

# MSCI Japan Sector Neutral Quality Index (USD)

The **MSCI Japan Sector Neutral Quality Index** captures large and mid-cap representation across the Japanese equity markets. The index aims to capture the performance of securities that exhibit stronger quality characteristics relative to their peers within the same GICS® sector by identifying stocks with high quality scores based on three main fundamental variables: high Return-on-Equity (ROE), low leverage and low earnings variability.

For a complete description of the index methodology, please see [Index methodology - MSCI](#).

## CUMULATIVE INDEX PERFORMANCE – NET RETURNS (USD) (AUG 2010 – AUG 2025)



## ANNUAL PERFORMANCE (%)

| Year | MSCI Japan Sector Neutral Quality | MSCI Japan |
|------|-----------------------------------|------------|
| 2024 | 10.45                             | 8.31       |
| 2023 | 23.07                             | 20.32      |
| 2022 | -20.94                            | -16.65     |
| 2021 | -0.29                             | 1.71       |
| 2020 | 22.78                             | 14.48      |
| 2019 | 23.73                             | 19.61      |
| 2018 | -12.05                            | -12.88     |
| 2017 | 25.04                             | 23.99      |
| 2016 | 1.96                              | 2.38       |
| 2015 | 11.37                             | 9.57       |
| 2014 | 2.22                              | -4.02      |
| 2013 | 20.09                             | 27.16      |
| 2012 | 6.34                              | 8.18       |
| 2011 | -7.58                             | -14.33     |

## INDEX PERFORMANCE – NET RETURNS (%) (AUG 29, 2025)

|                                   | 1 Mo | 3 Mo | 1 Yr  | YTD   | ANNUALIZED |      |       |      | Since Nov 30, 1998 |
|-----------------------------------|------|------|-------|-------|------------|------|-------|------|--------------------|
|                                   |      |      |       |       | 3 Yr       | 5 Yr | 10 Yr |      |                    |
| MSCI Japan Sector Neutral Quality | 4.59 | 4.33 | 9.84  | 13.56 | 15.51      | 7.86 | 8.05  | 5.10 |                    |
| MSCI Japan                        | 6.95 | 7.26 | 12.94 | 17.83 | 15.94      | 8.67 | 7.22  | 4.51 |                    |

## FUNDAMENTALS (AUG 29, 2025)

| Div Yld (%) | P/E   | P/E Fwd | P/BV |
|-------------|-------|---------|------|
| 1.91        | 17.32 | 16.49   | 2.27 |
| 2.12        | 18.18 | 15.84   | 1.66 |

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 30, 1998 – AUG 29, 2025)

|                                   | Beta | Tracking Error (%) | Turnover (%) <sup>1</sup> | ANNUALIZED STD DEV (%) <sup>2</sup> |       |       | SHARPE RATIO <sup>2, 3</sup> |      |       | Since Nov 30, 1998 | MAXIMUM DRAWDOWN |                       |
|-----------------------------------|------|--------------------|---------------------------|-------------------------------------|-------|-------|------------------------------|------|-------|--------------------|------------------|-----------------------|
|                                   |      |                    |                           | 3 Yr                                | 5 Yr  | 10 Yr | 3 Yr                         | 5 Yr | 10 Yr |                    | (%)              | Period YYYY-MM-DD     |
| MSCI Japan Sector Neutral Quality | 0.92 | 4.10               | 15.75                     | 15.05                               | 15.97 | 14.47 | 0.73                         | 0.37 | 0.46  | 0.26               | 59.59            | 2000-01-03–2003-04-28 |
| MSCI Japan                        | 1.00 | 0.00               | 4.43                      | 14.16                               | 14.58 | 14.06 | 0.79                         | 0.45 | 0.42  | 0.22               | 60.58            | 2000-03-31–2003-04-28 |

<sup>1</sup> Last 12 months

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

<sup>3</sup> Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

## INDEX CHARACTERISTICS

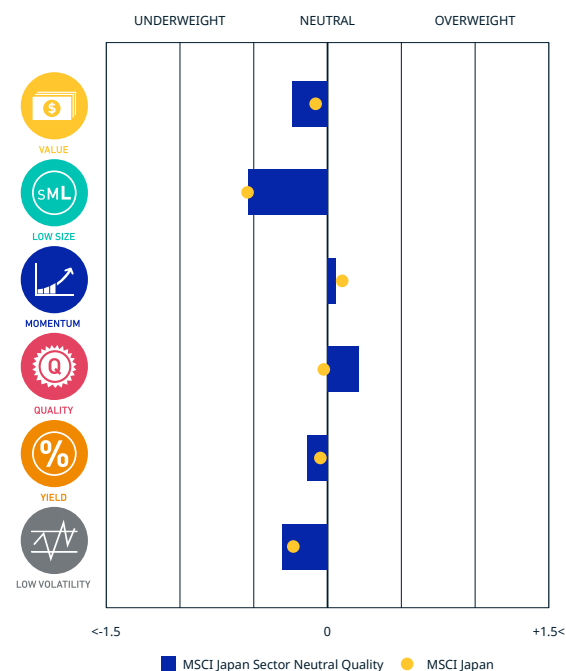
|                               | MSCI Japan Sector<br>Neutral Quality | MSCI Japan |
|-------------------------------|--------------------------------------|------------|
| <b>Number of Constituents</b> | 123                                  | 180        |
|                               | <b>Weight (%)</b>                    |            |
| <b>Largest</b>                | 7.17                                 | 4.31       |
| <b>Smallest</b>               | 0.05                                 | 0.07       |
| <b>Average</b>                | 0.81                                 | 0.56       |
| <b>Median</b>                 | 0.39                                 | 0.31       |

## TOP 10 CONSTITUENTS

|                       | Index<br>Wt. (%) | Parent<br>Index<br>Wt. (%) | Sector      |
|-----------------------|------------------|----------------------------|-------------|
| TOKIO MARINE HOLDINGS | 7.17             | 1.86                       | Financials  |
| SONY GROUP CORP       | 4.75             | 3.98                       | Cons Discr  |
| TOYOTA MOTOR CORP     | 4.18             | 4.31                       | Cons Discr  |
| RECRUIT HOLDINGS CO   | 4.14             | 1.81                       | Industrials |
| HITACHI               | 3.50             | 2.94                       | Industrials |
| NINTENDO CO           | 3.41             | 2.33                       | Comm Svcs   |
| TOKYO ELECTRON        | 3.09             | 1.47                       | Info Tech   |
| MS&AD INSURANCE GROUP | 2.91             | 0.71                       | Financials  |
| ADVANTEST CORP        | 2.80             | 1.42                       | Info Tech   |
| FAST RETAILING CO     | 2.67             | 1.41                       | Cons Discr  |
| <b>Total</b>          | <b>38.62</b>     | <b>22.21</b>               |             |

## FACTORS - KEY EXPOSURES THAT DRIVE RISK AND RETURN

## MSCI FACTOR BOX



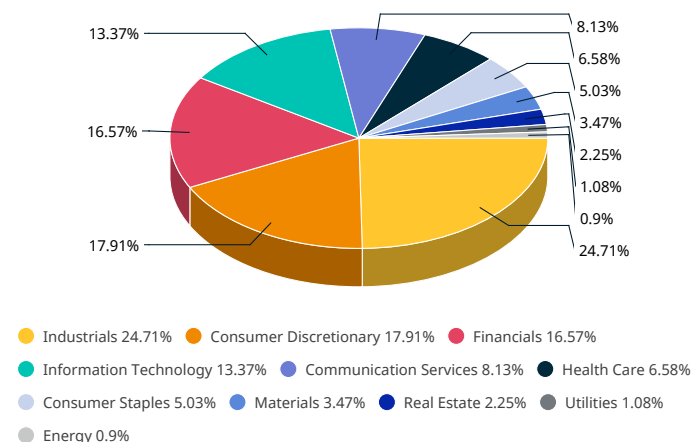
## MSCI FaCS

- 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



## MSCI FACTOR BOX AND FaCS FRAMEWORK (Please refer to complete description of the MSCI FaCS methodology [here](#))

MSCI FaCS is a standard method 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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