

Nikko AM to launch new fund investing in world-class Japanese firms

Companies Selected for Dividends Yields and Dividends Growth

- Nikko Japan High Income Equity Fund -

Nikko Asset Management (Nikko AM) (Timothy McCarthy, Chairman and CEO) announced today that it will launch a new open-ended equity investment trust, Nikko Japan High Income Equity Fund, and begin management on May 30. Nikko Cordial Securities will accept applications from May 19. This is Nikko AM's first launch of an active investment trust that invests in Japanese equity in the two and a half years since November, 2005.

Japan is home to many globally competitive blue-chip firms. Many of the well-established firms supported the high growth of the early postwar period, fought hard in the turbulent 1990s, and have expanded out of Japan and into the global arena. These firms remain strong and continue to evolve. Others include startups and other firms that have recently achieved high rates of growth. Faced by a lackluster domestic market, Japanese firms, whose technological advantages and flexible management style are often their greatest strengths in the global market, have continued to grow thanks to global economic growth, particularly in growth countries. Japanese companies have made steady progress in their home capital markets, which are a focus of activity for international market participants. Many, particularly international blue-chip firms have adopted a clear policy of returning profits to shareholders in the form of dividends. Such companies create high-quality, world-class shareholder value by boosting profits and taking a positive stance on shareholders returns. John Vail, Chief Global Strategist at Nikko AM, notes, "Increasing dividends continues to be a new, powerful form of corporate governance improvement in Japan, and most of its finest companies have made great strides in recent years."

Nikko Japan High Income Equity Fund is an investment trust that will seek returns from the dynamism of global economic growth via investment in such world-class Japanese firms. The fund will carefully select for investment Japanese firms that boast strong dividend yields and are expected to see dividend growth, and will pursue not only income revenue but also mid- and long-term price rise profit. In stock selection, the fund will focus on determining changes in the firm's stance on returning profits to shareholders and invest in issues that will be able to realize both corporate growth and dividend growth. Also, the fund will aim to distribute profits four times a year (January, April, July, October) using dividend profit and sales profit from the incorporated issues as the funding source.

Nikko AM launched the "+Nippon campaign" out of the strong belief that Japanese investors need to rediscover the attractiveness of the firms of Japanese firms. Nikko Japan High Income Equity Fund will be a key product of the campaign. Foreign investors have historically been the ones to take advantage and became substantial net buyers when Japanese equities reach a turning point in terms of valuation. Nikko AM hopes that Japanese investors will take this opportunity to seek returns from the growth and achievements of Japanese companies by investing in Japanese firms.

Note: Please note that you cannot purchase any products mentioned in this press release if you are not a Japanese resident or if you hold nationality of a country where there are legal restrictions on their ownership. The information referred to in this press release is for Japanese residents only. The information provided is designed for use by Japanese residents only and should not be relied on by residents of any other jurisdiction.

Nikko Japan High Income Equity Fund

Purchase Memo

Product Type	Open Equity Investment Trust /Japanese Equity (General Type) /Automatic Distribution Reinvestment Plan	
Purchase Unit	For a new application: 100,000 yen or more (in the unit of 1 yen) For an additional application: 10,000 yen or more (in the unit of 1 yen)	
Purchase Price	Initial application period: 1 yen per unit Subsequent application period: NAV as of the business day following that of application	
Purchase Day	Initial application period: From May19 to May 29, 2008 Subsequent application period: From May 30 to Jul 10, 2009 ※You can also subscribe after May 29, 2009 Subscription also possible after initial application period	
Trust Period	Until Apr. 10, 2018 (date of trust subscription: May 30, 2008)	
Closing Date	Four times each year; i.e., the 10th day of January, April, July and October (or the following business day if such an 10th day falls on a holiday)	
Dividend Distribution	On every closing date after Oct 2008, the fund manager will determine the dividend distribution amount taking into consideration such factors as the level of NAV and the market conditions, etc.; provided however, that the fund manager may decide to withhold the distribution if the distributable amount on a particular closing date is inconsequential.	
Redemption Price	NAV as of the business day immediately following the date of application for redemption, less the exit charge.	
Payment of Redemption Proceeds	In principle, the five business days from the date of application for redemption (or thereafter)	
Outline of Fees, etc.	The following fees and expenses are charged to investors	
	<Fees charged at the time of purchase and application for redemption (cancellation)>	
	Purchase Application Fees	The application fee will vary depending on the application amount as follows: ● less than 100 million yen ● 100 million yen or more and less than 500 million yen ● 500 million yen or more and less than 1 billion yen ● 1 billion yen or more
	3.15% (3.0% excluding tax)1.575% (1.5% excluding tax)0.7875% (0.75% excluding tax)0.5250% (0.5% excluding tax)
	Redemption (Cancellation) Fees	Not applicable
	Exit Charge	Not applicable
	<Fees and expenses charged indirectly as charges to trust assets (i.e. paid from the fund)>	
	Trust Fees	1.134% p.a. (1.08% excluding tax) times the total net trust asset balance In addition to the above, in cases when securities are lent, the amount calculated as 0.525 (0.5 excluding tax) times the lending fee on the securities lent.
	Other expenses	Other expenses may include brokerage commission with respect to securities included in the portfolio, audit fees, interest on borrowing and advances, etc.
	* The rate or maximum amounts applicable to other fees and expenses cannot be indicated in advance because the actual amount will vary depending on the state of the assets managed. The total amount of fees charged to the Fund will vary depending on the length of investment period and other factors. Therefore, we cannot	

give a specific total.
For more detail, please refer to the investment trust explanatory document
(prospectus distributed in advance of application)

Trust Company and Other Related Companies

Trust Company	Nikko Asset Management Co., Ltd.
Trustee	Nikko Citi Trust and Banking Corporation
Distributor	Nikko Cordial Securities Co. Ltd.

■Risk Information

This fund, including the mother fund, invests primarily in securities that experience price movements, such as equities (securities denominated in a foreign currency are also exposed to foreign exchange risk), and NAV will fluctuate as a result. Therefore, it is possible for the NAV to fall below the amount of the initially invested principal.

Also, please be advised that this fund is exposed to risks including price fluctuation risk, liquidity risk, credit risk, foreign currency risk .

■Other matters to consider

- These materials were produced for the sole purpose of providing information the services, etc. offered by Nikko Asset Management.
- Unlike bank deposits or insurance policies, investment trusts are not protected by the Deposit Insurance Corporation or the insurance policy holders protection corporations. Nor are investment trusts protected by investor protection funds when purchased at banks or other registered financial institutions.
- Profits and losses made by the management of investment trusts all belong to the beneficiaries. The distributor will provide you with a prospectus either before or when you submit your application to this Fund, so please make the decision to invest carefully after taking the time to read the contents in detail.

About Nikko Asset Management and “Nikko AM”¹

Registration Number: Director of the Kanto Local Finance Bureau (Financial instruments firms) No.368
Member Associations: The Investment Trusts Association
Japan Securities Investment Advisers Association

Nikko Asset Management (Nikko AM) is a leading Japan-based asset management group. Since its establishment almost 50 years ago, Nikko AM has been offering investors a full lineup of investment trusts to retail investors and high value-added advisory services to institutional investors.

Its investment trusts are distributed through a network of around 200 distributor institutions including banks, securities companies, and Japan Post Bank. The firm offers investors access to both Nikko AM funds that invest mainly in Japanese equities, fixed income, and REITs and, through its independently developed “World Series” third-party sub-advisory platform, opportunities to strategically utilize a global range of top-performing, independent asset managers over a diverse range of asset classes.

Nikko AM International Inc., our overseas office located in New York, provides a wide range of products, under In-house management such as Global bond, and sub-advisory management, capitalizing on the excellent performance of external asset management firms.

Nikko AM has moved to enhance its expertise in the asset management business by clarifying the responsibilities of fund managers and refining risk management capability. In recognition of these accomplishments, Nikko AM has been awarded several prestigious fund awards, such as Lipper Award, Asian Investor's Award, and Morningstar Award, every year since 2004.

Nikko AM has assets totaling ¥11.5 trillion under management, at the end of April, 2008.² It offers

approximately 240 public investment trusts, ranging from basic to innovative, to meet the diversified needs of retail and institutional investors. Nikko AM¹ employs over 550 people in Tokyo, New York, London and Singapore.

For further information, please visit: <http://www.nikkoam.com/english/>

Note 1: "Nikko AM" stands for Nikko Asset Management Co., Ltd. and its group companies.

Note 2: Consolidated Nikko AM Tokyo and its overseas subsidiaries' assets under management (includes advised assets).