

(Reference Translation)

TSE Index Guidebook

(Tokyo Stock Exchange Dividend Focus 100 Index)

January 31, 2024

JPX Market Innovation & Research, Inc.

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Record of Changes

DATE	Changes
2018/7/23	* First Edition
2019/8/30	* Modified an error
2020/3/30	*Clarification of the treatment of issues to be delisted due to stock transfer, etc. and cases where less than 100 issues are selected at the periodic review *Revised the date for adjusting base market value following the shortening of stock settlement cycle to T+2
2020/6/30	* Revision to bring forward the date for minor adjustments related to ex-dividend
2020/12/25	* Clarification of the treatment of section transfers, etc.
2022/4/4	* Revisions pertaining to cash equity market restructuring * Added revisions with regard to the business transfer to JPXI (applied on April 1, 2022 retroactively)
2023/2/13	* Revised the structure of the provisions regarding the adjustment of base market value, etc. so that they are in accordance with "Index Calculation Guidebook" * Clarified criteria for the eligible constituents in the periodic review
2023/10/27	* Added a process about Screening of Issues in Portfolios 3 and 4 by Market Capitalization
2024/1/31	* "Securities on Alert" was renamed to "Securities on Special Alert"

Introduction

- JPX Market Innovation & Research, Inc. (hereinafter the “JPXI”) calculates the Tokyo Stock Exchange Dividend Focus 100 Index, in accordance with the methods described in this document. If an event not specified in this document occurs, or if JPXI determines that it is impossible to calculate the index using the methods described in this document, JPXI may use an alternative method of index calculation as it deems appropriate.
- Copyright of this document is owned by JPXI and any copies, reproductions, and reprints of this document in whole or in part are prohibited in any form without the prior approval of JPXI. This document is prepared solely for the understanding of indices calculated and published by JPXI, and is not to be construed as a solicitation for trading any securities or related financial instruments, etc. JPXI shall accept no liability or responsibility for any loss or damage arising from errors, delays, or termination of the calculation or publication of Tokyo Stock Exchange Dividend Focus 100 Index, changes to its calculation or publication method, the use of Tokyo Stock Exchange Dividend Focus 100 Index or all or any part of this document or other similar events.
- In this document, the number of beneficiary right units and investment units are referred to as shares and stocks for convenience.

I . Outline of Index

- The Tokyo Stock Exchange Dividend Focus 100 Index is an index of 100 issues selected with the aim of achieving stable quarterly dividend payments. Its constituent universe is comprised of the constituents of TOPIX 1000 and Tokyo Stock Exchange REIT Index. Issue selection is based on market capitalization and estimated dividend yield. However, issues which fall under any of the following criteria will be excluded:
 - (a) Securities that are expected to be delisted due to a stock transfer, etc.;
 - (b) Securities designated as Securities to be Delisted as of the base date; or
 - (c) Securities designated as Securities on Special Alert as of the base date.If necessary, the situation between the base date and issue selection may also be taken into account.
- JPXI conducts periodic reviews of its constituents twice a year in January and July.
- Base date: February 26, 2010
- Base value: 1,000 points

II. Index Calculation

1. Formula

- Tokyo Stock Exchange Dividend Focus 100 Index is calculated using market capitalization weighting.
- Adjustment of base market value, etc. are in accordance with "Index Calculation Guidebook".
- Coefficients used in Tokyo Stock Exchange Dividend Focus 100 Index are in accordance with "4. Calculation of coefficients for Tokyo Stock Exchange Dividend Focus 100 Index"

Current Market Value

$$= \sum (\text{Number of Shares for Each Constituent} \times \text{Stock Price for Each Constituent})$$

$$\text{Index} = \frac{\text{CMV}}{\text{BMV}} \times \text{Base Point}$$

CMV = Current market value (free-float adjusted)

BMV = Base market value

2. Index Type

- JPXI calculates both price return and total return versions of Tokyo Stock Exchange Dividend Focus 100 Index.
- The method of reflecting dividends in index values is in accordance with "Index Calculation Guidebook".

3. Inclusion or Removal of Constituents

(1) Periodic Review

a. Summary

- In the January and July Periodic Reviews, constituents of TOPIX 1000 and the Tokyo Stock Exchange REIT Index are included in or removed from the Tokyo Stock Exchange Dividend Focus 100 Index based on market capitalization and estimated dividend yield, in accordance with the "Selection Criteria" in b. below as of the base date.
- The base dates of the respective periodic reviews are the first Wednesday of each January and July (if this falls on a holiday, the second Wednesday). The list of constituent changes is published on the fifth business day prior to the day of the periodic review, and index calculation applying such constituent changes begins on the last business day of January/July.

- Market capitalization used for constituent selection is adjusted by free-float ratio after applying a liquidity factor as set in the Free Float Weight Calculation Methodology and the TOPIX cap-adjustment ratio (a transition factor is not applied). In the case of Tokyo Stock Exchange REIT Index constituents, listed market capitalization (with no FFW adjustment) is used for constituent selection.
- For estimated dividend data used in constituent selection, JPXI uses data provided by Toyo Keizai, Inc. for TOPIX 1000 constituents and data provided by each issuer for Tokyo Stock Exchange REIT Index constituents in principle.
- There may be cases where fewer than 100 issues are selected.

b. Tokyo Stock Exchange Dividend Focus 100 Index selection criteria

Issue selection during the periodic review is conducted based on the following process.

Step 1. Constituents of TOPIX 1000 and the Tokyo Stock Exchange REIT Index as of the base date are classified into the following 5 groups. Issues in Portfolio 5 are not included.

Portfolio 1: TOPIX 1000 constituents which settle accounts at the end of the business year in March or September.

Portfolio 2: TOPIX 1000 constituents which settle accounts at the end of the business year in June or December.

Portfolio 3: Out of the Tokyo Stock Exchange REIT Index constituents, those issues which settle accounts at the end of the business year in March or September, and which are selected as a result of screening by market capitalization.

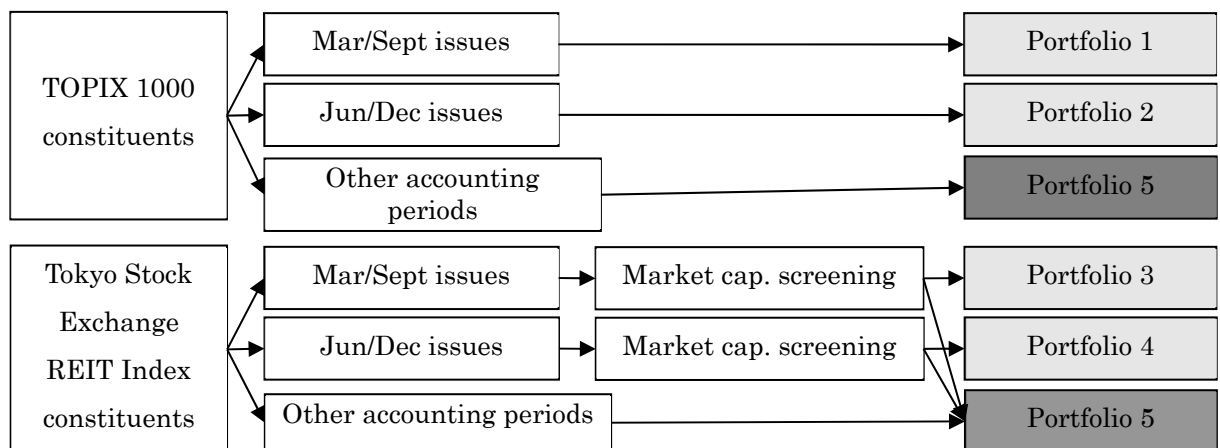
Portfolio 4: Out of the Tokyo Stock Exchange REIT Index constituents, those issues which settle accounts at the end of the business year in June or December, and which are selected as a result of screening by market capitalization.

Portfolio 5: Issues that do not fall under the above portfolios.

Screening of Issues in Portfolios 3 and 4 by Market Capitalization

Issues in Portfolios 3 and 4 will be screened based on market capitalization.

1. Issues which fall in the top 80% of cumulative market capitalization.
2. In the case where the number of selected issues in Portfolios 3 or 4 based on the above screening criteria 1. is less than 5, issues will be included based on market capitalization so that there are 5 issues in both portfolios.
3. In the case where the number of selected issues in Portfolios 3 or 4 based on the above screening criteria 2. is less than 5, issues with settle accounts at the end of the business year in February or August for Portfolio 3 and issues with settle accounts at the end of the business year in May or November for Portfolio 4 will be included based on market capitalization so that there are 5 issues in both portfolios.



Step 2. JPXI ranks the issues in each of Portfolios 1 to 4 in descending order of dividend yield (in the case where more than one issue share the same dividend yield, the issues will be ranked in descending order of market capitalization). JPXI classifies such issues into the following 4 groups based on the market capitalization ratio in each of the portfolios.

Group A: JPXI ranks the issues in the portfolio in descending order of dividend yield and select the issues whose cumulative market capitalization occupies the top one-third (1/3) of the market capitalization of the entire portfolio.

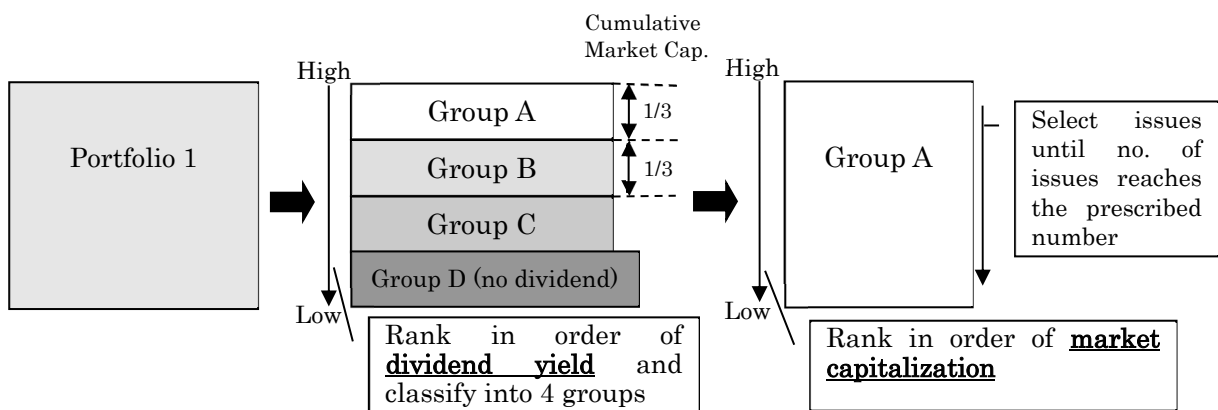
Group B: From issues in the portfolio other than those included in Group A, JPXI ranks issues in descending order of dividend yield and selects the issues so that the cumulative market capitalization of all issues included in Groups A and B occupies the top two-thirds (2/3) of the market capitalization of the entire

portfolio.

Group C: Issues that do not fall under Groups A, B, and D.

Group D: Non-dividend-paying issues.

- Step 3. From issues that fall under Group A of each of Portfolios 1 to 4, JPXI selects, in descending order of market capitalization, 45 issues each from Portfolios 1 and 2, and 5 issues each from Portfolios 3 and 4.
- Step 4. If, as a result of Step 3, the number of selected issues does not reach 45 from Portfolios 1 and/or 2, or 5 from Portfolios 3 and/or 4, JPXI selects issues from Group B of each of the portfolios in descending order of market capitalization until the number of issues reaches the prescribed number (i.e., 45 or 5) for the respective portfolios.
- Step 5. If, as a result of Step 4, the number of selected issues does not reach 45 from Portfolios 1 and/or 2, or 5 from Portfolios 3 and/or 4, JPXI selects issues from Group C of each of the portfolios in descending order of market capitalization until the number of issues reaches the prescribed number (i.e., 45 or 5) for the respective portfolios.
- Step 6. If, as a result of Step 5, the number of selected issues does not reach 45 from Portfolios 1 and/or 2, or 5 from Portfolios 3 and/or 4, JPXI selects issues from Group D of each of the portfolios in descending order of market capitalization until the number of issues reach the prescribed number (i.e., 45 or 5) for the respective portfolios.



(2) Removal of constituents in addition to the periodic review

- Issues delisted or removed from TOPIX or Tokyo Stock Exchange REIT Index will be removed from the Tokyo Stock Exchange Dividend Focus 100 Index.

(3) Inclusion of constituents in addition to the periodic review

- In the case where a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index is delisted due to a stock transfer, stock-swap, merger by creation of a new company or shareholder-directed spin-off, and, the newly created, surviving, or succeeding company is included into TOPIX or listed on the TSE REIT market without delay, if the delisted issue was a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index, it will be included in the index.
- In the case where a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index is delisted due to a stock-swap or absorption-type merger, in which stocks of the surviving company or the parent company holding all shares of the constituent company is not a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index (constituents of TOPIX 1000 or Tokyo Stock Exchange REIT Index), stocks of the surviving company or the parent company will be included in the index.
- Even though the number of constituents in the Tokyo Stock Exchange Dividend Focus 100 Index may decrease between periodic reviews due to the removal of constituents by means other than the periodic review as described in the previous item (2), no supplementary inclusions are made to meet the intended number of constituents (inclusions to meet the intended number of constituents are only made during the periodic reviews in January and July).

(4) Dates of constituent inclusion and removal

	Event Requiring Adjustment	Adjustment Date
Inclusion	New listing of a newly formed company resulting from a corporate consolidation, etc. (*1) that results in the Tokyo Stock Exchange Dividend Focus 100 Index constituent being delisted and the new company being included in the Tokyo Stock Exchange Dividend Focus 100 Index	New listing date (*2)
	Delisting of a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index due to a stock-swap or absorption-type merger with a surviving stock that is not a constituent of the Tokyo Stock Exchange Dividend Focus 100 Index (but is a constituent of TOPIX 1000 or Tokyo Stock Exchange REIT Index), and	Delisting date

	Event Requiring Adjustment		Adjustment Date
	the surviving company is to being included in the Tokyo Stock Exchange Dividend Focus 100 Index		
	Periodic review in January and July		Last business day of January and July
Removal	Delisting	New listing of a newly formed company resulting from a corporate consolidation, etc. (*1) that results in the Tokyo Stock Exchange Dividend Focus 100 Index constituent being delisted and the new company being included in the Tokyo Stock Exchange Dividend Focus 100 Index	Initial listing date of newly established company, etc. (normally two business days following delisting date)
		Delisting other than those stated above (e.g. non-surviving company as a result of merger/acquisition, etc.)	Delisting date
	Removal from TOPIX or Tokyo Stock Exchange REIT Index		Date of removal from TOPIX or Tokyo Stock Exchange REIT Index
	Periodic review in January and July		Last business day of January and July

*1: Stock transfer, stock swap, merger for creating a new company, or demerger.

*2: Next business day when the new listing date falls on a holiday.

4. Calculation of coefficients for Tokyo Stock Exchange Dividend Focus 100 Index

(1) Summary

- The investment ratio for each constituent of the Tokyo Stock Exchange Dividend Focus 100 Index is determined at the time of the periodic review. The index indicates the trend of price movements of its constituents (please refer to II. 6. for constituent selection). Therefore, a different method is used to determine the constituent ratio from those for indices which show the movement of market capitalization, such as TOPIX and the Tokyo

Stock Exchange REIT Index.

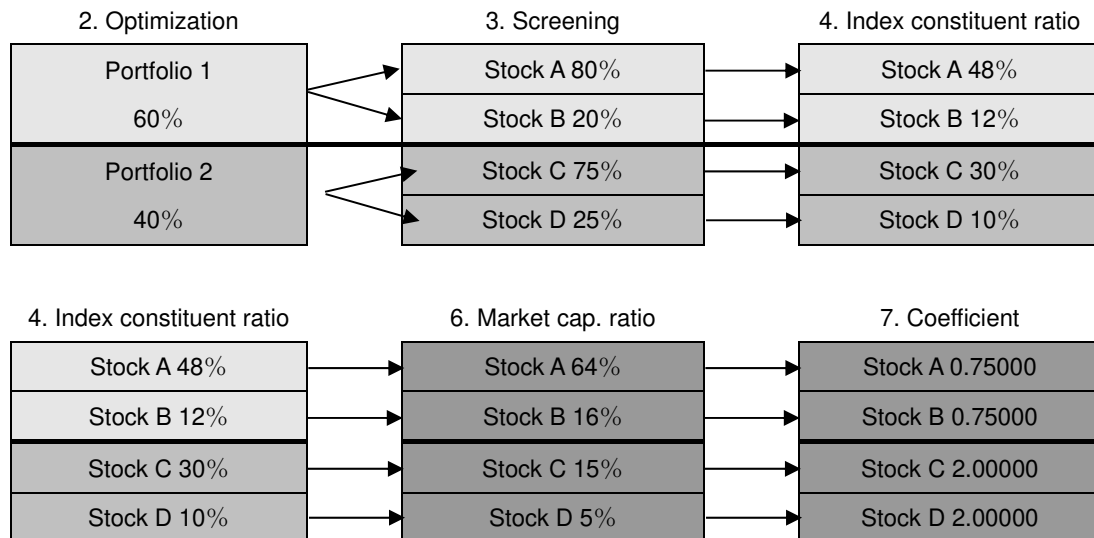
- When determining the constituent ratios of the Tokyo Stock Exchange Dividend Focus 100 Index, a different coefficient from the FFW is calculated during the periodic review to make such constituent ratios correspond to the investment ratio of each constituent. The value derived by multiplying the number of shares used for index calculation by the coefficient is used as the market capitalization for calculation of the Tokyo Stock Exchange Dividend Focus 100 Index.
- The coefficient is calculated during the periodic review. In the case of a change in the number of shares in a constituent (excluding cases of a stock-split, reverse stock-split, allotment to shareholders), there will be an extraordinary review. The coefficient varies with each constituent, and has a value between a minimum of 0.00001 and a maximum of 9.99999 in increments of 0.00001.

(2) Calculation of coefficients during periodic review

The coefficient for an issue selected in II.3. (1) b. is calculated according to the following procedure.

- Step 1. If the constituent ratio of a certain issue (within a portfolio) exceeds a certain level, adjust this constituent ratio to fall within a certain ratio.
- Step 2. Determine the quantitative constituent ratio of Portfolios 1 to 4 (within the index) using the optimization method. This constituent ratio is set in increments of 1%.
- Step 3. Calculate the market capitalization ratio of each issue in the respective portfolio to which the issue belongs.
- Step 4. Calculate the constituent ratio of each issue in the Tokyo Stock Exchange Dividend Focus 100 Index by multiplying the market capitalization ratio obtained in Step 3 by the constituent ratio calculated in Step 2.
- Step 5. Calculate the market capitalization for coefficient calculation by multiplying the number of listed shares of each issue for index calculation on the day of the periodic review by the final share price for index calculation six business days prior to the day of the periodic review.
- Step 6. Calculate the market capitalization ratio (of each constituent within the index) for coefficient calculation by using the market capitalization calculated in Step 5.
- Step 7. The coefficient of an issue shall be the value derived by dividing the market capitalization ratio (of each constituent within the index) for coefficient calculation computed in Step 6 by the constituent ratio of each issue in the Tokyo Stock Exchange Dividend Focus 100 Index calculated in Step 4 (the 6th decimal place is rounded off).

(Example: Portfolios 1 and 2)



(3) Extraordinary review of coefficients

In the case of a change in the number of shares of a constituent of the index (excluding cases of a stock split, reverse stock split, or share allotment to shareholders), the extraordinary review of the coefficient will be conducted as follows (the 6th decimal place is rounded off).

$$\text{New coefficient} = \frac{\text{Number of listed shares for index on business day before the day of increase in number of shares} \times \text{Coefficient on business day before the day of increase in number of shares}}{\text{Number of listed shares for index after increase in number of shares}}$$

An extraordinary review of a coefficient is conducted only if the new coefficient and the value of the coefficient on the business day before the day of the increase in the number of shares changes by 0.00001 or more.

III. Other

1. Publication/Dissemination of Index Data

(1) Index Values

- Tokyo Stock Exchange Dividend Focus 100 Index values are disseminated in real-time (15 second intervals) through the Market Information System to securities companies, news media, and other institutions all over the country.
- The Total Return Index (Tokyo Stock Exchange Dividend Focus 100 Index) is calculated

daily at market close.

(2) Index Data

- Index data relating to the Tokyo Stock Exchange Dividend Focus 100 Index (base market value, adjustment factors for each constituent, etc.) is provided for a fee through the Index Data Service.

2. Licensing

JPXI and/or its affiliates reserve all calculation, publication, and other rights pertaining to the Tokyo Stock Exchange Dividend Focus 100 Index. As such, commercial use of the Tokyo Stock Exchange Dividend Focus 100 Index in the composition and/or sale of financial products such as funds or linked bonds (including using the index as the basis for options, swaps, warrants, or other OTC derivatives) or provision of index data requires a license from JPXI.

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