

“NISA” accounts are steadily increasing

The “NISA” (Nippon Individual Savings Account), which started in January 2014, is a tax saving account for small-sized individual investors in Japan, modeled after the ISA (Individual Savings Account) plan in the United Kingdom. The individual, who opens a “NISA” account in a securities house or a bank, can be exempted from capital gain tax and withholding tax on dividend incomes arising from the investment in equities and/or investment trusts. From 2016, the annual contribution limit will be raised and a new “Junior NISA” will be introduced.

Point 1

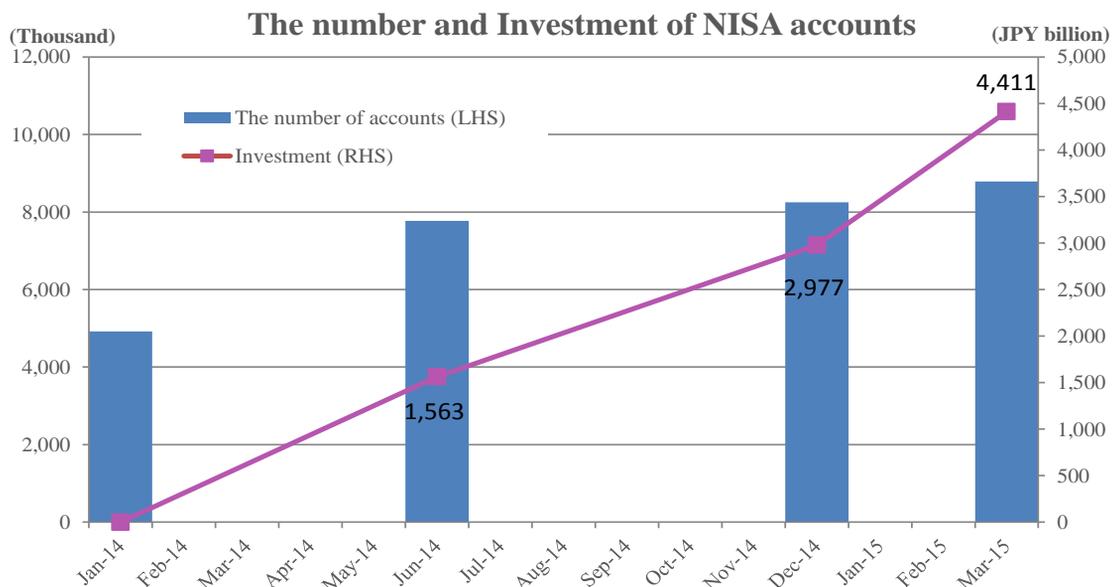
Purchases through NISA accounts are steadily increasing Utilisation rate of the NISA accounts are also rising

- According to the statistics “Usage of NISA accounts of the 10 major securities brokers” announced on July 16, by the Japan Securities Dealers Association, the number of NISA accounts at the end of June was 4.47 million, a 10% rise compared to December of the previous year. Purchases through these 10 major securities brokers were over JPY 1 trillion, amounting to over JPY 2.42 trillion since its start in January of last year. The rate of active NISA accounts was 52.2% at the end of June, a rise from 45.1% at the end of December last year.

Point 2

Household financial assets rose through stock price rise Flow of funds of investment trusts were surplus on purchases

- According to the statistics “Flow of Funds” announced on June 29, by the Bank of Japan, the household financial assets at the end of March was JPY 1,708 trillion, a rise in JPY 11 trillion from December 2014. Due to the rise in the stock market, “stocks and investments” increased JPY 13 trillion. The flow of funds (transactions) for “stocks and investments” was a JPY 1 trillion deficit.
- On the other hand, “investment trusts” was a surplus of JPY 3 trillion in flow of funds. The asset size was JPY 95 trillion at the end of March, meaning the surplus purchases was almost equal to the size of change in assets. The purchase surplus has contributed to the increase in investment trusts, and also the growth of NISA.



(Note) 1. Data period from January 2014 to March 2015.
2. Based on all of the financial institutions (704 companies) at which NISA account can be opened.

(Source) SMAM, based on the Financial Services Agency data.

■ From 2016, “Junior NISA” will start

Starting January 2016, a new “NISA” called “Junior NISA”, with certain restrictions for investors below the age of twenty, will be introduced. Meanwhile, the annual contribution limit for the existing “NISA” will be raised from JPY 1 million to JPY 1.2 million. The expansion of the tax benefits using “NISA” accounts anticipates the further utilization of these accounts.

■ “NISA” for accumulated investments

“NISA” accounts can be used for accumulated investments. Starting investments in small amounts, diversifying the investment periods are merits and spreading to the younger generation is anticipated. Expansion of investment activities through “NISA” is expected to promote the change “from savings to investing”.

■ Disclaimer**Please read this disclaimer carefully.**

- This material is for non-Japanese institutional investors only.
- The research and analysis included in this report, and those opinions or judgments as outcomes thereof, are intended to introduce or demonstrate capabilities and expertise of Sumitomo Mitsui Asset Management Company, Ltd. (hereinafter “SMAM”), or to provide information on investment strategies and opportunities. Therefore this material is not intended to offer or solicit investments, provide investment advice or service, or to be considered as disclosure documents under the Financial Instruments and Exchange Law of Japan.
- The expected returns or risks in this report are calculated based upon historical data and/or estimated upon the economic outlook at present, and should be construed no warrant of future returns and risks.
- Past performance is not necessarily indicative of future results.
- The simulated data or returns in this report besides the fund historical returns do not include/reflect any investment management fees, transaction costs, or re-balancing costs, etc.
- The investment products or strategies do not guarantee future results nor guarantee the principal of investments. The investments may suffer losses and the results of investments, including such losses, belong to the client.
- The recipient of this report must make its own independent decisions regarding investments.
- The opinions, outlooks and estimates in this report do not guarantee future trends or results. They constitute SMAM’s judgment as of the date of this material and are subject to change without notice.
- The awards included in this report are based on past achievements and do not guarantee future results.
- The intellectual property and all rights of the benchmarks/indices belong to the publisher and the authorized entities/individuals.
- This material has been prepared by obtaining data from sources which are believed to be reliable but SMAM can not and does not guarantee its completeness or accuracy.
- All rights, titles and interests in this material and any content contained herein are the exclusive properties of SMAM, except as otherwise stated. It is strictly prohibited from using this material for investments, reproducing/copying this material without SMAM’s authorization, or from disclosing this material to a third party.

Registered Number: Kanto Local Finance Bureau (KINSHO) No.399

Member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and

Type II Financial Instruments Firms Association

© Sumitomo Mitsui Asset Management Company, Limited

