund in which the funds publicly offered are initially trusted as a unit, and no additional funds are established thereafter.
- (2) Additional-type investment trust: A fund that is established once, but subsequently additionally established and managed together with the existing trust property.

2. Categories by investment target area

- (1) Domestic: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from domestic assets.
- (2) Overseas: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from overseas assets.
- (3) Domestic and overseas: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from domestic and overseas assets are substantially the source.

3. Categories by investment target assets

- (1) Shares: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from shares.

- (2) Bonds: A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from bonds.
- (3) Real estate investment trust (REIT): A product for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from beneficiary certificates of real estate investment trusts and investment certificates of real estate investment corporations.
- (4) Other assets: Products for which the prospectus or the basic terms and conditions of the investment trust states that the principal investment income from incorporated assets is substantially derived from assets other than those listed in (1) through (3) above. The name of the asset that is the specific source of income may also be stated together with other assets.
- (5) Combined assets: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from multiple assets among the assets listed in (1) through (4) above is substantially derived from the investment income.

4. Independent categories

- (1) MMF (Money Management Fund): MMFs stipulated in the Rules on Operation of MMFs, etc.
- (2) MRF (Money Reserve Fund): MRFs stipulated in the Rules on Operation of MMFs, etc.
- (3) ETF: Securities investment trusts stipulated in Article 12, item (i) and item (ii) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000) and listed securities investment trusts stipulated in Article 9-4-2 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957).

II. Product classification used as a supplement to the cover page of the prospectus, etc.

If any of the following classification is applicable, such classification shall be stated on the cover page of the prospectus, etc. in addition to the product classification listed in “I”.

- (1) Index type: A product for which the prospectus or the basic terms and conditions of the investment trust states that the company aims to achieve investment results linked to various indices.
- (2) Special type: A product for which the prospectus or the basic terms and conditions of the investment trust states a special mechanism or investment method that is deemed necessary to draw the attention of investors. In the case of “conditional operation type” in the sub-classification of special types in the attribute category of “III.,” such sub-classification shall be appended in parentheses, and in the case of other sub-classification, such sub-classification may be appended in parentheses.

III. Attribute categories of products

In the product description of the main text of the prospectus, etc. (meaning anything except the cover page; provided, however, that the sub-classification of special types may be stated on the cover page), efforts shall be

made to explain by using the following attribute categories and their definitions in addition to the classification of “I.” and “II.” In addition, this does not preclude each company’s own fund explanation:

1. Attribute categories by investment target assets: Attribute categories shall be stated for the incorporated assets themselves, not for the assets that are the source of income as defined in “I.” If the assets that are the source of income differ from incorporated assets, the company shall clearly state such difference and shall endeavor to refer to the difference from those stated on the cover page based on the definition of “I.”

(1) Shares:

- [1] General: Any shares not applicable to the following attributes of large-cap stocks and medium- to small-cap stocks:
- [2] Large-cap stocks: Those for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in large-cap stocks.
- [3] Medium- to small-cap stocks: Those for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in medium- to small-cap stocks.

(2) Bonds:

- [1] General: Any bonds not applicable to the following attributes of public bonds, corporate bonds, and other bonds:
- [2] Public bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in government bonds issued by the government of Japan or other countries (including local government bonds, government guaranteed bonds, government agency bonds, and international agency bonds; the same shall apply hereinafter).
- [3] Corporate bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in corporate bonds issued by companies, etc.
- [4] Other bonds: Bonds for which the prospectus or the basic terms and conditions of the investment trust states that the investment will be made mainly in bonds other than public bonds or corporate bonds.
- [5] Attributes by credit such as grading: In the prospectus or the basic terms and conditions of the investment trust, in addition to the categories by the “issuer” of [1] through [4] above, if there is a clear statement with respect to credit in particular, it is also permissible to include “high-grade bonds,” “low-grade bonds,” and others in addition to the categories listed in [1] through [4] above.

(3) Real estate investment trust: No further detailed classification shall be made.

(4) Other assets: The assets incorporated shall be stated.

(5) Combined assets: If any of the following sub-classification applies, such sub-classification may also be included:

- [1] Asset allocation fixed type: A product for which the prospectus or the basic terms and conditions of the investment trust states that multiple assets are to be the investment target and that the rate of incorporation is to be fixed. The incorporated assets shall be listed.
- [2] Asset allocation change type: A product for which the prospectus or the basic terms and conditions of the investment trust states that multiple assets are to be the investment target and that the rate of incorporation is to be flexibly changed or do not state that the same is to be fixed. The incorporated

assets shall be listed.

2. Attribute categories by settlement frequency

- [1] Once a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled once a year.
- [2] Twice a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled twice a year.
- [3] Four times a year: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled four times a year.
- [4] Six times a year (bimonthly): A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled six times a year.
- [5] Twelve times a year (monthly): A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled twelve times a year (monthly).
- [6] On a daily basis: A product for which the prospectus or the basic terms and conditions of the investment trust states that the account is settled on a daily basis.
- [7] Others: All products that do not apply to the above attributes.

3. Attribute categories by investment target area: (Multiple use possible)

- [1] Global: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from global assets. Whether “Japan” is included or not in “global assets” shall be clearly stated.
- [2] Japan: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in Japan.
- [3] North America: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the North American region.
- [4] Europe: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the European region.
- [5] Asia: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Asian region excluding Japan.
- [6] Oceania: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Oceania region.
- [7] Latin America: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Latin America region.
- [8] Africa: A product for which the prospectus or the basic terms and conditions of the investment trust

states that the investment income from incorporated assets is derived from assets in the Africa region.

[9] Middle and Near East (Middle East): A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the Middle and Near East region.

[10] Emerging: A product for which the prospectus or the basic terms and conditions of the investment trust states that the investment income from incorporated assets is derived from assets in the emerging region (emerging growth countries (regions)).

4. Attribute categories by investment form

[1] Family funds: A product for which the prospectus or the basic terms and conditions of the investment trust states that investments are made with the mother investment trust (excluding those invested only in the fund of funds) as an investment target.

[2] Fund of funds: Fund of funds stipulated in Article 2 of the Rules on Management of Investment Trusts, etc.

5. Attribute categories by currency hedge

[1] With currency hedge: A product for which the prospectus or the basic terms and conditions of the investment trust states that a full currency hedge or a currency hedge on some assets will be conducted.

[2] No currency hedge: A product for which the prospectus or the basic terms and conditions of the investment trust states that the currency exchange will not be hedged or for which there is no statement to the effect that the currency exchange will be hedged.

6. Attribute categories by target index in index funds

[1] Nikkei 225

[2] TOPIX

[3] Other indices: Any item that does not apply to the above indices.

7. Special type

[1] Bull-bear type: A product for which the prospectus or the basic terms and conditions of the investment trust states that derivative instruments are used for purposes other than hedging, actively invested, and that it is aimed at linking or backlinking to various indices, assets, etc. (including fixed doubling of linkage or backward linkage).

[2] Conditional operation type: A product for which the prospectus or the basic terms and conditions of the investment trust states that the target investment results (base value, redemption value, profit distribution, etc.), the trust termination date, etc. are determined by certain conditions that are determined based on the value of an explicit index, etc. by investing in structured bonds or using other special mechanisms.

[3] Long/short type/Absolute profit seeking type: A product for which the prospectus or the basic terms

and conditions of the investment trust states that it aims to pursue profits that are less susceptible to specific markets, or that it aims to pursue profits through a long/short strategy.

- [4] Other types: Products for which the prospectus or the basic terms and conditions of the investment trust states special mechanisms or investment methods that do not fall under any of the attributes listed in [1] through [3] above.

IV. Precautions when stating product classification and attribute categories

The product classification listed on the cover page of the prospectus (meaning the classification of “I.” and “II.”, and if the sub-classification of the special type of “III.” is stated on the cover page, the sub-classification of such special type shall be included; the same shall apply hereinafter), and for attribute categories used in the main text of the prospectus, each list and its definition shall be stated in such prospectus with reference to the examples separately stipulated. With regard to the classification not used on the cover page of the prospectus and the definition of the attribute categories not used in the main text, it is permissible to state a method that contributes to the convenience of investors, such as stating the website address, etc. of the Association instead of stating the same in the prospectus. In addition, the product classification, the attribute categories of products, and others stated in the prospectus shall also be stated in the securities registration statement.

V. Special provisions on the prospectus for delivery

With regard to the prospectus for delivery, the phrase “each list and its definition shall be stated in such prospectus with reference to the examples separately stipulated” in “IV.” above shall be applied by replacing the phrase “shall be stated in the form stipulated in Article 2 of the By-laws for the Rules for Preparation of Prospectus for Delivery based on Article 2, Item 9 of the Rules for Preparation of Prospectus for Delivery.”

Supplementary Provisions

1. This resolution of the board of directors shall come into force on the date separately stipulated and shall apply to newly established funds on or after the effective date.
2. Any fund established prior to the date of implementation of this resolution of the board of directors shall apply from the date on which one (1) year has elapsed from the effective date; provided, however, that this shall not preclude the application of the provisions of this resolution of the board of directors during the period up to the date on which one (1) year has elapsed.

Note: The Effective Date of the Guidelines on Product Classification, etc. (Board of Directors on May 16, 2008) stipulates that the Guidelines on Product Classification (Board of Directors resolution dated October 26, 2006) shall come into force on January 1, 2009.

Supplementary Provisions

This resolution of the Board of Directors shall come into force on January 1, 2009.

Supplementary Provisions

This amendment shall come into force on September 16, 2009.

Supplementary Provisions

This amendment shall come into force on July 1, 2010.

Provided, however, that this amendment shall apply from the prospectus for delivery of the securities registration statement newly submitted on or after the effective date.

Supplementary Provisions

1. This amendment shall come into force on February 21, 2013 and shall apply to those who have submitted a new securities registration statement on or after the effective date.
2. Notwithstanding the foregoing "1.," Full Members shall not be precluded from operating based on the provisions after the amendment until the date of such application.

Form of the list of product classification and attribute categories, and points to consider in writing

Product classification table

Unit type/additional type	Investment target area	Investment target assets (source of income)	Independent category	Supplementary classification
Unit type	Domestic	Shares	MMF	Index type
		Bond		
Additional type	Overseas	Real estate investment trust	MRF	Special type
	Domestic and overseas	Other assets ()	ETF	
		Combined assets		

Note: The product classification applicable to the Fund is indicated by shading.

Attribute category table

Investment target assets	Settlement frequency	Investment target area	Investment form	Currency hedge	Target index	Special type
Shares	Once a year	Global	Family Funds	Yes ()	Nikkei 225	Bull-bear type
General	Twice a year	Japan				
Large-cap stocks	Four times a year	North America				
Medium- to small-cap stocks	Six times a year	Europe				
Bond	(bimonthly)	Asia	Fund of funds	None	TOPIX	Conditional operation type
General	Twelve times a year	Oceania				
Public bonds	(monthly)	Latin America				
Corporate bonds	On a daily basis	Africa				
Other bonds	Others ()	Middle and Near East (Middle East)				
Credit attributes ()		Emerging			Others ()	
Real estate investment trust						
Other assets ()						
Combined assets ()						
Asset allocation fixed type						
Asset allocation change type						

Note: The attribute categories applicable to the Fund are indicated by shading.

(Points to Consider in Writing)

1. Appropriate product classification and attribute categories shall be indicated by shading. In addition, for the shaded classification or attribute category, the definition shall be stated in such a way that investors can easily understand it based on the Guidelines on Product Classification (Board of Directors resolution).
2. The columns for “Independent category,” “Supplemental classification,” in the product classification table and the columns for “Investment form,” “Target index,” and “Special type” in the attribute category table shall be indicated only when there is an applicable attribute category, and if there is no applicable category, the column shall be omitted. In addition, the “Currency hedge” column shall be indicated only when investing in assets denominated in foreign currencies.
3. In parentheses of “Other assets” in the column “Investment target assets (source of income),” the types of “products,” “beneficial interest in trust,” and others shall be included. In addition, in the column of the parentheses of “Combined assets” in the attribute category table, for example, the incorporated assets such as “shares and bonds” shall be included, and in the case where the “Asset allocation fixed type” and “Asset allocation change type” are not included in the main text of the prospectus, etc., they may be deleted from the attribute category table.
4. In the parentheses of “Credit attributes” in the “Investment target assets” column, state “high-grade bonds,” “low-grade bonds,” and others. In addition, the parentheses of “Other assets” shall be included in “beneficial interest in trust,” “beneficial interest in loan trust,” and others.
5. In the column “Investment target assets” in the attribute category table, “Other assets (investment trust securities)” shall be stated in the case of a family fund or a fund of funds. The real investment target assets beyond the investment trust securities may also be included, and if such assets are stated, for example, incorporated assets such as “other assets (investment trust securities (shares))” shall be stated.
6. In the parentheses of “Others” in the “Settlement frequency” column, the appropriate settlement frequency shall be included.
7. In the “Currency hedge” column stated in the attribute category, state whether or not hedges are applied against exchange risk against the yen.
8. In the parentheses of “With currency hedge” in the “Currency hedge” column, state “full hedge,” “partial hedge,” “timely hedge,” and others for currency hedge against the yen.
9. In the parentheses of “Others” in the “Target index” column, state the name of the index to be targeted.

10. For the “Long/short type/Absolute profit seeking type” in the “Special type” column, only the attribute category corresponding to either the long/short type or the absolute profit seeking type shall be stated. In addition, in the parentheses of “Other types,” state the appropriate names indicating the nature of the mechanism, investment method, etc.

11. In the parentheses of “3.” through “10.” above, the references may be stated in the main text of the prospectus, instead of stating in such parentheses.