SPIVA® Japan Scorecard

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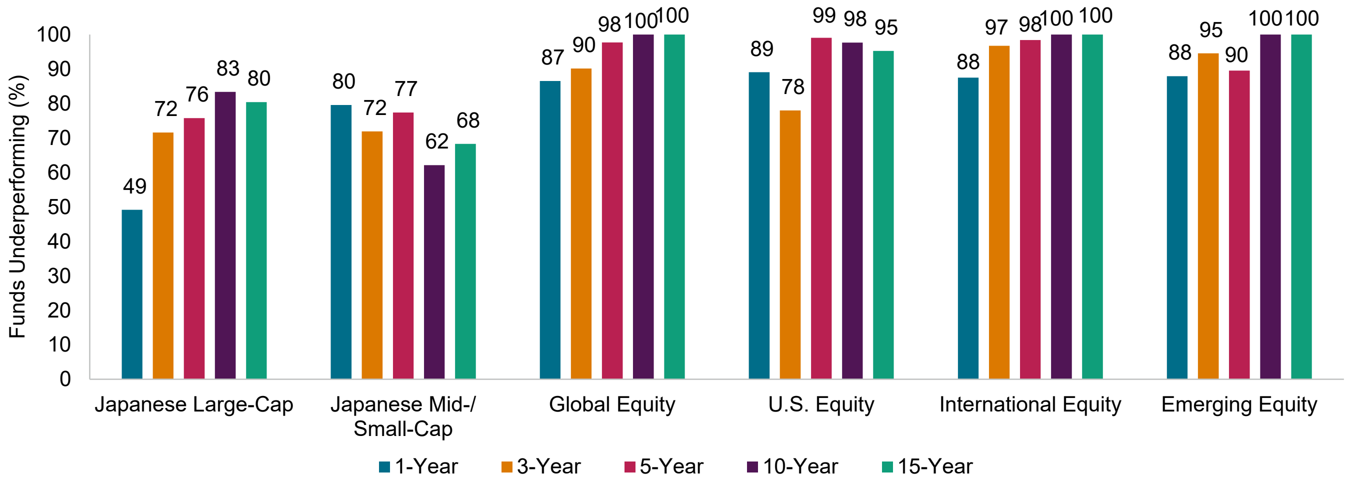
Experience the active vs. passive debate on a global scale.

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.

Year-End 2025 Highlights

2025 proved to be challenging for active managers in Japan, with over 80% of funds underperforming their relevant benchmarks across five fund categories. The Japanese Large-Cap category was the notable exception, with a slim majority of funds outperforming—marking its best relative performance since 2017. However, long-term results remained unfavorable: across all categories, a significant majority of funds underperformed over the 15-year period ending in December 2025.

Exhibit 1: Percentage of Underperforming Active Funds in Japan



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 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. The S&P Emerging Plus (JPY) was launched May 5, 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 posted an impressive 25.0% gain in 2025, while actively managed Japanese Large-Cap funds achieved average returns of 25.4% and 23.9% on equal- and asset-weighted bases, respectively. In this category, 49% of funds underperformed the benchmark, representing the lowest underperformance rate since 2017 (see Exhibit 5). However, underperformance rates rose for longer time frames, exceeding 80% over the 10- and 15-year periods.

– **Japanese Mid-/Small-Cap Funds:** Actively managed Japanese Mid-/Small-Cap funds struggled to beat the benchmark amid its strong rally, recording an underperformance rate of 80%—the worst result since 2014. Nonetheless, they demonstrated better relative performance over longer horizons, with underperformance rates of 62% and 68% over the 10- and 15-year periods, respectively.

– **Global Equity Funds:** The S&P World Index posted a 21.7% gain (in JPY terms), while Global Equity funds delivered average returns of 15.0% and 13.9% on equal- and asset-weighted bases, respectively. During this period, 87% of Global Equity funds underperformed the benchmark, while 100% of funds lagged over 10- and 15-year periods.

– **U.S. Equity Funds:** U.S. Equity funds domiciled in Japan faced significant challenges, with 89% of funds failing to beat the benchmark in 2025—the highest among all categories. They achieved an asset-weighted average return of 9.1%, compared to the S&P 500®'s 17.6% gain in JPY terms.

– **International Equity Funds:** International Equity funds recorded a majority underperformance rate of 88%, delivering an asset-weighted average return of 16.9% compared to a 21.5% gain in the S&P World Ex-Japan Index (in JPY terms). Underperformance rates generally rose over the longer term, reaching 100% over the 10- and 15-year periods.

– **Emerging Equity Funds:** Emerging Equity funds recorded a majority underperformance rate of 88% against the category's new benchmark, the S&P Emerging Plus.[1] These funds achieved an asset-weighted average return of 23.8%, compared to a 31.9% gain in the S&P Emerging Plus (in JPY terms). Underperformance rates increased to 100% for the 10- and 15-year periods.

– **Fund Survivorship:** Fund liquidation remained moderate overall, with 3.8% of active funds across all reported categories being merged or liquidated in 2025. Emerging Equity and Global Equity funds experienced the largest attrition rates, exceeding 5.0%. Over a 15-year period, more than half of all funds failed to survive (see Report 2).

[1] The benchmark for Emerging Equity funds has been changed from the S&P Emerging BMI to the S&P Emerging Plus, which includes South Korean stocks, to better reflect the stock universe of the funds within the category.

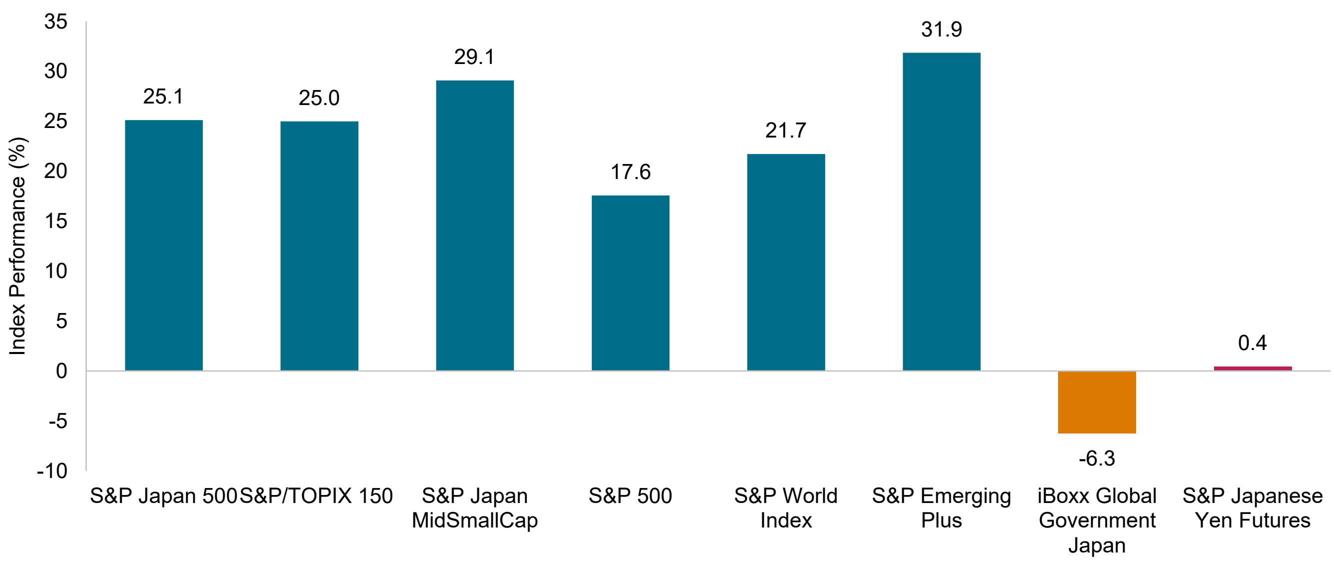
Market Context

Global equities had another strong year in 2025. Developed market equities, as measured by the S&P World, advanced 21.7% in JPY terms, marking the third consecutive year of gains exceeding 20%. Emerging market equities outperformed—a trend not seen for some time—with the S&P Emerging BMI posting an impressive 31.9% gain.

Japanese equities also surged, with the S&P Japan 500 hitting a record high and posting a 25.1% gain. The rally was driven by the prospect of wage growth and increased consumption as inflation remained firmly above 2%, coupled with the resilience of Japanese corporate profits despite higher U.S. tariffs. The pro-growth policies of Prime Minister Sanae Takaichi bolstered optimism about the equity market, resulting in the strongest annual foreign inflow since 2013.[2] However, this was not welcomed in the bond market; concerns about increased fiscal spending combined with the Bank of Japan's policy normalization weighed heavily on Japanese bonds, with the iBoxx Global Government Japan finishing 6.3% lower.

Smaller Japanese companies outperformed their large-cap peers. The S&P Japan MidSmallCap climbed 29.1% compared to a 25.0% increase in the large-cap S&P/TOPIX 150, marking a notable departure from the trend of large-cap dominance observed in previous years.[3]

Exhibit 2: 2025 Performance of Japan Fund Category Benchmarks and Selected Indices



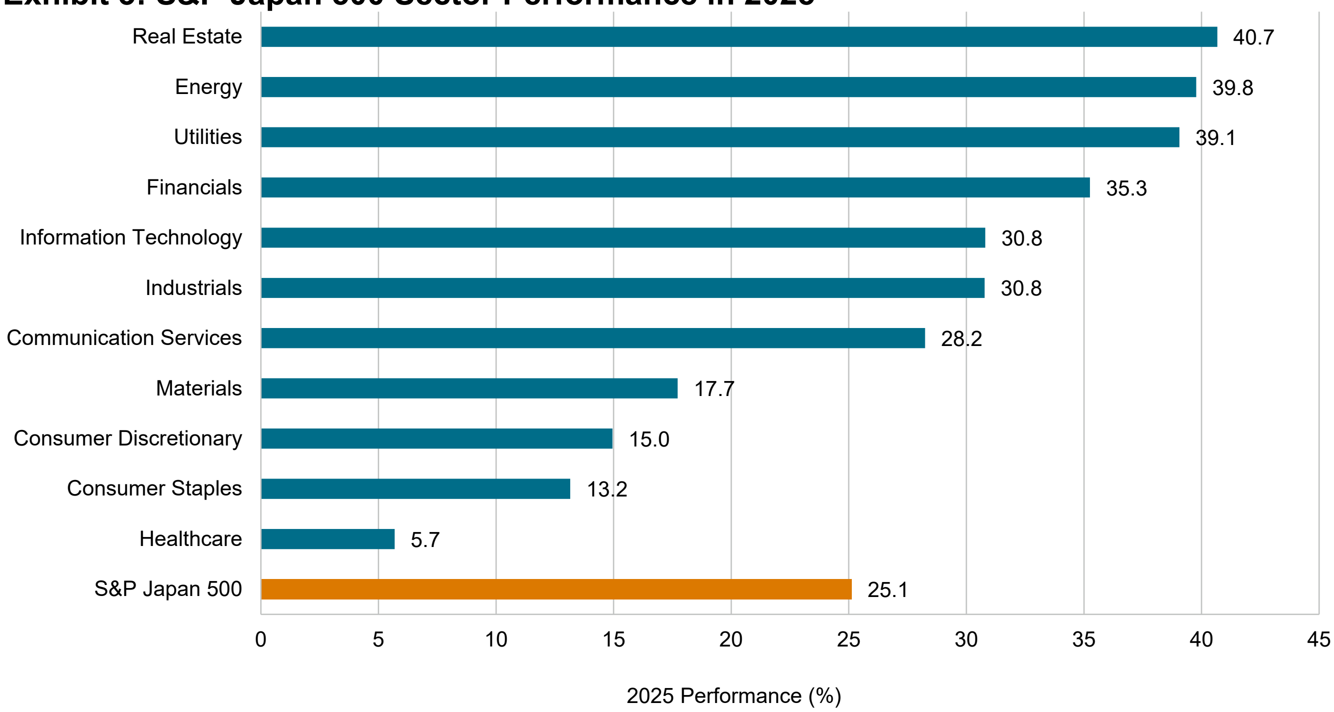
Source: S&P Dow Jones Indices LLC, Bloomberg. Data as of Dec. 31, 2025. Index performance based on total return in JPY. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

[2] Source: Bloomberg, Ministry of Finance Japan

[3] See SPIVA Japan Scorecard Year-End 2024 for the historical performance of the S&P Japan MidSmallCap and S&P/TOPIX 150.

All sectors in the S&P Japan 500 posted positive performance. The Real Estate sector emerged as the standout performer, achieving an impressive 40.7% gain, supported by higher rents amid stickier inflation and strong inbound demand. Financials, the best-performing sector in 2024, rose by 35.3%, benefiting from rising rates and contributing the largest share (31%) of the index's overall performance. Conversely, defensive sectors such as Health Care and Consumer Staples lagged, with gains of 5.7% and 13.2%, respectively (see Exhibit 3). These sector performance differentials presented opportunities for active managers in sector allocations.

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

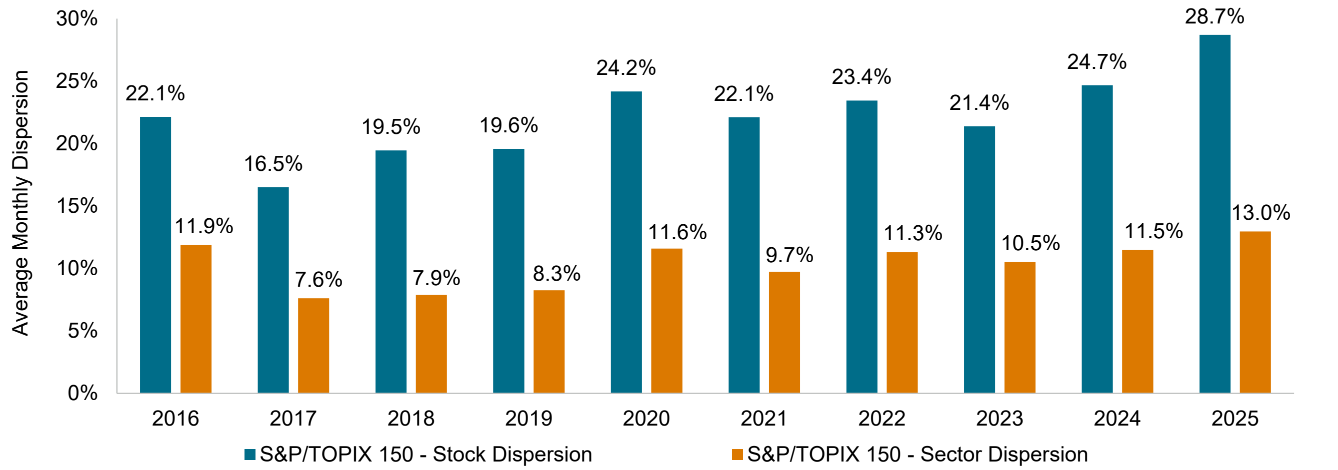


Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Index performance based on total return in JPY. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Japanese active managers may have found even greater opportunities through stock selection. Dispersion[4] among the large-cap S&P/TOPIX 150 constituents expanded significantly in 2025, reaching levels not seen in the past decade (see Exhibit 4). For instance, Sanae Takaichi's win in October resulted in large price movements in potential beneficiaries of her pro-stimulus and looser fiscal policies, providing agile and skillful active managers with the chance to capitalize on divergent stock performance. An unusual majority outperformance among Japanese Large-Cap funds suggests that some managers successfully monetized these opportunities (see Exhibit 5).

[4] Dispersion, the degree to which stocks differ (above or below) from the average performance, measures the opportunity set for active managers to outperform through stock selection. For further details, see Tim Edwards and Craig J. Lazzara, "Dispersion: Measuring Market Opportunity," S&P Dow Jones Indices, 2014.

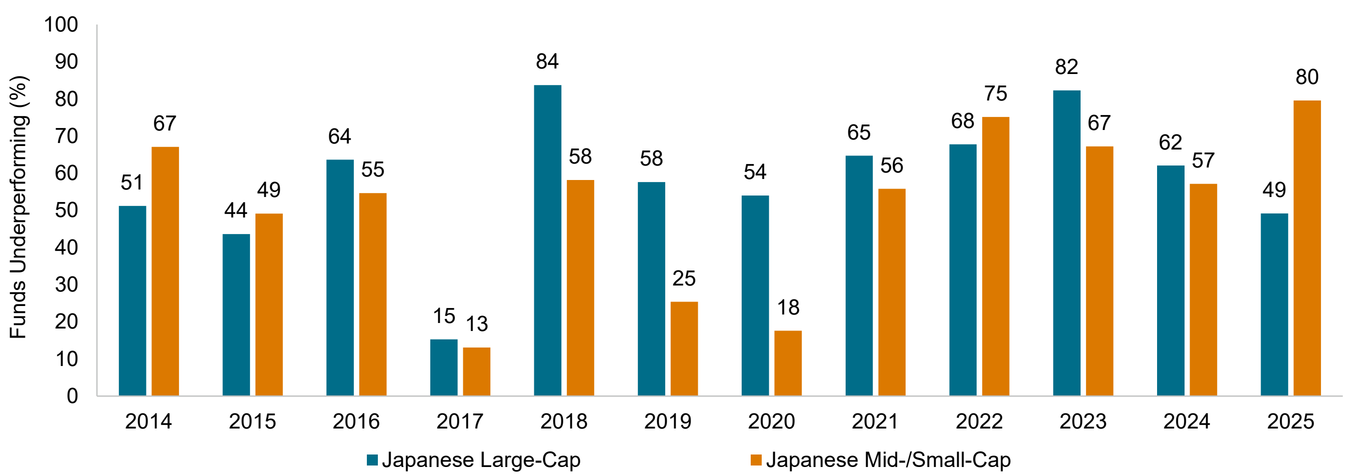
Exhibit 4: S&P/TOPIX 150 Stock- and Sector-Level Dispersion for Each Calendar Year



Source: S&P Dow Jones Indices LLC. Data as of Dec. 31, 2025. Dispersion is the annualized standard deviation of monthly total returns of index constituents or sectors, as applicable, weighted by index weight. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

Japanese Mid-/Small-Cap funds faced contrasting fortunes, with 80% underperforming—the worst result since 2014 (see Exhibit 5). Similarly high rates of underperformance were observed in 2022, when mid- and small-cap stocks outperformed large caps,[5] suggesting that funds in the Japanese Mid-/Small-Cap category may often have exposure to large-cap names. Furthermore, their relative performance was worse when measured by risk-adjusted returns across different time horizons,[6] indicating that some funds generated excess returns primarily by taking on higher risk relative to the benchmark.

Exhibit 5: Percentage of Underperforming Funds in Japanese Large-Cap and Japanese Mid-/Small-Cap Categories



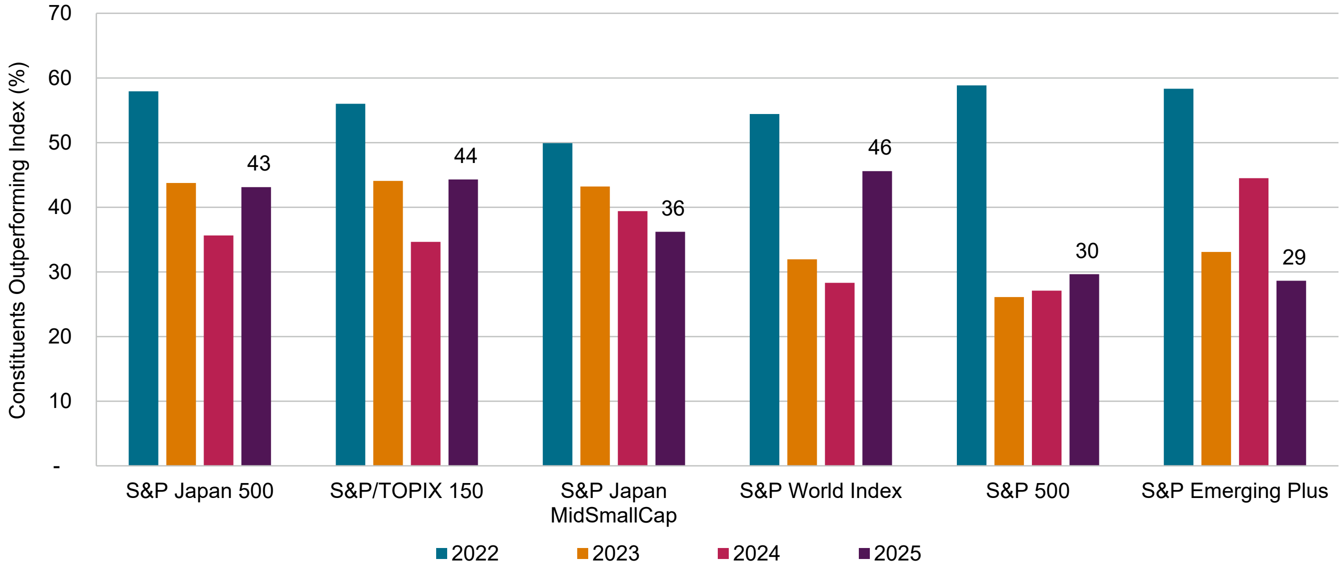
Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

[5] The 2022 performance of the S&P/TOPIX 150 and the S&P Japan MidSmallCap was -3.4% and -0.2%, respectively.

[6] See Reports 1a and 1b.

When fewer stocks outperform the benchmark, identifying them becomes increasingly challenging. Exhibit 6 illustrates the percentage of constituents outperforming their index in each of the past four years. In 2025, less than half of constituents outperformed their respective category benchmarks, continuing the trend observed in 2023 and 2024. This suggests that the chance of selecting outperforming stocks was generally limited. The trend was more pronounced in the U.S. and emerging benchmarks, aligning with the notably weaker relative performance of U.S. Equity and Emerging Equity funds, which recorded underperformance rates of 89% and 88%, respectively.

Exhibit 6: Outperforming Constituents in Benchmarks

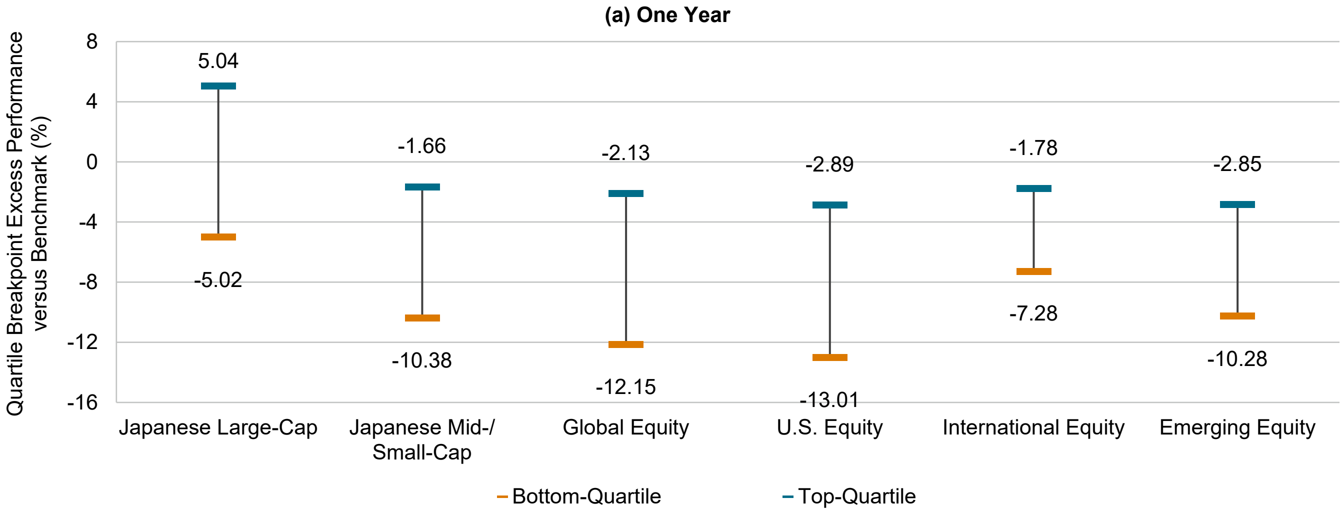


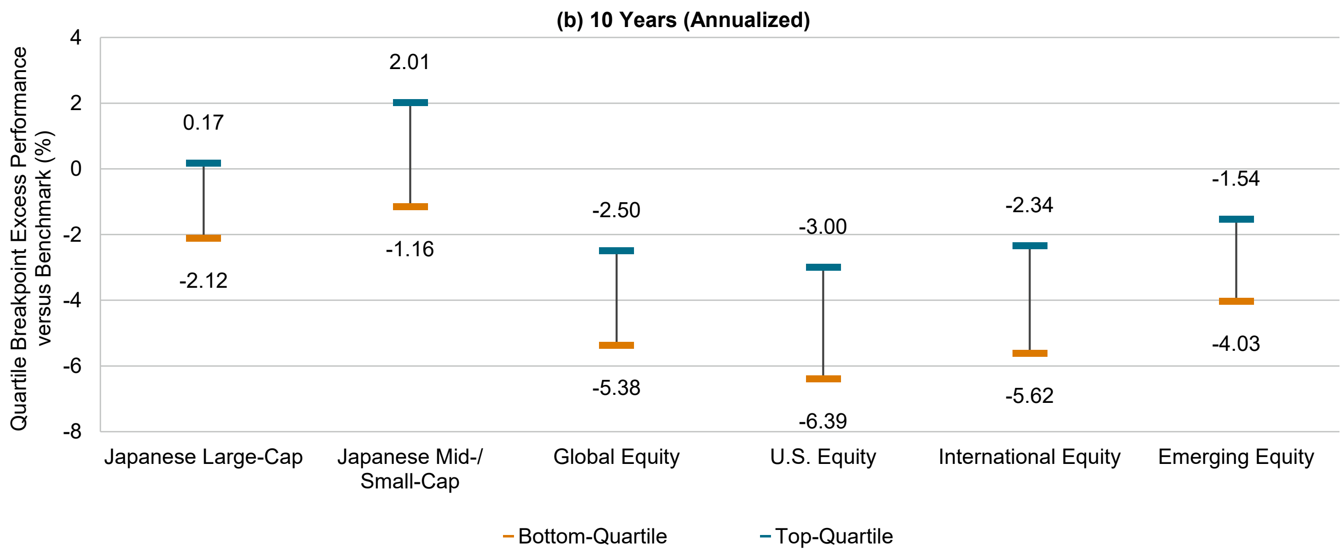
Source: S&P Dow Jones Indices LLC, FactSet, Bloomberg. Data as of Dec. 31, 2025. Chart is provided for illustrative purposes. Past performance is no guarantee of future results.

Exhibit 7 illustrates the excess returns of top- and bottom-quartile funds' breakpoints against their assigned benchmarks over the 1- and 10-year periods ending in December 2025.[7] Japanese Large-Cap funds—typically exhibiting the narrowest interquartile spread among all categories (see Exhibit 7(b))—nevertheless showed an unusually wide range of relative performance in 2025, reflecting heightened dispersion among domestic large-cap stocks: top-quartile funds outperformed by more than 5.04%, while bottom-quartile funds underperformed by more than 5.02% relative to their benchmark. In all other categories, even the top-quartile breakpoint returns fell short of benchmark performance, while the bottom-quartile breakpoint returns lagged the benchmark by more than 10% in four of the six fund categories—underscoring the magnitude of struggles faced by active managers.

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

Exhibit 7: Excess Returns by Quartile for Each Fund Category





Note: Funds that did not survive are excluded from this analysis. Over the 10-year time horizon, only 56% of funds across all categories survived, meaning that 44% 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 active funds' performance than what might be truly representative.
Source: S&P Dow Jones Indices LLC, Morningstar. Data as of Dec. 31, 2025. 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	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
All Japanese Equity	S&P Japan 500	53.46	74.70	78.42	77.67	76.04
Japanese Large-Cap	S&P/TOPIX 150	49.17	71.57	75.75	83.38	80.38
Japanese Mid-/Small-Cap	S&P Japan MidSmallCap	79.55	71.89	77.39	62.13	68.29
Global Equity	S&P World	86.51	90.16	97.69	100.00	100.00
U.S. Equity	S&P 500	89.08	78.00	99.07	97.65	95.24
International Equity	S&P World Ex-Japan Index	87.50	96.72	98.41	100.00	100.00
Emerging Equity	S&P Emerging Plus	87.93	94.55	89.55	100.00	100.00

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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. The S&P Emerging Plus (JPY) was launched May 5, 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 (%)
All Japanese Equity	S&P Japan 500	80.52	79.17	85.38	82.29
Japanese Large-Cap	S&P/TOPIX 150	67.09	73.65	86.65	80.70
Japanese Mid-/Small-Cap	S&P Japan MidSmallCap	94.05	86.93	78.70	79.27
Global Equity	S&P World	96.89	83.24	100.00	100.00
U.S. Equity	S&P 500	99.00	92.59	100.00	100.00
International Equity	S&P World Ex-Japan Index	98.36	82.54	100.00	100.00
Emerging Equity	S&P Emerging Plus	89.09	86.57	100.00	100.00

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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. The S&P Emerging Plus (JPY) was launched May 5, 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 (%)
1-Year		
All Japanese Equity	477	96.65
Japanese Large-Cap	301	97.01
Japanese Mid-/Small-Cap	176	96.02
Global Equity	215	94.88
U.S. Equity	119	96.64
International Equity	64	98.44
Emerging Equity	58	94.83
All Categories	**933**	**96.25**
3-Year		
All Japanese Equity	498	84.14
Japanese Large-Cap	313	83.39
Japanese Mid-/Small-Cap	185	85.41
Global Equity	193	83.94
U.S. Equity	100	85.00
International Equity	61	88.52
Emerging Equity	55	80.00
All Categories	**907**	**84.23**
5-Year		
All Japanese Equity	533	73.92
Japanese Large-Cap	334	73.05
Japanese Mid-/Small-Cap	199	75.38
Global Equity	173	69.94
U.S. Equity	108	69.44
International Equity	63	76.19
Emerging Equity	67	59.70
All Categories	**944**	**71.82**

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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 (%)
10-Year		
All Japanese Equity	506	60.87
Japanese Large-Cap	337	58.46
Japanese Mid-/Small-Cap	169	65.68
Global Equity	124	46.77
U.S. Equity	85	54.12
International Equity	51	62.75
Emerging Equity	70	31.43
All Categories	**836**	**55.74**
15-Year		
All Japanese Equity	480	51.25
Japanese Large-Cap	316	51.27
Japanese Mid-/Small-Cap	164	51.22
Global Equity	111	35.14
U.S. Equity	21	38.10
International Equity	50	56.00
Emerging Equity	61	24.59
All Categories	**723**	**46.47**

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
S&P Japan 500	25.12	25.11	16.54	11.01	11.88
All Japanese Equity	24.99	21.63	13.26	10.16	11.77
S&P/TOPIX 150	24.99	25.84	17.16	11.50	11.94
Japanese Large-Cap	25.40	23.81	15.01	10.37	11.42
S&P Japan MidSmallCap	29.10	21.66	14.34	9.31	11.58
Japanese Mid-/Small-Cap	24.15	17.97	10.30	9.90	12.55
S&P World	21.73	29.22	22.49	15.75	16.17
Global Equity	15.05	22.50	15.94	11.24	11.23
S&P 500	17.57	30.27	24.39	17.90	19.19
U.S. Equity	10.16	23.94	18.86	12.92	13.91
S&P World Ex-Japan	21.48	29.54	23.03	16.22	16.61
International Equity	17.44	23.97	19.27	12.56	13.16
S&P Emerging Plus	31.87	24.03	14.08	12.00	9.31
Emerging Equity	25.04	17.77	10.25	7.94	5.99

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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. The S&P Emerging Plus (JPY) was launched May 5, 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	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)	15-Year (%)
S&P Japan 500	25.12	25.11	16.54	11.01	11.88
All Japanese Equity	23.97	21.38	12.50	9.76	10.98
S&P/TOPIX 150	24.99	25.84	17.16	11.50	11.94
Japanese Large-Cap	23.94	22.58	13.30	9.89	10.90
S&P Japan MidSmallCap	29.10	21.66	14.34	9.31	11.58
Japanese Mid-/Small-Cap	23.95	18.57	10.62	9.40	11.37
S&P World	21.73	29.22	22.49	15.75	16.17
Global Equity	13.91	24.78	13.86	11.94	12.14
S&P 500	17.57	30.27	24.39	17.90	19.19
U.S. Equity	9.08	28.37	19.17	14.32	14.24
S&P World Ex-Japan	21.48	29.54	23.03	16.22	16.61
International Equity	16.94	24.96	18.38	12.63	13.26
S&P Emerging Plus	31.87	24.03	14.08	12.00	9.31
Emerging Equity	23.83	19.76	10.94	10.09	6.68

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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. The S&P Emerging Plus (JPY) was launched May 5, 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 (%)
1-Year			
All Japanese Equity	19.52	24.87	29.49
Japanese Large-Cap	19.97	25.35	30.03
Japanese Mid-/Small-Cap	18.72	24.10	27.43
Global Equity	9.58	14.99	19.60
U.S. Equity	4.56	11.24	14.67
International Equity	14.20	17.61	19.70
Emerging Equity	21.59	25.85	29.02
3-Year			
All Japanese Equity	18.20	22.51	26.16
Japanese Large-Cap	21.00	23.70	26.79
Japanese Mid-/Small-Cap	12.93	19.00	23.85
Global Equity	18.86	21.94	26.26
U.S. Equity	18.21	22.74	30.62
International Equity	20.65	23.98	26.72
Emerging Equity	15.29	19.41	21.45
5-Year			
All Japanese Equity	8.99	13.52	17.68
Japanese Large-Cap	12.46	14.57	18.75
Japanese Mid-/Small-Cap	5.22	9.81	15.39
Global Equity	12.86	17.39	19.41
U.S. Equity	15.20	19.14	20.73
International Equity	16.37	19.30	20.54
Emerging Equity	6.20	9.65	13.04
10-Year			
All Japanese Equity	9.05	10.39	11.57
Japanese Large-Cap	9.38	10.58	11.67
Japanese Mid-/Small-Cap	8.15	10.08	11.32
Global Equity	10.37	11.80	13.24
U.S. Equity	11.50	12.78	14.90
International Equity	10.59	13.15	13.88
Emerging Equity	7.97	10.04	10.47
15-Year			
All Japanese Equity	10.62	11.68	12.87
Japanese Large-Cap	10.54	11.58	12.32
Japanese Mid-/Small-Cap	11.07	12.22	13.71
Global Equity	12.11	12.74	13.78
U.S. Equity	16.14	17.49	19.07
International Equity	12.49	14.04	14.68
Emerging Equity	6.79	7.25	7.85

Source: S&P Dow Jones Indices LLC, Morningstar. Data for periods ending Dec. 31, 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[8] 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.[9]

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.

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

[9] The All Japanese Equity category comprises funds in the Japanese Large-Cap and Japanese Mid-/Small-Cap categories.

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
All Japanese Equity	S&P Japan 500
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
Emerging Equity	S&P Emerging Plus

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

Note that the fund benchmarks have been changed, from the S&P Global 1200 to the S&P World for the Global Equity category (in 2025), from the S&P Global 1200 Ex-Japan to the S&P World Ex-Japan Index for the International Equity category (in 2025), and from the S&P Emerging BMI to the S&P Emerging Plus for the Emerging Equity category (in 2026).

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 float-adjusted market capitalization in each market.

S&P World Ex-Japan

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

S&P Emerging Plus

The S&P Emerging Plus measures the performance of large- and mid-cap stocks in countries classified as Emerging within S&P Dow Jones Indices' equity indices, plus South Korea.

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. The S&P Emerging Plus (JPY) was launched May 5, 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.

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