SPIVA® Japan Scorecard

Contributors

Eric Pettinelli
Fixed Income Specialist
Index Investment Strategy
eric.pettinelli@spglobal.com

Sue Lee
APAC Head of
Index Investment Strategy
sue.lee@spglobal.com

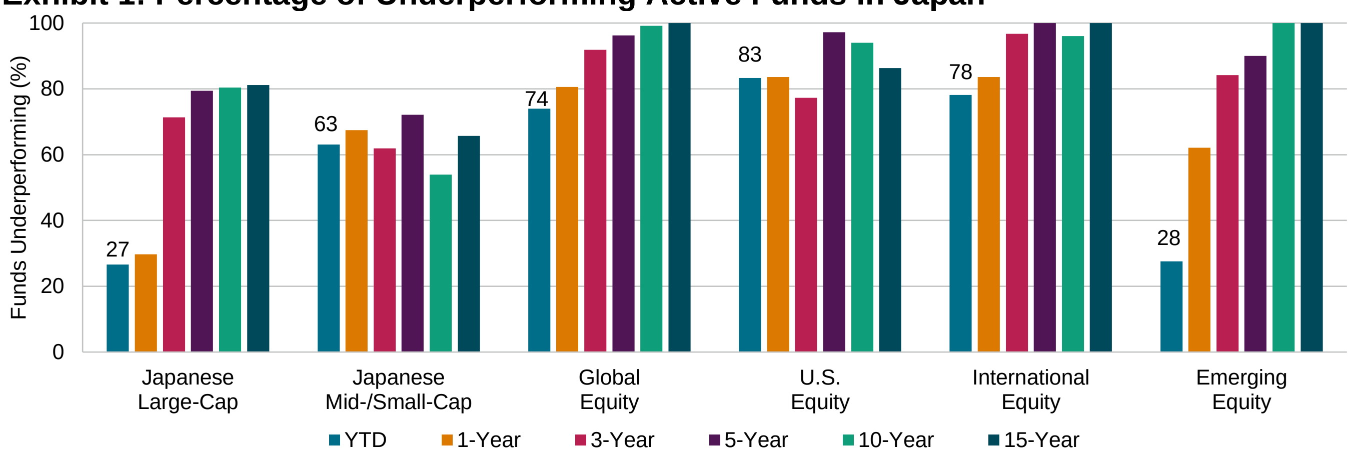
Davide Di Gioia
Head of SPIVA
Index Investment Strategy
davide.di.gioia@spglobal.com

Since the first publication of the S&P Indices Versus Active (SPIVA) U.S. Scorecard in 2002, S&P Dow Jones Indices has been the de facto scorekeeper of the ongoing active versus passive debate. The SPIVA Japan Scorecard measures the performance of actively managed funds offered in Japan against assigned benchmarks over various time horizons, covering large-, mid- and small-cap segments, as well as international and global equity funds.

Mid-Year 2025 Highlights

The first half of 2025 revealed a mixed picture for active managers in Japan, depending on the category. Less than one-third of funds in the Japanese Large-Cap and Emerging Equity categories underperformed their relevant benchmarks, recording some of the lowest underperformance rates in history. In contrast, Japanese Mid-/Small-Cap, Global Equity, U.S. Equity and International Equity funds all had underperformance rates exceeding 60%. Despite these short-term differences, a consistent trend emerged: a firm majority of funds across all categories underperformed over the past 15 years.

Exhibit 1: Percentage of Underperforming Active Funds in Japan



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2025. The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

- **Japanese Large-Cap Funds:** The S&P/TOPIX 150 finished H1 2025 up 2.3%, while actively managed Japanese Large-Cap funds gained 4.0% and 2.8% on equal- and asset-weighted bases, respectively. In this category, only 27% of funds underperformed the benchmark. However, underperformance rates rose for longer time frames, exceeding 80% over the 10- and 15-year horizons.

- **Japanese Mid-/Small-Cap Funds**: Actively managed Japanese Mid-/Small-Cap funds did not perform as well as their large-cap counterparts, recording an underperformance rate of 63% during H1 2025. Nonetheless, this category exhibited better relative performance over longer horizons, with underperformance rates of 54% and 66% over 10 and 15 years, respectively.

- **Global Equity Funds:** The S&P World Index posted a 1.1% gain (in JPY terms) in H1 2025, while Global Equity funds delivered average returns of -0.6% and 0.8% on equal- and asset-weighted bases, respectively. During this period, 74% of Global Equity funds underperformed the benchmark, with over 90% of funds lagging over the three-year period or longer.

- **U.S. Equity Funds**: U.S. Equity funds domiciled in Japan faced challenges during H1 2025. While the S&P 500® posted a 2.4% loss in JPY terms, 83% of these funds suffered greater losses, recording an asset-weighted average return of -5.8%.

- **International Equity Funds**: International Equity funds recorded a majority underperformance rate of 78% in H1 2025. These funds delivered an asset-weighted average return of -1.6% compared to a 0.1% gain in the S&P World Ex-Japan Index in JPY terms. Underperformance rates generally rose over the longer term, reaching 100% over a 15-year period.

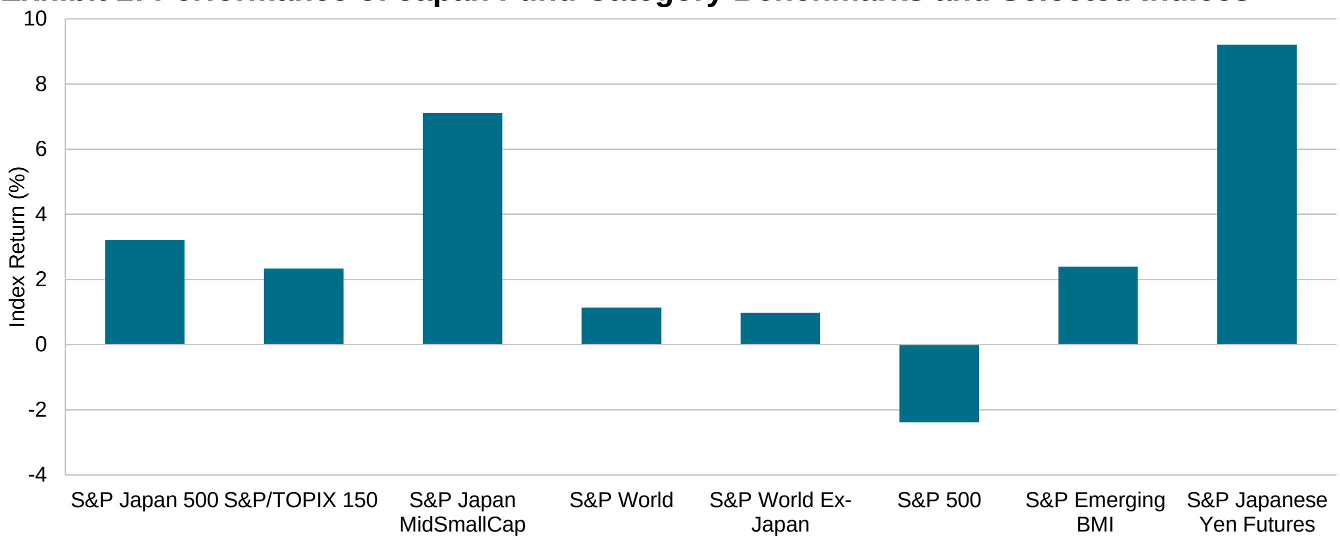
- **Emerging Equity Funds:** Emerging Equity funds performed notably well in H1 2025, with only 28% of funds underperforming the benchmark. These funds achieved an asset-weighted average return of 4.1%, surpassing the 2.4% return of the S&P Emerging BMI in JPY. However, this period appears to be an outlier, as 100% of funds underperformed by a 10-year time horizon.

- **Fund Survivorship:** Fund liquidation remained low overall, with only 1.4% of active funds across all reported categories being merged or liquidated in H1 2025. Global Equity funds experienced the largest attrition rate at 2.8%, while Japanese Large-Cap funds had the lowest at just 0.3%. Over a 15-year period, 53% of all funds failed to survive (see Report 2).

Market Context

After two years of strong performance, Japanese equities faced headwinds in the first half of 2025. Uncertainty surrounding U.S. tariffs, combined with the sharp appreciation of the Japanese yen against the U.S. dollar—evidenced by a 9.2% gain in the S&P Japanese Yen Futures Index—negatively impacted market sentiment in this export driven economy. The broad-based S&P Japan 500 achieved a moderate gain of 3.2% during this period. Developed market equities, as measured by the S&P World, recorded a lower performance of 1.1% in JPY terms, adversely affected by currency fluctuations. Emerging market equities fared better, with the S&P Emerging BMI posting a 2.4% gain, a trend we have not observed for some time (see Exhibit 2).

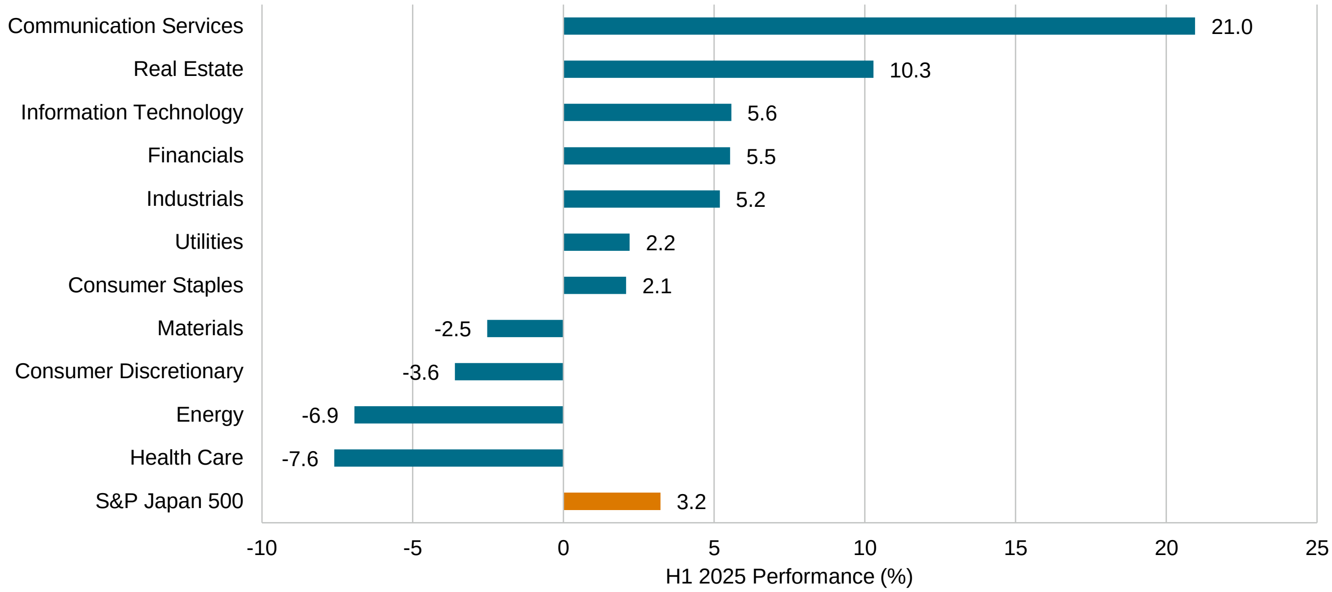
Exhibit 2: Performance of Japan Fund Category Benchmarks and Selected Indices



Source: S&P Dow Jones Indices LLC, Bloomberg. Data as of June 30, 2025. Index performance based on total return in JPY. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The performance of sectors within the S&P Japan 500 was varied, with 7 out of the 11 GICS® sectors posting positive returns. The Communication Services sector emerged as the standout performer, achieving a 21.0% gain and contributing 47.7% to the overall return of the S&P Japan 500. In contrast, the Health Care sector experienced the largest decline of 7.6%, influenced in part by regulatory changes and uncertainty. Such dispersion in sector returns presented opportunities for adept active managers to capitalize on sector allocations for potential outperformance.

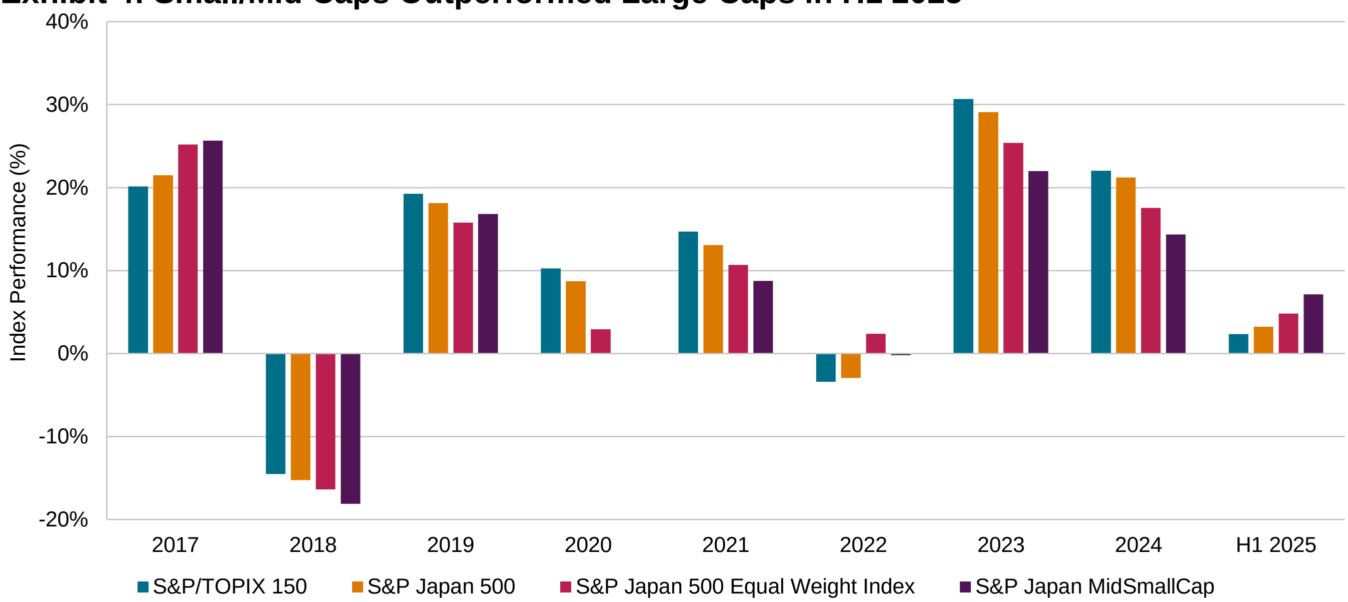
Exhibit 3: S&P Japan 500 Sector Performance in H1 2025



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Index performance based on total return in JPY. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

One of the most significant trends in the Japanese equity market in the first half of 2025 was the outperformance of smaller companies compared to their large-cap peers. The S&P Japan MidSmallCap outperformed the large-cap S&P/TOPIX 150 by 4.9%, which also contributed to the S&P Japan 500 Equal Weight Index outperforming its market capitalization- weighted counterpart by 1.6%. This shift marks a notable departure from the trend of large-cap dominance observed in previous years (see Exhibit 4).

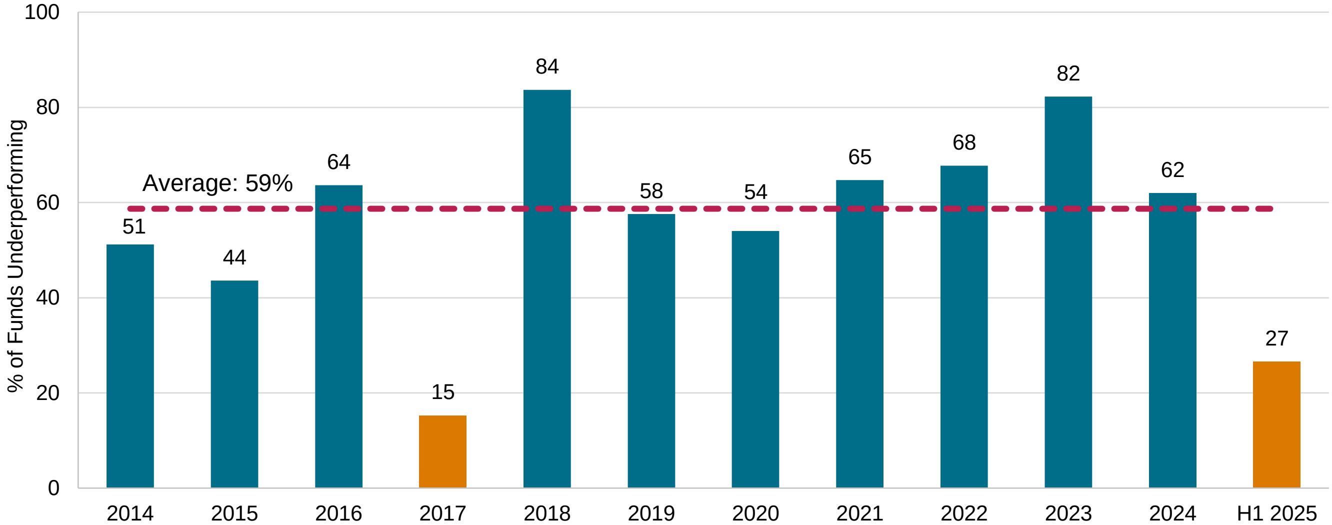
Exhibit 4: Small/Mid Caps Outperformed Large Caps in H1 2025



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Index performance based on total return in JPY. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Active managers, who are not obligated to hold all constituents of their benchmark in capitalization-weighted proportions, often maintain lower-than-benchmark weights in some of the largest names while seeking outperformance among smaller, lesser-owned companies. Given the performance differential across the market capitalization spectrum, active large-cap managers with some exposure to small- and mid-cap companies beyond their mandate likely performed well in H1 2025. Similarly low rates of underperformance were observed in 2017, when mid- and small-cap stocks outperformed large-caps, as illustrated in Exhibit 4, indicating that such a strategy may often be employed by active large-cap managers in Japan (see Exhibit 5).

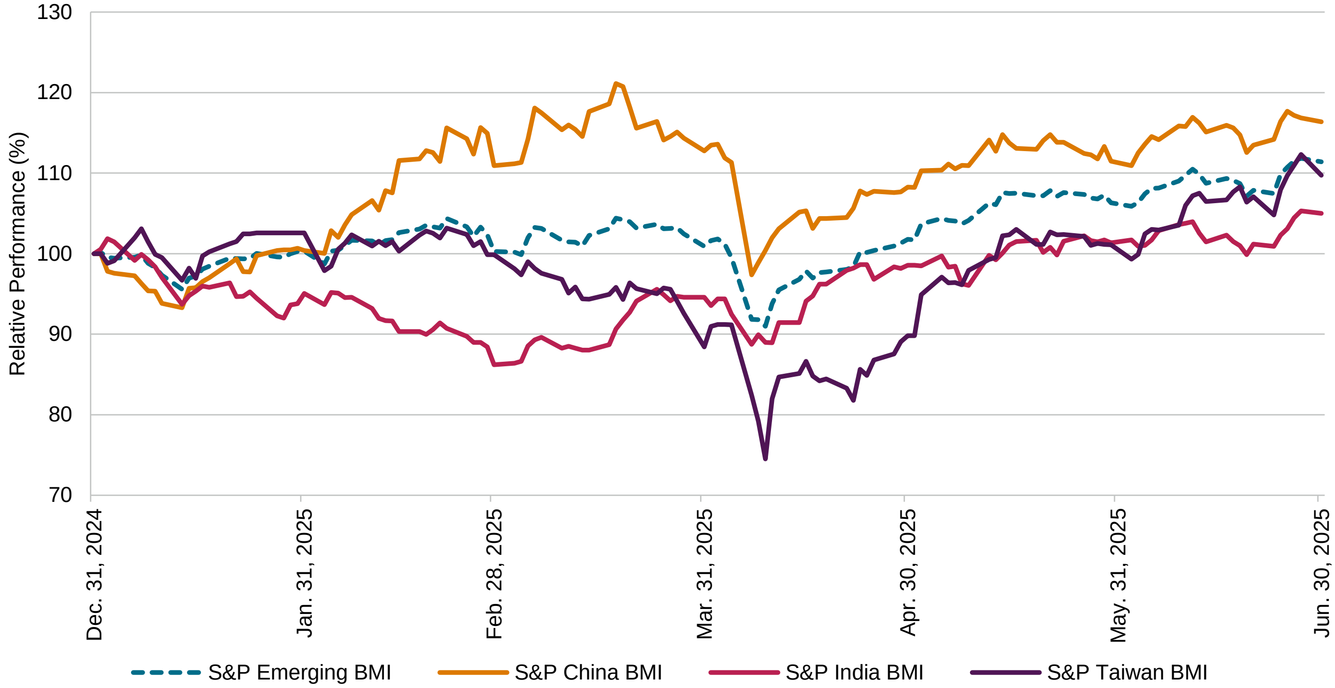
Exhibit 5: Percentage of Japanese Large-Cap Funds Underperforming the S&P/TOPIX 150



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Emerging Equity funds demonstrated exceptional outperformance compared to the benchmark in the first six months of 2025. During this period, the major constituent markets—namely, China, Taiwan and India, which together represented 73% of the S&P Emerging BMI at the beginning of 2025—exhibited significant disparities in performance (see Exhibit 6). In the first quarter, Chinese equities had a strong rally, while Indian equities declined significantly due to foreign outflows. Taiwanese equities also faced challenges from a global correction in the Information Technology sector. However, this trend reversed in the second quarter, with both Taiwanese and Indian equities outperforming Chinese equities amid the overall market recovery. In addition to maintaining overweight positions in Chinese equities, skillful and agile active managers may have capitalized on these short-term shifts in trends to achieve outperformance.

Exhibit 6: Relative Performance of the S&P Emerging BMI and Select Country BMI Indices in H1 2025



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. Indices rebased to 100 on Dec. 31, 2024. Index performance based on total return in USD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

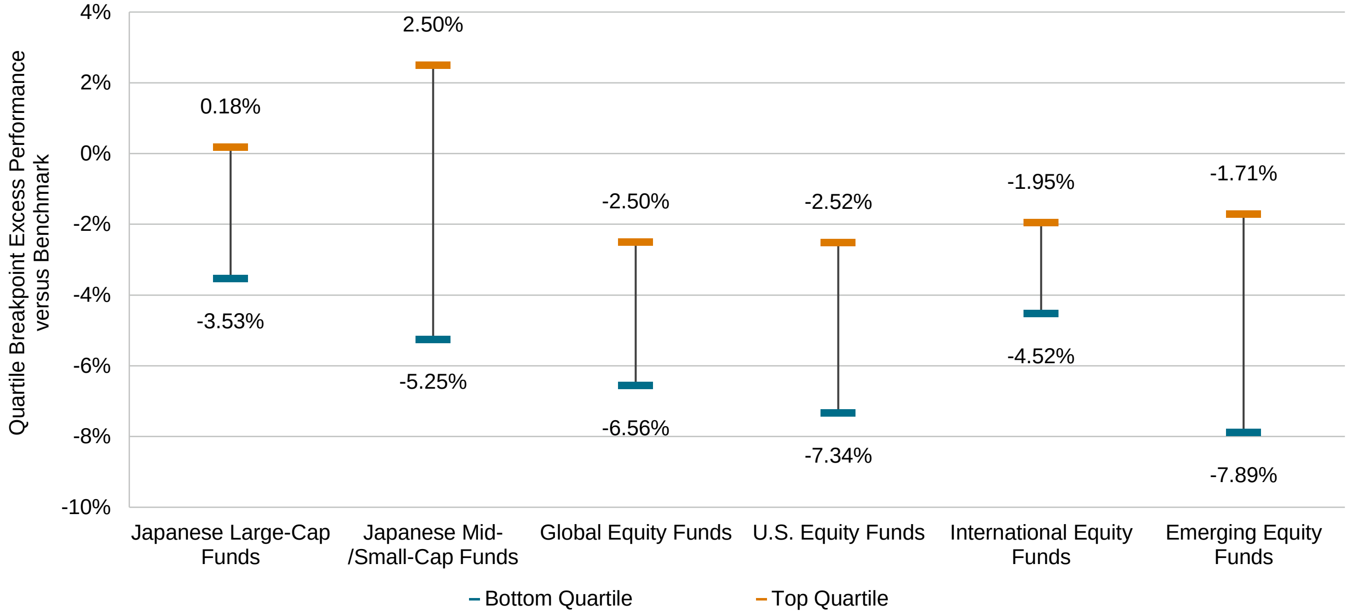
Over time, the performance of actively managed funds in Japan converges toward underperforming their benchmarks. Exhibit 7 illustrates the annualized excess returns of fund quartile breakpoints against their assigned benchmarks over a five-year period ending in June 2025.[1] Notably, across all four overseas equity fund categories, even the top quartile breakpoint returns fell short of benchmark performance by a margin of 1.7% to 2.5% per year. Domestic equity funds performed relatively better, particularly in the mid- and small-cap category; however, the top quartile breakpoint returns of Japanese Large-Cap funds were only 0.2% higher than the benchmark performance per year.

It is also important to highlight that funds that did not survive—most likely due to their poor performance—are excluded from this analysis. Over the five-year time horizon, only 72% of funds across all categories survived,[2] meaning that 28% of funds that existed at the beginning of the period are not included for the quartile return calculations. Consequently, the returns of the surviving funds may provide a skewed, more favorable view of performance than what might be truly representative.

[1] See Report 5 for the quartile breakpoints of all fund categories across various time horizons.

[2] See Report 2 for the fund survivorship across various time horizons.

Exhibit 7: Five-Year Annualized Excess Return of Fund Quartile Breakpoints over Benchmark



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2025. Returns are annualized. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

A Unique Scorecard for the Active Versus Passive Debate

Since its first publication in the U.S. over 20 years ago, the SPIVA Scorecard has served as the de facto scorekeeper of the active versus passive debate. For over two decades, we have heard passionate arguments from believers in both camps when headline numbers have deviated from their beliefs.

Beyond the SPIVA Scorecard's widely cited headline numbers is a rich data set that addresses issues related to measurement techniques, universe composition and fund survivorship that are far less frequently discussed but are often much more fascinating. These data sets are rooted in the following fundamental principles of the SPIVA Scorecard, with which regular readers will be familiar.

- **Survivorship Bias Correction:** Many funds might be liquidated or merged during a period of study. However, for someone making an investment decision at the beginning of the period, these funds are part of the opportunity set. Unlike other commonly available comparison reports, SPIVA Scorecards account for the entire opportunity set—not just the survivors—thereby eliminating survivorship bias.

- **Apples-to-Apples Comparison:** Fund returns are often compared with a popular benchmark regardless of their investment category. The SPIVA Japan Scorecard makes an appropriate comparison by measuring a fund's returns against the returns of a benchmark that reflects the fund's investment category.

- **Asset-Weighted Returns:** Average returns for a fund group are often calculated using only equal weighting, which results in the returns of a JPY 10 billion fund affecting the average in the same manner as the returns of a JPY 10 million fund. An accurate representation of how market participants fared in a particular period can be ascertained by calculating weighted average returns, where each fund's return is weighted by net assets. SPIVA Scorecards show both equal- and asset-weighted averages.

- **Data Cleaning:** SPIVA Scorecards avoid double-counting multiple share classes in all count-based calculations by using only the share class with greater assets. Index, leveraged and inverse funds, along with other index-linked products, are excluded because this is meant to be a scorecard for active managers.

Reports

Report 1a: Percentage of Funds Underperforming Their Benchmarks (Based on Absolute Return)

Fund Category	Comparison Index	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
Japanese Large-Cap	S&P/TOPIX 150	26.58	29.67	71.34	79.41	80.43	81.13
Japanese Mid-/Small-Cap	S&P Japan MidSmallCap	63.07	67.42	61.90	72.08	53.94	65.66
All Japanese Equity	S&P Japan 500	33.33	37.24	72.17	77.84	74.80	77.69
Global Equity	S&P World	73.95	80.58	91.84	96.23	99.14	100.00
U.S. Equity	S&P 500	83.33	83.64	77.23	97.25	93.98	86.36
International Equity	S&P World Ex-Japan Index	78.13	83.61	96.77	100.00	96.08	100.00
Emerging Equity	S&P Emerging BMI	27.59	62.07	84.21	90.00	100.00	100.00

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Fund and benchmark returns are all in JPY. The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Report 1b: Percentage of Funds Underperforming Their Benchmarks (Based on Risk-Adjusted Return)

Fund Category	Comparison Index	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
Japanese Large-Cap	S&P/TOPIX 150	61.78	73.82	83.49	82.39
Japanese Mid-/Small-Cap	S&P Japan MidSmallCap	91.53	78.68	68.48	77.71
All Japanese Equity	S&P Japan 500	71.57	77.84	82.32	81.61
Global Equity	S&P World	93.88	84.91	100.00	100.00
U.S. Equity	S&P 500	93.07	95.41	97.59	100.00
International Equity	S&P World Ex-Japan Index	98.39	82.81	100.00	100.00
Emerging Equity	S&P Emerging BMI	84.21	90.00	100.00	100.00

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Fund and benchmark returns are all in JPY. Risk-adjusted return is computed as the annualized average monthly return divided by the annualized standard deviation of the monthly return for the measured periods. The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Report 2: Survivorship of Funds

Fund Category	Number of Funds at Start	Survivorship (%)
YTD		
Japanese Large-Cap	301	99.67
Japanese Mid-/Small-Cap	176	98.30
All Japanese Equity	477	99.16
Global Equity	215	97.21
U.S. Equity	120	99.17
International Equity	64	98.44
Emerging Equity	58	98.28
All Categories	**934**	**98.61**
1-Year		
Japanese Large-Cap	300	95.67
Japanese Mid-/Small-Cap	178	96.07
All Japanese Equity	478	95.82
Global Equity	206	94.17
U.S. Equity	110	99.09
International Equity	61	98.36
Emerging Equity	58	96.55
All Categories	**913**	**96.06**
3-Year		
Japanese Large-Cap	314	84.08
Japanese Mid-/Small-Cap	189	85.19
All Japanese Equity	503	84.49
Global Equity	196	81.63
U.S. Equity	101	83.17
International Equity	62	85.48
Emerging Equity	57	80.70
All Categories	**919**	**83.57**

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Report 2: Survivorship of Funds (cont.)

Fund Category	Number of Funds at Start	Survivorship (%)
5-Year		
Japanese Large-Cap	340	73.53
Japanese Mid-/Small-Cap	197	76.65
All Japanese Equity	537	74.67
Global Equity	159	70.44
U.S. Equity	109	70.64
International Equity	64	73.44
Emerging Equity	70	60.00
All Categories	**939**	**72.31**
10-Year		
Japanese Large-Cap	327	60.24
Japanese Mid-/Small-Cap	165	66.06
All Japanese Equity	492	62.20
Global Equity	116	45.69
U.S. Equity	83	54.22
International Equity	51	60.78
Emerging Equity	76	28.95
All Categories	**818**	**55.87**
15-Year		
Japanese Large-Cap	318	50.94
Japanese Mid-/Small-Cap	166	51.20
All Japanese Equity	484	51.03
Global Equity	107	35.51
U.S. Equity	22	40.91
International Equity	53	52.83
Emerging Equity	57	26.32
All Categories	**723**	**46.61**

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Report 3: Average Fund Performance (Equal-Weighted)

Index/Fund Category	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
S&P/TOPIX 150	2.34	1.99	18.45	16.62	8.66	11.14
Japanese Large-Cap	4.00	4.46	16.97	14.78	7.88	10.64
S&P Japan MidSmallCap	7.12	8.78	15.64	12.65	7.06	10.61
Japanese Mid-/Small-Cap	7.02	8.04	14.14	10.87	8.18	11.88
S&P Japan 500	3.22	3.65	18.09	15.89	8.38	11.05
All Japanese Equity	5.09	5.77	15.91	13.33	7.94	11.03
S&P World	1.14	5.15	21.48	21.94	13.06	15.74
Global Equity	-0.64	2.48	16.07	16.67	8.85	11.08
S&P 500	-2.39	3.41	22.18	23.65	15.55	18.68
U.S. Equity	-5.97	0.31	17.17	19.35	10.21	13.68
S&P World Ex-Japan Index	0.99	5.27	21.76	22.49	13.53	16.22
International Equity	-0.41	2.49	16.90	19.25	10.10	12.92
S&P Emerging BMI	2.40	3.63	12.97	14.63	7.42	8.71
Emerging Equity	4.22	2.55	9.27	10.70	4.19	5.53

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Index performance based on total returns in JPY. Returns for periods greater than one year are annualized. The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. See the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Report 4: Average Fund Performance (Asset-Weighted)

Index/Fund Category	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
S&P/TOPIX 150	2.34	1.99	18.45	16.62	8.66	11.14
Japanese Large-Cap	2.85	2.24	15.78	13.20	7.43	10.11
S&P Japan MidSmallCap	7.12	8.78	15.64	12.65	7.06	10.61
Japanese Mid-/Small-Cap	5.05	5.70	13.60	11.13	7.36	10.57
S&P Japan 500	3.22	3.65	18.09	15.89	8.38	11.05
All Japanese Equity	3.45	3.19	15.11	12.58	7.42	10.20
S&P World	1.14	5.15	21.48	21.94	13.06	15.74
Global Equity	0.77	4.21	19.30	15.86	9.93	12.17
S&P 500	-2.39	3.41	22.18	23.65	15.55	18.68
U.S. Equity	-5.78	-1.72	20.82	19.63	11.96	14.12
S&P World Ex-Japan Index	0.99	5.27	21.76	22.49	13.53	16.22
International Equity	-1.58	1.59	17.44	18.73	10.00	12.97
S&P Emerging BMI	2.40	3.63	12.97	14.63	7.42	8.71
Emerging Equity	4.06	2.69	11.97	12.11	5.88	6.29

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Index performance based on total returns in JPY. Returns for periods greater than one year are annualized. The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. See the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Report 5: Quartile Breakpoints of Fund Performance

Fund Category	Third Quartile (%)	Second Quartile (%)	First Quartile (%)
YTD			
Japanese Large-Cap	2.25	3.95	5.45
Japanese Mid-/Small-Cap	3.61	5.56	9.58
All Japanese Equity	2.58	4.35	6.59
Global Equity	-3.13	-0.82	1.27
U.S. Equity	-8.95	-6.05	-3.58
International Equity	-2.54	-0.25	0.86
Emerging Equity	2.23	3.72	6.50
1-Year			
Japanese Large-Cap	1.74	4.68	7.17
Japanese Mid-/Small-Cap	3.54	7.14	10.11
All Japanese Equity	2.27	5.56	8.23
Global Equity	-1.63	2.10	4.64
U.S. Equity	-3.29	-1.43	2.39
International Equity	0.20	1.85	3.56
Emerging Equity	0.03	1.74	4.52
3-Year			
Japanese Large-Cap	15.09	17.24	19.55
Japanese Mid-/Small-Cap	10.56	14.20	18.02
All Japanese Equity	13.08	16.60	19.05
Global Equity	13.30	15.21	18.76
U.S. Equity	12.93	15.34	22.59
International Equity	13.64	17.39	18.85
Emerging Equity	6.15	9.17	11.40
5-Year			
Japanese Large-Cap	13.09	14.84	16.81
Japanese Mid-/Small-Cap	7.40	10.49	15.15
All Japanese Equity	10.41	14.11	16.42
Global Equity	15.38	17.75	19.44
U.S. Equity	16.31	19.11	21.13
International Equity	17.97	19.26	20.54
Emerging Equity	6.74	10.41	12.92

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Index performance based on total returns in JPY. Returns for periods greater than one year are annualized. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Report 5: Quartile Breakpoints of Fund Performance (cont.)

Fund Category	Third Quartile (%)	Second Quartile (%)	First Quartile (%)
10-Year			
Japanese Large-Cap	7.01	8.08	9.19
Japanese Mid-/Small-Cap	6.62	8.10	9.67
All Japanese Equity	6.85	8.09	9.25
Global Equity	7.74	9.25	10.74
U.S. Equity	8.78	10.77	12.30
International Equity	8.81	10.77	11.73
Emerging Equity	4.40	5.59	6.08
15-Year			
Japanese Large-Cap	9.77	10.63	11.58
Japanese Mid-/Small-Cap	10.30	11.10	13.15
All Japanese Equity	9.90	10.84	11.86
Global Equity	11.60	12.61	13.48
U.S. Equity	13.53	16.62	18.84
International Equity	12.40	13.50	14.32
Emerging Equity	6.19	6.70	6.89

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending June 30, 2025. Index performance based on total returns in JPY. Returns for periods greater than one year are annualized. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Appendix A

SPIVA Styles and Morningstar Fund Classifications

Data from Morningstar are obtained for all managed funds[3] domiciled in Japan for which month-end data is available during the performance period. The data include the most comprehensive fund data on active and finalized (merged or liquidated) funds over the chosen period. Funds are classified based on the Morningstar fund classification system, and the SPIVA Japan Scorecard covers Japan-domiciled funds in the Japanese Large-Cap, Japanese Mid-/Small-Cap, Global Equity, U.S. Equity, International Equity and Emerging Equity fund categories.

The Morningstar classification system produces narrow, style-based classifications for funds. S&P Dow Jones Indices has consolidated the style-based categories in order to generate a larger sample size and develop a broad-market comparison to market-based benchmarks. A narrow, style-based comparison would yield a limited sample size, given value and growth style segments are not consistently discernible over the past five years. Morningstar categories have been mapped to SPIVA peer groups in the following manner.

Exhibit 8: Japan Equity Funds – SPIVA and Morningstar Categories

SPIVA Category	Morningstar Category
Japanese Large-Cap	Japan Fund Japan Large-Cap Blend Equity
	Japan Fund Japan Large-Cap Growth Equity
	Japan Fund Japan Large-Cap Value Equity
Japanese Mid-/Small-Cap	Japan Fund Japan Small/Mid-Cap Blend Equity
	Japan Fund Japan Small/Mid-Cap Growth Equity
	Japan Fund Japan Small/Mid-Cap Value Equity
U.S. Equity	Japan Fund US Equity
Global Equity	Japan Fund World Equity
International Equity	Japan Fund World ex-Japan Equity
Emerging Equity	Japan Fund Global Emerging Markets Equity

Source: S&P Dow Jones Indices LLC, Morningstar. Table is provided for illustrative purposes.

[3] Includes open-ended managed funds and ETFs.

Benchmarks

The chosen benchmarks are shown in Exhibit 9. Index returns are total returns (i.e., include dividend reinvestment) in JPY. There has been no deduction from index returns to account for fund investment expenses. It is important to note that active fund returns are after expenses, but they do not include loads and entry fees. To ensure the study is robust and fair, representative benchmarks were selected for each fund category, but not all funds adopt the benchmarks stipulated. However, many funds do set their performance hurdle based on either the assigned benchmarks in this report, or a similar alternative.

Exhibit 9: SPIVA Categories and Their Benchmarks

SPIVA Category	Benchmark Index
Japanese Large-Cap	S&P/TOPIX 150
Japanese Mid-/Small-Cap	S&P Japan MidSmallCap
U.S. Equity	S&P 500
Global Equity	S&P World
International Equity	S&P World Ex-Japan Index
Emerging Equity	S&P Emerging BMI

Source: S&P Dow Jones Indices LLC, Morningstar. Table is provided for illustrative purposes.

Note that the fund benchmark has been changed in 2025, from the S&P Global 1200 to the S&P World for the Global Equity category, and from S&P Global 1200 Ex-Japan to the S&P World Ex-Japan Index for the International Equity category.

Appendix B: Glossary

Percentage of Funds Outperformed by the Index

To correct for survivorship bias, we use the opportunity set available at the beginning of the period as the denominator. We determine the count of funds that have survived and beat the index. We then report the index outperformance percentage.

Survivorship (%)

This measure represents the percentage of funds in existence at the beginning of the time period that are still active at the end of the time period.

Equal-Weighted Fund Performance

Equal-weighted returns for a particular style category are determined by calculating a simple average return of all active funds in that category in a particular month.

Asset-Weighted Fund Performance

Asset-weighted returns for a particular style category are determined by calculating a weighted average return of all funds in that category in a particular month, with each fund's return weighted by its total net assets. Asset-weighted returns are a better indicator of fund category performance because they more accurately reflect the returns of the total money invested in that particular style category.

Quartiles Breakpoints

The p^{th} percentile for a set of data is the value that is greater than or equal to p% of the data, but is less than or equal to (100-p)% of the data. In other words, it is a value that divides the data into two parts: the lower p% of the values and the upper (100-p)% of the values. The first quartile is the 75^{th} percentile, the value separating the elements of a population into the lower 75% and the upper 25%. The second quartile is the 50^{th} percentile and the third quartile is the 25^{th} percentile. For fund category quartiles in a particular time horizon, the data used is the return of the largest share class of the fund net of fees, excluding loads.

Survivorship Bias

Many funds might liquidate or merge during a period of study. This usually occurs due to continued poor performance by the fund. Therefore, if index returns were compared to fund returns using only surviving funds, the comparison would be biased in favor of the fund category. These reports remove this bias by (a) using the entire investment opportunity set, made up of all funds in that particular category at the outset of the period, as the denominator for outperformance calculations, (b) explicitly showing the survivorship rate in each category, and (c) constructing peer average return series for each category based on all available funds at the outset of the period.

Fees

The fund returns used are net of fees, excluding loads.

Indices

A benchmark index provides an investment vehicle against which fund performance can be measured.

S&P/TOPIX 150

The S&P/TOPIX 150 is designed to represent the large-cap universe for Japan. It includes 150 highly liquid securities of leading blue-chip companies from each of the Global Industry Classification Standard (GICS) sectors of the Japanese market.

S&P Japan MidSmallCap

The S&P Japan MidSmallCap combines the S&P Japan MidCap and S&P Japan SmallCap and comprises the stocks representing the lowest 30% of float-adjusted market cap in Japan. It is a subset of the S&P Japan BMI, a comprehensive, rules-based index measuring Japanese stock market performance.

S&P Japan 500

The S&P Japan 500 is designed to represent the Japanese investable market. Index constituents are drawn from eligible companies listed on the Tokyo, Osaka or JASDAQ exchanges. Data is sourced from the comprehensive Toyo Keizai database. Constituents represent the large-, mid- and small-cap components of the Japanese equity markets.

S&P 500

Widely regarded as the best single gauge of the U.S. equities market, this market-capitalization-weighted index includes a representative sample of the top 500 companies in the leading industries of the U.S. economy, and it provides over 80% coverage of U.S. equities.

S&P World

The S&P World Index, a subset of the S&P Global BMI, is an equity index that tracks the performance of large- and mid-cap stocks from 24 developed markets, representing approximately the top 85% of market capitalization in each country.

S&P World Ex-Japan Index

The S&P World Ex-Japan Index measures the performance of large- and mid-cap stocks from 23 developed markets, excluding Japan and South Korea.

S&P Emerging BMI

The S&P Emerging BMI captures all companies domiciled in emerging markets within the S&P Global BMI with a float-adjusted market capitalization of at least USD 100 million and a minimum annual trading liquidity of USD 50 million.

Performance Disclosure/Back-Tested Data

The S&P World Index (JPY) was launched May 28, 2020. The S&P World Ex-Japan Index (JPY) was launched Jan. 15, 2025. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at www.spglobal.com/spdji. . Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US $100,000 investment for a 12-month period (or US $10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US $1,650), the net return would be 8.35% (or US $8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US $5,375, and a cumulative net return of 27.2% (or US $27,200).

General Disclaimer

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice. Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

TOPIX is a trademark of Tokyo Stock Exchange and has been licensed for use by S&P Dow Jones Indices.