

Mitsubishi UFJ Kokusai Asset Management

1. Ensuring customer-oriented approach

- ✧ Based on the notion that taking initiatives consistently to delve into fiduciary duties (FD) that Mitsubishi UFJ Kokusai Asset Management (MUKAM) must fulfill allows it to “always respect the trust our clients have placed in us and act on their behalf,” MUKAM positions FD as principles guiding the mindset and behaviors required for its officers and employees.
- ✧ MUKAM has formulated and discloses its “Brand Statement” that serves as a philosophical guideline to carry out corporate visions.
- ✧ MUKAM reflects customer perspectives and feedback in the operation and improvement to its services by putting the system in place to incorporate Advisory Committee’s advice and other external opinions.

2. Developing and providing products that satisfy customers’ needs

- ✧ MUKAM develops and provides products based on the market trends and customers’ investment needs.
- ✧ MUKAM strives to develop and provide products that appropriately grasp customers’ investment goals and risk tolerance.

3. Implementing customer-oriented provision of information and consultation

- ✧ MUKAM describes in prospectuses the details of services to be provided in consideration for the trust fees that it receives.
- ✧ MUKAM provides information on the status of fund performance and investment environment upon market fluctuations.
- ✧ MUKAM provides tools for diagnosing risk tolerance to support its customers for selecting investment funds.

4. Providing line of products to fulfill diverse needs

- ✧ MUKAM strives to develop products for enhanced product line-up by leveraging its own investment know-how as well as by utilizing its extensive network with domestic and overseas investment managers.

5. Enhancing investment management for the improvement of customers’ investment results

- ✧ MUKAM, as a professional investment manager, seeks to provide its customers with best possible investment results by creating added-values based on thorough researches and analyses and appropriate investment decisions as well as by leveraging MUFG’s network.
- ✧ MUKAM strives to increase its shareholders’ benefits and sustainable corporate value and to maximize the interests of customers while fulfilling its stewardship responsibilities through stewardship activities, such as “purposeful dialogues” with its portfolio companies and exercising its voting rights, based on “MUKAM Principles on Corporate Governance Sought from Invested Companies”.
- ✧ MUKAM makes efforts to strengthen its investment capability by developing a solid investment structure through fostering and enhancing human resources for investment and by accumulating investment know-how utilizing not only in-house resources but also resources from our overseas offices’ and overseas investment managers.
- ✧ MUKAM strives to perform the best executions with respect to assets entrusted for investment from the perspective of fiduciary responsibilities.
- ✧ MUKAM has established a framework that contributes to securing independence as an investment manager.

9. Exerting professionalism

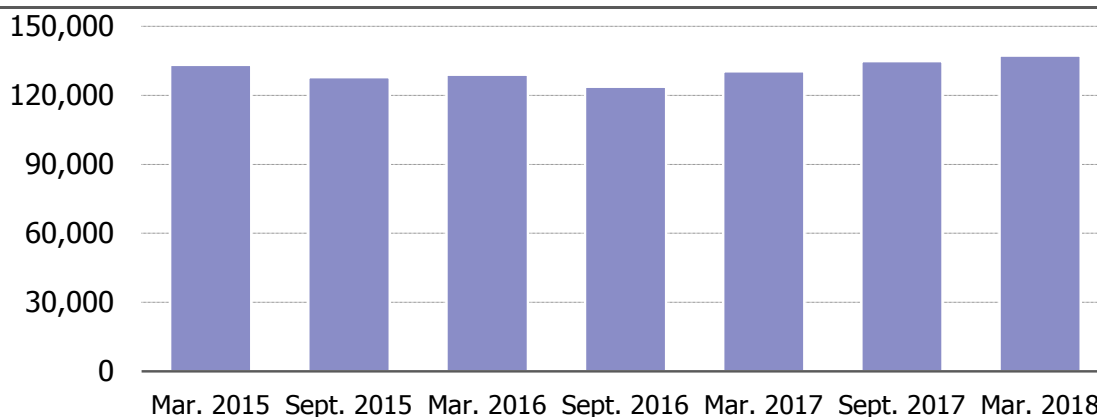
- ✧ Each and every one of employees of MUKAM seeks, as a professional, to enhance his/her knowledge and skills through training to earn further trust from customers.

[Implementation status]

MUKAM will regularly disclose the degree of instillment of customer-oriented approaches including its initiatives for further improving its products and services, at the same time as reviewing such approaches as needed.

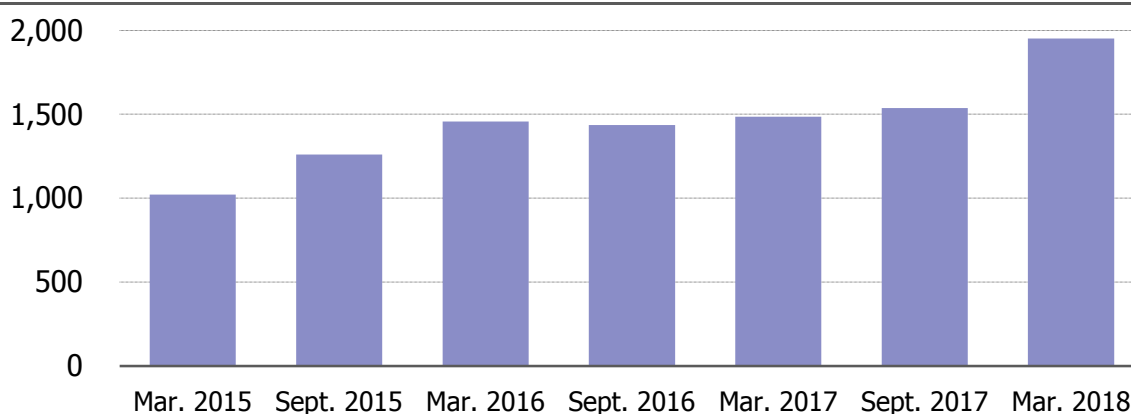
Providing products and investment services that contribute to asset building of customers
<ul style="list-style-type: none">■ MUKAM strives to develop and provide products that satisfy diverse needs of customers and contribute to their asset building seeking to deliver the best possible investment results to its customers from managing their assets entrusted.

【Fig.1】Assets under management (AUM) (Unit : JPY100M)



Developing and providing products that contribute to long-term, periodic and diversified investments
<ul style="list-style-type: none">■ “Tsumitate NISA”, a preferential tax treatment system that boosts asset building through long-term periodic and diversified investment, started in January 2018. The products targeted for “Tsumitate NISA” suitable for long-term, periodic and diversified investments are certified by Financial Services Agency (FSA).■ MUKAM has developed 29 funds as the products targeted for “Tsumitate NISA” as at the end of March 2018 and is making efforts to increase AUM. MUKAM will continue expanding products depending on customers’ needs and investment environment.

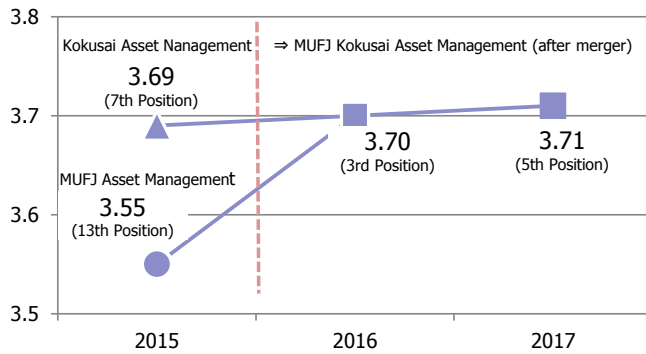
【Fig.2】AUM of the products targeted for “Tsumitate NISA” (JPY100M)



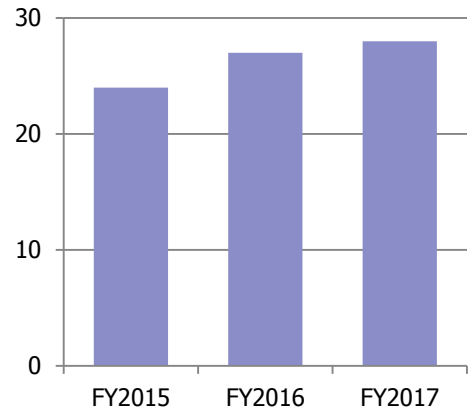
Evaluation by customers

- In product development, investment and information provision, MUKAM proceeds with the activities which will lead to improved evaluation by its customers or investors based on the results of evaluation by distributors and third-party assessment organizations. MUKAM will continue seeking to further enhance its products and services to live up to customers' expectations.

【Fig.3】Results of “Satisfaction Survey on Investment Trust Fund Management Companies” by R&I (Comprehensive satisfaction)



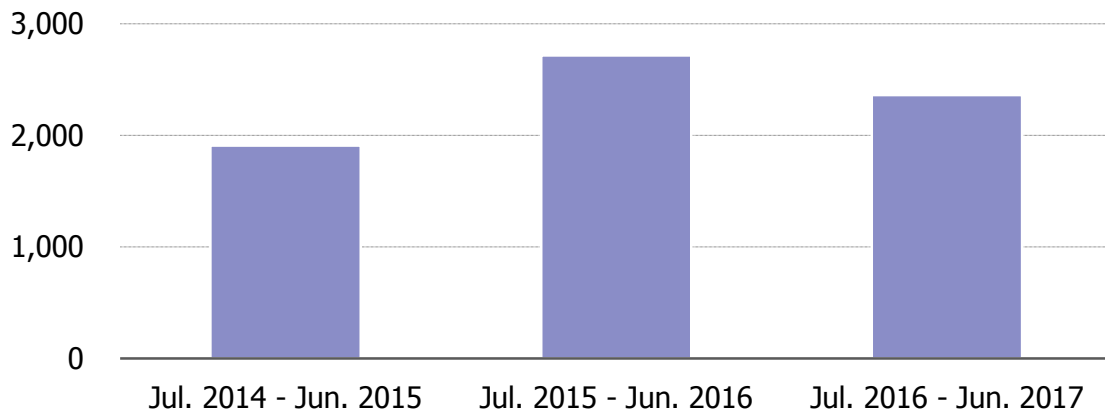
【Fig.4】Number of funds that received fund awards



Enhancing stewardship activities

- As part of its stewardship activities, MUKAM strives to continue dialogues (engagements) with its portfolio companies.
- MUKAM set up “Stewardship Advisory Council” on April 1, 2017 with external third-party figures comprising the majority of its membership, thereby establishing a framework to verify the adequacy and appropriateness of its stewardship activities to secure the maximization of investors' interests.
- MUKAM will continue seeking to enhance its stewardship activities for maximizing investors' interests based on the verification by Stewardship Advisory Council from the viewpoint of the third party.

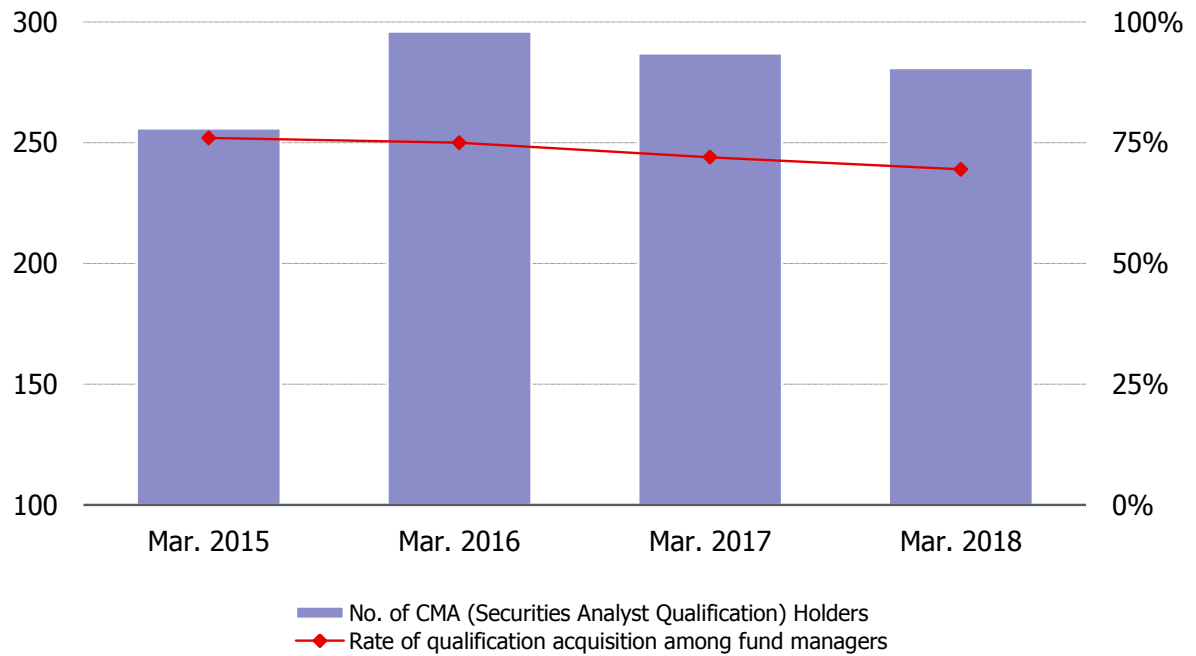
【Fig.5】Number of dialogues (engagements) with companies



Enhancing expertise

- MUKAM strives to maintain expertise of its staff by having them obtain CMA (securities analyst) and other qualifications related to asset management business, and will continue further improving its skills as an asset manager.

[Fig.6] Number of CMA (securities analyst qualification) holders and rate of securities analyst qualification acquisition among fund managers



Disclaimer

[Fig. 1] Assets under management

- The assets under management are the sum of the balance of investment trust funds and assets under management based on investment advisory contracts.
- The numbers in and before March 2015 are the sum total of assets under management by former Mitsubishi UFJ Asset Management and former Kokusai Asset Management.

[Fig. 2] AUM of the products targeted for “Tsumitate NISA”

- The products targeted for “Tsumitate NISA” denote the funds that satisfy the requirements under the applicable laws and regulations as the products suitable for long-term, periodic and diversified investments such as low level of fees and infrequent payment of dividends, and are certified by the FSA.

[Fig. 3] Results of “Satisfaction Survey on Investment Trust Fund Management Companies” by R&I (Comprehensive satisfaction)

- “Satisfaction Survey on Investment Trust Fund Management Companies” by Rating and Investment Information, Inc. (R&I) published in “Newsletter on Funds & Money” concerns the results of responses to the survey conducted toward the financial institutions that distribute investment trust funds.
- Statistical parameter of the overall ranks in investment managers is defined as follows: investment managers who received more than 20 responses from two entities or over among three entities of bank, securities firm and shinkin bank (credit union) (excluding online distributors).
- “Satisfaction Survey on Investment Trust Fund Management Companies” is the results of responses to the survey conducted toward distributors of investment trust funds. R&I does not guarantee the historical performance, future performance and the quality of service regarding the funds of asset managers subject to the ranking. R&I does not solicit the selection, purchase, sale and holding of investment trust funds managed by such asset managers.

[Fig. 4] Number of funds that received fund awards

- The number of awards received is the sum total of the number of following awards received:
 - “R&I Fund Awards” by Rating and Investment Information (R&I);
 - “Thomson Reuters Lipper Fund Awards” by Thomson Reuters Markets; and
 - “Morningstar Award” by Morningstar.
- “R&I Fund Award” is presented to provide reference information based on the historical data that R&I believes to be reliable (however, its accuracy and integrity are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or to guarantee their future performance. The subject award is not the credit rating business, but one of the other lines of business (businesses excluding credit rating business as well as the business other than ancillary businesses) as set forth under Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect credit rating activities. Intellectual property rights including copyright and all other rights in the subject award are the sole property of R&I, and any unauthorized copying and reproduction are prohibited. Each category in the “Investment Trusts/Aggregate” is based on the average performance of relevant funds of the awarded asset managers, and does not indicate that the performances of all the individual funds of the awarded asset managers are outstanding.
- Information on Thomson Reuters Lipper Leaders that form the basis of evaluation of Thomson Reuters Lipper Fund Awards does not recommend purchase and/or sale of investment trust funds. Please note that Thomson Reuters Lipper Leaders analyze the historical performances of the funds which do not guarantee the future results. The results of the evaluation are based on the data and information from the sources that Lipper believes to be reliable; however, the accuracy and integrity of such data and information cannot be guaranteed.
- Morningstar Award is based on the historical information and does not guarantee the performance in the future. The evaluation was carried out with the data that Morningstar believes to be reliable; however the accuracy and integrity of such data cannot be guaranteed. Intellectual property rights including copyright and all other rights are the sole property of Morningstar Japan K.K. and Morningstar, Inc. and any unauthorized copying and reproduction are prohibited. The subject award was presented to the funds among open-end Japanese equity funds that Morningstar made a general judgment as excellent by category based on the original qualitative and quantitative analyses.

[Fig. 5] Number of dialogues (engagements) with companies

- Stewardship activities refer to proxy voting, purposeful dialogue with portfolio companies and other research activities that are carried out by portfolio companies taking into consideration the interests of shareholders with the aim of contributing to increasing corporate values and achieving sustainable growth in the capacity to manage assets entrusted from customers.
- The number of individual meetings and other direct dialogues with companies
- The numbers in and before June 2015 are adjusted for former companies based on the criteria for the new company (merged in July 2015)