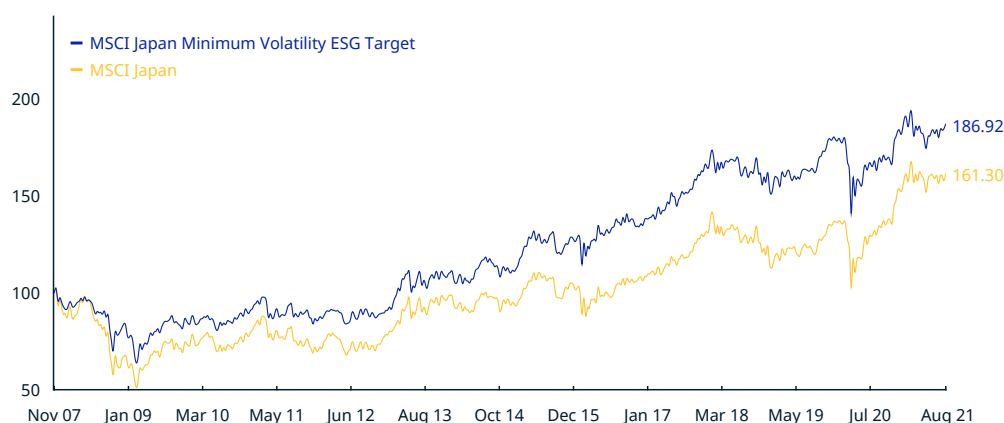


# MSCI Japan Minimum Volatility ESG Target Index (USD)

The MSCI Japan Minimum Volatility ESG Target Index is based on MSCI Japan Index, its parent index, which includes large- and mid-cap stocks across the Japanese equity markets. The index is designed to represent the performance of a strategy that seeks systematic integration of environmental, social and governance (ESG) norms in minimum volatility investing by seeking to minimize risk along with the improvement in the ESG profile of the index. The Index aims to achieve lowest risk while improving the ESG score relative to the underlying parent index.

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (NOV 2007 – AUG 2021)



## ANNUAL PERFORMANCE (%)

Year	MSCI Japan Minimum Volatility ESG Target	MSCI Japan
2020	4.92	14.48
2019	16.40	19.61
2018	-6.39	-12.88
2017	21.87	23.99
2016	4.03	2.38
2015	16.54	9.57
2014	1.23	-4.02
2013	22.44	27.16
2012	2.43	8.18
2011	-7.34	-14.33
2010	14.00	15.44
2009	-2.45	6.25
2008	-12.76	-29.21

## INDEX PERFORMANCE – NET RETURNS (%) (AUG 31, 2021)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since Nov 30, 2007
					3 Yr	5 Yr	10 Yr		
MSCI Japan Minimum Volatility ESG Target	4.04	3.58	10.65	-0.44	4.58	6.89	7.62	4.65	
MSCI Japan	3.07	1.47	19.96	3.07	7.64	9.11	7.88	3.54	

## FUNDAMENTALS (AUG 31, 2021)

Div Yld (%)	P/E	P/E Fwd	P/BV
2.06	20.50	17.71	1.57
2.07	17.03	15.23	1.47

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 2007 – AUG 31, 2021)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2, 3</sup>			Since Nov 30, 2007	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI Japan Minimum Volatility ESG Target	0.75	6.31	20.37	13.14	10.99	11.26	0.31	0.55	0.64	0.36	37.82	2007-12-11–2009-03-10
MSCI Japan	1.00	0.00	3.98	15.27	12.53	13.13	0.47	0.66	0.59	0.25	49.89	2007-12-11–2009-03-10

<sup>1</sup> Last 12 months

<sup>2</sup> Based on monthly net returns data

<sup>3</sup> Based on ICE LIBOR 1M

The MSCI Japan Minimum Volatility ESG Target Index was launched on Sep 28, 2017. Data prior to the launch date is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance – whether actual or back-tested – is no indication or guarantee of future performance.

### INDEX CHARACTERISTICS

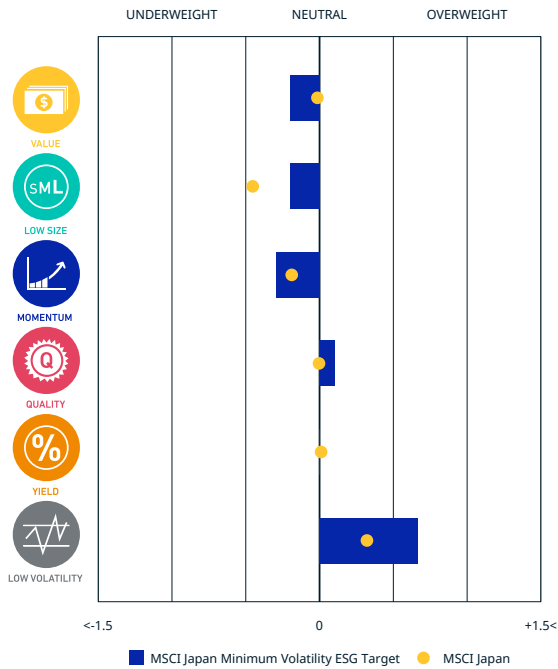
	MSCI Japan Minimum Volatility ESG Target	MSCI Japan
<b>Number of Constituents</b>	119	272
<b>Weight (%)</b>		
<b>Largest</b>	1.86	4.63
<b>Smallest</b>	0.06	0.04
<b>Average</b>	0.84	0.37
<b>Median</b>	0.75	0.19

### TOP 10 CONSTITUENTS

	Index Wt. (%)	Parent Index Wt. (%)	Sector
DAIKIN INDUSTRIES	1.86	1.56	Industrials
OMRON CORP	1.82	0.44	Info Tech
FUJI FILM HOLDINGS CO	1.81	0.74	Info Tech
KEYENCE CORP	1.77	2.93	Info Tech
FUJITSU	1.72	0.91	Info Tech
HOYA CORP	1.72	1.51	Health Care
SHIONOGI & CO	1.71	0.42	Health Care
SYSTEMEX CORP	1.69	0.48	Health Care
SG HOLDINGS CO	1.67	0.22	Industrials
NOMURA RESEARCH INST	1.62	0.33	Info Tech
<b>Total</b>	<b>17.38</b>	<b>9.53</b>	

### FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

#### MSCI FACTOR BOX



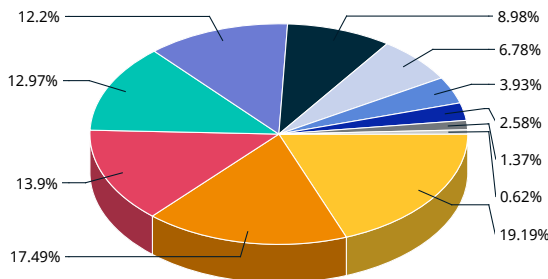
#### MSCI FaCS

- VALUE**  
Relatively Inexpensive Stocks
- LOW SIZE**  
Smaller Companies
- MOMENTUM**  
Rising Stocks
- QUALITY**  
Sound Balance Sheet Stocks
- YIELD**  
Cash Flow Paid Out
- LOW VOLATILITY**  
Lower Risk Stocks

MSCI FaCS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

Neutral factor exposure (FaCS = 0) represents MSCI ACWI IMI.

### SECTOR WEIGHTS



- Industrials 19.19%
- Information Technology 17.49%
- Consumer Discretionary 13.9%
- Health Care 12.97%
- Consumer Staples 12.2%
- Financials 8.98%
- Communication Services 6.78%
- Materials 3.93%
- Utilities 2.58%
- Real Estate 1.37%
- Energy 0.62%

## INDEX METHODOLOGY

The MSCI Minimum Volatility ESG Target Indexes are calculated by optimizing a parent MSCI Index by using an estimated co-variance matrix to produce an index that has the lowest absolute volatility for a given set of constraints. This includes specific constraints for improving the ESG profile for the index relative to that of the underlying parent index. The eligible universe is the universe of all the securities in the Parent Index that are not involved in very severe ESG controversies ("Red flags") or in controversial weapons. The starting universe to determine a Minimum Volatility Index is an MSCI Equity Index and the estimated co-variance matrix is based on the relevant Barra multi-factor equity model.

The MSCI Minimum Volatility ESG Target Indexes are rebalanced on a semi-annual basis, usually as of the close of the last business day of May and November, coinciding with the May and November Semi-Annual Index Reviews (SAIRs) of the MSCI Global Investable Market Indexes.

## FACTOR BOX AND FaCS METHODOLOGY

MSCI FaCS is a standard method ([MSCI FaCS Methodology](#)) for evaluating and reporting the Factor characteristics of equity portfolios. MSCI FaCS consists of Factor Groups (e.g. Value, Size, Momentum, Quality, Yield, and Volatility) that have been extensively documented in academic literature and validated by MSCI Research as key drivers of risk and return in equity portfolios. These Factor Groups are constructed by aggregating 16 factors (e.g. Book-to-Price, Earnings/Dividend Yields, LT Reversal, Leverage, Earnings Variability/Quality, Beta) from the latest Barra global equity factor risk model, GEMLT, designed to make fund comparisons transparent and intuitive for use. The MSCI Factor Box, which is powered by MSCI FaCS, provides a visualization designed to easily compare absolute exposures of funds/indexes and their benchmarks along 6 Factor Groups that have historically demonstrated excess market returns over the long run.

## ABOUT MSCI

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