

## DISCLAIMER

This document is an English translation of the Japanese Delivery Prospectus of “iFreeETF·TOPIX(Quarterly Dividend Type)” (hereinafter referred to as the “Fund”).

This English translation is not an official translation and is not required by laws or any regulation and it is offered for information purpose only. This English translation shall not be considered as an offer or solicitation for any investment to the Fund.

This English translation is based on the Prospectus of the Fund as of January 18, 2021, except as otherwise indicated herein.

A part of the contents in the Japanese Delivery Prospectus, including the sections headed “Reference Information” and “Past Performance”, are omitted in this English translation. For the omitted sections, please kindly refer to the official Japanese Delivery Prospectus for this section.

The accuracy, reliability and timeliness of this English translation are not guaranteed and Daiwa Asset Management cannot guarantee its accuracy or completeness between the official Japanese version and the English translation.

In case there are any inconsistencies between the official Japanese Delivery Prospectus and this English translation, the official Japanese version shall prevail.

The Fund is not listed on any exchange other than those in Japan.

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Commencement Date: January 18, 2021

Explanatory Booklet on the Investment Trust (Delivery Prospectus)

## **iFreeETF-TOPIX(Quarterly Dividend Type)**

Open-ended Investment Trust / Domestic Stocks / ETF / Index Type

### <Management Company>

Daiwa Asset Management Co. Ltd. (the party who is issuing investment instructions for the Fund)

Registration Number: Director of Kanto Local Finance Bureau (Financial Instrument Firm) No.352

### <Trustee>

Mizuho Trust & Banking Co., Ltd. (the party responsible for custody and administration of the Fund.)

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- This prospectus is published pursuant to the provisions of Article 13 of the Financial Instruments and Exchange Act (No.25 of 1948).

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Product Classification					Segmentation by Attribution			
Unit Type / Open-ended	Eligible Market	Eligible Investments (source of income)	Independent Segment	Supplementary Classification	Eligible Investments	Timing of Accounting Period	Geographical Areas of Investment	Index Followed
Open-ended Investment Trust	Domestic	Stocks	ETF	Index Type	Stock General	4 times a year	Japan	TOPIX

\*Please refer to The Investment Trust Association, Japan website (<https://www.toushin.or.jp>) for definition of product classification and segmentation by attribute above.

<About the Management Company (as of August 31, 2020)>

Company Name: Daiwa Asset Management Co. Ltd.

Established: December 12, 1959

Capital Amount: 15.174 billion Japanese Yen

Total Assets Under Management: 18.7422 trillion Japanese Yen

- In connection with the public offering for subscription of the Fund, which is made by way of this prospectus, the Management Company, which is the Issuer of beneficiary certificates of the Fund, filed a securities registration statement with the Director of the Kanto Local Finance Bureau on October 23, 2020, pursuant to the provisions of Article 5 of the Financial Instruments and Exchange Act. The registration has become effective on November 8, 2020.
- We will confirm the intention of beneficiaries of the Fund in advance when a significant amendment is made to the content of the Fund under the Act on Investment Trust and Investment Corporations.
- The investment trust assets are separately managed by the Trustee under the Trust Act.
- A copy of Prospectus Issued upon Request could be obtained from a distributor. If you request this document, please make a personal record to that effect.

## Objective and Characteristics of the Fund iFreeETF-TOPIX(Quarterly Dividend Type)

### <Investment Objective>

The Fund aims to match the rate of change of NAV per unit of the Fund to that of TOPIX.

### <Characteristics of the Fund>

(1) The Fund will invest in stocks that are included and scheduled to be included in TOPIX to match the rate of change of NAV per unit of the Fund to that of TOPIX.

- In principle, the Fund aims to invest in the stocks included in TOPIX that represent more than 95% of the total market value of TOPIX.
- To achieve the above, the Management Company may give instructions to adjust the components of the trust assets (including instructions to utilize index futures).
- Depending on the market trends, and the size of Fund, etc., the management set out above may not be achieved.

### <About TOPIX (Tokyo Stock Price Index)>

- ◆ The indicators of stock market trends are represented by Tokyo Stock Price Index (TOPIX), Nikkei 225, Nikkei 300, etc. TOPIX is an index calculated based on the aggregate market value of all stocks listed on the Tokyo Stock Exchange First Section.
- ◆ TOPIX is calculated and released on July 1, 1969 using aggregate market value of the Base Date, which is January 4, 1968, as 100.
- ◆ The continuity of the index is ensured by adjusting the aggregate market value of the paid-in capital increases, new listings, de-listings and others to eliminate the impact of fluctuations in the market capitalizing result from non-market factors.

- The TOPIX Index Value and the TOPIX Trademarks are subject to the rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights and know-how relating to the TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Trademarks.
- The Tokyo Stock Exchange, Inc. shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the TOPIX Index Value or to change the TOPIX Trademarks or cease the use thereof.
- The Tokyo Stock Exchange, Inc. makes no warranty or representation whatsoever, either as to the results stemmed from the use of the TOPIX Index Value and the TOPIX Trademarks, or as to the figure at which the TOPIX Index Value on any particular date.
- The Tokyo Stock Exchange, Inc. gives no assurance regarding accuracy or completeness of the TOPIX Index Value and data contained therein. Further, the Tokyo Stock Exchange, Inc. shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value.
- No Licensed Product is in any way sponsored, endorsed or promoted by the Tokyo Stock Exchange, Inc.
- The Tokyo Stock Exchange, Inc. shall not bear any obligation to give an explanation of the Licensed Product or an advice on investments to any purchaser of the Licensed Product or to the public.
- The Tokyo Stock Exchange, Inc. neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Licensed Product, for calculation of the TOPIX Index Value.
- Including but not limited to the foregoing, the Tokyo Stock Exchange, Inc. shall not be responsible for any damage resulting from the issue and sale of the Licensed Product.

(2) The structure of the Fund differs from that of the standard unlisted investment trusts.

- The units are listed on Tokyo Stock Exchange and can be traded in the same manner as listed stocks.
  - Trades may be made by minimum 1 unit.
  - The method of trading is generally the same as that of stocks.
- Subscription of additional units may be made for stocks.
  - Subscribers of additional units must apply for the Subscribing Basket at the time of subscription (which is the basket composed of the stocks included in TOPIX in the ratio designated by the Management Company as equivalent to the component ratio of the stocks included in TOPIX)
  - Unless specified otherwise, subscription for cash will not be accepted.
- Units may be exchanged for stocks
  - Unitholders may apply to the Management Company for exchange of the units belonging to them in integral multiple of the number of units designated by the Management Company for the stocks equivalent to the portion of the trust assets represented by the units.
  - Units may not be redeemed for cash.
- Distribution will be paid to registered unitholders
  - Registered unitholders are those whose personal names or corporate names, addresses, and personal ID numbers or corporate ID numbers (or, personal names or corporate names, and addresses, in case of persons who do not have personal ID numbers or corporate ID numbers or who receive distributions through payment handling persons as provided for under Paragraph 1 of Article 9-3-2 of the Act on Special Measures Concerning Taxation) are registered by the Trustee as of the last day of each calculation period.

(3) The distribution will made, in each calculation period, in the full amount of dividends received, interests received and other incomes arising from the trust assets after deduction of interests paid, management fee (trust fee) and other expenses similar to these.

Accounting Day is the January 10<sup>th</sup>, April 10<sup>th</sup>, July 10<sup>th</sup>, and November 10<sup>th</sup> of each year.

(Note): Initial accounting period would be until January 10<sup>th</sup>, 2021.

\*There is no guarantee of the payment or the amount distributions in the future.

### Major Investment Restrictions

- There is no restriction on the investment ratio in stocks.
- The Fund will not invest in assets denominated in foreign currencies.

## Investment Risks

### Factors to cause fluctuation of NAV per unit

- The Fund will invest in financial instruments whose prices fluctuate and as a result the NAV per unit of the Fund will also fluctuate. Therefore the invested amount will not be guaranteed and a loss of principal may be caused. All the gains and losses accrued to the trust assets will be attributable to the investors.
- Investment trusts are not deposits.

### Major factors to cause fluctuation of NAV per unit:

Stock Price Volatility (Price Volatility Risks, Credit Risks)	Stock price changes based on the political and economic conditions, operating results of the issuer, and market supply and demand for the security. If the issuer becomes operationally distressed or goes bankrupt, all or part of invested amount might not be returned. If the price of stocks included in the trust assets falls, the NAV per unit may fall below the invested amount.
Other risks	When the trust assets of the Fund are invested in money market instruments such as call loans and/or certificates of deposit, losses may accrue due to default of the issuers of such instruments (the Credit Risk). This may cause the NAV per unit to decline.

\*The factors to cause fluctuation of NAV per unit are not limited to those mentioned above.

### Additional Considerations

- The provisions stipulated in Article 37-6 of the Financial Instruments and Exchange Act (so-called the “cooling-off period”) is not applicable to the investment to the Fund.

### Risk Management System

- Based on the Investment Risk Management Policy set by the Board of Directors, the departments or committees in charge at the Management Company, which are independent from the fund management departments, will manage the risks by monitoring and overseeing, directly or indirectly, the fund management departments.

## Additional Items

### ■ Points to note in relation to fluctuations of NAV per unit

The Fund aims to match the rate of change of NAV per unit of the Fund to that of TOPIX. However, we cannot guarantee that movements of NAV per unit will be exactly identical to those of the index for the following reasons:

- (a) As the TOPIX represents the weighted average of the aggregate market price of the component stocks, we cannot make composition ratio of individual stocks in the Fund to be identically the same as the Index in terms of total market capitalization.
- (b) The Fund may incur expenses including management fees (trust fees), brokerage commissions, etc.
- (c) The stock prices used for trade execution could differ from those used for NAV calculation.
- (d) The stock prices used for calculation of the Index could differ from those used for NAV calculation.
- (e) The movement of index future price could differ from that of the Index (when index future is utilized).
- (f) The impact of minimum trading amount of stocks or index futures (when index future is utilized).
- (g) The impact of trade restrictions due to low liquidity of stocks or index futures (when index future is utilized).
- (h) The impact of the replacement of stocks included in the Index or the change of Index calculation methods.
- (i) The accrual of cash position in the trust assets, which arises from additional subscriptions, dividends received, etc.

## Reference Information

<English translation of this section is omitted. Please kindly refer to the official Japanese Delivery Prospectus for this section.>

## Past Performance

<English translation of this section is omitted. Please kindly refer to the official Japanese Delivery Prospectus for this section.>



## Procedures, Fees and Others

### Application Details

Subscription Basket	<p>Application may be made by “Subscribing Basket at the time of subscription”. “Subscribing Basket at the time of subscription” means the basket composed of the stocks included in TOPIX in the ratio designated by the Management Company as equivalent to the component ratio of the stocks included in TOPIX.</p> <p>The number of units of the Fund that may be subscribed for one (1) Subscribing Basket at the time of subscription shall be such number that are designated by the Management Company based on the number obtained by dividing the value of Subscription Basket at the time of subscription by NAV per unit as of the date on which application for subscription is accepted.</p>
Determination of Subscribing Baskets	<ul style="list-style-type: none"> <li>■ The Management Company will determine the Subscribing Basket at the time of subscription more than 3 business days before the application day for which such Subscription Basket at the time of subscription is applied.</li> <li>■ The Management Company will post Subscription Basket at the time of subscription at <a href="https://www.daiwa-am.co.jp/ifree-etf/">https://www.daiwa-am.co.jp/ifree-etf/</a> each day on which application is accepted.</li> </ul>
Subscription Price	The NAV per unit as of the day on which a subscription is accepted (The NAV per unit for 10 units).
Subscription Method	Subscription by delivering of stocks
Subscription Payment	-
Redemption Request	Redemption for cash will not be accepted
Exchange Request	Units may be exchanged for stocks
Number of Units for Exchange	Integral multiple of units determined by the Management Company
Exchange Price	The NAV per unit as of the day on which the exchange request is accepted (The NAV per unit for 10 units).
Exchange Payment	-
Non-Acceptance Days of Subscription or Exchange	<p>In general, subscription application will be not accepted on the following days:</p> <ol style="list-style-type: none"> <li>1. For day of the ex-dividend or ex-right for any TOPIX component stocks;</li> <li>2. For the period of six (6) business days from two (2) business days prior to which the TOPIX component stocks are changed or the change of the total number of TOPIX component stocks due to capital increase or capital decrease;</li> <li>3. For the period of four (4) business days from four (4) business days prior to the last day of any calculation period of the Fund (or, if such day is not a business day, the period of five(5) business days from five (5) business days prior to the last day of the calculation period of the Fund); and</li> <li>4. In addition to 1 to 3 above, any time the Management Company determines that unavoidable circumstances occur that prevent it from making investments in accordance with the investment policy, provided, however, that the Management Company may accept application for subscription at its sole discretion for the periods falling on the items 1 to 3 above.</li> </ol> <p>In general, exchange will be not accepted on the following days:</p> <ol style="list-style-type: none"> <li>1. For the period of six (6) business days from two (2) business days prior to which the TOPIX component stocks are changed or the change of the</li> </ol>

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	<p>total number of TOPIX component stocks due to capital increase or capital decrease;</p> <p>2. For the period of four (4) business days from four (4) business days prior to the last day of any calculation period of the Fund (or, if such day is not a business day, the period of five(5) business days from five (5) business days prior to the last day of the calculation period of the Fund); and</p> <p>3. In addition to 1 to 2 above, any time the Management Company determines that unavoidable circumstances occur that prevent it from making investments in accordance with the investment policy. provided, however, that the Management Company may accept application for exchange at its sole discretion for the periods falling on the items 1 to 3 above.</p>
Subscription Deadline	Subscription application shall be accepted (i.e., the application procedures shall be completed by the Distributor) by 9:30am.
Subscription Period	From November 9, 2020 to December 28, 2021 The subscription period can be renewed by filing updated securities registration statement before the expiration of the period as mentioned above.
Exchange for cash limits	-
Suspension or Cancellation of Acceptance of Application for Subscription or Exchange	The Management Company may suspend and/or cancel application for subscription or exchange in the event unavoidable circumstances including suspension of trade at financial instrument exchanges.
Trust Term	Unlimited (commenced from November 9, 2020)
Early Termination	<ul style="list-style-type: none"> <li>● If the Units are delisted from all the financial instruments exchange on which they are listed or if the TOPIX is discontinued, the Trust Agreement shall be terminated (early termination) upon agreement with the Trustee.</li> <li>● The Management Company may terminate the Trust Agreement (early termination) after confirming the intention of the unitholders in advance and upon agreement with the Trustee if. <ul style="list-style-type: none"> <li>- the number of units of the Fund falls below 1,000,000;</li> <li>- the Management Company considers the early termination is beneficial to the unitholders; and</li> <li>- an unavoidable circumstance occurs.</li> </ul> </li> </ul>
Accounting Day	Every year January 10th, April 10th, July 10th, and October 10th (Note) The first accounting period will end on January 10th, 2021
Distribution	Dividends are paid 4 times a year, in accordance with the distribution policy
Maximum Trust Amount	Equivalent to 10 trillion JPY in stock and cash
Public Notification	Public notification will be made electronically and posted on the website ( <a href="https://www.daiwa-am.co.jp/">https://www.daiwa-am.co.jp/</a> ).
Investment Reports	-
Tax Treatment	The Fund is treated as a Specified Stock Investment Trust. Dividend deduction and exclusion from revenue may be applicable. *The above is as of end of August 2020 and, upon amendment of taxation system, shall be changed.

## Expenses and Taxes of the Fund

### Expense of the Fund

Fees directly charged to the investors											
Subscription Commission	Determined by the Distributor	Subscription Commission is a consideration for explanation of products, provision of product information and investment information, and execution of application at the time of the subscription of the Fund									
Redemption Fee	Nil										
Exchange Commission	Determined by the Distribution	Exchange Commission is a consideration for administrative procedures for exchange of units of the Fund									
Fees indirectly charged to the investors											
Management Fee (Trust Fee)	<p>Management fees (trust fees) are paid out of the Fund's assets at the end of each calculation period or at the time of Trust's termination.</p> <p>Trust fee is calculated daily as sum of 1 and 2 as shown below during the holding period:</p> <ol style="list-style-type: none"> <li>the amount obtained by multiplying the total net assets of the trust assets by the ratio up to 0.066% per annum (0.06% before tax) (which is 0.066% per annum (0.06% before tax) as of the date hereof).</li> <li>the amount obtained by multiplying lending charges due to lending of stocks held in the trust assets by up to 55% (50% before tax) (which is 55% (50% before tax) as of the date hereof).</li> </ol> <p>※ The ratio of management fee and the manner of split between the Management Company and the Trustee are reviewed on May every year.</p> <ul style="list-style-type: none"> <li>Management fee payable to the Management Company is a consideration for the management of the Fund, research, instructions to the Trustee, calculation of net asset value per unit, and preparation of prospectus.</li> <li>Management fee payable to the Trustee is a consideration for the custody of the assets under management and execution of instructions by the Management Company.</li> </ul> <p>Please see below for the manner of split of Management Fee between the Management Company and the Trustee.</p> <p>&lt;Split of Management Fee&gt; (which might be changed in the future)</p> <table border="1"> <thead> <tr> <th></th> <th>The Management Company</th> <th>The Trustee</th> </tr> </thead> <tbody> <tr> <td>For 1 above (without tax) *</td> <td>0.04% per annum</td> <td>0.02% per annum</td> </tr> <tr> <td>For 2 above (ratio to the total amount)</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table> <p>*before tax</p>			The Management Company	The Trustee	For 1 above (without tax) *	0.04% per annum	0.02% per annum	For 2 above (ratio to the total amount)	50%	50%
	The Management Company	The Trustee									
For 1 above (without tax) *	0.04% per annum	0.02% per annum									
For 2 above (ratio to the total amount)	50%	50%									

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Other Expenses and Brokerage Commissions**	<ul style="list-style-type: none"> <li>● Fund Listing Expenses and Annual Fees for Use of Tokyo stock-price Index Trademarks with tax levied on them can be borne by the unitholders and can be paid from the trust assets. <ul style="list-style-type: none"> <li>※ As of the date hereof, usage fees of trademark of the Index are the amount obtained by multiplying the total net asset of the trust assets by up to 0.033% (0.03% before tax) per annum (provided, however, that if the above amount is lower than 1.65 million Japanese Yen (1.5 million Japanese Yen before tax), then the amount will be 1.65 million Japanese Yen).</li> <li>※ As of the date hereof, Fund Listing Expenses are as follow, <ul style="list-style-type: none"> <li>· Annual Listing Expense : the amount obtained by multiplying the total net assets at the end of the year by the ratio up to 0.00825% (0.0075% before tax)</li> <li>· Additional Listing Expense : the amount obtained by multiplying the additional trust amount, which means the amount of increase from the largest of the total net asset as of the initial listing day and the total net assets as of the end of December of each year from the year of initial listing until the preceding year, by 0.00825% (0.0075% before tax)</li> </ul> </li> </ul> </li> <li>● Commissions associated with securities transactions (including brokerage commissions on trade of securities, fees for future transactions and option transactions) and auditing fees shall be charged to the trust assets.</li> </ul>
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\*Consumption tax will be added

\*\*As expenses for brokerage commissions on trade of securities, etc. shall vary depending on circumstances, specific rate of fees or the maximum amounts thereof cannot be disclosed in advance.

※Please inquire the Distributor of the details of subscription commissions and exchange commissions.

※The total amount of all expenses shall not be disclosed since the amount shall vary depending upon the factors including the length of holding period.

## Tax Treatment

- Tax Treatment is applied at the times listed below:
- The following chart represents tax rates on individual investors at the time of tax withholding. The tax rate may differ according to the taxation method.

Time	Items	Tax
Sales	Income tax and local tax	Taxed as capital gains: 20.315% of sales proceeds
Exchange	Income tax and local tax	Taxed as capital gains: 20.315% of exchange proceeds
Distribution	Income tax and local tax	Taxed as dividend income: 20.315% on income distribution

- The above chart is as of end of August 2020 and tax rates may change in the event that tax laws are revised.
- The above description does not apply to Japanese corporations.
- We recommend that investors consult with a tax specialists for details of tax treatment.