

# MSCI Japan ESG Universal Index (USD)

The MSCI Japan ESG Universal Index is based on the MSCI Japan Index, its parent index, and includes large and mid-cap securities of the Japanese equity markets. The index is designed to reflect the performance of an investment strategy that, by tilting away from free-float market cap weights, seeks to gain exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, using minimal exclusions from the MSCI Japan Index.

## CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (MAY 2012 – JAN 2023)



## ANNUAL PERFORMANCE (%)

Year	MSCI Japan ESG Universal	MSCI Japan
2022	-16.44	-16.31
2021	1.65	2.04
2020	15.41	14.91
2019	21.48	20.07
2018	-12.58	-12.58
2017	23.82	24.39
2016	2.86	2.73
2015	10.56	9.90
2014	-3.10	-3.72
2013	26.97	27.35

## INDEX PERFORMANCE – GROSS RETURNS (%) (JAN 31, 2023)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED				Since May 31, 2012
					3 Yr	5 Yr	10 Yr	Since May 31, 2012	
MSCI Japan ESG Universal	5.98	16.93	-6.46	5.98	1.68	1.10	6.24	7.23	
MSCI Japan	6.22	16.84	-6.35	6.22	1.85	0.91	6.15	7.10	

## FUNDAMENTALS (JAN 31, 2023)

Div Yld (%)	P/E	P/E Fwd	P/BV
2.58	13.49	12.67	1.28
2.53	14.41	12.69	1.25

## INDEX RISK AND RETURN CHARACTERISTICS (MAY 31, 2012 – JAN 31, 2023)

	Beta	Tracking Error (%)	Turnover (%) <sup>1</sup>	ANNUALIZED STD DEV (%) <sup>2</sup>			SHARPE RATIO <sup>2,3</sup>			Since May 31, 2012	MAXIMUM DRAWDOWN	
				3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
MSCI Japan ESG Universal	0.99	0.87	12.99	17.71	15.51	13.92	0.14	0.06	0.44	0.52	33.20	2021-09-14–2022-10-21
MSCI Japan	1.00	0.00	2.22	17.90	15.59	14.08	0.15	0.05	0.43	0.50	33.07	2021-09-14–2022-10-21

<sup>1</sup> Last 12 months <sup>2</sup> Based on monthly gross returns data <sup>3</sup> Based on NY FED Overnight SOFR from Sep 1 2021 & on ICE LIBOR 1M prior that date

The MSCI Japan ESG Universal Index was launched on Oct 12, 2017. Data prior to the launch date is back-tested test (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**

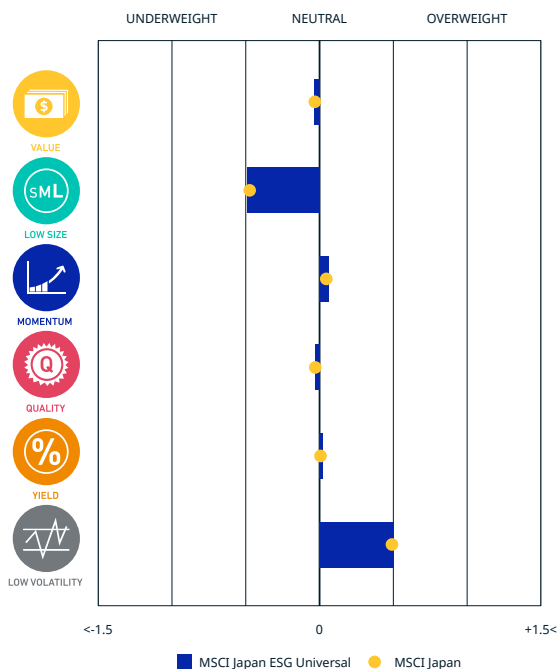
	MSCI Japan ESG Universal	MSCI Japan
<b>Number of Constituents</b>	236	237
<b>Weight (%)</b>		
<b>Largest</b>	4.65	4.66
<b>Smallest</b>	0.02	0.06
<b>Average</b>	0.42	0.42
<b>Median</b>	0.19	0.22

**TOP 10 CONSTITUENTS**

	Index Wt. (%)	Parent Index Wt. (%)	Sector
SONY GROUP CORP	4.65	3.38	Cons Discr
TOYOTA MOTOR CORP	4.01	4.66	Cons Discr
SUMITOMO MITSUI FINL GRP	2.35	1.71	Financials
DAIICHI SANKYO CO	2.27	1.65	Health Care
MITSUBISHI UFJ FIN GRP	2.27	2.64	Financials
TOKYO ELECTRON	2.15	1.56	Info Tech
KDDI	2.09	1.52	Comm Srvc
NINTENDO CO	1.98	1.44	Comm Srvc
RECRUIT HOLDINGS CO	1.90	1.38	Industrials
KEYENCE CORP	1.84	2.67	Info Tech
<b>Total</b>	<b>25.51</b>	<b>22.62</b>	

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

**MSCI FACTOR BOX**



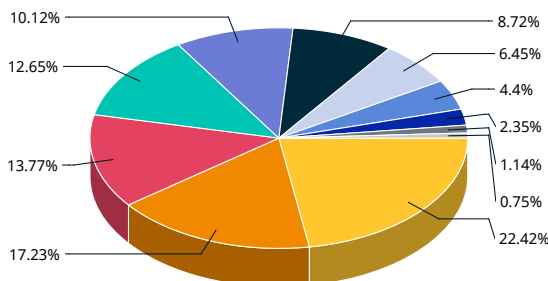
**MSCI FaCS**

- 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 22.42%
- Consumer Discretionary 17.23%
- Financials 13.77%
- Information Technology 12.65%
- Health Care 10.12%
- Communication Services 8.72%
- Consumer Staples 6.45%
- Materials 4.4%
- Real Estate 2.35%
- Energy 1.14%
- Utilities 0.75%

## INDEX FRAMEWORK

The MSCI ESG Universal Indexes aim to represent the performance of an investment strategy that by re-weighting free-float market cap weights based upon certain ESG metrics seeks to increase exposure to those companies demonstrating both a robust ESG profile as well as a positive trend in improving that profile, while seeking to minimize exclusions from the parent index.

The MSCI ESG Universal Indexes are constructed in following steps. First, the stocks with the weakest ESG profile from an MSCI Index (the 'Parent Index') are excluded. Second, ESG re-weighting factor is defined that reflects an assessment of both the current ESG profile (based on the current MSCI ESG Rating) as well as the trend in that profile (based on the MSCI ESG Rating Trend). Finally, the securities are re-weighted from the free-float market cap weights of the Parent Index using the combined ESG score to construct the MSCI ESG Universal Index.

The index is reviewed in February, May, August and November, coinciding with the quarterly and semiannually index reviews of MSCI Global Investable Market Indexes.

This summary is provided for illustrative purposes only and does not include all material elements of the index or its methodology. For a complete description of the index methodology, please see [Index methodology - MSCI](#).

## 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

MSCI is a leading provider of critical decision support tools and services for the global investment community. With over 45 years of expertise in research, data and technology, we power better investment decisions by enabling clients to understand and analyze key drivers of risk and return and confidently build more effective portfolios. We create industry-leading research-enhanced solutions that clients use to gain insight into and improve transparency across the investment process. To learn more, please visit [www.msci.com](http://www.msci.com).

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