

STANDARD
& POOR'S

S&P JAPAN
CORPORATE GROUP INDEX -
MITSUBISHI GROUP CLUSTER
INDEX METHODOLOGY

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Introduction

The S&P Corporate Group Indices are designed to provide liquid exposure to the component companies of corporate groups or conglomerates such as the Mitsubishi Group. The indices are designed to be suitable for the creation of collective investment products such as ETFs.

The first index in this series is the S&P Japan Corporate Group Index - Mitsubishi Group Cluster. (The Index)

Highlights

The S&P Corporate Group Indices each comprise the listed constituents of a given corporate group.

The indices are calculated using a modified market capitalization-weighting scheme. Modifications are made to market capitalization weights, if required, to reflect available float and to reduce single stock concentration -- no stock has a weight of over 10% at the annual review date.

Each index is calculated in the domestic currency of the primary group company and, if required, in other currencies.

Eligibility Criteria

To be eligible for the Index, a company must be a member of the Mitsubishi Public Affairs Committee. A list of member companies is published by the Committee at <http://www.mitsubishi.com/mpac/e/>.

The Index comprises all listed members of the Mitsubishi Public Affairs Committee. Changes to the list of Mitsubishi Corporate Group companies between index rebalancings, officially announced or otherwise, will not result in changes to the index until the next rebalancing. There are no market capitalisation or liquidity eligibility requirements.

Where more than one security is available for a given constituent, the Index uses the security represented in the S&P Global BMI. If none of the available securities is a constituent of the S&P Global BMI, the most liquid security over the period since the previous review becomes the chosen constituent.

Timing of Changes

The index is rebalanced once a year in September. The annual rebalancing is effective after the market close on the third Friday in September. The reference date for the data used in the review is the last trading day in August. New constituents and index shares are made available to clients with a one-week notice.

Additions. No companies are added between rebalancings.

Deletions. Between rebalancings, a company can be deleted from the Index due to corporate events such as mergers, acquisitions, delistings or a significant event that affects company size and liquidity.

Index Construction

Approaches

The index methodology employs a modified market capitalization-weighting scheme, using the divisor methodology used in Standard & Poor's equity indices.

At each rebalancing, modifications are made to market capitalization weights, if required, to reflect available float and reduce single stock concentration:

- No stock can have a weight of more than 10% in the Index.

Constituent Selection

- The index comprises all the listed entities that are members of the Mitsubishi Public Affairs Committee, subject to all other eligibility requirements detailed in this methodology.

Constituent Weightings

At each rebalancing, the weight for each index constituent is set in the following manner:

1. Every stock is given an initial Adjustment Factor (AF) of 1. A Maximum Weight (MW) for each stock in the index is set to 10%.
2. The weight for each stock in the index is calculated as follows:

$$W_i = \frac{AF_i * Market\ Cap_i}{\sum_{i=1}^N (Market\ Cap)_i * (AF)_i}$$

3. If any stock represents more than 10% of the index its adjustment factor is reduced until its weight equals 10%. Excess weights are redistributed to the other constituents in proportion to their relative weights in the index.
4. If, for every stock $W_i < MW$, then the process is complete and the weights derived in Step 2 are used. If not, Steps 2 and 3 are repeated until all stocks meet the minimum weight requirement.

The MW parameter is the maximum weight of each stock at the rebalancing. This parameter can be changed depending upon market circumstances at each rebalancing. Steps 1 through 4 modify the market cap-weighting scheme in a looped manner until the MW constraints are satisfied for all index constituents.

Index Calculations

Please refer to the S&P Index Mathematics Methodology document for more detail on modified market capitalization index calculations

Index Maintenance

Rebalancing

The index is rebalanced annually in September.

1. Any new company belonging to the Mitsubishi Public Affairs Committee is added to the index selection universe, and any company no longer belonging is removed.
2. All companies in the index selection universe will be assessed against the eligibility criteria detailed within these rules.
3. The index will comprise all companies that meet the eligibility requirements.
4. Any constituent company whose weight is more than 10% in the index will have its weight reduced to 10%.

The rebalancing of the index is effective after the market close of the third Friday in September. The data reference date is the last trading date in August. New constituents and index weights are made available to clients with a one-week notice.

Base Date

The base value of the Index is 100 on April, 2, 2001. Data history begins and daily returns are available starting from that date.

Exchange Rate

All calculations used to derive the index levels and weightings are made in Japanese Yen. The Index is calculated with real-time spot exchange rates provided by Reuters being used (where required) to convert other currencies to Yen.

Index Actions

Maintaining the index includes monitoring and completing the adjustments for company additions and deletions, share changes, stock splits, stock dividends and stock price adjustments due to restructurings or spin-offs. Some corporate actions, such as stock splits and stock dividends, require simple changes in the common shares outstanding and the stock prices of the companies in the index. Other corporate actions, such as share issuances, change the market value of an index and require an index divisor adjustment to prevent the value of the index from changing.

Adjusting the index divisor for a change in market value leaves the value of the index unaffected by the corporate action. This helps keep the value of the index accurate as a barometer of stock market performance, and ensures that the movement of the index does not reflect the corporate actions of the companies in it. Divisor adjustments are made after the close of trading and after the calculation of the closing value of the index. Corporate actions such as splits, stock dividends, spin-offs, rights offerings, and share Changes are applied on the ex-date.

Please refer to the S&P Index Mathematics Methodology document for a summary of index maintenance adjustments.

Index Data

Total Return and Net Return Indices

Both a price return and a total return index are calculated. Cash dividends are applied on the ex-date of the dividend.

The basket has a total return counterpart, which assumes dividends are reinvested in the basket after the close on the ex-date. On any given date t ,

$$\text{Total Return Multiplier}_t = \frac{[\text{Index Value}_t + \text{Index Dividend Points}_t]}{\text{Index Value}_{t-1}} \quad (1)$$

$$\text{Total Return Index Value}_t = (\text{Total Return Index Value}_{t-1}) * (\text{Total Return Multiplier}_t) \quad (2)$$

$$\text{Index Dividend Points}_t = \sum_{i=1}^N (1 - \text{Tax Rate}_{i,t}) * \text{Index Shares}_{i,t} * (\text{Ex - dividends})_{i,t} / \text{Index Divisor}_t \quad (3)$$

Index Dividend Points will be zero on those dates in which no basket constituents are going ex-dividends, while on other dates it will be a positive number. Therefore, returns calculated from the Total Return Index Value will always be greater than or equal to returns from the Index Value.

Index Governance

Index Committee

The S&P Asia Index Committee maintains the indices. The Index Committee members are all full-time professional members of Standard & Poor's staff. The Index Committee meets as needed. At each meeting, the Index Committee reviews pending corporate actions that may affect index constituents, statistics comparing the composition of the indices to the market, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, share counts, Maximum Weight, or other matters.

Standard & Poor's considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Index Policy

Announcements

Rebalancing results, which may include additions, deletions and weight changes, recapping, which may result in revised index weights, other intra-rebalancing deletions, and any other relevant news affecting this Index, will be normally announced two-to-five days ahead of the effective date. These announcements are posted on Standard & Poor's Web site and sent to clients by email. No separate announcements are made for routine corporate actions whose index implications are discussed in this document. If required, special or unusual events may warrant a posting on the aforementioned Web site.

All index announcements are via Standard & Poor's Web site at www.indices.standardandpoors.com.

Holiday Schedule

The index is calculated daily, throughout the calendar year. The only days the index is not calculated are on days when all exchanges where the index constituents are listed are officially closed.

A complete holiday schedule for the year is available on Standard & Poor's Web site at www.indices.standardandpoors.com.

Unscheduled Market Closures

In situations where an exchange is forced to close early due to unforeseen events, such as computer or electric power failures, weather conditions or other events, Standard & Poor's will calculate the closing price of the indices based on (1) the closing prices published by the exchange, or (2) if no closing price is available, the last regular trade reported for each stock before the exchange closed. In all cases, the prices will be from the exchange listing included in the index. If an exchange fails to open due to unforeseen circumstances, the index will use the prior day's closing prices. If all exchanges fail to open, Standard & Poor's may determine not to publish the index for that day.

Index Dissemination

Tickers

Index returns are available on most vendor platforms. Bloomberg and Reuters tickers are as follows:

Index	Bloomberg	Reuters
S&P Japan Corporate Group Index - Mitsubishi Group Cluster Price Return (JPY)	SPSXMUJP	.SPSXMUJP
S&P Japan Corporate Group Index - Mitsubishi Group Cluster Total Return (JPY)	SPSXMUJT	
S&P Japan Corporate Group Index - Mitsubishi Group Cluster Net Total Return (JPY)	SPSXMUJN	

FTP

Daily stock level, index data and corporate action files are available via FTP on subscription.

For further information, please refer to Standard & Poor's Web site at www.indices.standardandpoors.com or contact a Standard & Poor's account manager.

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