

November 8, 2024
Nomura Asset Management Co., Ltd.

Notice Regarding Reverse Share Split and Amendment to the Basic Terms and Conditions of “NEXT FUNDS Nikkei 225 Double Inverse Index Exchange Traded Fund”

Nomura Asset Management Co., Ltd. conducted a written resolution on November 8, 2024, as required by laws and regulations, for reverse share split and significant changes to the basic terms and conditions of the trust deed (hereinafter referred to as “the Amendments”) of the NEXT FUNDS Nikkei 225 Double Inverse Index Exchange Traded Fund (Code: 1357) (hereinafter referred to as “the Fund”), as it has been announced on August 9, 2024.

As a result of the procedures for the written voting, the total number of units of beneficial interests held by beneficiaries who approve the resolution (this includes beneficiaries who are considered to be in favor of the resolution, and the same shall apply hereinafter) was two-thirds or more of the total number of units of beneficial interests as of August 29, 2024, therefore, we will implement the Amendments to the trust deed on December 11, 2024, and carry out the reverse split on December 17, 2024 as the base date.

Moreover, we will make changes to the creation/partial redemption units of beneficial interests and the conditions on the early termination with the effective date of the Amendments on the basic terms and conditions of December 18, 2024, considering the total number of units of beneficial interests will decrease as a result of the reverse split.

Thank you for your continued patronage.

1. ETF

NEXT FUNDS Nikkei 225 Double Inverse Index Exchange Traded Fund (Code: 1357)

2. Schedule

■ **Schedule regarding the reverse share split and the Amendments:**

December 11, 2024: Effective date of the Amendments: (i)-B (The conditions are added based on “the Operational Rules.”)

December 17, 2024: Base date for the reverse split

December 18, 2024: Effective date for the reverse split

December 18, 2024: Effective date of the Amendments: (i)-B (The changes to the basic terms and conditions to clarify the initial principal are made.), (iii)-D, and (iii)-E.

■ **Schedule for trading on the Tokyo Stock Exchange**

The Fund can continue to be traded on the Tokyo Stock Exchange. However, please note the below:

Trading at unit / price before reverse split	Until Friday, December 13, 2024
Trading at unit / price after reverse split	On / After Monday, December 16, 2024

*On and after December 16, 2024, beneficiaries of interests with less than 100 units based on the number of units before the reverse split will no longer be able to sell.

*Net Asset Value will reflect reverse split on and after December 18, 2024.

3. Overview of Reverse Share Split and the Amendments on the Trust Deed

(i) **Overview**

A) The units of the beneficial interests held by the beneficiaries listed in the final beneficiary registry on December 17, 2024 shall be consolidated at a ratio of a hundred per unit (1-for-100 reverse split). The trading unit will remain unchanged.

B) With regards to the reverse split in beneficial interests, the additional conditions considering the implementation of the reverse split and changes to clarify the initial principal are made based on “Operational Rules Regarding Book-Entry Transfer of Shares, etc.” established by the Japan Securities Depository Center, Inc.

Furthermore, the Fund will make changes to the creation/partial redemption units of beneficial interests and the conditions on the early termination, considering the total number of units of beneficial interests will decrease as a result of the reverse split.

(ii) Reasons

The Fund was launched on July 14, 2014 and has been operated approximately for a decade. However, the Net Asset Value per unit (NAV) has been on a downward trend since its inception, and while the NAV on the inception date was ¥528,203 (per 100 units), it was ¥14,022 (per 100 units) as of July 31, 2024. Since a decrease in the NAV of the Fund is likely to cause a relative decline in the accuracy of tracking the benchmark index, and the price on exchanges has also fallen (the closing price of the exchange as of July 31, 2024 was ¥141), there are concerns that a change by one yen in the price on exchanges would have a greater impact. Accordingly, in order to appropriately maintain the merchantability of the Fund, the reverse split will be taking place.

(iii) Impacts of Reverse Share Split

As a result of the reverse split, the total number of units of beneficial interests will decrease to one-hundredth (1/100), but the total net assets per unit will increase by 100 times. The total asset value of the Fund would theoretically remain unchanged except for market trends and other factors.

A) Reduction of units and net assets as a result of reverse split

Example	Before Reverse Split	After Reverse Split
Net Asset Value per unit	JPY 100	JPY 10,000
Units of the Fund	10,000 units	100 units
Total Net Assets	JPY 1,000,000	JPY 1,000,000

B) Handling fractions of less than one unit after consolidation of beneficial interests

Fractions of less than one unit resulting from the reverse split of beneficial interests will be sold in a lump sum, and the proceeds of the sale will be returned to the beneficiaries in proportion to their shares.

- (a) Beneficiaries who hold less than 100 units as of the base date for the reverse split:
We will refund the proceeds of the sale according to the total number of units held.
- (b) Beneficiaries who hold more than 100 units as of the base date for the reverse

split:

As of the effective date of the reverse split (December 18, 2024), 100 units of beneficial interests will be consolidated into 1 unit.

For the number of units not obtained by multiplying 100 units by whole numbers (fractions of less than 100 units), the proceeds of the sale according to the amount of the fraction shares will be refunded.

Number of units of beneficial interests		1-99 units	100 units or more
Holding beneficial interests after December 18, 2024		None	Hold beneficial interests in multiples of 100 as of December 17, 2024
Fractional beneficial interests (Handling of portions less than 100 units)		Refund by converting to cash	Same as the left
Example	Number of units of beneficial interests held as of December 17, 2024	95 units	220 units
	Number of units of beneficial interests held on and after December 18, 2024	0 unit	2 units
	Number of units applicable to cash out (as of December 17, 2024)	95 units (Since it is less than 100 units, all units held will be eligible for cashing out.)	20 units (The number of units held as of December 17, 2024, subtracting the multiples of 100, will be eligible for cashing out.)

*Fractional beneficial interests will be sold in the markets promptly after the total number of beneficial interest units is confirmed. Details of the sales will be disclosed on the website.

*Details of the fractional shares allocated to each beneficiary will be delivered by mail around February 2025.

C) Scheduled suspension of acceptance of creation/partial redemption

We will suspend the acceptance of applications of creation and redemption for the Fund due to the reverse split as follows.

Date	Creation	Partial Redemption
December 13, 2024	(To be accepted)	To be suspended
December 16, 2024	To be suspended	To be suspended
December 17, 2024	To be suspended	To be suspended

Note: There is no impact on trades of the Fund on the Tokyo Stock Exchange.

D) Changes to the creation/partial redemption units of beneficial interests (changes of appendix table)

Before amendment	After amendment
20,000 units or more	200 units or more

*The change above applies to creation/partial redemption applications on or after December 18, 2024.

*The creation/redemption units above are not applicable to trading on the Tokyo Stock Exchange.

E) Changes to the conditions on the early termination

Before amendment	After amendment
...early termination shall be carried out if the number of units of beneficial interests falls below 100,000 for 20 successive days,early termination shall be carried out if the number of units of beneficial interests falls below 1,000 for 20 successive days, ...