

August 22, 2024

Nomura Asset Management Co., Ltd.

Notice Regarding Termination Date, Significant Change to the Basic Terms and Conditions, and Being Designated to Securities Under Supervision (Confirmation) for NEXT FUNDS Russian Equity Index Exchange Traded Fund

The NEXT FUNDS Russian Equity Index Exchanged Traded Fund (Code: 1324) (hereinafter referred to as “the Fund”) managed by Nomura Asset Management Co., Ltd. has been suspending acceptance of applications of creation/redemption since February 24, 2022, and trading the Fund on the Tokyo Stock Exchange (TSE) has also been suspended since March 17, 2022.

Furthermore, evaluation price of underlying constituents of the Fund has been zero since April 25, 2022 after careful considerations with the fund auditor because it has been unforeseeable to liquidate assets into cash.

In response to Russia's military invasion of Ukraine, some countries including Japan continue to impose sanctions against Russia, and they are taking countermeasures. As a result, it has been difficult for the Fund to trade Russian equities for a long period of time. This leads the Fund to continuously decrease the cash assets due to the costs associated with listing and custody of assets, and there are concerns that the Fund will eventually run out of funds.

After careful considerations, if it remains difficult to trade Russian equities, we came to the conclusion that it is beneficial for beneficiaries to receive redemption proceeds after the trading environment of Russian equities will improve. The assets in the Fund will be preserved by minimizing costs associate with listing as well as custody of securities and delisting the Fund before depleting its funds.

Nomura Asset Management Co., Ltd. hereby announces that we have decided to amend the basic terms and conditions of the Fund (hereinafter referred to as “the Amendments”) to define a trust termination date as July 8, 2050, with the effective date of November 19, 2024, considering that the Fund will terminate in the future and a feasibility of trading Russian equities is unpredictable.

With the above decision, the beneficiary certificates of the Fund is planned to be designated

as “Securities Under Supervision (Confirmation).“

We will carefully look after a tradability of Russian equity markets, however, if it is determined to apply the Amendments on November 19, 2024, taking the Fund’s assets into consideration, it will meet the delisting criterion on TSE, and will be expected to be delisted on December 20, 2024 after being appointed as “Securities to Be Delisted.”

Moreover, as mentioned later, with regards to treatment under the Book-Entry Transfer System of Shares, etc. of the Fund after delisting, discussions are currently under way with the Japan Securities Depository Center, Inc. in order to continue to handle beneficial interests of the Fund.

Besides, this situation where there is a concern that funds may be depleted is considered as “truly unavoidable circumstances,” it is difficult to conduct a written resolution regarding the Amendments; thus, a beneficial resolution of the Amendments will not be taking place.

However, if the environment of trading Russian assets changes by the date of the above decision on November 19, 2024, such as stable liquidation of Russian assets and exchange from Russian Rubles (RUB) to Japanese Yen (JPY), the above case might not be applicable.

Kindly noted that it is possible to advance the schedule including the delisting date forward from preservation of assets’ perspectives in case the costs associated with custodian, etc. are unexpectedly surged. Custodian costs of securities are affected by markets of Russian equities and exchange rate between RUB and JPY. Having said that, when a market price of Russian equities or exchange rate of RUB against JPY increases, the custodian cost can unexpectedly go up.

If the Fund would be in a difficult situation such as failing to pay its custodian expenses, etc. (the Net Asset Value is going to be negative), we will disclose in a timely manner.

1. **ETF**

NEXT FUNDS Russian Equity Index Exchanged Traded Fund (Code: 1324)

2. **Schedule**

Following is the schedule in the event of setting up the trust termination date and the

Amendments are applied. If the Fund is terminated before the trust termination date, the termination date and the date of the beginning of payment of redemption proceeds can be advanced.

November 19, 2024: Decision of the Amendments

December 20, 2024: Effective date of the Amendments

July 8, 2050: Trust termination date

July 8, 2050: Payment of redemption proceeds will begin

August 22, 2024: Designated Security Under Supervision (Confirmation) on TSE

November 19, 2024: Designated Security to Be Delisted on TSE

December 20, 2024: Date of delisting from TSE

If we decide not to implement the Amendments, the Fund will be released from the Designated Security Under Supervision (Confirmation) on TSE. For example, the trading environment for Russian assets may change by the date of the decision on the Amendments on November 19, 2024, such as the stable liquidation of Russian assets and the exchange from RUB to JPY. It is possible to advance the schedule including the delisting date forward from preservation of assets' perspectives in case the costs associated with custodian, etc. are unexpectedly surged.

It remains challenging to trade Russian equities; hence, the trading of the Fund is expected to be suspended.

3. Overview and Reasons of the defined termination date and Amendments

A) Overview

- i. The trust term period of the Fund will be changed from unlimited to the termination date of July 8, 2050.
- ii. In case of early termination, we will make changes to the conditions regarding the payment of redemption proceeds.

B) Reasons

- i. The inception date of the Fund was July 25, 2008. It has been suspending acceptance of applications of creation/redemption since February 24, 2022, and trading the Fund on TSE has also been suspended since March 17, 2022. The Fund is expected to decrease the cash assets due to costs associated with

listing, etc. and we came to the conclusion that it will be difficult to keep the Fund listed. In case the situation continues, delisting the Fund will be beneficial for beneficiaries by making the Amendments on the trust termination date to July 8, 2050.

- ii. In order to facilitate early termination, we will make the necessary amendments to the basic terms and conditions of the Fund's trust deed.

4. **Financial Position of the Fund**

The balance sheet of the Fund in the 16th Fiscal Year (as of July 8, 2024) is provided below. The total assets is 5,142,523 yen, and there are concerns that the Fund may run out of its funds.

(単位：円) (Unit : JPY)

	第 15 期 (2023 年 7 月 8 日現在) 15th Fiscal Year As of July 8, 2023	第 16 期 (2024 年 7 月 8 日現在) 16th Fiscal Year As of July 8, 2024
	金額 Amount	金額 Amount
資産の部 Assets		
流動資産 Current assets		
預金 Deposits	1,941,742	3,274,398
コール・ローン Call loans	456,863	1,868,121
株式 Stocks	8,214,988	-
未取利息 Accrued interest	-	4
流動資産合計 Total current assets	10,613,593	5,142,523
資産合計 Total assets	10,613,593	5,142,523
負債の部 Liabilities		
流動負債 Current liabilities		
未払受託者報酬 Trustee fees payable	3,230	1,641
未払委託者報酬 Investment trust management fees	586	263

payable		
その他未払費用 Other accrued expenses	577	333
流動負債合計 Total current liabilities	4,393	2,237
負債合計 Total liabilities	4,393	2,237
純資産の部 Net assets		
元本等 Principal and other		
元本 Principal	1,992,616,500	1,992,616,500
剰余金 Surplus		
期末剰余金又は期末欠損金 (△) Surplus (deficit) at end of period	△1,982,007,300	△1,987,476,214
(分配準備積立金) (Reserve for distribution)	22,741,806	18,198,728
元本等合計 Total principal and other	10,609,200	5,140,286
純資産合計 Total net assets	10,609,200	5,140,286
負債純資産合計 Total liabilities and net assets	10,613,593	5,142,523

5. **Handling of the Fund After Delisting**

In case of implementing the trust termination date and the Amendments with the schedule above, the Fund will be delisted on December 20, 2024. With regards to treatment under the Book-Entry Transfer System of Shares, etc. of the Fund after delisting, discussions are currently under way with the Japan Securities Depository Center, Inc. in order to continue to handle beneficial interests of the Fund.

Early termination is planned to be carried out after being delisted and when sales of Russian assets and the exchange of RUB to JPY can be normally transacted and the underlying securities of the Fund can be cashed out. Although the timing and amount of sales proceeds are not certain as of present, redemption proceeds according to the number of units held on the trust termination date are planned to be paid out to the beneficiaries as of the trust termination date.

If a change of address or inheritance occurs during the period between the delisting and the early termination, please do not forget to apply for a change of address or inheritance with your financial institution so that redemption proceeds can be paid appropriately.

The trust termination date (July 8, 2050) has been determined by taking the situation of the Russian market into consideration. However, if the trust can be terminated before the termination date of the trust period, the date may be advanced. In addition, if the sale of Russian assets and the exchange of RUB to JPY are not executed normally even on July 8, 2050, a change to the trust deed to update the termination date of the trust period may be made.